

Official Journal

of the European Union

C 28

Volume 49

English edition

Information and Notices

3 February 2006

<u>Notice No</u>	<u>Contents</u>	<u>Page</u>
	I <i>Information</i>	
	
	II <i>Preparatory Acts</i>	
	European Economic and Social Committee	
	421st plenary session, held on 26 and 27 October 2005	
2006/C 28/01	Opinion of the European Economic and Social Committee on the Green Paper on succession and wills (COM(2005) 65 final)	1
2006/C 28/02	Opinion of the European Economic and Social Committee on the Current situation and prospects for traditional energy sources — coal, oil and natural gas — in a future energy mix	5
2006/C 28/03	Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council on a multiannual funding for the action of the European Maritime Safety Agency in the field of response to pollution caused by ships and amending Regulation (EC) No 1406/2002' (COM(2005) 210 final — 2005/0098 (COD))	16
2006/C 28/04	Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council on risk and crisis management in agriculture' (COM(2005) 74 final)	18
2006/C 28/05	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive laying down minimum rules for the protection of chickens kept for meat production' (COM(2005) 221 final — 2005/0099 CNS)	25
2006/C 28/06	Opinion of the European Economic and Social Committee on the 'Proposal for a Decision of the European Parliament and of the Council establishing for the period 2007-2013 the programme "Citizens for Europe" to promote active European citizenship' (COM(2005) 116 final — 2005/0041 (COD))	29

EN

Price:
22 EUR

(Continued overleaf)

<u>Notice No</u>	Contents (continued)	Page
2006/C 28/07	Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council on European policies concerning youth — Addressing the concerns of young people in Europe — Implementing the European Youth Pact and promoting active citizenship' (COM(2005) 206 <i>final</i>)	35
2006/C 28/08	Opinion of the European Economic and Social Committee on the 'Reflection period: structure, items and framework for appraisal of the debate on the European Union'	42
2006/C 28/09	Opinion of the European Economic and Social Committee on 'The mobility of persons in the enlarged Europe and its impact on means of transport'	47
2006/C 28/10	Opinion of the European Economic and Social Committee on the — Proposal for a Council Regulation on the common organisation of the markets in the sugar sector — Proposal for a Council Regulation amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers — Proposal for a Council Regulation establishing a temporary scheme for the restructuring of the sugar industry in the European Community and amending Regulation (EC) No 258/1999 on the financing of the common agricultural policy (COM(2005) 263 <i>final</i> — 2005/0118-0119-0120 CNS)	52
2006/C 28/11	Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council and the European Parliament — Reporting on the implementation of the EU Forestry Strategy' (COM(2005) 84 <i>final</i>)	57
2006/C 28/12	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation on the common organisation of the market in seeds' (COM(2005) 384 <i>final</i> — 2005/0164 (CNS))	66
2006/C 28/13	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation amending Regulation (EC) No 1493/1999 on the common organisation of the market in wine' (COM(2005) 395 <i>final</i> — 2005/0160 CNS)	68
2006/C 28/14	Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council establishing the European Union Solidarity Fund' (COM(2005) 108 <i>final</i> — 2005/0033 (COD))	69
2006/C 28/15	Opinion of the European Economic and Social Committee on 'Ethical Trade and Consumer Assurance Schemes'	72
2006/C 28/16	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation on the common organisation of the market in hops' (COM (2005) 386 <i>final</i> — 2005/0162 (CNS))	82
2006/C 28/17	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities' (COM(2005) 181 <i>final</i> — 2005/0090 (CNS))	83
2006/C 28/18	Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive laying down detailed rules for the refund of value added tax, provided for in Directive 77/388/EEC, to taxable persons not established in the territory of the country but established in another Member State' (COM(2004) 728 <i>final</i> — 2005/0807 (CNS))	86



<u>Notice No</u>	Contents (continued)	Page
2006/C 28/19	Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council repealing Council Directive 90/544/EEC on the frequency bands designated for the coordinated introduction of pan-European land-based public radio paging in the Community' (COM(2005) 361 <i>final</i> — 2005/0147 (COD))	88
2006/C 28/20	Opinion of the European Economic and Social Committee on the Proposal for a Decision of the European Parliament and of the Council amending Decision No 2256/2003/EC in view of the extension of the programme in 2006 for the dissemination of good practices and monitoring ICT take-up (COM(2005) 347 <i>final</i> — 2005/0144 (COD))	89
2006/C 28/21	Opinion of the European Economic and Social Committee on the 'EESC position in preparation for the Sixth WTO Ministerial Conference'	90
2006/C 28/22	Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Civil society dialogue between the EU and candidate countries' (COM(2005) 290 <i>final</i>)	97
2006/C 28/23	Opinion of the European Economic and Social Committee on the 'Proposal for a directive of the European Parliament and of the Council amending Directive 2000/14/EC on the approximation of the laws of the Member States relating to the noise emission in the environment by equipment for use outdoors' (COM(2005) 370 <i>final</i> — 2005/0149 (COD))	104

II

(Preparatory Acts)

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

421st PLENARY SESSION, HELD ON 26 AND 27 OCTOBER 2005

Opinion of the European Economic and Social Committee on the Green Paper on succession and wills

(COM(2005) 65 final)

(2006/C 28/01)

On 1 March 2005 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the *Green Paper on succession and wills*.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 21 September 2005. The rapporteur was Mr Retureau.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October), the European Economic and Social Committee adopted the following opinion by 118 votes with 2 abstentions.

1. The Commission's proposals

1.1 In compliance with the Hague Programme (2001), the Commission is presenting a consultative Green Paper on succession and wills outlining the subject's international aspects:

- applicable law,
- jurisdiction and mutual recognition of judicial decisions and instruments,
- administrative measures, deeds or administrative documents, and the mutual recognition thereof,
- measures simplifying formalities at European level: certificates of inheritance and registration of wills.

1.2 Transnational succession presents specific difficulties and obstacles for beneficiaries due to the diversity of substantive laws, procedural rules and rules on conflict of laws in force in each Member State.

1.3 The Green Paper therefore proposes that the European Union should consider the possibility of adopting substantive rules and rules governing jurisdiction, applicable law and mutual recognition not only for court judgments but also for administrative decisions and documents concerning wills and succession. Such rules would also apply when the international component of the succession involves a non-EU country.

2. The Committee's general comments

2.1 At international level, there are three Hague Conventions on succession and wills, as well as another on trusts:

- The Convention on the Conflicts of Laws relating to the Form of Testamentary Dispositions (concluded on 5 October 1961, entered into force on 5 January 1964) Parties: Germany, Austria, Belgium, Denmark, Spain, Estonia, Finland, France, Greece and Luxembourg. This convention has also come into force in other Member States, such as the Netherlands, the United Kingdom and Sweden (ratifications), Ireland and Poland (accessions) and Slovenia (as a successor of the former Yugoslavia).
- The Convention concerning the International Administration of the Estates of Deceased Persons (concluded on 2 October 1973, entered into force on 1 July 1993). This has come into force in some Member States, such as Portugal (ratification), the Slovak Republic and the Czech Republic (as successors of the former Czechoslovakia).
- The Convention on the Law applicable to Succession to the Estates of Deceased Persons (concluded on 1 August 1989, not yet in force but already ratified by one Member State, the Netherlands).

— The Convention on the Law applicable to Trusts and on their Recognition (concluded on 1 July 1985, entered into force on 1 January 1992). Parties: Italy and Luxembourg. This convention has also come into force in other Member States, such as the Netherlands, the United Kingdom (ratifications) and Malta (accession).

2.2 A UNIDROIT Convention providing a Uniform Law on the Form of an International Will was concluded in Washington on 26 October 1973 and came into force on 9 February 1978. The EU Member States parties to the Convention are Belgium, Cyprus, (Czechoslovakia), France, (The Holy See), Italy, the United Kingdom, Slovenia, and several non-EU countries including the United States and the Russian Federation. This convention provides for an international system of registration and a standard form for accomplishing this.

2.2.1 The Member States which are parties to the 1972 Basel Convention on the Establishment of a Scheme of Registration of Wills, concluded under the auspices of the Council of Europe but open for accession to non-member states, are Belgium, Cyprus, Estonia, France, Italy, Lithuania, Luxembourg, the Netherlands, Portugal and Spain.

2.3 The Hague Conventions concern jurisdiction and applicable law, the UNIDROIT Conventions concern substantive law on matters with an international dimension. Only the international provisions on the form of wills and on their registration on an international register currently have a sufficiently significant number of ratifying or contracting parties.

2.4 The matter under consideration concerns a fundamental human right, namely a specific form of property rights transfer following a person's death. EU legislation as regards competence, applicable law and mutual recognition for successions with an international component should take the form of a regulation.

2.5 In view of the subject's complexity, the Commission's aims and proposals are ambitious, but also pertinent and vital for the internal market. Many individuals are affected. In order to make the regulation more effective and avoid any clashes between rules or decisions taken by different states, it would be advisable to include as many issues as possible in the scope of the rules concerning conflicts of law, always making them functionally and essentially subordinate to the issue of succession (avoid adding, for example, issues which are basically matters for the legal arrangements concerning real rights).

2.6 The economic importance of having EU rules is undeniable, especially with regard to the transfer of SME assets in Europe, in order to ensure continuity following the death of an entrepreneur — an issue that is also important for employment and competitiveness in Europe.

2.7 Amendments should be considered to rules that, in some countries, prohibit agreements as to future successions or

the appropriation of a portion of an inheritance for a specific use. This should be done in the countries concerned and encouraged by the EU with the aim of improving the harmonisation of substantive law and ensuring the continuity of businesses and farmholdings that would otherwise have to be liquidated when the time came to share them among several heirs.

2.8 In view of the profound differences between existing national laws despite certain recent developments, and in view of the small number of countries that have ratified the relevant international conventions, the Committee agrees with the Commission that it would currently be impossible to formulate uniform substantive law on international succession and wills that could be applied throughout the European Union. The working themes and priorities put forward are appropriate since progress in these areas would already solve many of the practical difficulties encountered by the relevant beneficiaries, notaries, administrations, courts and members of the legal profession.

2.8.1 Other paths can also be explored taking into account international law, which Member States could be asked to take into consideration for ratification or for accession to certain conventions (form of wills, applicable law, international will, national and international registration).

2.8.2 The law of succession and wills in Romano-Germanic legal systems has long been marked by attitudes towards inheritance that are extremely outdated in many respects. The deceased's⁽¹⁾ estate was considered to represent a form of continuity through one's heirs. The law of succession now tends increasingly towards contractualisation. Following a trend set in Germany and Switzerland, France is in the process of adopting succession law reforms granting the deceased and his heirs a greater role in settling succession, including greater guarantees for continuity of business.

2.8.3 On the other hand, extremely liberal systems that enable the testator to disinherit some of his bodily heirs without justification are being increasingly challenged, as demonstrated by the ever-growing body of litigation in this area.

2.8.4 Respecting certain historical and sociological specificities in different legal systems does not exclude the possibility that, in the long term, a greater level of standardisation, or at least a higher degree of convergence, will finally come into existence in Europe, thereby facilitating the execution and settlement of international wills. This process could be accelerated by creating a European will and a sufficiently open and liberal instrument on applicable law. The hypothesis of having Community provisions of substance could also be studied, in the context of an acceptance of '*professio juris*'⁽²⁾, as an alternative to one or more of the applicable national laws.

⁽¹⁾ Footnote not necessary in English text.

⁽²⁾ Choice, by the testator, of the law applicable to his succession.

2.9 The Committee would point out that Council Regulation (EC) No 2201/2003 of 27 November 2003 concerning jurisdiction and the recognition and enforcement of judgments in matrimonial matters and the matters of parental responsibility, repealing Regulation (EC) No 1347/2000 constitutes a source of inspiration. Articles 21(3) and 46 of Regulation No 2201/2003, in particular, are relevant sources and, at the very least, set precedents in family law that contribute to determining the substance of the proposed legislative provisions ⁽³⁾.

2.10 The Committee therefore welcomes the Green Paper and considers that it raises fundamental and pressing questions. The EESC will endeavour to find answers to these questions, basing itself on the European citizens' best interests and taking into consideration their growing mobility and the major migrations that have already taken place in the past.

2.11 It would be appropriate to begin by dealing with the form of wills, international jurisdiction, and resolving conflict of law issues relating to applicable law, the registration of wills, as well as the mutual recognition of rulings by the courts and other competent authorities and endorsement, areas where precedents have already been set in European and international law.

2.12 The EESC feels that a unitary system (single law of succession and single set of rules governing inheritances) is preferable to having various scattered rules for settling a succession; however, for practical reasons, this principle should be subject to exceptions in certain cases, particularly for buildings or certain types of property (ships, aircraft, goodwill, etc.) located abroad.

2.13 Certain matters, such as agreements as to future successions or trusts, remain under national jurisdiction ⁽⁴⁾; but those concerning the recognition without exequatur of court decisions, which may or may not give rise to dispute in matters of succession, residual jurisdiction, recognition of decisions and documents issued by public or private extra-judicial authorities or registration in national land registers on the basis of the European certificate of inheritance, should be included under the proposed European legislation.

3. Comments on specific questions raised in the Green Paper

3.1 A regulation on successions similar to the above-mentioned Council Regulation No 2201/2003 would not be sufficient to solve the problems presented by international successions. In fact, most successions are not contentious and problems that arise in the absence of any contention must also be addressed. Furthermore, the courts are sometimes involved in settling non-contentious issues in certain countries, or for specific matters.

⁽³⁾ OJ L 338, 23.12.2003.

⁽⁴⁾ Trusts created by a testator are not recognised in many continental countries; moreover, some of these countries consider the reserved portion of estate or the reporting of donations as being of a public nature. This encourages attempts to circumvent the inheritance laws, particularly as regards buildings located on the territory of these countries.

3.2 Needless to say, the Community instrument should regulate matters raised previously concerning the determination of the forum or fora having jurisdiction and the recognition of court decisions, but it should also consider the possibilities of regulating:

- testate successions: conditions for the validity of wills (form, substance, testamentary capacity, limits on the freedom to bequeath) reserved portions, anomalous successions, agreements as to future successions (authorised or prohibited), reserved portions, trusts, status as heir,
- intestate and testate succession: status as heir and portions of an estate, rules governing *indivisum*, the administration and distribution of the estate etc.,
- in addition to the recognition of court decisions (and possible exceptions of public order), the recognition of extra-judicial documents concerning non-contentious succession settlements: wills, deeds and other administrative documents or the international jurisdiction of the relevant public officials and members of the legal profession,
- as for the connecting factors to be considered when determining jurisdiction, a certain degree of flexibility would appear to be required to ensure compliance with the testator's choice of applicable law or, alternatively, the law that the beneficiaries would be reasonably entitled to consider as applicable (place of testator's nationality, habitual residence, death, the place where the will was drafted and deposited or the place where the bulk of the estate is located ...).

3.3 The Committee is in favour of the EU's Hague Programme insofar as it provides for the creation of a 'European certificate of inheritance' and a system for registering wills. Member States will have to determine which authority is authorised to issue such certificates and set up a centralised national registry if one does not already exist. A central register for the Community (or for Europe in the sense of the Council of Europe, provided that the Member States which have not already done so were asked to ratify the Convention of Basel) should be created and courts, notaries, and other officials authorised under the applicable national law should have access to the information deposited with the central register (at least, to find out on the basis of the deceased's name and his date of birth, in which Member State or third country, on what date, and with which authority the will has been deposited in order to request a copy from the aforementioned national authority).

3.3.1 The European registration system must, whatever happens, be compatible with the Basel Convention and the Washington Convention, since several Member States are already parties to them and since the draft EU legislation may also concern successions involving third countries.

3.4 Once status as heir has been established and the estate has been administered and distributed, administrative formalities should be as straightforward as possible. The Committee would be in favour of mutual recognition for all acts and documents issued by officials recognised under local law, and the direct registration in a land register (or with the appropriate authority for registering title to real estate) of title to property as well as any easements, mortgages, or other possible encumbrances that might burden the estate in question under the applicable national law.

3.5 The Committee would draw the Commission's attention to taxation issues that might face the heirs to an estate located in two or more countries. It is important to avoid any problems that might arise in regard to double taxation on part or all of the estate, which could have a confiscating effect in some successions or which could create inequalities amongst heirs depending on the nature of the goods they have each inherited. Stock will have to be taken of the rules applying to international successions in the Member States in order to establish which countries raise taxes on goods and assets situated outside their territory, compare rates and propose fair solutions to be submitted to the relevant countries. The Commission might possibly consider proposing a model convention against double taxation in respect of international successions, between the Member States.

3.6 Should a European will be based on the model of the Washington Convention's international will; and should European registration, as foreseen in the Basel Convention, be extended to international registration? This might encourage more countries to ratify the Washington and Basel Conventions and provide better guarantees for the beneficiaries of international wills involving not only Member States but also third countries. The Committee recommends that the Commission's work should follow this course because Member States are already familiar with these conventions, either because they have ratified them or because their public officials or courts have already dealt with wills and registrations subject to these legal systems.

3.7 Were this hypothesis to become reality, the European will would be recognised in its form by all national legal systems. European law must not allow simple matters of form to undermine the universal principle that recognises respect for the testator's intentions (*favor testamenti*) within the limits permitted by applicable law.

3.8 Specific Community rules are essential so that this legislation applies to all cases of successions under the jurisdiction of two or more Member States, or even of third countries, including those which are parties to international conventions, so as to guarantee the application of Community law in all circumstances (Community 'special law' would then have precedence over international law).

4. Other questions raised

4.1 The Green Paper raises 39 main questions, which are broken down into sub-questions. The EESC will not attempt to address all these at this preliminary stage but would urge the Commission to consult individually each of the organisations representing members of the legal profession concerned by each of the topics considered by the Green Paper.

4.2 The EESC will restrict itself to presenting possible responses to a number of questions that it believes to be of particular significance. The overall approach adopted will focus on compliance with the conventions of the Hague, Basel, and Washington in order to ensure that the European rules are as standardised as possible, the future perspective being to achieve a legal consensus that is broadly acceptable to as many Member States and third countries as possible.

4.3 The connecting factors laid down in the Hague Convention of 1961 on conflict of laws relating to the form of testamentary dispositions should at least be retained since they offer sufficient diversity, making it possible, in most cases, to recognise the applicability of the law under which the will was made.

4.4 In the spirit of recent and ongoing reforms in continental Europe, the interests of legally incapacitated (minors or adults) or severely disabled heirs should be specifically safeguarded if a possible extension of the contractualisation of wills or the heirs' choice of applicable law modifies the reserved portion regime or creates inequalities amongst heirs. Greater flexibility for the testator or the beneficiaries should not undermine existing provisions in any of the applicable laws that afford these heirs the highest degree of protection (see questions 5 and 10 in the Green Paper).

4.5 Actions taken by one of the heirs or his representative in administering the succession in a country where an executor need not be appointed should not constitute implicit acceptance of the succession without the benefit of inventory.

4.6 Consideration should be given to the option of the heirs accepting a succession up to the limit of the claims on the inheritance, and to that of a pact between heirs or a heritage contract providing for an unequal division for legitimate purposes (continued operation of a farm or business, advantage for an heir with a mental or physical disability), and to agreements providing for an equal division between children from different marriages or natural children if applicable law does not organise such equality, or to an heir passing on his rights to his own direct descendants, bearing in mind the increase in life expectancy.

4.7 The testator should also be allowed, subject to certain limits, to choose which law should be applicable to his estate, for example that of his nationality (or one of his nationalities), or that of his usual place of residence.

4.8 Finally, the EESC believes that the Commission's excellent comparative work should be pursued and developed. It should be regularly updated on the Community website and translated into an adequate number of languages to ensure its general usefulness for members of the legal profession, public officials, administrators, and courts dealing with international successions. It should also be structured to include a chapter-by-chapter synthesis clarifying the general principles for European citizens wishing to draft a will with international scope or for their heirs.

4.9 The EESC awaits with interest the results of the consultations already carried out by the Commission or those still to come; it hopes that a general line of approach and more concrete legislative proposals can then be submitted to it for an opinion, and proposes then to examine them in detail, since it considers the issue of wills and successions to be one of major interest for the citizens of Europe; their hopes for a simplification of formalities, greater legal and fiscal certainty and a speedier settlement of international successions, which they expect from a Community initiative, must not be disappointed, whether the circumstances be those of private individuals, businesses, farms or other economic activities where the entrepreneurs or owners wish to ensure continuity after their demise.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the Current situation and prospects for traditional energy sources — coal, oil and natural gas — in a future energy mix

(2006/C 28/02)

On 10 February 2005, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on the *Current situation and prospects for traditional energy sources — coal, oil and natural gas — in a future energy mix*.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion 1 September 2005. The rapporteur was Mr Wolf.

At its 421st plenary session, held on 26-27 October (meeting of 26 October 2005), the European Economic and Social Committee adopted the following opinion by 119 votes to 1, with 3 abstentions.

The EESC has recently adopted a number of opinions⁽¹⁾ on energy issues. Since by far the largest share of energy supply still comes from the fossil fuels: coal, oil and natural gas, and the question of resources and the release of greenhouse gases associated with their use has been the subject of political discussion, the present opinion evaluates these 'classic' fuels.

This should be followed by an opinion on 'The EU's Energy Supply: Strategy for an Optimum Energy mix' which builds on and summarises the findings of the series.

The strategic aim of this series of opinions, which an opinion on renewable energy sources and the present opinion bring to a conclusion, is to provide a solid basis for establishing realistic options for a future energy mix.

⁽¹⁾ See Promoting renewable energy: Means of action and financing instruments (OJ C 108 of 30.4.2004); The issues involved in using nuclear power in electricity generation (OJ C 112 of 30.4.2004); Fusion energy (OJ C 302 of 7.12.2004) and The use of geothermal energy (OJ C 110 of 30.4.2004).

Table of contents

1. Summary and recommendations
2. The energy issue

3. Resources, reserves, coverage
4. Energy reserves within the EU — dependence on imports
5. Trajectory of energy consumption in the EU
6. Coal, oil and natural gas in a sustainable energy mix
7. Environmental and climate protection
8. Technological development
9. CO₂ separation and storage

1. Summary and recommendations

1.1 Usable energy is the mainstay of our contemporary way of life and culture. It is only its ready availability that has made our present standard of living possible. If the Lisbon Strategy and the Gothenburg and Barcelona Council conclusions are to be implemented, a secure, cheap, environmentally-friendly and sustainable supply of usable energy is absolutely essential.

1.2 At present, the fossil fuels coal^(?), oil and natural gas are the backbone of the European and global energy supply. Moreover, as they will continue to be important over the next few decades, they remain essential.

1.3 Their extraction and use, however, involves all kinds of harm to the environment, most notably the emission of greenhouse gases — especially CO₂ and methane. We are talking about the depletion of finite resources.

1.4 The use of these vital raw materials has led to Europe being heavily dependent on high-grade imports of them, and this is set to increase in future, particularly as regards oil and, increasingly, natural gas.

1.5 The expected lifetime of world-wide resources and reserves^(?) of coal, oil and gas is dependent on several factors (economic growth, exploration and technological advances). It still extends over many decades (perhaps even centuries in the case of coal), although in the case of oil, in particular, there could be a drop in reserves and shortage of supply before the middle of the present century. The way the oil markets are going at the moment, there could be virtually unpredictable price hikes, even in the very short term, which could have a considerable impact on national economies⁽⁴⁾.

1.6 The EU's energy policy must do everything to reduce this dependency over the long term, particularly by taking

energy-saving measures, using all fuels more efficiently and making greater use of alternative energy systems, such as renewable and nuclear energies. Continued development of alternative energy systems is particularly important on this front.

1.7 On the other hand, the EU's energy policy must be fully geared to securing the supply and supply routes of fossil fuels, a particular problem here being the political stability of some of the main suppliers. Cooperation with the Russian Federation, the CIS states, countries in the Middle East and regions neighbouring the EU (such as Algeria and Libya) is particularly important in this regard.

1.8 Making greater use of Europe's considerable coal deposits could also help to mitigate this dependency.

1.9 If the European internal market is working as it should and appropriate climate-protection measures are in place, there would be applications for fossil fuels in accordance with their respective characteristics and price and cost levels. This automatically ensures they will be used in a way that is particularly energy-efficient and economical.

1.10 This has produced a situation in which coal predominates in the steel industry and in power plants, while oil and gas are used primarily in producing heat and in non-energy spheres. Oil-based products prevail in the transport sector.

1.11 Natural gas and oil are both more scarce and more versatile and so should be used in the energy mix predominantly for applications — such as fuel for transport and as raw material for the chemicals industry — where the use of coal would involve extra costs, energy consumption and CO₂ emissions.

1.12 Progress in technology must be used to achieve a sustained reduction in CO₂ emissions per product unit (e.g., kg CO₂/kWh, t CO₂/t steel and g CO₂/passenger-kilometre). This requires an improvement in energy efficiency in all areas of energy conversion and application.

1.13 Energy and economic policy needs, therefore, to provide a reliable framework for investment which will lead to improved technology in industry, trade and private consumption.

^(?) Lignite and hard coal.

^(?) See Chapter 3.

⁽⁴⁾ According to a study published in April 2005 by the Goldman Sachs investment bank, the price of oil could be in the early stages of a 'super spike' which could push prices as high as \$105 a barrel. A price of \$50 a barrel was anticipated for 2005 and \$55 for 2006. However, at 29.8.2005 the price was already over \$70.

1.14 In the coming decades, Europe will have to increase its power plant capacity by around 400 GW⁽⁵⁾. If CO₂ emissions and fuel consumption are to be stabilised or reduced, these new plants must have the best available technology.

1.15 In the transport field, every effort has to be made to cut the specific use of fuel (consumption per passenger-kilometre) and to prevent total consumption continuing to rise. This requires technological progress in many areas of vehicle and fuel development, measures to avoid traffic congestion (building of roads and tunnels/routing systems) and a reduction in traffic⁽⁶⁾. Increased use of electric-powered vehicles, such as electric trains, reduces reliance on oil by allowing diversification in the use of primary energies (coal, gas, renewable energies, nuclear power).

1.16 Improved efficiency in the energy sphere requires increased research and development, especially into power stations which use fossil fuels, which involves both industry and public support measures.

1.17 The Committee welcomes, therefore, the 'Energy' thematic area in the proposal for the 7th research and development framework programme. This should be adequately funded and cover all possible energy technologies. It should particularly include those measures which increase the efficiency of fossil fuel use, as the overall benefits to be had here are particularly great.

1.18 In the case of electricity from fossil fuels, there is also a chance of significantly reducing CO₂ emissions when converting energy, provided CO₂ sequestration and storage procedures (Clean Coal Technology) are used. Developing and testing procedures of this kind is therefore particularly important in the 7th research and development framework programme.

2. The energy issue

2.1 Usable energy⁽⁷⁾ is the mainstay of our contemporary way of life and culture. Its ready availability opened the door to our present-day standard of living. The need for a guaranteed, economical, environmentally friendly and sustainable supply of

⁽⁵⁾ Each block of a typical modern power station can produce up to 1 GW of electricity. One GW (gigawatt) equals 1 000 megawatts (MW), 1 million kilowatts (KW) or 1 billion watts (W). One watt second (Ws) equals 1 Joule (J), a kilowatt hour (kWh) therefore equals 3.6 million joules (or 3.6 megajoules (MJ)). One megajoule (M) is therefore around 0.28 kilowatt hour.

⁽⁶⁾ On the importance of reducing traffic and avoiding unnecessary transportation, see also CESE 93/2004.

⁽⁷⁾ Energy is not actually consumed, but merely converted and, in the process, used. This happens through conversion processes such as coal combustion, the conversion of wind energy into electricity, and nuclear fission (conservation of energy; $E = mc^2$). However, the terms 'energy supply', 'energy production' and 'energy consumption' are also used.

usable energy is at the heart of the Council conclusions from Lisbon, Gothenburg and Barcelona.

2.2 The Committee has noted on several occasions that supplying and using energy puts a strain on the environment, involves risks and depends on unforeseeable and external political factors. None of the options and technologies which could contribute to future energy supply is technologically perfect, entirely free of adverse effects on the environment, suitable for all needs, and offers predictable pricing and availability over the long term. Added to this are the questions of diminishing reserves and resources with all that this entails. This difficult situation will be significantly exacerbated by the increase in the world's population, the increasing thirst for energy of the developing countries and, above all, the rapidly increasing energy needs of the big new industrial nations, such as China, India and Brazil.

2.3 A secure, long-term, environmentally sound and competitive energy supply must therefore remain a major goal of a forward-looking European energy policy. For the reasons given, this cannot rely on a few energy sources alone. Instead, the only way of countering energy shortages and other risks is through an energy mix that is diverse in type and origin and in which all available fuels and technologies are used and (further) developed so that eventually they can compete among themselves under accepted environmental conditions and in changing circumstances.

3. Resources, reserves and coverage

3.1 At the present time, around four-fifths of the world's energy supply — and that of the EU of 25 — is based on the use of the fossil fuels oil, natural gas and coal.

3.2 Forecasts of future development generally differ according to point of view and interests, given that they depend on assumptions about future demographic and economic developments, further advances in exploration and development techniques and the wider political circumstances in this or that country. This applies particularly to nuclear energy and to backing given to renewable energies.

3.2.1 According to the reference prognoses ⁽⁸⁾ issued in 2004 by the International Energy Agency in Paris and the US Department of Energy's Information Administration (EIA), even 25 years from now, these fossil fuels will still account for over 80 % of the world's energy consumption.

3.2.2 The contribution of renewable energies will grow, but not at a rate above that of energy consumption, according to IEA and EIA estimates; their share will thus remain constant. If present trends continue, nuclear energy is also expected to take a slightly larger share in supply in absolute terms, but again, assuming the broad policy conditions do not radically change at EU level, the increase will be below the overall trend in consumption. As a result, the IEA and EIA are now even anticipating a decline in nuclear energy's share in covering the world's energy consumption.

3.2.3 The European Commission's baseline scenario ⁽⁹⁾ for the EU-25, published in September 2004 and at variance with the worldwide trend as seen by the IEA and EIA, envisages an increase in the share of renewable energies in the EU-25's total energy consumption from today's 6 % to 9 % in 2030. However, as this estimate also sees a reduction in the share of nuclear energy in the EU-25, the Commission's baseline scenario equally concludes that, in the EU-25 too, fossil fuels will still account for over 80 % of the total energy consumption in 2030.

3.3 Fossil fuels are non-renewable raw materials. The potential of fossil fuels needs to be examined in order to estimate how long oil, natural gas and coal can retain their key role.

3.4 This requires definition of terms and units of measurement. The terms used are reserves, resources and potentials. A variety of measurements ⁽¹⁰⁾ are usually used for energy sources, such as tons or barrels for oil, metric tons or tons of coal equivalent for coal and cubic metres or cubic feet for natural gas. They are compared in terms of their energy content, measured in joules or watt seconds.

⁽⁸⁾ (IEA) World Energy Outlook 2004, p. 57: 'Fossil fuels will continue to dominate global energy use. Their share in total demand will increase slightly, from 80 % in 2002 to 82 % in 2030'.

(EIA) International Energy Outlook, April 2004, [<http://www.eia.doe.gov/oiaf/ieo/>]; The *IEO2004* reference case projects increased consumption of all primary energy sources over the 24-year forecast horizon (Figure 14 and Appendix A, Table A2).

⁽⁹⁾ (EU-Commission), [http://europa.eu.int/comm/dgs/energy_transport/figures/scenarios/doc/chapter_1.pdf], EU-25 energy and transport reference case to 2030 (baseline): page 9, table 1-8.

⁽¹⁰⁾ 1 kg oil = 42.7 MJ; 1 kg TCE = 29.3 MJ; 1 m³ gas Hu = 31,7 MJ (for joules (J) und megajoules (MJ) see footnote 3).

3.5 The Estimated Ultimate Recovery (EUR) is the total recoverable amount of energy raw materials present in the earth's crust before exploitation by man. Not all experts necessarily agree on this estimate. The better we know the earth's crust, however, and the more sophisticated the investigative techniques, the more the prognoses converge.

3.6 Only the recoverable part of resources is included in the Estimated Ultimate Recovery. This depends, however, on the available technologies and their cost-effectiveness and could therefore increase as these continue to be developed. The remaining potential is obtained by subtracting from the EUR the amounts already recovered.

3.7 The remaining potential comprises reserves plus resources. By reserves are meant those amounts of energy raw materials which have been confirmed and can be economically recovered with currently available technology. By resources are meant both those amounts of an energy raw material which either have been confirmed but cannot yet be economically and/or technologically recovered and those which, although they have not been proven, are anticipated on the basis of geological indications.

3.8 It is reserves which are at the forefront of public debate, because it is from these that the coverage of energy sources is derived. By dividing reserves by current annual consumption, we get the 'static lifetime'. This gives us a static lifetime for resources worldwide of around forty years for oil, around sixty years for gas and around two hundred years for coal.

3.9 However, the reserves and their static lifetime are by no means fixed amounts. In reality, a decline in the static lifetime of reserves triggers more intense exploration, which results in resources being converted, not least thanks to technological progress, into reserves. (Thus, for example, in the 1970s the static lifetime of oil was put at thirty years.)

3.10 The statistically proven resources of oil are around twice the size of the reserves, of natural gas and coal as much as tenfold the reserves.

3.11 A further indicator of future availability of fossil fuels is the already recovered share of the EUR. If this exceeds 50 %, and thus the Depletion Mid Point is reached, it will be difficult to increase recovery or even to maintain it at the same level.

3.12 **Oil:** More than a third of 'conventional' oil's EUR of 380 billion tons oil equivalent has been recovered so far. At present recovery volumes, half of the conventional potential would be used up in around ten years. Any increase in recovery after that would mean turning increasingly to non-conventional deposits (heavy oil, oil sand, oil shale). This would put back the Depletion Mid Point. Otherwise, there could be a drop in reserves and a drastic fall in supply ⁽¹⁾ even before the middle of the present century.

3.13 **Natural gas and coal:** the position is similar in the case of natural gas, where non-conventional deposits such as gas hydrates can also increase the remaining EUR. In the case of coal, the estimated EUR of 3 400 billion tons of oil units, only around 3 % has yet been recovered.

3.14 However, exploration for gas (methane) hydrates and the technology for recovering them are still at the research stage, so no reliable claims can be made about how much they can contribute to the energy supply. On the one hand, there are estimates that the potential supplies exceed all the known supplies of fossil fuels, while on the other, nothing is certain concerning their recovery (basically technology and costs). Moreover, their release — whether due to climate change or the actions of man — is seen to involve an element of uncertainty, or even risk, as this could produce an accumulation of the powerful greenhouse gas methane in the atmosphere, which would be extremely damaging to the climate.

3.15 The costs of recovering fossil fuels differ greatly. Depending on the deposit, those for **oil** currently stand at between 2 and 20 USD a barrel. Although ever smaller deposits have to be developed in increasingly difficult geological and geographical conditions, these cost increases can be offset, or even more than offset, by gains in productivity, mostly based on technological innovation. In the case of **natural gas**, too, there are corresponding differences in recovery costs. In the case of **coal**, costs very much depend on the depth of the deposit, seam thickness and also whether it can be recovered by opencast or only deep mining. The cost range is considerable, from a few USD/t (e.g., in Powder River Basin in the USA) to 200 USD/t in the case of mining in certain European coal-fields.

3.16 The regional distribution of fossil reserves, particularly those of oil, is also very uneven. 65 % of **oil** reserves are in the Middle East. The distribution of **natural gas** is only slightly better, with two key regions, the Middle East (34 %) and the successor states of the USSR (39 %). **Coal** reserves, on the other hand, are more evenly distributed. The largest coal reserves

are in North America and there are also large coal supplies in China, India, Australia, South Africa and Europe.

3.17 The concentration of strategically important fossil fuel sources — especially oil, though also natural gas — in geopolitically high-risk regions of the Middle East is particularly problematic for the security of the energy supply.

4. Energy reserves within the EU ⁽¹²⁾ — dependence on imports

4.1 Primary energy consumption in the EU of 25 in 2004 was around 2.5 billion tons of coal equivalent or around 75 exajoules (75×10^{18} joules). This corresponds to 16 % of the world's energy consumption of 15.3 billion tons of coal equivalent. At 5.5 tons of coal equivalent, the per capita consumption of energy in the EU of 25 is more than double the world average, albeit only half that in North America. In terms of the economic performance it produces, energy consumption in Europe is only around half the average in all non-European regions, as energy is used here substantially more efficiently than in many other parts of the world.

4.2 The most important energy sources in the EU of 25 in 2004 — measured in total primary energy consumption — were mineral oil at 39 %, natural gas at 24 % and coal at 17 %. Other important staples of the EU energy supply are nuclear energy at 14 % and renewable and other energy sources at 6 %. The shares of the various fossil energy sources differ widely among the 25 Member States. They range in the case of natural gas from 1 % in Sweden to almost 50 % in the Netherlands, in the case of mineral oil from less than 30 % in Hungary to two-thirds in Portugal, and in the case of coal from 5 % in France to 60 % in Poland. The main reason for these differences is the different size of fossil energy reserves in the individual Member States.

4.3 The total energy reserves of the EU of 25 are comparatively tiny at around 38 billion tons of coal equivalent. This is 3 % of worldwide reserves, if non-conventional hydrocarbons are included. Coal supplies (lignite and hard coal), at 31 billion tons of coal equivalent, account for the bulk of this and are roughly equally divided between lignite and hard coal. Natural gas reserves stand at 4 billion tons of coal equivalent and oil reserves at 2 billion tons of coal equivalent. For the foreseeable future, the EU will remain the world's largest net energy importer. According to European Commission estimates, this dependency will increase to more than two-thirds by 2030.

⁽¹⁾ Indeed, the current crisis in oil prices, which continues to deteriorate, suggests matters could come to a head much earlier.

⁽¹²⁾ World Energy Council, Energie für Deutschland, Fakten, Perspektiven und Positionen im globalen Kontext 2004 Schwerpunktthema, 'Zur Dynamik der Öl- und Erdgasmärkte'.

4.4 The distribution of fossil energy reserves among the EU of 25 is very uneven. Oil supplies are concentrated particularly in the British and then the Danish North Sea. They are substantially depleted, so recovery will fall. Gas reserves are mostly concentrated in the Netherlands and Great Britain, while those of coal are distributed above all among Germany, Poland, the Czech Republic, Hungary, Greece and Great Britain. Norwegian oil and gas reserves also play an important role because, although not a member of the EU, Norway is a member of the European Economic Area.

4.5 Given the low reserves of fossil fuels generally, the EU of 25 already has to import half of its energy needs. According to the European Commission's Green Paper, this will increase to 70 % by 2030. Dependence on imports is particularly high in the case of crude oil, with more than three-quarters of needs covered by imports from non-EU countries. Imports of natural gas stand at 55 %, and of coal at one-third.

4.6 This has led to Europe being heavily dependent on imports of the vital raw material 'energy' (especially oil and, increasingly, gas) and it is set to be even more dependent in the future. The EU is, in fact, the world's largest net energy importer.

4.7 This means that the EU's energy policy must be fully geared to securing the supply and supply routes of fossil fuels, a particular problem here being the political stability of some of the main suppliers. Cooperation with the Russian Federation, the CIS states, countries in the Middle East and regions neighbouring the EU (such as Algeria and Libya) is particularly important in this regard.

4.8 But, equally, the EU's energy policy must also do everything to reduce this dependency over the long term, particularly by using all fuels more efficiently and making greater use of alternative energy systems, such as renewable energy (including development and bringing to market) and nuclear energies. Continued development of alternative energy systems is particularly important on this front.

4.9 Against this background, making greater use of Europe's considerable coal deposits could also help to mitigate this dependency, particularly as far stricter environmental standards already apply to coal mining here than in other parts of the world.

5. Trajectory of energy consumption in the EU

5.1 The trajectory of energy consumption in the EU of 25 is set to follow the baseline scenario set out in the Commission's

'European Energy and Transport Scenarios on Key Drivers' ⁽¹³⁾ which assumes the continuation of current trends and policies. Its prognosis follows.

5.2 Primary energy consumption will rise by 2040 to 2.9 billion tons of coal equivalent — a mere 0.6 % p.a. However, GDP is expected to rise by 2.4 % p.a. up to 2030. The reduction in energy intensity (ratio of energy consumption to GDP) of more than 1.7 % p.a. (!) that this requires should be achieved through structural changes, improved energy efficiency and the introduction of advanced technologies.

5.3 The share of fossil fuels in covering primary energy consumption will even increase by 2 percentage points, to 82 %, by 2030.

5.4 **Coal:** After an initial downturn, coal consumption is expected to rise again around 2015 as the result of its improved competitiveness in electricity production. Rising gas prices and the anticipated availability of advanced coal-to-electricity conversion technologies are the main reasons for this development. On this assessment, coal consumption in 2030 will match that for 2000. Coal's share in primary energy consumption in the EU-25 will then be around 15 %, as it was in 2005. As a downturn of 40 % in coal extraction in the EU is expected in the period 2005 to 2030, together with an increase in coal imports of around 125 %, the share of imports in covering the EU-25's coal consumption will rise from 1/3 in 2005 to almost 2/3 in 2030.

5.5 **Oil:** As growth rates are then expected to be sluggish — at 0.2 % p.a. —, oil's share in primary energy consumption is expected to fall in 2030 to 34 % — 5 percentage points lower than today.

5.6 **Gas:** At 2.7 % p.a., growth in gas consumption will initially be buoyant up to 2015. This trend will then slacken, for reasons which include reduced competitiveness in electricity production compared with coal. However, gas is expected to experience the strongest increase in consumption of all fossil fuels for the entire period to 2030. The share of natural gas in the EU-25's primary energy consumption will increase from 26 % in 2005 to 32 % in 2030. Liquefied natural gas (LNG) enables diversification of gas sources, as it can be transported by sea. At the present time, LNG accounts for around 25 % of world trade in oil. Indonesia is the largest LNG exporter, followed by Algeria, Malaysia and Qatar.

⁽¹³⁾ European Commission, Directorate-General for Energy and Transport, September 2004.

5.7 Recovery of fossil fuels in the EU of 25 will fall by around 2 % p.a. up to 2030. This will increase reliance on imports of all fossil fuels by that year to more than two-thirds. As already mentioned, in 2030 import levels for coal will be at almost two-thirds, for gas more than 80 % and for oil almost 90 %. Particularly critical is the growing dependence on gas imports from a restricted number of suppliers.

5.8 Electricity consumption will grow to 2030 by an average of 1.4 % p.a. This will increase the demand on power station capacity from today's c. 700 GW (maximum electrical capacity) to c. 1 100 GW in 2030. Old power stations will also need to be replaced with new plants. The Commission's estimate in its baseline scenario is that the expected increase in capacity will come from an increase of around 300 GW in fossil energies and around 130 GW in wind, hydro and solar energies, while nuclear plant capacity is expected to decrease by 30 GW between 2005 and 2030, failing any lasting change in overall policy.

5.9 There will thus be great challenges and much work to be done in supplying the EU's energy over the next 25 years, though these could also bring economic opportunities. They include ensuring supply (including reducing import dependency), meeting growing environmental demands, guaranteeing the competitive price of energy and making the needed investments.

6. Coal, oil and natural gas in a sustainable energy mix

6.1 Coal, oil and natural gas are natural hydrocarbons produced over millions of years through a transformation from biological substances — deposited biomass; in effect, then, it is deposited solar energy. Different geological conditions in their formation (e.g., pressure, temperature and age) have resulted in different products. An important distinguishing feature is the fuel's hydrogen content. Natural gas has the highest ratio of hydrogen to carbon at 4: 1, while that of oil is 1.8: 1, and of coal 0.7: 1. This in large part determines the various applications to which these fossil fuels are put.

6.2 As yet there is no alternative to the use of coal, oil and natural gas as fuels, as the raw material for making many products (from medicines to common synthetics) and as a carbonaceous reducing agent for iron and steel production. However, their specific physical and chemical properties (state, hydrogen content, carbon content, ash content, etc.) make them particularly good for many applications and less so for

others. Economic, technological and environmental criteria determine the choice of the hydrocarbon to be used.

6.3 Around 7 % of fossil fuels consumed in the EU are used for 'non-energy' consumption, i.e., mainly the production of chemical products. At the beginning of the last century reusable materials — initially ones derived from coal — were the basis for the newly emerging branch of manufacturing. Since then, hydrocarbon reusable materials have been almost completely edged out by natural gas and oil products. Oil and natural gas will continue to dominate in this segment of the market in future for as long as supplies remain. The lifetime of oil and gas reserves would be significantly longer if these fuels could be used less for producing energy and heat.

6.4 The established process for the production of basic oxygen steel is the carbon-based blast furnace/converter route. The blast furnace process requires the use of coke as a reducing agent for the production of pig iron, where it also serves as an insulator and for the gas supply system. At 475 kg per ton, the average consumption of reducing agent in modern European plants is close to the minimum that is technologically possible.

6.5 The transport sector is still experiencing high growth rates. This sector accounts for around 25 % of energy consumption and road transport is almost entirely dependent on oil products. Liquid fuels have a high energy content per unit of volume or mass. This is the prerequisite for economical and efficient application in the transport sector, which is why liquid fuels and their infrastructure have established themselves in road transport. Increased use of electric-powered vehicles, such as trains, reduces reliance on oil by allowing a range of primary energies to be used (coal, gas, renewable energies, nuclear power).

6.6 Competing with oil-based liquid fuels are natural gas and liquefied natural gas (LNG) used directly as a fuel. It remains to be seen whether these product lines will be able to secure greater market share ⁽¹⁴⁾.

6.7 Households and small consumers require around 30 % of energy. The choice of energy source is based on economic criteria and is increasingly dictated by convenience and the environment. In this sector heating oil, natural gas, electricity — and in populated areas district heating from combined heat and power plants — are in competition with one another.

⁽¹⁴⁾ The same is true for liquid fuel from biomass, which so far has only been marketable thanks to high subsidies.

6.8 40 % of the EU's energy consumption is converted in power stations to electricity and heat. Technologically speaking, coal, oil and natural gas — as well as nuclear energy — are all equally suited for conversion into electricity. In technologically highly efficient power stations, natural gas can provide an efficiency (in converting primary energy into electrical energy) of almost 60 %. For hard coal the figure in modern plants is between 45 % and 50 %, and for lignite 43 %.

6.9 Around 40 % of the world's electricity needs and around 30 % in the EU are derived from coal. Around 63 % of the world's coal production is used to provide electricity: coal is more economical than oil or natural gas in providing electricity and is reliably available all over the world from widely diversified areas of production.

6.10 The aim is to concentrate the use of coal on steel and electricity production and so get a fossil fuel energy mix which combines economic benefits, environmental protection, security of supply and protection of resources. Worldwide supplies of coal are substantially greater than those of oil and natural gas.

6.11 The broad policy conditions should therefore provide incentives to use natural gas and oil, which are both relatively scarce and relatively versatile, predominantly for applications — such as fuel for transport and as raw material for the chemicals industry — where the use of coal (as well as of nuclear power and, to some extent, renewable energy sources) would involve extra costs, technology and energy consumption — and hence more CO₂ production! The depletion of these reserves could thus be postponed to the benefit of future generations.

6.12 This would also mean incentives for the use of coal (and renewable and nuclear energies) in power stations for generating electricity, so that oil and natural gas would not be needed (see also point 8.12). Europe has available, in central and eastern Europe, considerable supplies of hard coal and lignite. These reserves can be used to prevent the EU's dependence on energy imports increasing further.

7. Environment and climate protection

7.1 Environmental analyses and comparisons of fossil fuels must cover the entire production and application chain: extraction and recovery of raw materials, transport, energy conversion and end use. All of these steps involve more or less major effects on the environment, as well as energy losses. In the case

of imported fuels, those environmental effects which arise beyond the EU's borders also need to be taken into account.

7.2 Different environmental effects need to be taken into account in the recovery/production of coal, oil and natural gas. In the case of coal mining, depletion of the landscape needs to be limited, as do dust emissions. In the case of drilling and recovery of oil the leakage of oil and natural gas, as well as by-products, needs to be prevented; the same is true for recovering natural gas and for the related pipeline or tanker transportation of oil and natural gas. Special precautions are needed in the case of offshore production. The methane produced in oil recovery should not be burned off, but put to industrial use. Something similar applies in the case of coal mining to the fire damp produced, which can contain large amounts of methane.

7.3 The European Large Combustion Plant Directive sets strict environmental standards for the building and running of power stations with a performance of ≥ 50 MWth. Concentrations of pollutants in discharge gas from gas, oil and coal-fired power stations must be limited to the state of technology as determined in this Directive. Older plants are to be modernised. This should ensure that the emissions of dust (and fine dust, see 7.6), sulphur dioxide, nitrogen oxides and, above all, harmful heavy metals and toxic or carcinogenic organic substances are reduced to a tolerable level for nature and people. Noise levels must also be pre-emptively reduced to a level at which harm is avoided as much as possible.

7.4 Coal contains non-combustible substances which are separated (in electric or fabric filters) as ash following the combustion process in a power station. The ash content of hard coal is normally up to 10 % (and occasionally as much as 15 %). Depending on the composition, ash is used as an extender in the cement industry and road building or used for mine and land filling.

7.5 Oil also has a proportion — albeit small — of ash. When oil is processed in the refineries, the ash (which includes parts of vanadium and nickel) remains in a solid state known as petroleum coke. It is then used for its residue energy in power stations and combustion plants which have the necessary purification equipment for separating all the pollutants.

7.6 For a number of years now there has been intensified discussion of fine dust emissions⁽¹⁵⁾. These are respirable suspended dust particles which are smaller than 10 μm and could be a trigger for respiratory diseases. Such particles are also emitted by oil and coal combustion, as the filters are not

⁽¹⁵⁾ Council Directive 96/62/EC of 27 September 1996 on ambient air quality.

able to completely separate finer ash particles. The most important source of fine dust emissions, however, are vehicles running on diesel which are not fitted with particle filters. In coal and oil power stations dust emission is restricted by the European Large Combustion Plant Directive's ceiling of 20 mg/m. In large power stations fine dust emissions are further reduced by wet flue gas desulphurisation. To reduce fine dust emissions further and to maintain emission ceilings throughout Europe, stricter conditions for diesel vehicles have been enacted by the EU which make particle filters obligatory in cars from 2008.

7.7 The desulphurisation of flue gases from large power stations and industrial combustion plants was made compulsory in some EU Member States as early as the 1980s. This put an end to the acidification of land and lakes that was already visible. The latest version of the European Large Combustion Plant Regulation prescribes an SO₂ flue gas ceiling of 200 mg/m³ for plants >300 MW. The current state of technology allows separation of sulphur parts to a level of more than 90 %. New markets have been found for the products of sulphur separation, notably plaster, and the consumption of natural resources thereby reduced.

7.8 At high temperatures in the process of burning fossil fuels, nitrogen oxides are produced from the nitrogen in the fuel itself or in the combustion air. At increased concentrations these nitrogen oxides can cause respiratory diseases and are also a precursor of environmentally damaging ozone. The European Large Combustion Plant Regulation demands that nitrogen oxide emissions from power stations >300 MW not exceed 200 mg/m³.

7.9 Science goes on the basis of a causal relationship between the emission of man-made CO₂ and other so-called greenhouse gases and an increase in temperature of the earth's surface (the greenhouse effect). The extent of the effect is still uncertain. Every year 20 billion tons of CO₂ emissions are produced in the process of coal, oil and natural gas combustion; this is the prime source of man-made CO₂ emission. Alongside increasing efficiency and energy-saving measures, CO₂ separation technologies (see below) have the most potential for producing a considerable alleviation in the long term and therefore need to be developed.

7.10 Increasing efficiency in energy conversion and use is vital for comprehensive success in climate protection. The measures needed for this should be seized upon. Fuel substitution strategies are, by contrast, less effective, as they only have a one-sided effect on the consumption of certain forms of

fuel (e.g., gas) and would thereby put in doubt economic efficiency and the EU's supply security. Moreover, gas is too important a raw material for the chemicals industry and the transport sector to be used for producing electricity.

7.11 Per energy unit, the combustion of natural gas produces only 50 % to 60 % of environmentally harmful CO₂ compared with the burning of coal, because not only the carbon in the gas is used (burned), but also the hydrogen. However, methane itself — a main component of natural gas — is a greenhouse gas far more harmful to the climate (c. factor 30) than CO₂. For this reason, everything must be done in the production and use of fossil fuels to prevent methane emissions. Methane released in the recovery of oil and coal must be captured and put to some use. It is also vital to avoid leakages of methane in transporting natural gas, as even the slightest losses in transit by pipeline are enough to offset the advantage natural gas has in this respect over coal.

7.12 Past experience shows that the best way to achieve rapid success in protecting the climate and the environment while using coal, oil and gas is to replace ageing plants and power stations with ones that have more modern technology and greater efficiency. For this reason, broad policy conditions which promote investment in new technology are particularly suited to achieving ambitious environmental protection objectives.

7.13 In the last twenty years, European environmental legislation has brought about harmonisation of environmental standards in the countries of the European Community. The European Large Combustion Plant Directive and the European Air Quality Directive have made important contributions to this, as have policies and measures to increase energy efficiency and reduce greenhouse gas emissions.

8. Technological development ⁽¹⁶⁾

8.1 In the EU of 25, coal, oil and gas power stations account for more than 60 % of the total installed capacity of power stations and thus form the backbone of electricity supply in Europe. The need to replace decommissioned power stations and to satisfy increasing demands made on power station capacity (see point 5.8) means that a considerable number of new power stations will have to be built within the next twenty-five years. Even with more intense use of renewable energy and an expansion of nuclear energy, coal and gas power stations will have to meet a substantial part of this shortfall. The greater the efficiency and pollutant capture rate of these power stations, the easier it will be to meet environmental and climate protection requirements.

⁽¹⁶⁾ See the Committee's Opinion: Research needs for a safe and sustainable energy supply.

8.2 For this reason, improved R&D efforts are also required in the field of power station development. In the 1990s these efforts were neglected and public funding for research fell drastically in almost all the Member States.

8.3 The Committee welcomes the fact that its repeated recommendation to create a special 'Energy' thematic area in the 7th R&D framework programme has been taken up. However, the relevant research programmes of the Member States should be modified accordingly. This could usher in an important change in the trend. This also concerns the further development of power station technology for using fossil fuels, which would also benefit the competitiveness of the European plant construction industry in a globally expanding power station market.

8.4 Modern coal-fired power stations achieve an efficiency of more than 45 % using hard coal and more than 43 % using lignite. The steps needed to achieve an efficiency level of 50 % in coal power stations by 2020 are known. The long-term goal is to raise pressure and temperature in the steam cycle of the power stations to 700° C/350 bar, which will require the necessary materials to be developed. Pre-treatment plants for drying lignite coal should be tested for a new generation of lignite power stations. Such ambitious development aims require the kind of international cooperation that exists in the EU projects AD 700 and Comtes 700 for the development of a 700° C power station. The demonstration of a new power station concept requires investments of up to EUR 1 bn. As individual companies are hardly in a position to bear the costs and risks alone, cooperation between European companies should be sought.

8.5 In recent decades the development of high-performance gas turbines in gas-fired power stations has produced considerable improvements in efficiency. The efficiency of newer natural gas power stations has reached almost 60 %. However, there is uncertainty about the long-term competitiveness of natural gas power stations, and hence the construction of new gas-power plants, due to a drastic price hike on the gas market.

8.6 If the production of electricity from coal is to benefit from progress in gas turbine technology, coal first needs to be converted into gas. In the 1980s and 1990s the EU made an enormous contribution, through research funds, to the development of gasification technology and supported the building of two demonstration power stations with integrated coal gasification. These lines of development should be pursued not only in view of the increase in efficiency for coal-fired power stations, but should also be the technological basis for further development of a so-called zero-CO₂ coal-fired power station.

8.7 Efficiency improvement and reduction of CO₂ need not be limited to industry and electricity production. At the present

time, the potential for savings related to household and commercial end-use is particularly large, because so far the cost incentive (savings in consumption/costs for new building or conversion) has often not been given.

8.8 The energy needs of the transport sector continue to rise, due in part to increasing mobility following EU enlargement. The increase in emissions of pollutants and greenhouse gases harmful to health must first be limited and then reduced to a minimum through the development of more efficient and less polluting motors and vehicles. Exhaust gas purification technologies must be continually developed. It seems that this goal can only be achieved through a successful development and blanket introduction of a bundle of progressive technologies. These include improvements to internal combustion engines, diesel technology, hybrid propulsion, fuel and the efficiency of vehicle fuels, the development of fuel cells and, possibly, hydrogen technology.

8.9 Fuel cells are ideally suited to boosting the efficiency of combined production of electricity and heat by perhaps around 20 % for both vehicles and stationary use in the household, commerce and industry. This also requires a gaseous fuel — natural gas, synthetic gas or pure hydrogen — which can be extracted, for example, from methanol via a reformer upstream of the fuel cell. However, although known about for 150 years, the fuel cell has not yet achieved an economic/technological breakthrough as a (competitive) vehicle fuel or decentralised combined power and heating plant. Nevertheless, research and development should be advanced, including with public support, to locate and — if possible — tap its potential.

8.10 No energy option has captured as much attention in recent years as the 'hydrogen' option and there is often even talk of the future hydrogen society. At the same time, there is often a misunderstanding among the public that hydrogen is, like oil or coal, a primary energy fuel. This is not the case: hydrogen must be recovered either from fossil hydrocarbons or water, in the latter case using electrical energy; just as CO₂ is combusted carbon, so water (H₂O) is combusted hydrogen.

8.11 Furthermore, the transport of hydrogen has a cost disadvantage compared with that of electricity or liquid hydrocarbons. This means that hydrogen should only be used where it would not be reasonable or possible to use electricity. An impartial analysis of this concept is needed to focus research on realistic goals.

8.12 Given the crucial importance to the transport sector of easily transportable hydrocarbons (fuels), reserves and resources should be safeguarded as far as possible, which means that oil should not be used where coal, nuclear or renewable energy sources would seem promising.

9. CO₂ separation and storage

9.1 The target the EU has set itself — and which goes far beyond 'Kyoto' — of a worldwide reduction in greenhouse gas emissions by the middle of the century can only be achieved if, within a few decades, power stations and other large industrial plants can be, to a large extent, conceived, built and operated as zero-CO₂ or reduced CO₂ forms of production. Even if nuclear energy and renewable energy sources are radically expanded, they will not be in a position to take on this role alone and replace fossil fuels in a few decades.

9.2 Several procedures have been proposed for running coal-fired power station on a zero-CO₂ basis. With modifications, these can also be used for oil and gas combustion. In principle, three methods are employed: (i) CO₂ separation from the combustion gas of conventional power stations, (ii) development of oxygen combustion and (iii) the gasification combined power station with CO₂ separation from the combustion gas; this last concept is the one furthest developed.

9.3 CO₂ separation from the combustion gas of coal gasification produces pure hydrogen, which can be used in hydrogen turbines to produce electricity. Harmless steam remains as the discharge gas. If this technology proves successful, a synergy with hydrogen technology in other fields is on the horizon.

9.4 For more than twenty years the concept of power stations with IGCC (Integrated Gasification Combined Cycle) has been intensively researched and developed. The gas purification procedures are in principle known, but need to be adapted to coal technology. But the costs of producing electricity on the basis of this concept of the power station could be almost double those of conventional power stations without CO₂ separation, and the consumption of resources will increase by around a third. However, in most places this technology will be more economical than other zero-CO₂ power producing technologies, such as wind or solar energy or electricity from biomass.

9.5 In the 1980s, various IGCC concepts — at that time, of course, without CO₂ separation — were developed in Europe,

in part supported by the EU. 300 MW demonstration plans for hard coal were built and operated in Spain and the Netherlands. A lignite demonstration plant was developed, built and operated — again with EU support — to produce synthetic gas for subsequent methanol synthesis. Europe is thus excellently equipped technologically for developing zero-CO₂ coal-fired power stations and for testing in demonstration plants.

9.6 Not only power stations, but other industrial process which produce large quantities of CO₂ emissions — such as H₂ production, various chemical processes and mineral oil processing, as well as the production of cement and steel —, should be examined with a view to their potential for CO₂ separation. In many of these processes CO₂ separation could be carried out more economically and technologically more simply than in the case of power stations.

9.7 There is a great need for research into safe, environmentally acceptable and economical CO₂ storage. The possibilities are being explored of depositing CO₂ in depleted oil and gas deposits, geological aquifer layers and coal deposits, as well as in the ocean. While storage in depleted oil and gas deposits, where available, would be the cheapest alternative, depositing in geological aquifer layers is favoured for large quantities, not least because such geological conditions are readily available worldwide. The key question here is to provide reliable proof that CO₂ can be stored safely in such places for a long time and without adverse effects on the environment. A series of research experiments to achieve this is being supported by the EU. The results available so far are encouraging, though concerns remain that a rise in sea temperature might trigger a release of CO₂ deposited in the ocean (see also point 3.14).

9.8 A comprehensive introduction of CO₂ separation technology and storage will only be available after 2020 and even then on the assumption that the necessary R&D studies are on schedule and prove successful. Studies estimate costs of between EUR 30 and EUR 60 for every ton of CO₂ disposed of (CO₂ separation, transport and storage), which is more advantageous than most methods of renewable electricity production.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council on a multiannual funding for the action of the European Maritime Safety Agency in the field of response to pollution caused by ships and amending Regulation (EC) No 1406/2002'

(COM(2005) 210 final — 2005/0098 (COD))

(2006/C 28/03)

On 7 June 2005 the Council decided to consult the European Economic and Social Committee, under Article 71 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 October 2005. The rapporteur was Mr Chagas.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October 2005), the European Economic and Social Committee adopted the following opinion by 124 votes with 4 abstentions.

1. Introduction

1.1 With the adoption of Regulation (EC) No 724/2004 of 31 March amending Regulation (EC) No 1406/2002 establishing a European Maritime Safety Agency (EMSA), the Agency was assigned new tasks in the field of oil pollution response.

1.2 The present proposal establishes procedures for Community funding of the Agency's new tasks, on the basis of a multiannual commitment to be spread over a period of seven years, from 2007 to 2013. The Commission proposes a sum of EUR 154 million to cover the necessary funding for the seven-year period.

1.3 Following the assignment of the new tasks, in October 2004 the Agency's Administrative Board adopted an Action Plan for oil pollution preparedness and response. This identifies the activities that the Agency intends to embark on within the context of the Regulation, both in terms of response to an oil spill, using specialised anti-pollution vessels, and in terms of preparedness for mounting effective response operations.

1.4 The EMSA identified four priority areas for action: the Baltic Sea, the Western approaches to the English Channel, the Atlantic coast and the Mediterranean (particularly the area along the tanker trade route from the Black Sea), where the Agency intends to station chartered pollution response vessels ready to act when called upon by one or more Member States. It should be pointed out that the EMSA's role in this field will be to supplement (not to replace) national pollution response mechanisms. The Action Plan further includes additional response capacity for incidents involving hazardous and noxious substances (HNS).

1.5 The Regulation amended in 2004 requires the EMSA to provide the Commission and the Member States with technical and scientific assistance in the field of pollution response, which can be divided into three categories: information, cooperation and coordination, and operational assistance.

1.6 It is operational assistance which will require the greatest financial investment, since the Action Plan provides for the creation of a network of standby oil-recovery vessels and a Satellite Imagery Service Centre. The contracts to be concluded by EMSA to assure oil recovery assistance cover all actions and their financial consequences until the initiation of intervention following an oilspill. The costs of intervention by an oil-recovery vessel will be borne by the soliciting Member State.

1.7 As these new responsibilities are long-term, the Commission is proposing a multiannual budget which can both provide the necessary long-term investments and ensure adequate financial security, reducing expenditure in the negotiation of long-term contracts.

2. General comments

2.1 In its opinion on the proposal assigning new tasks to the EMSA in the field of pollution response⁽¹⁾, the EESC welcomed the Commission's proposal and stressed the EMSA's key role in improving maritime safety in the Member States. However, it regretted the fact that several Member States were still not properly equipped to respond to major accidents like those of the Erika and Prestige.

⁽¹⁾ OJ C 108, 30.4.2004, rapporteur Mr Chagas.

2.2 Despite the progress made, the current situation still leaves something to be desired in some cases. Together with the Action Plan, the Agency presented an overview of Member States' oil pollution response capacities, which stated that response capacity needed to be supplemented in certain regions with additional recovery vessels and equipment.

2.3 All coastal States cannot be expected to be permanently equipped with all the resources needed to deal with major sea accidents, particularly large-scale oil spills, on their own. However, the current lack of resources has resulted in environmental damage which will have long-term consequences.

2.4 The EESC therefore supports the proposal to give the EMSA the necessary resources to supplement Member States' pollution prevention and response mechanisms upon request. However, the EESC stresses that these resources can only serve as supplements. Under no circumstances should the above financial means be taken to replace pollution prevention measures which should be established by Member States.

2.5 In particular, the EESC stresses the need for a multi-annual financing programme to fund these mechanisms. This is the only way to ensure consistent programming of the EMSA's activities in this area, and to optimise use of resources by concluding contracts with a minimum term of three years for the provision of rapid response ⁽²⁾ vessels.

2.6 The EESC reiterates the comment made in its Opinion referred to in point 2.1, regarding the need to ensure that the owner(s) of ships chartered to carry out these tasks respect(s) the relevant Community and international legislation, in particular that governing safety conditions on ships and the living and working conditions of crew members.

2.7 As the Action Plan adopted by the Agency identifies priorities on the basis of the limited funds to be made available, the EESC is concerned that, given the current difficulties in reaching agreement on the Community budget, the funds ultimately provided might be lower than those set out in the proposed budget. This would mean selecting certain measures over others or making progress in some areas at the expense of others. The EESC cannot support this approach, since the decision by Member States to grant the Agency additional competences implies the need to ensure the necessary funding to enable it to achieve its goals in the field of maritime pollution

⁽²⁾ 'Rapid' in this context means that the designated vessel can intervene within 24 hours. Usually the transformation including the installation of the necessary equipment on board takes 4-8 hours, and an additional period of 4-8 hours is needed for the vessel to arrive at the place of the accident.

prevention. It is essential that maritime pollution prevention and response are accorded the necessary importance at Community level too, and that they are not viewed purely from an economic perspective.

2.8 The EESC is concerned about the delays of some Member States in implementing certain measures already adopted in the field of maritime pollution prevention and response, particularly in designating places of refuge and protected areas, providing reception facilities or in strengthening their resources for effective port state control. These delays cast doubt over these countries' genuine commitment to preventing and responding to maritime pollution, despite the good intentions regularly expressed, particularly after each new major maritime accident.

2.9 Investment is also needed in aerial surveillance means and equipment for detecting and combating pollution and preventing the violation of antipollution regulations.

2.10 Satellite imagery can also be used to complement surveillance and monitoring activities. The EESC supports the Commission's plan to set up a Satellite Imagery Service Centre, to help Member States in detecting, monitoring and managing illegal discharges and accidental oil spills.

2.11 Given the high costs ⁽³⁾ entailed in a satellite imagery service, the EESC believes that use of resources needs to be optimised and, in particular, that the use of images needs to be coordinated between Member States; this could lead to considerable cost-savings. At the same time, there are grounds for investment to improve image-gathering in all European maritime areas, as current coverage is not genuinely comprehensive, particularly in the Mediterranean area.

2.12 The EESC also considers the planned information, cooperation and coordination measures to be very important. These will ensure more rational use of existing resources and the Agency has a fundamental role to play here.

3. Conclusions

3.1 The EESC supports the proposal to give the EMSA the necessary resources to supplement Member States' pollution prevention and response mechanisms upon request.

⁽³⁾ The cost per image covering a territory of 500 km² is in the range of EUR 800-1000 depending on several factors (e.g. the delay of the transmission demanded, the advance with which the contract is concluded). According to a modest estimation given by EMSA 1,000 images are needed on a yearly basis.

3.2 The Committee regrets however that a number of Member States have not yet allocated the appropriate resources or established mechanisms of their own and asks the Commission to urge them to accelerate that process.

3.3 The EESC is concerned that, given the current difficulties in reaching an agreement on the Community budget, the funds ultimately provided might be lower than those set out in the proposed budget. The decision by Member States to give the Agency additional competences implies the need to ensure the

necessary funding to enable it to achieve its goals in the field of maritime pollution prevention. It is essential that maritime pollution prevention and response are accorded the necessary importance at Community level too, and that they are not viewed purely from an economic perspective.

3.4 The Agency's role in promoting cooperation and coordination of Member States' resources and activities is fundamental for the establishment of a rational and cost effective strategy.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council on risk and crisis management in agriculture'

(COM(2005) 74 final)

(2006/C 28/04)

On 20 April 2005 the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the *Communication from the Commission to the Council on risk and crisis management in agriculture*.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 October 2005. The rapporteur was Mr Bros.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October 2005), the European Economic and Social Committee adopted the following opinion by 122 votes to 1 with 3 abstentions.

1. Introduction

1.1 This communication from the European Commission follows on from the considerable amount of work already conducted at European level, including: the Commission Report on risk management in January 2001, the Council discussions under the Swedish Presidency in Spring 2001, the Spanish Memorandum and the International Conference on *Agricultural insurance and income guarantees* in Madrid at the beginning of 2002, the Greek Memorandum and the Seminar on natural disasters in Thessaloniki in 2003, and the Conference organised by the Dutch Presidency in December 2004 on *Material and immaterial costs of eradication of animal diseases*.

1.2 More specifically, the communication has been drawn up to fulfil a commitment made by the Commission, in the form of a declaration issued in Luxembourg, in the context of the June 2003 CAP reform:

'The Commission will examine specific measures to address risks, crises and national disasters in Agriculture. A report accompanied by appropriate proposals will be presented to the Council before the end of 2004. The Commission will

analyse in particular the financing of these measures through the one percentage point of modulation directly re-distributed to Member States as well as the inclusion, in each common market organisation, of an article empowering the Commission to act, in the case of a Community-wide crisis, along the lines established for such cases in the common market organisation for beef.

1.3 The communication also responds to the Conclusions of the December 2003 Council which called for the discussion to be continued; for an updated inventory of the risk management tools available to be provided; for the different risk management options to be considered; for possible new measures (common market organisation, financial support, competition rules) to be taken into account; and lastly for the guidelines on state aid in the agriculture sector to be assessed and adaptations suggested.

1.4 In the past, the CAP offered protection by means of its market and price support policies. Since the last reform, however, farmers are exposed more directly to a whole series

of risks. The Commission therefore wishes to try out new instruments, in the context of the CAP, so as to help farmers improve their ability to manage risks and crises.

1.5 In its working documents, the Commission has drawn up an inventory of the current risks in agriculture: human or personal risk; asset risk (buildings etc.); financial risk; liability risk (genetically modified organisms); production risk (weather conditions); and price risk. It has also drawn up an inventory of the risk management tools currently available: indebtedness and investment (tax exempt savings); adaptation of production techniques; diversification; marketing techniques (contracts, integration); futures; mutual funds; and insurance.

1.6 In order to meet expectations more effectively and limit the damage caused by crises in the agriculture sector, this extremely broad analysis needs to be taken further.

2. The Commission proposal

2.1 In the first three pages of the communication, the Commission contextualises the problems relating to risk and crisis management. The working documents accompanying the communication address a large number of ideas. In the proposals which follow, the Commission goes on to respond to the explicit requests made in the Council Conclusions, i.e. extension of a safety net and financing of risk and crisis management measures through modulation using three options: insurance against natural disasters, supporting mutual funds and providing basic coverage against income crises.

2.2 Using modulation funds would mean using instruments based on rural development measures. Consequently, these new measures would have to improve the competitiveness of agricultural holdings (priority axis 1), respect the principle of annuality, comply with the rules on state aid and be compatible with the green box criteria established by the WTO.

2.3 The first option is insurance against natural disasters. In the Commission's view, this can help to reduce the ad hoc compensation payments paid out by Member States. A financial contribution of 50 % could be made towards producers' insurance premiums. Compensation would be paid out where losses exceeded 30 % of the average agricultural production in the preceding three-year period, or a three-year average based on the preceding five-year period (excluding the years of highest and lowest production). Compensation could not exceed 100 % of the income loss. The payment could not specify the type or quantity of future production. Another alternative to subsidising insurance premiums would be reinsurance by private insurance companies.

2.4 The second option is mutual funds, which are a way of risk sharing among groups of producers. Under this option, temporary and depressive support could be granted to cover administrative costs. It would be calculated according to the

number of farmers participating. The funds must be formally recognised by the Member State. Compatibility with the WTO's green box would have to be assessed on a case-by-case basis.

2.5 The third option is to provide basic income coverage. This is based on the Canadian model and the requirements of the green box. The purpose is to increase the total liquid funds available in the event of crises (support for incomes). The system would be open to all agricultural producers. Compensation would be paid if the loss exceeded 30 % in the reference period (as for option 1). An income indicator is to be determined. Compensation must be less than 70 % of the income loss and must not relate to the type or volume of future production.

3. General comments

3.1 The Committee welcomes the Commission proposal, which launches the debate on a subject that is vital for the future of agriculture. The Commission has produced the communication in response to specific demands within a binding framework. The Committee considers this to be only a preliminary analysis, which will need to be expanded on in order to respond to the risks and crises listed in the introduction.

3.2 In chapters 1 (introduction) and 2 (background) of its communication, the Commission gives a brief outline of the new situation following the 2003 CAP reform (introduction of the single payment scheme) and lists the various measures that have been taken and the tasks that the Council has assigned with regard to risk and crisis management in agriculture. Neither the Commission's communication nor the working document from DG Agriculture explicitly mention the changes which have occurred regarding the risks to which European agriculture is exposed.

3.3 The Committee notes that the reform of June 2003 is making agricultural prices much more volatile. This, combined with the volatility of farm input prices, is increasing the likelihood of economic crises affecting agricultural holdings. Moreover, many scientists believe that climatic instability is also increasing. When economic crises occur, farmers are always the weakest links in the various production and distribution chains. They therefore need effective tools to help them to respond to crises and risks. The Committee therefore wishes to comment on a number of the points raised by the Commission.

3.4 The Commission has taken the positive step of proposing three schemes. These would be optional as far as the Member States are concerned, and complementary. They are interesting in themselves and none should be rejected automatically. However, each option needs to be analysed in more depth.

3.5 The Commission has considered using one percentage point of modulation to fund these schemes. However, it should first have assessed the cost of the proposed measures. While emphasising that the Commission's proposal is neutral in budgetary terms, the Committee wonders whether the envisaged funding will be commensurate with needs.

3.6 Funding under the first pillar helps to stabilise incomes and markets, and this role has been guaranteed until 2013. Such funding is vital for the survival of many farms, and modulation of direct aid should not be increased.

3.7 The sums produced by modulation vary widely between the Member States, and are non-existent for the new Member States. The Committee therefore proposes that as an alternative to the one percentage point of modulation, each Member State could assign part of its EAFRD allocation to risk and crisis management, up to a maximum of 0.1 % of its National Agricultural Product.

3.8 Because of the use of modulation funds, the Commission has worked within a rural development framework. The Committee believes that a broader approach should be taken and that other means of action should also be considered, including common market organisations (CMOs), competition policy, trade etc.

3.9 Whilst it is essential to analyse a certain number of risks and crises, their management is not always the responsibility of the Common Agricultural Policy. The risks connected with natural disasters, which cannot be forecast and therefore cannot be insured against, and epidemics such as foot and mouth disease, cannot fall within the remit of the CAP. Other existing instruments such as the veterinary fund or the solidarity fund should be available for these specific situations. In addition, an EU system for responding to natural disasters is currently being considered⁽¹⁾, and this system should cover risks in agriculture.

3.10 The Committee stresses that all these measures can only be effective if they are used to complement existing market management mechanisms within the CMOs, which include highly efficient tools tailored specifically to the various sectors. Similarly, in relation to trade, it is absolutely vital that the EU safeguard the Community preference within the Doha round.

⁽¹⁾ See the EESC opinion currently being drafted on the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Improving the Community Civil Protection Mechanism (rapporteur: Ms Sánchez Miguel).

3.11 *Comments on the Commission's proposal in connection with rural development*

3.11.1 Agricultural insurance

3.11.1.1 The Committee draws attention to its opinion on a common system of agricultural insurance⁽²⁾: a number of the requests made in this opinion remain valid. Agricultural insurance is a useful tool for covering certain specific risks, but it cannot replace the public authorities when it comes to managing exceptional risks.

3.11.1.2 Currently, under the guidelines for state aid in the agriculture sector, aid is authorised up to a ceiling of 80 % of the insurance premiums against losses due to natural disasters, such as earthquakes and other extraordinary events. Losses resulting from adverse weather conditions or animal and plant diseases are classed as natural disasters only if the losses reach a given threshold, currently set at 20 % of normal production in disadvantaged regions and 30 % elsewhere.

3.11.1.3 State aid of up to 50 % of insurance premiums is also permitted, when agricultural insurance covers losses beneath these thresholds, resulting both from natural disasters and from adverse weather conditions or animal and plant diseases.

3.11.1.4 The Commission's proposals on this aspect therefore represent a step backwards compared with the measures currently authorised under state aid. In order to provide a real incentive for the maximum number of farmers to make use of these instruments, it is necessary to introduce a system that is more attractive to the beneficiaries.

3.11.1.5 In some areas of risk prevention (such as multi-risk insurance), tried and tested mechanisms already exist in some Member States. The Committee supports the Commission's idea of establishing a new supplementary agricultural insurance instrument, bearing in mind that the introduction of new measures at EU level must not threaten existing systems which have already proved effective at national level.

3.11.1.6 Although the agricultural insurance system is a cross-cutting element in rural development, it must also allow for sectoral implementation, in order to meet the specific needs of the different regions of the European Union.

3.11.1.7 A considerable amount of unpublished work has been conducted on the issue of re-insurance. Mutual associations and private insurance companies could join forces to set up a re-insurance fund. The establishment of EU-level re-insurance could bring real Community added value.

⁽²⁾ OJ C 313 of 30.11.1992, p. 25.

3.11.2 Mutual funds

3.11.2.1 The support proposed by the Commission does not provide a strong enough incentive. As a minimum, a capital investment should be provided at the launch of these funds to support their operation during the initial period. For it to be workable, this option would need the backing of producers' organisations.

3.11.2.2 The Council's failure to reach an agreement on the establishment of a fund for the pig meat sector shows what a difficult exercise this is. When a sector faces a serious crisis, farmers' contributions are not sufficient. In many cases, however, mutual funds enable economically viable farms to weather a crisis.

3.11.2.3 One strong incentive for agricultural producers and the other players in the production and distribution chains to come together would be direct management of mutual funds' market operations, including marketing, processing, storage and sales to non-EU countries. This would not only develop a sense of accountability in all the various players, who would play a greater role in market operations, but also bring the situation into line with the 2003 reform. Moreover, when instruments are implemented at a level close to the economic operators rather than by the authorities, they often work more effectively.

3.11.2.4 The new instrument should benefit and not pose a threat to existing mutual funds.

3.11.3 Basic coverage against income crises

3.11.3.1 This option needs to be tested, and further work is needed on the subject. The income support provided in the EU for many sectors takes the form of direct aid, and under no circumstances should the system now being proposed replace direct payments to farmers. However, this does not mean that the Commission cannot explore other avenues for the longer term.

Analysis of the implementation of a system of this type in Canada ⁽³⁾ shows that such schemes could provide a useful tool for the EU in the medium to long term. They have been important for some of our trade partners, e.g. the United States and Canada. However, the Canadian mechanism is one of the main planks in their agricultural income support policy, and requires a large public budget which is not currently available to the EU.

⁽³⁾ For further details, see: <http://www.agr.gc.ca/pesra/main.html>.

3.11.4 Information on existing risk and crisis management measures

3.11.4.1 The Committee endorses the Commission's view that it is necessary to promote the development of market-based risk management tools (such as insurance, the futures market and contract farming).

3.11.4.2 The Committee highlights its opinion on rural development ⁽⁴⁾ and calls for training and information initiatives to be financed by the European Social Fund rather than coming under rural development, which has other objectives.

3.11.5 Harmonised provisions

3.11.5.1 Under the subsidiarity principle, rural development policy is implemented by the Member States. As a consequence, only the agri-environmental measures are binding. The Committee acknowledges that this approach is useful from the point of view of ensuring that policy is tailored to the actual needs of the EU's different regions. However, the probability of risks and crises occurring has increased throughout the EU. A degree of harmonisation is therefore essential, so that all farmers across the Union are treated fairly and have access to risk and crisis management schemes.

3.12 Proposals in connection with Common Market Organisations

Alongside the three options put forward by the Commission, the Committee would like to offer some other proposals. With a view to efficiency and lower cost, the Commission must provide for early means of intervention at the appropriate level (e.g. promotion, private storage, production cuts), so as to tackle crises rapidly.

In many sectors, market analysis tools can now predict the onset of a cyclical crisis. These crises are often caused by a momentary imbalance between supply and demand at regional level. Rapid action, perhaps at regional level, could help to prevent crises becoming embedded and spreading to a wider geographical area.

3.12.1 Promoting agricultural products

3.12.1.1 At EU level, promotion measures may be financed using various tools: rural development, internal market or non-EU country market. As mentioned above, early promotion measures are an extremely effective way of preventing a crisis from worsening. In the various regulations, the Commission should simplify the implementation of these measures so as to enable action to be taken swiftly.

⁽⁴⁾ OJ C 221 of 8.9.2005, p. 40.

3.12.2 Supporting product storage

3.12.2.1 During sectoral crises, measures to support storage have already proved effective in a certain number of CMOs. By spreading product sales over a longer period, such measures can help prevent crises resulting from over-production. The EU should authorise producers' organisations to introduce this tool under the mutual funds. It would also be an attractive means of encouraging farmers to set up producers' organisations.

3.12.3 Extending the 'safety net' in the event of market crises

3.12.3.1 In the event of major Community crises in the beef CMO, the Commission may act on the legal basis of Article 38⁽⁵⁾ of the regulation on the common market organisation for beef which states *'When a substantial rise or fall in prices is recorded on the Community market and this situation is likely to continue, thereby disturbing or threatening to disturb the market, the necessary measures may be taken'*.

3.12.3.2 The Committee regrets that the Commission has not seen fit to extend such a clause to other CMOs. The Council of Ministers has endorsed the line taken by the Commission.

3.12.3.3 The Committee points out that the situation has changed since the 2003 reform and that some CMOs have no safety net. If the pig meat or poultry sector were to face a consumer-confidence crisis leading to a sharp drop in consumption, many farms would go out of business.

3.12.3.4 Given that it would only mean providing the Commission with the legal basis to take action, if it considered such action to be warranted, the Committee calls for the general introduction of a 'safety net' clause for all CMOs, in order to ensure a level playing field for all sectors. It therefore asks the Commission and the Council to review their position.

3.12.4 Support for processing

3.12.4.1 In sectors where products can be consumed either fresh or processed, measures to support processing can help to prevent crises in the fresh products sector by temporarily permitting a production surplus in the processed products sector, where the market is less volatile and therefore less sensitive to fluctuations in the volume of production. These measures could be taken either by Member States or producers' organisations.

⁽⁵⁾ Regulation No 1254/1999 (OJ L 160 of 26.6.1999, p. 21).

3.12.5 Supporting voluntary decreases in production

3.12.5.1 Measures aimed at reducing production are amongst the most effective available. If market expectations suggest that supply may outstrip demand, voluntary or compulsory measures to reduce production before harvest can avert a crisis. These measures could be taken either by Member States or by producers' organisations.

4. Specific remarks

4.1 The need to define crises in agriculture

4.1.1 The Commission defines a crisis as 'an unforeseen situation that endangers the viability of agricultural holdings, either at a localised level or across a whole sector of production'⁽⁶⁾. The Committee thinks that a clear distinction should be made between economic and other crises, and that economic crises should be defined using objective, transparent criteria.

4.1.2 In the case of economic crises, the Commission needs to define precisely what constitutes a 'regional crisis', 'national crisis' and 'Community crisis'. The definitions should be based on a sound knowledge of the various markets, so as to determine the average price over the previous three or five years (in the latter case, excluding the best year and the worst year). A market crisis would be declared if there was an x % drop in the price of a particular product over a period of y days. The variables x and y should be defined according to sector and Member State, and possibly also according to production region. The dates on which the crisis is deemed to begin and end could then be decided by the public authorities.

4.1.3 For other types of crisis, each Member State has sufficient definitions to handle existing situations in their own particular context.

4.2 The need to adapt competition rules in the event of crisis

4.2.1 During crises, the lower prices paid to producers are not always passed on to consumers⁽⁷⁾ and this prevents the market from functioning at optimum levels. The Council should review the 1962 regulation on the application of certain rules of competition to agricultural production and trade⁽⁸⁾ and broaden the tasks of DG Competition, so as to oblige it to ensure that the market functions properly in the event of crisis by derogating from the usual principles.

⁽⁶⁾ COM(2005) 74 final, p.4.

⁽⁷⁾ OJ C 255 of 14.10.2005, p. 44.

⁽⁸⁾ Regulation No 26/62, OJ No B030 of 20.4.1962, p. 0993.

4.2.2 Specific tools can be introduced for this purpose, particularly in the fruit and vegetable sectors. This government intervention in market operations must be accepted by the Commission in the context of the exemption regulations that exist in sectors such as insurance. This derogation from the competition rules would be temporary and would be overseen by the public authorities for the duration of the crisis.

4.2.3 One option here would be inter-business price agreements, such as those that could be reached by enterprises covering the whole production and distribution chain or by distributors, via central purchasing bodies.

4.2.4 In the case of unprocessed products, the difference between the price paid to the producer and the consumer price could be limited.

4.3 *The need for better management of trade flows*

4.3.1 As part of the August 2004 framework agreement on the liberalisation of trade in agricultural products at the WTO, it was agreed to completely abolish all forms of export subsidies, provided all other existing instruments were eliminated in parallel. The date and speed at which they are to be abolished has yet to be decided.

4.3.2 However, the opening-up of the EU market will make producers more vulnerable to crises. During the current negotiations, Community preference must thus be preserved. The EU's social, pricing and ecological standards must not be undermined by social and ecological dumping of cheap imports. Food-sovereignty criteria must be taken into account. For these reasons, a system of qualified external protection or market access should be set up and further developed.

4.3.3 In times of crisis, the EU should limit imports and should use all the room for manoeuvre available to facilitate exports when the time comes to implement the future WTO agreements.

4.3.4 The Commission could envisage maintaining a share of the rights notified at Geneva so as to create a new tool for managing trade flows.

4.3.5 This right maintained at the WTO would not be used for sectoral subsidies, but, for example as a joint mechanism with third countries (like the one already set up with Egypt), used in the event of crises within the Community in order to facilitate the supply of external markets without exporting the crisis elsewhere.

4.3.6 Cooperation with the relevant authorities in third countries would make it possible to establish a price for the beneficiary country that would not disrupt its own market. European aid could focus on transport costs, administrative costs or (in the case of food aid) the cost of the merchandise.

4.4 *The need to move away from the annuality of the budget*

4.4.1 In the current budget framework, which is based on the EU's own resources and annual expenditure, it is impossible to avoid this principle. However, the principle has serious consequences and should ultimately be reviewed in order to improve the functioning of the EU.

4.4.2 In the shorter term, it is possible to avoid this constraint. One solution could be to classify sums invested in stabilisation funds as expenditure. These funds would only be used if necessary in years when crises occurred.

4.5 *The need to make more use of producers' organisations*

4.5.1 One effective tool for managing trade risk is to enable producers to organise so that they can exert a genuine influence in trade negotiations. The Commission must continue to press forward in this direction and should, by means of incentives, encourage farmers to set up producers' organisations.

4.5.2 With regard to crisis management, the Committee would like to see organisations of producers and of the other actors involved in the various production and distribution chains come together at an appropriate level for the tasks which could be assigned to them.

5. Conclusions

5.1 In terms of responding to the problems of risk and crisis management, the Commission's proposals are a step in the right direction, but only a first step.

5.2 The proposals are only an adjunct to the management of agricultural markets conducted at European level via the CMOs and trade regulation. These provisions, which have demonstrated their effectiveness, must under no circumstances be brought into question.

5.3 The EU already possesses instruments that can usefully be deployed in the event of certain types of risk or crisis, and these should be coordinated. The veterinary fund and the EU solidarity fund should thus be retained and fine-tuned to enable them to respond to risks and crises in the agriculture sector, in tandem with the proposals outlined in the present opinion.

5.4 The 2003 CAP reform and the increasingly unstable climate conditions will have considerable implications for the management of farm holdings, which will be increasingly vulnerable to risks and crises. Consequently, it is vital that the ongoing liberalisation of trade in the Doha Round should safeguard the Community preference.

5.5 The three options proposed by the Commission need to be explored in more depth and implemented in the short or medium term. Nevertheless, these proposals are not an adequate response to the situation that will probably arise over the coming years. Work must therefore be pursued on this issue both at sectoral level during the forthcoming reforms of the CMOs and through a cross-sectoral regulation.

5.6 As far as finances are concerned, committing one percentage point of modulation is certainly a positive move, but it is vital to ensure fair treatment of all EU farmers, for example by committing 0.1 % of the National Agricultural Product. In future, other sources of financing will have to be found.

5.7 The Committee calls for ex-ante and ex-post evaluations in order (a) to assess new levels of risk in agriculture and budgetary needs, inter alia following the CAP reform, the increasing vagaries of the weather, and the WTO negotiations, and (b) to analyse the appropriateness of the solutions proposed to address these situations.

5.8 Organising producers and production and distribution chains represents one potential way forward for European agriculture. The Commission should step up its work to promote this kind of organisation.

5.9 The Commission has taken the positive step of proposing three schemes. The aim should not be to decide definitively between them, but to make sure that they are all available for the future and to explore them in more depth.

5.10 Risk and crisis management is a key topic for the Committee. On the basis of the work carried out in this field, the Commission should, in the near future, table a legislative proposal for putting the various provisions into practice. The Committee wishes to be consulted on this.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive laying down minimum rules for the protection of chickens kept for meat production'

(COM(2005) 221 final — 2005/0099 CNS)

(2006/C 28/05)

On 13 June 2005, the Council decided to consult the European Economic and Social Committee, under Article 37 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 October 2005. The rapporteur was Mr Leif E. Nielsen.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October), the European Economic and Social Committee adopted the following opinion by 123 votes to 3 with 2 abstentions.

1. Introduction

1.1 Intensive farming of chickens kept for meat production raises problems of animal welfare and health. The Scientific Committee on Animal Health and Animal Welfare thinks that most welfare problems are attributable to breeding selection for reasons of growth and food conversion, with no accompanying improvements in animal welfare or health. Genetic selection has thus led to changes in metabolic and behavioural traits, resulting in leg problems, ascites, sudden-death syndrome and other health concerns. At the same time, the Scientific Committee notes that the negative effects of high stocking rates are reduced in buildings where good indoor climatic conditions can be sustained ⁽¹⁾.

1.2 The EU has only general requirements for the protection of animals kept for farming purposes ⁽²⁾. However, some Member States have made national provision for the protection of chickens kept for meat production, and various voluntary quality assurance schemes are in place that also encompass welfare aspects. The Commission feels that common minimum standards are a potential means of tackling these welfare problems and of securing a more level playing field and a more effective common market. This also reflects civil society's growing awareness of the need for proper animal protection standards, and ties in with the Commission's action plan on animal welfare.

1.3 The Commission is proposing that the maximum density of chickens per square metre of useable area ('stocking density') be fixed at 30 kg/m² (live weight). Member States

may, however, permit a stocking density not exceeding 38 kg/m² live weight in establishments or single units of an establishment in which the owner or keeper complies with a number of requirements relating, among other things, to inspections, monitoring and follow-up carried out by the competent authority of the Member State concerned. The proposal also contains a range of detailed minimum requirements for all establishments, covering inspection and monitoring, drinkers, feeding, litter, noise, light, cleaning, disinfection, record-keeping, surgical interventions, training and guidance. Establishments with a higher stocking density are subject to additional requirements for record-keeping and documentation, NH₃ and CO₂ concentrations, temperature and humidity, the installation and inspection of ventilation, cooling and heating systems, the evaluation of indicators in post-mortem inspections and procedures in case of non-compliance. A regulatory procedure is proposed to secure the uniform application and ongoing adaptation of the provisions set out in the annexes, with assistance being provided by the Standing Committee on the Food Chain and Animal Health.

1.4 This 'integrated approach' for establishments and single units of an establishment with a higher stocking density is based on an increased flow of information between the producer, the competent authority and the slaughterhouse, underpinned by post-mortem inspections. The Commission feels that the data on production parameters collected for commercial purposes and in order to monitor compliance with feed and food law and hygiene requirements ⁽³⁾ can also be used to improve animal welfare. This integrated approach is, moreover, the foundation of the new legislation on food hygiene and on veterinary controls ⁽⁴⁾.

1.5 Not later than two years from the date of adoption of this directive, and drawing on the experience gained in applying voluntary labelling schemes, the Commission will submit a report on the possible introduction of a specific,

⁽¹⁾ The Welfare of Chickens Kept for Meat Production (Broilers), report of 21 March 2000.

⁽²⁾ Directive 98/58/EC, OJ L 221, 8.8.1998, p. 23 (The directive was drawn up on the basis of the Council of Europe Convention, under which a recommendation has been adopted on domestic fowl containing additional provisions for poultry kept for meat production.).

⁽³⁾ Regulation 882/2004, OJ L 165, 30.4.2004, p. 1; corrigendum, OJ L 191, 28.5.2004, p. 1.

⁽⁴⁾ Regulation 882/2004 of 29.4.2004 (hygiene package), OJ L 165, 30.4.2004.

harmonised, mandatory labelling regime at Community level for chicken meat, meat products and preparations, based on compliance with animal welfare standards; in addition, the report will consider the compliance of such a regime with WTO rules. Drawing on further scientific advice, the Commission will also submit a report — accompanied, if need be, by appropriate legislative proposals — on the influence of genetic parameters on identified deficiencies resulting in poor welfare of chickens.

2. General comments

2.1 As the Commission points out, the EU public is increasingly alive to animal welfare concerns in intensive production systems. This is, among other things, clearly reflected in a 2005 Eurobarometer study⁽⁵⁾. In the same way as other relevant factors, therefore, animal welfare should also be included as an element in the 'European model of society' so as to offset any adverse impact of free trade and stronger competition, both within the EU and in the wider world.

2.2 Responsibility for welfare problems cannot be placed on one single link of the EU production and marketing chain for chickens kept for meat production. This includes genetic selection in internationally focused breeding centres, the production of parent animals, hatcheries, the production stage itself, slaughterhouses, marketing and consumers. Moreover, within the individual categories, views vary both on welfare problems and on economic and competition-related issues. As representative of civil society — and given the diversity of its membership — the EESC clearly has a responsibility to help establish sound and acceptable minimum standards of animal welfare in the EU.

2.3 The Committee commends the Commission's thorough preparatory work and endorses the proposed approach. The general provisions that apply to all flocks are obvious requirements based on enhanced self-monitoring on the farm, and they do not, for the most part, present any difficulties. The EESC also broadly endorses the more far-reaching requirements of the integrated scheme for flocks with higher stocking density, which take the proposed foot pad lesion scoring system, mortality and other possible indications of poor welfare conditions as a basis for intervention and an overhaul of conditions in the establishment in question.

2.4 The key issue is stocking density, where underlying standards must be based on the best possible scientific advice and on striking a balance between the various indicators of physiological conditions, behaviour and health. In the light of the

⁽⁵⁾ Special Eurobarometer June 2005: Attitudes of consumers towards the welfare of farmed animals.

Scientific Committee's report, the EESC considers it proper and acceptable to introduce a maximum limit of 30 kg/m² for flocks in general and 38 kg/m² for flocks where any adverse impact is countered by specific requirements relating to indoor climatic conditions.

2.5 At the same time, it must be recognised that stocking density is a critical factor in production costs and competitiveness. According to a March 2005 Dutch study, the proposed maximum stocking density will affect almost every establishment in the country. A typical Dutch holding of chickens kept for meat production earns, on average, just 1.89 cent per chicken after the deduction of variable and fixed costs⁽⁶⁾. This shows the extremely narrow earnings margin in this kind of farming. To maintain the same level of earnings at stocking densities of 30 and 38 kg/m², therefore, the price of a chicken kept for meat production has to rise by 8.0 and 2.5 cent respectively — for consumers a seemingly minimal increase. However, at European level, the industry feels that a maximum stocking density of less than 42 kg/m² will inevitably result in a gradual displacement of EU sales on both European and third-country markets because of competition from key export countries outside the EU.

2.6 Hence, the requirement for lower stocking densities in the EU must go hand in hand with an adjustment in international trade rules so that the same or equivalent requirements also apply to imports from outside the EU. The EESC recognises the difficulty of discussing this issue in the current WTO negotiating round. But if the EU decides to adopt proper and legitimate animal welfare standards in this and in other areas, then it must, subsequently, also have the wherewithal, as one of the world's biggest trading partners, to press successfully at international level for the introduction of a clause of some kind to ensure that those standards are maintained⁽⁷⁾.

2.7 Naturally, non-EU countries with comparative advantages and acceptable welfare standards can, potentially, gain a bigger share of the EU market and must therefore be presumed to support the introduction of international standards. But it will be paradoxical — and unacceptable — if, as a result of higher standards within the Union, EU production and sales on the European market and third-country markets gradually shift to non-EU countries with lower standards, or if the EU feels it is unable to improve animal welfare standards on the grounds that conditions in other key trading partners are also poor and there is a risk of production relocating there.

⁽⁶⁾ Economic consequences of reduction of stocking density of broilers, Ir. P. van Horne, LEI (Agricultural Economics Research Institute), Wageningen University and Research Centre, March 2005.

⁽⁷⁾ The issue is addressed in the Communication from the Commission to the Council and the European Parliament on animal welfare legislation on farmed animals in third countries and the implications for the EU (COM(2002) 626 final, 18.11.2002).

2.8 For that reason, the EU — whether with or without prior international agreement — must require that imports from all non-EU countries comply with equivalent rules. If, therefore, international acceptance is lacking, a degree of provocation may be necessary in order to draw the requisite attention to the need for law change, and to promote understanding of why that has to be done. The Commission should in any case make a detailed economic study of the competitive environment two years after the directive comes into force in the Member States to assess how the situation is shaping up.

2.9 The World Organisation for Animal Health (known by its French acronym OIE) recently adopted recommendations on certain other aspects of animal welfare, thereby demonstrating growing international awareness of the need for minimum international standards. The OIE recommendations stemmed from a conference held in 2004 as a forum for constructive dialogue between institutions, scientists, stakeholders and NGOs from around the world, including an array of developing countries. The conference underscored the need for a scientific basis for international animal welfare standards. The Committee feels that the WTO must take this task on board so that minimum standards adopted under OIE auspices can be applied within the context of the WTO.

2.10 In the light of negative experiences such as defective implementation or the introduction nationally of stiffer, competition-distorting requirements, the industry at EU level feels that the rules should be laid down in a regulation. The EESC recognises the advantages of a regulation, but notes that the Member States prefer directives, which allow the implementing provisions to be adapted to suit specific national conditions. A directive also seems better suited to the proposed integrated approach. Similarly, common rules on the technical details of farming methods will lack the necessary flexibility with regard to the systems used, and counteract technical developments designed to secure more effective and welfare-friendly farming practices. It must, however, be impressed upon the Commission that non-implementation or defective implementation cannot be tolerated.

2.11 Yet it is paradoxical that the Commission should cite distortions of competition arising from the different existing national arrangements as one of the reasons behind the proposal — and behind the need for common rules — while, at the same time, the proposal itself opens the door to more stringent national rules in the individual Member States. Common rules in the EU are a key point of departure for Union efforts to secure common rules internationally. As for Member States' failure to implement directives properly or at all, the Commission must, in future, take its Treaty responsibilities seriously and ensure that the rules are applied correctly within the timeframes that the Member States themselves have been involved in setting.

2.12 The EESC is fully supportive of more far-reaching voluntary schemes in the shape of codes of practice and would like to see them replaced by a joint, European-level scheme

along the lines of the one for organic products. This gives consumers choice and lets the market itself show the extent of the interest in raising animal welfare standards beyond the current minimum requirements. The EESC would also like to see a mandatory labelling scheme for EU products, if such practice is compatible with WTO rules. That said, current EU law should be complied with in any case, obviating the need to mention that point specifically on the labelling. For pre-packed chickens, consideration should also be given to the possibility of indicating the production method on the packaging, as is currently done for eggs.

2.13 The Commission should, as announced, submit a report based on new scientific evidence, and taking into account additional research and practical experience, in order to further improve the welfare of chickens kept for meat production. The report should also consider the influence of genetic parameters on identified deficiencies. However, the proposal ought to take account of the impact of genetic selection even at this stage, and there is also a need for rules on conditions for parent animals. Work on this front should therefore begin without delay, and should be revised at a later stage if necessary in the light of the slaughtering data. Otherwise, the Commission will only be able to start work once the slaughtering data become available five years after adoption of the directive.

2.14 The EESC recognises that research is a long-term process and that current rules should be adapted to new knowledge and technological developments. At the same time, research in this and in other fields must also be stepped up so as to improve knowledge in areas where it falls short of the mark. This applies, among other things, to the connection between stocking densities and climatic and environmental conditions⁽⁸⁾. Biosecurity also merits much greater attention, given the close link between animal health, welfare and the environment, in connection, for instance, with avian influenza⁽⁹⁾.

3. Specific comments

3.1 Irrespective of production systems, stocking densities, technical arrangements etc., stockmanship, management and good agricultural practice are of vital importance for animal welfare and health. These factors, and their importance in daily contact with — and care of — animals, cannot, by their very nature, be secured through legislation and monitoring. The provisions of the proposal relating to instructions, guidance, courses, training and inspection at least twice a day should be

⁽⁸⁾ More recent scientific publications include, for instance, the article entitled 'Chicken welfare is influenced more by housing conditions than by stocking density' in NATURE/VOL 427/22.1.2004 www.nature.com.

⁽⁹⁾ See the Commission proposal of 28 April 2005 (COM(2005) 171) and the EESC opinion of 28 September 2005 on the control of avian influenza.

self-evident in this regard. The EESC is concerned, however, that there are no skills requirements and that training may be replaced by experience irrespective of the kind of experience involved.

3.2 Steps must be taken to ensure that any assessment of animal welfare is conducted independently by inspectors with enough training and experience in the field. Similarly, written records should be kept in a uniform way in the Member States.

3.3 In the interests of transparency, it should also be made clear that poultry kept at low stocking densities is only inspected as part of the 'hygiene package'. Approved training schemes and documented training periods should also be required for all establishments above a certain size.

3.4 The requirements for maximum NH₃ and CO₂ concentrations must be laid down in such a way that the limits are not exceeded under normal conditions. Under atypical climate conditions it will be impossible to exceed these limits in the bulk of ideal production systems.

3.5 The proposal states that 'all buildings shall have light with an intensity of at least 20 lux during the light periods, measured at bird eye level' and that 'the light must follow a 24-hour rhythm and include periods of darkness lasting at least 8 hours in total, with at least one uninterrupted period of darkness of at least 4 hours'. This corresponds exactly to the Council of Europe's recommendation⁽¹⁰⁾. Drawing on scientific reports and practical experience, however, the industry considers a minimum of 15 lux for the first 14 days, followed by a minimum of 5 lux and a four-hour uninterrupted period of darkness to be adequate. The industry says that trials involving a higher light density and longer periods of darkness have led to more foot pad lesions and to animals being rejected because of skin lesions. In the EESC's view, a balance needs to be struck between many different considerations, and policy should be based on the most relevant scientific findings and practical experience. In cases of uncertainty or a lack of documentation, further studies should be carried out so that the provisions in place can be adjusted to reflect the best knowledge available on this subject at any given time.

3.6 In establishments with higher stocking densities, the proposal provides for intervention when the mortality rate exceeds 1 % plus 0.06 % multiplied by the slaughter age of the

flock in days, i.e. around 3.5 %. The industry feels that a maximum limit of 0.12 % mortality per day is justified, and that, as there is no connection between welfare and mortality in the first seven days, the limits could, if necessary, reasonably be set at 1.5 %. The EESC considers that the limit here and in other areas should be set at a level that reflects practical possibilities in a smooth-running establishment. In cases where there is notification of severe deficiencies, consideration should also be given to supplementing records of mortality and foot pad burns with records of, for instance, leg problems and peritonitis in the flock.

3.7 Detailed written descriptions, including photographs of foot pad lesions in the different groups, should be laid down by the Commission in order to standardise the classifications.

4. Conclusion

4.1 Subject to the above comments, the EESC endorses the Commission's approach to the issue and the proposal's detailed provisions. The various limits for light intensity, maximum NH₃ and CO₂ concentrations, mortality, foot pad lesions etc. should be set at a level that reflects the practical possibilities in a smooth-running establishment.

4.2 Any reduction in stocking density from current levels must be accompanied by a welfare clause in international trade rules that makes it possible for the EU to lay down equivalent requirements for imports from non-EU countries, so that poor conditions in key export countries outside the EU do not preclude proper and warranted standards within the Union. If international acceptance is lacking, the EU will have to take unilateral action to draw the requisite attention to the need for law change, and to promote understanding of why that has to be done. Otherwise, production must to a large extent be expected to shift to countries with lower standards. At the same time, the Commission should conduct a detailed economic study of the situation two years after the directive comes into force in the Member States.

4.3 Research has to be a long-term process and rules should be adapted on an ongoing basis to reflect new knowledge and technological developments. Research must also be stepped up so as to improve knowledge in areas where it falls short of the mark.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽¹⁰⁾ Article 14 of the Council of Europe's 1995 recommendation, which, in line with the convention, has been unanimously adopted by the forty or so member countries.

Opinion of the European Economic and Social Committee on the ‘Proposal for a Decision of the European Parliament and of the Council establishing for the period 2007-2013 the programme “Citizens for Europe” to promote active European citizenship’

(COM(2005) 116 final — 2005/0041 (COD))

(2006/C 28/06)

On 11 May 2005, the Council decided to consult the European Economic and Social Committee, under Articles 151, 305 and 251 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 5 October 2005. The rapporteur was Mr Le Scornet.

At its 421st plenary session held on 26 and 27 October 2005 (meeting of 26 October 2005), the European Economic and Social Committee adopted the following opinion by a majority of 125 votes with 6 abstentions.

1. Introduction

1.1 The programme is designed to encourage cooperation between citizens and their organisations from different countries so that they can meet, act together and develop their own ideas in a European environment that goes beyond a national vision and respects their diversity. Mutual understanding, solidarity and a sense of belonging to Europe are the building blocks for the involvement of citizens.

1.2 The programme both ensures the continuity of the current civic participation programme and opens the way to new activities, while providing a degree of flexibility in order to be adaptable to future developments.

1.3 The overall aim of the programme, reprising the terms used in the proposal, is to help to:

- give citizens the opportunity to interact and participate in building an ever closer Europe, united in and enriched by its cultural diversity;
- forge a European identity based on recognised common values, history and culture;
- enhance mutual understanding between European citizens, respecting and celebrating cultural diversity, while also contributing to intercultural dialogue.

1.4 Taking into account the current situation and the identified needs, the Commission proposes the following specific objectives, to be implemented on a transnational basis:

- bring together people from local communities across Europe to share and exchange experiences, opinions and values, to learn from history and to build for the future;
- foster action, debate and reflection related to European citizenship through cooperation between civil society organisations at European level;

- make the idea of Europe more tangible for its citizens by promoting and celebrating Europe’s values and achievements, while preserving the memory of its past;

- encourage the balanced integration of citizens and civil society organisations from all Member States, contributing to intercultural dialogue and bringing to the fore both Europe’s diversity and its unity, and paying particular attention to activities with Member States that have recently joined the European Union.

1.5 Three types of action are proposed: Action 1 — Active citizens for Europe (Town twinning, Citizens’ projects and support measures); Action 2 — Active civil society in Europe (Structural support for European public policy research organisations, Structural support for civil society organisations at European level, Support for projects initiated by civil society organisations); Action 3 — Together for Europe (High-visibility events, Studies, Information and dissemination tools).

2. Context

2.1 The Commission proposes to make developing European citizenship a ‘main priority’ for EU action⁽¹⁾. The EESC sees this not just as appropriate but also urgent or even crucial to continued European integration. The low turnout in the last European Parliament elections, highlighted in the preamble to the programme, is not the only sign of this urgency. The vicissitudes of the ratification of the European Constitutional Treaty show that the consequences of a failure to involve European citizens actively in European integration are public mistrust of the union’s institutions, perhaps even leading to an attitude of rejection.

2.2 This situation is common, albeit to varying degrees, in all the Member States and affects or will affect the candidate countries. Given this, it is positive that the programme puts all of them on the same footing.

⁽¹⁾ Communication on Building our common Future: Policy challenges and Budgetary means of the Enlarged Union 2007-2013 (COM (2004) 101 of 10.2.2004).

2.3 For while this weak connection with what is already a European reality is not expressed exactly identically in every Member State — not least because of the different ratification methods chosen by each country — and while it cannot, consequently, be seen to the same extent everywhere, it does nevertheless seem to exist to differing degrees in all the Member States.

2.4 Even where a sometimes intense, unprecedented European debate exists, particularly in the countries that chose or were able to ratify the European Constitutional Treaty by referendum, the debate turns more around national identity and citizenship (and safeguarding them in an often defensive, even 'nationalistic' way) than on the actual achievements and progress proposed in the Constitutional Treaty. This is particularly the case as regards social policies (rightly perceived as a key indicator of citizenship), and democratic policies ('scuppered' by a prejudice that is almost universal yet largely unmerited of an anti-democratic, technocratic Europe that almost wilfully keeps citizens out of the decision-making process).

2.5 Although it covers the period 2007-2013, and is thus outside the period when all Member States will have proceeded in their different ways with the ratification (or not) of the Constitutional Treaty, the proposed programme, its discussion and its approval in the current context cannot fail to have an immediate impact on the key issue of European citizenship that is so dramatically in the 'here and now'. However, the 2007-2013 programme shadows the Council's 2004 decision too closely^(?). It has few resources, and while the methods envisaged are tried and tested, they are insufficiently innovative to deal with the challenges of which we are even more acutely aware today. The fact is that there is a problem here and now; children born today will be 8 years old in 2013 and their mental outlook as future citizens is already partly formed.

2.6 The EESC is convinced that the current context and the debate on a new 'Citizens for Europe' programme for the period 2007-2013 are, paradoxically, highly favourable to at last turning the spotlight on the question of European citizenship; to moving on from a somewhat hackneyed notion of unity in diversity which, in reality — and if we are not careful — might only promote diversity or even a compartmentalised society. It therefore endorses the proposal to extend the 2004-2006 programme without waiting for the external evaluation report scheduled for the end of 2006 at the latest (and which must still go ahead). The EESC wants to be a major player, a focal point for the importance invested in this programme. While it fully understands that a programme such as this must ensure continuity with the current civic participation programme, it fully endorses the strong criticism Parliament and some civil society organisations have made of that programme's lack of ambition. Its proposals therefore aim to

ensure that the 2007-2013 programme will not be just a reworking of the current programme

2.7 It is clear that the programme's extreme financial modesty means that it cannot cover all European citizenship issues, as its vast array of objectives and actions might lead to believe. It is, however, a key link in the chain: that of 'active European citizenship', defined as the ability of citizens to organise independently and exert power and responsibility in public policy, in order to defend the common good and ensure its development^(?). The EESC therefore insists that the allocated budget (EUR 235 million over 7 years!) must be ringfenced, whatever the final conclusions of the debate on the financial perspective of the European Union might be.

2.8 While it is true that the context requires a qualitative leap forward, it also makes it possible. From this point of view, the EESC would like to see the Union press ahead with a study into the extent to which citizens currently feel a connection with the European Union — or at least pool available studies to enable a sufficiently accurate diagnosis to be made.

2.9 The Committee believes that the fact that 'European citizens seem to have developed a certain distance towards the European institutions and to have difficulties in identifying themselves within the process of European integration'^(*) is, in addition to genuine ignorance and incomprehension of the way the Community operates and of the logic behind it, and the undeniable nationalist and protectionist attitudes linked to various objective and subjective risks and fears generated by globalisation, a result of the lack of recognition of existing European citizenship, in particular in its more active, organised forms.

2.10 From this point of view, one could argue that the considerable synchronisation, the different forms of mobility (admittedly well below the potential opened by European integration), the physical and material removal of borders, the common currency and the single market have not been sufficiently highlighted: 'a common European identity is not perceived because it has not been stated'^(?); However, it is increasingly evident that when Europe is viewed from the outside, e.g. when travelling or residing outside its borders, a real 'European way of life' is everywhere apparent and attractive.

2.11 Consequently, the current fixation with an entrenched national identity must not be allowed to mask the consistency and quality of the European lifestyle, of its democratic forms of participation. A more ambitious programme of 'active European citizenship' could reduce, alleviate and transform these entrenched positions.

^(?) Manuale di Cittadinanza Attiva, Giovanni Moro, Carocci Editore, 1998.

^(*) Introduction to COM (2005) 116 final.

^(?) TNS-Sofres 2005 survey of the 10 countries accounting for 85 % of the EU 25 population on common European values.

^(?) OJ L 30, 2.2.2004, p. 6.

2.12 In any event, and whatever the difficulties or temporary deadlock that might ensue from the current debates surrounding the ratification of the Constitutional Treaty and the necessarily agitated period for European integration, the EESC believes that the context lends itself well to the issue of active European citizenship. It considers that the 2007-2013 programme must be seen — and if possible enhanced — against a background in which citizens are once more concerned — whatever their stance — with Europe, with their ability to intervene both directly and through their chosen organisations in the European decision-making process.

2.13 The EESC therefore calls for an open symposium so that the whole notion of European citizenship can be approached in this new context, and to get to grips with the issue in its entirety rather than just firing off responses in a multitude of separate programmes that are insufficiently comprehensible or operational. The EESC could organise this symposium. The Committee is delighted that the Commission takes a positive view of such an initiative ⁽⁶⁾.

3. General comments

3.1 While the EESC, a European institution representing organised civil society and explicitly referred to in the Treaties, appreciates the fact that it has been asked to deliver an opinion on the programme (referral not being mandatory in this case), it feels that the proposal submitted to the Council and to the European Parliament would have benefited from being referred to the Committee at an even earlier stage. Admittedly, the programme was the subject of a major on-line consultation between December 2004 and February 2005 (receiving 1,000 answers) and of a consultative forum (bringing together 350 participants) on 3 and 4 February 2005. But providing more scope for consultation of the European Economic and Social Committee from the outset — instead of merely requesting for an opinion 'ex-post' — would offer a way of tackling the numerous reasons why European citizens feel disconnected from their ability to really count in EU decision-making, both as individuals and through their chosen organisations.

3.2 The EESC regrets to see that the programme, which refers to the Commission's identification of three types of response to the problem of why citizens feel removed from the European institutions, does not seem able to address the issue holistically. Although the EESC is keen to see specific responses to specific topics, it would suggest that the three types of response should be also brought under an umbrella programme, making it possible to deal with all aspects of the issue and to work on common objectives, on areas of commonality and complementarity.

3.3 Public information about the European institutions, communication campaigns on European issues, an awareness of the rights conferred by European citizenship and a feeling of

belonging — i.e. European identity — are part of a whole. However, while the Commission programme speaks of complementarity with other Community programmes and instruments, it remains vague on this fundamental question and has nothing to say about the kind of arrangements that would ensure that action is consistent with the objectives. An approach that fails to bring together these three aspects will find it hard to reverse the current significant decline in the way citizens connect with the EU and European identity.

3.4 The EESC would like to be sure that this specific programme will be accompanied by a robust information and communication campaign to inform citizens about the institutions and their rights. This must include information about the existence and the specific role of the EESC itself, which is under-publicised in the communication policy of the other European institutions. The EESC also needs to radically rethink its communication policy which does not live up to the role that it claims to play in bringing about an active European citizenship, as its most eminent representative.

3.5 Although the programme appears to appreciate the disconnection citizens feel with regard to the European institutions and their difficulty in being part of the European integration process, it does not seem to face up to all the consequences. This can be seen in the words and expressions that it uses, whereas merely referring to this crisis of identification and participation could play an important role in overcoming it. Consequently it hardly seems credible to present a programme of such modest financial means as the way to put 'citizens at the centre' of the European integration process. Who can believe it? Similarly, and even more so given the stakes (amply highlighted in the preamble to the programme), it is hard to find any major innovations which can really help to change the current situation, other than some significant advances (multi-annual projects, pooling experience, opening up to new partners, removal of some constraints for beneficiaries and support for major events, notably in the context of intercultural dialogue).

3.6 The overall impression is one of too much continuity with the 2004-2006 programme. The structural support once again granted to a certain number of organisations that the programme mentions as appearing to pursue an objective of general European interest should be replaced with an open funding access procedure, based on clear transparent criteria. What constitutes a 'general European objective' also needs to be clarified if it is to be workable.

3.7 The EESC is fully aware that the programme is more specifically open to associations and NGOs, which — unlike other civil society organisations, e.g. the social partners — do not have access to other programmes and other arrangements that enable them to make a meaningful contribution towards extending active European citizenship.

⁽⁶⁾ Declaration by Commissioner Jan Figel at the EESC SOC Section meeting of 21 June 2005.

However, if it is to be able to identify clearly the express wish of the social partners and other civil society organisations, mutuals and cooperatives to play a specific, visible role in this process, the programme must be open to them both in theory and in practice. In return, the social partners need to be prepared to work more closely with the associations and NGOs on other budget headings.

3.8 As on several previous occasions, the EESC would reiterate the urgent need to define an open European citizenship, containing specific rights and open to all regularly settled or long-term residents of the European Union (7). The inclusion of the Charter of Fundamental Rights in the European Constitutional Treaty and the fact that the European Union is a signatory to the European Convention for the Protection of Human Rights and Fundamental Freedoms requires the recognition of a 'civic' citizenship that is relatively independent of a European citizenship that can currently only be acquired through national citizenship of one of the Member States. This first step towards participative citizenship for all persons residing stably in the European Union should be 'made legal' if we really want to achieve a European identity and a specific European citizenship, and if we genuinely want this citizenship to do more than just superimpose some abstract European citizenship onto the national citizenship of the Member States.

3.9 The EESC takes the view that it will remain difficult to make any real progress in this crucial area without any progressive build-up of solid material support for European citizenship. Such support cannot come from national citizenship alone and the rights conferred by this European citizenship which unites us must be accompanied by a number of duties. Consequently, the failure to use a legislative instrument to promote citizen participation, whilst understandable given the lack of specific material support for European citizenship, is questionable if we are aiming, albeit gradually, to attach specific rights and duties to this citizenship. The EESC considers that we must make progress in these areas, regardless of the material or symbolic support chosen. In addition to the European non-military service for young people already proposed by the Commission, other options could be a personal contribution — however small — to the European budget (admittedly a thorny question), and/or election of the representatives of the people on the same day in all countries, i.e. an election that would involve all EU Member States.

4. Individual comments on the actions of the programme

4.1 Action 1: Active citizens for Europe

The EESC is naturally keen to encourage town-twinning, since it fosters mutual understanding and citizen mobility in Europe, which, it must be said, is still far too infrequent. Encouraging original forms of participation at local level, with exchanges as

(7) EESC Opinion on *Access to European Union citizenship* (OJ C 208 of 3.9.2003, rapporteur: Mr Pariza Castaños) and on *Immigration, integration and employment* (OJ C 80 of 30.9.2004, rapporteur: Mr Pariza Castaños).

part of twinning arrangements, should be a priority for this type of action. With regard to citizen projects, the document's extreme vagueness on this point makes it difficult to grasp their potential. One might wonder why 40 % of an already considerably restricted budget is earmarked for type 1 actions — notably town-twinning — when this instrument does not appear to be the most appropriate to achieve the programme's objectives. All the more so when the programme does little to encourage current innovations in this area, in particular the so-called three-pronged twinning arrangements in which two European local authorities agree to build lasting relations with some other world communities. Yet these innovations are a sign of opening up to the world, which could be seen as one of the features of European citizenship, particularly for and through young people. In any event, and regardless of the type of twinning arrangement, it is important to inform citizens that the EU provides direct support for this method of promoting active European citizenship. Those interested in such a scheme are often unaware of this.

4.2 Action 2: Active civil society in Europe

4.2.1 The EESC considers that this part of the programme could be developed much further. Meeting and acting together at trans-national level is the cornerstone of European citizenship. The EESC therefore believes that, while this programme does not address the problem of a statute for European associations, mutual societies and foundations, a definitive solution should be found as a support measure in order to develop solidarity and mutual action, particularly as part of a voluntary framework.

4.2.2 The EESC takes the view that strengthening European networks is, in accordance with the programme, a crucial element. However, the EESC would again insist that all European networks should have the same access to this structural support, rather than some organisations having priority, although the Commission does take steps to ensure that there is no 'carte blanche' and that the projects must be quantifiable. Moreover, funding for projects — even small ones — is crucial as it enables national and local organisations, which are in direct contact with citizens, to take on a European dimension and help to bridge the gap between citizens and the European institutions. The EESC also welcomes the fact that, in providing funding for small projects, the programme enables trans-national initiatives to grow out of national networks, even if the initiatives do not cover all Member States.

4.2.3 The EESC is extremely concerned that a Commission proposal such as that from DG Justice, Freedom and Security (8) could lead, in the name of security and the fight against terrorism, to NGOs and associations being generally viewed with suspicion. This is because they could, by their very nature,

(8) Draft Recommendation to Member States regarding a code of conduct for non-profit organisations to promote transparency and accountability best practices, 22 July 2005.

be an entry point for such phenomena, and the associations could be forced, through over-bureaucratic procedures, to assume the burden of proof in the matter. If this were to happen, it would run against the spirit and the letter of the programme.

4.2.4 The EESC believes that it — together with the Committee of the Regions and with the agreement of the European Parliament — should be specifically tasked with coordinating consultations with the social organisations and local authorities; with distilling their opinions and communicating them to the other Community institutions; and with ensuring the latter are well-informed upstream. The European Parliament should formally consult the EESC and the CoR on this subject on a regular basis.

4.2.5 A formal partnership⁽⁹⁾ rather than a case-by-case one, based on equality notwithstanding diversity of role, between the EP and organised civil society as expressed through its European institutions, becomes crucial, despite the fact that this is still far from happening or even being considered. The active European citizenship programme should work to eliminate all traces of any hierarchical vision of the European authorities, since European culture is also one of sharing power and authority.

4.3 Action 3: Together for Europe

4.3.1 The EESC believes that focusing on intra-European intercultural dialogue should be the main objective of this programme. The current debate on the Constitutional Treaty has shown that ignorance of intra-European cultural differences has been underestimated, as have deep-rooted stereotypes, the sometimes contrary nature of the most fundamental elements — particularly legal and constitutional — which determine the way each Member State views the world. Equally underestimated are convergence in lifestyle, values, worldview, the conviction that *homo europeus* is different in terms of his citizenship from all other citizens of the planet. '*Homo europeus*' is the result of the concrete implementation of the Union's moral and spiritual heritage, which is founded on the universal, unassailable values of human dignity, freedom, equality and solidarity. It is underpinned by the principles of democracy and the rule of law. It puts the citizen at the heart of its work by creating EU citizenship and an area of freedom, security and justice. High-profile events, information and dissemination tools, studies recognising not just real differences (instead of clichéd ones) but also — perhaps primarily — a 'European way of life' must therefore be promoted energetically. European culture does not rest on inherited values alone; it also ensues from the construction of the European Union itself: its single market, its common currency, a Europe reunited with itself (enlargement to the countries of Eastern Europe). However, if

these high-profile events are to encourage a sense of belonging and shore up a European identity, it is essential that citizens and their organisations should be very closely involved in planning and implementation, or better still, come forward with ideas themselves, as they are best placed to identify the key features and symbols of an identity that is part of their everyday lives.

4.3.2 The EESC believes that, within the confines of its remit, its contribution towards promoting the social dimension of culture and organising a permanent, able partnership with the European Parliament in this area is crucial to identifying and continuously honing a common cultural identity for European citizens. This cultural identity cannot be achieved by merely safeguarding a cultural heritage that is often less 'common' than we might want to admit. A common European citizenship is a highly contemporary issue. It will be forged through the decision to link the countries of Europe — of all Europe — ever more closely through the difficult but essential sharing of sovereignty. For, as Claude Lévi-Strauss puts it, '*I knew a time when national identity was the only conceivable principle in relations between States. We now know the disasters that resulted*'. A culture of shared sovereignty — not abandonment of sovereignty — this is the culture and identity of the European citizen of today, and of tomorrow even more so.

5. Conclusions and proposals

5.1 European citizenship is at the heart of the recent crisis following the rejection by some countries of the European Constitutional Treaty. Reconnecting citizens with the institutions of the Union must therefore, more than ever, be at the heart of Commission concerns and policy, in particular through the promotion of active European citizenship. A comprehensive debate of this issue thus needs to be organised with all stakeholders before the new programme for the period 2007-2013 is approved.

This debate could be organised within the framework of the symposium referred to in point 2.11 above, and the EESC could be tasked with preparing it.

5.2 The symposium should openly discuss active European citizenship, defining the rights and responsibilities of European citizens as opposed to those conferred by citizenship of individual Member States.

The option to define and trial economic, social, political, environmental and other rights that are specific to active European citizenship, particularly as regards solidarity and security (civil protection is one that springs to mind), should be discussed and put to the vote in a single European poll by universal suffrage.

⁽⁹⁾ The European Parliament suggested this type of formal partnership in a report on Participation of citizens and social players in the Union's institutional system – 1996, Rapporteur: Philippe Herzog.

5.3 The EESC believes that, despite the real problems involved, it is now crucial to deliver a European Association Statute, if we are to endow active European citizenship with an appropriate framework that goes beyond a simple — and contentious — ‘safe’ code of conduct.

5.4 In any event, and whatever the outcome of the EU budget negotiations, the EESC calls for the budget for the programme to be ringfenced, as it constitutes a minor outlay for a major plank in developing European citizenship, which the Commission rightly sees as a fundamental priority for EU action. Moreover, the EESC recommends not keeping to the announced per capita budget of EUR 0.55 for 6 years, but rather cultivating all possible synergies between the various Directorates-General in order to pool objectives and resources on this issue which concerns all the European institutions because of its central importance for the future. In this connection, European Union policy on active citizenship should be drawn up by a permanent inter-institutional unit, bringing together all stakeholder Directorates-General and representatives from all the other EU institutions.

5.5 The EESC suggests that primary education — rather than only lifelong learning programmes — is the time and place to teach European citizenship as a stand-alone subject rather than applying a merely cosmetic approach (colours, stickers, caps, festivals, etc.) Citizenship is not just a matter for active age brackets.

Following this line, the Commission could ask the Member States to include in their school syllabuses an EU knowledge component and questions that are specific to European citizenship. A primary level ‘Erasmus’ programme adapted to this age bracket should be envisaged, going well beyond traditional language exchange programmes.

We need to leave behind the static, unappealing European ‘sites’ that are currently available and harness all the new ICT

potential, especially the playful, interactive, participatory features (perhaps even setting up a psychological evaluation unit for each new citizen support). The suggestion and proposals are consistent with the Comenius programme, whose objectives are:

1. to make young people and educators more aware of the diversity and value of European cultures;
2. to help young people get the basic qualifications and skills they need for their personal development, their future working lives and active European citizenship.

5.6 With regard to specific actions, all levels must be promoted together, without eliminating the micro-projects — where citizens are the protagonists and which help to promote European identity at local or national level — in favour of support granted to European networks. The only criterion for distributing funds to various types of action must be their impact on active European citizenship and involvement of citizens in the European project and in shaping and implementing EU policies.

5.7 The EESC fully endorses the Commission’s proposals which, from a technical standpoint, aim to simplify procedures radically in an area (direct, active citizen participation) that is much less able to cope with bureaucratic hurdles.

5.8 The EESC is convinced that the ‘invention’ of specific features of European citizenship, which are more than the mere sum of national citizenships (whether these features be of a symbolic, economic, socio-political, cultural or legal nature), is now an absolute priority for the European Union, and that the promotion of active citizenship can make a significant contribution here. The Committee is prepared to play its part in this ‘invention’ by coordinating the consultation of civil society organisations and by encouraging the other Community institutions to listen to their views and take them on board.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the Council on European policies concerning youth — Addressing the concerns of young people in Europe — Implementing the European Youth Pact and promoting active citizenship’

(COM(2005) 206 final)

(2006/C 28/07)

On 30 May 2005, the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 5 October 2005. The rapporteur was Mrs Jillian van Turnhout.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October 2005), the European Economic and Social Committee adopted the following opinion by 126 votes in favour, no votes against and with three abstentions.

1. Introduction

1.1 The European Economic and Social Committee acknowledges the European Youth Pact and its elaboration as outlined in this Communication from the Commission on European policies concerning youth. This Communication provides a framework that can serve as a basis for future policy development in areas affecting young people in the European Union.

1.2 The destiny of Europe increasingly depends on its ability to foster societies that are welcoming towards children and young people. Adoption of the European Pact for Youth by the Spring 2005 European Council, as part of the revised Lisbon Strategy focussing on growth and jobs, is a recognition that integrating young people in society and working life, and making better use of their potential, are essential for ensuring a return to sustained and sustainable growth in Europe.

1.3 In acknowledgement of the multitude of challenges for young people in today’s society the EESC has regularly contributed to youth policy development at Community level for over a decade⁽¹⁾. It has initiated important debates on key areas,

(¹) White Paper: Youth Policy (OJ C 116 of 20.4.2001 – Rapporteur: Mrs Hassett-van Turnhout)
European Commission White Paper - A New Impetus for European Youth (OJ C 149 of 21.6.2002 – Rapporteur: Mrs Hassett-van Turnhout)
Proposal for a Decision of the European Parliament and of the Council establishing the European Year of Education through Sport 2004 (OJ C 149 of 21.6.2002 – Rapporteur: Mr Koryfidis)
Proposal for a European Parliament and of the Council decision establishing a Community action programme to promote bodies active at European level in the field of youth (OJ C 10 of 14.1.2004 – Rapporteur: Mrs Hassett-van Turnhout)
SOC/174 Relations between the generations (OJ C 157 of 28.6.2005 – Rapporteur: Mr Bloch-Lainé)
SOC/177 Proposal for a Decision of the European Parliament and of the Council creating the Youth in Action programme for the period 2007-2013 (OJ C 234 of 22.9.2005 – Rapporteur: Mr Rodríguez García-Caró).

such as youth employment, social integration, education, mobility, participation and the role of NGOs. Whilst the EESC is also cognisant of the challenges currently facing the European Union and the need to regain confidence.

1.4 The EESC recommends that Young People are placed at the centre of this framework and are encouraged and given space to actively participate in the development of policies. Contributing to change is a major motivation for young people to get involved. The Member States and institutions must provide the necessary resources, supports and mechanisms to facilitate young people at all levels to engage in decisions and actions that impact on their lives. Only real influence will lead to real responsibility.

1.5 More than ever, Europe needs young people’s ongoing commitment that will help to build an integrated, competitive, safe and inclusive Europe. If the European Union is to mean anything to young people, it must be relevant in their lives and show a clear interest in and respond visibly and creatively to their needs. Equally, success of this initiative depends on the involvement of all parties concerned, in particular, youth organisations as well as regional and local authorities and the social partners. The EESC has taken on board the ‘idea which emerges’ from the High Level Group’s report on the future of social policy in an enlarged European Union: ‘from a new inter-generational pact’ to a pact focused on the elderly and based on fears ... to a new pact focused on the young and based on confidence ... to turn all these fears into a ‘win-win’ process based on a positive perception of the future and a new inter-generational balance’.

1.6 Consequently, the EESC hopes that this Communication will lay the basis, both at the European and national level, for a greater partnership between decision-makers and young

people. Real and continued involvement of young people and youth organisations in the development and implementation of policies will ensure that young peoples' real needs are addressed and that young people feel an ownership of the Lisbon process.

2. Background

2.1 At the Spring European Council of 22-23 March, the EU Heads of State and Government adopted a 'European Youth Pact' ⁽²⁾. In proposing this Pact the Heads of State and Government of France, Germany, Spain and Sweden identified four principal issues: the vulnerability of young people; the need to develop solidarity across the generations, in an ageing society; the need to equip young people through their education and training; the need for better coherence across all policy areas that concern young people.

2.2 The Communication addresses a range of issues and policy areas that are of high concern to young people in Europe, and were identified as such in the Commission's White Paper *A new impetus for European youth* and the subsequent Council resolution of 27 June 2002, which set the framework for youth policy in Europe.

2.3 In response to the Spring Council conclusions, the European Commission adopted integrated guidelines on 12 April ⁽³⁾. This package of guidelines, comprising on the one hand a recommendation for Broad Economic Policy Guidelines, and on the other hand a proposal that has been endorsed for a Council decision on Employment Guidelines, should serve as a basis for the national reform programmes for the next three years, to be drawn up by the member states.

2.4 In the introduction to the guidelines, the importance of involving the relevant stakeholders in the Lisbon Strategy is underlined, and it is stated that member states as well as the EU should take every opportunity to involve regional and local governments, social partners and civil society in the implementation of the integrated guidelines.

2.5 While the Broad Economic Policy Guidelines concentrate on the contribution of economic policies to achieving the Lisbon goals, the Employment Guidelines relate especially to the European Employment Strategy and aim to coordinate the employment policies of the member states. It is in the Employment guidelines that, with specific reference to the European Youth Pact, some action lines of the Pact are incorporated in the integrated guidelines. Two guidelines in particular reflect the content of the European Youth Pact: guideline No 18 includes building employment pathways for young people and

reducing youth unemployment, better reconciliation of work and private life and childcare facilities; guideline No 23 includes reducing the number of early school leavers, increasing access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training. Also, guideline No 24 includes broadening the supply of education and training tools, developing frameworks to support the transparency of qualifications, their effective recognition and the validation of non-formal and informal learning. At the end of the employment guidelines, it is repeated that member states should establish a broad partnership for change by involving parliamentary bodies and stakeholders, including those at regional and local levels.

2.6 This initiative highlights youth in core areas of the Lisbon partnership for growth and jobs, in particular via the European Employment and Social Inclusion Strategies and also the Education and Training 2010 Work programme, and calls for consistency across the initiatives within them.

2.7 Adoption of the Pact coincides with the completion of the first cycle of implementing the White Paper on a new impetus for European youth of 2001, taken forward in the Council Resolution of June 2002. This established a framework of European cooperation in the youth field for enhancing young peoples' active citizenship, through an open method of coordination (OMC) by including a youth dimension in other policies.

2.8 The European Youth Pact as it has been finally adopted at the Spring Meeting of the European Council stresses the need for young Europeans to benefit from a set of policies and measures forming a fully integrated part of the Lisbon Strategy and aims to improve the education, training, mobility, vocational integration and social inclusion of young people, and to facilitate the reconciliation of working life and family life. The European Youth Pact also includes the ambition to ensure the overall consistency of initiatives in these areas and to provide a starting point for strong, ongoing mobilisation on behalf of young people. It also notes that the success of the European Youth Pact depends on the involvement of all parties concerned, first and foremost national, regional and local youth organisations as well as the European, regional and local authorities and the social partners. Lines of action are proposed for Member States to draw upon in three fields: 1) employment, integration and social advancement; 2) education training and mobility; and 3) the reconciliation of working life and family life.

⁽²⁾ http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/84335.pdf.

⁽³⁾ SOC/206 The Employment Guidelines: 2005-2008 (OJ C 286, 17.11.2005 – Rapporteur: Mr Malosse).

3. Involvement of Young People

3.1 In drafting this opinion the EESC organised a consultation of representatives of organisations involving young people on 6 September 2005. The results of this consultation are included in this opinion.

3.2 The involvement of young people must be the starting point for all strands. Any Policy aimed at young people must be characterised by the fundamental principle of youth participation: a principle that is reiterated at European and International level⁽⁴⁾. While the EESC welcomes the measures to consult with young people at a European level, in particular through the organisation of the 'États Généraux' in 2005, it is with regret that the EESC notes that the Communication does not sufficiently outline with tangible recommendations how young people and youth organisations will be involved and will participate at a member state level. The EESC calls on the Commission and Member States to utilise more creative methods to reach and engage with young people.

3.3 The EESC stresses the importance of the active participation and autonomy of young people, not only in the labour market, but in society at large. The active participation of young people in society and their autonomy should be both an objective and a method that contributes to the personal development of young people, to their sense of initiative and their social integration and to the social cohesion in general.

3.4 The EESC notes with regret that mechanisms to truly involve young people and their organisations are not clearly outlined in this Communication. At the hearing on 6 September 2005, referred to in point 3.1, students' organisations, among others, stressed the extent to which seeing young people run general interest organisations by proxy — in this instance, the students' compulsory social security system — allowed young people as a whole — not just organised youth — to take responsibility for and to represent themselves as a group. The EESC calls on the Commission and Member States to develop and implement their policies in partnership with young people and youth organisations and continue to involve them in all steps. Young people and youth organisations and social partners *must* be consulted on the development of measures for this initiative with the national Lisbon reform programmes and on following up implementation.

⁽⁴⁾ EESC White Paper: Youth Policy, OJ C 116, 20.4.2001; Declaration of the United Nations on the International Year of Youth 1985, 'Peace Participation, Development'; United Nations Convention on the Rights of the Child, 1989; European Charter on Participation of Young People in Municipal and Regional Life of the Congress of Local and Regional Authorities in Europe, 1992; Resolution of Council and Ministers for Youth meeting with the Council of 8 February 1999 (OJ 1999/C42/01).

3.5 The EESC looks forward to receiving the synthesis report⁽⁵⁾ of the Commission documenting the work to date of Member States in the area of youth participation as part of the OMC⁽⁶⁾ process. It is hoped that this synthesis report will provide examples of good practice which could be replicated in other Member States.

3.6 The EESC seeks clarification on the role of civil society organisations, in particular youth organisations, in the cycle of the open method of co-ordination. It should be recalled that paragraph 38 of the Lisbon European Council conclusions describes a role for NGOs in the Open Method of Coordination⁽⁷⁾. Given its expertise and experience, the EESC can play an active role in this field, and help devise and to enable a mechanism within its own sphere for the involvement of young people and youth organisations.

4. Youth in the Lisbon Partnership for Growth and Jobs

4.1 The EESC welcomes the special attention that the Pact is giving to the issue of youth employment. However the Youth Pact should be developed and implemented from a perspective that views it as an important goal in itself, and not merely as an element of the Lisbon Strategy. Moreover, while the success of the Lisbon Strategy is important for young people, young people are also important for the success of the Lisbon strategy. Investing in young people is essential to achieve higher growth and employment rates, continued innovation and stronger entrepreneurship. Their involvement in the strategy and their sense of ownership of and commitment to its objectives are necessary to make Lisbon work.

4.2 Likewise the issue of employment is central to the concerns of Europe's citizens and every effort must be made to combat unemployment, the unacceptable level of which poses a real threat to the cohesion of our societies⁽⁸⁾. The youth unemployment rate in Europe is still more than twice the average unemployment rate. Many young people face the very real possibility of being unemployed or struggling to live on

⁽⁵⁾ It is forecast that this will be published by end of 2005.

⁽⁶⁾ Open Method of Coordination.

⁽⁷⁾ Paragraph 38 of the Lisbon conclusions states that a method of benchmarking best practices and managing change will be devised by the European Commission networking with different providers and users, namely the social partners, companies and NGOs.

⁽⁸⁾ European Council Presidency Conclusions, Luxembourg 1997.

a low income. For young people from disadvantaged backgrounds, ethnic minorities, immigrants, the disabled and women, the risks of being socially excluded are even higher. On the broader front, it is young people as a whole who are affected by issues such as vulnerability, poverty and dependency; this constitutes a historically unprecedented tragedy as well as a new opportunity for forging solidarity among young people as a whole and for society in order to find a way out of this unprecedented situation in Europe.

4.3 Young people are more at risk of unemployment and, if at work, of low income⁽⁹⁾. The Lisbon Strategy aims to create not only more jobs but better jobs. To ensure that every young person has a real chance of entering the labour market, greater emphasis must be given to appropriate training, education, apprenticeships and opportunities for young people to achieve personal and professional fulfilment and gain the necessary skills for living. It is also important that school education should enable young people to manage their working lives and make successful use of life-long learning mechanisms.

4.4 The EESC underlines the recognition of demographic change in Europe and the links to the Commissions Green Paper on confronting demographic change⁽¹⁰⁾. For example the number of 0-14 year olds will decline by 11 % from 2000 to 2015 and continue to do so by 6 % until 2030. Parallel to this change the EESC underlines the social, cultural and political change in Europe. Demographic change is not purely about statistics and numbers, it is imperative that a wider perspective is taken when considering the appropriate policies and actions. As the High Level Group on the future of social policy in an enlarged European Union points out, this demographic situation, which will see a significant reduction in the comparative influence of young people as a group up until at least 2025 can, if we grasp it, present an opportunity as it implies 'less demand for societal resources' and the possibility of bringing about substantial improvements in these fields at a steady cost.

4.5 Therefore, the EESC believes that a European Pact for and with young people would have the potential to significantly improve the living conditions and prospects of young people in Europe while at the same time it could reinforce the effective implementation of the Lisbon Strategy.

5. The European Youth Pact

5.1 The EESC welcomes the conclusions of the European Council that young people would benefit from a set of policies and measures fully integrated in the revised Lisbon Strategy.

⁽⁹⁾ Report of the High Level Group on the future of social policy in an enlarged European Union.

⁽¹⁰⁾ COM(2005) 94 -Demographic change - solidarity between the generations.

5.2 In the Communication the following aspects of the Integrated Guidelines were identified as relevant to maximise the impact of the Youth Pact:

- (i) Measures for the employment, integration and social advancement of young people. The Integrated Guidelines concentrate on the contribution of employment policies to creating more and better jobs.
- (ii) Measures for education, training and mobility. The Integrated Guidelines underline the need for Europe to expand and improve investment in human capital, and to adapt education and training systems. In addition they invite Member States to increase opportunities for mobility, including increased opportunities for young people to work and study abroad.
- (iv) Measures for reconciliation of family life and work life. The Integrated Guidelines address the need to achieve a better work life balance addressing issues such as childcare, family friendly working arrangements and equality.

5.3 The EESC is disappointed to note that while Actions have been identified for each of the above measures the Communication fails to identify explicit and measurable targets for either the Member States or for the Commission. At a time when citizens are questioning the value of the European Union it is vital that Europe is seen to take effective action. In order to achieve this it is essential that the targets are unequivocal and result-driven.

5.4 National governments must be encouraged to quantify objectives and set clear targets in their national reform programmes. These objectives and targets must not only address the challenges young people face in the areas identified but also address issues which have a significant, albeit indirect, influence on the achievement of these objectives. Housing and accommodation as well as the need for family policy aimed at young parents are prominent among these issues. It is also important that effective coordination mechanisms are put in place, both at European and national level, to achieve a coherent approach in all areas.

5.5 The EESC requests that the following targets be considered for inclusion in Member States Lisbon Strategy national reform programmes:

- Set targets for each Member State to reduce the number of young people unemployed by a minimum of 50 % in the period 2006-2010 (currently 17.9 % in European Union for under 25s)⁽¹¹⁾.

⁽¹¹⁾ Page 3 Commission Communication.

- Develop social protection systems that enable young people to be in a position to make choices to determine their own future.
- Initiate measures to promote the social inclusion of young people, in particular to combat the problem of young people who are not in education, training, employment or registered as unemployed.
- Set targets to reduce the gender gap as regards access to vocational and technological training, and reduce wage differences at the time of recruitment.
- Reduce early school leaving by 50 % in the period 2006-2010 and promote work experience in companies.
- Promote the importance of foreign language competence in improving education and employment opportunities as well as the mobility of young people.
- Foster young entrepreneurship by providing financial and technical support and by minimising the bureaucracy involved in taking over, transferring and establishing an enterprise.
- Support regulated, inspected universal early childhood education and care to agreed standards.
- Provide additional supports to families experiencing disadvantage.

5.6 The EESC encourages the Commission to continue its work on the recognition of youth work and looks forward to the introduction of initiatives including 'Youthpass'. However the EESC considers that the 'Youthpass' alone is not sufficient action in order to strengthen the recognition of youth work. It therefore recommends that the Commission should engage with employer organisations, workers organisations, representatives of the formal education system and appropriate NGOs to develop versatile methodology to raise the awareness on the contribution of youth work to the development of young people and the skills, values and attitudes that young people gain through active involvement in youth organisations and youth work activities. The EESC could facilitate this process.

5.7 The European countries which score top positions in the competitiveness ranking drawn up by the World Economic

Forum all have high level of investment in social policy and social protection and show high employment rates and low poverty after social transfers⁽¹²⁾. Sustainable social security systems, based on the principle of solidarity, designed to afford protection against the major risks encountered in the life of the individual are the foundations for success.

5.8 The EESC urges that the situation of young people in rural areas and poor urban areas be given greater consideration. Young people are often disadvantaged because of the area in which they live. In many rural areas and poor urban areas, young people do not have access to high quality education, training, mobility, health services, leisure facilities, employment opportunities or have chances to participate in civil society. Specific measures should be introduced to ensure that young people in certain geographical areas could benefit fully from opportunities and make choices in their own lives. The remoteness of many rural areas means that young people do not have good access to information, especially regarding opportunities.

5.9 The EESC welcomes the proposal to launch a study on the social integration of highly disadvantaged young people in 2005. However, Member States need to step up to the challenge of eradicating child poverty and put immediate targets in place. Meeting this challenge will require a comprehensive, sustained and fully-resourced programme of action that addresses the multi-dimensional nature of child poverty. Child poverty has a severe impact on children across a range of issues such as health, education and even a child's future 'life chances' of ever breaking out of the poverty trap. Member States need to immediately implement policies addressing the entire spectrum of these issues.

5.10 The Commission is committed to mainstream disability, which it expressly confirms in the European Action Plan on Equal Opportunities for people with disabilities from 2003⁽¹³⁾. Therefore the Commission has a duty to combat discrimination in all actions of the Commission. Mainstreaming disability is necessary in order to ensure the full and equal participation and inclusion of disabled persons in society. In order to include disabled young persons entirely in youth policy, the EESC stresses that the following points need be included in the Communication: Equal participation to the activities of the Youth Programme; Equal Access to information on youth policy and youth projects and Awareness raising measures.

⁽¹²⁾ Report of the High Level Group on the Future of Social Policy in an enlarged European Union, May 2004.

⁽¹³⁾ COM(2003) 650 final, Brussels 30.10.2003.

5.11 Young people are not an homogeneous group. The EESC recommends, therefore, that policies made at the national level should be sufficiently varied and respect the needs of both the labour market and the individual. The Committee also recommends that the European Commission conduct an analysis of the circumstances and needs of young people in Europe.

6. Active Citizenship of Young People

6.1 The EESC commends the Commission for including the active citizenship of young people in this initiative despite the fact that it was excluded from the European Youth Pact. The EESC concurs with the Commission's proposal to maintain and consolidate the four current objectives of: participation; information; voluntary activities and knowledge of youth issues. However, the EESC underlines the importance of ensuring that the focus of the Open Method of Coordination should now be to produce tangible results. Therefore where deficiencies in the OMC system and process are identified they must be noted and addressed.

6.2 The EESC recognises that Member States will be reporting on the common objectives for participation and information by the end of 2005, and that reports on voluntary activities and better knowledge of the youth field will follow in 2006. However, the EESC calls for increased partnership and highlights the value of including all stakeholders, most particularly young people and youth organisations in drawing up the national progress reports. In the interests of transparency it is also important that these reports are developed publicly and/or at least available publicly when submitted. Also NGOs should be encouraged and supported financially to engage in their own evaluation of the OMC process.

6.3 Civil society organisations and the social partners are an integral part of any pluralistic democracy. In this context youth organisations, play a valuable role in promoting active citizenship and participation. They do this by working directly with, and for young people in building their personal skills and confidence, so that they can reach their potential and achieve the optimum standard and quality of life. These organisations operate at a grassroots level, tackling local issues with the support of individuals and groups in their own area. They are also working to promote and build the capacity of young people to self advocate. Youth NGOs should be adequately financially supported and given the necessary recognition and means to be able to participate as real actors in decision-making and society at all levels.

6.4 In its discussions on the representativeness of European civil society organisations in civil dialogue the EESC has already emphasised on several occasions⁽¹⁴⁾ that only clearly established representativeness can give civil society players the right to participate effectively in the process of shaping and preparing Community decisions, as is the case for the social partners under the European social dialogue.

6.5 The EESC notes with disappointment that the main contribution that volunteers make to society highlighted by the Commission was with regard to their role in natural disasters. While this role is worthy, the EESC considers that the Commission and the Member States should recognise and highlight the ongoing and continuing role that volunteers play in a wide variety of NGOs at local, regional, national and European level. In particular, the Committee calls on the Member States to facilitate voluntary activities by means of suitable tax policies, recognising that voluntary activities are not only a source of psychological and ethical satisfaction for young people, but also make it possible for innumerable social welfare services to be provided, or to make them less costly.

6.6 The EESC regrets that the actions proposed are minimal and have no targets or clear objectives. This is a missed opportunity to progress this key component.

6.7 European programmes have an important role in contributing to the objectives of the Open Method of Coordination and the European Youth Pact, as well as strengthening young people's involvement in other policies that concern them. The EESC supports the Commission's view that projects that encourage young people to become active, involved citizens and that are aimed at helping them develop their capacities should be developed at local, regional, national and European level within the framework of the different European programmes. However, while many programmes could indeed be used with this aim, there is a need to promote the use of these programmes by and for young people and youth organisations and to make these programmes more youth-friendly. The use of different programmes, especially the European Social Fund

⁽¹⁴⁾ See for example the documentation concerning the 'First Convention of civil society organised at European level' of 15 and 16 October 1999 and the Conference on 'The role of organised civil society in European governance' of 8 and 9 November 2001, and the relevant opinions: 'The role and contribution of civil society organisations in the building of Europe', 23 September 1999 (OJ C 329 of 17 November 1999), 'The Commission and non-governmental organisations: building a stronger partnership', 13 July 2000 (OJ C 268 of 19 September 2000), 'Organised civil society and European governance – the Committee's contribution to the drafting of the White Paper', 26 April 2001 (OJ C 193 of 10 July 2001), 'European Governance – a White Paper', 21 March 2002 (OJ C 125 of 27 May 2002).

and the Structural Funds, is a major opportunity to advance youth policy from rhetoric to action. Different projects realised to promote the living conditions or the employment of young people are often too small to be supported with these funds. Therefore the Commission and the Member States should engage with youth organisations to facilitate the use of EU programme funding in favour of young people in Europe.

6.8 The EESC believes that the programme with the greatest potential to enhance the personal and social development of young people and to promote active citizenship is the European Youth Programme. We welcome the initiative for a new Youth in Action Programme for the years 2007—2013 and will continue to be actively involved in the preparation process. Considering the enlargement of the programme and the increasing will of young people to benefit from it, we strongly demand from the Council to support the proposal to moderately increase the funding for this programme to €1,200 million. Further we believe that young people, European youth organisations and the European Youth Forum have to be regularly consulted on the implementation of the programme. The EESC calls on national economic and social councils to become involved in innovative experiments in order to make it easier for young people to participate in national consultation procedures, and to exchange best practices regarding the role of young people within their organisations.

7. Including the Youth Dimension in other policies

7.1 The EESC supports the Commission's proposal to primarily concentrate on the policy areas covered by the

European Youth Pact. Nonetheless the EESC underlines the importance of an integrated and cross-sectoral youth policy, when developing policies in the youth field.

7.2 A horizontal approach to the development of policy will ensure a more coordinated and effective strategy. Member States regularly consult with Employer and Trade Union organisations when developing policies such as employment guidelines. Equally Member States must consult with young people and their organisations on policies that affect them.

7.3 The EESC notes in its own initiative opinion 'Obesity in Europe — role and responsibilities of civil society partners'⁽¹⁵⁾ that more than 14 million children are overweight in Europe, including 3 million obese. But even more worrying: this number rises by 400,000 each year. The EESC calls for a collective involvement of all stakeholders including young people.

7.4 The Committee shares the Commission's primary concern for actions focusing on the health of children and young people, and particularly healthy lifestyles. It is convinced that actions of this kind have a real impact on citizens, and are urgently needed. It therefore calls for the initiative in support of such actions, scheduled for 2006, to be brought forward to 2005, also in the light of the consultations and initiatives already under way.

7.5 The EESC encourages the Seventh Research Framework Programme to undertake research on the impact of young peoples' participation in representative democracy and in voluntary activities. This report could potentially provide an insight into the impact of participation.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽¹⁵⁾ SOC 201 (2005) - Obesity in Europe – role and responsibilities of civil society partners.

Opinion of the European Economic and Social Committee on the 'Reflection period: structure, items and framework for appraisal of the debate on the European Union'

(2006/C 28/08)

On 6 September 2005, the European Parliament decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the *Reflection period: structure, items and framework for appraisal of the debate on the European Union*.

Under Rule 19, paragraph 1 of its Rules of Procedure, the Committee decided to establish a subcommittee to prepare its work on the matter.

The Subcommittee on Reflection: debate on the European Union, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 13 October 2005. The rapporteur was Ms Jillian van Turnhout.

At its 421st plenary session held on 26 and 27 October 2005 (meeting of 26 October), the European Economic and Social Committee adopted the following opinion by 130 votes to 3 with 3 abstentions.

1. The underlying logic and analyses remain the same

1.1 The logic and analyses that led the EESC to adopt, with a very large majority its opinion in favour of the Constitutional Treaty (28 October 2004) have not changed, and nor therefore have the arguments and recommendations developed. Indeed, in the Committee's opinion the vagaries of the ratification process of the Constitutional Treaty confirm the validity of the positions it has taken.

1.2 For example, the referendum results in France and the Netherlands not only demonstrate the failure of the Member States and the European institutions to communicate to the public what Europe is actually about and how it reaches agreements but, they also reveal the gulf separating the public from the European project. It must be said that this gulf is not unique to those countries and is not simply the result of poor communication or the current economic situation, but it does call into question the nature of the agreement itself and thus the way in which it was reached.

1.3 It is worthwhile recalling the 'clear messages' which, in the Committee's October 2004 opinion, it believed should be got across to civil society:

- the use of the instrument of the 'Convention', a 'step forward in the process of democratising the European venture';
- the establishment of a Constitution as a 'revolutionary' step in the history of the European venture;
- the establishment of a more democratic Union which would recognise that the interests of the people are paramount in the building of Europe;
- the establishment of a Union which would afford better protection of the fundamental rights of European citizens;
- the establishment of a Union which would be capable of meeting the aspirations of its citizens by virtue of the Community method and Community policies.

1.4 Despite a series of shortcomings in the Constitutional Treaty which the Committee also highlighted, it argued strongly for European civil society to be rallied behind the achievements of the Constitutional Treaty in order to overcome these shortcomings.

1.5 Those identified by the Committee included the following:

- the lack of adequate operational provisions for implementing the principle of participatory democracy;
- the absence of provisions acknowledging the role played by organised civil society in implementing the subsidiarity principle;
- the weakness of EU governance as regards economic and employment policy and the absence of rules providing for consultation of the European Parliament and the EESC in these areas, which concern civil society players most of all.

1.6 In the Committee's opinion, all of these observations remain pertinent and valid. In its October 2004 opinion, the Committee argued strongly not only in favour of the ratification of the Constitutional Treaty, but also that EU citizens needed to be made aware of the democratic progress achieved by the draft Constitution and of its advantages.

1.7 The debates which took place around the ratification process demonstrated yet again that one of the major challenges facing the European Union is the question of how to preserve and guarantee growth, jobs and prosperity for the current and future generations. As the latest Eurobarometer survey (Eurobarometer 63, September 2005) shows, this question is at the heart of European citizens' concerns.

1.8 A vital element in the response to that challenge is to be found in the objectives set out in the Lisbon Strategy, as identified by the Heads of State or Government in 2000, a Strategy which offers a concrete vision of the future of European society.

1.9 It is necessary to recognise however that, despite five years of intense debates and activities at European level, the results so far have been disappointing and the implementation of the Strategy has been found wanting.

1.10 'Alongside undeniable progress, there are shortcomings and obvious delays' reported the European Council in March 2005. There may be many reasons for these shortcomings and the delay, but most would agree on the following two observations:

- the Strategy is too abstract. There are no visible consequences for people and businesses. Public opinion does not make a distinction between the effects of globalisation, EU policy and national policy on their living and working conditions;
- the Strategy remains a top-down process. There has been too little involvement on the part of organised civil society. In some Member States the Strategy is more or less unknown to many of the concerned stakeholders. No genuine consultation seems to have taken place, not least within the open method of coordination for research and education.

1.11 Thus the March 2005 European Council notably underlined the need for civil society to appropriate and participate actively in achieving the aims of the Lisbon Strategy.

1.12 It is particularly clear in this context that the future of the European model of society, including its social model, which is a fundamental part of the collective identity of European citizens and with which they strongly identify, will depend on the realisation of the Lisbon Strategy's objectives. Thus, the challenge is not so much about the future of the Constitutional Treaty, important though it is, but about creating the conditions which will enable European citizens to reappropriate the European project on the basis of a global shared vision about the sort of society they desire.

1.13 That is why, in its October 2004 Opinion, the Committee also established a link between the Constitutional Treaty and the Lisbon Strategy, arguing that:

'The Lisbon Strategy should be introduced into the debate since it maps out a vision of the future for all citizens of the EU marked by: competitiveness, full employment, shared knowledge; investment in human resources; and growth, whilst preserving the living environment and the quality of life through sustainable development ...'

2. Getting back on the tracks — a shared vision through participatory democracy

2.1 To master the challenges facing the European Union, the European integration process must be 're-legitimised', based on a new conception of democratic action which bestows a determining role on civil society and its representative institutions.

2.2 To that end, the participation of civil society in the public decision-making process is an essential instrument in reinforcing the democratic legitimacy of the European institutions and European action. It is an even more essential element in encouraging the emergence of a shared view about the purpose and the direction of 'Europe' and thus a new consensus, on the basis of which it should be possible to pursue the European integration process and to define and implement a project for the Europe of tomorrow which will respond more fully to the expectations of its citizens.

2.3 The European Union's institutions and the Member State governments must encourage a genuine subsidiarity culture that embraces not only the different levels of authority but also the different component elements of society, in such a way as to demonstrate to the European citizen that the EU will act only where there is clear added value and in respect of the principle of better lawmaking.

2.4 According to the latest Eurobarometer findings, 53 per cent of those questioned believed their voice didn't count in the European Union. Only 38 per cent believed the opposite.

2.5 Such findings demonstrate the need to build and to use tools which will enable European citizens to be genuinely involved in the exercise of defining a project for the enlarged Europe, a project which should be equipped with true content and which will encourage them to support and identify with the European integration process.

2.6 In this context it should be emphasised that the democratic legitimacy of the European Union reposes not only on a clear definition of the powers and responsibilities of its institutions. It also implies that:

- those institutions enjoy public confidence and can rely on a strong commitment by citizens in favour of the European project,
- the active participation of citizens in the democratic life of the European Union is fully guaranteed and
- specific features of European citizenship, which are more than the mere sum of national citizenships, are sought ⁽¹⁾.

2.7 In the Committee's opinion, the currently suspended, or delayed, ratification process on the Constitutional Treaty contains an essential irony: the absence of the Constitution, and in particular the absence of the provisions in Title VI on the democratic life of the European Union, further underlines the need for the Constitution. A fundamental challenge facing the Union is therefore how to get that basic message across.

2.8 In the Committee's opinion, the logic behind the Constitution's provisions for participatory democracy and civil dialogue remains entirely valid. The European institutions must therefore invest fully in the logic of the Constitution Treaty and establish an authentic participatory democracy.

⁽¹⁾ EESC Opinion SOC/203 'Active citizenship action programme'.

2.9 The need to enhance participation is all the more urgent given that, notwithstanding everything that has occurred in the recent past, the European Union's citizens expect much of it. The same Eurobarometer survey, cited previously, indicated that some 60 per cent of European Union citizens favour increased integration within the Union (various other opinion polls produce similar findings). The results also indicate that, in the face of urgent challenges such as the fights against unemployment, poverty and social exclusion, Europe's citizens would like to see the Union's role reinforced.

2.10 Already, in October 2004, the Committee argued that, in order to overcome the Treaty's shortcomings and also in order to ensure its ratification through the rallying of civil society, a number of measures could be taken to build on the proposed institutional framework and improve it through operational measures. In particular, the Committee argued that:

- the provisions on participatory democracy should be made the subject of a series of communications defining the consultation procedures and the role of the EESC;
- civil society should be consulted on the content of the European law defining the procedures for implementing the right of citizens' initiative. The EESC could be asked to deliver an exploratory opinion on this subject;
- the principle of participatory democracy should be applied to the EU's key strategies for promoting growth, employment and sustainable development.

2.11 In this way the Committee has sought to convince EU governments and institutions of the vital need to rally civil society and civil society organisations behind the spirit, as much as the letter, of the Constitution.

2.12 The Committee notes that the 'broad debate' envisaged by the Heads of State or Government in their June declaration is not currently occurring. The Committee feels that such a broad debate should be relaunched as soon as possible. However, the Committee also feels that such a debate would be counter-productive unless public opinion is somehow reassured about the nature of the European integration process and, in particular, about the democratic aspects of that process.

2.13 The reflection period decided upon by the Heads of State or Government of the Member States in June should naturally be used to consider ways of overcoming the political and institutional situation which has resulted from the referendum results in France and the Netherlands.

2.14 But in the Committee's opinion the reflection period should above all be exploited to help establish the foundations of a popular shared vision about the future of Europe and of a new social contract between Europe and its citizens, of a new consensus which would also establish the framework within which the policies necessary to guarantee growth, employment and prosperity can be placed. In this context, Member State governments should 'take home the EU'.

2.15 It is vital to demonstrate that 'participatory democracy' and 'civil dialogue' are not empty slogans but, rather, essential

principles on which the success of the European Union's policies and therefore of its future depend.

2.16 It is therefore indispensable to involve civil society as broadly as possible, at national, regional and local level, in all future debates and discussions, to encourage the Union's citizens to express their concrete expectations and, in order to do this, to put in place a genuine strategy of listening and of dialogue about the Union's policies and about the vision they have of their shared future.

2.17 In this context the Committee will closely examine the European Commission's 'Plan D', all the more so because it is convinced that, to date, no real debate has taken place and that the method, timetable and resources planned for stimulating the debate — not only in all the accession countries but also at intra-Community level — will be crucial. The EESC welcomes the views repeatedly expressed by European Commission Vice-President Margot Wallström that communication is a two-way process and that 'Europe' must listen more. In the Committee's understanding, 'listening' does not necessarily mean 'following', but it does mean 'involving' and it should mean 'understanding'.

3. 'Communicating Europe'

3.1 More generally, the Committee has welcomed the emerging understanding that the European Union should equip itself with a genuine communication strategy and that it should overhaul and enhance its communication tools. The Committee welcomed the European Parliament's 26 April 2005 report on the implementation of the European Union's information and communication strategy, and welcomed the European Commission's 20 July 2005 adoption of an action plan to improve communicating Europe by the European Commission.

3.2 The Committee has itself adopted and regularly revised a strategic communication plan. In addition, in December 2004 the Committee's Bureau approved an overall strategic approach to the challenge of 'Communicating Europe'. In both contexts the Committee has sought to enhance the bridging function of its members and of the organisations they represent. The Committee was a committed participant in the 2004 so-called 'Wicklow initiative', notably tabling a strategic document, 'Bridging the Gap', at the Amsterdam informal ministerial meeting on how organised civil society in general and the Committee in particular should be more fully involved in the communication process.

3.3 The Committee welcomed the November 2004 European Council's request to the European Commission to elaborate a coherent communication strategy for the Union. The Committee, in close cooperation with the European Commission, is organising a stakeholders' forum on the communications challenge designed to enable civil society organisations to feed their views into the reflection process currently under way and which the European Commission may also consider when drafting its expected consultative White Paper on the communications challenge.

3.4 The Committee, which organised a similar stakeholders' forum to address the policy issue of sustainable development in April 2005, is ready and willing to organise similar such consultative and listening exercises on major policy issues, thus enhancing organised civil society's voice and helping 'Brussels' better to listen.

3.5 In this context, the Committee emphasises the central role it hopes the European Parliament will continue to play as the first, and most vital, element in the democratic bridging exercise. The Committee is ready to act as a partner of the European Parliament, as it did during the Convention process, organising hearings and forums of its own initiative or on those issues where the Parliament wishes particularly to consult with organised civil society.

3.6 Such considerations lead the Committee to emphasise two fundamental considerations. First, whilst the Committee welcomes the increasing emphasis on communications strategies and communications tools, it should be recalled that any communications approach can only be as good as the content of the message it contains. Thus, communication is a complementary mechanism and not an end in itself. Second, whilst the Committee is fully committed to the twin processes of establishing a European-level communication strategy and enhancing communication tools, Union-level activity must be seen as complementary to the communications processes taking place within the Member States. Thus, such a European-level strategy is vitally necessary but it is far from sufficient.

3.7 In this context, the role of representative and consultative institutions at Member State level — national parliaments and national economic and social councils notably among them — as well as at regional and local level should be stressed.

4. Recommendations

Start making participatory democracy a reality now!

4.1 The reasons and the logic which led the Committee to vote in favour of the Constitutional Treaty by such a large majority — particularly its provisions on the democratic life of the Union — remain the same. The Committee continues to believe firmly that the best way to guarantee the Union's democratic life is to anchor such provisions in a fixed constitutional settlement. However, the current period of uncertainty should not prevent all of the European Union's actors from taking measures as of now to start making participatory democracy a reality. All of the Union's institutions should therefore reflect actively on how they can:

- give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action;
- maintain an open, transparent and regular dialogue with representative associations and civil society;

- carry out broad consultations with parties concerned in order to ensure that the Union's actions are coherent and transparent.

In addition, the European Commission should consider anticipating the provisions of Article I-47 (4) of the Constitutional Treaty by consulting civil society on the content of the European law defining the procedures for implementing the right of citizens' initiative (the EESC could be asked to deliver an exploratory opinion on this subject).

4.2 For its part, the European Economic and Social Committee reasserts its determination to play an important, if complementary, role in enhancing civil dialogue not only through traditional consultative mechanisms but also through its bridging function between Europe and organised civil society. The Committee draws attention in this context to the need for fresh thinking about ways of interacting with organised civil society. The Committee is ready, willing and able to act as a full partner in all activities designed to enhance civil dialogue.

Capture public imagination and deliver on the Lisbon Strategy!

4.3 European economic conditions are a key factor in determining public attitudes towards the European integration process. The European Economic and Social Committee reaffirms its support for the Lisbon Strategy but insists that the Union and its member states must be seen to be delivering on their commitments. The Committee is convinced that the Lisbon Strategy is the best possible guarantee of the Union's future economic prosperity and social, environmental and cultural well-being, yet it has singularly failed to capture the public imagination in the way that, for example, the '1992' campaign to create the Single Market managed to do. The Member States must accept and honour their responsibilities in this context. The Strategy must be rendered less abstract and its aims (if not its title) introduced into domestic political parlance. Civil society and civil society organisations must be involved

4.4 For its part, the European Economic and Social Committee will continue to work under the mandate granted it by the 22-23 March European Council, 'to set up with Member States' economic and social committees and other partner organisations an interactive network of civil society initiatives aimed at promoting the implementation of the strategy'. (Doc. 7619/1/05/ rev. 1 Council, paragraph 9).

Bridge the gap — enhance communication

4.5 The Committee has consistently argued the need for enhanced communication between the European Union and the citizens on whose behalf it purports to work. The Committee recognises that a lot of work has recently taken place at the level of the EU's institutions, both individually and collectively; to cite but two recent examples, the complete restructuring of the European Parliament's website and the

European Commission's Europe Direct service. The Committee favours close inter-institutional cooperation in the field of communication. It notes the Commission's 'Plan D' and also its intention of launching a White Paper in the near future. It is fully committed to playing a supporting role wherever it can in bridging the gap, as evidenced by its 7-8 November stakeholders' forum on that theme.

4.6 However, the Committee believes that communication can only be as good as the message it contains. Referring back to its views on the Lisbon Strategy, it believes that the European institutions but, above all, the member states, need to reflect further on how they communicate Europe. Much has already been said about halting the 'blame game', but it is clear that 'Europe' is too often perceived as negative or defensive, and that insufficient effort is made to 'sell' the positive aspects of the integration process.

4.7 In the context of enhancing coordination, the Committee calls for the so-called 'Wicklow initiative' (informal meetings of European affairs ministers) to be re-activated, but to be given a specific and permanent mandate to examine ways in which Europe can be better communicated and to provide member states with an informal context in which to take stock of public opinion and to exchange best practices. At the inter-institutional level, the Committee calls for the Inter-Institutional Group to be similarly mandated to meet at more regular and more frequent intervals to discuss communication issues. Such mechanisms are particularly important given the rapid rate of technological development (for example, mobile phones, broad band) and the rapid development of new communication techniques to exploit these.

4.8 The Committee underlines its belief that communication must be a permanent concern and not the subject of an occasional campaign on a specific issue.

Recognise where the primary responsibility lies

4.9 The European Union's institutions must guard against a false, if clearly well-intentioned, belief that the current 'disconnect' can be solved from the central level of 'Brussels'. In reality, what the European institutions do in the field of communications can only be complementary. The main responsibility lies elsewhere. The outcome of the elections to the European Parliament and the results of the French and

Dutch referendums on the Constitutional Treaty show clearly that many European citizens view Europe sceptically. This regards above all the effects of European legislation on their living and working conditions. It is down to the Member States to explain to their citizens the meaning of the EU and the necessity of specific European legislation and to communicate the resulting effects to each respective national sphere.

4.10 Public opinion, including civil society, will be convinced of the legitimacy and the common future of the European Union only if there is perceived credibility, trust, a transparent legislative process and a well-functioning rule of law. In the first instance, these have to be safeguarded by the governments of the member states. Governments have to act as real co-owners of the Union and abstain from the 'we-they' model and the constant double talk that this model involves.

4.11 As the role of the Irish National Forum on Europe demonstrated, civil society organisations can sometimes make decisive contributions. It is essential to enhance communication at a relevant level (local, professional, etc.) and to explain the success stories of the European policy or legislative process in relevant and accessible terms at that level. Civil society organisations are well placed to do this. The EESC is thus determined to help and encourage civil society organisations within the Member States, particularly through the bridging function of its members. Moreover, if a wide debate about the European project and about European policies is indeed to be launched, then it must begin at the lower levels of civil society within the member states. A Europe-wide forum will only make sense if it allows for the expression of these views reported back up and also down. Indeed, what is needed is not so much a top-down or a bottom-up approach, but a bottom-down approach.

4.12 This opinion has deliberately eschewed much discussion about the future of the Constitutional Treaty and the options open to the European Union. Clearly, a permanent return to the status quo ante of the Nice Treaty cannot be an option. But perhaps the broad debate envisaged by the Heads of State or Government could help illumine the best way forward. However, the Committee notes with some alarm that such broad debate is largely absent in most of the Member States. In the absence of such debate, it is difficult to see how genuine progress can be made.

Brussels, 26 October 2005

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on 'The mobility of persons in the enlarged Europe and its impact on means of transport'

(2006/C 28/09)

On 10 February 2005, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on: *The mobility of persons in the enlarged Europe and its impact on means of transport*.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 October 2005. The rapporteur was Mr Levaux.

At its 421st. plenary session, held on 26 and 27 October 2005 (meeting of 26 October), the European Economic and Social Committee adopted the following opinion by 74 votes, with four abstentions.

1. Purpose of the own-initiative opinion

1.1 By 2020/2030 the European Union, which today comprises 25 Member States, will certainly have expanded through the accession of new Member States, starting with Romania, Turkey Bulgaria, Croatia, etc. Without making any assumptions about other possible accessions, it is likely that in terms of cooperation and exchange, at least, the EU's immediate sphere of influence will extend to outlying countries such as the Ukraine, Georgia, and Russia.

1.2 Within this vast territory the size of a continent, which forms a rectangle 6 000 km east to west by 4 000 km north to south, new demands will be made of passenger transport so as to guarantee free movement upholding the principle of liberty, develop a European democracy based on cultural exchange and encourage economic development.

1.3 The development of the means of transport to meet the likely demand for mobility over the coming two to three decades must be carried out with a view to achieving the objectives set out at the Lisbon Summit in 2000:

'Europe must become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'.

1.4 All proposals aimed at developing collective and individual means of passenger transport will therefore have to take the following into account:

- the most recent studies looking into quantitative and qualitative needs in passenger transport by 2020/2030;
- more responsive behaviour by the European public, resulting from the competitiveness objectives set by the European Union at the beginning of this century;

- a more respectful attitude towards the environment on the part of the European public;

- the need for interaction in the areas of culture, heritage (artistic, architectural, etc.), education, scientific knowledge;

- a more cosmopolitan European public, in a territory which will have more than doubled in size;

- the introduction and expansion of new technologies, which will allow new means of transport to be developed (provided that the regulations, research funding, and sources of investment required for their development and introduction are provided as soon as possible); and

- an increase in trade and tourism from outside Europe, in particular from south-east Asia, China and India.

1.5 Any assessments and measures relating to the development of passenger transport must, in order to be inclusive and guarantee equal opportunities, take account of the rights of passengers with reduced mobility (PRMs), such as people with disabilities, older people, and very young children. In order to guarantee that PRMs can enjoy independent mobility free of hindrance, regulatory measures need to be introduced to ensure that future means of transport and the related infrastructure, are accessible to them. In the case of air transport, for instance, the Commission has proposed a regulation which sets out the rights of PRMs⁽¹⁾.

1.6 The Committee notes that over the past few decades the European Union has taken an active interest in goods transport, producing a large number of measures aimed at increasing the capacity of freight transport so as to encourage European trade and — hence — economic development. There has thus been a plethora of transport infrastructure projects, a majority of which have been aimed at developing road infrastructure, with a much smaller proportion targeted at rail infrastructure, and very few at inland waterways.

⁽¹⁾ EESC opinion currently being drafted on the Proposal for a Regulation of the European Parliament and of the Council concerning the rights of persons with reduced mobility when travelling by air.

1.7 At the end of 2005 the Commission will present a communication regarding the mid-term results of the proposals it made in the White Paper on *European Transport Policy for 2010: Time to Decide*. This will allow assessments to be drawn up on whether users have successfully been put at the heart of transport policy, and whether consideration given to sustainable development has resulted in a real transfer of increases in freight transport away from roads to alternative means of transport (rail, inland waterways and sea ...). The Committee will, at the appropriate moment, present an opinion in the usual form on the basis of this review. That opinion should not be preempted here.

1.8 Pending this, the Committee notes that even though projections by the International Union of Railways (UIC) give the passenger/km ratio for Western Europe for 2010/2020⁽²⁾, no overall evaluation of passenger transport has yet been carried out. For several decades now the general view seems to be that satisfying demands and needs in freight transport will produce adequate solutions in passenger transport. This approach explains the development of road infrastructures. These have been used indiscriminately for freight, as well as individual and collective passenger transport (cars, coaches). Roads have always had this double function. Today increases in road traffic make the co-existence of freight transport alongside passenger transport difficult, or even dangerous, on a number of routes. This prioritisation of freight transport has led to road infrastructure projects being favoured over other means of transport because roads can be used by both freight and persons.

1.9 The Committee believes that this state of affairs:

- is substantially removed from the priorities set out in the White Paper which places the user at the heart of transport policy;
- is difficult to reconcile with the commitment, often re-asserted, to take sustainable development principles into account;
- does not adequately encourage necessary European cohesion, which is achieved through interaction of all kind, in other words through the mobility of persons;
- gives no consideration to the benefits the European Union can obtain from developments in international tourism originating in China and India. By 2030, these countries should have attained a sufficiently high standard of living to allow several hundred million of their citizens to travel abroad each year.

⁽²⁾ See Appendix 1.

1.10 In view of the above, the Committee, which is not in a position to carry out studies, calls on the Commission to undertake a general appraisal as soon as possible to:

- estimate the volume of passenger travel within the EU and its immediate sphere of influence up to 2020/2030;
- estimate the amount of travel by Europeans from Europe to international destinations, as well as travel by non-EU citizens entering and circulating in Europe for business, tourism or other reasons up to 2020/2030;
- make sure, in view of the above estimations, that existing capacity, or capacity currently planned under various programmes, will meet the demand for passenger transport foreseen by 2020/2030;
- put forward, in a new White Paper 2010 dedicated to transport policy, an action plan which corresponds to the ambitions and interests of the EU and its people. This should put greater emphasis on ***The movement of people in an enlarged Europe and its impact on means of transport by 2020/2030***.

2. Outline and scope of a general appraisal on transport and the mobility of persons

2.1 *New dimensions of Europe. Distance and time:*

2.1.1 The Committee calls on the Commission to take action to make Europe's citizens and policymakers more aware of the geographical dimensions that Europe has attained today and will have attained in the near future. By 2020/2030 the EU, which today counts 25 Member States, will no doubt include new members. Its immediate sphere of influence will have expanded as a result of its proximity to other states (or its cooperation with neighbouring states), and will stretch across the entire European continent. Here, issues relating to passenger and freight transport will manifest themselves on a much larger scale.

2.1.2 Currently, too few Europeans are aware of the size of the EU and the scope of its influence. This covers a territory that reaches from the Atlantic Ocean to the heart of Russia, from east to west, and from the Baltic to the Mediterranean — and hence also Africa — from north to south.

2.1.3 The new distances involved in this space, and the time required to travel across them cannot be considered as an extension or a simple continuation of the situation that existed up to that point, given the limitations on technology and speed of travel in the medium term.

2.1.4 Furthermore, globalisation and the increases in the standard of living sought by countries with high population levels will lead to increased demand for passenger transport, with several hundred million people living outside the EU wishing or needing to travel within Europe each year on successive trips of a relatively short nature. The Committee therefore believes that, when considering the future size of Europe attention must be paid to both the **distances involved** (within the European area, the EU's immediate sphere of influence and international connections), and the **time required** to cover them (duration of travel, speed of means of transport, optimisation of the time required for travel, taking into account the wishes of users and the constraints they face).

2.2 Potential scope of a general appraisal of the mobility of persons

2.2.1 The main reasons that make passenger transport a requirement are:

The free movement of people and goods is a fundamental principle at the heart of the building of Europe. The Committee believes that constant attention needs to be paid to ensuring that this principle is fully applied in practice within the European area, especially today following the double effects of enlargement and globalisation. Safeguarding this principle represents a major challenge for democracy and European cohesion.

The free movement of people requires the setting of rules (legal, judicial, protection against terrorism, transport of persons with reduced mobility etc. ...). However, this is not the subject of this opinion, the purpose of which is to deal with the means of transport and equipment required to maintain the principle of the free movement of persons, and to ensure mobility.

Identifying the reasons for which persons wish to or need to travel is an important prerequisite, since the way in which mobility is provided will vary depending on the relative importance in quantitative and qualitative terms of those reasons.

2.2.2 The Committee recommends that the following reasons for travel are looked into, although this is not an exhaustive list:

- business (commercial, professional ...);
- training and the exchange of knowledge (study, seminars, cooperation on research);
- job-related (secondment, performance of a trade ...);
- discovery and exchanges (tourism, culture, heritage ...);
- other reasons.

2.2.3 The Committee recommends that the general appraisal it is calling for should focus on travel that generates repetitive or continuous movements of a substantial nature.

2.2.4 Two categories of travel

It is important to consider the way in which individuals travel since this partly determines the means of transport they will use:

- Travel by individuals or very small groups (several persons, couples, families...)

Please note: the number of passengers authorised to travel in a vehicle driven by a private individual under the highway codes could be used as a definition of a 'small group'.

- Travel in a large group for different reasons (professional, tourism, retired persons, holiday makers, etc. ...).

2.2.5 Distances involved

The Committee wishes to set a limit on the scope of the general appraisal, but points out that doing so in itself requires careful consideration. Obviously, the means that may be used will be many, different, complementary or coordinated, depending on the distance to be covered. Also, the time that users allow for travel is a function of the distances to be covered, the means of transport used, and the reasons for which they are travelling. In considering ways of providing transport, it is also important to take into account the bodies that will be responsible for implementing policies (state, local and regional authorities, municipalities ...).

2.2.6 The Committee therefore suggests categorising distances as follows:

- **0 to 100 km:** should not be included in the general appraisal since this represents urban or peri-urban travel, in other words, a special subject, which is to be treated separately and is the concern of cities or groups of cities. The difficulties encountered all over Europe in developing appropriate and consistent services in urban transport (safety, comfort, respect for the environment, pollution, quality and continuity of service ...) makes it necessary to pool expertise in order to draw out the greatest possible benefit for users;
- **100 to 250 km:** more frequent use is made of day returns, including for cross-border travel, e.g. journeys from home to the place of work using fast and affordable means of transport which allow those who live a long way from large urban centres to travel to work on a daily basis;

- **250 to 750 km:** it would be useful to examine the conditions in which transport by road (private vehicles or coaches) and rail (normal or high-speed rail services) can compete;
- **750 to 1 500 km:** it would be useful to examine the conditions in which transport by rail (high speed) and air can compete;
- **above 1 500 km:** distances which cover large stretches of the European continent, where the time factor is a greater constraint than it is for smaller distances, and the use of air transport is unavoidable.

2.2.7 Finally, the chapter dealing with distances also needs to consider international and trans continental travel, in order to factor in the movements of people entering and leaving the European area.

2.2.8 The Committee would obviously like the general appraisal that it is advocating to take account of the different forms of passenger transport and the infrastructures that will be required. The aim, therefore, must be to identify, assess and optimise tried and tested means of transport, and also to explore — without preconceived notions — new possibilities which will allow technologies that appear over the coming decades to be integrated into the transport system quickly. This assumes that the Commission will make proposals to encourage, organise and coordinate research programmes for the development of new forms of transport, and that it anticipates future needs, whilst at the same time taking into account the time required to implement new solutions.

2.2.9 The existing means of passenger transport can, for the purpose of this appraisal, be categorised as follows:

- **Road transport:** travel by private vehicles or coaches. There are no indications today that would suggest a decline in the use of this form of transport (quite the contrary). This means that technological improvements to motors and fuel need to be found in order to make them less polluting. Two approaches are possible:
 - hands off: a policy of 'wait and see' in the hope of being able to correct the worst effects;
 - establish the main thrust of a proactive policy, for example, by preparing maintenance and fuel supply networks for future vehicles using new types of fuel, building and maintaining dedicated infrastructure for certain types of vehicles and road users, and carrying out research into 'intelligent motorways', roadside support services and necessary measures to be taken on travel over long distances.
- **Rail transport:** It appears that preference is now given to high-speed links. Unfortunately, this sometimes covers up shortcomings in the traditional network.
- **Air transport:** Given the direction in which the EU is evolving, this form of transport is indispensable for travel over large distances and beyond EU borders. These developments, along with the rapid marketing programme of the Airbus A 380, mean that European airport infrastructures (including links to urban centres) need to be adjusted very soon so that they are able to cater to large aircraft and absorb the expected increases in traffic.
- **Transport by sea:** This means regular passenger transport services on a local and regional basis (North Sea, the Baltic, the Mediterranean) which cover a variety of distances. Such transport could be developed further, for example through 'maritime motorways', and could be complemented by other means of transport.
- **Transport on inland waterways:** This form of transport is currently considered a marginal one, except in some capitals built by a river, where passengers use the river to travel to work or for tourism (river cruises or 'river buses') However, the development of passenger transport on inland waterways should be considered a possibility and not be categorically dismissed (transport to and from Venice airport etc.).

2.3 Evaluation of passenger transport needs by 2020/2030

2.3.1 The Committee's research into the available data, which forecasts passenger transport over the coming decades, has revealed serious shortcomings in that area. The number of assessments relating to transport as it was in the past is quite large. However, such assessments are not conducive to reliable predictions on the future. For instance, they do not take recent developments into account, such as enlargement of the EU to 25 Member States, the possibility of further accessions in the medium term, or developments in countries that lie within the EU's immediate sphere of influence.

2.3.2 The EESC is not aware of any available studies on the potential impact and consequences on the EU resulting from increases in the standard of living in developing countries. According to several concurring predictions from different sources, these increases will allow several hundred million people to travel outside their country's borders by 2020 in the case of China and, in the case of India, most probably by 2030. The often quoted figure of 100 million Chinese being able to travel outside their country as tourists by 2020 seems unrealistic today. However, this represents only 8 % of the Chinese population. This is smaller than the percentage of Japanese tourists who travel abroad each year (around 12 million people). A recent study suggests that 4 % of the Chinese population have now reached a standard of living equal to that of the European average. 4 % is not a large figure, but, given the size of China, it represents more than 50 million people!

2.3.3 Even supposing that only 50 million Chinese choose to come to Europe as tourists, visiting several EU countries by plane on relatively short stays (ten days on average), the Committee recommends that the EU look into the necessary development of capacities, after having checked theoretical predictions. It calls on Member States to introduce appropriate means of enabling the EU to reap the economic benefit of such increases in tourism. Failure to provide Chinese and Indian visitors with the mobility they expect when the time comes will mean that they will travel instead to countries which are in a position to welcome them.

2.3.4 The Committee noted with interest the document published by the Commission in September 2004 and entitled: *European energy and transport: Scenario on key drivers*. This document, which should serve as a reference, shows the results of an enquiry into the outlook for various areas by 2010/2020/2030. The main objective of the document is to study energy needs and the possibility of using less polluting and/or renewable energies. Chapter VI deals with transport and gives us some insight into the future. It would be useful to review these figures in order to identify and extract the data relating to passenger transport together with freight transport, which still holds a dominant position in these statistics.

2.3.5 The **appendix** to this report ⁽³⁾ provides some indication of expected developments.

The data covers 30 countries (the 25 Member States, to which the Commission has added Romania, Bulgaria, Switzerland, Norway and Turkey). Generally speaking, passenger transport in these countries will grow over a forty-year period. (Gpkm = Giga-passenger per kilometre)

— **4,196 Gpkm** in 1990 to **5021** in 2000 (+**20 %** in 10 years);

— **5,817 Gpkm** in 2010 (+**16 %** in 10 years);

— **6,700 Gpkm** in 2020 (+**15 %** in 10 years);

— **7,540 Gpkm** in 2030 (only **12,5 %** in 10 years).

2.3.6 The Committee notes that, interestingly, the predictions for the coming decades foresee lower growth than for the 1990/2000 period. This would seem to indicate that the mobility of persons is no longer a measure of economic vitality.

2.3.7 The indication is that passenger transport in private cars will increase by 45 % in the 2000/2030 period, but rail transport by only 30 %. Meanwhile, air transport will increase 300 % over the same period. The Committee is not in a position to assess the consistency of these predictions, but suggests

that they are examined in depth so that an overview of the situation in the medium and long term can be gained.

2.3.8 The Committee calls on the Commission to initiate a comprehensive and targeted study to assess, as fully as possible, the quantitative and qualitative needs in passenger transport that have to be met by 2020 and 2030.

2.3.9 This study should examine not just the 30 countries already selected by the Commission in the above document, but also other countries which lie in the EU's immediate sphere of influence (Croatia, Albania, Ukraine, Russia, North Africa ...), and which in the 25 years to come will, whatever the form, enjoy closer relations with the EU.

2.3.10 The impact of international travel, especially the effect of tourism originating in developing countries (China, India), needs to be assessed in order to gauge the movement of people both into and out of the European area, as well as movements within it.

3. Proposals and conclusions

The EESC:

3.1 believes that the mobility of persons in an enlarged Europe must be guaranteed in order to strengthen democracy and contribute to cohesion in the EU;

3.2 notes that, there are very few studies into the mobility of persons by 2030 that allow the assessment of transport needs and the infrastructures that will be required to meet them;

3.3 points out that any expansion of infrastructures on a continental scale would require very long implementation periods (around two decades) before they would come into use;

3.4 believes the Commission should, given that the information available indicates a strong increase in demand for passenger transport, initiate studies on the subject followed by a general and targeted appraisal, in parallel with studies and discussions on the development of goods transport;

3.5 suggests that these discussions could be the subject of a new Transport Policy White Paper in 2010 attaching greater importance to this than 2001. This should allow the requirements that will confront passenger transport by 2020/30 to be met. The following criteria could be covered:

— the main reasons why people travel;

⁽³⁾ See Appendix 2.

- ways of travelling (in a group or individually);
- classification according to distances covered;
- means of passenger transport used and levels of accessibility, safety and security, etc.;

3.6 recommends that the Commission, together with the Member States concerned, introduce the necessary means to ensure the best possible mobility for people, in line with the principle of sustainable development, by taking into account:

- the difficulties or constraints faced by people with disabilities, older persons and young children, though cooperation with organisations which represent persons with reduced mobility;

- the funding needed for the research and development of new methods and technologies adapted to passenger transport; and

- the legislative, regulatory and financial provisions Member States will require to implement investment projects that will meet needs;

3.7 stresses in conclusion that a united Europe must ensure that Member States offer a balanced transport service, both for freight and passengers. It wishes to be notified when the appraisal is launched and to be involved therein, and also to be consulted on the conclusions.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the

- **Proposal for a Council Regulation on the common organisation of the markets in the sugar sector**
- **Proposal for a Council Regulation amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers**
- **Proposal for a Council Regulation establishing a temporary scheme for the restructuring of the sugar industry in the European Community and amending Regulation (EC) No 258/1999 on the financing of the common agricultural policy**

(COM(2005) 263 final — 2005/0118-0119-0120 CNS)

(2006/C 28/10)

On 25 July 2005 the Council decided to consult the European Economic and Social Committee, under Articles 36 and 37 of the Treaty establishing the European Community, on the abovementioned proposals.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 October 2005. The rapporteur was Mr Bastian.

At its 421st plenary session held on 26 and 27 October 2005 (meeting of 26 October), the European Economic and Social Committee adopted the following opinion by 103 votes with 22 votes against and 18 abstentions.

1. Introduction

whereas European demand for sugar is estimated at 16 million tonnes a year.

1.1 Twenty-one EU countries produce sugar beet. The French overseas departments and Spain are minor sugar cane producers (280 000 tonnes). In general, annual European sugar production fluctuates between 17 and 20 million tonnes,

1.2 Beet cultivation on crop rotation extends over 2.2 million hectares of land and involves 320 000 farmers (i.e. slightly less than 7 hectares per beet farmer). Beet is processed at 236 sugar factories employing some 75 000 permanent and

seasonal workers directly. The European sugar beet/sugar sector accounts directly or indirectly for a total of 500 000 jobs.

1.3 The European Union also produces 500 000 tonnes of isoglucose and 250 000 tonnes of inuline syrup and has a refining industry for raw sugar cane (most of which — 1.6 million tonnes — is imported from the ACP countries ⁽¹⁾).

1.4 In the sugar, isoglucose and inuline syrup sector, the last roll-forward of the quota system took place in 2001.

1.5 On 14 July 2004, the Commission submitted a communication on sugar sector reform ⁽²⁾, on which the EESC adopted an opinion on 15 December 2004 ⁽³⁾.

1.6 On 22 June 2005, the Commission submitted three legislative proposals ⁽⁴⁾, which are the subject of this opinion.

At the same time, the Commission submitted a proposal for a Regulation of the European Parliament and of the Council establishing accompanying measures for Sugar Protocol countries affected by the reform of the EU sugar regime ⁽⁵⁾.

1.7 The Commission's legislative proposal diverges from the communication of 14 July 2004 in:

- its duration: the regulation will run until the 2014/2015 marketing year;
- a minimum price for sugar beet that is reduced by 42.6 % over two marketing years (to EUR 25.05 per tonne), with a possible further 10 % reduction by way of an agreement within the trade;
- a reference price for white sugar that will be cut by 39 % over four years (to EUR 385.5 per tonne), the net reference price being cut over two marketing years (the difference is the levy to be paid to the restructuring fund);
- a production charge of EUR 12 per tonne of quota sugar, to be borne equally by growers and manufacturers;
- A+B quotas merged to form one production quota, with an additional quota of one million tonnes to be divided between the Member States producing C sugar, in return for a payment of EUR 730 per tonne of additional quota;
- a four-year restructuring scheme, with quotas decreasing progressively thereafter;
- isoglucose quotas that are increased by 100 000 tonnes per year for three years;

- market management provisions consisting of carrying forward out-of-quota sugar, giving the option to withdraw a percentage of quota sugar that is surplus to market requirements and the option of providing support for private storage when the market price falls below the reference price;
- the possibility of the chemical and pharmaceuticals industry also buying out-of-quota sugar, as is done in the yeast and alcohol sectors and, in the event that supplies are difficult to obtain, of securing a specific Tariff Rate Quota;
- until 2009/2010, a supply guarantee for full-time refiners, in line with their traditional needs;
- the proposal does not impose limits on sugar imports from LDCs as of 2009/2010;
- where exports are concerned, the proposal prohibits the export of out-of-quota sugar and does not consider the export of quota sugar without refund;
- the Commission abandons both the transferability of quotas at European level and the linear reduction of quotas by 2 800 000 tonnes over four years. A restructuring plan will be put in place, to be funded by a levy on sugar, isoglucose and inuline quotas. More than 50 % of the levies on sugar quotas will be paid for by farmers through cuts in the price of sugar beet;
- the restructuring fund will grant producers of sugar, isoglucose and inuline who give up their quota, cease production and dismantle their plants degressive aid, which varies according to the year in which they stop;
- the Commission proposes that the restructuring fund cover up to 6 160 million quota tonnes, with a total budget of EUR 4.2 billion;
- compensation equal to 60 % of the estimated revenue loss arising from the price cut in sugar beet will be granted to sugar beet and chicory growers in the form of decoupled aid, in line with the per-hectare amounts intended for A+B production and with a ceiling set for each Member State;
- it will be left to each Member State to decide which reference period to use for distributing aid;
- the total financial envelope proposed for direct income support for farmers will be EUR 907 million in 2006/2007 and EUR 1 542 million as of 2007/2008.

⁽¹⁾ ACP countries: developing African, Caribbean and Pacific States, signatories to the Cotonou agreement.

⁽²⁾ COM(2004) 499 final.

⁽³⁾ OJ C 157, p. 102.

⁽⁴⁾ COM(2005) 263 final.

⁽⁵⁾ COM(2005) 266 final.

2. General comments

2.1 The EESC considers that reform of the CMO in sugar has become necessary. It refers in this regard to its opinion of 15 December 2004 ⁽⁶⁾, in particular to points 2.1, 2.4, 2.6, 2.7, 2.8, 2.9 and 2.10.

2.2 The EESC notes, however, that the proposal for reform goes considerably further than what was announced in the communication of 14 July 2004. The cuts in prices and production are much more drastic and exports will be rapidly abolished. The proposal therefore sends the wrong message to our competitors in WTO negotiations. Furthermore, it does not safeguard the aim of a European sugar industry that is capable of guaranteeing market supply, in particular in regions where restructuring is difficult.

2.3 The EESC is concerned about the impact of the proposed cuts in prices and production on farmers' incomes and on employment. In this connection, it emphasises the key role that the sugar industry plays in many regions. The EESC considers that the proposal is out of step with the European agricultural model, with the Council's oft-repeated desire to support traditional farm production in the least-favoured regions or Member States, and with multifunctionality, sustainability and the Lisbon Strategy. Indeed, the proposals for reform would result in the loss of 150 000 direct or indirect jobs.

2.4 The EESC does not believe that the Commission's reform scenario — securing market balance by cutting prices — can meet its objective, which is to maintain a strong European beet farming and sugar industry and to treat developing countries supplying preferential sugar with respect. The EESC considers that everything possible should be done to prevent new areas of the global market being opened up — in particular to Brazil — through swaps (triangular trade), which bring no benefit to the development of LDCs. In that connection, the Committee would stress that Brazilian sugar production — which is largely sustained by that country's bio-ethanol policy and monetary policy — is subject to social, environmental and land-ownership conditions which are unacceptable but which nonetheless account for the extremely low production costs and the rise in production during recent years, which has led to increased stocks and thus low prices in the world market. It considers that access to the EU market should be conditioned by compliance with social norms as referred to in the Declaration of the International Labour Organisation Conference held in 1998.

2.5 The EESC ⁽⁷⁾ 'considers that the proposed cuts in prices and quotas are a major step towards full sugar market

liberalisation. Such a move cannot therefore provide beet growers, sugar sector workers and European consumers with the prospect of a sustainable future'.

2.6 The EESC ⁽⁸⁾ 'fails to understand why the Commission did not adopt the idea of negotiating preferential import quotas with the LDCs, as those countries themselves are requesting. That would make it possible to satisfy the interests of the poorest developing countries in a more targeted way and to secure a balanced market supply at sustainable prices in Europe. The EESC would highlight the fundamental contradiction in the stance taken by the Commission which, on the one hand, cites the Everything but Arms initiative to justify the radical reform of the sugar CMO, but, on the other, refuses to act on the LDCs' explicit request for a preferential quota system'.

2.7 The EESC ⁽⁹⁾ does not believe that the significant fall in sugar prices would benefit consumers. 70 % of sugar is consumed in processed products; this makes it very difficult to reduce the costs passed on to consumers. Furthermore, in countries where sugar markets have been opened up, the prices paid by consumers have not decreased.

2.8 The EESC fails to understand why the Commission is proposing to abolish unprocessed sugar exports so rapidly. Despite losing the dispute at the WTO panel, the European Union still has the right to export 1 273 000 tonnes of subsidised unprocessed sugar, whether this be quota sugar with refund or out-of-quota sugar without refund. Sugar beet yields also vary somewhat and the market will be subject to the variability of import levels. It would therefore be useful if exports could provide some flexibility in managing the fluctuations in the availability of quota or out-of-quota sugar. This flexibility is needed to ensure that production is sustainable and that rational use is made of workers and equipment.

2.9 The EESC supports the Commission proposal for a voluntary restructuring scheme, which would make implementation of the restructuring programme considerably easier. It would like to see this plan extended, however, to take account of the interests of sugar beet growers and sugar sector workers.

2.10 Overall, the EESC ⁽¹⁰⁾ feels that the Commission has failed to gauge the impact of its proposal, which would result in a massive transfer of resources from the rural sector (farming and primary processing) in both Europe and the developing countries to large international food and marketing companies. It would also be the unmaking of much of the European and ACP sugar industry, with the Brazilian sugar industry being virtually the sole beneficiary ⁽¹¹⁾.

⁽⁶⁾ See footnote 3.

⁽⁷⁾ OJ C 157 of 28.6.2005.

⁽⁸⁾ OJ C 157 of 28.6.2005.

⁽⁹⁾ OJ C 157 of 28.6.2005.

⁽¹⁰⁾ See also OJ C 157 of 28.6.2005.

⁽¹¹⁾ See also OJ C 157 of 28.6.2005.

3. Specific comments

3.1 The EESC welcomes the fact that the Commission is proposing a regulation for the period from 1 July 2006 to 30 September 2015, as it had requested.

3.2 The EESC considers that the proposed price cuts are excessive and will furthermore have no effect on sugar imports through triangular trade operations (the global market, LDCs, the EU) and which will vary in value according to fluctuations in world prices and exchange rates. The EESC therefore calls for price cuts to be restricted to the minimum required — in line with WTO negotiations — and for these to be spread over time, just like the tariff reductions, particularly in order to give the new Member States the time they need to adapt.

The EESC also calls on the Council to pay particular attention to the problems facing farmers in regions with major problems or in regions that offer few profitable alternatives to sugar beet growing.

3.3 The EESC is surprised to note the proposal's provision for a charge on production to be met by growers and refiners, since quota levels will clearly be lower than consumption. It is also surprised that the Commission's approach is based on promoting competition between European production and imported sugar. The charge thus discriminates against Community sugar growers and refiners. The EESC therefore calls for it to be abolished or, failing that, extended to all imported sugar.

3.4 The Committee believes there can be no effective CMO in sugar unless there is also some power to restrict imports. It therefore recommends including provisions prohibiting sugar SWAPs with Least Developed Countries and, should the Commission decide to withdraw a certain tonnage of quota sugar from the market (withdrawal procedure) or to apply a private storage aid measure (a market price below the reference price), automatically applying a quantitative safeguard clause with respect to imports from LDCs.

3.5 The EESC considers the proposal to be unreasonably restrictive as regards exports. It takes the view that all export possibilities authorised under the WTO should be authorised by the regulation, in particular the export of an additional volume of out-of-quota sugar when the quantitative and budgetary limits authorised under the WTO for subsidised exports are not reached by exports of quota sugar with refund.

The regulation should furthermore allow for the export of quota sugar without refund.

3.6 The EESC condemns the weakness of the market organisation tools that have been put forward to replace intervention. Indeed, it is possible to foresee, given the irregular and unpredictable nature of imports, resulting in permanent pressure on

the market, that private storage and mandatory withdrawal will not ensure that the market price respects the reference price. The EESC thus calls for the intervention arrangements to be maintained.

3.7 The EESC takes note of the Commission's proposal to provide 60 % compensation for the loss of beet farming income as a result of the price cuts. It considers that compensation must be equitable and that the percentage must be similar to that of compensation for other crops. It wishes to state that the real drop in beet prices, taking account of the production charge and the risk of a further 10 % cut, could reach 50 %. This being the case, compensation would only amount to 51 %. The EESC thus recommends a lower price cut and a higher rate of compensation, whilst respecting the proposed budget constraints. The EESC stresses that granting compensation for price cuts does not remove the long-term need for effective management tools in order to avoid market collapse and to guarantee farmers' incomes.

3.8 The EESC notes that the proposal for compensation envisages decoupled aid, distributed per hectare of beet or chicory for which an A+B sugar or inuline syrup delivery contract has been concluded. It considers that the Member States, by means of appropriate provisions, must have complete freedom to grant beet and chicory growers the maximum aid permitted within the national ceilings set out in the proposal. The EESC recommends that the Commission assess the long-term effects of decoupling.

3.9 The Committee finds it illogical that the proposal should advocate a free-of-charge 300 000 tonne increase in isoglucose quotas whilst at the same time establishing a tough restructuring programme with the aim of substantially reducing sugar quotas and that the million tonnes of additional quota sugar that can be allocated has to be paid for.

3.10 The EESC notes that, at the beginning of the regulation, the Commission accepts its suggestion to implement a voluntary programme of compensated restructuring, replacing its mandatory quota-reduction mechanism and the transferability of quotas at European level.

The EESC calls for codecision for growers/refiners on the restructuring process, and for appropriate compensation for restructuring to be granted to growers affected by this process.

The Committee notes in this connection that the additional payment of EUR 4.68 per tonne of A+B beet agreed for 2006/2007 for growers affected by restructuring simply represents the early allocation of aid to these growers to compensate for the price cuts that will occur in 2007/2008. It does not, therefore, represent compensation for restructuring.

3.11 The EESC considers that the Council should attach the greatest importance to the impact of the Commission proposal on employment in the various regions affected by restructuring in the sugar industry. It calls on Member States and the Commission to improve access to the European Structural Funds and to the European Social Fund, especially in the regions most affected by restructuring and in the new Member States, to help to mitigate the reform's adverse effects on employment by means of social schemes that go considerably further than the mandatory legal framework. Job creation, diversification and reconversion must be promoted.

3.12 In this regard, the EESC considers it necessary that, as a matter of urgency, the Commission and the Member States support — with regulatory and financial measures — a proactive policy on the use of biofuels, in which sugar beet should play a major role. The EESC considers that there is an urgent need to further develop the processing of above-quota sugar production in the non-food sector.

3.13 The EESC wishes to draw the Commission's and the Council's attention to the highly destabilising effect of sugar imports from the Balkans on the neighbouring countries. The Committee recommends that the necessary safeguard measures be drawn up and implemented (in particular, adherence to the intervention price or the reference price) and urges that Croatia's quota be set in the very near future.

4. Conclusions

4.1 The EESC recognises the need to reform the sugar CMO but believes that the reform proposals go too far as regards cutting production and prices.

Their implementation would have considerable repercussions for the European sugar sector, and would in particular result in the loss of at least 150 000 jobs in regions that are often already struggling and lacking in profitable alternatives to the cultivation of sugar.

4.2 The EESC calls on the Council to demonstrate greater ambition than the Commission on the issue of European beet and sugar production, by restricting import volumes and by authorising the use of all export options permitted by the WTO. A production target two to three million tonnes higher than that being proposed by the Commission is indeed possible, in particular by restricting imports. This would help to save 50 000 to 75 000 jobs and around 50 000 beet farms in regions throughout the Community.

4.3 The Committee fears that the aims of the Everything But Arms initiative and of the CMO sugar reforms for development

policy will not be met and this is why it supports the LDCs' request to negotiate import quotas for sugar with the Union. Swap practices should, under no circumstances, be admitted and automatic safeguard clauses and a code of conduct which meets social and environmental sustainability and food sovereignty criteria should be established for access to the EU market.

4.4 The EESC recommends that a flow of quota or out-of-quota sugar exports in line with the tonnages authorised by the WTO be maintained, in order to continue supplying our nearest traditional customer base.

4.5 It reiterates that any changes to prices should be spread over time and should comply strictly with international commitments and that, if necessary, sugar must be treated as a sensitive product in the context of the Doha Development Agenda (DDA) negotiations.

4.6 The EESC thus recommends that the current intervention mechanism be maintained, and that effective market management tools be implemented on a long-term basis.

4.7 It requests that partial compensation to growers for income lost as a result of beet price cuts be increased, insofar as possible, and allocated in full. It stresses the need to ensure that this aid is sustainable and for the sugar budget to be maintained at current levels.

4.8 The Committee welcomes the Commission proposal on a restructuring programme, but calls for growers to have a right to codecision and for aid to be granted to growers affected by factory closures to help them to restructure their farms.

4.9 The EESC reiterates its view that the European Structural Funds and the European Social Fund should be mobilised in order to give workers affected by the restructuring of the European sugar industry the best opportunities to develop new career paths, as well as the necessary compensation.

4.10 The EESC considers that the sugar sector must, as a matter of urgency, be included in the energy debate (a biofuels policy) as a means of helping to offset the reform's more harmful consequences.

4.11 The Committee insists that the destabilising effects of sugar imports from the Balkans be corrected without delay.

4.12 The EESC calls on the Council to monitor the situation in regions which are facing difficulties or which offer few profitable alternatives within farming.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the Council and the European Parliament — Reporting on the implementation of the EU Forestry Strategy’

(COM(2005) 84 final)

(2006/C 28/11)

On 17 March 2005, the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 October 2005. The rapporteur was Mr Kallio. The co-rapporteur was Mr Wilms.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October 2005), the European Economic and Social Committee adopted the following opinion by 97 votes in favour with 1 abstention.

1. Introduction

1.1 The EC Treaty does not provide for a common forestry policy, nor does the proposal for a new constitutional Treaty.

1.2 The European Commission published a communication on a forestry strategy for the EU on 18 November 1998. On 15 December 1998 the EU Council of Ministers adopted a resolution on the Union's forestry strategy based on the Commission communication.

1.3 The Council identified sustainable management and use of forests — as defined by the ministerial conference on forestry held in Helsinki in 1993 — and the multifunctional role of forests as key elements of the common forestry strategy, serving as a general basis for action.

1.4 Other key principles of the forestry strategy are subsidiarity, according to which responsibility for forestry policy lies with the Member States, and the possibility for the Community to contribute to the achievement of sustainable management and use of forests and the multifunctional role of forests, wherever Community-level action can bring added value.

1.5 The European Economic and Social Committee issued an own-initiative additional opinion on EU forestry policy on 9 December 1999.

1.6 In its resolution, the Council called upon the Commission to report to it within five years on the implementation of the EU forestry strategy.

1.7 The Commission issued its communication on implementation of the EU forestry strategy on 10 March 2005. A Staff Working Document is attached to the communication which contains a detailed description of the actions and activities implemented in the context of the EU Forestry Strategy during the period 1999–2004.

1.8 The Committee endorses the general thrust of the Commission communication, especially with regard to enhancing implementation and improving coordination. The Committee believes it is important to implement the Commission's proposed action plan for sustainable forest management without delay.

2. Implementing the EU forestry strategy

2.1 Changes in the operating environment

2.1.1 Challenges facing the EU forestry sector and forestry policy have been affected since 1998 by many changes in the policy context; the Commission communication highlights EU enlargement, adoption of EU strategic policy objectives and developments in the international forestry and environment policy framework.

2.1.2 With enlargement, EU forest area increased by about 20 %, forest resources by about 30 % and the number of forest owners from 12 million to 16 million. It is necessary to increase institutional capacity for promoting sustainable forestry in the new Member States; developing private ownership structures and institutional structures present a particular challenge.

2.1.3 At the sustainable development summit in Johannesburg in 2002 the importance of sustainable forestry was highlighted as a sustainable development resource and a way of helping to achieve the Millennium Development Goals more generally. The summit approved an action plan which is binding on governments and which included a number of decisions relating to forests.

2.1.4 The EU forestry sector has had to face an increasingly globalised market for forest products and a highly concentrated forestry industry requiring more efficient timber production than before.

2.1.5 Forests have a significant role and provide many benefits for society. At the same time, sustainable use of forests and the environmental services provided by them have become more and more important. In particular the international environment agreements signed by the EU and its Member States have created new challenges for forestry.

2.1.6 The Lisbon European Council (March 2000) approved a new strategic goal for the EU, namely to become the most competitive and dynamic knowledge-based economy, capable of sustainable economic growth with more and better jobs and greater social cohesion. The Gothenburg European Council (June 2001) approved the EU sustainable development strategy, complementing the Lisbon strategy, which requires dealing with economic, social and environmental policies in a mutually reinforcing way.

2.1.7 Many EU policies, laws and measures have a direct or indirect impact on forestry. Their compatibility and complementarity with EU forestry strategy and its implementation have not been evaluated.

2.2 *The European Union and international forestry policy*

2.2.1 In its resolution, the Council noted in relation to the forestry strategy that the Community should be actively involved in implementing the resolutions of the ministerial conference on forestry and participate pro-actively in international discussion and negotiations on forestry-related issues, in particular the United Nations Intergovernmental Forum on Forests.

2.2.2 In its 1999 opinion, the European Economic and Social Committee noted that the EU should provide strong support for the establishment of a global, legally binding instrument for the management, conservation and sustainable development of every kind of forest, which complies with the forestry principles agreed at Rio. This objective is still relevant from the point of view of the internationalisation of trade in forest products, the globalisation of the forestry industry, the continuing loss of forests and the need to protect the rights of local populations that depend on forests.

2.2.3 To prevent illegal logging and selling of timber, the Commission has adopted the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan and a legislative proposal on setting up the FLEGT authorisation system. The Committee considers the prevention of illegal logging and illegal selling of timber to be of utmost importance. Illegal logging causes serious environmental, economic and social damage, and timber from illegal logging distorts trade in timber products. However, as far as preventing illegal logging is concerned, the emphasis should primarily be on measures that can be taken in collaboration with timber-producing countries to tighten up administrative processes and improve law enforcement. This is the best way of taking into account national social factors and influences on the living conditions and welfare of communities dependent on forests, for example. Particular attention should

be paid to protecting original natural forests and their diversity. Clarification of land-use rights is an essential part of efforts to reduce illegal logging. The proposed authorisation scheme does not obviate the need to tighten up these measures.

2.2.4 The impact of international economic, social and environment policy and UN environmental agreements on EU forests and the framework for forestry activities has increased. Under the UN Convention on Biodiversity, an extended work programme on forest biodiversity was adopted in 2002. Under the UN Convention on Climate Change there was agreement on the role of forests as carbon sinks in preventing climate change. The Kyoto Protocol in particular has presented the forestry sector with both new challenges and opportunities. Sustainable forestry can significantly affect the fulfilment of obligations imposed by international environmental agreements. This requires that the EU adopt a coordinated and convergent approach in international environment, economic and social policy and its own policies, one that strikes a balance between the various dimensions of sustainable forestry and respects the diverse uses of forests.

2.2.5 At pan-European level, the Ministerial Conference on the Protection of Forests in Europe (MCPFE) is the most important forum for discussing forestry policy, and has been able to create an effective framework for promoting forest management and use which are sustainable in economic, ecological, social and cultural terms.

2.3 *EU forestry strategy and Member States' national forestry policies*

2.3.1 The 4th Ministerial Conference on the Protection of Forests in Europe (held in Vienna on 28-30 April 2003) emphasised the importance of national forestry programmes in developing cooperation between the forestry sector and other sectors. It was agreed at the ministerial conference that a national forestry programme constitutes a participatory, holistic, intersectoral and iterative process of policy planning, implementation, monitoring and evaluation at the national and/or subnational level in order to proceed towards the further improvement of sustainable forest management as defined in Helsinki, and to contribute to sustainable development.

2.3.2 In accordance with the subsidiarity principle, national forest programmes are a key means of implementing objectives of the EU forestry strategy. National forest programmes are holistic and multi-sectoral framework programmes that consider the impact of the forest sector on other sectors and the impact of other sectors on the forest sector. National forest programmes can take into account and balance multiple uses of forests and society's expectations of them taking into consideration special national features. National forest programmes create coherence and consistency between national policies and with international commitments. These programmes should be evaluated to monitor whether they fulfil the set objectives.

2.3.3 International environment and forestry policy commitments entered into by the EU and the Member States can best be implemented in the forestry sector by incorporating these commitments into national forest programmes.

2.3.4 The EU should promote the drawing up of national forest programmes, as recommended by the MCPFE, in order to promote sustainable forestry and achieve a holistic approach to developing forestry and forestry policy in the Member States and the Community.

2.4 Rural development policy and forestry

2.4.1 The principal instrument for implementing forestry strategy at Community level has been rural development policy. During the period 2000-2006, EUR 4.8 billion was allocated to forestry measures under rural development policy, half of which was spent on afforestation of agricultural land and half on other forestry measures.

2.4.2 The Court of Auditors' Special Report No 9/2004 on Forestry Measures within Rural Development Policy found that neither the Commission nor the Member States assumed responsibility for assessing whether a project contributed to the achievement of the EU forestry strategy.

2.4.3 The General Regulation on support for rural development (No 1257/1999, Article 29) stipulates that support for forestry provided by the Member States under rural development policy must be based on national or subnational forestry programmes or equivalent instruments. In some Member States national programmes are only just being set up, and they are operational in only a few countries.

2.4.4 The assessment of forestry measures carried out under rural development policy has been hampered by the Commission's lack of data on Member States' forestry measures. No effective system exists for monitoring forestry measures in the Member States supported by EU funding.

2.4.5 Although a significant portion of funding is used for afforestation measures, no clear operational objectives have been set regarding how afforestation measures should be deployed under the forestry strategy, in particular taking environmental objectives into account.

2.4.6 Many Commission DGs and units are involved in the procedure for approving rural development plans and operational programmes, as well as the approval of forestry measures. The complexity of decision-making has limited the extent to which rural development policy is used in implementing the EU forestry strategy.

2.4.7 It must also be clarified whether it would be more efficient to concentrate EU resources not on subsidising afforestation

but on timber market promotion, on reward mechanisms for environmental services, on research, training and information, and on rural development measures to secure long-term improvements in conditions and employment in the forestry sector and in environmental services provided by forests.

2.4.8 It must also be remembered that forestry and timber is a market-based industry and part of the open sector of the economy. The EU internal market will only function efficiently if competition on the timber market is not distorted by support policy.

2.5 Protection of forests and safeguarding the environmental services provided by forests

2.5.1 The practice of forestry should be economically, ecologically, socially and culturally sustainable. Protection of forests, monitoring their condition, repairing damage and safeguarding the environmental services they provide are important aspects of sustainable forestry. Sustainable forest use should be safeguarded by ensuring adequate regeneration.

2.5.2 Key objectives for EU forests are to maintain their health and vitality by protecting them from air pollutants, forest fires and other harmful agents, whether organic (diseases, insects) or inorganic (erosion).

2.5.3 Some 0.4 million hectares of forest in the EU are hit by fire every year. Forest fires are a serious problem especially in the southern Member States. As well as preventing forest fires, the Community has collected data on fires and monitored their size and causes. The Community has established a framework for systematic collection of data on the extent of and reasons for forest fires. This system has been used to assess and monitor measures taken by the Member States and the Commission to prevent forest fires. EU forest and environmental protection cannot succeed unless an effective approach is developed for monitoring and preventing forest fires.

2.5.4 The main laws concerned with maintaining the health and vitality of forests are the plant protection directive, the directive on marketing of forest reproductive material, and the framework regulation on monitoring of forests and environmental interactions (Forest Focus).

2.5.5 The Forest Focus regulation establishes a framework for a Community scheme to continue monitoring forest health and programmes for prevention of forest fires and to develop and diversify monitoring systems. The aim is to produce reliable and comparable data on the condition of forests and on the harmful factors affecting the Community's forest ecosystems.

2.5.6 Data are already being collected in the framework of international agreements, the Food and Agricultural Organisation (FAO), the Timber Committee of the Economic Commission for Europe, EUROSTAT and the MCPFE on forest biodiversity, forest resources, carbon sequestration, the carbon cycle and forest products and protective effects. When developing Community monitoring schemes it is important to draw on national, pan-European and global monitoring schemes that already exist or are in preparation, and to ensure protection of landowners' privacy with respect to data handling and publishing.

2.5.7 The Community's plant protection directive contains provisions on protecting plants or products of plant origin from harmful substances, and on pest control. The plant protection directive also sets standards for international trade in wood products and planting material. Climate change increases the risk of plant pests spreading and breeding. To protect forest health and prevent the spread of major forest pests in EU territory it is necessary to ensure sufficiently tight plant protection rules and effective surveillance. Nevertheless, such measures should not lead to trade distorting measures, resulting from the use of such a directive as a non-tariff barrier to trade.

2.5.8 Forests and forest biodiversity are an important part of Europe's natural environment. Protecting forest biodiversity is a key aspect of Community environmental policy. The forestry strategy states that the conservation of forest biodiversity can be achieved in the Union largely through appropriate forest management measures. Biodiversity can also be protected through sustainable forestry by establishing forest conservation areas. In accordance with the subsidiarity principle, Member States are responsible for incorporating biodiversity issues as appropriate into national forest programmes or corresponding instruments.

2.5.9 The most important laws dealing with protection of forest biodiversity are the 'Habitats Directive' (92/43/EEC) and the 'Birds Directive' (79/409/EEC). Conservation of protected species and habitats has been achieved at Community level by setting up a network of special conservation areas, the Natura 2000 network. In management and control of Natura 2000 areas, account must be taken of social, economic and information preconditions, financial consequences as well as specific local and regional features.

2.5.10 Incorporating protection of forest biodiversity into the practice of sustainable forest use across the entire forest area and the Natura 2000 network is a fundamental prerequisite for the achievement of biodiversity conservation goals, as well as fulfilling binding international obligations.

2.5.11 At Community level, conservation of forest biodiversity is also guided by the European Community biodiversity strategy (COM(1998) 42). The communication on a biodiversity strategy stresses the importance of taking into account in a

balanced way the need for ensuring the conservation and appropriate enhancement of biodiversity in forests, the need for maintenance of forest health and ecological balance, and the sustainable production of raw material for goods and services needed by the forest industries and society. It is also noted that actions to enhance and conserve forest biodiversity should be part of an EU forestry strategy.

2.5.12 Demand for the environmental services provided by forests, and society's expectations of them, have increased. Maintaining and developing the social and leisure-related tasks of forests is an important aspect of sustainable forestry. Cooperation with NGOs and consumer organisations should be stepped up so that forestry can deliver products, services and applications that meet citizens' needs. The general public and forest owners must be informed about the environmental impact of their activities and about available sustainable approaches. To be able to show the importance of services provided by forests for the economy and society as a whole, overall balance sheets of such services must be drawn up in all the Member States.

2.5.13 Management and use of forests in the EU countries has long been regulated by various forestry policy methods. It is essential to respect forest owners' right to determine the use of their forests and to use their forest resources in accordance with the law and with the principles of sustainable forest use. Where producing social and environmental benefits goes beyond the legal requirements of forest management and adversely affects the economic viability of the forestry sector and the right of forest owners to decide on matters relating to their forest property, appropriate compensation or reward mechanisms must be put in place.

2.5.14 Environmental services and other benefits obtained from forests are the forest owner's products and should also be appreciated as such. It must be possible to put a value on environmental services provided by forests, and operational models should be developed to encourage their production on a voluntary and market-oriented basis.

2.6 *Forests and climate change*

2.6.1 Forests (including forest soil) are important carbon dioxide sinks and carbon reservoirs. By storing carbon, forests slow the greenhouse effect and global warming. Keeping forests productive and ensuring their renewal can safeguard their important role as carbon sinks.

2.6.2 Wood products can be used to replace products that are more harmful in terms of climate change. Promoting the use of wood can help to increase the amount of carbon stored in products. Increasing the use of energy from wood can help to offset the use of fossil fuels and reduce the atmospheric damage they cause.

2.6.3 Climate change also affects ecosystems and the basic conditions for practising forestry. A well-managed forest establishes the basis for adjusting to climate change. Given the long time-frame which forestry requires, adjustment to climate change must begin in good time. Forestry can also take advantage of climate change and create positive knock-on effects for society and for climate change prevention. Owing to the great variation in forest ecosystems and forestry activities across the EU, it makes most sense for adjustment to be managed at national level. At Community level support can be provided for research on climate change adjustment, and on developing information systems.

2.7 *Competitiveness of the EU forestry sector and promoting employment in forestry*

2.7.1 The forest sector is one of the EU's most important economic sectors. The forest sector, and forestry in particular, is labour-intensive and so a major source of employment. Small and medium-sized forestry companies are particularly important for the vitality of rural areas and their employment level. Forestry and forest based industries employ about 3.4 million people in the EU and the annual production value is about EUR 356 billion.

2.7.2 The employment effect of forestry is not limited to the wood-processing sector, but extends also to non-wood forest products and other biological products from forests. Non-wood forest products, such as cork, mushrooms and berries, as well as green tourism and hunting-related activities, are significant sources of income. New jobs and sources of income can also be created by developing the environmental and recreational services provided by forests.

2.7.3 In implementing the forestry strategy it has been possible to effectively promote environment-related issues. The development of environmental measures has also been underpinned by the EU's strong environmental policy. In accordance with the EU sustainable development strategy approved by the Gothenburg European Council and the Lisbon strategy, the EU forestry sector and forest-based industry should be developed in such a way as to play a full role in realising the objectives set for competitiveness, economic growth, employment and social cohesion.

2.7.4 Although the balance between different uses can vary widely according to the country or region, timber production continues to be the most important forestry activity, though only about 60 % of annual forest growth is harvested. Exploitation of wood resources in the EU can be increased without putting the sustainability of timber production and other uses of forests at risk. More efficient use of the EU's forest resources would make it possible to increase jobs in the sector and the capacity of the forestry industry and the EU's self-sufficiency in forestry products.

2.7.5 The competitiveness of the EU forestry industry has been addressed in a specific communication and in the evaluation of that communication. However, it is important that forestry and forest-based industries coordinate their activities in the forestry sector.

2.7.6 The EU needs an attractive timber-processing industry. This requires cooperation between the forestry sector and local communities to enhance skill levels in the sector. Safeguarding the sustainability and supply of the raw material base produced by forests is an essential requirement for production in the forestry industry.

2.7.7 Sustainable forest management is to serve as the basis for a competitive European forestry industry, so ways have to be found of making it an economically viable.

2.7.8 The efficiency, profitability and competitiveness of EU forestry and timber production should also be considered separately from the forestry industry's competitiveness. The forestry strategy does not adequately highlight the economic importance of forests and, for example, the functioning of the timber market. Maintaining and increasing competitiveness means enhancing the cost-effectiveness of forestry, creating favourable operating conditions for efficient exploitation of commercial forest stands and developing timber production methods. Profitable timber production makes it possible to invest in safeguarding and developing the ecological and economic sustainability of forests. However this must not adversely affect environmentally and socially sustainable forest use. There is, therefore, a considerable need for research in this field in order to gain some degree of clarity about the impact of increasingly mechanised forest management on environmental and social factors and to avoid any negative effects.

2.7.9 Maximising the multifunctional use of forests generates added value and increases sustainability for both the private sector economy and the economy as a whole. Resources, especially for research and development activities, should be concentrated on developing new uses for forests and their raw material resources and on establishing efficient markets for their products and services.

2.8 *Promoting the use of wood*

2.8.1 Wood is a renewable, recyclable raw material whose products store significant quantities of carbon and thus slow global warming. Forest energy can be used to replace more environmentally damaging energy production based on non-renewable energy sources.

2.8.2 To promote the use of timber, a long-term strategy should be created, focusing among other things on obstacles to timber use in legislation and standards, research and development activities, innovative timber uses, improving skills, and communication and information.

2.8.3 Wood-based energy should be promoted as part of an EU strategy to encourage innovative energy forms and the Biomass Action Plan. The wood-based energy market must be developed on the basis of demand. Promotion of wood-based energy use should take into account the raw materials needs of the timber-processing industry.

2.8.4 It is also important to recognise that sustainable use of renewable natural resources is crucial to competitiveness and economic sustainability when defining the role of forestry and conditions under which it operates. The EU sustainable development strategy and EU environmental policy, in particular the strategy on sustainable use of natural resources, must take into account the special role of renewable natural resources in building a more sustainable society.

2.9 *Developing capacity and skills in the forestry sector*

2.9.1 Forest ownership in Europe has a broad base. The state, publicly-owned companies and large enterprises own substantial areas of forest, while private family holdings are small in size. State forestry can play an important role in both timber production and especially in the production of social and environmental services.

2.9.2 It is important to develop the skills of all the different forestry sector stakeholders (e.g. employees, industry, forest owners, advisory and service organisations, public forestry authorities) and their ability to meet future challenges. One aspect of this effort is improving the conditions and capacity of stakeholders' own organisations and developing practical measures. Cooperation must be stepped up between the forestry sector and civil society to develop sustainable forestry.

2.9.3 Some 60 % of forest in the EU is privately owned, and there about 16 million private owners. A level playing-field must be ensured for family holdings with respect to sustainable forestry, timber production and market access. Forest owners' associations have also proven to be an effective means of providing information on sustainable forestry and the basis for practising it. The development of forest owners' associations has also made it possible to combat the fragmentation of forest ownership.

2.10 *Forest certification*

2.10.1 Forest certification is a voluntary market-based procedure for promoting sustainable forestry and informing customers and other stakeholder groups of its commitment to sustainable forestry. Forest certification can be used to underpin other activities to promote sustainable forestry. Forest certification schemes must respect the voluntary principle and the principles of credibility, openness, cost-effectiveness and non-discrimination, and the possibility for the various parties concerned to participate.

2.10.2 It is important that forest certification should remain a voluntary instrument. Rules should not be introduced at EU level that would effectively abolish the voluntary nature of certification and impose on forest owners and others involved in forestry mandatory forest management requirements that are higher level than prevailing legislation.

2.10.3 Since forest certification is a market-oriented instrument, the role of EU or national governments is limited to supporting initiatives of the private sector and NGOs to promote forest certification. However, governments cannot play a leading role in the forest certification process.

2.10.4 The EU must ensure that the internal market operates without constraints. From the perspective of the forestry sector it is important that government does not support one particular forest certification scheme through its actions. The market must offer alternatives and there must be free competition. The task of government is to ensure that no artificial obstacles to trade arise.

2.11 *The EU and forestry research*

2.11.1 The forestry sector can only meet these challenges, e.g. in relation to competitiveness and sustainable development, by developing new and innovative procedures, production methods and products. The role of forestry-related research and development activities in current and future EU research framework programmes must be stepped up.

2.11.2 The EU's 7th Research Framework Programme covers the period 2007-2013. European Technology Platforms are a new instrument for preparing and implementing the framework programme. The European paper industry (CEPI), woodworking industries (Cei-Bois) and family forest owners (CEPF) have presented a joint forestry-sector technology platform initiative to the Commission ('Innovative and Sustainable Use of Forest Resources').

2.11.3 It is essential to increase the share of research projects conducted into the impact of climate change, the state of forest health and appropriate monitoring systems. The EU should, through research and subsequent information exchange, boost forest owners' knowledge and encourage them to adapt their forests to climate change.

2.12 *Coordination of forest issues*

2.12.1 A prerequisite for managing forestry issues and implementing forestry measures is effective coordination between those policy areas that impact on forests and forestry. The aim should be for the Community to take more account than it currently does of the effects on forestry of its decision-making in different policy areas.

2.12.2 The European Economic and Social Committee commends the work of the Commission's InterService Group on Forestry in improving coordination on issues relating to forests and forestry. However, improving coordination and clarifying remits requires a single body which would be responsible for coordinating implementation, exchange of information and interaction between the various DGs, as well as communicating with and informing the forestry authorities of the Member States and relevant stakeholder groups. It is important to ensure that coordination takes place at a sufficiently high level. It is necessary to ensure that sufficient staff and other resources are available for Community measures to support sustainable development.

2.12.3 Both the Standing Forestry Committee and the Advisory Committee on Forestry and Cork must be provided with adequate resources to do their work. Scope for stakeholder groups to be involved in decision-making at the regular meetings of advisory committees must be strengthened. Forestry expertise in the Member States must be boosted in the other Council working groups, and especially the STAR Committee, when forestry-related issues are discussed. Coordination of the activities carried out by the committees and working groups dealing with forest-related issues should be effective, both with respect to intra-Community and international forestry issues. Meetings of advisory committees and working groups should be developed in such a way that the DGs dealing with issues that are relevant to forestry (agriculture, energy, environment, enterprise, research) hold discussions with key stakeholder groups (forest and land owners, the forestry industry, NGOs and other stakeholders).

2.12.4 When international obligations are implemented, it is important to clarify the division of powers between the Community and the Member States and to respect the subsidiarity principle. The Member States and the Commission coordinate their positions on international issues in the Council Working Group on Forestry. The position of this working group should be strengthened and it should be given a formal and coherent role.

3. Action plan to strengthen implementation of the forestry strategy

3.1.1 A more effective way is needed of developing sustainable forestry and harnessing the potential of forests to promote sustainable development. The Committee supports the Commission's proposed action plan, which would serve as a coordinating instrument and frame of reference for implementing measures in the forestry sector.

3.1.2 The EESC recommends that the Commission together with Member States should frame a clear vision and strategic goals for EU forests under the umbrella of the European forestry model. These should be based on, and in line with, the

forest-related decisions of the Rio Declaration and Agenda 21, validated by the World Summit on Sustainable Development in Johannesburg (WSSD). There it was confirmed that sustainable forest management is an aspect of sustainable development. Furthermore, Community actions related to forestry should enhance the contribution of forests to creating a sustainable society and to overall development goals, including the Lisbon strategy, the Gothenburg agreement and the Millennium Development Goals.

3.1.3 On the basis of the recommendations in this opinion, the vision called for should include at least the following issues. European forests and the forestry and timber industry will be a key factor contributing to a sustainable European society. A market-oriented, economically viable and competitive forestry, timber production and forest industry that strengthens regional economic networks provide jobs and livelihoods, and could have a particular impact on regional economy and development. Forests are an essential foundation of services of general interest and also play an important role with regard to recreational values culture and the environment. The European forest-based sector provides innovative know-how and high technology. The EU should contribute actively to international processes relating to forestry in line with WSSD and United Nations Forest Forum decisions.

3.1.4 The strategic goals for the action plan should be based on the principles of coordination and giving added value to existing forest policy. The forest-based sector should be recognised as an independent sector, and ex-ante evaluation of all upcoming related policies and measures should therefore be carried out.

3.1.5 The Action Plan for Sustainable Forest Management should cover all the dimensions of sustainable forestry and the entire forestry production chain. But in order to ensure efficient use of Community resources under the action plan it must be possible to specify to which activities and measures should primarily be allocated.

3.1.6 It is important that the action plan should provide for the forestry perspective to be taken into account when implementing other Community policies, e.g. environment, energy, rural development and industrial policy, so that forestry is promoted in a way that takes equal account of the economic, ecological, social and cultural dimensions of sustainability.

3.1.7 Information pooling on environmental services and assessment of them should be developed under the action plan. The plan should support the development of innovative and market-based operational models for producing forest environmental services. The possibilities of market-based payment systems should be explored to compensate the non-wood environmental services (e.g. protection of water resources, carbon sequestration) provided by forest owners.

3.1.8 Priority should be given to creating the optimum environment to ensure the competitiveness and economic viability of the forestry sector. The action plan should specify ways of supporting the development of innovative operational models that provided added value in forestry and of promoting business initiatives in the forestry sector. This should include provisions for setting up a virtual European timber exchange that would give an instant, global and transparent picture of economic trends (supply and demand) in respect of timber types and which forest owners could access at any time (on the internet).

3.1.9 A key element of the action plan must be to promote the use of wood and other forest products as renewable and environment-friendly materials. An information and communication programme on wood and other forest products must be drawn up and implemented under the action plan. The action plan must also take into account the use of wood as a renewable energy source.

3.1.10 In addition, the action plan must support the promotion of research and development on forests. One aspect of such activity would be incorporating major forestry research projects into the EU's 7th Research Framework Programme and supporting the forestry sector's Technology Platform initiative. Scientific studies (research contracts) conducted jointly with relevant European forestry university faculties should establish how many employees are required by the European forestry industry, and with what qualifications, in order for the sector to operate effectively on a sustainable and nature-friendly basis in accordance with laws, regulations and certification requirements. A study of forestry clusters should also be carried out.

3.1.11 The action plan should also try to establish how the EU's own efforts can support the European forestry ministers' conference process and implementation of the decisions made by it. In particular, the action plan should strengthen the implementation of national forest programmes in accordance with the general approach established at the European forestry ministers' conference.

3.1.12 The action plan should provide for exchange programmes of forestry employees between countries, so that they can learn about the strengths and weaknesses of national systems and so develop new approaches for their work at home.

3.1.13 One aspect of the action plan should be to identify practical ways of improving coordination and communication with respect to EU decision-making on forests. A European information and communication platform designed to make people feel closer to Europe should bring together the many different and interesting activities of Europe's forestry sector

and inform individual stakeholders in the forestry sector in the countries and regions about them directly.

3.1.14 Implementation of the action plan also requires assigning responsibility and allocating adequate resources.

3.1.15 An important element of the action plan must be measures to boost and maintain forest biodiversity. Moreover, biodiversity must be fostered in protected areas through special support schemes (such as the Natura 2000 premium) and by raising awareness and acceptance of the issue among the public, forest owners and the associations concerned. Also, in order to safeguard biodiversity in the remaining forest areas, ways and means must be developed to maintain and improve typical forest species diversity. The establishment of total protection areas must also be promoted. Given the specific obligations involved, state-owned forests are to be a focus of these activities, while appropriate reward schemes must be established for privately owned forests.

3.1.16 In order to be able to assess the effectiveness of the measures and tools adopted, it is vital to broaden the various monitoring systems in the action plan and make them part of an overall approach. It is necessary therefore, to map out, investigate and monitor forest biodiversity both inside and outside protected areas. Regular, large-scale studies into the state of forests are equally imperative. Research and monitoring must be used to check the extent to which forest measures can help maintain biodiversity.

4. Conclusions

4.1 The European Economic and Social Committee (EESC) believes that the forestry strategy and its implementation should continue to be based on the subsidiarity principle, and on the concept of economically, ecologically, socially and culturally sustainable forestry.

4.2 The EESC emphasises that in implementing the forestry strategy attention should be paid to aligning its objectives with the EU's Lisbon and Gothenburg strategies.

4.3 The EESC believes that the European Union should work consistently towards the achievement of a global, legally binding agreement on the management, conservation and sustainable development of all forest types, which complies with the forestry principles adopted at the UN Conference on Environment and Development in 1992 and underpins implementation of the proposals for measures adopted by the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests. The EESC also stresses that the European Union must take steps to ensure that existing processes and instruments designed to promote sustainable forestry are fully taken into account in international environmental agreements.

4.4 The EESC notes that ministerial conferences to discuss the protection of Europe's forests have an important role to play in cooperation on forests between European countries, and the decisions taken at such conferences should, where necessary, be incorporated into EU forestry strategy.

4.5 The EESC points to the positive impact of the forestry sector on employment and the vitality of rural areas and on the development of rural business activities. Forestry measures carried out in the context of rural development policy should be based on national forest programmes, and these should further the achievement of EU forestry strategy objectives. The EESC also calls for systems to be set up to monitor Member States' forestry measures introduced under the rural development directive and co-financed by the EU, and their impact. The EESC emphasises that support provided for forestry under rural development policy should not distort competition on the market for wood and other forest products.

4.6 The EESC stresses the beneficial effect that forests have on human health and the way they refresh the mind and help workers to relax. It therefore calls upon the Member States to respect the principle of the possibility of the public to have access to nature's resources, giving all people free access to woodlands while establishing the public's responsibility to observe the law, the access times for forests set by their owners and environmental protection rules.

4.7 In the EESC's view, balanced implementation of the forestry strategy requires that decisions taken in the sphere of European Union environmental policy and the objectives of EU forestry development should be consistent with and complement each other.

4.8 The EESC notes that protecting forests and safeguarding the environmental and social services they produce are an important aspect of sustainable forestry, and that in protecting forests and the production of environmental services resources should be devoted to developing operational models that encourage a voluntary and market-oriented approach. The production of social and environmental benefits which society needs must not unnecessarily constrain the property and decision-making rights of owners or threaten the profitability of forestry operating in accordance with legislation and the principles of sustainable forestry.

4.9 The EESC feels that it is important to recognise the importance of forests and the products obtained from them in controlling climate change and that the EU should promote research activity and exchange of information on adapting to climate change.

4.10 The EESC thinks that the European Commission should pay particular attention to issues that can strengthen the Community's efforts to create a favourable environment for sustainable forestry. The EESC believes that implementing the forestry strategy, as well as the Gothenburg and Lisbon strategies, in a balanced way requires more focus on promoting the commercial exploitation of forests and on profitability, competitiveness and employment in the forestry sector.

4.11 The EESC believes it is necessary to promote use of timber and other forest products as renewable and environment-friendly raw materials and energy sources, and that a long-term strategy should be drawn up to this end.

4.12 The EESC considers it important to promote the capacity of actors to develop sustainable forestry. The EESC considers it important that small forest owners should be given opportunities to develop their own forestry sustainably by strengthening organisations representing private forest owners. It is necessary to increase institutional capacity for promoting sustainable forestry in the new Member States; developing private ownership structures and institutional structures present a particular challenge.

4.13 The EESC points out that forest certification is an optional, market-based tool for promoting sustainable forestry. The EESC considers it important for the EU to take responsibility for the smooth functioning of the internal market and ensure that forest certification does not become an artificial obstacle to trade.

4.14 The EESC believes it is important to enhance the sustainability, capacity and competitiveness of the forestry sector through research and development.

4.15 The EESC believes it is essential to further tighten up coordination between the various main policy issues and that implications for the forestry sector are better reflected in decision-making on the various sectoral policies. To improve coordination a single body should be designated with responsibility for implementing the forestry strategy and for communicating with the various DGs, the Member States, forestry authorities and stakeholder groups.

4.16 The EESC supports the Commission's proposal to introduce a special action plan for implementing the forestry strategy. The EESC believes it is important that this action plan should include a definition of priorities and remits, and that sufficient resources should be provided for its implementation.

Brussels, 26 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation on the common organisation of the market in seeds'

(COM(2005) 384 final — 2005/0164 (CNS))

(2006/C 28/12)

On 21 September 2005 the Council decided to consult the European Economic and Social Committee, under Article 36 of the Treaty establishing the European Community, on the abovementioned proposal.

On 27 September 2005, the Committee Bureau instructed the Section for Agriculture, Rural Development and the Environment to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Bros as rapporteur-general at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October), and adopted the following opinion *nem. con.* with 61 votes in favour and 3 abstentions.

1. Conclusions and recommendations

1.1 The Committee approves the drafting of a new regulation, incorporating the numerous amendments to Regulation No 2358/71. However, the Commission's proposal is restrictive and should be amended. In particular, the safeguard clause should not be limited to non-member countries of the World Trade Organisation, but should apply to all third countries.

1.2 The Committee proposes that Recital 2 of Regulation (EEC) No 2358/71 should be reinserted:

'Whereas the situation of the market in seeds is characterised by the need to keep prices competitive with world prices for these products; whereas appropriate measures should therefore be taken to stabilise the market and to ensure a fair income to the producers concerned;'

1.3 The Committee proposes that Recital 6 of Regulation (EEC) No 2358/71 should be reinserted and made applicable to all sensitive products:

'Whereas, ~~in respect of hybrid maize for sowing in respect of the production of sensitive 'seeds,~~ it is necessary to avoid disturbances on the Community market caused by offers made on the world market at abnormally low prices; whereas to this end reference prices should be fixed for ~~these~~ products and a countervailing charge should be added to the customs duties when free-at-frontier offer prices plus customs duties are lower than the reference prices.'

1.4 The Committee proposes the following amendment to Article 7(1):

'If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1 is affected by, or is threatened with, serious disturbance likely to

jeopardise the achievement of the objectives set out in Article 33 of the Treaty, appropriate measures may be applied in trade with ~~non-member~~ **third** countries ~~of the World Trade Organisation~~ until such disturbance or threat of it has ceased.'

2. General comments

2.1 The European Commission's proposal reviewing the common market in seeds largely aims to consolidate Regulation (EEC) No 2358/71, in the wake of numerous amendments and the recent CAP reform. However, the proposal reduces the agricultural policy for seeds to its most basic form: the retention of a safeguard clause and a request for Member States to exchange statistical information.

2.2 Seeds are more than just a basic agricultural commodity. They form a strategic input not only for adapting the agricultural and agri-food sectors, but also for responding to consumer expectations (for example, GMO-free production). Due to their make-up and properties, seeds are the first link in the chain for achieving a competitive market and meeting consumer demands relating to food safety and respect for the environment. The common market in seeds must define more ambitious ways to safeguard, steer and work alongside European agricultural production.

3. Specific comments

3.1 The redrafting of the regulation should take proper account of Articles 33 and 34 of the Treaty. At the very least, Recitals 2 and 6 of the Regulation (EEC) No 2358/71 should be reinserted to enable the European Commission to take action, in the event of difficulties in the seeds markets, in accordance with the Treaty and European consumers' requirements.

3.2 From a legislative standpoint, it is more logical to list the relevant CMO products (Article 1) with references to the 1966 Directives 66/401 and 66/402 ⁽¹⁾ governing the marketing of seeds, in tandem with the Customs Nomenclature.

3.3 In the Commission's proposal the safeguard clause, which authorises the Commission to take action in the event of serious disturbance likely to jeopardise the achievement of the objectives set out in Article 33 of the Treaty, has been reduced significantly to non-member countries of the WTO. The EU's current competitors in high-tech products, such as seeds, are all developed countries (United States, Chile, Australia, New Zealand, etc.) and members of the WTO. It is therefore not appropriate to restrict the use of the safeguard clause to non-member countries of the WTO.

3.4 In Member States, seed quality and quality checks are governed by Directives 66/401, 66/402, 2002/54 and 2002/57. The same level of quality should be guaranteed for seed from third countries. This matter comes under the equivalency negotiations between the European Union and third countries, and the CMO should mention this quality requirement in the Recitals, for example.

Brussels, 26 October 2005.

3.5 The CMO should draw up a real support policy for producer organisations. It is mandatory for the seed company and farmer to have a contractual agreement relating to seed production. In line with the 1994 Regulation ⁽²⁾ governing plant variety rights, the seed farmer (producer) is required to supply the company, to which he is bound by contract, with the entire harvest. It would be useful for the CMO to help producer organisations, who are often powerless in the face of the companies, and define the minimum contractual regulations.

3.6 The CMO should establish ways to consolidate the compilation of statistical information, in line with the objectives in Recital 8 of the proposal.

3.7 The Commission should draw up an operational procedure for implementing the safeguard clauses. It is difficult to prove that isolated imports at low prices 'jeopardise the achievement of the objectives set out in Article 33' as stated in the Commission's draft, or fail to meet European consumer demands.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽¹⁾ OJ P 125 of 11.7.1966.

⁽²⁾ Council Regulation (EC) No 2100/94 of 27.7.1994 – OJ L 227 of 1.9.1994.

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation amending Regulation (EC) No 1493/1999 on the common organisation of the market in wine'

(COM(2005) 395 final — 2005/0160 CNS)

(2006/C 28/13)

On 21 September 2005, the Council decided to consult the European Economic and Social Committee, under Article 37 of the Treaty establishing the European Community, on the abovementioned proposal.

On 27 September 2005, the Bureau of the European Economic and Social Committee instructed the Section for Agriculture, Rural Development and the Environment to prepare its work on the subject.

In view of the urgency of the matter, the Committee appointed Mr Barato Triguero as rapporteur-general at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October). The opinion was adopted by 88 votes to one, with one abstention.

1. Conclusions and recommendations

1.1 The European Economic and Social Committee welcomes the amendments proposed by the Commission to the provisions of Council Regulation 1493/1999⁽¹⁾ and to its annexes. These amendments make the changes needed to bring the Regulation into line with the reality of the wine sector today. The EESC proposes, however, that charcoal for oenological use should also be accepted for still wines, because there is no reason to exclude this from the list of acceptable practices.

1.2 This procedure, used in accordance with technical criteria, is the only treatment for eliminating the ochratoxin content in red wines that require this which can be monitored and which does not have drawbacks.

1.3 This Committee is of the view that the Commission proposal to replace Annex IV (1)(i) with the following text: *treatment of must and new wine still in fermentation with charcoal for oenological use, within certain limits* should be amended so that still wines can also be treated with oenological charcoal.

1.4 The Commission proposal should, therefore, read: *treatment of must, new wine still in fermentation and still wine with charcoal for oenological use, within certain limits*.

Brussels, 26 October 2005.

2. Reason

2.1 The European Commission proposes to amend Council Regulation No 1493/1999 on the common organisation of the market in wine.

2.2 The EESC considers that the Commission proposal is a logical consequence of the need to adapt Community regulations to the integration of new Member States into the European Union and to changes in the European wine sector. The proposal brings transparency and clarity, and provides legal cover for oenological practices recognised and authorised by the International Organisation of Vine and Wine.

2.3 The EESC agrees with the introduction of dimethyl dicarbonate (DMDC) as a new oenological practice but emphasises that, should the Directorate-General for Health and Consumer Protection decide to reduce the maximum sulphite content and also to reduce or eliminate DMDC because it increases methanol content, the wine sector would be left with no technical alternative.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽¹⁾ OJ L 179, 14.7.1999, p. 1. Regulation last amended by Commission Regulation (EC) No. 1795/2003 (OJ L 262, 14.10.2003, p. 13).

Opinion of the European Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council establishing the European Union Solidarity Fund'

(COM(2005) 108 final — 2005/0033 (COD))

(2006/C 28/14)

On 27 September 2005 the Council decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 October 2005. The rapporteur was **Mr Barros Vale**.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 27 October), the European Economic and Social Committee adopted the following opinion *nem. con.* with 74 votes in favour and 3 abstentions.

1. Introduction

1.1 The European Union Solidarity Fund (EUSF) was set up in 2002, with the aim of providing assistance to regions of Member States or countries preparing for accession that have suffered major disasters.

1.2 The EUSF should be flexible and as free of red tape as possible, so that it can provide immediate assistance to the affected regions.

1.3 The EUSF budget for the 2002-2006 period was set at around EUR one billion per year.

1.4 The EUSF Regulation is due to be revised by the end of 2006, and it is this revision that the present opinion will consider.

1.5 The current EUSF covers only natural disasters, which means that it is extremely difficult to provide assistance in the wake of industrial accidents, acts of terrorism or even a serious public health emergency.

1.6 The current financial threshold for mobilising the EUSF is very high (EUR 3 billion for costs arising from direct damage, or over 0.6 % of GNI). This has led to more than two-thirds of aid being provided under an exception clause, which has an annual budget of only EUR 75 million.

2. The new proposal

2.1 General issues

2.1.1 The geographical scope of the EUSF remains unchanged, covering the current Member States and also the accession countries.

2.1.2 Its thematic scope is now extended to cover technological or industrial disasters, public health threats and acts of terrorism as well as natural disasters.

2.1.3 There are two criteria for defining a 'disaster' as being eligible for assistance under the Fund, based on quantitative and political considerations.

2.1.3.1 The quantitative criterion: the financial threshold for mobilising the EUSF is lowered from EUR 3 billion to EUR 1 billion, or from 0.6 % to 0.5 % of GNI, which will allow the fund to be mobilised in more cases.

2.1.3.2 The political criterion: under some clearly justified circumstances (specifically those in which the full scale of the damage is not known at the time the decision is taken), the Commission can mobilise the Fund even where the quantitative criterion is not met.

2.1.4 The States neighbouring the affected country are also eligible if they suffer the effects of the disaster.

2.1.5 The subsidiarity principle must also apply to the EUSF.

2.1.6 Under the proposal, the affected country may request an advance payment (around 5 % of the total predicted cost of eligible operations, up to a maximum of EUR 5 million), to be granted immediately following the request for aid. This sum must be repaid by the country in question should the request subsequently prove ineligible.

2.1.7 The principle of proportionality must be applied when aid is granted, giving consideration to the total amount of damage, the size of the country and how serious the consequences are likely to be in future.

2.1.8 The beneficiary State is entirely responsible for the implementation of the grant and will have to submit a report detailing expenditure, which must be fully justified and carried out in accordance with the regulation.

2.1.9 The sum proposed by the Commission for the EUSF remains at EUR 1 billion per year.

2.1.10 The EU budget does not provide for the resources allocated to the EUSF. Whenever the Fund is mobilised, this is done using an amending budget.

2.1.11 If the annual amount is exceeded, the following year's budget can be used — which will ensure that aid is granted — provided that this is justified.

3. General and specific comments

3.1 The European Economic and Social Committee (EESC) welcomes the Commission's aim of extending the scope of the Solidarity Fund and enabling it to provide a rapid response in the event of a crisis.

3.2 The EESC is of the view, however, that various aspects of the Commission proposal need fine-tuning in order to make it more efficient, thus making the Fund a powerful and flexible EU instrument that enables the inhabitants of the territories it covers to benefit fully from its support. This contribution must be free of red tape and must be governed by rules able to cater for various types of disaster, whatever the cause, at the most critical times for the communities it is designed to benefit. As well as offering valuable help to restore infrastructure and bring economic and social life back to normal, it must also provide an unequivocal political signal that Europe can send to citizens affected by serious emergency situations.

3.3 Although the size of the proposed financial envelope appears to be in line with the applications received in recent years, the EESC doubts whether it could meet the needs of a major disaster, such as an earthquake or massive tidal wave, a Europe-wide pandemic or an accident or attack involving weapons of mass destruction. Whilst these situations are indeed exceptional, they should be planned for, by means of a mechanism that would also be exceptional, but that the Union could call upon if a disaster of that magnitude ever occurred.

3.4 The rules governing access to the Fund must, the EESC believes, be simple and clear and as free of red tape as possible, but must also contain mechanisms that ensure transparency, as well as the subsequent evaluation and monitoring of the uses to which the resources made available to the beneficiary State are put.

3.5 Given the current EU budgetary climate and Europe's economic situation, the EESC is not opposed to the proposed variable form of budgeting with a pre-set ceiling. However, it considers that the EUSF should be established as a Permanent Independent Fund as soon as possible with its own fixed annual budget, the 'leftovers' from which, gleaned from unused annual funds, would form a reserve for major disasters.

3.6 Concerning the rules on deadlines for use, the EESC considers that the Commission proposal is a step in the right direction. It welcomes the planned rapid response mechanism as it will help to ensure rapid assistance as soon as the facts have been ascertained, which is the whole purpose of mobilising the EUSF.

3.7 Estimating the damage will be quite a complex matter, given the scale of the situations covered by the proposed Regulation. The process is also likely to be highly fallible, given the wide range of costs and actors involved, and the fact that it covers damage to both public and private property. The short space of time in which the application must be submitted to the Commission, together with the great variety of interests and material assets affected, may lead to a significant overestimation or underestimation of the impact of the crisis concerned. States' requests must therefore be evaluated meticulously, making use of specialists, historical data and earlier records and adjusting the amount of finance provided in line with the cost of living in the beneficiary State.

3.8 With regard to the type of costs that the Fund would meet, the EESC approves of the eligible operations listed in Article 4 of the proposed Regulation, but would like an additional category to be included with the following title: 'other operations of public interest, designed to return the social and economic life of the affected populations and/or areas to normality, while opening access to the EUSF to all civil society players, in accordance with provisions and safeguards to be defined'. The aim of including this new point is to address the unpredictable nature of the types and consequences of events to be covered under the EUSF by making the decision-making process in unusual situations more flexible, in cases where social and production structures would be threatened if there is no possibility of assistance for damage to private property.

3.8.1 With reference to this wish to widen access it should be noted that take-up of the appropriations available has been small, not least because of the clause limiting use of the funds to public expenditure only. This makes it impossible to address situations which are in fact in keeping with the EUSF rationale.

3.8.2 The threshold level should also be reviewed, so as to adjust the fund's intervention potential to local needs and reflect the regional dimension of some natural phenomena.

3.9 The EESC considers that the ultimate beneficiaries of the Fund's operations must be the EU's citizens. It is only for logistical or organisational reasons that States are the intermediate beneficiaries, since it is they who receive the relevant resources from the EUSF budget. By the same token, State organisations should also not be the only recipients of public funds available under the Fund; civil society organisations should also receive these funds, since they are often involved in eligible operations because States do not generally have the resources to deal with the effects of this type of disaster without their help. Fire brigades, voluntary civil society bodies working in the areas of health or social assistance, and other civil society actors must be properly compensated for their efforts and dedication and for the expenses they incur, since their budgets are not generally geared to the enormous scale of such events.

3.10 The EESC considers that the geographic scope of the countries covered in the event of disaster should be reviewed, so as to ensure that countries which do not share a border with the affected country can also receive assistance. Large-scale disasters (e.g. a nuclear disaster) may affect countries which do not border the State in which the tragedy originated, and they too should be eligible for assistance. Where other States are affected, and provided that the Fund has been mobilised, it must be implemented in all the States involved, even if some of them do not meet the thresholds set out in Article 2 of the proposal.

3.11 The EESC also considers that the issue of neighbourhood comes into play as regards non-Member or non-Candidate States affected by an event originating in the EU or in a Candidate State. If the EUSF is mobilised for an event originating in or caused within this geographical area, the other neighbouring States would also warrant support from the Union, either under the EUSF or under the other international cooperation instruments in force, provided that this does not affect and thus hamper the specific cooperation programmes already in place.

3.12 The EESC believes that the Fund should also be mobilised for disasters arising from an accumulation or continuation of situations not immediately identified as being particularly damaging (for example a serious drought); the point at which they receive consideration would have to be clarified. The climate changes that have been taking place, caused partly by global warming — for which the Union as a whole also bears some responsibility — affect some States more than others, and it would be neither reasonable nor supportive for the European Union to shirk its obligations, as regards either the causes of climate change or its consequences.

3.12.1 The comments gathered on the ground during the EESC fact-finding visit to Spain and Portugal on 14-16 September 2005 highlighted the need, in a number of cases, to dovetail the use of:

- the EUSF, in its rapid response capacity, to provide an immediate solution to urgent needs, both to help the affected communities and to provide material assistance;
- the Funds that offer more structural assistance, so as to provide long-term solutions to more fundamental problems, for example by creating infrastructure to deal with drought, reforestation, and the development of alternative activities in areas ravaged by fires.

3.12.2 The integration of EUSF assistance in a wider context of large-scale long-term measures should be an important criterion for the Commission when it selects projects. This would improve the overall effectiveness of both the EUSF and the Structural Funds.

3.12.3 Like floods, tornados and severe storms, which are already covered, the issues of water supply, useable infrastruc-

ture and providing social or health-related assistance for the population in unforeseeable situations of drought or heat waves must not be excluded from the list of phenomena that the EUSF should support. The regulation should provide for these situations and clearly define at what point they become worthy of consideration, since they are not caused by a rapid and immediately identifiable event but instead by the ongoing deterioration of a given situation (climate-related or otherwise).

3.13 To this end, an obligation could be introduced for the national authority responsible for water management to issue an 'official declaration of serious drought', based on uniform objective criteria to be followed by the water management authorities in all the Member States.

3.14 The EESC also believes that the Member States and the Union must establish clear rules concerning the obligation of the EU insurance system to provide cover for certain types of risk which insurance companies often try to avoid. This is all the more important because the EUSF and national aid do not generally cover damage sustained by private individuals, the cost of which is usually much higher than that of the assistance which public authorities feel obliged to provide in the case of problems that affect a community as a whole.

3.15 Lastly, the EESC considers that work on risk prevention must be encouraged at all levels to mitigate or nullify the consequences of such situations, by forecasting events of this nature, preventing disasters, and preparing and setting in motion early response mechanisms in order to safeguard human life and wellbeing and to prevent the destruction of infrastructure and of material and immaterial assets. The EESC would not, therefore, object to the inclusion in the Regulation of a restrictive clause which, in order to encourage prevention, would limit, reduce or eliminate EUSF support in proven cases of negligence on the part of the public authorities of the State in question, provided that the State is able to cope financially with the event's aftermath. The EUSF could nevertheless still provide assistance in such cases, in the form of a loan rather than a grant, because it is the populations affected by the disaster that the support is ultimately intended to benefit. Giving EU grants to States which have been negligent creates a climate of slackness and irresponsibility and increases the risk of certain types of disaster which could in some cases be prevented.

4. Conclusions

4.1 The EESC reiterates the position it has always maintained, which is to support prevention, accountability and the forecasting of serious disasters. It also attaches considerable importance, however, to the existence of a mechanism such as the EUSF, provided that this is adjusted to take account of the criticism and suggestions made in point 3 above.

4.2 The EESC welcomes the improvements made in the proposed Regulation, but considers that these are insufficient to enable the EUSF to achieve its full potential and capacity to take appropriate action.

4.3 The Committee thinks that the Commission proposal should be amended in three ways so as to gear it more effectively to practical requirements:

- a) extend its scope to cover other forms of disaster, particularly droughts;
- b) lower the threshold figures for the scale of damage (which are too high, and exclude most recent disasters) and/or give

the Commission greater powers of discretion, so that it could recognise disasters with a serious regional impact;

- c) be more flexible about the types of eligible expenditure, by introducing a new, more comprehensive clause to cover other significant costs that are not included in the Commission's list of 'eligible operations'.

4.4 An own-initiative opinion evaluating the principles and operation of the Solidarity Fund and its ability to meet the needs of the EU's Member States and regions could also be drawn up at an early opportunity, as a further way of addressing the problems already identified.

Brussels, 27 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on 'Ethical Trade and Consumer Assurance Schemes'

(2006/C 28/15)

On 8 February 2005, the European Economic and Social Committee, after a request received on February 2005 from the next UK's Presidency of the EU approved to draw an opinion on *Ethical Trade and Consumer Assurance Schemes*.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 October 2005. The rapporteur was **Mr Adams**.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 27 October 2005), the European Economic and Social Committee adopted the following opinion by 75 votes in favour, 12 against and 10 abstentions.

Executive Summary

1. Ethical trade (in the various forms which the Opinion defines) ⁽¹⁾ can make a significant contribution to sustainable development and to the direct engagement of consumers in a positive and empowering response to globalisation.

2. Using a knowledge-based set of systems it can inform both the provider and producer of goods and services and stimulate market-centred action and consumer response. Europe has global leadership in this field. Such activity ties in with the Lisbon Strategy and simultaneously contributes to the Millennium Development Goals.

⁽¹⁾ As these terms are subject to differing interpretations a definition of key terms used in this opinion is clearly set out in section 9.

3. Proliferating consumer assurance schemes seek to offer a range of ethical, social and environmental guarantees. Most seek to address one or a small number of issues specific to that product, such as fair trade, organic production, sustainable forests, environmental impact, child labour or animal welfare.

4. The Opinion critically explores the necessary requirements of such schemes to be effective, the adequacy of policy definition within the EU and the urgently required need for clarification and co-ordination. It suggests practical steps which EU institutions, Member States and regional/local communities and authorities can take to consolidate, underpin and enhance these initiatives.

5. The Opinion also suggests a policy framework which will help the various institutions of the EU and a wide range of ethical trade initiatives ask the same questions about securing

and demonstrating impact, and share learning about how to answer them. This will help to enhance effectiveness and minimise any duplication and waste of monitoring effort.

6. Such a framework should give an intelligent basis for comparing consumer assurance schemes with other policy instruments aiming to achieve similar goals and provide EU institutions and Member States with a pointer towards policy coherence and a practical tool for assessing the investment of resources.

7. The development of the Opinion has resulted in far-reaching interest and participation across the Commission, amongst major commercial interests and NGOs. The EESC will encourage through further practical work:

- practically facilitating a stakeholder dialogue in 2006 to produce a common ethical trade assurance framework for impact assessment/quality;
- practically facilitating a stakeholder dialogue in 2006 to prepare the EU participation in the work of ISO 26000;
- a consumer awareness programme, from early years, through mainstream education and extending into lifelong learning, on the capacity of consumers to influence social and environmental dynamics through informed purchasing.

1. Introduction

1.1 In February 2005 the UK Government requested the EESC to produce an exploratory opinion on Ethical Trade and Consumer Assurance Schemes in the context of its Presidency of the Council from July — December 2005 and contributing to initiatives on sustainable development. 'Ethical trade', in its various forms, has been an element in a number of recent EESC opinions, notably in the field of sustainable development (CESE 661/2004) and corporate social responsibility (CESE 355/2002). Fair trade in particular has long been of concern to the EESC commencing with its opinion in 1996^(?). We therefore welcome this further opportunity to look specifically at the issue.

1.2 Trade usually drives positive economic growth, wealth creation and social opportunity but can also create human and resource exploitation and environmental impact. 'Ethical trade' may offer possibilities of resolving some of these tensions. Consumers can direct the power of their consumption with significant effects; companies are highly responsive to

consumer trends and also seek to minimise risk to their reputation. The potential leverage of 'ethical trade' is substantial. Of the 100 largest economies in the world, 51 are corporations, 49 are countries^(?). In 2003 world trade flows between nations exceeded \$9.1 trillion — some 25 % of global GDP — and have grown at an average rate in excess of 6 % per annum for more than 20 years⁽⁴⁾. The absolute volume of 'ethical trade' flows is difficult to measure but an estimate can be made based on goods and services sold by corporations that subscribe to social and environmental audit schemes. This gives an approximate figure of 5-7 % of world trade.

1.3 Economic globalisation, the shaping of the world through a consumer society and the increasing influence of transnational corporations, has stimulated discussion of 'ethical trade'. It has led to demands that greater social and environmental responsibility is exercised by those involved in the trading chain and through a more coherent national and international regulatory framework. This has seen rapid growth in the attempted measurement of 'ethical trade' through various assessment processes.

1.4 'Ethical trade' is directly relevant to the strategic interests of the EU. An important aspect of the Lisbon Strategy is the focus on a knowledge-based economy to ensure a strong competitive base. 'Ethical trade' relies on a knowledge-based set of systems to inform both the provider and producer of goods and services and stimulate market-centred action and consumer response. Europe has global leadership in 'ethical trading' initiatives and by consolidating this position will simultaneously contribute to the Millennium Development Goals. In addition the important role of products and services subscribing to specific environmental impact minimisation goals are identified in the sixth and current Environment Action Programme^(?).

1.5 The various emerging strategies and initiatives to promote 'ethical trade' share a non-statutory approach and a recognition of consumer or investor power; they complement and share a significant proportion of their methodology and analysis with the movement for greater corporate social responsibility (CSR). The European Commission adopted new guidelines for the promotion of CSR in July 2002 and will shortly publish a 'Strategy for the promotion and development of CSR in the European Union'.

^(?) *Top 200: The Rise of Corporate Global Power*. Institute for Policy Studies 2000. (Measuring corporate sales and country GDPs).

⁽⁴⁾ WTO Trade Statistics April 2004.

^(?) COM(2001) 31.

^(?) European 'fair trade' marking movement EXT/134 April 1996.

1.6 This particular area has been covered in depth by the recent EESC own-initiative opinion 'Information and measurement instruments for corporate social responsibility (CSR) in a globalised economy' ⁽⁶⁾.

1.7 The present opinion provides a complementary approach and uses a common basis. In doing so it recognises that widely accepted international conventions and frameworks are already in place or under development; in transnational business, international development, environment, corruption, foreign affairs, labour issues and human rights. These are based on a combination of humanitarian ethics and international law.

1.8 They find expression in a body of standards which provide a benchmark at international level, for example the ILO Tripartite Declaration on Multinational Enterprises and Social Policy; the ILO Declaration on Fundamental Principles and Rights at Work and Conventions covering employment conditions and labour rights; the guidelines for multinationals set out by the OECD; the UN's Universal Declaration of Human Rights; and the conventions listed in connection with the new GSP+ measures (see Appendix 1).

1.9 The encouragement of corporate social responsibility through, for example, the Multi-stakeholder Forum promoted by the Commission ⁽⁷⁾ and the Ethical Trading Initiative ⁽⁸⁾ by the UK Government, has played a part in further establishing the market framework for consumer involvement. The concepts and tools being developed by these and similar initiatives are beginning to provide a practical working consensus in the area of production and supply chains.

1.10 CSR focuses on supplier-driven processes whereas 'ethical trade' involves a broader remit and includes consumer-driven initiatives. Retailers in particular have developed supply chain auditing programmes ⁽⁹⁾ some of which have been supported by NGOs and trade unions. Some NGOs have also supported independent product labelling. These initiatives bring an awareness of the social dimension of the market to producer and/or consumer and may provide a way for moral and social influences to be exercised through purchasing power.

1.11 This opinion recognises that not all consumers have the economic capacity to choose 'ethical' products, but will focus on how consumers who do choose to support 'ethical' schemes can be assured that the schemes (and companies) truly deliver what they promise and do not promise or imply more than they can deliver. It will explore the adequacy of policy definition within the EU on this subject; look at where responsibilities lie, the degree of coordination necessary and suggest

practical steps which EU institutions, Member States and regional/local communities and authorities can take.

1.12 The outcomes of this initiative will also benefit other stakeholders. Trade unions and their members will have specific interest in ensuring that assurance schemes that recognise the dignity of labour, improving working conditions for their members and other disadvantaged workers — are distinguished from those that do not. Similarly, businesses will be interested in ensuring that consumer trust is improved through public support for good quality assurance schemes. Public Authorities, while constrained by EU procurement regulations, can also stipulate quality standards based on 'ethical trade' in their procurement strategies and thereby support their policy goals.

1.13 In so doing, it will contribute to the development of assurance schemes that offer a positive cost/benefit ratio, that secure real social and environmental improvements as well as consumer satisfaction and enable responsible employers to distinguish themselves objectively from others whose intent is primarily one of gaining market advantage.

2. Scope

2.1 'Ethical trade' covers a range of approaches which enable consumers to respond to some of the social and environmental costs of production. Given the different priorities attached to these issues in different Member States, it is important to define clearly the scope of this opinion.

2.2 Whilst CSR refers to managing and minimising the negative consequences of a company's entire activities there has developed a particular set of initiatives to monitor, manage and improve the social, economic and environmental impact of its sourcing operations. This usually involves the means by which it improves the social and environmental performance of its suppliers and has come to be referred to as **Ethical Trade** or **Ethical Trading**.

2.3 Within this broad category those initiatives that focus on risk management can be distinguished from those intended to influence company reputation or gain market advantage through public claims. Most **Ethical Trade** initiatives are essentially defensive: means by which companies can guard against negative media coverage and/or develop a credible defensive response to such an event. Others will more openly aim to improve market opportunities through offering assurance to either the public or other business customers.

⁽⁶⁾ Information and measurement instruments for corporate social responsibility (CSR) in a globalised economy SOC/192.

⁽⁷⁾ European Multistakeholder Forum on CSR Final Report June 2004.

⁽⁸⁾ An alliance of companies, NGOs and trade union organisations which promotes and improves the implementation of corporate codes of practice which cover supply chain working conditions.

⁽⁹⁾ For example the BSCI (www.bsci-eu.org) and ICS (www.scd.asso.fr).

2.4 There is a further distinction between those initiatives whose outcomes are largely focused on assurance from those whose outcomes include an intention to improve a given situation. In many cases, schemes aiming solely at assurance will tend toward a 'compliance mentality' with a use of sanctions. By contrast, those aiming at improvement will be less compliance-oriented and focus on addressing underlying causes of non-compliance. They will tend to value long term relationships and management above the need for verification.

2.5 Finally, there are schemes that are essentially 'mainstream' by contrast with those that are based on the minority of consumers who already seeking ways to express social or environmental values through their purchasing. Schemes that either aim at improvement or aim at securing market advantage will often be based on consumer willingness to pay more for a product — or at least to demonstrate preference. Other schemes are often lower cost and the additional costs are absorbed within the supply chain, justified by the additional security to corporate reputation which is gained.

2.6 This opinion deals only with initiatives that are promoted to consumers to assure them that certain specified social and environmental benefits result from their purchase. In some cases these schemes are known and defined by the use of a product-based label, and most seek to address one or a small basket of issues specific to that product. Common examples are Fairtrade, Organic, Marine and Forest Stewardship, Eco-label, Child Labour. Other schemes may be promoted by an individual company or trade association and may not involve a third party 'label', instead being promoted to consumers through packaging, point of sale or PR material.

2.7 There is a risk to all such schemes; if some overstate the impact/benefit or mislead the public there will be a loss of trust affecting all. There is therefore need for authoritative quality assessment of consumer assurance schemes. Since schemes will have a wide range of aims, it is not feasible or desirable to have a central definition of 'ethical trade'. Instead there can be a high level framework defining how quality is to be assured. The framework must be defined by a body free from commercial/operational pressures; for example a multi-stakeholder group.

2.8 Not all initiatives are based on such specific outputs. In particular the Ethical Trading Initiative in the UK is based on civil society organisations working together to learn about how such programmes can be effective and achieve hoped-for outcomes. Whilst the ETI is not, in these terms a 'scheme', its learning can be usefully applied to schemes across categories and its corporate members may in time become suppliers to or members of schemes.

2.9 In practice, there are no neat dividing lines between categories and most schemes will claim to contribute to the awareness and practice of sustainable development. This opinion focuses on schemes that rely on informed consumer action to achieve their aims.

3. The relevance of 'ethical trade' to the EU

3.1 European citizens benefit from a protective and supportive social net which is financed by tax levels that run, on average, at 40 % of GDP. Manufacturing and the provision of services within the EU are embedded within a framework of labour, environmental and social legislation the cost of which is incorporated in the price by the manufacturer and met by the consumer.

3.2 However, whilst this European model has contributed to the widespread achievement of good standards in many areas, at a global level the market heavily influences the spread of best practice. Price and quality remain the major considerations but some consumers have shown a growing willingness to select products and services from companies claiming to make the greatest contribution to social and environmental progress, both in the EU and elsewhere — and particularly in less developed countries. Trusted, transparent and effective assurance schemes can complement legislation by rewarding best practice. Consumer power driven by social values is becoming a significant force within the commercial world, rewarding companies that meet consumers' concerns and enabling corporate behaviour to reflect changing socio-economic values — which naturally vary to some degree across Member States according to economic capacity and priorities.

3.3 The non-statutory nature of such consumer assurance schemes requires the costs of implementation to be borne by consumers, and therefore it is consumer demand — expressed through the operation of the market — that encourages and discourages growth. It also means that compliance with competition and WTO trade rules is not compromised in the effort to promote good practice. On the other hand, voluntary schemes do not replace the need for proper regulatory frameworks within WTO to ensure that basic minimum standards are met in all trading relationships between countries.

3.4 Both individual Member States and the Commission have financially supported the development of several of the assurance schemes currently in the market, in recognition not only of their potential for environmental and social impact, but also for the role they can play in improving consumer awareness and developing consumer attitudes. It is important that the value of such schemes is assessed — both in achieving stated objectives and in being cost-effective.

3.5 Similarly, the EU and Member States have supported, through financial assistance and by defining legislation, production and manufacturing systems providing for such assurance schemes. Standard setting, and assistance to producers in achieving those standards, has been recognised as an important aspect of maintaining a distinctive European approach. The examples of appropriate packaging, energy efficiency, product disposal, and organic agriculture are all well-established. It should be noted that legislation for such schemes was preceded by extensive practical experience in running well-defined voluntary programmes.

3.6 Considerable attention has been given to the implications of a knowledge-based economy for equipping the supply side of European production and service industries (technology, lifelong learning, research, etc.) but less attention has been paid as to what this means for the demand side of the economy. If European consumers are the most knowledgeable in the world they are likely to be the most selective and discriminating — more likely to make a purchasing choice based on a range of social and environmental factors in conjunction with the traditional elements of price and quality. Product labelling is a simple way to communicate complex issues. However, the underlying complexity of 'ethical trade' issues requires a new approach to consumer education and information based on appreciation of sustainable development.

3.7 Developments in the international economy — globalised, diversified production and increasing comparative knowledge available to the consumer — are bringing about new types of market. Consumers are increasingly in a position to demand, and obtain, goods and services tailored to their personal preferences. These preferences have been extended beyond the traditional ones of price, style and quality and now include a range of social and environmental values that also look backwards along the supply chain and forwards to impact in use and disposal. Encouraging this sophistication in approach is very much in the interests of European business and labour, which should be well placed to respond. It is also very much in line with the needs of an efficient free market, in which consumers have the information and understanding to make effective demands. Without this knowledge, market distortions occur in which social and environmental costs are not effectively allocated or borne.

3.8 Nevertheless, it is recognised that consumers in all 25 Member States have a wide and differing range of concerns and priorities. In the new Member States particularly, consumers are rightly most concerned about product quality, safety and value. Basic assurance on these issues has yet to be achieved in many of these countries. The Committee again stresses the non-statutory nature of ethical assurance schemes which allows take-up to be matched with consumer priorities.

4. 'Ethical trade' initiatives in Europe

4.1 There are several schemes (examples in 2.6) that offer assurance to consumers in Europe and internationally through enhancing company reputation, site inspection and certification or specific product labelling. All of them involve significant expenditure both in meeting the required standards and in documenting and assuring compliance; these costs in general being borne in the pricing of goods by consumers wishing to contribute to social and environmental progress. Obtaining comprehensive information on such schemes is problematic as there is no clearing house, trade association or accepted reference point at present. However, it is possible to conclude that in excess of 100 label-based consumer assurance schemes are marketed across the 25 Member States with sales estimated at in excess of EUR 20 billion.

4.2 Each system has its own developing mechanisms to ensure that the standards are met in reality. There are on-going initiatives to develop common approaches to this level of assurance among several schemes. Such coherence of approaches can and should lead to comparable quality management systems as well as efficiency and other savings, which will benefit all partners.

4.3 There is a similar need to develop and adopt common approaches to monitoring impact, since the assurance of standards does not in itself guarantee that improvements are taking place, either at specific sites or in general. For example, minimum labour standards may be most easily achieved by the pre-selection of suppliers that already meet the standard, or by the de-certification of non-compliant sites. While this meets the standard at a technical level and may assure consumers, it may in fact reduce overall standards — by further disadvantaging weak producers.

4.4 Many (but not all) of the independently monitored assurance schemes are developing common approaches to demonstrating that their standards are met. For example, the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance is developing common approaches to quality amongst its members. There is a need for similar coherent work across the full range of consumer assurance schemes to ensure that the standards have the desired outcome. This needs to take the form of an impact assessment. A common approach to assessing the impact, the extent to which this reflects the understanding of the consumers and justifies the costs they bear will allow a more open valuation of such schemes. It will also lead to a definition of the qualities such schemes need in order to qualify for the Commission's support — which itself needs to be based on evidence of impact if it is to contribute towards agreed policy goals.

4.5 For consumers and suppliers to have confidence in 'ethical trade' they need assurance that the costs and benefits to consumers and companies on the one hand and the 'target' social/environmental benefits on the other hand, are in a sensible balance. A scheme to secure better conditions for workers in developing countries may merely shift production into the unregulated margin; a scheme to reduce environmental impact may cost more than is justified or create serious inefficiencies; organic animal husbandry standards may decrease animal welfare if mechanistically applied; an initiative to reassure consumers about child labour may result in children moving into more damaging occupations or being unable to pay for part-time education.

4.6 As mainstream manufacturers and service providers see 'ethical trade' as a significant market trend, they play an important role in translating the idealistic expectations of consumers into practical, operational schemes. The inevitable gap between expectations and reality means that the 'ethical trade' movement (in its many forms) risks being accused of naivety. In the corporate world attitudes vary according to their sensitivity to consumer pressure and their relative power within the trading chain. Some responses are led by a concern for public relations (protecting brand value), some are market-led (designing products for these new areas of concern) and others procurement-led (a culture of due diligence and risk management). All approaches can have value but the varying motivation of companies suggests that a common analytical framework is necessary.

5. Common Framework

5.1 There are tensions inherent in any 'ethical trade' system that has a strong consumer assurance element. On the one hand the system seeks to achieve social and environmental goals within the supply chain; on the other it seeks to offer assurance to consumers. This gives rise to a number of potential problems.

5.2 The arrangements that need to be put in place to offer assurance may be disproportionate to the 'real' impact on the goals — for example auditing may be costly, the administrative changes required for transparency may be costly and complex.

5.3 More seriously, the assurance requirements may actually have a negative impact on the goals of the scheme — for example a focus on what can be measured and audited can

distort priorities; audit requirements and costs may exclude producers with the greatest need for improvement.

5.4 Further, in many cases, the understanding and hence priorities of consumers may be limited and result in distortions in the scheme — for example, consumers will in general prioritise a 'clean' supply chain (no child labour, no pesticide residues) rather than effective progress on the ground (improved wages and availability of schools, better environmental management).

5.5 This in itself may lead companies to select new suppliers that already meet good standards, instead of engaging in longer term improvement in their existing supply chain, which may have no net benefit in terms of the broader goals.

5.6 Finally, a scheme without some independent scrutiny might be making assurance claims that exaggerate or oversimplify the impact of the scheme (or even make false claims!) which will in the short term undermine the goals and in the longer term undermine consumer trust in assurance schemes as a whole.

5.7 In systems that are funded by a few major donors these issues can be addressed through good management, but a system that is funded to a major extent by part of the premium on individual consumer purchasing choices does not necessarily have the proper management processes in place and consumers themselves are not in a position to judge the quality or cost-effectiveness of a consumer assurance scheme.

5.8 A common criticism of consumer assurance schemes is that, because they are to a greater or lesser extent dependent on consumer attitudes, and the level of consumer understanding of the problem is limited, there is a tendency for such schemes to offer a simpler and more complete assurance than is justified by the reality. Only a more open and informed debate can resolve this and allow an open and informed (knowledge-based) market to develop.

5.9 It is, however, not appropriate for the EU or Member States to attempt to prescribe centrally the definitions or substantive standards for the various strands of 'ethical trade' — such central control will lack flexibility to take account of improving performance and changing circumstances. It also militates against the right of consumers to exercise choice according to their own changing values. What can — and should — be set centrally is the basis on which consumers can be assured that such schemes achieve what they claim.

5.10 This opinion seeks to create a framework within which a variety of initiatives can begin to ask the same questions about securing and demonstrating impact, and share learning about how to answer them. The dynamic is presented diagrammatically in Appendix 2. The various assurance schemes are aiming at different goals, so a simple cost-benefit analysis would be difficult and ultimately unlikely to succeed, given the difficulty in valuing such diverse and subjective 'goods'. However, it is possible to develop a common framework within which we can ask the same questions about quality of all schemes and obtain comparable answers. Ultimately it is for consumers and consumer organisations to apply their personal values to the resulting information.

5.11 While the detailed terms and performance measures will vary, depending on the scope and objectives of any scheme, there are several underlying quality issues. It will be possible, following further research and consultation, to identify some key questions each scheme should be in a position to answer and provide evidence for to demonstrate quality. Most crucial will be to identify high-level social, environmental or economic goals to which schemes hope to contribute: it is these that define basic scheme elements such as stakeholders, scope and impact measures.

5.12 The following are recommended as a starting point (though in further consultation it is recommended that coherence is sought with existing, credible, quality frameworks):

a) *Scheme Governance*

Where does ultimate control of the scheme lie?

Is it a multi-stakeholder scheme in which a balance of stakeholders constitute the decision-making bodies?

Is it controlled by an independent and disinterested 'trustee' group to which stakeholders can appeal?

b) *Scheme Goals*

Are the goals clearly defined?

Do the goals of the scheme match the needs of the stakeholders most disadvantaged by the trading system?

Do the goals of the scheme match the concerns of consumers and the 'vision' promoted by the scheme?

— Have affected stakeholders (including those in developing countries) been involved in clarifying and codifying the goals?

— Are the goals of the scheme publicly available?

c) *Scheme scope*

Does the scheme address the 'problem' as normally defined?

— Do the terms of the scheme address the scope of the 'problem' to a reasonable extent, or are they focusing only minor, easily-achieved aspects?

— Do the profiles of certified sites ('producers') match the promoted vision and goals?

— Do sites already meet the standards or is continuous improvement a core element of the scheme?

d) *Scheme standards or terms*

Do the standards set and monitored by the scheme express the goals?

— Are the standards defined in a process in which stakeholders (including those in developing countries) can participate?

— Is there a credible mechanism by which the adoption of the standards will contribute to the achievement of the goals?

— Are the scheme terms or standards open to the public?

e) *Impact assessment*

Is there credible assessment of the impact of the scheme on the goals?

— Is the wider and longer term impact on the sector monitored and do changes ('outcomes') match the goals of the scheme?

— Are local stakeholders actively and knowingly involved in defining the terms of the impact assessment and in its implementation?

— Is there a process to identify and address any negative impacts?

f) *Independent review*

Is there any independent review of the scheme's operation?

— Are stakeholders (including those in developing countries) involved in defining the terms or in the review itself?

— Are the findings of such reviews available to the public?

g) *Cost-benefit analysis*

Is there any process to monitor and evaluate the costs of the scheme borne by suppliers, traders and consumers in comparison to the progress made to achieve the goals?

h) *Public claims*

Do the public claims by certified companies or suppliers match the goals, standards and outcomes of the scheme?

— Does the independent/stakeholder review monitor the public claims made by companies involved in the scheme?

5.13 Quality standards, such as those outlined above (which need to be further refined and tested) should be met by any scheme that seeks the trust of consumers or any support from the Commission and national governments. Schemes that do not meet such standards may be understood to offer poor value for money.

5.14 The credibility with which these standards can be developed and promoted needs to be assured by a multi-stakeholder approach, supported by public authority at European level.

5.15 Clearly there are challenges in developing any comparative cost-benefit evaluation in this area, but it should give an intelligent basis for comparing consumer assurance schemes with other policy instruments aiming to achieve similar goals.

6. Policy framework and responsibilities

6.1 A coherent policy rationale is essential in this rapidly developing area and practical suggestions are set out in section 7. The EU and individual Member States believe that strong ethical and humanitarian standards should be an integral part of global trade and diplomacy. Not only is a 'better' world a desirable objective in itself but such common concerns help to further develop a Europe-wide culture based on values. More tangibly, stimulating consumer purchasing and awareness towards the 'ethical' can be a good opportunity for European industry as it is well placed to engage with the commercial opportunities. The EU and Member States should not endorse any specific brand but provide the authority for an assurance scheme to which all reputable consumer assurance initiatives can subscribe.

6.2 Policy coherence is therefore a prime objective. In the development of this opinion, extensive and valuable exchanges of information, views and policy perspectives have already taken place. It is proposed that a managed, active dialogue between stakeholders on the issues of 'ethical trade' and consumer assurance schemes is formally established as a follow-up to this opinion under the auspices of the EESC.

6.3 Such a dialogue would seek to establish:

- the elements essential to a coordinated policy on social and environmental consumer assurance scheme issues,
- the action required to embed such a policy in the EU,

— how to encourage such policy consideration in Member States.

7. Practical action

7.1 This opinion explores the coherence of the processes encouraging the presentation to consumers of ethical assurance schemes. It has provided pointers and policy tools to enable the EU to decide whether to provide further support in this area and how to do so rationally and cost-effectively. There are a small number of practical actions the EU can take to encourage and support the continuing development of 'ethical trade' (as defined for the purposes of this opinion) in such a way as to ensure coherence with the EU's wider policy goals.

7.2 It is recognised that the EU and some individual Member States may wish to continue to support the development of specific initiatives in this area. It is recommended that such support is focused on those that both offer consumer assurance and are able to objectively demonstrate that they are also contributing to tangible improvements in socioeconomic and environmental conditions in communities affected by the supply chains involved. Schemes that encourage capacity building in Southern countries should certainly be encouraged.

7.3 In order to facilitate this, it is recommended that the EU commissions exploratory research to establish clear and widely-applicable quality criteria against which such consumer assurance schemes can be assessed. This research should involve, apart from consumer organisations, the participation of a variety of environmental and social labelling and other schemes and engage with stakeholders throughout the supply chain to ensure wide applicability, and to facilitate the development of coherent quality tools within the sector.

7.4 The questions offered in section 5 can form a useful starting point for a more comprehensive evaluation framework. The EESC wishes to stress that the intention is not to create another level of bureaucracy or another market barrier to companies or assurance schemes. It believes that any scheme needs to be able to demonstrate impact, quality and cost-efficiency and a common framework will help to minimise duplication of effort.

7.5 Such research will also be helpful to underpin consumer confidence in such assurance schemes, allowing civil society organisations to recommend their members and adherents to support schemes relevant to their own particular social and environmental concerns. Given that this issue has implications for a number of DGs, there will need to be a coordinating point at which information and the development of a coherent policy can be focused.

7.6 Given the current reliance of consumers on product labels to identify products produced and traded according to specific social, environmental and animal welfare standards, there is increasing likelihood of consumer confusion and inefficiency as products carry multiple labels. It is therefore also proposed that the EU Commission research into alternative means by which the social and environmental values of products can be reliably measured and drawn to the attention of consumers.

7.7 A strategic programme of consumer education in member states should focus on raising consumers' awareness of the potential and means by which they can use their purchasing decisions to achieve social and environmental goals appropriate to their priorities.

7.8 It is noted that, with the rapid development of product information systems that can be accessed at point of sale, via the internet and other channels, it will in the next few years be increasingly feasible to develop databases of product provenance and quality. As well as covering the social and environmental issues related to this opinion, this can also record wider quality and safety issues, such as specific dietary factors and allow consumers to prioritise specific issues according to their values or needs.

7.9 The development of a common framework for quality and impact assessment for 'ethical trade' assurance schemes will facilitate the development of more objective and sustainable ethical procurement policies within the Commission and perhaps Member States.

7.10 Further stimulus of the demand for products can be encouraged through public procurement. Much consolidation and clarification of the role of social procurement by public authorities has taken place in the last five years and the proposals suggested above will ensure that if purchasing authorities opt, within the EU legislative framework, for products with positive social and environmental benefits, this will achieve tangible outcomes.

8. A way forward

8.1 The development of this opinion provides an opportunity for the main stakeholders to respond and engage in dialogue, although in a very modest way. As a result of this consultation, the opportunity arises for the EESC to stimulate work on five new initiatives:

— A continuing dialogue between key stakeholders, including consumer associations, across the EU (and globally where

appropriate) on reaching policy coherence in 'ethical trade' and consumer assurance schemes. The EESC proposes that it takes the lead through 2006 in establishing a specific stakeholder forum of the type which has already proved valuable. This may include establishing the feasibility of establishing a comprehensive information database under which the social, environmental and other factors underlying product quality and performance can be gathered, objectively confirmed using clear assessment protocols and made publicly available. DG Development has already signalled interest in making available critical, evaluating data about 'ethical trade' schemes to assist producers and exporters to access the European market ⁽¹⁰⁾.

— The development, through a wider and more detailed consultation with stakeholders in Member States and globally, of a common 'ethical trade' assurance framework for impact assessment and measures of quality. This will allow the EU and Member States to more objectively distinguish the initiatives that genuinely add value from those that merely offer reassurance. Such work will support the policy goals of DG Development through encouraging more sustainable trade relationships and the work of DG SANCO in providing reliable consumer information.

— An involvement with the development of a standard ISO 26000, which aims to provide practical guidance related to operationalizing social responsibility, identifying and engaging with stakeholders and enhancing credibility of reports and claims made about social responsibility. While this is primarily aimed at developing a standard for corporate social responsibility, it may provide a baseline of performance against which to measure specific ethical trade schemes.

— A consumer awareness programme, starting with early years education, running through mainstream education and extending into lifelong learning, on the capacity of consumers to influence social and environmental dynamics through informed purchasing. DG SANCO has already signalled interest in encouraging consumer education about fair trade, and the objective of a more informed and empowered consumer society able to make effective choices in the marketplace is key to its role.

— A proposal for an international research centre to provide a focus for supplier and market research, sales and technical information, educational initiatives and policy development to be supported as a joint programme by the Commission, Member States, and all main stakeholders.

⁽¹⁰⁾ Cooperation with cross-cutting data and information services such as the EU's PRISMA project will be worth exploring.

9. Concluding note: definition of the terms used in this Opinion

The global impact of commercial activity on society and the environment has led to a number of new terms and concepts evolving. The way that key terms and concepts have been used in this opinion is defined below. Terms and definitions in this field vary from country to country and to avoid translation misunderstandings it is essential that this Glossary is used throughout.

Corporate Social Responsibility (CSR) This term is now well-established. It is accepted that wealth creation and meeting national statutory requirements of operation are intrinsic to all responsible business activities.

CSR therefore specifically refers to ... **The voluntary policies and practices of a company to maintain and improve the social and environmental performance of its entire operation.** It can involve review through internal management and assessment systems or external audit.

Ethical Trade This is a subset of (and a more recent concept than) CSR and is used in two main senses.

In general usage the phrase is understood as ... **A conscious attempt to adjust the trading activities (producing, retailing or purchasing) of a company, organisation or individual to reflect a set of ethical values.** Ethics is a branch of philosophy concerned with human character and conduct. Ethical trade in this sense can therefore reflect a very wide ranging set of values; its scope can include a wide range of products and services (including financial services and tourism) based in any country, including member states of the EU. The opinion, when it is using this sense, will present the phrase as 'ethical trade'. The title of the opinion is also used in this sense.

The second, distinct, usage is current in the Commission and in a number of European initiatives such as the Ethical Trading Initiative (ETI) in the UK, the Initiative Clause Sociale (ICS) in France and the Business Social Compliance Initiative (BSCI) which is international in membership. Here, the phrase normally refers to ... **The policies and practices of a company to address the social and environmental impact of its sourcing operations and in particular the working conditions of suppliers.** The opinion, when it is using this sense, will present the phrase as **Ethical Trade**.

Brussels, 27 October 2005

Fair Trade

This can be regarded as a subset of ethical trade; in general usage the phrase is understood as ... Trade where those involved in the process — whether producing or consuming, buying or selling — are not disadvantaged and gain reasonable and proportionate benefit. The opinion, when it is using this sense, will present the phrase as 'fair trade'.

The second, distinct, usage defines the phrase as ... **a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers — especially in the South.** For example, those organisations represented by the European Fair Trade Association accept such a definition. The opinion, when it is using this sense, will present the phrase as Fair Trade.

Consumer Assurance Schemes

In this opinion one specific aspect of 'ethical trade' and 'fair trade' is of concern: where consumer pressure is a major factor and where consumer choice — and often consumer willingness to pay more for a product — is the major driver for change. For the purposes of the opinion consumer assurance schemes are defined as ... **A system that allows and encourages consumers to play a part in ethical trade by purchasing goods and services that are produced in a way to achieve specific social or environmental outcomes, benefiting specific communities or society as a whole.**

Note that use of the term 'scheme' is taken to include social and environmental assurance approaches taken by individual businesses and business coalitions as well as independent third party and multi-stakeholder schemes.

Sustainable Development

'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs ⁽¹⁾.'

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽¹⁾ World Commission on Environment and Development (WCED). *Our common future*, 1987.

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation on the common organisation of the market in hops'

(COM (2005) 386 final — 2005/0162 (CNS))

(2006/C 28/16)

On 21 September 2005 the Council decided to consult the European Economic and Social Committee, under Article 36 and the second and third paragraphs of Article 37, of the Treaty establishing the European Community, on the abovementioned proposal.

On 27 September 2005, the Committee Bureau instructed the Section for Agriculture, Rural Development and the Environment to prepare the Committee's work on the subject.

In view of the urgency of the work, the European Economic and Social Committee appointed Mr Kienle as rapporteur-general at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 27 October 2005), and adopted the following opinion with 63 votes in favour, and 3 abstentions.

1. Overview of the EESC's position

1.1 The EESC supports the European Commission's proposal to replace the various regulations on the common organisation of the market in hops with a single new regulation.

2. Comments

2.1 Council Regulation (EEC) No 1696/71 of 26 July 1971 on the common organisation of the market in hops has undergone many extensive changes since it was introduced. It helps to make Community rules clearer and more accessible if regulations that are no longer relevant are repealed and replaced by a new regulation based on a consolidated version of the old regulations.

2.2 Lately, the EESC has issued several opinions on the organisation of the hops market⁽¹⁾. In its most recent opinion on this matter, of 26 February 2004, the Committee was of the view that it was 'consistent' and made 'sense' following the CAP reform (Luxembourg decisions) of 2003 for direct payments

for hops to also be integrated into the general regulation for direct payments.

2.3 The EESC would also like to point out in this opinion that hops (*humulus lupulus*) are an essential raw material in beer production and are produced in eight EU Member States mainly by small specialised family farms with an average of less than eight hectares. European hop producers have managed to consolidate their position as world market leaders. The common organisation of the market in hops has successfully dealt with the major market adjustments of recent years. It has accepted and promoted the comprehensive system of quality control and contracts which is indispensable for successful production and marketing. The system is the responsibility of producer groups, which are the 'heart and soul' of the organisation of the market in hops. These principles should be retained in the new organisation of the market as well.

2.4 The EESC would like to point out that expenditure on the hop sector has remained stable for years at around EUR 13 million.

Brussels, 27 October 2005

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽¹⁾ OJ C 110, 30.4.2004, pp. 116-124.
OJ C 80, 30.3.2004, p. 46.
OJ C 193, 10.7.2001, pp. 38-39.

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities'

(COM(2005) 181 final — 2005/0090 (CNS))

(2006/C 28/17)

On 15 July 2005 the Council decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Burani as rapporteur-general at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October), and adopted the following opinion *nem. con.* with 82 votes in favour and 1 abstention.

1. Background

1.1 The new Financial Regulation (FR) was adopted by the Council in June 2002; this was followed by adoption of the Implementing Rules in December 2002. When it adopted the Implementing Rules the Commission undertook to report to the Council by 1 January 2006 on the implementation of the Regulation and to present possible proposals for amendments. This is the purpose of the document now under consideration, on which the Council and the Court of Auditors are currently in consultation. However, considering the time needed for procedural requirements, it will not be possible to implement the Regulation before 1 January 2007 at best: the Council's Budget Committee will announce the position of the individual Member States at the end of this year, and only then will the consultation procedure — and possible conciliation procedure — with the European Parliament, begin.

1.2 In this opinion on the Commission's proposal the EESC intends to focus *mainly* on aspects of the Regulation that are directly or indirectly relevant to **relations with civil society organisations**. The Committee believes that in principle it should refrain from commenting on provisions governing more strictly technical and 'internal' aspects, on which observations and proposals have already been made by technically qualified EU bodies with *direct* experience in the matter, i.e. the Commission's network of financial units (RUF), the administration of the Council, the Court of Justice, the Court of Auditors, and the accounts departments of the European Parliament, the EESC and the Committee of the Regions.

1.3 The EESC notes a view widely held by civil society organisations, and by NGOs in particular, that the current Financial Regulation and its implementation are too complicated, making it difficult for them to cooperate effectively and damaging their relations with the Commission. They have also complained that the Commission does not consult or discuss with them sufficiently, leading to a feeling of general confusion, frustration and disappointment.

1.4 For its part, the EESC would like to see increasingly close cooperation, in the form of structured consultations, between the EU institutions and civil society organisations.

However, it is mindful of the fact that the institutions have responsibilities and prerogatives which must be adhered to, even if this means not being able to meet all demands. At all events, the parties must establish relations of understanding and respect for their respective positions. Amongst other things, it should be clearly specified in the Financial Regulation or elsewhere that interested parties must be notified if a request they have made will not be met, and must be informed of the reasons for this.

2. General comments

2.1 The new rules set out in the Financial Regulation and in the implementing rules that were introduced on 1 January 2003 are based on certain general principles. The most important of these is the idea of abolishing centralised *ex ante* controls, which gives more power and responsibility to authorising officers, providing for a series of cross-checks by financial controllers and accounting officers. The system seems to have proved effective, even if a few adjustments are needed in the light of experience.

2.2 The technical bodies mentioned in point 1.2 and the civil society organisations have generally highlighted the need for a better **balance between the required checks and greater flexibility of rules**, especially when smaller amounts are involved. The Commission appears sympathetic to this request; however, the EESC would like to point out that **smaller amounts means something different to the Community institutions** — which together handle huge sums of money — than to **relatively small-scale** civil society players (suppliers, consultants, NGOs, etc.). EUR 10,000 may be a small sum for the EU, but a quite considerable amount for a small- or medium-sized operator.

2.3 In this connection it should be noted that in the explanatory memorandum accompanying the proposal, the Commission states: '*Any proposed amendment should ... enhance the protection of the EU's financial interests against fraud and illegal activities*'. In other words, and seen from another perspective, EU accounting rules must (or ought to) **encourage good market practice** by acting as a disincentive against the easy temptation

to take advantage of 'flexible' rules. The EESC is aware that painstaking and complicated audits are onerous for the EU, but it thinks that the legitimate aim of reducing red tape should not encourage slipshod or oversimplistic solutions. As OLAF reports show, fraud is rife at every level. Here the Committee would note that the Commission could perhaps have learned valuable lessons — and translated them into appropriate rules — if it had consulted OLAF during the drafting of the new Financial Regulation.

2.3.1 That said, the Committee notes the need, highlighted by civil society organisations, to strike a balance between efficiency, efficacy and responsibility, so as not to jeopardise the principle of partnership between those granting funding and those receiving it, the aim being not to impede either possible innovative developments or the prudent use of public funds. The Committee agrees with this need, but stresses that under no circumstances must the principles underpinning the use of public funds — transparency, efficacy of use, and reporting obligation — be violated.

2.4 Another statement worth commenting on is that **'changing the rules** too often, or without adequate justification, can have a **negative impact** on such beneficiaries and on the image of the European Union'. Obviously the Committee agrees with this position, but it should be qualified by the consideration that **new rules could be justified in the sectors where abuses most often occur**. In this case too, consultation of OLAF reports could provide useful suggestions.

3. Specific comments

3.1 With regard to **recovery of amounts receivable** (Articles 72-73a), the new FR stipulates that the Community's claims are also to benefit from the instruments adopted with relevant Directives on *judicial cooperation*, and requires that the Member States **treat Community claims in the same way as national fiscal claims**. While the EESC is aware that a regulation has direct force in each Member State, it wonders whether this rule might require a **change in national legislation**, in particular bankruptcy laws, which normally grant a **right of pre-emption** to (national) fiscal claims but do not mention debts towards the EU. To be binding on third parties, **every form of pre-emption right should be provided for under national law**.

3.2 Adoption in 2004 of the latest EU Directive on **public procurement** means that the FR proposal must be brought into line with the new rules; in 2002 the Union had already adopted a Directive on procurement to apply the same standards as those in force in the Member States. The EESC does not feel any need to comment on rules that have already been adopted, which can only be judged and if necessary modified on the basis of experience.

3.2.1 The Committee would draw attention to the paragraph added to Article 95. This states that a **'common database'** may be set up by **'two or more institutions'** in order to identify candidates finding themselves in situations of exclusion (Articles 93 and 94). Setting up a *centralised* database (i.e. one that is not limited to a single institution) is a good idea, but the Commission says only that *two or more* institutions *may* share their data. The EESC agrees about the usefulness of databases in general, but thinks that in this specific case the costs of integration might outweigh the benefits: the systems of each individual institution are quite different and data-gathering criteria are not always the same.

3.3 The Committee is also concerned about the **grounds for exclusion** (Article 93), which include (in Article 93(1)(a)) **judgments having the force of res judicata**. This provision was drafted in accordance with laws and principles enshrined in the constitutions of the majority of Member States, and as such it is irreproachable; however, the EESC notes that in some Member States appeals procedures against a judgment delivered by a court of first instance may have to pass through two other levels of the judicial system (appeals court and cassation court), and that a judgment is not considered final until all the possibilities of appeal have been exhausted. There can be long time lapses between one judicial level and another, during which a **first- or second-instance judgment, even if clearly well founded, cannot be considered legally valid grounds for exclusion**. At a practical level, it will be up to those responsible to **exercise the utmost caution** when awarding contracts, but it will not always be easy — especially in certain cases — to take decisions that comply with the law and are at the same time duly prudent.

3.3.1 The above-mentioned provision, though incontestable, thus leaves much room for confusion. It also seems inconsistent with the following article, 93(1)(b), which provides for exclusion from procurement procedures of candidates who are **'are currently subject to an administrative penalty**, referred to in Article 96'. Administrative or legal recourse against the application of an administrative penalty is still allowed, but the proposed text seems to imply that an administrative penalty is *final*, even if the candidate is only currently 'subject to' it. Comparison of the two provisions raises doubts as to the logical and legal criteria behind them: on the one hand, Article 93(1)(a) allows *presumed* perpetrators of serious crimes to be presumed innocent until a *definitive* judgment is delivered, while under Article 93(1)(b) administrative penalties to which a candidate is currently subject (and can therefore appeal against) constitute a reason for *immediate* exclusion. The EESC **does not ask that Article 93(1)(b) be made more flexible, but rather that a criterion be added to make Article 93(1)(a) less open-ended**.

3.4 The section on **grants** (Article 108 ff.) deserves particular attention, not just because it is such a tricky issue, but also because paying public funds to a large number of different beneficiaries may, for very different reasons, invite public criticism. Such criticism might be justified in some cases, but it often arises from a real or supposed **lack of transparency**, which also means **difficulty understanding the rules and the criteria for applying them**. Admittedly it is anything but easy to draft provisions to cover such a varied and heterogeneous range of cases that cannot easily be reduced to precise patterns. Transparency (understood here above all as clarity of concepts and language) thus represents the best guarantee that the administration will use its wide discretionary powers responsibly.

3.4.1 Article 109 is a prime example of poor comprehensibility: paragraph 2 states **'Grants may not have the purpose or effect of producing a profit'**, but paragraph 3(c) notes that paragraph 2 does not apply to *'actions the objective of which is the reinforcement of the financial capacity of a beneficiary or the generation of an income'*. It is not obvious what the difference between 'profit' and 'income' is in practice: the EESC would like the wording of this rule to be clarified both in form and in substance.

3.4.2 Under Article 109(3)(d), **exemption from the requirement that grants should not produce a profit** also applies to **low-value grants** which take the form of **lump sums or flat-rate financing** (Article 113(1)(c) and (d)). The EESC would make the same point as in 2.2 above regarding the concepts of 'low-value' and 'small', namely that a balance must be struck between the concept of 'low-value' for the EU and what 'small' means for the beneficiaries of grants. In any case, the question should be resolved and the changes incorporated into the FR, not the IR.

3.4.3 Still on the subject of grants, and particularly low-value grants, nowhere does the FR mention any **accountability requirement**, or any obligation at all to present a report on how the sums received are actually used. The EESC has taken note of the Commission's wish to reduce administrative costs, but it cannot accept that public money should be disbursed without any idea of how it will subsequently be employed.

Spot checks on accounting records should be provided for, and penalties should be imposed for non-compliance, if only to uphold the principle of sound public administration.

3.4.4 Article 114 also merits comment. Paragraph 4 states: **'Administrative and financial penalties** which are effective, proportionate and dissuasive may be imposed on applicants by the authorising officer ...'. However, it seems reasonable to ask what guarantees grant beneficiaries (who in many cases are very different from contract holders, also in terms of their financial situation) provide that they are able, or willing, to meet their penalty obligations. In the EESC's view it is necessary — in the case of applicants established in the territory of a Member State — for the Member State itself to channel applications and guarantee that obligations arising from any administrative or financial penalties are met.

4. Conclusions

4.1 The EESC endorses the approach adopted by the Commission in its proposal, especially regarding the abolition of centralised *ex ante* controls and their replacement by controls to be carried out *before* authorising payments for projects that have already been approved.

4.2 On the other hand, the EESC advises caution when it comes to meeting the requests made by the financial departments of many institutions to simplify or scrap various formalities and controls for contracts and 'modest' grants. Although it agrees that controls are costly and time-consuming, it feels that the worthy intention to contain costs should be qualified by a countervailing concern, namely the need not to give the impression to Europe's citizens and stakeholders that 'small' amounts are treated in an oversimplified and perfunctory manner.

4.3 For their part, civil society organisations ask that any revision of the Financial Regulation be conducted in consultation with the Commission, in a spirit of mutual understanding and taking account of the need for sound financial management on both sides. The Committee supports this request, but points out that all decisions adopted must respect the imperative need for sound, transparent management of public funds.

Brussels, 26 October 2005

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the 'Proposal for a Council Directive laying down detailed rules for the refund of value added tax, provided for in Directive 77/388/EEC, to taxable persons not established in the territory of the country but established in another Member State'

(COM(2004) 728 final — 2005/0807 (CNS))

(2006/C 28/18)

On 20 July 2005 the Council decided to consult the European Economic and Social Committee, under Article 93 of the Treaty establishing the European Community, on the abovementioned proposal.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Burani as rapporteur-general at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 26 October), and adopted the following opinion *nem. con.* with 79 votes in favour and 1 abstention.

1. Introduction: the Commission document

1.1 In October 2003 the Commission issued a document ⁽¹⁾ summarising the VAT strategy previously defined in June 2000. One of the objectives of this strategy was to simplify procedures, by means of three specific initiatives proposed in the subsequent Commission document of October 2004 ⁽²⁾: two of these initiatives ⁽³⁾ have already been addressed by an EESC opinion ⁽⁴⁾ and the present document discusses the third.

1.2 The Commission proposal seeks to accelerate and simplify VAT refund procedures for taxable persons not established in the country in respect of tax charged to them for goods or services supplied by another taxable person within the country or in connection with the import of goods into the country.

1.3 The general rules on the subject remain essentially unchanged: the real progress lies in the proposal to substantially cut red tape for persons entitled to refunds while, at the same time, establishing their right to compensation when the refunding tax administration delays payment beyond a certain time limit.

⁽¹⁾ COM(2003) 614 final.

⁽²⁾ COM(2004) 728 final.

⁽³⁾ Proposal for a Council Directive amending Directive 77/388/EEC with a view to simplifying value added tax obligations and Proposal for a Council Regulation amending Regulation (EC) No 1798/2003 as regards the introduction of administrative cooperation arrangements in the context of the one-stop scheme and the refund procedure for value added tax.

⁽⁴⁾ EESC Opinion on the Proposal for a Council Directive amending Directive 77/388/EEC with a view to simplifying value added tax obligations and the Proposal for a Council Regulation amending Regulation (EC) No 1798/2003 as regards the introduction of administrative cooperation arrangements in the context of the one-stop scheme and the refund procedure for value added tax COM(2004) 728 final - 2004/0261 (CNS) - 2004/0262 (CNS).

1.4 Article 5 of the proposal deals with cutting red tape, stating that, in order to obtain the refund, the person in question only has to submit an **application electronically**, rather than on a standardised form supported by original invoices and customs documentation. The request must, of course, contain certain information specified in the article to enable the tax administration to ascertain and verify the legality of transactions.

1.5 As a general rule, the application must relate to purchases of goods or services invoiced or imports made during a **period of not less than three months and not more than one calendar year** and must be submitted **within six months** of the end of the calendar year in which the tax became chargeable. However, in certain circumstances it is possible for both the reference period and the submission requirements to be changed.

1.6 The tax administration of the Member State where the value added tax was incurred must **make its decision known to the applicant within three months** of the date on which the application for a refund was submitted and the **payment** must also be made **before the end of that period**. Grounds must be given for any refusal of an application. **Appeals** may be made, subject to the same time limits and conditions as are laid down for taxable persons established in the Member State. **Additional information** may be requested but only within three months of the date on which the application was submitted; in that case, however, the payment deadline shall be calculated from the date on which the additional information was requested. **If an express refusal is not forthcoming within the appropriate time limit**, the application will be deemed to have been granted.

1.7 As stated in point 1.6 above, the **payment** of sums owed must take place **within three months** of the date on which the application was submitted; where this time period is exceeded for any reason, the Member State must pay the applicant **interest of 1 % of the sum due per month**.

2. The EESC's comments

2.1 The EESC endorses all proposals seeking to cut red tape for users, particularly when, as in the case in point, this causes state administrations, too, to streamline their methods and encourages them to organise their work better. The simplification proposed here, however, is not just the result of a desire to streamline procedures but is truly necessary: indeed, as the EESC has already stressed ⁽⁵⁾, the Commission itself states in the explanatory memorandum introducing the three proposals ⁽⁶⁾ that '... the present refund procedure ... seems to be so burdensome that more than an estimated 53.5 % of large companies have not requested refunds to which they were entitled at some point due to these problems.'

2.2 The directive applies, as the title states, to 'taxable persons not established in the territory of the country but established in another Member State', in accordance with the procedures and with regard to the transactions stipulated by the provisions currently in force.

2.3 The key innovation is that laid down in Article 5 of the proposal, which states that it will no longer be necessary to submit the refund application in paper form with attached invoices, original customs certificates and other supporting documents: an **application submitted electronically** containing all the appropriate information for tracing the necessary documentation, already in the possession of the administration, will be accepted. The EESC supports this proposal, of course, but points out that the administrations would actually be able to apply this procedure now, even without the help of electronic media, if only their work were organised better and more effectively.

2.4 This last point is not as trite as it might seem and conveys a specific message: if it takes too long to implement the directive, tax and customs administrations should, in the meantime, start to **streamline their methods**, whether paper-based or electronic, so as to enable the user to submit less complex documentation.

2.5 The EESC fully endorses Article 6 of the proposal ⁽⁷⁾: it welcomes the Commission's endeavours to lay down a **rule** for

Member States which should always underpin their relations with the public, both economic operators and other citizens, whereby **the public administration has a duty always to reply to the requests submitted to it and to do so swiftly**. The response times set — in particular the period of three months within which the public administration has to make the refund or refuse the application — seem appropriate and reasonable. However, the question arises of whether these time limits are *realistic* for all 25 EU Member States: indeed, in some countries the refund delays are so long that they can only be the result of intrinsic inefficiency, which may take some time to eliminate.

2.6 Article 8 also follows a principle of fairness which should always be applied in relations between the public administration and taxpayers, namely that if payment of the refund has not been made within three months of the date on which the application or request for further information is made, the public administration must pay the applicant **interest on the delayed payment of 1 % per month**. The EESC endorses the principle but feels that the measure laid down will not be easy to apply. Indeed, it points out that a monthly interest rate of 1 % is equivalent to a **yearly compound rate of 12.68 %**. Given that in certain countries consumer protection laws set limits above which a rate is deemed to be **excessive**, in countries where 12.68 % is above this limit the interest rate applied to the public administration set by one law would be illegal under another law. The EESC therefore proposes that Article 8 be amended to the effect that the interest on the delayed payment should be calculated in each country **on the basis of the rates applied by national laws to taxpayers who are in arrears**.

2.7 To sum up, the EESC endorses the principles introduced by the proposal, particularly those relating to applicants' entitlement to refunds and the — indirect but effective — encouragement to improve the way public administrations work. It merely recommends that the rules laid down be more *realistic*, bearing in mind that levels of consumer protection, efficiency and technological resources continue to differ widely among the 25 Member States.

Brussels, 26 October 2005

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽⁵⁾ OJ C 267 of 27.10.2005

⁽⁶⁾ COM(2004) 728 of 29.10.2004, point 1(7).

⁽⁷⁾ See points 1.6 and 1.7 of this document.

Opinion of the European Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council repealing Council Directive 90/544/EEC on the frequency bands designated for the coordinated introduction of pan-European land-based public radio paging in the Community'

(COM(2005) 361 final — 2005/0147 (COD))

(2006/C 28/19)

On 15 September 2005, the Council decided to consult the European Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the abovementioned proposal.

On 27 September 2005, the Committee Bureau instructed the Section for Transport, Energy, Infrastructure and the Information Society to prepare the Committee's work on the subject.

In view of the urgency of the matter, at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 27 October) the European Economic and Social Committee appointed Mr Retureau as rapporteur-general and adopted the following opinion by 66 votes with 2 abstentions.

1. Commission proposal

1.1 The proposed directive ⁽¹⁾ aims to repeal the ERMES Directive of 1990 ⁽²⁾ which reserved the 169.4 to 169.8 MHz radio spectrum band for the European radio paging service. A directive is necessary to repeal a previous directive (principle of congruent forms).

1.2 Legal basis: Article 95 EC Treaty (Internal market, application of Article 14 EC Treaty); coordination procedure (Article 251 EC Treaty).

1.3 Grounds: use of this frequency band for radio paging is falling into disuse, and the band spectrum is used less and less. It is already being used for other applications (SMS by GSM). Within the framework of the 'radio spectrum decision' of the European Parliament and of the Council of 2002 ⁽³⁾, the Commission wants to introduce other services through a harmonised plan of use, drawn up in conjunction with the CEPT ⁽⁴⁾, which will be the subject of a later Commission Decision.

1.4 The main Community uses of the 169.4 to 169.8 MHz frequency band will include increased social inclusion and mobility for hearing impaired and elderly people in the Community ⁽⁵⁾, enhanced protection against theft, safety through

more efficient monitoring capabilities by utilities companies and appropriate electronic communications tools; a positive impact is stressed for the radio communication services sector.

1.5 Member States will be able to allocate to the national level any frequencies in sectors of the above band that are not allocated at Community level by the Commission and the CEPT.

2. Committee comments

2.1 Radio spectrum requirements in order to develop new services are constantly increasing, and the proposal to repeal the Radio Paging Directive aims to open up a currently under-used sector of the spectrum to new applications, in particular for disabled persons, elderly people, increasing safety, mobile services, etc.

2.2 The Committee therefore endorses the proposal, in the particular hope that services relating to social inclusion will be developed as a priority, and that it will lead to the creation of companies and jobs in activities that are essential for European citizens. It also calls on the Member States to give priority to social inclusion and employment in the information society when allocating frequencies to new radio services.

Brussels, 27 October 2005

The President

of the European Economic and Social Committee

Anne-Marie SIGMUND

⁽¹⁾ COM(2005) 361 final.

⁽²⁾ Council Directive 90/544/EEC of 9.10.1990 on the frequency bands designated for the coordinated introduction of pan-European land-based public radio paging in the Community (ERMES Directive).

⁽³⁾ Decision No 676/2002/EC of the European Parliament and the Council of 7.3.2002 on a regulatory framework for radio spectrum policy in the European Community (Radio Spectrum Decision).

⁽⁴⁾ European Conference of Postal and Telecommunications Administrations (CEPT). V. 'final report from CEPT, Radio Spectrum Committee, review of the frequency band 169.4-169.8 MHz, RSCOM04-69, Brussels, 24.11.2004.

⁽⁵⁾ Framework Directive 2002/21/EC, which requires the needs of special social groups, especially disabled people, to be addressed; Conclusions of the Vitoria Informal Council of Telecoms ministers, requiring all electronic services to be accessible to disabled and elderly people; and the eEurope action plan adopted by the Council on 21 and 22 June 2002 in Seville.

Opinion of the European Economic and Social Committee on the Proposal for a Decision of the European Parliament and of the Council amending Decision No 2256/2003/EC in view of the extension of the programme in 2006 for the dissemination of good practices and monitoring ICT take-up

(COM(2005) 347 final — 2005/0144 (COD))

(2006/C 28/20)

On 10 October 2005 the Council decided to consult the European Economic and Social Committee, under Article 157(3) of the Treaty establishing the European Community, on the abovementioned proposal.

On 27 September 2005, the Committee Bureau instructed the Section for Transport, Energy, Infrastructure and the Information Society to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Retureau as rapporteur-general at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 27 October), and adopted the following opinion by 79 votes to 1 with 2 abstentions.

1. Introduction

1.1 The MODINIS programme ⁽¹⁾ was established pursuant to the objectives of the Lisbon Council of 23/24 March 2000 (making the EU the most competitive knowledge-based economy in the world) and of the Feira Council of 19/20 June 2000, which adopted the eEurope action plan and the long-term perspectives for the knowledge-based economy encouraging the access of all citizens to new information and communication technologies (ICTs).

1.2 MODINIS is a multi-annual programme financing the Information Society (IS) for the period 2003-2005 with regard to monitoring of the eEurope Action Plan and is due to expire at the end of the year. The Commission proposes to extend MODINIS to cover 2006 with regard to cooperation and promotion of good practices in the field of ICTs and IS analysis using the open method of coordination (the network and information security issues which were included in the initial programme will henceforth be transferred to ENISA and no longer financed by MODINIS).

1.3 Continuity of action needs to be guaranteed between the expiry of the eEurope Action Plan at the end of 2005, the launch of the i2010 initiative in 2006 and the launch of the ICT Policy Support programme, earlier than planned, in 2007. Extending MODINIS to cover 1 January to 31 December 2006 would ensure this continuity; the estimated cost is EUR 7.72 million. A detailed work programme setting out the priorities

and actions for 2006 is to be published soon. The proposal is also relevant for the EEA.

2. General comments

2.1 The Committee has repeatedly, in a number of opinions, expressed its support and encouragement for all initiatives promoting the IS, such as the eEurope Action Plan, and is soon to comment on i2010. It believes that the exchange of expertise and good practices and the establishment of indicators for IS analysis are essential and bring added value, boosting the competitiveness of the European knowledge-based economy and increasing cohesion and social inclusion, skilled employment and sustainable growth.

2.2 In particular, the Committee has already suggested that Member States be urged to introduce consultative procedures on the themes of the programme in order to address the proposals and needs expressed by users, experts and the network economy more effectively. This would also be beneficial as regards the Framework Programme which will take over from eEurope; in this connection, in-depth consultations with the social partners need to be held on qualifications and jobs in the IS.

2.3 The Committee supports the Commission's proposal to extend the MODINIS programme by a year. It would like to be informed in the very near future about the Commission's work programme for 2006.

Brussels, 27 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽¹⁾ COM(2002) 425 final — 2002/0187 CNS; Decision No 2256/2003/EC; EESC Opinion OJ C 61 of 14.3.2003 AC — rapporteur: Mr Retureau.

Opinion of the European Economic and Social Committee on the 'EESC position in preparation for the Sixth WTO Ministerial Conference'

(2006/C 28/21)

On 10 February 2005, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on the: *EESC position in preparation for the Sixth WTO Ministerial Conference*.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 October 2005. The rapporteur was Mr Nilsson.

At its 421st plenary session held on 26 and 27 October 2005 (meeting of 27 October 2005), the European Economic and Social Committee adopted the following opinion by 102 votes, 95 in favour, 4 abstentions and 3 against.

Summary

1. The EESC believes that the success of the Hong Kong Ministerial would send a clear positive signal of confidence that Member States are committed to a strong multilateral trading system. This would also boost confidence in the global economy in the face of uncertainties caused by the oil shock, global security threats and growing protectionist pressures.
2. The EESC is concerned about the pace of negotiations leading up to the Hong Kong Ministerial Conference. Over the next few weeks impressive progress will have to be made in all fields to resolve some of the contentious issues and catch up with the pre-agreed negotiations timetable.
3. The EESC calls for a better distinction to be made among developing countries. The EESC reaffirms that provisions for special and differential treatment are an integral part of the WTO Agreements and should be followed through in the negotiations. The concerns of LDCs, in particular, should be taken into account. Trade Related Technical Assistance and capacity building should be provided to low-income countries for improving their participation in global trading.
4. The EESC considers that, by the Hong Kong meeting, Member States need to adopt a common position regarding the establishment of restrictions for all export support, the scope and arrangements for decreasing trade-distorting farm support, and a scheme for reducing customs duties that will both enhance market access and allow Member States the flexibility needed to preserve strategic agricultural sectors.
5. Success in the agricultural negotiations is key to ambitious results in other sectors of the negotiations. The EESC stresses that the EU has already made many concessions in the field of agriculture during these negotiations, such as the Everything but Arms initiative in 2001, the decoupling of CAP aid in 2003, and the commitment to eliminating export subsidies in 2004. It is now the task of other countries to make the requisite efforts to reach a global agreement.
6. The EESC reaffirms that, as regards NAMA, Member States should have an agreement on the structure of the tariff cutting formula and other key elements of the NAMA package, and fill in the needed figures at the Hong Kong meeting.
7. The EESC regrets the so far disappointing results in the services negotiations and supports a search for complementary services negotiating methods and modalities during the months leading up to the Hong Kong Ministerial.
8. The EESC considers that, as regards anti-dumping and subsidies matters, the Member States should at least have a general agreement on those issues where ministers should agree to launch legal text-based negotiations.
9. The EESC calls for the barriers to trade in environmental goods and services to be removed as soon as possible, and a list of environmental goods and services to be finalised in time for the Hong Kong Ministerial.
10. The EESC considers it important to incorporate internationally recognised ILO core labour standards into the international trading system and calls for the ILO to be granted the status of permanent observer to the WTO. The EESC feels it is necessary to push ahead with the global debate on social rights.
11. The EESC encourages civil society organisations to take steps to participate in information campaigns about the issues at stake on the Doha Agenda and contribute through their assessments and proposals to the success of sustainable development. It calls for institutionalised dialogue between the WTO and civil society and for greater involvement by organised civil society in the dispute settlement mechanism.

12. The democratic nature and transparency of the WTO should be further strengthened. The EESC has previously proposed that the WTO be given a parliamentary dimension.

1. Introduction

1.1 The EESC issued opinions setting out its views and positions prior to the two previous WTO Ministerial Conferences, viz. the fourth in Doha in 2001 ⁽¹⁾ and the fifth in Cancún in 2003 ⁽²⁾. These opinions remain highly relevant. The new opinion in preparation for the Sixth Ministerial Conference to be held in Hong Kong in December 2005 will focus on the renewed negotiations now going on under the Doha Round (more correctly called the Doha Development Agenda — DDA).

1.2 The Committee can also draw upon some previous EESC opinions that touch upon the ongoing WTO process, for example the opinion ⁽³⁾ on the Commission communication on the social dimension of globalisation ⁽⁴⁾. Similarly, the work the EESC is currently undertaking as part of its cooperation with the ACP states deals specifically with issues that have a bearing on the WTO negotiations since the Economic Partnership Agreements (EPAs) which will be drawn up in 2007 in the framework of the Cotonou Agreement have to comply with WTO agreements. In addition, the EESC adopted an opinion on the *General agreement on trade in services (GATS) — Mode 4 negotiations (temporary movement of physical persons)* ⁽⁵⁾.

1.3 The Doha Round was launched at the Fourth Ministerial Conference held in Doha in 2001. Though it is called the 'Doha Work Programme' in official documents, it has subsequently come to be referred to as the 'Doha Development Agenda — DDA'. The aim was to be able to complete the round of negotiations in January 2005. A mid-term review was conducted at the Fifth Ministerial Meeting in Cancún, but the negotiations broke down when it proved impossible to conclude the meeting with a ministerial declaration. However, some progress was made on substantive issues. In July 2004 a renewed initiative was launched and the way was opened to a resumption of negotiations with the adoption of a decision (generally known as the July package) by the WTO General Council on 1 August. Negotiations were resumed with the aim of reaching an agreement by December 2005. Some mini-ministerial meetings have since been held in order to provide political input to the highly technical negotiations. The hope is now that enough progress will be made at the Sixth Ministerial Meeting in Hong Kong to enable the negotiations to be concluded during 2006.

⁽¹⁾ *The preparation of the 4th WTO Ministerial Conference: ESC position*, rapporteur: Mr Vever, co-rapporteur: Ms Sánchez OJ C 36, 8.2.2002, p. 99).

⁽²⁾ *Preparation of the 5th WTO Ministerial Conference*, rapporteur: Mr Vever (OJ C 234, 30.9.2003, p. 95).

⁽³⁾ *The Social Dimension of Globalisation — the EU's policy contribution on extending the benefits to all*, rapporteurs: Mr Etty and Ms Hornung-Draus (OJ C 234, 30.9.2005, p. 41).

⁽⁴⁾ COM(2004) 383 final.

⁽⁵⁾ *General agreement on trade in services (GATS) — Mode 4 negotiations (temporary movement of physical persons)*, rapporteur: Ms Florio.

1.4 With only a few weeks left to go before the Sixth Ministerial meeting gets under way in Hong Kong in December 2005 there is a serious lack of progress in all the negotiating areas. As things stand at present, there is little likelihood that the Doha Round can be concluded before the end of December 2005. There is a danger that if the talks at the Hong Kong Ministerial Meeting break down, this could have a number of adverse consequences:

- it would weaken the effectiveness of the WTO as an organisation;
- there is a risk that multilateral negotiations under the auspices of the WTO would be abandoned in favour of bilateral or regional agreements, which would not serve the needs of the developing countries;
- it would harm the global economy and confidence in economic growth and increase uncertainty about the future;
- the fact that the US negotiating mandate from Congress expires on 30 June 2007 adds to the uncertainty and it is not clear that Congress will renew it.

2. Resumption of the Doha Round — the EESC's position in the run-up to the 6th WTO Ministerial Conference

2.1 The Doha Agenda focuses particularly on the needs of developing countries. The areas which are currently the subject of negotiations and where agreement on trade liberalisation should be reached are, inter alia:

- **agriculture**, where the issues are increased market access, cuts in trade-distorting domestic support and reductions in export credits;
- **non-Agricultural Market Access (NAMA)**, which deals with increased market access for non-agricultural goods, i.e. industrial goods;
- **services**, where the negotiations centre on increased market access under the framework of the General Agreement on Trade in Services (GATS);
- **trade procedures**;
- **special and Differential Treatment (SDP) — Development Agenda**, where the issues under consideration are of particular importance to the developing countries;
- **anti-dumping rules**;
- **social issues**;
- **environmental concerns**.

3. The agricultural negotiations

3.1 The EESC also notes that the EU has been a prominent player in the agricultural negotiations. The EU has already implemented comprehensive reforms of the Common Agricultural Policy and is also committed to phasing out existing export subsidies subject to two conditions: firstly, other countries must take equivalent action on all forms of direct and indirect export subsidies — including food aid — that are used to regulate the market. Secondly, as was pointed out by the European Commissioners for External Trade (Pascal Lamy) and for Agriculture (Franz Fischler) in a joint letter dated May 2004, this elimination of export subsidies will only be possible in the context of an agricultural agreement that strikes a balance between the three pillars of the negotiations, viz.: the opening of markets, export subsidies and trade-distorting farm support.

3.2 The EESC considers that a balanced success must be achieved simultaneously in all three of the areas covered by the agricultural negotiations, i.e. market access, domestic subsidies and export competition. Nothing is decided until everything is decided.

3.3 The EESC believes that it is crucial that other countries make offers equivalent to those already made by the EU. More specifically, the EESC believes that this requires countries with State Trading Enterprises, those that use export credits and those that exploit food aid for commercial reasons to come forward with initiatives that are conducive to a successful outcome for the negotiations.

3.4 The EU's Common Agricultural Policy (CAP) has been reformed, among other things, in order to make a future WTO agreement possible. The EESC believes that all aspects of these reforms must be maintained. Some Member States have raised the issue of taking an even more radical approach to the CAP, returning it to the national level or simply scrapping it altogether. WTO negotiations and developing countries needs are often taken as a pretext for this approach. The Committee does not believe that this is compatible with the EU's single market. Furthermore, the reforms have not been fully implemented and it is not yet possible to assess their impact. Thus, in this regard, the results of the Doha Round cannot go beyond those obtained from the implementation of the CAP reforms.

3.5 Another crucial question is how the negotiations should tackle issues that are not directly related to trade: multifunctionality, animal protection, food quality and food safety. The agricultural agreement requires that these non-trade concerns be taken into consideration, but how this should be done remains unclear. The difficulty here is how to give enough weight to these important issues, and also for example phytosanitary and other issues, without applying a protectionist approach in order to create obstacles to competition. However,

if the aim is to secure popular legitimacy and acceptance for the WTO and the agricultural agreement, these issues must be given serious consideration in free trade negotiations, both now and in the future.

3.6 In this connection, the fact that the various market players are promoting their own programmes and standards cannot be disregarded. For example, at a conference attended by participants from almost every continent, the European retailer organisation EUREPGAP decided to broaden its standard on good agricultural practices. Although the standard is set, in part, at a low level and below the legal requirements of some countries, the EESC believes that it shows that market players both need and want to follow the global trend that calls for consumers to be able to feel more confident of traded products.

3.7 Since May 2005 there has also been, for the first time, an internationally recognised standard under the World Organisation for Animal Health (OIE), which could be a first step towards international rules under the WTO.

4. Non-Agricultural Market Access (NAMA)

4.1 The EU belongs to those countries which have the lowest industrial tariffs. Moreover, imports from many countries enter EU markets on the basis of bilateral or other agreements or unilateral commitments which give some countries preferential treatment or an advantageous position under the Generalised System of Preferences (GSP) and the 'Everything But Arms' initiative. The EESC has previously expressed its support for further multilaterally agreed reductions, especially for environmental products and products of particular interest to developing countries.

4.2 Lower tariffs could give poor developing countries and LDCs increased access to developed countries' markets and perhaps more importantly boost South-South trade. In particular, the most advanced developing countries should undertake to open up their markets more. The EESC takes the view that countries like Argentina, Brazil and India have reached a significant level of economic development. They should participate in the negotiations by tabling offers that are commensurate with their level of economic development and should not really be guaranteed the same flexibility that is normally accorded to developing countries. Under the July Package, the Least Developed Countries are not required to lower their tariffs.

4.3 The EESC believes that it is important that the negotiations cover all bound tariffs, as is the case in the agricultural negotiations, so as to increase transparency and certainty in trade and business. Unbound tariffs would put developing countries and LDCs which have bound their tariffs at a disadvantage.

4.4 The EESC feels that non-trade barriers, such as technical standards, administrative rules and uncoordinated procedures, must be clearly identified and reduced where possible. Agreement on reducing technical barriers to trade must be sought as part of the efforts to develop common rules on labelling and certification. Harmonisation of existing international standards should, to a greater extent, take place within the framework of the WTO negotiations.

4.5 The GATT agreement and the WTO Rules allow the adoption of trade barriers if the aim is to protect the health of humans, animals or plants or to preserve non-renewable natural resources, provided these measures are accompanied by restrictions on national production or consumption. For example, in the event of a possible conflict between the Sanitary and Phytosanitary (SPS) Agreement and the GATT, the former takes precedence. The EESC feels that this protection must be fully respected in any future agreement as well.

4.6 The EESC endorses the Commission's proposal for a simple 'Swiss' formula, with the same coefficient for all the developed countries and different coefficients for developing countries, depending on their use of Paragraph 8 flexibilities (e.g. less use of such flexibilities would result in a higher coefficient and consequently smaller formula cuts). It is important that the WTO member states reach agreement on the structure, which should be in the form of tariff cuts and on other key elements of the NAMA package in the remaining weeks before the Hong Kong Ministerial Meeting.

4.7 The EESC supports the Negotiation Group's agreement that the NAMA negotiations should encompass all products not covered by Annex 1 of the Agreement on Agriculture. The EESC further endorses active EU involvement in NAMA sectoral tariff component negotiations based on the critical mass approach. The EESC notes that other important issues such as conversion of ad valorem equivalents and treatment of unbound tariff lines will have to be dealt with in a speedy manner by December.

4.8 As very little progress has been made in the negotiations to date, it would be unrealistic to expect a result to be achieved at the Hong Kong meeting in December 2005.

5. Services

5.1 The GATS services agreement provides the greatest potential here, as it is in this area of negotiation that least progress has been made. The Member States have proposed too few and inadequate measures. This is an especially important

area for the EU. Service provision in rich countries accounts for some 65 % of total output, but even for the poorest countries service provision is relatively high, accounting for some 40 % of total output. In contrast, international trade in services accounts for only around 20 % of world trade.

5.2 Effective services sectors are important for the growth of every economy. It is hard to imagine a country that experiences high, sustained economic growth and increased international trade volumes without modern services infrastructure in sectors such as financial services, legal and other professional services, telecoms and transport. And it should not be forgotten that services (communications, distribution, banking, etc.) are also an essential input in the production of goods.

5.3 The EESC regrets the poor quality of initial and revised offers that do not create additional liberalisation in the services sectors. Larger developing economies (e.g. South Africa, Brazil, Venezuela) and some developed countries (e.g. USA) must go beyond existing levels of market access to provide new trade, investment and employment opportunities for global service suppliers. The constructive role of India in services negotiations should be mentioned as an encouraging example.

5.4 The EESC supports taking into account the stage of development of poor developing countries, with few demands being made on the Least Developed Countries (LDCs). However, it is important that the LDCs remain committed to participation in the services negotiations, primarily for their own economic benefit.

5.5 In its opinion on GATS mode 4, the EESC endorses the facilitation of temporary service provision proposed by the EU. The EESC underlines the importance of taking measures to enforce the protection of temporary workers and to guarantee non-discrimination and the introduction of proper surveillance mechanisms. The EESC is in principle favourable to the proposal made by the European Service Forum to create a GATS Permit. This would make the movement of service providers both from and to the EU smoother and also make monitoring of the use of Mode 4 more transparent. The EESC also urges the EU not to accept any widening of Mode 4 to semi-skilled or unskilled workers for the time being.

5.6 The EESC recalls the need to maintain countries' ability to regulate public services in the pursuit of social and developmental goals, and supports the exemption from the services negotiations of public services such as education, water, health, and energy.

5.7 The EESC notes that the services negotiations, which have been based on the request-offer approach for more than 5 years, have produced very few positive results as regards services market liberalisation. A number of negotiating parties have called into question the effectiveness of this approach. The EESC supports a search during the months leading up to Hong Kong Ministerial for complementary services negotiating methods and modalities, which would impose stricter obligations on WTO members (e.g. formulae approaches at multilateral and plurilateral level; sectoral approach, etc.).

5.8 The EESC is prepared to study the EU proposal for a 'common baseline of commitments' on services trade and a formula-based approach. However, the proposal may affect the central principle underlying the GATS, which provides for a certain degree of flexibility with regard to the choice and extent of liberalisation commitments. Moreover, some developing countries have voiced their opposition to the proposal.

5.9 The EESC supports the linking of expanded access through Mode 4 with the removal of restrictions on foreign ownership of services companies under Mode 3 (e.g. commercial presence) — this 'trade-off' approach is likely to persuade several developing countries to engage in services negotiations.

6. Trade Facilitation

6.1 Trade facilitation, the only 'survivor' of the Singapore Issues, is crucial for the economic growth of any country, but particularly for poor and least developed countries that could reduce levels of poverty through greater participation in international trade. Modernised and simplified export/import, international payment, transport, logistics and customs procedures and an enhanced use of information technology and improved access to distribution channels could greatly reduce the cost of transferring goods from producers to consumers, increase international trade flows and bring new investment to developing countries. The EESC has on several occasions expressed its support for multilaterally agreed rules to address these issues.

6.2 Modernising customs and transport procedures and infrastructures can be very expensive for poor countries. Therefore technical assistance and support for capacity building is needed from the side of the developed countries. However, the beneficiary countries must take the necessary preventive measures to ensure that the resources they are allocated are used in a transparent and effective way. While the LDCs are generally exempt from trade facilitation requirements, the EESC notes that faster modernisation of trade procedures would

serve their interests more than a slow and gradual undertaking of commitments.

6.3 During the following weeks prior to the Ministerial meeting, more than 30 proposals by different WTO members for trade facilitation measures and the required technical assistance will be assessed by the Negotiation Group on Trade Facilitation. The EESC hopes that developing countries will eventually benefit from the trade facilitation provisions and the scope of commitments will be linked to their capacity to implement.

7. Special and Differential Treatment

7.1 It is quite clear that the main gains for development should come from better access to industrial goods, services and agricultural markets, simpler customs procedures, clearer SPS standards, stronger WTO rules, etc. To illustrate this, the World Bank estimates that a feasible outcome of the Doha negotiations could boost global income by USD 100 billion a year, a part of which would flow to poor and developing countries.

7.2 The EESC calls on the EC to ensure that the following aspects are given priority in the negotiations leading up to the Hong Kong Ministerial and afterwards:

- real progress in implementing the proposals on strengthening special and differential treatment for the weakest developing countries and LDCs, with an exemption for LDCs from any requirement to open their markets and the possibility for these countries to continue to protect products that are important to their food security and rural development with high tariffs;
- greater clarification of developing countries' situations and categories by making a clearer distinction between countries which lag behind persistently and countries which already enjoy the benefits of an emerging economy;
- effective support, in the form of financing and projects, for technical assistance and capacity building in the least developed countries;
- serious consideration of the problem of tariff preference erosion for poor countries, including potential financial compensation;
- implementation of the decisions to eliminate trade-distorting subsidies in key commodity products such as cotton and sugar;

— implementation of the Decision of 30 August 2003 on paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health to find a solution to the difficulties of WTO members with no pharmaceutical production capacity to make effective use of the provision of the TRIPS Agreement authorising compulsory licensing in cases of national emergency to combat major epidemics.

7.3 Other industrial countries should offer quota-free and tariff-free market access for goods from the Least Developed Countries, as the EU has done under the 'Everything But Arms' initiative. So far, the USA, Japan, Canada have not responded to this initiative, despite the promises made at the 2001 Millennium Conference.

7.4 Opening markets to products from the poorest countries must be complemented by huge financial resources for capacity building assistance and infrastructure development to help these countries produce and transport goods to world markets. The EESC strongly welcomes the EU commitment at the G8 Summit in Gleneagles to raise the level of its trade-related development assistance to EUR 1bn a year. The US, and international financial institutions like the World Bank and the IMF, should follow the European lead and allocate more resources for trade capacity development needs.

8. Anti-Dumping Rules

8.1 The number of anti-dumping cases has increased dramatically since the Uruguay Round in many developing and emerging countries. As tariffs have largely been reduced, dumping rules are increasingly used for protectionist purposes, as illustrated by some of the anti-dumping cases in the USA and elsewhere. Methodological biases and anti-dumping investigation practices (e.g. estimate of damage) are often abused to prevent foreign companies from entering markets. This usually serves the interests of a few selected firms at the expense of wider public interest.

8.2 The EESC supports revision of the WTO Anti-Dumping Agreement provisions to restrict the use of anti-dumping measures for protectionist and political reasons. Some of the proposed measures, such as prohibition of chain complaints, the 'lesser duty rule', the public interest test, limitation of investigation periods and the duration of anti-dumping measures, would render it more difficult to use anti-dumping rules for protectionist causes.

8.3 The EESC concurs with the Commission's critical assessment of the progress made in negotiations on anti-dumping rules. With little time left before the Hong Kong Ministerial, there should at least be a general agreement on those issues where Ministers should agree to launch legal text-based negotiations.

9. Social Issues

9.1 It is worth noting that paragraph 8 of the Doha Ministerial Declaration states: 'We reaffirm our declaration at the Singapore Ministerial Conference regarding internationally recognised core labour standards. We take note of the work under way in the International Labour Organization (ILO) on the social dimension of globalisation.'

9.2 The EESC considers it important to incorporate the ILO core labour standards into the international trading system. Even if these matters remain outside the scope of the Doha Agenda negotiations, the Committee supports the ILO initiatives in this field and supports the ILO being granted the status of permanent observer to the WTO. It will be difficult to achieve popular legitimacy for a world trade system where workers lose their jobs because of companies where people work in inhuman conditions and there are no union rights of any kind. It is therefore important to embed the eight Fundamental ILO Conventions in the WTO international trade system. The need for flanking measures to protect social rights is particularly relevant to the GATS Agreement, which regulates the freedom of natural persons to temporarily provide services across borders (Mode 4).

9.3 The EESC welcomes the recommendations by the EC on implementation of the report by the ILO World Commission on the Social Dimension of Globalisation. The EESC endorses the EC strategy of introducing core labour standards into the international trade and investment system by incorporating them into bilateral and regional trade agreements. The EESC also calls for a social chapter to be included in the ongoing EU-Mercosur negotiations.

9.4 The EESC emphasises that the EC should stick to its policy of establishing an institutionalised standing forum bringing together the WTO, ILO, UNCTAD, World Bank, IMF and other international players with the objective of fostering international policy coherence.

10. Environmental concerns

10.1 The word 'environment' was not even mentioned in the old GATT agreement. Although the WTO's remit is limited to trade, environmental concerns are now one of the objectives of the WTO agreement. The Doha Declaration gave a mandate for negotiations in the field of environment and trade with the aim of clarifying any discrepancies between trade-related obligations in international environmental conventions and WTO rules.

10.2 The EESC believes that the Committee on Trade and Environment should continue negotiations on the issue of the relationship between WTO rules and multilateral environmental agreements (MEAs), despite the discouraging progress made so far. The EESC also calls for the MEA secretariats and the UNEP to be given observer status at the WTO.

10.3 The EESC believes that barriers to trade in environmental goods (e.g. related to sanitation, wastewater management and renewable energy) and services should be lifted as soon as possible. The EESC hopes that a list of environmental goods and services will be finalised in time for the Hong Kong Ministerial Conference.

11. WTO and Civil Society

11.1 The EESC invites the various civil society players (businessmen, socio-occupational organisations, social partners, NGOs) to take steps to:

- participate in information campaigns about the issues at stake in the Doha Agenda;
- organise international meetings, at a cross-sectoral level or within sectors of activity;
- contribute through their assessments, proposals and participation to the success of sustainable development worldwide.

11.2 In addition to institutionalised dialogue between the WTO and civil society, urgent consideration should also be given to how civil society and the other social partners could, under the terms of UN category 1 and 2, which regulate the involvement of NGOs and the social partners, be given greater involvement in the dispute settlement procedure.

11.3 The Committee will take part in these initiatives. Before the Hong Kong Ministerial Conference, the EESC will, as

in 2004, organise a conference to discuss proposals for improving participatory democracy by involving organised civil society in WTO activities.

11.4 The EESC intends to strengthen dialogue on international trade with representatives of other economic and social councils both from EU Member States and from third countries, e.g. the ACP countries, the least developed countries and regional trading blocs in the Americas (such as Mercosur and the Andean Community), Asia (ASEAN, SAARC) and Africa (ECOWAS and SADC), as well as with other developing countries.

11.5 The 2003 opinion 'For a WTO with a human face' also contains specific proposals to promote greater involvement of developing countries and civil society in WTO activities. The EESC opinion proposes establishing a parliamentary dimension to the WTO, setting up a formal dialogue between the WTO and the stakeholders of organised civil society, providing ongoing support to the least developed countries by transferring resources and technical expertise, and establishing a formal dialogue between the WTO and other international organisations (UN, World Bank, IMF, OECD, ILO, etc.).

11.6 The EESC feels that before a new trade agreement takes effect there is a need to carry out thorough impact assessments with regard to food security, employment, social standards and gender equality, particularly for the developing countries. Accordingly, the EESC welcomes the Sustainability Impact Assessment (SIA) studies undertaken by the Commission, which already provide guidance as to what needs to be done so that the trade round really does achieve the desired results. The EESC also requests that civil society players be consulted regarding the implementation of such studies.

Brussels, 27 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Civil society dialogue between the EU and candidate countries'

(COM(2005) 290 final)

(2006/C 28/22)

On 29 June 2005, the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 October 2005. The rapporteur was Mr Pezzini.

At its 421st plenary session, held on 26 and 27 October 2005 (meeting of 27 October), the European Economic and Social Committee adopted the following opinion by 99 votes to 5 with 9 abstentions.

1. Summary of the Communication

1.1 Experience drawn from the enlargements so far has shown that the general public had been poorly informed and prepared during the run-up to enlargements. With a view to the EU's future work, dialogue with civil society, the so-called third pillar ⁽¹⁾, needs to be improved.

1.2 The strengthening of dialogue between civil societies must be driven by the following objectives:

- strengthening contacts and exchanges of experience between all sectors of civil society in the Member States and candidate countries;
- deepening the knowledge and understanding of the candidate countries within the European Union, particularly their culture and history, with a view to highlighting the opportunities and challenges presented by future enlargements;
- deepening the knowledge and understanding of the European Union within the candidate countries, particularly the values upon which it is founded, its functioning and policies;
- civil society has been defined in various ways. The Commission has opted for the broadest and most inclusive definition as put forward by the EESC: *all organisational structures whose members have objectives and responsibilities that are of general interest and who also act as mediators between the public authorities and citizens* ⁽²⁾.

1.3 The Commission has outlined a strategic framework which envisages strengthening ongoing action including the decade-long experience of the European Economic and Social Committee, and proposes new measures to strengthen and deepen the current process.

⁽¹⁾ The first pillar comprises reform policy; the second pillar accession negotiations; the third, dialogue between civil societies.

⁽²⁾ Social partners (trade unions and employer organisations); in broad terms, those organisations which represent the social and economic players (eg. consumer associations); NGOs; grass root associations (eg. family and youth associations); religious communities and the media and chambers of commerce.

1.3.1 The following programmes are mentioned in the context of stepping up action in Croatia and Turkey: Socrates, Leonardo, Youth, the Jean Monnet, Marie Curie and Culture actions and the media. A programme aimed at NGOs and other civil society organisations is expected to be developed.

1.3.2 As far as future action is concerned, the Communication, while emphasising that it is civil society that will draw upon its experience and develop new programmes, recommends the following:

- a long-term partnership between the NGOs, social partners and professional organisations that will be eligible for Community financing;
- close links between women's rights organisations;
- setting up of a EU/Turkey Business Council;
- new town-twinning arrangements between local communities;
- youth, university and professional exchanges;
- cultural exchanges;
- enhanced participation in Community programmes on culture and the media;
- enhanced language training;
- promotion of public debates, particularly online;
- exchanges of experience and sensitising journalists;
- dialogue between churches and different religions.

1.3.3 Where applicable, visas should be simplified and supplied at short notice.

1.4 In order to implement the programme on social dialogue, an investment of approximately EUR 40 million is planned. In the EESC's opinion, this figure is rather low.

2. Comments

2.1 The European Commission document title suggests a dialogue with all candidate countries, however, except for a brief mention of Croatia, the Communication is almost exclusively devoted to Turkey.

2.2 In the EESC's view, it would have been useful to extend the topic to Croatia, Serbia and the Western Balkans ⁽³⁾.

2.3 Turkey occupies a strategic position to the south of the Mediterranean and thus also forms part of the Euro Mediterranean policy. It would be useful for the Commission to clarify the characteristics and specificities of this dual role.

2.4 Workers and businesses from the candidate countries have been members of European representative bodies (ETUC, UNICE, UEAPME and EUROCHAMBRES) since the 1990s; they have participated in the various stages of social dialogue, and Turkey, in particular, has stood out on account of its commitment and enthusiasm. In the EESC's view it would be useful to explore the impact of this commitment and experience on Turkish trade unions and businesses.

2.5 Social dialogue, seen as a dialogue to pave the way for accession negotiations, plays a significant role in the Community *acquis* and strategies and cannot be improvised. In the EESC's view, the Commission must focus particular attention on this kind of dialogue in order to ensure the ongoing involvement of all representative bodies.

2.5.1 In Turkey there are many cultural foundations and organisations in which young people play a significant role. In the EESC's view, these cultural groups could represent an excellent opportunity for examining common issues more closely and highlighting the most effective instruments, thus influencing the development of society.

2.5.2 Twinning arrangements between local communities, universities and training institutions ought to be promoted and supported as they have the capacity to ensure an ongoing exchange of experience and encourage civil society actors to evaluate the various ways in which cultural, social and economic issues are addressed and resolved.

2.6 In order to obtain concrete results, it would be advisable to increase the participation of representatives from candidate countries in the work of the Social Affairs DG and representative organisations active at EU level, through the use of appropriate instruments.

⁽³⁾ The Western Balkans is usually understood to be the territory that made up the former Yugoslavia (less Slovenia) and Albania, i.e. Croatia, Bosnia Herzegovina, Serbia and Montenegro (including Kosovo), the Former Yugoslav Republic of Macedonia and Albania.

2.7 Cooperation between different faiths, particularly between Christians and Muslims, should also be promoted and supported.

2.8 Similarly, dialogue on the various forms of culture should be enhanced by all means possible.

2.9 As regards the programme on NGOs, which will soon be published by the European Commission, the EESC hopes that it will provide concrete and useful proposals for a constructive exchange of experience.

3. Measures taken by the EESC

3.1 Working in close liaison with the Commission, since 1995 the European Economic and Social Committee has set up a series of Joint Consultative Committees (JCCs) with all the enlargement countries.

3.2 A committee has also been set up with the ACP (African, Caribbean and Pacific) states, which is now the Commission's point of reference in applying the Cotonou Agreement and managing Economic Partnership Agreements (EPAs).

3.3 The EESC has also set up a Latin America Follow-up Committee which is responsible for promoting the development of socioeconomic organisations in Latin American countries, facilitating the participation of these organisations in ongoing regional integration processes (Central America, the Andean Community, Mercosur) and ensuring that current association agreements and those under negotiation are followed up.

3.4 The Euromed Committee was set up within the EESC in the second half of the nineties to help the Commission implement the social and economic policy envisaged for the southern Mediterranean rim.

3.4.1 The EU-India Round Table and the Transatlantic Agenda have enabled the European Union to make its social and cultural structure more visible to the rest of the world.

3.5 The Western Balkans Contact Group was set up in 2004 with the task of promoting cooperation between the EESC and Western Balkan civil society organisations, including economic and social councils ⁽⁴⁾, in order to help civil society organisations in the countries of the Western Balkans to strengthen integration with the EU and, ultimately, EU membership.

3.5.1 The EESC has taken an interest in south-east Europe by drawing up the following:

- an information report on *Relations between the European Union and certain countries in south-east Europe* ⁽⁵⁾,
- an own-initiative opinion on *Development of human resources in the Western Balkans* ⁽⁶⁾,

⁽⁴⁾ Croatia and Montenegro have set up economic and social councils.

⁽⁵⁾ Information report, CESE 1025/98 fin, rapporteur: Mr Sklavounos.

⁽⁶⁾ EESC opinion, rapporteur: Mr Sklavounos. OJ C 193 of 10.7.2001, p. 99.

- an own-initiative opinion on *Promoting the involvement of Civil Society Organisations in South-East Europe (SEE) — past experiences and future challenges* (⁷),
- an exploratory opinion on *The role of civil society in the new European strategy for the Western Balkans* (⁸),
- an own-initiative opinion on *Croatia's application for EU membership* (⁹).

3.5.2 The Committee has also adopted own-initiative opinions on Bulgaria, Romania and Croatia.

3.5.3 The EESC has already produced two partial assessments of European Neighbourhood Policy (¹⁰), and is currently in the process of preparing an exploratory opinion on the (¹¹).

3.6 In contrast to other committees, which stipulated the participation of 6 or 9 EESC members (3 per group), the EU/Turkey JCC was set up with 18 EESC and 18 Turkish members. This increase was justified because of the country's size and the potential problems that could arise from the fact that it was the first Muslim country requesting EU membership.

3.6.1 The EU-Turkey Joint Consultative Committee is a body that brings together representatives of organised civil society of the EU and Turkey. Its members come from various civil society organisations: chambers of commerce, industry and crafts, trade, employer associations, cooperatives, chambers of agriculture, consumer organisations, NGOs, representatives of the third sector, etc.

3.6.2 EU-Turkey JCC meetings (¹²) have been held alternately in Brussels and Turkish localities and every meeting has addressed social and economic issues: the 19th JCC meeting was held in Istanbul on 7 and 8 July 2005 (¹³).

3.6.3 The following were among the more interesting issues discussed in the meetings:

- Relations between Turkey and the EU in respect of energy (1996).
- EU-Turkey cooperation in the field of small- and medium-sized enterprises and vocational training (1996).

(⁷) EESC opinion, rapporteur: Mr Wilkinson. OJ C 208 of 3.9.2003, p. 82.

(⁸) EESC opinion, rapporteur: Mr Confalonieri. OJ C 80 of 30.3.2004, p. 158.

(⁹) EESC opinion, rapporteur: Mr Strasser. OJ C 112 of 30.4.2004, p. 68.

(¹⁰) One deals with central and eastern European, EESC opinion, OJ C 80 of 30.3.2004, p. 148 (rapporteur: Ms Alleweldt) and the other with Mediterranean countries, information report CESE 520/2005 fin (rapporteur: Ms Cassina).

(¹¹) Rapporteur: Ms Cassina (REX 204).

(¹²) To date, 19 meetings have been held.

(¹³) The first meeting was held in Brussels on 16 November 1995 and was attended by Mr Özülker, Turkey's ambassador to the EU.

- Agricultural products in the context of the EC-Turkey customs union (1997).
- The social impact of the customs union (1998).
- The role of women in development and decision-making (1999).
- Migrations (2000).
- Research and development (2000).
- Liberalisation of services (2000).
- Social dialogue and economic and social rights in Turkey (2001).
- Impact of the economic crisis in Turkey (2002).
- Regional disparities in Turkey (2002).
- The development of agriculture in Turkey (2002).
- Turkey on the road to accession (2003).
- Social integration of people with disabilities (2004).
- Micro-enterprises and standardisation processes (2004).
- The development of EU-Turkey relations and the involvement of civil society in the accession negotiations (2005).

3.7 As can be seen above, many areas of the Community *acquis* have been addressed in meetings held with Turkish civil society organisations. It must be stressed that these meetings, particularly those held in Turkey (¹⁴), were attended by many people from Turkey's most representative civil society organisations.

3.8 The meetings held in Turkey, in particular, were attended by many representatives of the various Turkish organisations, in addition to the JCC members, and they played an important part in promoting mutual understanding.

3.9 Among the initiatives developed by the JCC, the commitment to set up a Social and Economic Committee in Turkey based on the EU model and on the committees in many European countries (¹⁵) should be highlighted.

(¹⁴) 9 meetings were held in Turkey: 3 in Istanbul, 1 in Gaziantep, 2 in Ankara and 1 each in Trabzon, Izmir and Erzurum.

(¹⁵) The following countries have an Economic and Social Council: Austria, Belgium, Spain, Finland, France, Greece, Hungary, Italy, Luxembourg, Malta, Poland, Portugal, Slovenia, Bulgaria and Romania (source: EESC).

3.10 The Commission Communication acknowledges the active role played by the EESC, during the past ten years, in relations with Turkey⁽¹⁶⁾. The Commission hopes that the Committee of the Regions will play a similar role in relation to Turkish regions.

4. Implementation of the third pillar and grassroots democracy

4.1 **Grassroots** culture, which alongside the strengthening of **subsidiarity** is among the trends that have emerged during the last few years, has gained importance and is becoming a cultural stance through which citizens express their desire to be key protagonists in social decisions.

4.2 Two significant developments took place concurrently with the advent of grassroots democracy:

- the new duties of national parliaments;
- strengthening of the subsidiarity principle.

4.3 Parliament is often perceived as being too slow and incoherent in its decisions. Thus an effort must be made to establish a new parliamentary structure and role⁽¹⁷⁾.

4.3.1 The culture of subsidiarity has spread as a result of, in particular, the European Union's impetus, and is based on the principle of multi-level decision-making. The skill lies in identifying the most appropriate level. It is pointless to do in Brussels what can be better performed at national or local level, or vice versa.

4.4 As a result of new technologies, knowledge is spreading at a rate and extent which were previously inconceivable. Many who previously had no access to information, are now better prepared, more knowledgeable and feel that their opinions can contribute towards decision-making⁽¹⁸⁾.

4.4.1 These needs, which represent the expression of a society undergoing cultural growth, not least as a result of experience shared with other European states, can be better addressed by grassroots democracy.

4.4.2 The recently concluded enlargement and future enlargements with Turkey and Croatia require these cultural and social models to be commonly shared.

4.5 These models aim to integrate the various aspects (economic, industrial, trade union and occupational) into the same system of organising consensus.

⁽¹⁶⁾ COM(2005) 290 of 29.6.2005, point 2.2.2.

⁽¹⁷⁾ Jacques Delors explored this subject in an interesting speech he gave at a meeting with the EESC in 1999.

⁽¹⁸⁾ The concept of a grassroots democracy builds on and formalises the concept of participation as it structures and organises consensus through instruments and institutions (such as the EESC and national and regional ESCs) which help to resolve problems and seek solutions to radical social and economic changes. A typical example would be the liberalisation of the services, energy and gas markets in the various EU Member States, and services of general interest in particular.

4.5.1 **Integrating different cultures.** The many occupational categories often address problems in different ways. Even if many needs now seem to be similar in nature because of cultural development, the instruments and means of meeting needs and increasingly sophisticated aspirations remain diverse. In line with current models, the various positions are reconciled at the top level through political mediation.

4.5.2 This process, however, is increasingly giving rise to dissatisfaction and alienation from the political classes and professional associations. Beginning with the lowest levels, a major and different effort is needed to better integrate the various aspects of the problems. It is not a matter of creating cultural homogeneity but of working together to identify the ways forward that can secure the widest consensus.

4.5.3 **In the same system.** The integration process can be, and is being, triggered in various ways. Nevertheless, it needs to be organised in a systematic and methodical manner. The systems that have had the greatest success, both within European bodies and Member States, have grouped civil society organisations under three headings:⁽¹⁹⁾ those representing employers, employees and lastly, independent professionals, NGOs, equal opportunities committees, consumer rights groups and grassroots associations.

4.6 **At the various levels.** An organisation of this kind is responsible for addressing specific, often complex issues, at regional, national or European level. It was for this reason that the Treaty of Rome, which established the European Union in 1957, set up the European Economic and Social Committee in addition to other institutions.

4.6.1 **Identifying the most suitable levels,** at which to search for shared solutions is part of cultural growth and the search for a grassroots democracy.

4.7 **The method of active dialogue** between and with organised civil society. Ongoing dialogue between and with organised civil society emerges and is given the room to develop in a mature democracy, where knowledge and information are disseminated among the general public, thus ensuring that even the most complex issues are addressed without the constraints of ideological conditioning and ignorance.

⁽¹⁹⁾ These three headings – in a slightly different form – have been adopted by the economic and social councils that have been set up in 15 EU Member States.

4.7.1 **Ongoing dialogue.** Ongoing dialogue is an important aspect as it ensures that the limits set by occasional dialogue are overcome. Particularly where complex issues are involved, sustained and organised methodological exchanges may yield un hoped-for results.

4.8 **Interaction** ⁽²⁰⁾ as a means of reaching rapid and common solutions. Interaction follows naturally from engaging in ongoing and methodological work and ensures that results are valuable and long lasting. When opinions are being drawn up, many positions, which at first appear to be far apart, will come together and be reconciled.

4.9 These processes are normally used in parliaments but do not involve organised civil society at grassroots level. To extend these models to the regions in an organised, sustained and methodical way is to enter a more mature form of democracy, leading in turn to a grassroots democracy.

5. Accession negotiations and civil society

5.1 As is generally known, when setting out the principles to be followed for enlargement, the Copenhagen criteria also obliged the new Member States to fully incorporate the *acquis communautaire* into their policies and practices. For this reason, too, the EESC welcomes and wholeheartedly endorses the Communication from the Commission on dialogue between civil society in the EU and Turkey, adopted on 29 June.

5.2 In the Committee's opinion, both sides need to put aside stereotypes and present the European Union and Turkey as they are now and find the most suitable ways of improving mutual knowledge and achieving a more effective implementation of grassroots democracy.

5.3 The Committee is pleased to note that a new draft law on the reform of the Turkish Economic and Social Council has been prepared with a number of representatives of organised civil society, including several JCC members.

5.3.1 On the one hand, this draft legislation gives an enhanced role and a better representation to civil society representatives in the Council and, on the other, limits the role of government.

5.4 The EESC trusts that this legislation will be adopted and implemented as soon as possible and strongly reaffirms the principle that the new Turkish Economic and Social Council

must be able to operate **independently** and with the necessary financial and human resources.

5.5 It is vital that EU-Turkey relations be characterised by transparency, participation and accountability.

5.6 Taking into consideration the nature of EU-Turkish relations and the experience of countries that have recently joined the EU, the Committee, through the work of the JCC members, has proposed several measures in order to involve organised civil society in the accession negotiations.

5.6.1 Capacity-building is needed in order to enable civil society organisations to have a say in the accession talks. In order to achieve this, they will require assistance and funding.

5.6.2 This support should be provided mainly by the Turkish government and also, as a complementary support, by the EU institutions and civil society organisations in current EU Member States.

5.7 Reinforcing links with European organisations and taking part in European transnational projects are useful instruments for capacity-building of Turkish organisations.

5.7.1 JCC members can also make a valuable contribution in this respect and their own organisations are invited to start civil society dialogue programmes. Such projects must be aimed at improving mutual knowledge and ensuring collaboration, especially through the exchange of best practices.

5.8 Representatives of Turkish associations could benefit from sustained participation in study group discussions which are held at EU level with a view to implementing European policies, as in the case of the Luxembourg process.

5.9 In the JCC's view, visa procedures in the Member States are an obstacle to the development of relations within civil society. The EESC therefore calls on governments to facilitate these procedures in order to:

- enhance dialogue between civil society representatives;
- enhance trade union cooperation;
- facilitate trade and business relations;
- stimulate trade and economic relations;
- create an NGO platform.

⁽²⁰⁾ Interaction paves the way for reciprocal and similar frames of mind: reciprocal in the sense that one involves the other and similar, since they tend to seek analogous and common lines of reasoning (from Alberoni *et al.*).

5.10 It is essential to speed up the establishment of the Turkish Economic and Social Council in the independent form mentioned above, as it will be an effective mechanism for permanent dialogue between the government and organised civil society, involving all stakeholders.

5.10.1 This body, which will ensure a better implementation of **grassroots democracy**, must meet the legitimate aspirations of the whole of organised civil society and reflect its needs and potential in the process of integration into the life of the European Union.

5.10.1 To make sure it is broad-based, the Turkish Economic and Social Council should be organised on a regional basis and be involved in consultation on all the Community *acquis* chapters of negotiation, which should take place in an ongoing and timely manner.

5.11 Raising awareness and understanding of the country's models and cultural traditions in both Turkey and the EU is of key importance to the success of negotiations. Particular efforts should be made to ensure that public perceptions of the EU vis-à-vis Turkey, and vice versa, correspond to reality.

5.11.1 The most effective way of achieving this is to give civil society organisations the chance to put together effective information campaigns.

5.12 The EESC, through the JCC's extensive work over a long period, has always been committed to:

- encouraging the involvement of organised civil society in the negotiation process for each of the chapters discussed;
- scrutinising the socio-economic consequences of Turkey's adoption of the 'acquis communautaire';
- enhancing and consolidating dialogue and cooperation between representatives of organised civil society in the EU Member States and in Turkey.

5.12.1 In doing this, the EESC and JCC can benefit from the experience of members from the new Member States in overcoming the difficulties encountered during negotiations.

5.12.2 The aim is to build on the work of local and regional organisations through a process of **grassroots democracy**, which the political class could never manage to achieve on its own.

5.13 In the particular case of Turkey, given the size of the country and the complex issues involved, meetings and exchanges of experience have been more in-depth and frequent. But there is more to be done.

5.14 More funding needs to be provided, the commitment intensified, meetings and exchanges of experience increased and the social and occupational categories involved more clearly identified.

6. Conclusions

6.1 The EESC believes that, with the agreement and active participation of the Turkish Economic and Social Council, a permanent structure should be put in place, bringing together civil society representatives and being responsible for following accession negotiations ⁽²¹⁾, in order to ensure effective and full implementation of the Community *acquis*.

6.1.1 Given the vastness of the country and its cultural diversity, this body should be able to function at both national and regional level.

6.2 It is vital that the cultural interaction and the benefits of the *acquis* do not become the exclusive preserve of Istanbul, Ankara and the main Turkish cities, but also extend to provinces and rural areas.

6.3 The aspirations, concerns and expectations of the people are echoed and given concrete expression in civil society organisations. These organisations should have a crucial role to play in planning and conducting the information campaign on Turkey's EU membership.

6.3.1 In the EESC's view, it is also important that a common platform for communication ⁽²²⁾, i.e. a forum, be set up which would involve associations and NGOs and enable them to focus on key challenges and seek common solutions, in concrete terms and at grassroots level.

6.4 The pre-accession process involves support programmes and financial assistance. Often, only a handful of people, the specialist staff involved, are familiar with procedures, time-frames and financial opportunities. Clear information must be provided from the start so that it can be disseminated among all the organisations concerned and make projects and proposals possible.

6.4.1 Similarly, the procedures to obtain the necessary funding must, as far as possible, be simple and clearly explained to representations of civil society.

⁽²¹⁾ This entails establishing a horizontal and vertical partnership, involving civil society (horizontal) and institutional (vertical) representatives, as is the case with NUTS II in Objective 1 regions. The partners described above have benefited from consultation and information exercises, which, in turn, have produced significantly better solutions to the problems facing regions that are lagging behind. Cf. DG Regio documents on regional ROPs and SPDs.

⁽²²⁾ A structure for dialogue.

6.5 The European Commission delegation to Turkey, helped not least by the support and experience of the JCC, the EESC and the Committee of the Regions, can contribute significantly by holding practical and structured dialogue between the representatives of all sectors of civil society — including players in the social dialogue — in Turkey and between Turkey and the EU ⁽²³⁾. It is essential that the budget earmarked for strengthening civil society be used to ensure that the social partners in Turkey and the EU can develop joint projects on training on the large number of areas laid down in the 31 chapters of the Community *acquis*.

6.6 In the EESC's opinion, it is as important as ever to enhance capacity-building in Turkish organisations and thus enable them to build on their understanding of their European counterparts, particularly of their duties and their representative role in a grassroots democracy.

6.6.1 In the process of adopting the *acquis*, there should be legislation on associations which ought to be substantially in line with current European legislation.

6.7 The Turkish government, guided not least by the provisions of the Community *acquis*, should improve legislation on organisations and remove the obstacles hampering development of NGOs.

6.8 As far as gender issues are concerned, the Committee urges the Commission to ensure that women are sufficiently involved in actions of cooperation and appropriately represented in forums for dialogue and action programmes.

6.9 The EESC believes that the various Turkish organisations should be supported so that, within a very short space of time, they can become members of European and international organisations in their respective sectors.

6.10 Turkey's participation in education and training programmes should be encouraged by all means possible, not least by new ad hoc programmes to complement current ones.

6.10.1 Graduate traineeships, under a suitably enhanced Erasmus programme, could be the perfect opportunity for students from different countries to get to know and respect one another.

6.11 The Committee believes that much of the paperwork required by the Turkish ministries when Turkish businesses and other economic players decide to hold events in Europe could be reduced or eliminated altogether.

6.12 The links between representatives of similar organisations and between Turkey and the EU need to be supported, stimulated and encouraged as they ensure that the ongoing exchanges of experience and culture are facilitated and speeded up.

6.13 Essentially, all efforts should be directed at ensuring that the largest possible number of Europeans become acquainted with Turkey and the Turkish people with Europe.

Brussels, 27 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND

⁽²³⁾ A broad dialogue has already emerged. Trade union and employer organisations and representatives of micro enterprises hold frequent meetings on trade union representation, employment, credit problems, vocational training and product marketing and internationalisation. These meetings are held either in Brussels (UNICE, UEAPME, ETUC..) or Turkey, but more formal relations need to be sought. With regard to the textiles issue, the possibility of a Pan-Euromediterranean trade area as a high-quality alternative to Chinese production, has been explored via DG Enterprise.

Opinion of the European Economic and Social Committee on the 'Proposal for a directive of the European Parliament and of the Council amending Directive 2000/14/EC on the approximation of the laws of the Member States relating to the noise emission in the environment by equipment for use outdoors'

(COM(2005) 370 final — 2005/0149 (COD))

(2006/C 28/23)

On 16 September 2005 the Council decided, under Article 95 of the Treaty establishing the European Community, to consult the European Economic and Social Committee on the abovementioned proposal.

On 27 September 2005, the Bureau of the European Economic and Social Committee instructed the Section for Agriculture, Rural Development and the Environment to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Pezzini as rapporteur-general at its 421st plenary session, held on 26 and 27 October 2005 (meeting of 27 October) and adopted the following opinion by 81 votes to one, with 3 abstentions.

1. Conclusions and recommendations

1.1 The European Economic and Social Committee (EESC) warmly welcomes the Commission proposal to modify Directive 2000/14/EC ('noise directive') ⁽¹⁾.

1.2 The EESC takes the opportunity to emphasise that the main sources of noise, in the construction industry and in gardening activities and forestry, are indeed the various types of equipment listed in Directive 2000/14/EC, and that the technical information and guarantees provided by manufacturers are crucial to the employer in terms of noise management.

1.3 The EESC also stresses the future importance of full implementation of Directive 2000/14/EC to the containment of environmental noise, when public and private contracting authorities begin to insert requirements regarding low-noise machinery into their specifications.

1.4 The EESC points out that harmonised standards are in place for measuring noise emissions. The Noise Directive (2000/14/EC) is based on the principles and concepts underpinning the new approach to technical harmonisation and standardisation, as set out in the Council Resolution of 7 May 1985 ⁽²⁾ and in the Council Decision 93/465/EEC of 22 July 1993 ⁽³⁾.

2. Reasons

2.1 This proposal provides for an amendment to European Parliament and Council Directive 2000/14/EC of 8 May 2000 on the approximation of the laws of the Member States relating

to the noise emission in the environment by equipment for use outdoors ('Noise Directive').

2.2 Since 3 January 2002 the fifty-seven types of equipment within scope must satisfy the requirements of the Noise Directive before being placed on the market or put into service within the European Community.

2.3 The Directive set maximum permissible sound power levels and mandatory noise emission labelling for twenty-two types of equipment and mandatory noise emission labelling for the remaining thirty-five types of equipment.

2.3.1 For those 22 types of equipment where permissible sound power levels apply there were two stages of application. The first came into force on 3 January 2002 ('stage I'); the second series of reduced limits is due to come into operation on 3 January 2006 ('stage II').

2.3.2 The 'WG7' ⁽⁴⁾ working group, appointed by the Commission, agreed that, for a number of types of equipment, the measured sound power levels to be applied under stage II would be technically impossible to achieve.

2.3.3 For this reason, the Commission is proposing to consider the stage II permissible sound power levels for the above equipment as indicative only. Definitive figures will depend on amendment of the Noise Directive following the report foreseen in Article 20.

2.4 In the absence of any such amendment, the figures for stage I will continue to apply for stage II.

⁽¹⁾ OJ L 162, 3.7.2000, p. 1.

⁽²⁾ OJ C 136, 4.6.1985, p. 1.

⁽³⁾ OJ L 220, 30.8.1993, p. 23.

⁽⁴⁾ Working Group on Outdoor Equipment (group of experts established by the Commission Services).

3. General comments

3.1 While expressing a positive opinion on the proposal for amending Directive 2000/14/EC it is important to emphasise **two important points**:

3.2 The **first point** concerns the need to uphold and reaffirm the line taken in Directive 2000/14/EC, in that this modifying proposal completes the existing set of Community measures concerning noise emitted by the major sources, in particular road and rail vehicles and infrastructure, aircraft, outdoor and industrial equipment and mobile machinery, and provides a basis for developing additional measures, in the short, medium and long term.

3.2.1 The directive should be considered alongside other legislation on the noise emission of certain categories of machinery:

- Council **Directive** 70/157/EEC of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles;
- Council **Directive** 77/311/EEC of 29 March 1977 on the approximation of the laws of the Member States relating to the driver-perceived noise level of wheeled agricultural or forestry tractors;
- Council **Directive** 80/51/EEC of 20 December 1979 on the limitation of noise emissions from subsonic aircraft and its complementary directives;
- Council **Directive** 92/61/EEC of 30 June 1992 relating to the type-approval of two or three-wheel motor vehicles;
- European Parliament and Council **Directive** 2000/14/EC of 8 May 2000 on the approximation of the laws of the Member States relating to the noise emission in the environment by equipment for use outdoors.

3.2.2 Before environmental policy was set, efforts to provide protection from noise were directed not only towards the environment, but particularly towards the implementation of the principles of free competition and the free movement of goods ⁽⁵⁾.

⁽⁵⁾ See the Court of Justice ruling of 12 March 2002, cases C-27/00 and C-122/00.

3.2.3 In this proposal, environmental protection requirements seem to fit well with the need to safeguard the free market.

3.3 **The second point** concerns the consistency of the proposal with the EU's various programmes, actions and objectives regarding environmental and health protection/protection from noise.

3.3.1 A high level of health and environmental protection must be attained through EU policy and, to this end, one of the objectives that must be pursued is protection from noise.

3.3.2 In its *Green Paper on Future Noise Policy*, the Commission identifies noise as one of the main environmental problems in Europe.

3.4 The Commission proposal ties in with the measures taken to implement the action plans and European environment and health strategy set out in the Council conclusions of 27 October 2003.

3.4.1 It should be pointed out that the EU previously took action against noise pollution by means of Directive 2002/49. This highly important directive regulates and specifies the criteria for determining an acceptable environmental noise threshold.

3.5 The EU institutions established **common assessment methods**, including the notion of limit values. It is up to Member States to establish such values in relation to various urban areas and to coordinate this with national legislation.

3.5.1 The adoption of common monitoring criteria was vital because otherwise, noise thresholds set may have varied from one Member State to another, with the possibility that in some countries certain motor vehicles or aircraft may have been prohibited from passing through, or that restrictions may have been placed on the use of certain vehicles.

3.6 Directive 2002/49 aims to combat noise pollution, establishing as a priority the need to eliminate the harmful effects of exposure to environmental noise.

3.6.1 With regard to exposure to **high levels of noise in the workplace**, which can cause irreversible damage to hearing and even cause accidents at work, the following prominent directives set minimum health and safety requirements:

- Council **Directive 89/391/EEC** of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work.
- **Directive 2003/10/EC** of the European Parliament and of the Council of 6 February 2003 on the minimum health

and safety requirements regarding the exposure of workers to the risks arising from physical agents (**noise**).

- Council **Directive 89/655/EEC** of 30 November 1989 on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace. For all workplaces in which noise is generated, this directive states that employers must manage operations in such a way as to minimise exposure, particularly through the use of low-noise machinery, by carrying out checks at source and by consulting workers.

Brussels, 27 October 2005.

The President
of the European Economic and Social Committee
Anne-Marie SIGMUND
