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II

(Preparatory Acts)

ECONOMIC AND SOCIAL COMMITTEE

Opinion of the Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council on machinery and amending Directive 95/16/EC'

(2001/C 311/01)

On 23 March 2001 the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned proposal.

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 25 July 2001. The rapporteur was Mr De Vadder.

At its 384th plenary session of 12 and 13 September 2001 (meeting of 12 September), the Economic and Social Committee unanimously adopted the following opinion.

1. Summary of the opinion

1.1. The Committee wonders whether it is appropriate to revise the machinery directive at this point. It is very doubtful whether such a revision will be able to draw on sufficient experience. Moreover, it has not been demonstrated that application of the existing directive poses major problems.

1.2. Having studied the proposal for a directive, the Committee considers that the changes proposed by the Commission are not likely to achieve the intended simplification to a sufficient degree, as the rules will remain complex.

1.3. The following features of the proposal for a new directive can be regarded as positive, however:

- an attempt has been made to define the scope of the directive more accurately, with attention being focused on the overlap with Directive 73/23/EEC;
 - the scope of the directive is extended to cover portable cartridge-operated devices, construction site hoists intended for lifting persons or persons and goods and devices for the lifting of persons with reduced mobility;
 - there are a number of improvements to definitions and procedures;
 - assembly instructions are henceforth required for partly completed machinery;
 - provision is made for increased cooperation between the Member States with regard to the exchange of information on market surveillance.
- 1.4. The general impression remains that there is considerable scope for improvement and clarification. The Committee is therefore making a series of proposals aimed at further clarifying the scope of the directive and at clearer definitions, procedures and terminology.
- the Commission has opted for a new version of the text rather than a series of amendments to the existing texts, which makes for greater clarity;

2. Introduction

2.1. This proposal is a revision of Directive 98/37/EC of the European Parliament and of the Council of 22 June 1998 on the approximation of the laws of the Member States relating to machinery (generally referred to as the machinery directive).

2.2. The aim of the revision is, on the one hand, to improve legal certainty by offering those required to comply with the directive and those responsible for ensuring compliance a more legible text and, on the other hand, to adapt and specify the scope of the directive. At the same time the highest possible level of health and safety is sought.

2.3. The revision takes full account of the proposals put forward by the high-level group of independent experts headed by Bernhard Molitor⁽¹⁾. A number of these proposals were general in scope and applied to all the directives; others referred specifically to the machinery directive.

2.4. In view of the importance of the proposed changes and their large number, and in order to make the text more legible, the proposal has been presented as a revised text rather than a directive amending Directive 98/37/EC. Broadening of the scope also results in an amendment of Directive 95/16/EC on lifts.

2.5. This proposal revising the machinery directive is based on Article 95 of Treaty which sets out the principles for the establishment of the internal market. The directive guarantees free movement of machinery falling within its scope and complying with the fundamental safety, health and consumer protection requirements set out in the directive.

2.6. The proposal for a directive is not only of great importance for the mechanical engineering sector which includes machinery, mechanical equipment and components. As a producer of equipment for other sectors, e.g. agriculture, mining, construction, transport and all other sectors, mechanical engineering plays a key role throughout the economy. The competitive strength of other sectors depends to a high degree on the equipment and plant produced by the mechanical engineering sector.

2.7. The proposal is also of great importance with a view to reducing the social costs arising from accidents occurring in connection with the use of machinery. The number of accidents can be reduced by integrating safety considerations into the design and construction of machinery as well as by means of proper installation and maintenance.

2.8. With regard to the content of the proposal, in addition to more and improved definitions and clearer procedures, attention should also be drawn to three fundamental changes to the directive's scope:

- Portable cartridge-operated devices, such as fixing tools, stunning pistols, marking guns etc., where the cartridge is not direct-acting are incorporated into the directive. Until now such equipment has been excluded as it was regarded as a form of firearm, although it fully matched the definition set out in the directive.
- Construction site hoists intended for lifting persons or persons and goods are also incorporated into the directive. At present there is no European legislation in this area.
- Devices for the lifting of persons with reduced mobility.

3. General comments

3.1. The Committee wonders whether this is the right moment to revise the machinery directive. It has after all been fully in force only since 1995 — or indeed only since 1997 in relation to some machinery. It is very doubtful whether such a revision will be able to draw on sufficient experience. On the other hand, we should not lose sight of the fact that many firms, manufacturers as well as installers and users, have had to make strenuous efforts to assimilate such complex rules. Now that the rules are being correctly applied, it appears paradoxical to wish to make another series of changes.

3.2. Having studied the proposal for a directive, the Committee is glad that the Commission has opted for a general revision in view of the many changes and adjustments to Directive 98/37/EC, which itself is a consolidation of the original Directive 89/392/EC and the amendments made to it. A completely new version of the text makes for greater clarity and considerably facilitates legibility, comprehensibility and the assimilation and application of the directive. The Committee would also like to see training in this still complex field encouraged.

⁽¹⁾ Report of the Group of Independent Experts on Legislation and Administrative Simplification, SEC(95) 2121, 29.11.1995, not published in the Official Journal.

3.3. The Commission has to a great extent taken up the proposals of the group of experts chaired by Bernhard Molitor with regard to the machinery directive. The aim of the proposals is simplification. However, the Committee has the impression that the proposal for a new directive is not entirely consistent with that aim and that it is still far too complex. The Committee calls on the Commission not to complicate the text even more after consultation and to take care in amending texts.

3.4. The proposal for a directive is based on Article 95 of the Treaty and sets out to guarantee free movement of machinery. This intention is translated into a number of proposed changes e.g. extension of the directive's scope to cover portable cartridge-operated devices, construction site hoists intended for lifting persons and goods and devices for the lifting of persons with reduced mobility (and in this connection amendment of Directive 95/16/EC on lifts), as there is at present no European legislation covering this kind of machinery.

3.5. Another positive feature is that the proposal spells out the area of application more clearly and contains improved definitions and clearer procedures. This makes for greater legal certainty. Thus the concepts of 'machinery', 'placing on the market', 'putting into service', 'manufacturer' and 'authorised representative' are better defined. A number of unclear areas remain however (e.g. the exclusion of all motors). There is certainly room for clarifying the scope of the directive and the new definitions still further. This point is taken up again in the specific comments section of the opinion, particularly in relation to Articles 1 and 2.

3.6. With regard to partly completed machinery, the new provisions require assembly instructions to be drawn up. The Committee considers this an improvement on the existing situation but would point out that many areas of uncertainty remain.

3.7. Particular attention has been paid to the overlap with Directive 73/23/EEC, as amended, on electrical equipment designed for use within certain voltage limits [Article 1(2)(j)]. The text is an improvement but could be made even clearer.

3.8. The procedures for assessing compliance with the directive are amended. The simplified procedure for machinery to which the directive has no relevance, set out in Article 12(2), is a good idea. The Committee also considers that the procedure proposed in Article 12(4) for machinery referred to in Annex IV (dangerous machinery) could be made even simpler for the manufacturer.

3.9. With regard to the conformity assessment of machinery prior to placing on the market (Article 14), the draft directive stresses the Member States' requirements for the recognition of bodies responsible for such assessment. The Committee considers it important that authorisation to carry out assessments be withdrawn from bodies which have repeatedly issued certificates for machinery which does not meet fundamental health and safety requirements, and that the Member States be required to report such cases to the Commission.

3.10. The Committee is also glad that the proposal makes it clear (in Article 16) that no markings are to be affixed to machinery which would impair the visibility, legibility or meaning of the CE marking or otherwise be misleading.

3.11. The Committee considers the increased cooperation between the Member States on the exchange of information relating to market surveillance, provided for in Article 19, to be very positive.

3.12. Finally, the Committee points out that there are inconsistencies between the various language versions of the proposal (including the Dutch translation).

4. Specific comments

4.1. Article 1

4.1.1. Article 1(1)(b) refers only to vehicles used at airports and in the mineral extraction industry and Article 1(2)(e) excludes all vehicles. This means that whole categories of vehicle no longer fall within the scope of the existing rules (e.g. vehicles which are never used on public roads). The current text (ninth indent of Article 1(3) of Directive 98/37/EC) is clearer in this regard.

The Committee therefore proposes that the old terminology be retained.

4.1.2. Article 1(2)(a) makes no distinction according to whether the components or equipment parts in question can also be used for the construction of new machinery. The final use of the components is unknown.

The Committee suggests that a note be inserted in the instructions to the effect that the components are intended solely to replace identical components or equipment parts.

The Committee considers that it is also unclear whether the provision of instructions is required.

4.1.3. Article 1(2)(b) excludes certain equipment for use in fairgrounds and amusement parks. The Committee understands the reasons for this exclusion, but suggests that rules covering such equipment could be laid down in another directive. There are at present no European-level rules in this area.

4.1.4. The concept of 'means of transport' used in Article 1(2)(e) is not defined and will be a source of confusion. Does it for example cover tractors (Directive 98/37/EC, Article 1(3), 12th indent)? Or what about seagoing vessels and their equipment (Directive 98/37/EC, Article 1(3), 10th indent)? The Committee suggests that the old terminology be retained.

4.1.5. Article 1(2)(j) should make it clear that it refers to 'electrical and electronic' equipment. The English text has 'household appliances' and the French text 'appareils électroménagers'.

4.1.6. The Committee suggests that the definition of 'household' appliances in Article 1(2)(j) contain an upper limit on power. This could be applied by means of the procedure described in Article 8.

4.1.7. Article 1(2)(l) refers to 'motors of all types'. The Committee considers that only electrical motors should be excluded, as they fall within the scope of Directive 73/23/EEC. All other motors (hydromotors, hydraulic motors, atmospheric motors etc.) should fall within the scope of the directive and should therefore be considered as partly completed machines.

4.2. Article 2

4.2.1. Article 2(c) uses the expression 'equipment'. The Committee feels that this should be defined.

4.2.2. Article 2(c) refers to devices which are assembled after 'placing into service'. The Committee considers that this should read 'placing on the market'.

4.2.3. The Committee notes that, in contrast to all other safety components referred to in Article 2(d)(iv), a reference to 'safety' and/or 'health' is lacking in relation to smoke and dust extraction systems.

4.2.4. Article 2(a) and Article 2(i) refer to a 'drive system'. It is not clear what this means. The Committee therefore asks that the concept be defined.

4.2.5. Article 2(e) defines a 'lifting accessory', 'hijz- of hefgereedschap' (NL) and 'accessoire de levage' (FR). Point 4.1.1 of Annex 1 refers to and defines a 'lifting operation'. Article 2(a)(vi) on the other hand has 'lifting apparatus', 'hijzen heftoestel' (NL) and 'appareil de levage' (FR). Article 2(d)(vi) and (vii) refers to 'lifting appliances', 'hijzen- en hefwerktuig' (NL) and 'appareil de levage' (FR).

The Committee notes that the last two concepts are not defined.

4.2.6. Article 2(i) requires 'partly completed machinery' to be 'almost' a machine. The Committee feels that the word 'almost' should be clarified, otherwise a new 'grey area' is likely to be created.

4.2.7. Articles 2(j) and (k) refer only to machinery. This ignores the fact that the directive also applies to the equipment referred to in Articles 2(a) to (i) (partly completed machinery) and vehicles [Article 1(b)]. The Committee feels that a reference to these two kinds of equipment should be added.

4.2.8. The Committee feels that the wording of Article 2(k) is too complicated. The first sentence contains the phrase 'designs or manufactures'. This means that anyone who merely attaches his name or trademark to a piece of machinery, without actually designing or manufacturing it, cannot be described as the 'manufacturer'.

4.2.8.1. Subparagraph (i) of Article 2(k) again uses the wording: 'designs or manufactures a machine ... or ... has such a machine designed or manufactured'. It is suggested that this point be rewritten, otherwise there is a danger of lasting confusion.

4.2.9. The Committee notes that, on the basis of the definitions, where nobody assumes responsibility, nobody can be identified as manufacturer. The Committee therefore suggests reintroducing the very clear procedure laid down in Article 8(7) of Directive 98/37/EC in an adapted form. This states: 'Where neither the manufacturer nor his authorised representative established in the Community fulfils the obligations of paragraphs 1 to 6, these obligations shall fall to any person placing the machinery or safety component on the market in the Community. The same obligations shall apply to any person assembling machinery or parts thereof or safety components of various origins or constructing machinery or safety components for his own use'.

4.3. Article 6

The Committee feels that Article 6(3) should be applied not only at trade fairs and exhibitions but also during tests. The Committee would also like to see more stringent measures adopted requiring the Member States to monitor compliance with the rules effectively.

4.4. Article 8

4.4.1. The Committee notes that in relation to Article 8(1)(a), (b), (c) and (d) a procedure is in force requiring a decision to be taken within three months [Article 22(3)]. This concerns the updating of the list of safety components or machinery and arrangements for cooperation between Member States. The Committee feels that this deadline is not necessary.

4.5. Article 9

4.5.1. This article allows the Member States to prohibit or restrict the placing on the market of machinery, or to make this subject to special conditions, when such action is considered necessary in order to protect safety and health. This power is to take immediate effect and can be made effective throughout the whole Union within three months.

4.5.2. The Committee feels that this assigns too much decision-making power to the Member States (measures are to be immediately effective without consultation). The Committee feels that the technical requirements of Annex I should be conclusive, and that the market surveillance (Article 4) of compliance with these requirements and the safeguard clause, are sufficient, making this article superfluous [similarly Article 8 (e)].

4.6. Article 12

4.6.1. Article 12(4) deals with the procedures for high-risk machinery and safety components listed in Annex IV. Reference is made to three procedures which are specified in Annexes IX, X, and XI respectively.

4.6.1.1. The Committee suggests adding a simplified procedure for machinery manufactured entirely in conformity with harmonised standards but where no external check has been carried out. There would therefore be the following four options:

- a) Internal checks on manufacture (Annex VII)
- b) Assessment of adequacy (Annex IX)

c) EC type-examination (Annex X)

d) Full quality assurance (Annex XI).

4.7. Article 22

4.7.1. The Committee notes that the Machinery Committee consists only of representatives of the Member States and is chaired by the Commission representative. The interested parties (employers, workers, consumers etc.) are not involved. Under the current Directive 98/37/EC the interested parties are consulted via a working party, in which their views are heard and taken into account. The Committee feels that the current procedure should be retained.

4.8. Annex I

4.8.1. General remarks

4.8.1.1. The Committee notes that, as a result of translation and additions, major parts of Annex I have changed. Many passages which are not underlined still seem to have been changed. This is confusing.

4.8.2. Definitions

4.8.2.1. The Committee feels that these definitions should be studied very carefully in all the languages by specialists. For example, in the 'danger zone' a person is exposed to 'dangers' rather than 'risks'.

4.8.3. Design of machinery to facilitate its handling

4.8.3.1. The second sentence which has been inserted is already contained in the other points of 1.1.6 and is superfluous. Instead, the Committee would suggest that the reference to instructions for 'handling' be added to 1.10.2(c), Contents of the instructions.

4.8.4. Stability

4.8.4.1. The Committee considers that machines, or their components, cannot comply with the second sentence, as the stability of components cannot be guaranteed, e.g. during the process of scrapping. It would be worthwhile inserting a reference to instructions for transport and dismantling in 1.10.2(c), Contents of the instructions.

4.8.5. Guards, General requirements

4.8.5.1. The Committee points out that horizontal protection devices remain in place even without their fixings, so that the words 'as far as possible' should be added to the fifth indent.

4.8.6. Fixed guards

4.8.6.1. Point 1.4.2.1 of Annex I stipulates that fixing systems must remain attached to the guards when removed. It is suggested that a further stipulation be added that it must also be possible for fixing systems to remain attached to the machinery.

4.8.7. Access to operating positions and servicing points

4.8.7.1. The Committee notes that the first sentence states that this provision applies to production, adjustment and maintenance operations. The Committee would like to see the title used in Directive 98/37/EC, point 1.6.2 retained: 'Access to operating position and servicing points'(*).

4.8.8. Marking of machinery

4.8.8.1. The second point in 1.9 is very confusing. The Committee proposes that the first and second points be combined to read: 'the name and address of the manufacturer and, where applicable, his authorised representative or, where applicable, the name and address of the natural or legal person who assumes responsibility for its conformity to this Directive'.

4.8.8.2. In the second sentence of footnote 2 concerning the year of construction the second sentence should be deleted. The EC declaration of conformity could have been established at another time (e.g. long manufacturing process).

(*) Translator's note: In the English text the title is virtually unchanged, except for the use of the plural 'positions'.

4.8.9. Contents of the instructions

4.8.9.1. The Committee notes that no reference is made in point 1.10.2 to instructions for use. As these are essential for safety, the Committee suggests that point 1.10.2(g) be amended to read as follows: 'use and intended conditions of use of the machinery within the meaning of 1.1.2(c)'.

4.8.9.2. If account is taken of points 3.8.3 and 3.8.4 of this document, point (p) could be deleted.

4.8.10. Hazards due to a lifting operation

4.8.10.1. The Committee notes that lifting apparatus which is used in such a way that no change of level takes place is not covered by these fundamental requirements. The Committee suggests that the text of Annex I, point 4 of Directive 98/37/EC (stating that risks exist particularly in the case of a change in level) be retained.

4.9. Annex II

4.9.1. The Committee suggests that points A(1) and A(2) be replaced by the same wording as that suggested for the first two points of Annex I, 1.9 (see point 4.8.8.1 above).

4.9.2. The Committee notes that in points A(4), A(5) and B(3) it is stated that the EC declaration of conformity must contain a declaration of conformity. This is confusing. Different wording is needed [especially in point (5)].

4.9.3. The Committee feels that the following should be added to point B, Declaration of incorporation of partly completed machinery:

- B(3): 'and/or of the relevant requirements with which the partly completed machinery complies.'
- After B(4), points A(9) and A(10) of the EC declaration of conformity.

The addition of the relevant provisions and standards to this declaration would add considerable value.

Brussels, 12 September 2001.

The President
of the Economic and Social Committee
Göke FRERICHs

Opinion of the Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council amending for the twenty third time Council Directive 76/769/EEC relating to restrictions on the marketing and use of certain dangerous substances and preparations (substances classified as carcinogens, mutagens or substances toxic to reproduction — c/m/r)'

(2001/C 311/02)

On 19 June 2001, the Council decided to consult the Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the above-mentioned proposal.

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 25 July 2001. The rapporteur was Mr Colombo.

At its 384th plenary session (meeting of 12 September 2001), the Economic and Social Committee adopted the following opinion unanimously.

1. Objective of the proposal

1.1. The proposal is to update the appendix to points 29, 30 and 31 of Annex I of Directive 76/769/EEC⁽¹⁾, which prohibits the use of substances included in that appendix because they are classified as carcinogens, mutagens or substances toxic to reproduction. The basis for the proposal is the provision made under Directive 94/60/EC⁽²⁾ requiring the Commission to submit to the European Parliament and Council proposals to add additional substances within six months of the publication of new classifications.

1.2. In continuation of the on-going process of bringing Annex I of Directive 67/548/EEC⁽³⁾ into line with technical progress, 14 substances classified as carcinogens, three substances classified as mutagens and eight substances classified as toxic to reproduction are to be added to points 29, 30 and 31 respectively.

1.3. The aim of the proposal, like those before it, is to achieve an ever higher level of protection for human health and the environment, by creating the conditions for the proper functioning of the internal market. It adds a further list of substances to the annex, which will be added to the appendix to points 29, 30 and 31 of Annex I of Directive 76/769/EEC twenty days after the list is published in the Official Journal.

1.4. The Member States are to apply the provisions of the directive within 18 months of its entry into force, in accordance with procedures which they are to determine themselves.

1.5. The Commission considers that amendment of the Directive is the only course of action available for meeting the predefined objectives, as merely setting targets would not guarantee a high level of protection for consumer health and safety.

2. General comments

2.1. In the light of the scientific considerations adopted, in the absence of economic and employment-related consequences, given the limited use of such substances, and providing companies are informed in good time in order to find substitutes, the Committee fully endorses the Commission's initiative as it is intended to protect public health, safety and the environment — causes which the Committee has always supported.

2.2. Nevertheless, this type of initiative often comes late in the day and the Committee would therefore strongly urge the Commission to act quickly on the White Paper on the Strategy for a Future Chemicals Policy, which takes a preventive stance and will be an important means of marrying a high level of protection for public health, safety and the environment with the promotion of an innovative and competitive chemicals industry.

⁽¹⁾ OJ L 262, 27.9.1976, p. 201.

⁽²⁾ OJ L 365, 31.12.1994, p. 1.

⁽³⁾ OJ B 196, 16.8.1967, p. 1.

2.3. Given that this is the 23rd time the basic Directive has been amended, the Committee would repeat its suggestion

that it should be revised, and on no account must this revision be held up by the work relating to the chemicals white paper.

Brussels, 12 September 2001.

*The President
of the Economic and Social Committee*
Göke FRERICHS

Opinion of the Economic and Social Committee on the 'Proposal for a Directive of the European Parliament and of the Council on occurrence reporting in civil aviation'

(2001/C 311/03)

On 24 January 2001, the Council decided to consult the Economic and Social Committee, under Article 80(2) of the Treaty establishing the European Community, on the above-mentioned 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 17 July 2001. The rapporteur was Mr Green.

At its 384th plenary session on 12 and 13 September 2001 (meeting of 12 September) the Economic and Social Committee adopted the following opinion by 89 votes in favour, with two abstentions.

1. Introduction

1.1. It is widely recognised that air transport is among the safest modes of transport. Over the last ten years the annual average number of deaths in commercial air transport was 1 243 per year in 49 accidents worldwide. Europe can report an even more favourable situation as it only accounts for 10 % of the accidents while it produces about a third of the air traffic. In the Community, commercial air traffic provided by Community carriers resulted in a yearly average of 52 deaths ⁽¹⁾.

1.2. All the safety experts recognise however that the global rate of accidents is merely stabilising; as a consequence, if nothing is done to improve it, the growth in air traffic will lead to an increase in the absolute number of fatal accidents per year. It is therefore necessary to explore new ways of improving air safety.

1.3. Community accident prevention policy in the air transport sector resulted, in November 1994, in the adoption of a directive on the investigation of civil aviation accidents

and incidents ⁽²⁾. That Directive aims at ensuring that any accident or serious incident is properly investigated with the objective of preventing its recurrence. However the limitations of this approach are mainly that, as the number of accidents is fortunately very low, the opportunities to learn from them are limited and that lessons are drawn only after a tragedy has already happened.

1.4. The International Civil Aviation Organisation (ICAO) confirms the need to collect data on incidents in standardised forms so as to facilitate exchange of statistics and hence analysis. Chapter 7 of Annex 13 to the Convention on International Civil Aviation recommends that 'States should establish formal incident reporting systems to facilitate collection of information on actual or potential safety deficiencies'.

⁽¹⁾ Source: Airclaims.

⁽²⁾ Council Directive 94/56/EC of 21 November 1994 establishing the fundamental principles governing the investigation of civil aviation accidents and incidents. OJ L 319, 12.12.1994.

1.5. A study carried out by the International Federation of Air Line Pilots Associations (IFALPA) on behalf of the Commission showed that only few Member States collect mandatory occurrence reports and even fewer stored, retrieved or analysed the related data. One reason could be that the number of significant occurrences at individual Member State level is not large enough to give an early indication of a potential serious hazard or to identify trends.

2. The Commission proposal

2.1. The Commission therefore proposes that the Community creates the necessary legal framework to collect and disseminate information on aviation incidents on the widest possible scale so that all parties involved in aviation can learn from mishaps and improve their performances to produce a safer system.

2.2. The proposal encompasses both mandatory and confidential reporting of incidents, defects or malfunctions which may constitute a hazard for civil aviation operations, described by the generic term of 'occurrences'. Adequate data will result in more accurate analysis, which will in turn improve knowledge of occurrences and therefore help to prevent future accidents.

2.3. The Commission's Joint Research Centre (JRC) has developed 'ECCAIRS' (European Coordination Centre for Aviation Incident Reporting Systems), a data base which can operate as a centralised system for the collection and exchange of data without requiring Member States to change their current systems. Further, the ECCAIRS system is fully compatible with the ICAO (International Civil Aviation Organisation) system.

2.4. The proposal covers mandatory and confidential reporting of accidents, incidents and serious incidents as well as all other defects or malfunctioning of an aircraft, its equipment, ground equipment and any element of the air navigation system which is used or intended to be used for the purpose of or in connection with the operation of an aircraft or with the provision of an air traffic management service or navigational aid to an aircraft.

2.5. The relevant national authority is required to report on any occurrence which, if not corrected, would endanger an aircraft, its occupants or any other person. Examples of reportable occurrences are given in Annexes I and II to the proposed directive. The Annexes are the result of the work done by the European Organisation for the Safety of Air Navigation, Eurocontrol and the Joint Aviation Authorities Organisation (JAA), in a drive to harmonise technical reporting in Europe. The Commission took part in these working parties.

2.6. The proposal requires Member States to send mandatory data to the ECCAIRS database. Such information is confidential and only bodies with the task of framing civil aviation safety rules or investigating aviation accidents will have direct access to the information. The names and addresses of individual persons must never be recorded on the database. The Commission may also make data available to other interested parties. Dissemination is to be limited to what is strictly necessary.

2.7. In order to inform the public about general aviation safety in the Community, the Member States are to publish overall statistics on a regular basis.

2.8. In addition, the proposal provides that the Member States shall adapt their national laws to ensure that the relevant authority can 'disidentify' voluntary reports, i.e. reports which are not mandatory. Such information is to be stored under corresponding conditions in the ECCAIRS base.

2.9. Better knowledge of these accident 'precursors' can be expected to help prevent their occurrence.

2.10. The Commission takes the view that the Community must provide the necessary framework to enable the setting up of a confidential incidents reporting programme which will encourage submission of voluntary reports of observed deficiencies in the aviation system perceived as an actual or potential hazard, and feed the aviation system with a view to contributing to the improvement of its safety level.

2.11. As already mentioned in the IFALPA study, the single main element to obtain the trust and confidence of reporters in the confidentiality of the reporting system is to disidentify as early as possible the data they give so that nobody in the chains of dissemination and analysis can identify them at any time.

2.12. The Commission has given financial support to the establishment of a confidential reporting system in Germany. This system, called EUCARE⁽¹⁾, ran as a research prototype from 1993 to 1999. Its operation was monitored by a Steering Committee composed of safety experts of Member States and chaired by the Commission. The Steering Committee has produced a report describing in detail how a confidential reporting system should be organised in order to gain the confidence of all parties.

⁽¹⁾ EUCARE — European Confidential Aviation Safety Reporting Network.

2.13. To evaluate the legal feasibility of confidential reporting in countries where legal provisions derive from the 'Napoleonic Code', the Commission commissioned another study⁽¹⁾. That study concluded that '... no truly relevant legal obstacle stands in the way of the establishment of voluntary air incident reports. ... The Community could ... establish the general legal framework for a standard voluntary aircraft incident reporting system ... From a strictly legal point of view it does not appear impossible to consider a system with operational principles that need not necessarily comply with the legal practices of each Member State and which therefore require special derogations from the criminal law'.

2.14. In the light of the above, the Commission concludes that the organisation of confidential incident reporting at EU level is feasible and that enough knowledge and experience has been gained by Member States and the Commission to facilitate a mostly human factor oriented network of confidential reporting systems.

2.15. Further, trust and confidence seem to be easier to gain if the bodies managing the reports are not themselves official or administrative organisations and if interested parties can participate in monitoring them so that confidentiality is guaranteed. The Commission therefore considers that the best option is for the Community to act as a facilitator, so that interested parties can establish the necessary structures, or existing bodies can expand their activities in the Community.

2.16. The Commission therefore proposes that the Member States adjust their laws, regulations and administrative practices so as to allow the disidentification of reports of occurrences which are not subject to mandatory reporting. If necessary the Commission could also examine how the Community budget allocated to improving air safety could be used to support existing or new foundations when they meet the necessary conditions, as identified by the EUCARE study, to win the trust and confidence of all interested parties.

3. General comments

3.1. Despite the fact that air transport is among the safest forms of transport, the ESC feels that it is vital to continue to focus attention on further reducing the risk of aviation accidents, especially in view of the steady increase in air traffic.

3.2. Further, the ESC agrees that the number of possible notifications of occurrences may be limited, in both quantitative and qualitative terms, at individual Member State level. To achieve the requisite 'critical mass' a Community framework should therefore be established to facilitate the reporting of as many occurrences as possible, with a view to exchanging and disseminating information so that it can be analysed in order to draw accurate conclusions.

3.3. Accordingly the ESC is able to support the proposal, which involves the setting up of mandatory and confidential reporting systems and exchanges of information on the basis of commonly approved rules on confidentiality and dissemination, subject to the additions to the detailed common provisions on handling of confidentiality and on publication which are set out below.

3.4. The proposed mandatory reporting of information relating to aviation occurrences to the relevant national authority can seem to lack clarity. A provision could be envisaged whereby reporting shall always be made to the national authority in the country where the aircraft is registered, though it is not always appropriate. Irregularities in connection with air traffic or navigation services should be reported to the authority of the country responsible for these services.

3.5. Care should be taken to ensure that the proposal uses the same terminology as ICAO.

3.6. There would seem to be a grey area as regards reporting to be made under the proposed directive and reporting to be made under Directive 94/56/EC establishing the fundamental principles governing the investigation of civil aviation accidents and incidents.

3.7. The ESC recommends that the reporting of administrative causes should come within the scope of the European Aviation Safety Agency recently proposed by the Commission (COM(2000) 595)⁽²⁾.

4. Special comments

4.1. Article 4

The ESC feels that a provision should be inserted specifying that the authorities in a Member State may decide that mandatory reporting by pilots and other aviation company employees shall be made through a coordinator designated by the companies concerned.

⁽¹⁾ 'Legal problems posed by implementation of a Community voluntary incident reporting system in the field of air safety', by Prof. Lucien Rapp.

⁽²⁾ Proposal for a Regulation of the European Parliament and of the Council on establishing common rules in the field of civil aviation and creating a European Aviation Safety Agency (COM(2000) 595 final — 2000/0246 (COD); OJ C 221, 7.8.2001, p. 31.

4.2. Article 7(3)

This provision should be amplified to require that the report shall contain statistical information on the number of operational disturbances and other irregular conditions classified in different categories along with the results, possibly including recommendations, of the authorities' assessments in the light of above, in the interests of aviation safety.

4.3. Article 8(2)

In the ESC's view, the competent authorities referred to in Article 5(1) should be required, if necessary, to further disidentify reporting of occurrences in cases where the person's identity can be fairly accurately established even if their name and address are not registered.

4.4. Article 8(4)

In accordance with general legal principles the ESC considers that Article 8(4) should be amplified to specify that the mandatory reporting provided for in Article 4(1) should not be required of persons against whom legal proceedings could be brought on account of their report.

5. Conclusion

5.1. The ESC fully supports the coordinated collection, storage and exchange of information on irregular conditions of relevance to air safety since such a system can be expected to be helpful in preventing serious accidents.

5.2. Subject to the above comments the Economic and Social Committee endorses the Commission's proposal for a directive of the European Parliament and the Council on occurrence reporting in civil aviation.

Brussels, 12 September 2001.

The President
of the Economic and Social Committee
Göke FRERICHs

Opinion of the Economic and Social Committee on the 'Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions — Creating a Safer Information Society by Improving the Security of Information Infrastructures and Combating Computer-related Crime'

(2001/C 311/04)

On 31 January 2001, the Commission decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned communication.

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 17 July 2001. The rapporteur was Mr Dantin.

At its 384th plenary session of 12 and 13 September 2001 (meeting of 12 September 2001), the Economic and Social Committee adopted the following opinion unanimously.

1. Introduction

1.1. The development of the information society is causing profound changes which affect a number of activities: work, education, leisure, industry, trade, etc.

1.2. The Commission launched the eEurope initiative in 1999 to enable the EU to reap the benefits of the new technologies and ensure that these would be socially inclusive. In June 2000, the Feira European Council adopted a comprehensive eEurope Action Plan and called for its implementation before the end of 2002⁽¹⁾. The Action Plan highlights the importance of network safety and the fight against cybercrime.

1.3. This decision follows a number of measures already adopted to fight harmful and illegal content on the Internet, protect intellectual property and personal data and promote electronic commerce, among other things.

1.4. This Communication is part of an ongoing reflection process. In 1998 the Commission presented the Council with the results of a study on computer-related crime (the so-called 'COMCRIME' study). In October 1999, the Tampere European Council concluded that high-tech crime should be included in the efforts generally to agree on common definitions and sanctions.

1.5. The Commission Communication discusses the need for and possible forms of a comprehensive policy initiative.

2. The communication

2.1. After analysing the opportunities and risks inherent in the information society, the communication lists the national and international solutions adopted in order to fight computer-related crime. In doing this, it stresses that the main issues addressed basically involve 'privacy offences', 'content-related offences', 'economic crimes and unauthorised access' and 'intellectual property offences', which can be defined as follows:

- Privacy offences: Such offences violate basic privacy rights through the illegal collection, storage, modification, disclosure or dissemination of personal data.
- Content-related offences: These involve the dissemination, especially via the Internet, of pornography, in particular child pornography, racist statements, revisionist statements concerning nazism and information inciting violence.
- Economic crimes, unauthorised access and sabotage: These are related to unauthorised access to computer systems (e.g. hacking, computer sabotage and distribution of viruses, computer espionage, computer forgery and computer fraud) and new forms of committing offences (e.g. computer manipulations).
- Intellectual property offences: Such offences endanger the legal protection of computer programmes and databases, copyright and related rights.

2.2. In order to approach useful ways and means of proposing a legal provision aimed at approximating national laws on computer-related crime, the communication considers 'substantive law issues' and 'procedural law issues' (interception of communications, retention of traffic data, anonymous access and use, practical co-operation at international level etc.).

⁽¹⁾ ESC opinion on 'eEurope 2002 — An Information Society For All — Draft Action Plan' — COM(2000) 330 final; OJ C 123, 25.4.2001.

2.3. The communication then looks at all the non-legislative measures needed to complement the legislative measures. These basically involve the creation of 'specialised national units', 'specialist training', 'co-operation between the various actors', 'direct industry actions' and EU-supported 'RTD projects'.

2.4. As far as the 'security of information infrastructures' is concerned, this is largely the user's responsibility.

2.5. In its conclusions and proposals the communication, as it did in its development, also falls into two parts that it specifies and enlarges upon:

- non-legislative proposals; and
- legislative proposals.

2.5.1. Non-legislative proposals

Action is proposed in a number of areas:

- creation of a European forum bringing together law-enforcement agencies, service providers, network operators and consumer groups, with the aim in particular of enhancing co-operation at EU level;
- continuation of action to promote security and trust in the context of the eEurope initiative, the Internet Action Plan, the IST programme and the next framework programme for RTD⁽¹⁾;
- promotion of other projects under existing programmes; and the
- provision of funding for improving the content and usability of the database of Member States' national laws provided by the COMCRIME study.

2.5.2. Legislative proposals

Under Title VI of the European Union Treaty the Commission will put forward legislative proposals designed to:

- approximate Member States' laws in the area of child-pornography offences⁽²⁾;
- further approximate substantive criminal law in the area of high-tech crime; and
- apply the principle of mutual recognition to pre-trial orders associated with computer-related criminal investigations involving more than one Member State.

The need to take any measures, in particular of a legislative nature, on the question of retention of traffic data will be assessed by the Commission amongst other consultations, on the basis of the outcome of the work that will be done by the proposed EU Forum in this area.

3. General comments

3.1. The ESC agrees with the Commission on the importance of the distribution and use of new digital technologies, particularly the Internet, because data processing and communication infrastructures have become an essential link in our economies. In some sectors this link is so important that part of the economy is 'computer-dependent'.

3.2. The ESC also shares the Commission's view on the risks arising from generalised use of these technologies and the precautions that need to be taken because 'as societies become increasingly reliant on these technologies, effective practical and legal means will have to be employed to help manage the associated risks'.

3.3. The ESC is therefore pleased that the Communication draws up a very comprehensive list of security problems in the information society and that it puts forward proposals aimed at framing an overall security policy. But the ESC thinks it is necessary to define computer-related crime better, in order to distinguish properly between the two types of crimes and offences: on the one hand, the 'new computer crimes' (virus diffusion, software or file destruction, etc.), which must be the subject of new legislation, and on the other hand the traditional criminal activities which are easier to carry out today because of the use of computers and networks (child pornography, money laundering and copyright violation) and which need to be the subject of a more thorough harmonisation of the existing texts in each Member State. These different types of offences require different legal measures to combat them. Combating these various offences, which are committed by people who are good at controlling technologies ('white collar crime'), requires different measures.

⁽¹⁾ ESC opinion on the Proposal for a Decision of the European Parliament and of the Council concerning the multiannual framework programme 2002-2006 of the European Community for research, technological development and demonstration activities aimed at contributing towards the creation of the European Research Area, and the Proposal for a Council Decision concerning the multiannual framework programme 2002-2006 of the European Atomic Energy Community (EURATOM) for research and training activities aimed at contributing towards the creation of the European Research Area — COM(2001) 94 final — 2001/0053 (COD) — 2001/0054 (CNS) currently in preparation.

⁽²⁾ Proposal for a Council framework decision on combating the sexual exploitation of children and child pornography — COM(2001) 854 final — CNS 2001/025; OJ C 62 E, 27.2.2001.

3.4. The Commission Communication proposes a number of repressive measures. The ESC thinks that computer-related crime must be combated not only by a policy of repression but also by broader measures involving prevention, training and combating exclusion of all kinds (economic and cultural). The ESC urges that the role of the various actors, in particular public-sector actors at all levels, in implementing this broader policy to prevent and combat computer-related crime be clearly defined: the role of the EU, the states, the regions, the cities, of companies and of all the authorities in 'civil society' (schools, associations, libraries, etc.).

3.5. But the ESC feels that some important aspects have been under-estimated in the analyses. The Communication's title suggests that two main issues will be tackled: infrastructure security and cybercrime. The ESC would stress that the Communication is concerned above all with fighting crime: infrastructure security is analysed in much less detail. However, security, and especially the security involved in the technical operation of networks, is far from satisfactory. With the big rise in the number of users and volume of data sent, and the constant introduction of techniques which have still not been stabilised (high volume, Internet on mobiles, etc.), there is a risk of this security being compromised. For example, the problems of overloads or breakdowns of telecommunications networks are hardly mentioned at all ⁽¹⁾. One must realise that as economic activities become more computer-dependent, the technical reliability of networks becomes more and more essential.

3.6. As regards the technical safety of networks, it would be interesting to consider the responsibility of telecom operators and the effects of deregulation. A number of studies show the economic benefits of telecom deregulation (lower prices, contract diversification, new services etc.), but none analyse the effects of this deregulation on the quality and security of infrastructures. The Commission Communication gives no financial estimate of the losses suffered by users, particularly businesses, following technical breakdowns on networks. However, would it not be important to be able to assess the purely economic costs — in addition to the social and human costs — brought about by 'computer-related malfunctions', as opposed to 'computer-related crime'?

3.7. The Commission Communication has a very individual and very 'laissez-faire' approach to security problems, by tending to transfer the handling of all the problems of security and fighting cybercrime to users. It stresses the responsibility

of users, individuals or companies, and seems to underestimate the role of the big players: the telecom operators and the states: 'Security is therefore, to an important extent, a responsibility of the users, as only they can appreciate the value of the bits being sent or received, and can determine the level of protection needed.' Certainly, all users have a role to play in ensuring their own safety, and the ESC agrees that users should be fully informed of the risks run on the Internet and trained to protect themselves and assume their own responsibilities. But it would stress the limits of such an individual approach: while this responsibility may be partially assumed by 'heavy or street-wise' users (big business or institutions), can it really be assumed by 'smaller or inexperienced' users (small enterprises, individuals and especially children)? This view of security, which is not sufficient in the 'real and concrete' world, is surely not more so — and may even be less so — in the virtual world? Is it not an incentive to create illegitimate means of self-defence, such as private militias responsible for security and fighting cybercrime?

3.8. As a complement to the above remarks, the ESC does not deny that the active citizen of today could play an important role, as a user. The user should be well informed and made aware of all the problems concerning the security of cyberspace. This could be done through basic education and by providing constant information on developments in this field. The e-Europe ⁽²⁾ and e-Learning ⁽³⁾ initiatives, as well as lifelong education and training, can help achieve this objective in a positive and creative way.

3.9. It would also be interesting to ponder at greater length about the responsibility of the players in the IT sector: security probably accounts for more than 10 to 15 % of the costs of companies and private individuals (purchase of special 'firewall' equipment and anti-virus software, updating of this software, etc.) ⁽⁴⁾. The push to buy security tools may be debatable for private individuals and SMEs. It is rather a matter for suppliers and manufacturers who must use the currently existing software and materials in order to protect their customers: 'Therefore it is important to encourage innovation and commercial use of security technology and services.' Are we sure that all makers of computer software and hardware really want a fall in the number of viruses, now numbering more than 50 000 and growing by 10 000 a year.

⁽¹⁾ Such breakdowns are spectacular on mobile telephone networks (because all the users are aware of them quickly), but they also occur, though less visibly, on the Internet. Unfortunately few statistics are distributed by the operators on this subject.

⁽²⁾ ESC opinion on 'eEurope 2002 — An Information Society For All — Draft Action Plan' — COM(2000) 330 final; OJ C 123, 25.4.2001.

⁽³⁾ ESC own-initiative opinion on the European dimension of education: its nature, content and prospects — OJ C 139, 11.5.2001.

⁽⁴⁾ There are big differences in the vulnerability levels of certain systems.

3.10. Moreover, the ESC feels that the power of the European states and of the EU to manage and control the large organisations which manage the Internet networks should be analysed in greater detail⁽¹⁾. For example, Europe is completely absent from the Internet administration body, the ICANN (Internet Corporation for Assigned Names and Numbers). The ICANN is a private law body formed in 1998 at the initiative of the American government to ensure Internet co-ordination. Among its other responsibilities this private institution manages Internet addresses (to avoid duplication) and the names of website domains throughout the world, and defines the operational rules which apply to all. But the executive board of the ICANN is made up of representatives of American private operators and of some Internet users 'elected by universal suffrage on the Internet', including a representative of European Internet users. The Communication is not forthcoming enough about such issues and the ESC thinks there must be active EU participation in the various Internet management and co-ordination bodies, and not just in purely technical bodies in the telecommunications sector⁽²⁾. Moreover, given the social and societal issues involved in Internet use, should the Internet not be managed by an international body (fixing of standards, co-ordination of electronic addresses, etc.) with the extensive involvement of the public authorities from the different states? It must be pointed out that this type of body already exists in other fields (air transport with IATA, sea transport or telecommunications).

3.11. The Commission Communication broaches the question of approximating powers under procedural law which 'will improve the protection of victims', but does not make this a priority in its conclusions. The ESC thinks that such approximation is required urgently and that everything must be done to speed up harmonisation of procedures. Such approximation, while respecting the laws and public freedoms recognised in the Member States and the basic rights to the respect of privacy and the protection of data set out in the EU Charter of Fundamental Rights, must above all facilitate the search for and rapid seizure of data in computer memories so as to prevent the destruction of evidence of violations of the law; the authorities responsible for applying laws must have sufficient powers to order or obtain the expeditious preservation of specific data.

⁽¹⁾ See COM(2000) 202 final.

⁽²⁾ The governing board of the ICANN comprises 19 members, 5 of which represent the 5 great regions of the world (North America, Europe, Asia-Pacific, Africa, South America). The procedures for holding elections were not very democratic: any voluntary Internet user could vote, and very few Internet users were informed of this 'election'!

4. Specific comments

4.1. *Need to fight against child pornography*

4.1.1. The ESC is pleased with the Commission Decision to submit before the end of 2001 a proposal for a Council Framework Decision that will include provisions for the approximation of laws and sanctions on child pornography on the Internet⁽³⁾. The ESC thinks that this approximation of laws and sanctions should concern not only child pornography but also other areas, such as combating religious sects, racist ideas, sexism and, more generally, the promotion of pornography and violence.

4.2. *Need to regulate the interception of communications*

4.2.1. The ESC shares the fears expressed in the Communication that: 'Abusive, indiscriminate use of interception capabilities, particularly internationally, will raise human rights' questions and will undermine citizens' trust in the Information Society'. But the ESC would supplement this analysis by stressing the need to respect these principles of confidentiality in areas, including companies' internal operations. Human rights and privacy must be respected in all businesses. This includes protecting personal messages sent or received by employees on companies' communication systems (respect for privacy)⁽⁴⁾. It also means negotiating the use of the individual data that has to be compiled if networks are to function properly, but which enables the activities and behaviour of each employee to be monitored. The negotiation of an 'IT users' charter' is one way of striking a balance between respect for personal freedom and the operational constraints of business (double e-mail boxes etc.).

⁽³⁾ Council Decision of 29 May 2000 on combating child pornography on the Internet; OJ L 138, 9.6.2000. ESC opinion on a programme to protect children using the Internet currently in preparation. ESC opinion on combating child exploitation and sex tourism; OJ C 284, 14.9.1998. ESC opinion on the Proposal for a Council Recommendation on the protection of minors and human dignity in audio-visual and information services — COM(97) 570 final; OJ C 214, 10.7.1998.

⁽⁴⁾ For example, an agreement recently signed by Deutsche Telekom guarantees the total confidentiality of messages sent by employees on the company's intranet and the Internet.

The Commission Communication contains only a footnote on the question of the worldwide intelligence interception network known as ECHELON. The ESC approves the efforts of the EP watchdog to throw some light on this network, certain installations of which (equipment, listening centre, etc.) are installed in a Member State. It would be paradoxical to think up detailed procedures for regulating the interception of communications if these rules were constantly broken by a network of states using the alibi of military security as a screen for the less admissible aims of economic espionage. For this reason the ESC asks the Council of Ministers to take firm action on this matter.

4.3. *Need to retain certain traffic data*

4.3.1. The features of Internet crimes are well-known: they are relatively easy to commit (when computer techniques have been mastered), they require few means, they can be committed from a distance without any physical presence, they can concern a large number of Internet users instantaneously and cause considerable damage. On the other hand, they leave traces in the various components of the networks borrowed by the fraudulent data. Technically, everything pushes the various network actors to erase these traces as soon as the billing operations have been carried out, which makes the work of the police almost impossible. The ESC thinks that this problem is one of those most urgently in need of a solution so as to ensure the smooth operation of the Internet, and supports the position of the Commission, which is to 'urge all the parties concerned to discuss in-depth, as a matter of priority, the complex issue of retention of traffic data'. This discussion should cover both technical matters (what information should be kept, and for how long?) and economic issues (who will pay for these new operations?)⁽¹⁾. The Council of Europe's draft convention on computer crime⁽²⁾ specifies a number of methods concerning this retention of data. But the deadlines for adopting and implementing this convention are likely to be very long; it is necessary to speed up the adoption of specific measures in the countries of the EU⁽³⁾.

4.4. *Anonymous access and use*

4.4.1. The Communication points out that the question of anonymity is at the heart of a dilemma: on the one hand, the possibility of remaining anonymous is essential if one wants

to preserve fundamental rights to privacy, but on the other hand the possibility of communicating on-line without revealing one's identity makes it impossible to combat certain offences. The ESC approves the Commission position of applying to the Internet the basic legal principles which apply in other fields: 'The Internet is not an anarchic ghetto, where society's rules do not apply.' The ESC thinks that technical and legal solutions have to be sought so that Internet access and navigation do not lead to websurfers' private behaviour being tracked or investigated. The sending of unsolicited anonymous messages to a given⁽⁴⁾ individual address, particularly from public places such as webcafes and libraries, should also be prohibited. Indeed, the growth in the number of anonymous messages is a threat not only to each individual, but also to the whole of society. The ESC is aware of the difficulties posed by even a limited ban on anonymity. However, it is advisable to qualify the statement that 'the possibility of remaining anonymous is essential if one wants to preserve the fundamental right to privacy and freedom of expression in cyberspace'. Granting recognition to such a concept would undermine the rights of message recipients (personal or generic), who — in order to protect their privacy and their interests — should be able to know the exact identity of those with whom they are in contact.

4.5. *Role of the specialised national units*

4.5.1. The ESC approves the call for the setting-up at national level of specialised units responsible for such tasks as prosecuting computer-related crimes and developing investigation technologies. The ESC also shares the Commission's view on the need for statistics on cybercrime: 'There is a clear need to gather reliable evidence on the significance of computer-related crime'. The ESC therefore asks that the tasks of these specialised units be widened to include keeping detailed and pertinent public statistics on cybercrime, so that these statistics are not entrusted to private research organisations, which still have very close links with the computer sector. The combating of security breaches and cybercrime must include estimating the number of punishable acts, their sources and causes, and above all the financial costs borne by private individuals and companies that are due either to security systems or the consequences of various types of fraud and virus attacks.

⁽¹⁾ The problem of funding has already been tackled in some countries: (Belgium, The Netherlands, United Kingdom, etc.) with different answers.

⁽²⁾ Council of Europe — Draft convention on computer crime — Draft No 25 of 9 January 2001.

⁽³⁾ ESC own-initiative opinion on the impact of e-commerce on the single market (SMO); OJ C 123, 25.4.2001.

⁽⁴⁾ Messages sent to public or private forums can remain anonymous because all participants accept such anonymity.

4.6. *Creation of a European forum*

4.6.1. The ESC approves the Commission proposal to set up a European forum bringing together a large number of actors with the aim of fully enhancing co-operation at EU level, and urges that this forum should be first of all a place enabling exchanges concerning what is and is not specific to the information society. In particular, such a forum should make it possible to justify the need to set up regulation systems and to develop and circulate this idea among institutions and the public. It must be recognised that the Internet has developed partly outside the traditional regulatory framework: that was one of the reasons why it grew so fast. But the Internet has become too important for it to escape any regulation. However, Internet 'fans' continue to stress that 'any regulation of the Internet is a brake on Internet development'. They rest on the associative and libertarian ideal of a number of Internet users to continue developing the idea that the 'digital global village' must not be regulated by states and that codes of good conduct of sufficient. It is time that Europe helped to develop ideas on the need for rules and regulations. It must be repeated that the Internet is a tool like any other which has to be regulated like other economic activities. Electronic commerce in the private sector and online procedures in administrative relations will only develop if the consumer and the citizen have confidence in the Internet. This confidence is tied to the rapid adoption of political, economic or tax rules, and not just to the purchase of security systems by companies and private individuals. Such help for the development of ideas, which has to be accompanied by an awareness of the need for any Internet user to keep well away from extreme attitudes (too much naivety or too much paranoia) could be one of the main roles of the European forum.

4.6.2. In view of the interest of this type of exchange for organised civil society, the ESC will participate in this forum.

4.7. *Direct industry actions*

4.7.1. The ESC agrees with the proposal's statement that: 'Many industries, e.g. in the banking, electronic communications, credit card and copyright sectors, and their customers are potential victims of computer-related crime'. But it thinks that the Communication does not stress enough the enormous risks that security weaknesses on the Internet pose for SMEs. The suppliers of commercial sites to firms must be encouraged to use the security measures available. Certainly, the major companies have the human and financial resources to ensure a certain level of security, but many SMEs do not. These SMEs

can suffer major financial damage (destruction or loss of files, theft of confidential files, etc.) or even a temporary or permanent cessation of activity (viruses in computer systems, etc.). Moreover, some fraudulent practices on the Internet can involve very high 'hidden' costs: thus the practice of mass advertising by e-mail ('spam') can cause message recipients financial costs and, above all, a considerable waste of time⁽¹⁾. For the moment such practices are virtually unpunished. The ESC points out that it is in favour of a system of 'prior consent' for e-mail of a commercial nature⁽²⁾.

4.8. *EU-supported RTD projects*

4.8.1. The ESC approves the broad outline of the RTD programme set out in the Communication. But it stresses the need to continue ideas and research on two topics which it feels are essential.

4.8.1.1. Topic No 1 (technical studies): to what level of complexity can one develop the Internet without it becoming intolerably vulnerable? Everyone agrees that the fragility of a system is linked to its complexity. Given the increasing computer-dependence of economic activity, at what point will a set of inter-connected networks become dangerous because it is too sensitive to technical breakdown and too vulnerable to cybercrime? All human inventions have size limits (aircraft, ships, tunnels, towers, etc.) and giant-sized things are always fragile. Will the Internet and the networks escape these constraints?

4.8.1.2. Topic No 2 (psychological, sociological and cultural studies): what are the specific psychological features of cybercrime in the immaterial world compared with traditional crime in the 'real and concrete' world? The absence of 'visible' consequences probably plays a major role. How can the effects of cybercrime be made 'visible' and easily perceptible so that everyone can feel the negative effects of it? For example, how can stealing software be made to seem reprehensible, even though the user/victim suffers no apparent damage, since he always has software (unlike the victim of a 'theft' in the traditional world)? How can virus-induced financial losses, which, in terms of economic sabotage, are often greater than

⁽¹⁾ According to a recent EU study (February 2001), mass advertising by e-mail accounts for 500 million messages per day worldwide. This extra traffic, paid for by message recipients, is said to cost the Internet users' community more than EUR 10 billion.

⁽²⁾ ESC opinion on the Proposal for a Directive of the European Parliament and of the Council concerning the processing of personal data and the protection of privacy in the electronic communications sector — COM(2000) 385 final — 2000/0189 (COD); OJ C 123, 25.4.2001.

those caused by fire or explosives, be made 'visible', even though the physical consequences are not very spectacular (no flames, noise, etc.)? How can one combat computer-related crime when a significant number of economic cybercrimes (particularly the distribution of viruses and acts of intrusion into certain computer systems) are not committed for the traditional reasons (money, power, revenge, etc.) and are often apparently 'gratuitous' acts, inspired more by megalomania ('I am stronger than the most sophisticated systems') and the search for fame than by the lure of gain? What links are there between cybercrime and exclusion? How should prevention policies be conceived?

4.8.2. Confidence in the Internet can only be increased if problems such as these are analysed better and more knowledge is gained so they can be handled better.

5. Conclusions

5.1. The ESC shares the point of view of the Commission on the importance of distributing and using the new digital technologies. Their importance — particularly that of the Internet — is such that part of the economy can be said to be 'computer-dependent'. This 'computer-dependence' will continue to increase.

5.1.1. The ESC also shares the Commission's view that increasingly effective practical and legal means will have to be used as the economy becomes more dependent on such technologies.

In this ongoing context the ESC is pleased with the initiatives envisaged by the Commission in its communication. The ESC stresses the urgency of the need to take certain decisions and speed up the adoption of regulations.

5.2. However, in order to widen the debate it would stress the following:

5.2.1. The Commission Communication proposes a number of repressive measures. These must be backed up by broader measures involving prevention, training and combating exclusion.

5.2.2. More emphasis must be put on infrastructure security.

5.2.3. If, as the Commission indicates, security may be partly the responsibility of the user, it is also necessary to define the role of the big players: the telecom operators and the states. While this responsibility may be assumed by 'heavy or street-wise' users (big business or institutions), can it really be assumed by 'smaller or inexperienced' users (small enterprises, individuals and especially children)?

5.2.4. It is necessary to study in greater detail the power of the Member States and the EU in managing and controlling the large organisations which manage the Internet network.

5.2.5. The approximation of powers under procedural law must be a priority in order to improve 'victim protection'. The new powers which would be conferred on the authorities responsible for the application of laws must respect the basic rights to the respect of privacy and the protection of data set out in the EU Charter of Fundamental Rights.

5.2.6. It is necessary, as the Commission indicates, to regulate the interception of communications. This approach must be widened by stressing the respect of the principles of confidentiality in all fields, including the working procedures of companies. The ESC approves and supports the efforts of the European Parliament to shed all possible light on the worldwide intelligence interception network known as ECHELON and asks the Council of Ministers to take firm action on this matter.

5.2.7. The most urgent issues to be dealt with to ensure the smooth operation of the Internet and combat computer-related crime are the need to retain certain traffic data, the regulation of access and user anonymity.

5.2.8. The creation of a European forum bringing together a large number of actors with the aim of enhancing co-operation at EU level creation is a good initiative. The ESC, as a representative of organised civil society, has decided to play an active part in the work of this forum.

5.2.9. It is necessary to underline and analyse to a greater degree than is done in the communication the enormous risk run by SMEs because of security weaknesses on the Internet (destruction and loss of files, theft of confidential files, computer viruses etc.).

5.2.10. The broad outlines of the RTD programme referred to in the communication are a step in the right direction. However two issues appear essential:

- How complex can the Internet become without risking an intolerable degree of vulnerability?
- What are the specific psychological aspects of computer-related crime in the virtual world compared with traditional crime in the 'real and concrete' world?

Brussels, 12 September 2001.

*The President
of the Economic and Social Committee*
Göke FRERICHS

Opinion of the Economic and Social Committee on the 'European programme of radio satellite navigation (Galileo)'

(2001/C 311/05)

On 1 March 2001 the Economic and Social Committee, acting under the third paragraph of Rule 23 of its Rules of Procedure, decided to draw up an opinion on the 'European programme of radio satellite navigation (Galileo)'.

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 17 July 2001. The rapporteur was Mr Bernabei.

At its 384th plenary session of 12 and 13 September 2001 (meeting of 12 September), the Economic and Social Committee adopted the following opinion unanimously.

1. The Committee

having regard to the positive contribution which the development of a European satellite navigation and positioning system for civil purposes can, once integrated into the broader Galileo programme of services, make to the economy and society as well as at global level to the well-being and safety of all, by an enhanced quality of life and human fulfilment, while safeguarding privacy and individual freedom;

having regard to the competitive impact of Europe's Galileo system at global level, which can ensure full autonomy and uninterrupted integrity, free of military interference, and the economic impact in terms of new jobs, businesses, services and occupational approaches, greater economic and social cohesion, and fresh opportunities for cooperation and support for development;

having regard to the potential for state-of-the-art services provided by Galileo in vital sectors such as fixed and mobile communications, the e-economy, integrated transport logistics and safety, remote medical services and the health sector, distance education and training, civil protection and public security, agricultural development and the protection of the environment and of natural resources;

recommends the following to the Council, the European Parliament and the Commission:

- early adoption of a single, joint strategy, with a defined mandate and a clearly-delineated development platform for a global approach embracing all the system's elements and services, reaching beyond satellite navigation positioning to herald a fully-fledged innovative revolution in services to the entire economy, society and citizens;

- embedding this strategy in an agreed 'dual use' approach embracing all the Community policy responsibilities of the European Commission, the WEU and the Council's Common Foreign and Security Policy secretariat;
 - appropriate macro-economic studies to forecast how the direct, indirect and secondary effects of implementing the Galileo global system will influence public and private sector organisational systems and individual organisation systems in Europe;
 - the launch, by the end of 2001, of a joint undertaking under Article 171 of the EC Treaty, and subsequent creation of a European Galileo Agency to set up a permanent open network for all players in the system, including final users;
 - founding this joint undertaking, which should exist only until 2005, and the subsequent agency, on four pillars: an official steering committee open to public and private players; a high-level ethics committee to ensure that the requirements of transparency, exclusively civil use, and safeguards for privacy are satisfied; a regulatory body to provide adequate interoperability guarantees; and an operating body along the lines of the American JPO (Joint Program Office);
 - rapid definition of standards under the Community's 'new approach', and of potential services, and identification of future activities generated by the Galileo system, partly in order to provide civil society with a clear picture of the economic and social benefits and to foster the necessary high level of consensus;
 - applying the appropriate measures to afford full protection of private life and of the rights to privacy and confidentiality for both individuals and companies, with regard to freedom of movement and confidentiality of commercial transactions, economically-based decisions on location and prospecting for natural resources, preventing any spin-off from Galileo in terms of technological surveillance of citizens or businesses;
 - establishing a commercial structure by means of a 'Galileo promotion company' also involving the private sector, which would subsequently assume the financial responsibility, the technical and political responsibility remaining with the public system;
 - speeding up the entry onto the market of an initial operational phase in 2004, by integrating Egnos, and accelerating the deployment in orbit phase of the Galileo satellite network in 2006, establishing implementation arrangements in successive modules, which would enable income to be generated, an immediate impression of product reliability to be created, and the general public to be familiarised with it;
 - cooperation and compatibility through co-existence with GLONASS and GPS and their future developments, by means of international treaties including guarantees regarding specification, satellite constellation and terrestrial infrastructure, together with a clear and balanced definition of the relevant intellectual and industrial property rights;
 - consolidating the Galileo frequencies at the 2003 WRC (World Radiocommunication Conference), and coordinating frequencies with the existing global satellite navigation system;
 - launching a well-structured communication campaign with a coordinated message, geared to ensuring credibility on a competitive, high-risk market at world level, not only for those directly involved in such work, but also for the various economic and social categories, including the general public, in order to stimulate the greatest possible degree of acceptance and support.
- 1.1. The Committee calls upon the Council, the European Parliament and the Commission to draw up a precise and clearly-defined timetable for action in successive modules, and to report regularly to the Committee so that it can be actively involved in future practical developments.
- ## 2. Introduction
- 2.1. The Galileo programme is a European Union initiative with a dual purpose:
- to provide a European contribution to the future Global Navigation Satellite System (GNSS) for navigation and positioning;
 - to offer technologically-advanced services to industry, individual businesses, citizens and European society in general in order to make the Community system more competitive at world level.

2.2. This state-of-the-art technology allows:

- static or mobile users, equipped with a receiver able to receive and process the signals emitted from a range of satellites, to establish with precision their position in terms of longitude, latitude and altitude, as well as the exact time;
- the system to determine the position of any object or person within a given territory, together with events or connections with communications systems and databases.

2.3. This technology has so far been dominated by the United States' Global Positioning System (GPS). Being funded and controlled by the US military, the system is dependent upon it for the continuity and quality of civilian use. The military authorities can, for example, block or impede the signal at will. Russia also possesses satellite navigation technology with its GLONASS system, but it is at a very low level of operability due to economic problems.

2.4. In its initial communication of 10 February 1999 ⁽¹⁾, and also on the basis of the projects launched under the fourth and fifth RTD framework programmes, the Commission presented its own radio satellite navigation programme (Galileo), compatible and interoperable with, but independent of, GPS. It is to be organised in four phases: the definition phase was completed at the end of 2000; the test and validation phase is planned for the period up to 2005; the deployment phase up to 2007; and start of operations from 2008.

2.5. The Transport Council of 19 July 1999 called upon the Commission to prepare the definition phase of the Galileo project in conjunction with the European Space Agency (ESA) and the Member States.

2.6. The Research Council of 11 November 2000 adopted a resolution and a European Commission/ESA protocol agreement.

2.7. The European Councils at Cologne in 1999 and Feira and Nice in 2000 stressed the strategic importance of Galileo, declaring their political will to press ahead with the definition of the programme.

2.8. The Stockholm European Council of 22 and 23 March 2001 also drew attention to 'the importance of launching the Galileo satellite navigation programme without delay', calling

on the private sector 'to take up the challenge with regard to participation in and financing of the project through a binding commitment for the deployment phase'. It noted that the private sector was ready to supplement the public budgets for the development phase, and invited the Council to define the next phase of the project before the end of 2001 and, in particular, to establish 'a single and efficient structure' ⁽²⁾. An early decision on the form this should take was proposed at Stockholm 'be it a joint undertaking under Article 171 of the Treaty, an agency or any other suitable body': how to implement Galileo is therefore the crucial point of an on-going debate ⁽²⁾.

2.9. The Council of Transport Ministers of 4 and 5 April 2001 adopted a resolution confirming support for the Galileo programme, emphasising its contribution to greater cohesion in Europe, the encouraging prospects offered by satellite navigation, the need for a fully available system under European control, and the advantages of interoperability, complementarity and guaranteed service. Agreement was reached on financing of 100 million euros for 2001 through the TEN programme, the proportions to be provided by the ESA and the EU, the need to guarantee unity of administration and financial control, and the establishment of a temporary management structure pending a decision on the final structure by December 2001.

2.10. The Transport/Telecommunications Council of 27 and 28 June 2001 took note of the Commission's proposal on the creation of a Galileo joint undertaking ⁽³⁾ (on which the Committee is to draw up an opinion) and decided that satellite navigation services would be developed 'based on technical requirement, user needs, economic viability and economic and social benefits of different services, in close co-operation with private and other potential partners'.

The Council will also examine the cost-benefit analysis presented by the Commission in June 2001.

2.11. In the proposals for the VIth RTD framework programme, the Commission has dedicated a line to developing the Galileo programme under the aeronautics and space heading, in keeping with the launch of an integrated strategy for space.

⁽¹⁾ Communication of 10 February 1999, COM(1999) 54 final.

⁽²⁾ Conclusions of the Stockholm European Council, point 42.

⁽³⁾ COM(2001) 336 final.

3. Purpose of the opinion

3.1. The Committee feels it is important to issue an own-initiative opinion on the Galileo programme, as it believes that launching this system may have major repercussions in terms of company competitiveness, services to private individuals and making advanced tools available to Community and national policies to ensure sustainable, competitive and dynamic development.

3.2. From this starting-point, the Committee intends to examine the state of progress of the programme, and to assess its potential in terms of user services, applications for civil society and for European economic competitiveness, its macro-economic benefits and political and strategic dimension, financing and management arrangements, the prospects for cooperation, and its compatibility with other existing systems.

3.3. The Committee has previously welcomed development of the European aerospace industry, lending 'its full support to a new strategic planning approach, agreed through dialogue with the industry and invested with new European level management functions for RTD' ⁽¹⁾, and has expressed favourable views regarding satellite personal communication services ⁽²⁾, and radio spectrum use ⁽³⁾.

It also emphasised the importance of RTD in the aerospace sector in its opinions on the fourth and fifth framework programmes and on the related specific programmes ⁽⁴⁾.

4. State of progress of the programme

4.1. The Commission had adopted two communications, one in July 1999 and the other in November 2000 ⁽⁵⁾, with the aim of preparing the definition phase of the programme and checking its results, in cooperation with the European Space Agency, mobilising European space industries and potential service suppliers.

Galileo's objective is the deployment of a constellation of EU satellites: it will comprise 30 satellites in non-stationary orbit at an altitude of approximately 23 000 kilometres, at an estimated total cost of some EUR 3,25 billion.

4.2. The European resources required for the test and validation phase (2001-2005) have been calculated, on the basis of a cost/benefit study, at EUR 1,1 billion, to be shared equally by the European Commission and the ESA. A Community contribution of a further EUR 600 million is planned for the public-private partnership responsible for the deployment phase (2005-2007). The Commission suggests that from 2007, Galileo will be sufficiently cost-effective as not to require further subsidy.

4.3. The Committee points out that plans for a public-private partnership urgently require a secure legal and financial framework, as well as the establishment of a coordinated management structure for Galileo drawing together the Commission, the ESA and those private investors who wish to contribute within this partnership.

4.4. A major success was achieved at international level during the definition phase: the World Radiocommunication Conference held in Istanbul in June 2000 provided broader frequency bands for satellite navigation services. This result must, of course, be confirmed and ratified by the next WRC in 2003 in the light of the compatibility studies which need to commence as soon as possible.

5. The international framework

5.1. Three projects exist at international level: GPS, which has been operating for a number of years; the Russian GLONASS which, although not operational, offers technically-advanced solutions; and the Galileo programme which is emerging from the definition phase and is ready to move into the development and validation phase.

5.2. The American GPS is undoubtedly the most advanced system, since it is based on opening up an existing military system to civilian use. Civilian use is free, but is subject to its military source: access may be reduced in line with internal military security considerations.

5.3. The Russian Federation has considerable experience in developing and operating satellite navigation systems, and a number of contacts are currently being maintained with the EU to sound out the possibility of interoperability between GLONASS and Galileo. One particular area for cooperation might be the coordinated use of allocated frequency bands.

⁽¹⁾ ESC opinion on the Communication 'The European aerospace industry: meeting the global challenge', OJ C 95, 30.3.1998, p. 11.

⁽²⁾ ESC opinion, OJ C 140, 18.5.2000, p. 42.

⁽³⁾ ESC opinion, OJ C 123, 24.4.2001; COM(2000) 407 final.

⁽⁴⁾ The Committee has also prepared an opinion on the proposal for a VIth RTD framework programme.

⁽⁵⁾ Communication of 22 November 2000, COM(2000) 750 final.

5.4. The European Union sees cooperation and complementarity with international partners for Galileo as crucial, especially those partners who already have standards in operation, as is the case with the United States. Europe is currently examining a number of technical compatibility issues with the United States with a view to GPS III, which is at an advanced stage of planning, in order to avoid marketing problems while safeguarding the principle that the European system should not be jeopardised. This means ensuring that service continuity is not broken for reasons lying outside the service itself.

The EU is also willing to open up research and development on the Galileo programme and its practical industrial application to all countries interested in joining together to create an efficient, reliable and secure system.

6. Galileo for users: potential for state-of-the-art services

6.1. The Committee believes that uses and markets for a satellite navigation system must allow for a wide range of public and private services essential to an integrated European areas, including:

- market-oriented services targeted on broad catchment areas, through an additional dedicated communication channel;
- transport safety services (safe navigation for different modes — air, maritime, road and rail);
- remote medical services (diagnosis for the treatment of patients, location of goods and products);
- civil protection, emergency and law enforcement services (countering low-level offending, drugs smuggling and other common forms of crime);
- customs and excise services (automatic monitoring of movements);
- monitoring of integrated and intermodal logistics, the environment, agriculture and natural resources;
- support for radio navigation and automatic guidance at the cruising, approach and arrival stages.

6.2. The Committee believes that Galileo must firstly, provide competitive, high-quality services in the near future and secondly, achieve a high-definition phase capable of bringing the necessary precision to these applications, accompanied by the guarantees of signal integrity, continued

performance and neutrality which are needed where liabilities are engaged, within a predefined framework but with a financial commitment which is balanced in terms of such services:

- 1) open services with no charge, for mass market applications, dual or single frequency applications, precision time-keeping applications;
- 2) commercial services based on open signals for transmission of added-value encrypted data, and commercial and professional applications requiring a guaranteed, higher level of service;
- 3) rescue services based on international standards with integrity confirmation signals, on the basis of GRID systems (a single-view distributed computer/multimedia interconnection system) capable of carrying dedicated encrypted messages;
- 4) public services, certified services providing performance guarantees with a very high level of security which can, in emergencies, be activated on authority, for public service applications which must always be free of interruption or disturbance.

6.2.1. In addition to these four basic services, Galileo will have to provide an efficient databank system in order to ensure efficient and secure use of other external terrestrial and satellite networks on a multifunctional basis, such as UMTS or UHF and DHS systems, or scientific or technological research and development systems. At the same time, Galileo will have to develop regional certification and reliability systems, with integrity confirmation, for GPS signals and related services in terms of interoperability with Galileo for North America and the Europe-Asia region.

6.3. The Committee underlines the need for Galileo's space infrastructure to be integrated with the various terrestrial systems and technologies to meet the needs of users wherever they may be: in urban areas (where satellite transmissions without ground-based relays may be blocked by buildings), in high-risk areas (construction sites, factories, depots), isolated areas (where the cost of installing and maintaining terrestrial communication systems may be prohibitive), regions in the higher latitudes (where satellite signals are weaker), and on the oceans, in deserts and in the air (where greater risks are present).

6.4. In the Committee's view, the approach to setting up a navigation infrastructure must be based on the requirements expressed by the potential users of the services offered, from the end user to the service providers, and including the public authorities responsible for implementing the rules and regulations.

6.5. The Committee is therefore convinced that large-scale consultation is necessary to obtain a clear understanding of the need for a global service that covers the entire globe, including the oceans and desert areas, with a view not only to ensuring the continuity of services involving maritime and aviation applications but also to enabling system and receiving equipment manufacturers to achieve economies of scale in an unsegmented market.

6.6. Integrating the navigation system with communication systems, in order to exploit them to the full, is essential if positioning, navigation and timing data integrated with added value services are to be transmitted. The concept of a 'panoply' of services must consequently be incorporated into the parameters of the navigation system.

6.7. The Committee underlines the need for reliable and short timescales for programme qualification and service definition on the basis of catchment areas, allowing competitive services with global cover to be supplied not only to the general public, businesses and the EU or ESA authorities, but also for sale on a commercial basis on a wider scale, to external players on the world market.

6.8. An approach of this kind, under which Galileo would be open to external uses, and especially in the sphere of communication services, requires rapid definition of the regulatory aspects, particularly the licensing and interconnection arrangements for telecommunications networks and systems. It could be extended to include applications to improve mapping in Europe and beyond, especially in developing countries with which the Community has special relations. Applications focusing on earth observation will also be studied as part of a global and sustainable development strategy.

6.8.1. In the Committee's view, it is extremely important that an on-board satellite subsystem be developed to permit a modern public search and rescue service. The interest expressed by the signatory states to the International COSPAS-SARSAT Convention, which are currently implementing a system of this kind covering the entire globe, in developing a new complementary service to be provided by Galileo must be sustained. The Committee believes that the system should be set up in such a way as to be complementary with the US system which will emerge from future generations of the GPS.

7. Towards a joint strategy

7.1. The Committee believes that at the current stage of development of the Galileo programme, a joint strategy must be defined embracing all the players concerned, especially the

Commission, the ESA, the public authorities of the Member States and the private sector. The strategy should be based on:

- a single management structure with clear identification of those involved, a defined mandate and a clearly-delineated platform for the development of new-generation services, in the form of a joint undertaking in accordance with Article 171 of the EC Treaty, as a single internal and external representative, the legal bases needed for a fully-fledged European Galileo Agency possibly being laid down subsequently;
- designing and subsequently creating a 'Galileo Promotion Company', underpinned by its capacity for integration, market knowledge, financial capacities, expertise in organising navigation systems, and ability to develop and exploit the market;
- establishing implementing arrangements in successive modules which can be monitored and optimised in proper order, by means of effective market demonstrations, integrating Egnos (the European geostationary navigation system), which was launched in 1996 and will be operational from 2004, together with the regional terrestrial GRAS system, into Galileo in order to accelerate its entry onto the market and the resulting income from professional air, maritime and road transport services, applications for the general public, particularly in relation to road traffic, and security and rescue services;
- accelerating the deployment in orbit phase, with the launch as early as 2006 of an initial service module for public and private use, designed with the full participation of the private sector in order to ensure immediate activation of a first range of competitive, broad use services. This would guarantee Galileo's success based on its ability to turn the positioning concept into the 'managing mobility' concept of an in-built connection between location with mobile information available to users;
- co-existence and compatibility with GLONASS and GPS and with their future developments, by means of proper guarantees regarding the implementation and technical efficacy of the systems, particularly in the field of signal specification, satellite constellation and terrestrial infrastructure. These should be officially established by international agreements, retaining the civilian nature of the Galileo system under civilian control;

— coordinating frequencies with the existing global satellite navigation system as well as with other systems in the event of reallocations of existing frequencies: the WRC2000 allocations for the dedicated European frequency plan should be consolidated on the occasion of WRC2003 on the basis of: three broad bands open to Galileo signals with the capacity to carry navigation, integrity and commercial data to support open commercial and rescue services; two regulated broad bands for the regulated public services, subject to security encryption; signals available on request and integrated Egnos-Galileo signals to back up the Galileo integrity services;

— defining technical standards, to be drawn up and agreed at global level taking account of the need for effective, commercial standards to be drawn up by a forum of the operators directly concerned, but also of the fact that the Galileo system is designed for a large number of user terminals and a vast range of infrastructures: a core of details standards is needed, as is flexibility in the way they are applied to different business scenarios and to the technical requirements of different operators. In accordance with the 'new approach' of the Community policy on telecommunications, these requirements should be defined in qualitative terms, leaving quantification to the standards bodies such as Cenelec, IMO, ISO, ICAO and ETSI, on the basis of coordinated action, with a new structure made up of experts from various fields;

— a timetable which, while providing secure successive phases and deadlines, is at the same time flexible, so that it can optimise the position on the world market in line with technological developments and the competitive pressures in play on it.

7.2. The Committee believes that such a strategy is essential in order to sustain (i) the European system's competitive impact at global level, ensuring that it is fully autonomous and that integrity is upheld, free of military inference, and (ii) the economic impact in terms of jobs, covering (a) the human, financial and organisational resources engaged in creating, certifying, implementing and upgrading the system's technical performance, and (b) users and user services with beneficial effects in terms of creating new businesses, new services, new occupational approaches and greater economic and social cohesion within a Europe extended to include the applicant countries, together with new opportunities for cooperation and support for development.

7.3. The Committee would also highlight the key role of a realistic, but well-structured communication campaign geared to ensuring full credibility on a competitive, high-risk market: a dedicated budget line should provide a quality mark for the entire Galileo implementation process and guarantee a foundation of reliability on which industrial, commercial and public service products, services and applications can be developed. This action must be based on a consistent, centralised global strategy which conveys a message of unity both within and outside Europe, extending to issues of service transparency/security/continuity/integrity for consumers/users.

8. From a joint undertaking to a European Galileo Agency

8.1. In view of Galileo's importance for the implementation of common European transport policies, for example regarding urban congestion and maritime, rail, road and air safety, as well as for other Community policies such as agriculture, forestry, fisheries, regional development and the environment, together with industrial policy and the Union's external policy, the Committee considers it important that the Galileo management structure is, and is seen to be, a single entity.

8.2. In this regard, the Committee urges the Council and the European Parliament to create a single platform for new generations of services by setting up a 'joint undertaking' under Treaty Article 171, within a time-frame extending to 2003, and to back this up with a fully-fledged European Galileo Agency embracing technical, research, standards and standardisation factors, enjoying a high profile in the eyes not only of operators and users, but also of the rest of the world as part of a service-based approach to the global market, with the ability to monitor and check the timetable containing the various phases and deadlines, and with an advanced capacity to communicate information to ensure a European quality mark for the entire process.

8.3. The joint undertaking and subsequent European agency should embody four pillars: an official steering committee open to public and private players; a high-level ethics committee to ensure that the requirements of transparency, exclusively civil use, and safeguards for privacy are satisfied; a regulatory body to provide adequate interoperability guarantees; and an operating body along the lines of the American JPO (Joint Program Office).

9. 'Galileo Promotion Company'

9.1. The Committee is convinced that it is essential, from the outset, that the commercial structure assume the form of a 'Galileo Promotion Company' bringing together the public authorities through the European Galileo Agency in order to launch systems to define and certify costs, and to stabilise the system's system of expansion, development, reinforcement and maintenance: ownership of the company should gradually shift from full public control to private investors who, by the end of the process, should bear the full financial responsibility — technical and political control and responsibility remaining with the public sector.

9.2. In the Committee's view, the private sector should therefore be involved from the inception of the Galileo Promotion Company, even if on a minority basis, although this should ensure its participation in defining services and designing the system; responsibility, costs and risks should subsequently be fully borne in tandem with the growth of return on investments in services as they come on stream.

9.3. The establishment of an implementation system for Galileo involving successive modules should make it possible not only to check on the product's market quality rapidly, and lend credibility to the process, but also to speed up profitability and gradually relieve the public sector of part of the financial cost of managing Galileo. Technical and political responsibility for Galileo must however remain in the public sphere, given the sector's highly strategic nature.

10. Interoperability between Galileo and other satellite navigation systems

10.1. It is the Committee's view that a 'standards war' must be avoided by ensuring that Galileo is fully interoperable with other existing and future satellite navigation systems, at the same time establishing control over full service integrity and continuity, and the civilian nature of the European navigation and positioning system, as an essential requirement of the system.

10.2. On this point, the Committee considers it important that a new structure be created bringing together European and international standards bodies from the various sectors concerned in order to ensure a coordinated approach based on quality of requirements and flexibility of quantitative standards, tailored to a vast range of operators, infrastructures and receiver terminals.

10.3. The Committee stresses that coexistence and interoperability must in any case be put on a formal legal footing by means of international treaties covering guarantees for signal specification, satellite constellation and terrestrial infrastructure. These guarantees must in any case include a multiannual financial programme sufficiently long to ensure continuity of service provision on a reciprocal basis.

10.4. The Committee believes that clear intellectual and industrial property arrangements must be established in order to safeguard rights over technological applications developed from Galileo, together with new services introduced at European level. This should be achieved by clarifying the relationship with non-European intellectual property rights, particularly those arising from American GPS operations.

11. The Galileo system and civil society

11.1. The Committee is convinced that clarity about the likely economic and social impact of Galileo for all the components of civil society is the only way of creating the high level of consensus which is needed if citizens/taxpayers are to bear the costs of bringing the system into operation.

11.2. To this end, the Committee considers it crucial to define the services, new businesses and new jobs which should be generated in line with the declared strategy of the Heads of State and Government in March 2001 at the Stockholm European Council of becoming 'the most competitive and dynamic knowledge-based economy in the world capable of sustainable growth with more and better jobs and greater social cohesion' ⁽¹⁾.

11.3. Turning to transport and the environment, it is worth focusing on the use of, and the market for, the satellite navigation system in reducing pollution, especially CO₂ emissions, in keeping with the commitments assumed in the Kyoto Protocol: Galileo's impact on transport efficiency — particularly cars, lorries and buses, together with light commercial vehicles and air services — is already one of the most requested services not only for environmental purposes, but also in order to reduce transport stress and times, and fuel and related costs. Safety in road, rail and air transport, together with the development of trans-European networks and control

⁽¹⁾ Conclusions of the Stockholm European Council, 22 and 23 March 2001.

and management of the Single European Sky is also a key element for the general public and society, reflecting the legislative initiative currently being carried forward by Community policies ⁽¹⁾.

11.4. In the maritime sector, satellite navigation can make shipping safer at all stages, providing images and positions of vessels, monitoring illegal discharges into the sea and automatically identifying vessels, lessening the risk of ecological and human disasters triggered by meteorological, routing or cargo-related factors, facilitating the growth of marine wildlife and biodiversity, and monitoring fishery activities and oceanic and glaciation trends.

11.5. In the area of agriculture and the environment, the Committee stresses the importance of the contribution the Galileo system can make by means of a comprehensive listing of services available for measuring surfaces, harvesting dates and deadlines, targeted use of fertilisers and pesticides, the level and structure of irrigation systems, the prospects for afforestation, soil conservation combined with measures to counter desertification, and boosting rural development.

11.6. With regard to convergence of communication systems — mobile communications in particular — the Committee is of the view that citizens, business and society in general should be provided with a clear view of the prospects for secure, reliable services offering a range of combined positioning-communication options relevant to private, individual use, business-to-business purposes and contact with public administrations, as well as for functions such as e-learning, e-commerce and new, integrated mobile Internet platforms.

11.7. The Committee sees a proper balance between open, no-charge services, services subject to payment and public services, and between the cost of such services for individuals and for society as a whole, as a key point. The Committee has already voiced its views on the universal telephone and telecommunications services, and on the costs related to the telephony liberalisation process ⁽²⁾. Costs can clearly vary and

ensure greater accessibility in proportion to the number of users on the European and global market.

11.8. The problem of payment of fees for such services remains open, especially regarding controlled access to signals for users such as air-traffic controllers, airlines, public service network managers, rail companies, road traffic controllers, customs services etc. Another unresolved question concerns services with high security requirements: in the Committee's view, the signal encryption option should be built into the financial estimate and confirmed during the validation phase.

11.9. Concerning public services which require a high level of signal precision and quality, and absolute reliability of transmission, the Committee believes that the issue of certification should be resolved in accordance with the regulations applicable to the various modes of transport, such as the ICAO for air transport and the IMO for maritime transport, in order to guarantee integrity and continuity against any malfunction.

12. Galileo's socio-economic impact

12.1. The Committee is convinced that the social impact of the Galileo system is the key to its acceptance and promotion. This applies to both the benefits for society and in terms of quality of life, new and better jobs, and new high-tech businesses.

12.2. The development of the aerospace industry and related sectors has already been discussed in a Committee opinion ⁽³⁾: it is a strategic sector, where Europe occupies a prominent place on the world market and is making major efforts in terms of human, financial and research resources, as demonstrated by the numerous projects launched under the Community's multiannual research and development programme.

12.3. Europe's SMEs could benefit enormously from the Galileo programme: those involved in supplying space programme activities and those involved in the use and development of applications and services generated by the programme. In the Committee's view, spin-off actions involving these applications and services should be promoted, as has happened in the United States, where more than 300 SMEs have come into being thanks to GPS applications.

⁽¹⁾ The Committee has adopted a number of opinions relating to safety in the different transport modes, e.g.: the ESC opinions on maritime safety/Erika I (OJ C 14, 16.1.2001) and Erika II (OJ C 221, 7.8.2001, p. 54), and the ESC opinion on the Communication on priorities in EU road safety — progress report and ranking of actions, OJ C 14, 16.1.2001.

⁽²⁾ ESC opinion on the Proposal for a Directive of the European Parliament and of the Council on universal service and users' rights relating to electronic communications networks and services, OJ C 139, 11.5.2001.

⁽³⁾ COM(2001) 336 final.

12.4. With regard to employment, Galileo's macro-economic impact is hugely important in terms of both investment in human resources and in new activities, and of developing European services supplied using European technologies: this involves both training of highly-qualified scientific and technical staff, and the emergence of new operators and service organisers with exponential growth prospects.

12.5. Galileo could pave the way for major developments in remote medicine, particularly in the area of digital tomography, permitting remote consultations for patient treatment and care: it could have a significant part to play in graduate, post-graduate and continuing training for the medical profession.

12.6. The Committee considers that the Galileo programme could help spread knowledge of the Union's distinctive cultures, and could enable educational programmes to be directed to all sectors of the community.

12.7. The Committee's view on safeguards for privacy is that appropriate measures to ensure confidentiality and respect for individual, fundamental freedoms and for commercial information must be devised. This should be achieved through the full application of existing Community law relating to protection of private life ⁽¹⁾, and by providing technical means

⁽¹⁾ See the ESC opinion on the Proposal for a Directive of the European Parliament and of the Council concerning the processing of personal data and the protection of privacy in the electronic communications sector, OJ C 123, 25.4.2001, p. 53.

for protection and encryption, matching the new capacities of integrated identification, positioning and communication services.

12.7.1. The Committee recommends that a high-level ethics committee be set up in conjunction with the joint undertaking and subsequent European agency, in order to guarantee transparency, exclusively civil use and safeguards for privacy at every stage of the development and final implementation of the Galileo programme.

13. Conclusions

13.1. In the light of the above comments, the Committee lends its full support to the Galileo programme as a key strategic element for the competitiveness of the European system, and on account of Galileo's potential positive impact at world level, its innovative spin-off in economic, employment and social terms, and its potential to enhance the quality of life for civil society.

13.2. The Committee therefore wishes to be kept regularly briefed on the Galileo programme, so that it can take an active part in future practical developments. It further urges that a joint strategy be defined in the near future, and that efforts be speeded up so that not only operators, but also the general public, can see for themselves an initial range of attractive and effective services.

Brussels, 12 September 2001.

*The President
of the Economic and Social Committee*
Göke FRERICHS

Opinion of the Economic and Social Committee on the 'Proposal for a Council Regulation amending Regulation (EC) No 3072/95 on the common organisation of the market in rice'

(2001/C 311/06)

On 17 May 2001, the Council decided to consult the Economic and Social Committee, under Article 37 of the Treaty establishing the European Community, on the above-mentioned 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 19 July 2001. The rapporteur was Mrs Santiago.

At its 384th plenary session on 12 and 13 September 2001 (meeting of 12 September) the Economic and Social Committee adopted the following opinion by 97 votes in favour, no votes against and 1 abstention.

1. As a result of the Uruguay Round negotiations, the common organisation of the market in rice was amended in 1995 by Council Regulation (EC) No 3072/95 which introduced a production-based payment system for rice; these payments were granted per hectare and were designed to compensate for the fall in institutional prices required by this same regulation.

1.1. The date set at that time for paying out these compensatory payments was between 16 October and 31 December.

1.2. In the meantime, Council Regulation (EC) No 1593/2000 of 17 July 2000 brought rice cultivation

into the integrated administration and control system for certain Community aid schemes. Since the date set for the payment of compensatory aid for arable crops was between 16 November and 31 January, it is now necessary to align the dates for compensatory payments for the different types of crop.

2. The present Commission proposal stipulates that the payment period for compensatory aid for rice is to be changed so as to run from 16 November until 31 January.

3. The Economic and Social Committee endorses this Commission proposal.

Brussels, 12 September 2001.

The President
of the Economic and Social Committee
Göke FRERICHS

Opinion of the Economic and Social Committee on the 'Proposal for a Council Regulation amending Regulation (EEC) No 2358/71 on the common organisation of the market in seeds and fixing the aid granted in the seeds sector for the 2002/2003 and 2003/2004 marketing years'

(2001/C 311/07)

On 17 May 2001, the Council decided to consult the Economic and Social Committee, under Article 37 of the Treaty establishing the European Community on the above-mentioned 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 19 July 2001. The rapporteur was Mr Liólios.

At its 384th plenary session (meeting of 12 September 2001) the Economic and Social Committee adopted the following opinion by 92 votes in favour, with three abstentions.

1. Introduction

1.1. In its draft amendment to the relevant directive ⁽¹⁾, the Commission argues that, in its opinion, the European Union seed sector has suffered a number of serious problems in recent years. According to the Commission, there has been a major increase in the area sown to seeds and in the quantities produced, while exports and the stocks held by the Community have also risen. The danger is that this will upset the balance of the market for seeds. The Commission also states that there has been a constant rise in budget spending for the sector, accelerating during 1999 and 2000 to reach EUR 109,5 million.

1.2. On the basis of these findings, the Commission recommends:

- maintaining the amounts of aid to be granted to the seeds sector for the 2002/2003 and 2003/2004 marketing years at current levels;
- doing away with the distinction between the three varieties of *Lolium perenne* L. seeds and fixing a single rate of aid for the 2002/2003 and 2003/2004 marketing years;
- introducing a stabilising mechanism for seed production, with the exception of rice seed for which there is already one in place. This stabiliser will be similar to the one in place for rice seed.

2. Comments

2.1. The Community recognised the special nature of the market for certain seeds in timely fashion and for that reason adopted the directive on the common organisation of the

market in this area in 1971 ⁽²⁾. The sector's specific nature has since grown increasingly more marked and complex owing to problems that have arisen in the food chain (see point 2.5.5).

2.1.1. Seed cultivation is very important for the employment and earnings of producers, the socio-economic balance of several rural regions in the EU, the preservation of biodiversity and, in part at least, the security of the EU seed supply (Article 33(1) of the Treaty establishing the European Community).

2.2. The situation on the market for seeds is such that it does not ensure producers a fair income. Therefore, in accordance with Article 3(1) of Council Regulation (EEC) No 2358/71, aid must be granted for the production of these products. The absence of other mechanisms (price intervention, border protection, etc.) in the COM for seed makes the system of fixing the lump sum of aid per hectokilo of seed produced all the more important for the functioning of the market.

2.2.1. With regard to fixing aid levels, the Commission recommends maintaining the current amounts, for the sole purpose of controlling budget spending for the sector. This proposal is acceptable in principle, but it should be mentioned that a fundamental point has been overlooked. Article 13 of Regulation (EEC) No 358/71 specifically requires consideration to be given to the objectives of Article 33 of the Treaty establishing the European Community. This article states that one of the most important objectives of the common agricultural policy is 'to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture'. The shortage of data and adequate documentation in the proposal gives rise to doubts as to whether the Commission proposal is bearing this in mind.

⁽¹⁾ COM(2001) 244 final — 2001/0099 (CNS).

⁽²⁾ Council Regulation (EEC) No 2358/71, OJ L 246, 5.11.1971, p. 1.

2.2.2. The Commission proposes that the amounts of aid fixed for the various types of seed covered by the COM should take effect for the 2002/2003 and 2003/2004 marketing years. Until 1999, these amounts were fixed annually as part of the 'price package'. With Regulation (EC) No 1405/1999 ⁽¹⁾ (on the common organisation of the market in seeds and fixing the aid granted in the seeds sector for the 2000/2001 and 2001/2002 marketing years), the Council fixed the amounts for a two-year market period, as usual. If indeed the Commission, as mentioned in its proposal, referred to the criteria listed in Article 3(2) of Regulation (EEC) No 2358/71, in relation to foreseeable developments, then it would seem advisable to extend the validity of these amounts to more market periods; then the sector's professionals would be able to plan their activities within a more stable environment.

2.3. The types of seed covered by the COM are referred to in the annex to the proposal. For two of them the proposal states zero aid, which in practice amounts to their exclusion from the system. The specific situation in the market and the principle of equal treatment could justify the entry of certain seed types (e.g. cotton) into the aid system. Apparently the Commission did not consider this option.

2.4. The Commission's proposal that there should no longer be any differentiation between the three varieties of *Lolium perenne* L. had already been decided by the Council (Regulation (EC) No 1405/1999 Annex I). In its opinion on this subject ⁽²⁾, the ESC commented on the need for a single rate of aid to be fixed for this type of seed so as not to place certain seed producers at a disadvantage by reducing support for a specific variety. The Commission makes no reference to this comment in its proposal.

2.5. Unlike the other two proposals, the Commission's proposal to introduce a stabilising mechanism similar to that for rice seed would mark a radical change in the sector.

2.5.1. In the document, the Commission is most frank in its explanatory memorandum, making it quite clear that the main reason for introducing a stabiliser to the system is the need to curb related budget spending. Naturally, the Commission links the fixing of aid with the introduction of the stabiliser, arguing that 'keeping the aid at the current level is acceptable only if a stabiliser mechanism is introduced to keep spending within reasonable limits' ⁽³⁾. This wording could

be interpreted as indirectly blackmailing the sector, something which is not particularly positive for an EU institution.

2.5.2. In addition, in attempting to justify the need to introduce a stabilising mechanism, the Commission mentions that there has been a major increase in areas sown to seed and production in the seed sector with a parallel increase in exports and stocks at Community level. These statements made in the absence of comparative data should be treated with scepticism. The statements may be dismissed in the case of varieties in the categories of grasses and small-seed legumes, all of which are subject to a cyclical production chain. Such seed varieties may be used only for sowing, and storage is therefore both normal and necessary. Seed companies which own the seed varieties concerned plan production on the basis of volume of stocks and taking account of market prospects for the variety in question; in this way, production is, in the long term, adjusted to match consumption via self-regulation.

2.5.3. The choice of 1994 as year of reference is questionable as during that year the area sown to seed was at the lowest level of the last decade and in 1995 three new countries joined the EU, all of which produce seed. The freedom to import under the present system and the fact that the EU is a major importer of seed have a substantial impact on the volume of stocks, affecting producer prices and production.

2.5.4. Cyclical growth in the production of grasses peaked in 1998 and that of legumes in 1999, while a decrease in the areas sown to seed and production can be observed which should curb the level of spending on aid for the sector. This reflects the normal pattern for seed varieties that may be used only for sowing. Thus, the sector can clearly self-adjust both to market demand and to the Community budget, without the need for a stabilising mechanism.

2.5.5. The Commission's report does not mention the likely effects of introducing a stabiliser, on producers and on the functioning of the system. Furthermore, no consideration is given to the recent more general developments in the agricultural sector leading to an increase in production of certain plant types (e.g. protein fodder plants for environmental purposes).

2.5.6. As for the type of stabiliser, the Commission states that it will be similar to that for rice seed. The application of the rice stabiliser stems from the specific nature of the rice market and system, which differ significantly from those of other types of seed. In the case of rice, however, stockbuilding and cyclical fluctuations are eliminated owing to its use for human consumption.

⁽¹⁾ OJ L 164, 30.6.1999, pp. 17-22.

⁽²⁾ Opinion on the Commission proposal on the prices for agricultural products (1999/2000) of 28.4.1999, OJ C 169, 16.6.1999, p. 20.

⁽³⁾ Cf. Explanatory Memorandum — COM(2001) 244 final — 2001/0099 (CNS).

2.5.7. Once the stabiliser is applied in the form of national guaranteed quantities, the level of support may not be the same throughout the Community as intended by Article 3(1) of Regulation (EEC) No 2358/71. Seed growers in the various Member States risk having their aid arbitrarily reduced or eliminated altogether since some seed trading companies own the seed types concerned and plan the volume of production.

2.5.8. The proposal for the stabiliser mechanism is general and vague. There is no mention of the maximum guaranteed quantity (MGQ), specific means of calculating it, the link between exceeding the MGQ and a reduction in aid, or other basic elements that are a feature of every stabilising mechanism. The decisions being taken by the Commission are too important for the future of the sector to be taken not by the Council but by the management committee, violating the principle of consulting the other institutions of the EU such as the ESC.

3. Conclusions

3.1. The ESC endorses the Commission's proposal to maintain the current level of aid to the seed sector.

3.2. The ESC suggests that the Council and the Commission should discuss the possibility of making this aid valid for longer than the next two marketing years.

3.3. The ESC is disappointed that the Commission has not considered its view on ending the differentiation with regard to *Lolium perenne* L. It invites the Council and the Commission to fix a single level of aid for this species so as not to put certain seed producers at a disadvantage.

3.4. The ESC recommends examining the possible need to allow certain other seeds into the system.

3.5. The ESC rejects the Commission's proposal for the introduction of a stabiliser mechanism on the grounds that it is ambiguous, vague and insufficiently documented and also appears unnecessary.

3.6. The ESC is doubtful as to whether in its report, alongside budget spending, the Commission considered other important objectives of the Treaty establishing the European Community and broader developments in the EU's agricultural sector.

Brussels, 12 September 2001.

*The President
of the Economic and Social Committee*
Göke FRERICHs

Opinion of the Economic and Social Committee on 'Private not-for-profit social services in the context of services of general interest in Europe'

(2001/C 311/08)

On 1 March 2000, the Economic and Social Committee decided, under Rule 23(3) of its Rules of Procedure, to draw up an opinion on 'Private not-for-profit social services in the context of services of general interest'.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 July 2001. The rapporteur was Mr Bloch-Lainé.

At its 384th plenary session of 12 and 13 September 2001 (meeting of 12 September), the Economic and Social Committee adopted the following opinion by 92 votes, with one abstention.

1. Introduction

1.1. It is no coincidence that the Committee has decided to draw up this opinion, which stems from, and must be seen in relation to, the cross-roads of developments that are gradually defining, framing and enhancing what we call the 'European social model'. The main features of these promising trends can be summarised as follows:

- a) a willingness to make the European Union more than an economic and monetary entity with a single market, and more than an area of freedom, security and justice. There is now a wish to show that social policy is not an addendum; it is not an auxiliary, subsidiarity sphere of activity subjugated to economic policy, but a catalyst of efficiency and productivity, especially in view of its power to promote cohesion;
- b) the resolve to manage the growing complexity of our modern societies as well as possible; to make the most of their many and varied assets, values, strengths, and wealth of commitments and contributions; to address their pluralism as an asset rather than as a handicap; and thus to provide the widest possible scope for 'organised civil society' to assume its role and responsibilities;
- c) the wish to reconcile concepts such as Union and subsidiarity, differences and common rules, competition and the general interest — treating them not as conflicting forces but as interacting requirements.

1.2. At the request of the European Council in Lisbon⁽¹⁾, the Commission has updated (20 September 2000) its 1996 Communication on services of general interest in Europe. This explanatory document relating to the issues listed above refers

(notably in point 30) to services of general interest conducted by organisations 'performing largely social functions, which are not profit-oriented and which are not meant to engage in industrial or commercial activity'. This means organisations such as 'trade unions, political parties, churches and religious societies, consumer associations, learned societies, charities as well as relief and aid organisations'.

1.3. This opinion, as its title indicates, concerns social services, which represent just one aspect of the whole issue, but which incorporate the key features of the 'European social model'.

The term⁽²⁾, in this instance, refers to a category of private not-for-profit organisations, having different status in different countries (associations or foundations), that are active in the health and social spheres, though where necessary conducting economic activities that are subordinate to their primary social functions. Here, the term 'not-for-profit' means that any surplus is not distributed to shareholders but reinvested in the development of these organisations' social services of general interest. It also means, of course, that the primary aim of these organisations is not to produce the highest possible surplus.

1.4. The background to this opinion is both essential and complex:

- a) the situations covered by the term 'social services' differ widely in the countries of the European Union. They are the result of histories and cultures that cannot be reduced to one single identity, which creates a complex situation. But looking at these situations, points in common can clearly be discerned; these remain constant, in their objectives, their methods of action, their position and the

⁽¹⁾ The European Council in Nice reaffirmed the role of 'services of general interest', and adopting the Charter of Fundamental Rights means ensuring that those rights, which include the right to social services, can be effectively exercised.

⁽²⁾ It is important to note that in certain EU Member States (Italy and Sweden in particular), social welfare work is often carried out by organisations with cooperative status.

services that are provided. That is why it is necessary to consider them quite differently from a marginal hotch-potch of disparate elements that simply provide support; they should be considered for what they are, namely an assembly of measures that is both strong and vulnerable, familiar and unfamiliar;

- b) in this area, as in others, trying to understand these different situations is made difficult by all the woolly terms and definitions: 'general interest', 'social services', 'social market', 'economic', 'charitable', 'social utility', etc. None of these expressions has exactly the same meaning, *de facto* or *de jure*, in each EU country (or even within each country). But that is not a reason to avoid the issue or refrain from action; wisdom dictates that account be taken of, and the maximum allowance made for, semantic imprecision, and of course that a constant effort be made to reduce it and to focus on the real-life situation.

1.5. That is the intention behind this opinion, whose purpose is:

- firstly, to highlight the contribution of the 'social services' considered (2);
- then to note the concerns they feel and that are relevant to them (3);
- lastly, to suggest one possible approach (4).

2. Contribution of social services of general interest in Europe

2.1. As stated in Declaration 23 appended to the Maastricht Treaty, the European Union recognises 'charitable associations and foundations as institutions responsible for social welfare establishments and services' and the need for cooperation with associations in the social sector. The importance of such cooperation is also stressed in the White Paper on the future of European social policy. However, the contributions of these organisations is strangely relatively unknown. In the EU their role varies from country to country depending on the measures taken to guarantee citizens' political, civil, economic and social rights and the way the social protection system is conceived and structured. Their position is determined by national historical, cultural and ideological foundations and by the respective modes of action of central and local government, profit-making private operators and non-profit-making private bodies. However, regardless of the wide diversity of arrangements, certain constant factors can be observed.

- a) Firstly, in many countries, welfare organisations — civil society actors — have practical responsibility for providing services and managing institutions in the sphere of health and social care: retirement homes, centres for children and adults with disabilities, youth protection agencies, educational social activities, hostels and social rehabilitation centres, day nurseries, child-minding centres, health care centres, social centres, not-for-profit private care centres and home help, nursing and medical assistance, home assistance, carer and other services.

- b) In many EU countries, public authorities have for some decades made the sensible decision to use private not-for-profit social operators in the sphere of health and welfare. The current and future requirement to contain public spending (i.e. reduce its rate of increase) while needs are growing and becoming more complex, confirms the useful role and potential of these operators, which can be defined as 'private not-for-profit providers of services of general interest'.

- c) These not-for-profit organisations contribute to the development of economic growth and national wealth. They play a major role in creating jobs and promoting local development.

2.2. The social services with which this opinion is concerned are a key component of social protection schemes in all EU Member States. Without them, the most intrinsically well-planned and substantial financial input could not attain its objectives and impact, at any rate not effectively since the tools for implementation would be lacking. For optimal effect, financial aid must be backed by the necessary different channels to ensure consultation, back-up, support, partnership, grassroots involvement and flexibility. Public authorities must also involve the social services in question as far as possible in the strategic objectives they are pursuing.

2.3. The 'social services' covered by this opinion all contribute to the general interest on three major fronts in that they:

- a) reflect constantly changing social requirements and seek to protect those who are most vulnerable:
 - they detect and identify, by acting as watchdogs, the increasingly serious shortcomings, social needs and distress stemming from an ever-wider range of sources and assuming increasingly complex forms and expressions;

- they place pressure on the public authorities to make greater provision for recognising and guaranteeing the fundamental rights of everyone;
 - they strive to move beyond the narrow concept of assistance and to inculcate a sense of responsibility in the persons they support, encouraging them to take their own lives in hand;
 - they have considerable potential for finding innovative ways of addressing needs.
- b) create or recreate the social fabric:
- not satisfied with simply providing a service, they highlight the idea of interaction by involving individuals and families in public action;
 - they develop a networking spirit, looking beyond the confines of instant results;
 - they build a system fostering the pooling of knowledge and experience among people from all social groups — volunteers, employees and users;
- c) mobilise a feeling of solidarity among citizens:
- they stimulate society's capacity to take charge of itself and to dialogue with the decision-makers (public authorities, economic operators);
 - they are open to all and not merely to a limited number of groups;
 - they are proof that cohesion, solidarity and action to fight exclusion cannot be dependent on the goodwill of the public authorities alone, even if the latter must continue to play a key role as guarantor; and that civil society has a contribution to make on a voluntary, consensual basis;
 - they rely to varying degrees on unpaid workers, on commitments which are not confined to tax contributions or cash gifts and on the voluntary sector;
 - however, there is concern that certain providers of 'social services' are becoming less able to combat exclusion and to innovate, because of their dependence on public financing.

3. Concerns

The 'social services' covered by this opinion are currently experiencing grave anxiety ⁽¹⁾. Is this justified? And if so, why?

In many EU Member States there are now three types of players in the sphere of health and welfare services: public authorities, profit-making bodies and private not-for-profit bodies. In view of this competitive situation (except in certain sectors that are not of interest to profit-making operators), it must be ensured that the particular requirements of the not-for-profit group are not overlooked or ignored. Care should also be taken to apply the provisions relating to public contracts with a measure of flexibility.

Their concern cannot be explained solely by the relative ignorance or underestimation of their influence and role. The problem — and it is a real problem — is the future that lies ahead from the angle of European competition law.

3.1. At first sight, their alarm could appear unwarranted.

- a) The Commission Communication on 'services of general interest' states (Article 30): 'More generally, according to the case law of the Court of Justice, many activities conducted by organisations performing largely social functions, which are not profit-oriented and which are not meant to engage in industrial or commercial activity, will normally be excluded from the Community competition and internal market rules' ⁽²⁾.
- b) The Communication specifies that whenever such organisations engage in economic activities, application of Community rules will respect 'in particular the social and cultural environment in which the relevant activities take place'.
- c) The Communication indicates that competition rules in principle only apply when the activities of the organisations concerned relate, for instance, to:
 - services associated with mandatory membership of a basic social security scheme;
 - activities of institutions performing a social function, and largely not-for-profit, which do not seek to exercise a commercial activity;

⁽¹⁾ They are also afraid of being 'exploited': reduced to the role of carrying out orders, delivering services and providing support, on the basis of the public funding allocated to them. But this is not the issue addressed here. It could be useful to discuss it in a later opinion.

⁽²⁾ COM(2000) 580 final.

- activities entirely restricted to a specific Member State and thus in no way impeding trade between the Member States.

In the light of the above, one could well ask: what need is there to worry? Surely any fears are imaginary.

3.2. A closer scrutiny shows that the problem is not just an illusion and that the social services concerned are not 'playing scared', on the following grounds:

- a) many of these services, in order to fulfil their tasks, exercise activities in economic areas where commercial firms operate; the latter consider that they are exposed to a form of unfair competition;
- b) in many Member States, the central government rightly feels that it is its duty to examine carefully — especially from the tax angle — whether exemptions granted for social services from national and EU competition law rules are warranted, thereby triggering a debate which is still in full swing. The stand on principle adopted by the State in a debate of this kind can be summarised as follows: 'what matters is not who you are, it is what you do';
- c) the Commission communication sets out three principles for application of competition rules:
 - neutrality, with regard to the public or private ownership of companies;
 - freedom for Member States to define services of general interest;
 - proportionality requiring that restrictions of competition do not exceed what is necessary to guarantee effective fulfilment of the general interest mission.

But this statement is not enough to explain everything.

3.3. It is therefore understandable that the 'social services' concerned are so eager to be more fully informed about the 'rules of the game' to apply to them in future within the Union. For them, visible legal certainty is important in a sphere where there is still unquestionably a fairly large grey area.

4. Possible approaches

After having pointed out and recommended some points of reference, the Committee's aim in this section is to propose a possible course of action.

4.1. Points of reference

- a) It is important — if not really necessary — to point out that the European Union and each of its members have opted for the principle of an open market economy (Articles 4 and 98 EC Treaty) based on free competition (Article 3(1)(g) EC Treaty) which must be protected against unjustified distortions; the EU has set itself other objectives than the competition principle. Its members have also chosen to implement a social policy (Article 136 ECT), to strengthen economic and social cohesion (Article 158 ECT) and to ensure a high level of social protection (Article 2 ECT).
- b) Social protection is, in principle, a Member State competence. However the Commission is the guardian of the Treaties and its duty to intervene with regard to 'competition rules' and the 'internal market' cannot be called into question.
- c) It is incumbent upon the Commission to seek — after consulting the Member States — to promote the maximum possible clarity and legal certainty, and to take into account the role of social services of general interest for the common development and promotion of civil society. For the reasons stressed in the first part of this opinion, these services are entitled to expect clearer boundaries for competition-based economic activities, in order to raise their profile and enable them to accomplish their objectives successfully.
- d) The Committee considers that social services need to be treated differently from the vast number of actors responsible for services of general interest (transport, energy, communications, etc.).
- e) A difficult but fundamental question with regard to the European social model, is to know how to reserve a legitimate and useful place in the EU for social services which strikes a balance between those which are entirely public and those which are entirely profit-driven. In some sectors social services usually have to undertake economic activities. However if their potential contribution and spheres of activity are to be respected, care must be taken not to take them for granted and to indiscriminately subject them to the same treatment as profit-making companies with which they work side by side and encounter in some areas.

When social services — especially associations, foundations and charitable organisations — undertake market activities, they do not wish to restrict their role to providing segmented market services as is the case for profit-making companies (which nevertheless provide a valuable and efficient service). Instead, they also contribute to the social fabric.

- f) The EU must respect its founding principles, in particular those on competition. There is no question of neglecting, bypassing or amending them. The aim is to interpret, manage and apply them as well as possible and, with this in mind, to develop their implementation procedures. It would be unfortunate on such an issue to bring the Community provisions on competition law into conflict with the concern to ensure suitable, specific and relevant treatment for services of general interest. Private not-for-profit social services are not demanding that they be given a monopoly. They do not refuse to compete with all other players with respect to quality of services. But they ask that quality criteria should not be oversimplistic. They point out — and furthermore must constantly prove — that as well as the usual requirements relating to safety and professional competence that apply to all providers in their spheres of activity, their particular capacity to deal with human beings as people should be taken into account (the word 'people' does not mean exactly the same as 'individual', 'citizen', 'beneficiary', 'user', 'customer', etc.).

They also ask that when they are made to compete, account should be taken of the fact that they are operating in difficult or costly areas that are of little interest to private profit-making operators. They point to the difficulty that would arise if profit-making operators — which still do their job well and are clearly very useful — only dealt with the most solvent people (while still receiving public funding), but called for strict 'equality' with regard to the right to compete.

This would ultimately undermine the 'European social model'.

- g) Such an error, if it were made, could only lead to what logicians call *aporia*, in other words a contradiction in logic with no solution; in simpler terms, an impasse. That would be regrettable. One condition for overcoming that *aporia* is to recognise, with regard to the implementation of competition law procedures, the increased importance of the Union's social objectives since the Amsterdam Treaty.

4.2. Possible courses of action

With regard to competition rules, in order to achieve a clearer delimitation of the applicable provisions, two main approaches to social services of general interest and profit-making companies are conceivable and possible.

4.2.1. The first would be to amend Treaty Article 16 by introducing a general exemption principle for categories of social services provided exclusively by private not-for-profit operators. This suggestion has its own logic and its advocates, who readily refer to the EC Court of Justice judgement of 17 June 1997 (the *Sodemare* affair).

- Such a move would have the advantage of being clear. It would translate the desire to write into the basic texts of the Union the concern for a balance between the principle of competition and the need to circumvent the dangerous effects of applying that principle too dogmatically: weakening social cohesion, discouraging not-for-profit operators, 'creaming off' low-risk groups.
- But it could entail risks: opening up the possibility for abuse; provoking general outcries by profit-making economic operators; providing unconditional exemptions for social services, which would be dangerous first and foremost to themselves. From the perspective of their proclaimed ethical clarity, it would prove a 'poisoned chalice' and therefore work against them.

4.2.2. Another approach, and a pragmatic one, which has already been adopted quite effectively in some Member States, would be to draw up more detailed criteria for competition rules and areas which deserve to be exempted from them, while exploring and discussing the issue in greater depth.

4.2.2.1. This does not have to be done in an excessively complicated and potentially paralysing way; it is a matter for dialogue which could be recommended by the Commission, which would also define its objectives, general themes and spirit. At the end of the process, a way should be found for the European bodies to agree on a clear conclusion, recognising certain specific circumstances requiring that certain competition rules, such as those mentioned in Chapters I and II of Title VI of the Treaty, be waived. When the time was right, the Commission could draw up regulations on exemptions following authorisation from the Council (Article 89, Council Regulation of 7.5.98; Article 83, Council Regulations of 19/65 and 28.21/71), and/or adopting directives (Article 86(3) EC Treaty; for example the directive on transparency).

4.2.2.2. The Committee does not under-estimate the magnitude of the work which needs to be undertaken to progress in this course of action. It does, however, feel that the deadlines should not be too lengthy. If this option is chosen, the Committee is ready to cooperate actively.

5. Conclusion

5.1. It is obvious that it is difficult to reconcile respect for competition rules with the special characteristics of economic activities carried out by social services of general interest.

5.2. Private not-for-profit social services of general interest do not belong exclusively to either the public or profit-making domain. However they are intimately linked to the public domain by their dialogue procedures and the financial

resources allocated to them; equally, it is increasingly common for them to operate in the commercial sector. Nevertheless, the services they provide cannot be reduced to purely public criteria, nor are they limited to providing market services.

5.3. In many Member States their concern is not to be used instrumentally, and not to be overlooked. Such a fear is by no means unwarranted, and this is what leads them to request derogations that may in some cases be controversial.

5.4. In claiming consideration for their specific circumstances they are seeking to challenge not reason, but the imagination, which are not the same thing. Nor are the two necessarily mutually exclusive. In view of the importance of the issues at stake, such as social cohesion and the fight against various forms of exclusion, the Committee considers that it would be wrong in this instance not to try to combine the two.

Brussels, 12 September 2001.

The President
of the Economic and Social Committee
Göke FRERICHs

Opinion of the Economic and Social Committee on the 'Memorandum on Lifelong Learning'

(2001/C 311/09)

On 26 April 2001 the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an own-initiative opinion on the 'Memorandum on Lifelong Learning'.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 18 July 2001. The rapporteur was Mr Koryfidis and the co-rapporteurs were Mr Rodríguez García Caro and Mr Rupp.

At its 384th plenary session (meeting of 12 September 2001), the Economic and Social Committee adopted the following opinion by 99 votes, with three abstentions.

1. Introduction

1.1. This opinion addresses the issue of lifelong learning and the Commission memorandum on the subject ⁽¹⁾, and can be seen as part of the ESC's effort to meet its obligation of conducting early consultations with the political bodies of the EU. At this stage the main aim of the opinion is to influence the framing of the Commission report based on the outcomes of the debate ⁽²⁾ and the action plan which will probably accompany it.

2. Memorandum

2.1. The purpose of the memorandum on lifelong learning is:

- to set out the Commission's views on lifelong learning, namely that: 'Lifelong learning is no longer just one aspect of education and training; it must become the guiding principle for provision and participation across the full continuum of learning contexts';
- to link lifelong learning with a need and with a vision: the need for 'a successful transition to a knowledge-based economy and society' and the vision that this will be implemented in 'the coming decade' and will apply (in terms of opportunities) to 'all those living in Europe, without exception';
- to endeavour to define 'how' the transition to the above-mentioned knowledge-based economy and society will take place, and the role that lifelong learning will have to play in that transition;

- to 'launch a European-wide debate on a comprehensive strategy for implementing lifelong learning at individual and institutional levels, and in all spheres of public and private life'.

2.2. The memorandum contains six key messages and objectives to be considered and discussed in relation to implementing and developing the institution of lifelong learning. These messages make up a list of concrete issues for discussion as follows:

Key message 1: New basic skills for all

Key message 2: More investment in human resources

Key message 3: Innovation in teaching and learning

Key message 4: Valuing learning

Key message 5: Rethinking guidance and counselling

Key message 6: Bringing learning closer to home

2.3. The memorandum has two annexes, the first presenting examples of lifelong learning from Europe and the rest of the world, and the second providing a detailed analysis of the scope for developing common indicators and benchmarks on lifelong learning.

3. General comments

3.1. The memorandum on lifelong learning is particularly useful and important for the ESC and for organised civil society. It provides a tool that can help us to interpret the changes that digital technology and modern forms of economic and social activity (shifts in scale, patterns and pace; extreme mobility and competition in creating and innovating; intense

⁽¹⁾ SEC(2000) 1832 (Introduction).

⁽²⁾ The Commission proposes to draft a report this autumn.

pressure on individuals and society to adapt to the new information, technological and working environment) have made in people's lives. At the same time, the memorandum offers a way of exploring solutions to today's major problems faced by young and old people in Europe, the employed and unemployed, and organised European civil society as a whole.

3.1.1. In the above context, the ESC calls for lifelong learning to be promoted to the maximum and for the memorandum to be distributed as widely as possible, so that the whole venture encompasses and is understood by the whole of European society.

3.2. This is not the first time the ESC has addressed the issue of lifelong learning and the Commission memorandum on the subject.

3.2.1. The Committee has been actively involved in the framing of the memorandum in two ways:

- through taking part in the preparatory seminars and discussions organised by the Commission during the long phase of formulating its positions;
- through its more general involvement in matters relating to education and training on the basis of related opinions ⁽¹⁾.

3.3. The ESC endorses the Commission's general approach to the whole problem (see the introduction to the memorandum). In particular the ESC agrees with:

- the observation that the European Council in Lisbon (March 2000) introduced substantial changes in the direction of European policy and action;
- the realisation that Europe's education and training systems must be adjusted to ensure successful transition to a knowledge-based economy and society ⁽²⁾;
- the need to develop a Europe-wide dialogue involving as many ordinary people as possible with the aim of formulating a comprehensive strategy for lifelong learning ⁽³⁾;

- the Commission's view that lifelong learning '... is no longer just one aspect of education and training; it must become the guiding principle for provision and participation across the full continuum of learning contexts ⁽⁴⁾'.

3.3.1. With specific reference to the aim of achieving a 'comprehensive and coherent lifelong learning strategy for Europe', the ESC wishes to state the following.

3.3.1.1. It considers such a strategy to be necessary because it believes that:

- a well-planned and well-considered transition to the digital age, the information society and the learning society throughout Europe as a whole is a *sine qua non* for its survival (as a Union and, much more importantly, as nation states) ⁽⁵⁾;
- the problems of transition are generally shared, and therefore a joint effort will make them easier to solve (even if that effort in principle consists only in generalising and applying good practice and in an open method of coordination);
- the way to achieve transition is through education.

3.3.1.2. It believes this can be achieved because:

- this is a good moment politically for the EU to develop strategic measures in education ⁽⁶⁾;
- the problems now faced by people in Europe as a result of factors such as economic globalisation provide an incentive for a political agreement to be reached and for such policies to be accepted at a social level;
- finally, the current technological situation is favourable in-so-far as many aspects of educational activity can be developed comprehensively thanks to digital technology.

3.3.1.3. The Committee believes that such a strategy is necessary and likely to solve current problems in Europe, especially those relating to:

- employment and harnessing opportunities offered by the new economy;
- familiarising the general public with digital technology;

⁽¹⁾ In particular the opinion on the White Paper on Education and Training (OJ C 295, 7.10.1996, p. 25) and the Information Report on the European Dimension of Education. Note that the Commission memorandum on lifelong learning refers to the latter (footnote 2, p. 43).

⁽²⁾ See points 3 and 5.

⁽³⁾ Point 4.4, and the Cedefop report 'An age of learning'.

⁽⁴⁾ Point 3.2 (sixth indent).

⁽⁵⁾ See Commission White Paper on Education and Training (COM(95) 590, Introduction).

⁽⁶⁾ OJ C 123, 25.4.2001 (point 4.2.1.2, first proposal).

- European integration, new forms of European governance and the general competitiveness of Europe's economy.

3.4. The ESC is aware of its role and the role of organised civil society more generally in any process of developing a comprehensive strategy of lifelong learning. It is therefore approaching the question with great sensitivity and caution. The views it has so far expressed, and its current work, respond to many questions and points raised in the memorandum.

3.4.1. The general views of the ESC on lifelong learning set out to date can be summarised as follows:

- 'The existing educational systems do not offer specific timetables and age ranges which are enough to provide Europeans with what the learning society and the [new] economy require. There is therefore an urgent need for the individual to have urgent access to the benefits of education and training; this requires a new approach to the question — an approach suggested by the idea of lifelong learning and training ⁽¹⁾'.

- Lifelong learning is defined by the following basic principles ⁽²⁾:

- the principle of adaptability: according to this principle, the aim of lifelong learning is to help people adapt to the constantly changing conditions of modern life and to enable each individual to acquire, update, upgrade and complete knowledge and skills;
- the principle of mobility: the possibility for people to move freely between education, training and employment throughout their lives is also a basic principle of lifelong learning; this includes the possibility for people to find ways among the various levels and forms of education of continuing their studies if and when they so wish;
- the principle of totality: under this principle, lifelong learning is not limited to adult education, but covers every stage of education and all forms of education and training.

- Lifelong learning is the key to familiarising people in Europe with the logic of the information society, new technologies and the new economy ⁽³⁾.

- The Committee hopes that lifelong learning will promote the necessary adjustment to the new business ethos and cultivation of new social skills ⁽⁴⁾.

- It also considers this to be the intelligent response to the new patterns, speeds and approaches imposed by the current challenges, a response through which today's proactive Europeans can join in shaping the new global political, economic, social and technological landscape ⁽⁴⁾.

- Finally, it considers lifelong learning and areas of education relating to the information society and the new economy to be part of the European domain of education and learning, and therefore recommends that they should be promoted as part of an open method of coordination and comparative assessment ⁽⁵⁾.

3.4.2. These views of the ESC bear out the soundness of the Commission's intention to promote the institution of lifelong learning. At the same time, the Committee would respond to a number of basic questions raised in the memorandum:

- it believes 'an individual right for all citizens to acquire and update skills through lifelong learning' can be defined;
- it clearly identifies the need to link and use all forms of education, by joint agreement, under the overarching institution of lifelong learning;
- it also indicates the need for cooperation in implementing lifelong learning — cooperation not just between the member states, but also between the social partners, the educational community at every level and local and regional authorities.

3.4.3. Each of the specific topics raised by the Commission for discussion in the memorandum (in relation to the six key messages) is also important for the ESC. However, during the preliminary consultation phase it will concentrate in particular on those issues about which it has already expressed an opinion and which directly affect it in one way or another ⁽⁶⁾.

⁽¹⁾ OJ C 295, 7.10.1996, p. 25 (point 3.2.3).

⁽²⁾ Op. cit. (points 3.2.4.1, 3.2.4.2 and 3.2.4.3).

⁽³⁾ OJ C 139, 11.5.2001 (point 4.4).

⁽⁴⁾ OJ C 139, 11.5.2001 (point 3.1.2.1).

⁽⁵⁾ OJ C 139, 11.5.2001 (point 4.1).

⁽⁶⁾ The Commission's questions and the relevant positions of the ESC can be found in point 5 below.

3.4.3.1. In the light of the above, the ESC is particularly interested in considering certain points of the memorandum and in further clarifying certain concepts, connections and processes from its perspective.

4. Specific comments

4.1. Definitions

4.1.1. Lifelong learning: a tentative definition

4.1.1.1. The ESC understands the term 'lifelong learning' to denote a systematic and active learning endeavour on the part of Europe's citizens, in response to the daily demands imposed on them and society and the need for the individual and society to achieve fulfilment (within the framework conditioning the development of an individual's and society's potential).

4.1.1.2. The survival of the individual and society requires:

- that people are able to adapt actively to constantly evolving political, economic, social, environmental, technological and scientific conditions;
- that people continuously adapt to the new tools, new patterns and new pace that each new set of circumstances imposes (whether or not they accept those circumstances);
- that people are actively and consciously involved in shaping and defining each set of circumstances and that there is democratic control of the tools, patterns and speeds that are likely to develop under those circumstances;
- improved individual access to general education and vocational training and to lifelong learning at national and European level.

4.1.2. On the basis of the above definition, lifelong learning is not simply a new form, or a new level, or one new dimension of education. Nor is it a process whose sole purpose is to ensure people's employability in Europe. Lifelong learning is a modern overall approach to educational measures which build on each other and which encompass all phases and levels of general education and vocational training throughout all stages and in all areas of life. A democratic knowledge-based society cannot be created without lifelong learning.

4.1.2.1. The Committee thinks in any case that a sound, broadly-based general education and initial vocational training forms a part of lifelong learning and also provides it with a foundation.

4.1.2.2. This being so, general education and vocational training systems should be regarded at the same time as established social institutions with fixed structures and traditions and understood as teaching and learning packages for shaping individuals and society. Together they form a familiar 'educational architecture', which over time — as modern societies have developed — has come to appear to us as self-evident. The principle of lifelong learning requires new mindsets and new teaching and training arrangements. This opinion is hardly able to give detailed consideration to the questions and problems this poses, but it would point out that the principles and tenets underpinning a new suitable 'educational architecture' for a knowledge-based society still have to be worked out. The Committee assumes that, as a result, a common EU dimension will become firmly embedded in EU Member States' systems of education and training.

4.2. Defining links

4.2.1. Lifelong learning and school education

4.2.1.1. The ESC believes that lifelong learning and school education must be seen as part of the same system. This means that they must be thought of as a logically uniform, i.e. comprehensive system wherever possible and that they must adopt a coherent and complementary approach. The Committee feels that the way responsibilities in the education system have been divided up to date will consequently have to be reconsidered. The State will retain primary responsibility for basic education, and the responsibility for further education and vocational training will be fairly shared — as hitherto — by various bodies — the State, the social partners and citizens. Government incentives for businesses and individuals, as mentioned in the Memorandum, and greater commitment from employers and workers to further training are, however, necessary in order to turn the concept of lifelong learning into a reality.

4.2.2. Lifelong learning and higher education

4.2.2.1. Since lifelong learning meets needs relating to production and development, the environment, and the self-fulfilment of the individual and society, it is essential that there be an open link between it and higher education. The ESC considers that this link must ultimately have the same form as the link between lifelong learning and school education, and that in the current technological context, with digital and other applications, it can be defined as follows:

- development of a stable, continuous system of communication, mutual exchange and interrelationships between institutions providing higher education and lifelong learning ⁽¹⁾;
- development of joint projects to address specific problems affecting industry and local communities, people in the modern world and active citizens;
- opening-up higher education institutions to cater for the needs of people in their region in relation to further education, special types of training and ongoing teacher training.

4.2.3. Lifelong learning, non-formal learning and informal learning

4.2.3.1. The ESC would stress the role played hitherto by non-formal and informal education and training in the development of Europe's society and economy. Learning in the family; self-education; the basic and further training offered to employees by companies or trade unions; and education provided to the general public through printed or electronic media, the market, literature or NGOs are of incalculable value and significance. The problem with these informal types of education is that they do not usually lead to a formal certificate. The ESC considers that instruments and procedures must be developed for recognising informal forms of education and knowledge and skills obtained through work experience. These instruments and procedures must lead to the acquisition of recognised diplomas. All regulatory parties concerned, in particular the social partners, should be involved, in line with national practice.

4.2.3.2. In view of the above, the ESC supports the Commission's efforts to establish and define uniform indicators and benchmarks for lifelong learning. It therefore calls on the European Parliament, the Council and the Commission to take the required political decisions in order to establish as soon as possible an integrated European certification system for skills and qualifications.

4.2.4. Lifelong learning and organised civil society ⁽²⁾

4.2.4.1. Lifelong learning concerns everybody and is intended for everybody. Organised civil society therefore has an important role to play in the development of lifelong learning.

4.2.4.2. Experience to date of involvement in lifelong learning on the part of organised civil society and the social partners in particular shows that they must play a substantial and leading role in coordinating, shaping and developing a comprehensive system of lifelong learning.

4.2.4.3. The first step that should be taken is to identify, assess and cultivate the types of informal and non-formal types of learning that have so far been developed by the social partners and NGOs. These forms of education that have now been developed should then be linked with education systems to form a single, newly structured operational basis. This basis — supported by modern digital technology — will embrace a broad range of educational activities and will meet modern social and economic needs.

4.2.4.4. In every event, the successful development of lifelong learning fundamentally depends on the extent to which organised civil society, and especially the social partners, are actively involved. Their involvement must not be limited to planning, but must include the development and operation of lifelong learning.

4.2.4.5. The ESC considers that Cedefop has an important part to play in identifying, assessing and refining types of informal and non-formal learning, and in developing lifelong learning more generally.

4.3. Defining processes

4.3.1. Lifelong learning and education providers

4.3.1.1. The ESC believes that lifelong learning as an institution can be developed in many ways that are consistent with local situations and national experience. It consequently thinks that, if adapted slightly, the idea of local multi-purpose learning centres, mentioned in the conclusions of the European Council in Lisbon, could prove to be the most appropriate system for coordinating the development of lifelong learning. A new, modern system of local multi-purpose learning and education centres operating independently of the authorities:

- can more easily be made a point of contact and synergy between the factors involved, i.e. school and university education, the social partners and organised civil society more generally, the market, and local, regional, national and European authorities;

⁽¹⁾ See point 4.3.1 below.

⁽²⁾ There will be a more detailed analysis of the role played by organised civil society in the development of lifelong learning during the next phase of consultations, based on the Commission's final report.

- can be structured more easily on the basis of specific, local requirements and conditions (by making use of existing educational infrastructure, relevant local experience, any existing relevant joint action, cooperation, etc.);
- can still — because it is a new concept and thus unencumbered by prejudice and negative experience — be more readily accepted by society as a whole;
- can also conclude contracts for the development of individual lifelong learning programmes, on a transparent basis and using the local resources available for developing such services;
- finally, can more easily be staffed by fresh administrative and teaching personnel with special skills and qualifications recruited from the local and regional education system.

Obviously, the management of such an organisation must be well-balanced at local level. This means providing for smooth, but progressive, co-involvement of business and social interests with teachers and learners.

4.3.2. Lifelong learning and location of learning centres

In principle, the development of lifelong learning will be based on existing infrastructure. Specifically, this means:

- existing school buildings that are no longer in use owing to demographic changes;
- existing school buildings out of school hours;
- other public buildings offering services (cultural centres, youth centres, etc.);
- other suitable buildings provided by organisations responsible for developing specific lifelong learning programmes (business training centres, vocational training centres, music schools, foreign languages schools, etc.).

4.3.3. Lifelong learning and its provision

4.3.3.1. It follows from what has been said above that lifelong learning:

- will be shaped by the actions of the social partners, organised civil society in general, the market, organisations and groups involved in education and learning and the public authorities (especially local and regional authorities);

- will be coordinated by local multi-purpose learning and education centres;
- will be provided by these centres, or by other public or private organisations under their responsibility;
- will be based on joint action that has a specific starting-point and rationale, a specific goal, a specific content and action plan, and a specific system for evaluating the results;
- will be provided as far as possible on an individual basis, to meet people's learning needs.

4.3.4. Lifelong learning and its cost

4.3.4.1. Addressing the cost of lifelong learning provision is a complex issue, which should by no means be classified as being purely financial. Nevertheless, the overall costs must be borne by all the benefiting parties, not least the businesses which gain well trained workers for restructured labour markets, revamped working processes and new job profiles.

4.3.4.2. It is above all incumbent on the State to make sufficient public funds available at all tiers of State administration in order to safeguard high-quality systems of education throughout Europe in the long term.

4.3.4.3. Especially at local and regional levels the players representing organised civil society are asked to contribute alongside local businesses to the costs of lifelong learning — including the provision of infrastructure (premises, equipment) and human resources (expertise, network capital, time).

4.3.4.4. As regards funding, it is necessary to place special emphasis on the responsibility of the State and business. Society in general and the whole of the economy clearly benefits from raising and continually adjusting the skills level of the population in all age groups.

4.3.4.5. The Committee thinks that the likely per capita costs of lifelong learning should be determined on a scientific basis straightaway. This would provide a sound basis for an open dialogue involving the whole of society, which in turn could result in an understanding being reached on an effective and fair sharing of the overall costs in accordance with the meaning and purpose of education in each case.

4.4. *Lifelong learning and the risk of exclusion*

4.4.1. The ESC considers that the cost of providing lifelong learning must under no circumstances be allowed to lead to exclusion of individuals, groups or regions from the above process and its benefits. The Committee therefore trusts that the State, in conjunction with other social players, will combat and as far as possible prevent social exclusion in the field of lifelong learning, too. This objective should be actively pursued in the framework of the EU's open coordination strategy. Priority should also be given within existing EU policymaking to the integration of disadvantaged groups of people of all ages.

5. **Special proposals with regard to the six key messages**

5.1. *Key message 1: new basic skills for all*

Objective: Guarantee universal and continuing access to learning for gaining and renewing the skills needed for sustained participation in the knowledge society

5.1.1. The introduction of compulsory schooling is justifiably regarded as one of the major socio-political achievements of modern industrial societies. In some member states a higher school leaving certificate is now regarded as a guarantee of entrance to university. The ESC explicitly calls for these citizens' rights to be revised in the light of current circumstances. This means implementing the concept of a minimum right for every individual to general education and vocational training, a right that remains valid until the skill level to be determined (in the light of social and economic developments) has been acquired. The current practice of a guaranteed right to further education and skills acquisition subject to proof of past performance should also be broadened beyond the link between a higher school leaving certificate and university study, in order to significantly improve the vertical and horizontal permeability of all education and skills acquisition systems, also within the EU.

5.1.2. The ESC thinks this should be treated as an essential precondition for effective implementation of Employment Guidelines 3, 4 and 6, requiring that specific joint proposals be worked out by the Member States and in cooperation with the European Commission with the aim of achieving a framework agreement on defining the new basic skills that everybody would need to participate actively in the knowledge society and knowledge-based economy.

5.1.2.1. In the light of the above, the proposed strategy must provide for:

- education and training in new basic skills, without overlooking the major problem of illiteracy that still exists in certain Member States;
- incentives to increase people's interest in learning, especially in the case of people with a low level of education;
- measures to provide more information on opportunities available in the sphere of learning.

5.2. *Key message 2: More investment in human resources*

Objective: Visibly raise levels of investment in human resources in order to place priority on Europe's most important assets — its people

5.2.1. The ESC is aware of the complexity and diversity of current situations in the member states with respect to the level and composition of contributions for education and skills acquisition from public and private sectors and individuals. It proposes that a systematic effort be made to document and evaluate current practice in detail for the purpose of drawing up a European report under the coordinated guidance of the relevant European bodies (e.g. Cedefop, which has already done some work in the matter and on whose board the social partners are well represented) and in cooperation with other international organisations which are familiar with the issue (in particular the OECD in this case). This report which would provide cogent answers to the questions posed in the 'LLL Memorandum'.

5.3. *Key message 3: Innovation in teaching and learning*

Objective: Develop effective teaching and learning methods and contexts for the continuum of lifelong and lifewide learning

5.3.1. The ESC absolutely agrees with the need to open up the whole education and skills acquisition system to innovative methods of teaching and learning, obviously with particular focus on the use of new technologies. Equally, however, there must be greater regard for the advantages of established practice in more non-formal learning contexts, both work- and company-related and also in education provision for young people beyond school and in organised civil society at local and regional level. The ESC proposes that a European cooperation project be set up between the 6th European Framework Programme and the relevant European bodies (especially Cedefop and Eurydice). It also proposes that a European experts' group be set up to carry out a detailed review and assessment of established and innovative teaching methods while allowing for key differences between target groups (age, sex, social position, cultural and ethnic identity,

etc.). After recommendations, including recommendations on the development of qualitative benchmarks, have been weighed up and formulated by this group, the resulting report would be presented to the Council of Education Ministers. The social partners should also be adequately represented in the group of experts.

5.4. *Key message 4: Valuing learning*

Objective: Significantly improve the ways in which learning participation and outcomes are understood and appreciated, particularly non-formal and informal learning

5.4.1. It is clear that the ideas generated by the memorandum's questions on evaluating learning can only be applied effectively on the basis of more intensive communication and improved dialogue between the social partners in general and those responsible for appraisal procedures and skills acquisition systems in education. The ESC is prepared to play an active part in developing a relevant strategy with the cooperation of organised interest group representatives from the sphere of general and vocational education at European level.

5.5. *Key message 5: Rethinking guidance and counselling*

Objective: Ensure that everyone can easily access good quality information and advice about learning opportunities throughout Europe and throughout their lives

5.5.1. There is sufficient evidence of the need to evaluate, extend and fine-tune the whole counselling system. Another

important point is the need for a new approach to vocational guidance, which must ensure lifelong access for all to these services, and must be linked to demand. The ESC welcomes the memorandum's focus on this issue, which has not always received due attention in terms of policy and action taken, despite considerable efforts at national and European level. The ESC is prepared to play its part in improving the resources of, and links between, the many current and potential providers of services (as described in relation to questions on this issue in the memorandum) by campaigning at local and regional level, and to bring to bear the specialist knowledge that the social partners undoubtedly possess on the basis of their everyday work with the general public, in particular — but not only — as employees and job-seekers.

5.6. *Key message 6: Bringing learning closer to home*

Objective: Provide lifelong learning opportunities as close to learners as possible, in their own communities and supported through ICT-based facilities wherever appropriate

5.6.1. We welcome the fact that the LLL memorandum explicitly recognises the potential for European institutions such as the ESC to promote and strengthen partnerships at local and regional level. There must be many ways of improving the use of the networks and infrastructures established by the social partners and other civil society organisations in order to deploy material and human resources more effectively for the benefit of teachers and learners (and also when they change roles). The ESC will formulate further proposals and recommendations on the matter.

Brussels, 12 September 2001.

*The President
of the Economic and Social Committee*
Göke FRERICH

Opinion of the Economic and Social Committee on the 'Proposal for a Council Regulation (EC) applying a scheme of generalised tariff preferences for the period 1 January 2002 to 31 December 2004'

(2001/C 311/10)

On 11 July 2001 the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Economic and Social Committee decided to appoint Mr Kenneth Walker as rapporteur-general to prepare its opinion.

At its 384th plenary session on 12 and 13 September 2001 (meeting of 12 September 2001), the Economic and Social Committee adopted the following opinion by 62 votes in favour and one abstention.

1. Introduction

1.1. Council Regulation (EC) No 2820/98 of 21 December 1998 ⁽¹⁾ applying a multi-annual scheme of generalised tariff preferences will expire on 31 December 2001. In 1994, the Commission adopted some guidelines on the role of the GSP for the ten-year period 1995 to 2004 ⁽²⁾. A new regulation is required in order to implement those guidelines for the remainder of the period, i.e. the years 2002 to 2004.

1.2. The guidelines of 1994 brought about a number of important changes. Since 1995, GSP schemes of the European Union replaced the traditional approach of granting duty-free market access for restricted quantities by the concept of modulation, which provides limited preferences for unlimited quantities. At the same time, new rules were introduced on graduation allowing for the exclusion of specific sectors of exports from individual beneficiary countries. Subsequently, additional preferences were offered in the framework of special incentive arrangements, meant to promote the objectives of sustainable development, in particular the protection of labour rights and the environment.

1.3. As most of those features were genuine innovations, it was difficult to anticipate their effects. Fortunately, many fears that had been raised prior to their adoption proved to be unfounded. Thus, the decision to abandon quotas and ceilings did not give rise to a major surge of preferential imports. To the extent that some of the provisions of the present regulation are obviously too cautious or complicated, they should be streamlined.

1.4. On the other hand, some of the expectations, on which the present rules were shaped, did not materialise. Potential beneficiaries of the special incentive arrangements were reluctant to take up the opportunities they were offered. It would

therefore seem necessary to adjust the measures which are meant to put them into practice.

1.5. The present GSP regulation is the first one to combine all different arrangements and sectors, which used to be governed by different regulations. It falls short, however, of fully harmonising and unifying all rules and procedures. The 1994 guidelines clearly state a need for simplification. The better part of the proposed amendments pursues this objective and does not imply changes in terms of substance.

2. The Commission proposals

2.1. Modulation

2.1.1. At the time the present GSP regulation was adopted, the trade-weighted average preferential margin offered by the GSP was 3,68 %. The present mean tariff reduction for non-sensitive products is of the same magnitude, which also seems to be sufficiently attractive. Thus, a flat-rate reduction of the MFN duty by 3,5 percentage points would seem appropriate for all sensitive products.

2.1.2. For most of them, the preferential treatment resulting from a flat-rate reduction of 3,5 percentage points would be the same or slightly better than the one they enjoy under the present regulation, while a limited number of products would enjoy a less favourable treatment.

2.1.3. However, the great variations between specific duty rates rule out reducing them by a flat rate. The present system of reducing them by a percentage should therefore remain in place. In order to simplify the scheme, a uniform reduction of 30 % should be applied to all products concerned.

⁽¹⁾ OJ L 357, 30.12.1998, p. 1.

⁽²⁾ COM(94) 212 final.

2.2. Graduation

2.2.1. As far as the exclusion of countries is concerned, one of the two criteria — per capita GNP — needs updating. In order to use a neutral criteria which is regularly revisited, reference should be made to the threshold according to which the World Bank classifies countries as high-income countries.

2.2.2. In order to enhance the objectivity of the regime, the list of beneficiary countries should be revised on a yearly basis.

2.2.2.1. This, however, could result in a lack of predictability. It would therefore be preferable to require that a country meet the criteria for exclusion during three consecutive years before it should be eliminated from the list of beneficiary countries.

2.2.2.2. Finally, for the sake of providing a fair treatment for all countries, those which had been eliminated should be re-admitted where they do not meet the criteria for exclusion in three consecutive years.

2.2.3. As far as graduation is concerned, both basic rules — the so-called lion's share clause and the graduation mechanism — should be maintained. In order to make graduation more neutral and automatic, it should also be applied on a more regular basis, i.e. once a year.

2.2.3.1. That amendment should be balanced by an additional requirement according to which graduation should only take place where beneficiary countries meet one of the criteria during three consecutive years. This condition should be considered to be fulfilled also where it is not the same criterion that is met during each of the three years.

2.2.4. Neither the 1994 guidelines nor the present regulation foresee the possibility of reversing graduation in cases where the criteria are no longer met. Such a possibility should be provided for the same reason as in the case of the exclusion of countries.

2.2.5. As soon as the new GSP regulation is adopted by the Council, the Commission will prepare a revision of the sectors that will have to be graduated according to the new regime. The results of that revision will enter into force on 1 January 2003.

2.3. The special incentive arrangements

2.3.1. In order to give momentum to the present trend under which the acceptance of the arrangements by potential beneficiary countries gains ground, it would seem imperative to make them more attractive. In line with the present scheme, but in order to simplify it, additional preferences should double the general preferences — i.e. they should provide an additional flat reduction by 3,5 percentage points on *ad valorem* MFN duties and an additional reduction specific duties by another 30 %. Such a rule would also have the advantage of being easily understood.

2.3.2. The benefit of the special incentive arrangements is, at present, also available for sectors in which the country concerned is graduated but only where graduation took place under the graduation mechanism (and not under the lion's share clause). In order to make the arrangements more attractive for more-advanced developing countries (which are more likely to be graduated and to fulfil the requirements of the social clause) the benefit should also be given where graduation took place on grounds of the lion's share clause.

2.3.3. In its present shape, the social incentive arrangements establish a double conditionality, where a country has to qualify for being granted the status of a beneficiary country of the arrangements and where exports from that country have to be certified as being manufactured in accordance with the labour standards concerned. This includes all inputs, even imported ones. Such a requirement is not viable, since the beneficiary country is not in a position to control compliance in that respect. Therefore, the requirement should be dropped.

2.3.4. The special incentive arrangements for the protection of labour rights initially referred to ILO conventions Nos 87, 98 and 138. In order to bring the special incentive arrangements into line with the concept of 'core labour standards', beneficiary countries should also be asked to comply effectively with ILO conventions Nos 29, 100, 105, 111 and 182.

2.3.5. As far as the special arrangements for the protection of the environment are concerned, internationally-agreed standards and an internationally-recognised system of certification are still not in place. On the other hand, some national certification schemes have acquired a certain degree of international recognition. In order to take this into account, the wording of the draft proposal uses more general terms than the present regulation.

2.4. Special arrangements supporting Least Developed Countries

2.4.1. The present draft proposal takes into account the new regulation granting duty-free access for essentially all products from Least Developed Countries.

2.5. Special arrangements to combat drug production and trafficking

2.5.1. The Commission should have a clear picture of the extent to which these arrangements actually achieve their objectives. It should therefore monitor the application of the arrangements, as well as their effects, taking into account the assessments conducted by independent international organisations and agencies, and it should have an exchange of views with the beneficiary countries on those assessments. While the evaluations should not lead to discontinuing the arrangements before 2004, they should help to answer the question whether it is appropriate to maintain the arrangements beyond that date.

2.6. *Withdrawal*

2.6.1. In general, the GSP should be used to a larger extent as a means for promoting the protection of core labour standards. It is therefore proposed to include serious and systematic violation of those standards as a reason for temporary withdrawal of GSP benefits. Similarly, it is proposed to include significant detrimental effects on the environment arising from the production of certain products as such reason.

3. **Comments**

3.1. The Committee welcomes the Commission's proposals for a regulation modifying the scheme of generalised tariff preferences to extend the implementation of the 1994 guidelines on the role of the GSP for the period 1995 — 2004 to the end of that period. In the light of the experience gained in the interim, some refining of these guidelines is manifestly required.

3.2. The Committee accepts that preferences which are determined as a percentage of the MFN duty are bound to shrink where the MFN duty rate is lowered. It therefore supports the concept of a flat reduction of the MFN duty rate by 3,5 percentage points for all sensitive products.

3.2.1. The Committee agrees that the great variations between specific duty rates makes it impractical to apply a flat rate in these cases and that a uniform reduction of 30 % should apply to all products concerned.

3.3. With reference to the exclusion of countries, the Committee notes that the criterion of per capita GNP needs to be updated; it approves the principle of using a criterion which is neutral and regularly revisited and accepts that the World Bank threshold meets these requirements.

3.4. The Committee shares the Commission's concern that revising the list of beneficiary countries on an annual basis could lead to a lack of predictability which could undermine support for the process. It therefore agrees that it would be preferable that countries should have to meet the criteria for exclusion for three consecutive years before being eliminated from the list of beneficiary countries and that they should be readmitted where they have not met the criteria for exclusion during three consecutive years.

3.5. The Committee approves the proposal to retain both of the basic rules for graduation — the lion's share clause and the graduation mechanism. It also agrees that graduation

should be made more neutral and automatic by being placed on an annual basis.

3.5.1. The Committee supports the concept that graduation should only take place where beneficiary countries meet one of the criteria in three consecutive years, which need not necessarily be the same criterion in each of those years.

3.6. The Committee notes that the special incentive arrangements have not fulfilled their expectations and agrees that it would seem imperative to make them more attractive. In view of the lack of success with this initiative to date, it wonders whether the Commission has gone far enough in this direction.

3.6.1. The Committee approves the principle of removing the element of double conditionality.

3.6.2. The Committee welcomes the proposal that beneficiary countries should be required to effectively comply with ILO Conventions Nos 29, 100, 105, 111 and 182, in addition to the existing requirements.

3.7. The Committee notes with approval that the present draft regulation takes into account the new regulation granting duty-free access for essentially all products from Least Developed Countries but would point out that this is subject to a number of conditions and exceptions.

3.8. The Committee welcomes the fact that the Commission is reviewing the special arrangements to combat drug production and trafficking in order to gauge their effectiveness. It hopes that the results of this exercise will be incorporated into the Commission's proposals for the continuation of the GSP system after 2004.

3.9. The Committee notes that the Commission proposes that, in future, serious and systematic violation of core labour standards or significant detrimental effects on the environment will be made grounds for the temporary withdrawal of GSP benefits. While it understands and approves of the reasoning behind this proposal, it is concerned that an element of subjectivity may be brought into play; who, for instance, is to define the terms, 'serious', 'systematic' and 'significant' and how will it be possible to ensure that these criteria are applied with equal rigour in each case?

3.10. The Committee welcomes the fact that the Commission has taken the opportunity afforded by this regulation to pursue the objective of simplification but notes that it has

stopped short of fully harmonising and unifying all rules and procedures. While it accepts that the imminence of a major revision in 2004 would militate against making drastic changes

at this juncture, it hopes that on that occasion full prominence will be given to the need to simplify, harmonise, streamline, codify, reduce and unify the entire system.

Brussels, 12 September 2001.

*The President
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Göke FRERICHs

Opinion of the Economic and Social Committee on the 'Assessment of the state of preparedness for the introduction of the euro to highlight the main gaps and the necessary remedial action'

(2001/C 311/11)

On 31 May 2001 the Economic and Social Committee, acting under the second paragraph of Rule 23 of its Rules of Procedure, decided to draw up an Opinion on the 'Assessment of the state of preparedness for the introduction of the euro to highlight the main gaps and the necessary remedial action'.

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 24 July 2001. The rapporteur was Mr Burani.

At its 384th plenary session of 12 and 13 September 2001 (meeting of 12 September), the Economic and Social Committee adopted the following opinion by 74 votes in favour with two abstentions.

1. Introduction

1.1. In its opinion of 29 March 2001 ⁽¹⁾, the Economic and Social Committee made comments and suggestions concerning the Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the European Central Bank on the Practical aspects of the euro: state of play and tasks ahead ⁽²⁾. The introduction of the euro is rapidly approaching, but the many initiatives in progress or planned by a wide range of public and private bodies give the impression that not all the problems have been fully thought through. In any case, the need for systematic coordination of such initiatives is becoming increasingly evident: not an easy task, despite the good will displayed by all those concerned.

1.2. With these points in mind, the Committee held a hearing with the relevant social actors on 14 May 2001,

attended by representatives of the Commission and the European Central Bank, who provided valuable comments and information. The views expressed by the participants provided an overall picture of the situation: the brief notes below are intended to contribute further to discussion on possible further action. The Committee points out that the comments and proposals made in its earlier opinion, referred to in point 1.1 above, remain fully valid.

1.3. The Committee has no intention of encroaching upon the authorities in charge of these initiatives, but simply of highlighting a number of aspects which, although apparently minor, might give rise to practical or psychological obstacles to the shift from eleven different currencies to the single currency. There is no historical precedent for such an operation: some lessons may be learned from past experiences, but otherwise the starting point must be data on the current situation, combined with a substantial dose of imagination and common sense.

⁽¹⁾ OJ C 155 of 29.5.2001, p. 57.

⁽²⁾ COM(2000) 443 final.

2. Communication

2.1. Representatives of the general public (consumers, families, 'weak' sectors of society, people living in remote rural and upland areas) have confirmed the point made by the Committee in its earlier opinion⁽¹⁾: in autumn 2000, only a small proportion of people in the Eurozone were fully acquainted with how the transition will be effected. Matters had improved by January 2001 — according to the Eurobarometer survey quoted in the Commission's communication⁽²⁾ — but were still, in the Committee's view, far from satisfactory. In view of the human and financial resources committed by the European and national authorities, sectoral associations and private businesses, the only possible conclusion is that the effects of the information campaign, which was launched in 1996 and ran until the end of 2000, have fallen far short of expectations. The 'cost per contact' (the cost for each person effectively remembering the message, not all recipients) is extremely high, and far in excess of the Commission's estimate of 2 euros per citizen. This cost is borne by the public authorities and private organisations.

2.2. As the date on which the euro will come into circulation draws closer, the situation is looking brighter, for reasons which are obvious, and which 'neutral' experts in mass psychology should have been able to predict from the outset: a message given out so early concerning an event which is not pressing and without practical implications is never seen as being useful. The recipients therefore tend to give little attention to it and then to forget it. It must be recognised that this is what has happened. It was forgotten that written messages are hardly ever read, especially when unsolicited, and only those who consider them 'useful' or 'urgent' consult them.

2.3. Without seeking to place blame retrospectively, past experiences and mistakes must now be turned to advantage: campaigns should only be launched in the immediate run-up to the event (and stepped up in the last quarter of the year), using what is now the most widespread and, overall, the least expensive medium — television. Messages should be straightforward, should cover every possible practical circumstance and should propose solutions and methods within everyone's reach. Only once a solid foundation of readily-acquired knowledge has been built up can the general public be persuaded to take the next step and read written information (folders, brochures): these must be designed as a helpful reminder, not as a means of learning.

2.4. The issue of the most vulnerable sectors of society (the economically disadvantaged, the blind, the illiterate etc.)

remains. All proper measures must be taken in this regard, but excessive optimism as to the results should be curbed. Communication can only have a minimal impact on the practical difficulties inherent in the position of the socially excluded or people with certain types of disability: at best it can help to make them feel less isolated. Entirely different measures, unconnected with euro information campaigns, are called for.

3. Availability of notes and coins

3.1. The issue of greatest apparent concern to the retail sector is the availability, from day one, of enough euro cash to give change to customers, whether they pay in national currency or euros. This can be resolved by advance distribution of cash, but there are bound to be shortfalls and calculation problems, which use of calculators and cash registers can only offset in part. The greatest difficulties will be faced by small and medium-sized retailers, as they clearly have less capacity to deal with problems; for major distribution networks the situation is different, and seemingly giving less cause for concern, especially in those countries where a high proportion of payments are made with credit, debit or pre-paid cards.

3.2. The European Central Bank (ECB) has come out against early distribution of banknotes for legal and security reasons. The commercial sector was not pleased by this stance. The Committee believes that this matter should be resolved at national level, where each central bank, having heard the views of the retail and banking sectors, is best placed to assess the situation and consumers' payment habits. It must be possible to strike a balance between the opposing requirements of the ECB to avert the danger of massive circulation of forged currency from the beginning, and of the retail sector to familiarise their staff with handling and recognising banknotes before they come into circulation.

3.3. However, the question of 'change' needs to be looked at flexibly, given that national currency will remain legal tender during the transitional phase. In cases of a shortage of euros (which should however be an exception to the general rule), traders will be able to give change in national currency, and customers will — normally — be obliged to accept it. This expedient is not favoured by the retail sector (on account of the obvious book-keeping difficulties it entails) or the Commission (which fears it would slow down the process of full conversion to the euro); however, it is hard to see how else the problem of shortages of euros to be given in change — which should only occur in isolated cases — can be resolved. Once again, the Committee would argue that payment cards should represent the best solution in most cases.

⁽¹⁾ OJ C 155 of 29.5.2001, p. 57.

⁽²⁾ COM(2001) 190 final of 3 April 2001.

3.4. Availability of euros to the general public is a further aspect: a general rush to the banks to change national currency, or to cash distributors to get hold of the new notes, must be forestalled. An atmosphere of anxiety and urgency only leads to queues and puts nerves on edge — and needlessly, since national currency will remain usable for a relatively lengthy period (45-60 days). A 'big bang'-type change might be desirable, but it must be recognised that this is not realistic and would, in any case, create insurmountable problems. Here again, communication with the public must stress that there is no urgent need to change money: in other words, there is no need to panic if euros cannot be obtained until a few days after the first day of 2002.

4. Rounding-off of prices

4.1. As long ago as 1995, in its Opinion on the Green Paper on the practical arrangements for the introduction of the single currency⁽¹⁾, the Committee warned against the danger involved in rounding-off of prices: when a national currency, very often not divided into sub-units of a hundred ('cents'), is converted into another currency with a higher unit value — and therefore necessarily divided into hundredths — the temptation to round up to the nearest five or zero (e.g. from 32 to 35, or from 77 to 80) may be strong. This is particularly true of relatively low-price goods. Consumer organisations will need to be extremely vigilant in order to ensure that public opinion is on the alert, encouraging healthy competition between commercial operators. National and local authorities must do the same, while bearing in mind that under free pricing arrangements, coercive action is to be ruled out.

4.2. Rounding-off of trade prices is an eventuality which must be avoided, but at present is purely hypothetical, partly due to the conclusion of sectoral and/or national agreements: warning signs are however emerging from the public transport sector in certain countries, where some operators cite cash-management problems to justify rounding-off (upwards) of prices in euros. The same applies to telecommunications and — in some cases — gas, electricity and water. Given that in nearly all the countries the prices of urban transport tickets and of the utilities are among the items making up the 'basket' used for calculating inflation, the consequences of rounding-up in these sectors are entirely predictable.

4.3. Conversion calculations are quite a different matter: the occasional error is acceptable, but cases of fraud at consumers' expense are certainly not, especially if they affect the weakest or least-informed sectors of society — the latter including foreign tourists. In the above-mentioned opinion on the green paper, the Committee suggested that the Member

States consider legislation to introduce criminal sanctions for deliberate and systematic errors in conversion (fraud); the proposal is repeated here.

4.4. It might be useful for all citizens to have a simple electronic calculator to check conversions and ensure peace of mind. Many businesses are already distributing cheap, easy-to-use instruments free: this should become general practice. There should also be backing for messages advocating mental calculations to give a rough idea of how much a given amount in national currency is worth in euros, rather than a precise calculation. 'Handy hints' of this kind may be acceptable mainly to give a rough advance idea of the cost of major purchases (e.g. a dress or suit): in any case, combining this with checking the price with a calculator would be fair at the time of actual purchase.

5. The financial system

5.1. The financial sector, and the banks in particular, do not appear to be experiencing severe difficulties in switching accounts, deposits and other relations in national currency over to the euro. Indeed, in some countries conversion will take place automatically and in advance during the summer or autumn of 2001, except where interested parties explicitly state otherwise. Neither do there seem to be technical problems in converting national or international retail payment systems; the cost of the operation, however, does represent an obstacle, which is to be addressed in an opinion which the Committee is currently preparing.

5.2. More complex and costly problems arise in connection with distribution of the new currency and withdrawal of the national ones, as well as conversion and supply of cash distributors, adjustment of card terminals to dual currency operation and the transport and storage of funds. Although preparations seem to have been carried out with diligence and determination, some minor difficulties and delays affecting both consumers and the banking system itself cannot be ruled out: yet another reason for relying on the banks for an early resolution of these problems.

5.3. Concerning cards — which, as the Committee has repeatedly maintained, represent the only system guaranteeing problem-free conversion to the euro and as such, meriting maximum encouragement — a difference has arisen between issuers and the commercial sector, which might have implications for consumers. The Committee does not wish to judge the merits of the case, which is currently before the competition authorities, but notes its particularly inauspicious, albeit purely coincidental, timing. It injects uncertainty into a system which at this precise moment needs to be strengthened and put forward once again as the best possible solution.

⁽¹⁾ OJ C 18, 22.1.1996, p. 112.

6. Businesses

6.1. As pointed out in its earlier opinion⁽¹⁾, some SMEs — particularly very small, individual ones — may not be able to convert their own administrative and accounting procedures to the euro by the deadline of 31 December 2001. The question is not whether these businesses will become 'outlaws': those who do not comply clearly will. Rather, the question is how the national authorities, particularly the tax authorities, will react to a situation in which a substantial proportion of operators are in an irregular position. The temptation to take punitive action may be strong, but it is to be hoped that all the governments have planned assistance and support arrangements for those in real difficulties on account of insufficient resources or operational capacity.

6.2. Governments too will have to show good will in ensuring that legislative or regulatory provisions simplify procedures for the switch to the euro. In Italy, for example, converting sums in accounts to another currency (euros) requires a decision by an assembly of the members. Since the conversion here is simply a matter of complying with law, such a decision is hardly necessary.

7. Logistical problems and fraud

7.1. Although invited, representatives of the cash-transit industry did not attend the hearing held by the Committee. The sector is nevertheless a key element in understanding the complex logistical problems involved in movements of funds from central banks to the commercial banks, from the banks to their branches and then to customers, and back in the other direction. Those concerned are aware of the scale of these movements, but it has certainly not escaped the attention of criminal organisations and other criminals.

7.2. The Committee is not qualified or informed to formulate opinions on logistics, but it views the security issues with some concern, from the point of view of the social and material danger of robberies and of the safety of personnel protecting money in storage or transit.

7.3. Today, under 'normal' conditions, armed and often bloody attacks take place. It is reasonable to assume that an

exceptional event on a vast scale, in terms of both the frequency and size of cash movements, will intensify and aggravate such incidents. Police forces and private cash-in-transit operators will not easily be able to deal with all the possibilities. Involvement of the armed forces may be advisable and perhaps necessary, although not necessarily in all countries. The Committee wishes to express its serious concern in this regard and trusts that such concern is shared by the Member State authorities, who should nevertheless be reminded of their responsibility for the effects of underestimating the danger.

7.4. The risk of fraud and forgery is a further aspect which should not be underestimated. The survival of a currency depends entirely upon confidence in it: it is to be hoped that the repeated assurances offered by the ECB and the national banks reflect a euro which really is highly 'forgery-proof'. The ESC trusts that every possible measure has been put in place to prevent the circulation of forged euros, not only within the European Union but also beyond its boundaries.

7.5. In addition to the factors described in the earlier opinion⁽¹⁾, which remain valid, the Committee would draw attention to the fact that from the physical point of view, euro coins do not form 'a single currency': not only does the presence of eleven different national versions (reverse side) do nothing to boost recognition in the various countries, but it could encourage the circulation of forged coins in countries other than that in which they are produced, where there would be little or no familiarity with them.

7.6. Given that euro currency from each country will immediately begin circulating in the others as tourists travel, there are grounds to fear that news of large-scale forgery in one country might cause widespread suspicion towards money from that country, rather like the attitude towards Luxembourg francs in Belgium or Scottish pounds in the other parts of the United Kingdom (although in these two cases the problems are unconnected with forgery).

7.7. The Committee offers these comments to the appropriate authorities — the Commission, the European Central Bank, the Eurozone governments — not because it expects a disaster to occur, but because any strategic plan worthy of the name should include a 'worst-case scenario' and the appropriate preventive measures. While pessimism only smothers initiative, a realistic and clear-headed assessment of all the eventualities is to be expected of high-quality public administration.

⁽¹⁾ OJ C 155, 29.5.2001, p. 57.

Brussels, 12 September 2001.

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Göke FRERICHs

Opinion of the Economic and Social Committee on 'Improving the quality dimension of social and employment policy'

(2001/C 311/12)

On 25 June 2001, the Commission decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned communication.

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 September 2001. The rapporteur was Mr Bloch-Lainé.

At its 384th plenary session on 12 and 13 September 2001 (meeting of 12 September 2001), the Economic and Social Committee adopted the following opinion by 86 votes to none, with one abstention.

CAVEAT

Though the subject of this opinion is 'improving the quality dimension of social and employment policy', its main focus is on the quality of employment. It barely touches on the links with the other, far broader, facet of the subject, for the following reason: the Committee is fully aware of the interactions between several components of social policy and quality of employment. Clearly the latter is conditioned by external factors, first and foremost its close association with coherent, relevant social policies.

However, at the time when the study group started to draft the opinion, it did not yet have at its disposal the text of the planned Commission communication, which was in the process of preparation. Further, the deadlines did not allow time to draft a text covering the entire theme that could have been anything other than superficial. Lastly, and most important, it should be remembered that the ESC opinion was primarily intended as a response to the wish clearly expressed by the Belgian Minister for Employment and Equal Opportunities Policy in a message to the ESC President, stressing the importance attached by the Belgian Presidency in its programme to the quality of employment and hoping that the Committee would issue an opinion on this specific aspect.

1. Preamble: Some general reflections

1.1. The interest taken by the Member States and the EU institutions in quality of employment dates back many years. Much excellent work has been done in this field, one particular example being the White Paper on Growth, Competitiveness, Employment, for which we have Jacques Delors to thank. A major leap forward came with the guidelines adopted at the LISBON European Council concerning the need for a 'global strategy', an 'active policy', tending to promote not only 'more' but also 'better quality' jobs. The NICE Council developed,

expanded and pressed forward with this work, following the adoption of 'An agenda for social policy'. Lastly, in STOCKHOLM, the following year, conclusions specifying in greater detail the scope of future lines of action, along with precise and ambitious objectives, were adopted.

1.2. The quality of employment therefore emerged as a topic in its own right in the institutional debate on the European social model and the Union's economic strategy (cf. the Lisbon Council).

1.2.1. This timely recognition is part of a logical process in which it has been acknowledged that a judicious social policy is a major catalyst in boosting the efficiency and competitiveness of production.

1.2.2. In the process of building Europe constant emphasis is placed on QUALITY. What we call 'quality of life' clearly depends to a large extent not only, of course, on the number of jobs available, but also on the framework within which we work: freedom of choice, respect for human dignity, equal treatment, a fair wage, good working conditions, an appropriate working environment, health and safety, training opportunities, incentives, employee consultation and participation, etc.

1.2.3. The actors in the Europe venture have confirmed their resolve to ensure that jobs created within the EU contribute maximum added value and human fulfilment. Careful attention must be given to attaining this objective: measuring progress on the ground and performance in this field and taking all steps necessary to ensure that the reality matches the proclaimed objectives.

1.2.4. Europe, in conjunction with Member States, has a wide range of instruments for analysis and organised debate at its disposal to promote the creation of quality employment.

1.3. The undeniable complexity of this topic is no reason to support the criticism which is sometimes levelled and which is summed up — and then refuted — in a recent ILO document ⁽¹⁾ 'the criterion of "decent work" is unworkable for excessively dissimilar situations and countries, unless it is relativised to the point of depriving it of any meaningful content.'

Obviously circumstances differ from one economy to another. The foreseeable pace and margins of progress are not the same everywhere and factors such as SUBJECTIVITY with regard to evaluation of QUALITY often carry considerable weight in this area, as in others.

1.4. This opinion concentrates on three main aspects:

- highlighting certain OBSERVATIONS;
- addressing a few KEY THEMES;
- making some RECOMMENDATIONS.

2. Observations

2.1. A large number of sources of documentation, with very different methodological approaches, can be drawn on. For instance, the DUBLIN Foundation carried out a study in 2000, along the lines of two others undertaken in 1990 and 1995, into how employees perceived the quality of their jobs. The BILBAO Foundation compiled objective data founded on relevant comments. Finally, EUROSTAT collects and collates vital statistical data. However, problems remain concerning the updating and comparison of data and the standardisation of systems for statistical evaluation.

2.2. In order to underpin constructive and convincing recommendations, any diagnosis of quality of employment must draw on all useful sources available and collate the data collected. In this opinion the Committee in no way claims to present a comprehensive overview but has merely sought to highlight a few relevant points.

2.3. *Safety and health*

The European Agency for Health and Safety at Work has produced an excellent report on the state of occupational safety and health in the European Union. This opinion merely refers to the thrust of this document. The study's 'key points' highlight the scope for progress.

2.4. The study carried out by the Dublin Foundation on how employees perceived changing patterns in a number of major components of quality of work, the following comments are worth noting ⁽²⁾:

- constant 'stress';
- more muscular and back complaints;
- increase in the intensity of work;
- slightly increased proportion of the workforce receiving training organised by their employer;
- persistent sexual segregation;
- temporary work and 'flexibility' do not lead to improved working conditions;
- violence and harassment continue to be major problems.

2.5. *Other aspects*

2.5.1. The Commission's annual report on equal opportunities for women and men in the European Union (2000) stresses that considerable discrimination persists in the field of employment, even if there are signs of improvement.

3. Key themes

3.1. The Committee has focused attention on a number of topics selected with a view to:

- highlighting the close link, in this particular instance, between quality of employment and the economic performance of EU companies' production or services,
- stressing the need for employment to reconcile as smoothly as possible the demands of working life and personal and family commitments,
- making the best possible use of the contributions made in earlier Committee opinions, which remain as relevant and topical as ever.

There are, of course, other themes worthy of consideration, for example remuneration. The fact that they have not been covered in this opinion does not mean that the ESC considers them to be of secondary importance.

⁽¹⁾ 'Recent work issues and policies' — January 2001

⁽²⁾ We are dealing here, it is true, with subjective, perceived data rather than objective statistics. Nevertheless, we consider the data to be relevant, and challenge anybody who thinks otherwise to say so openly.

3.2. Safety/health ⁽¹⁾

3.2.1. How can European legislation be made more effective?

- The Committee has stressed and continues to highlight the importance of combining harmonisation with progress; this means that minimum key safety levels should not differ according to the size of the firm.
- Very careful attention must be paid to the specific situation of SMEs — not to exempt them from respecting common requirements, but to help them comply with them. This requires Community texts — as far as possible — to be uncomplicated, provide practical recommendations, be drawn up in a spirit of cooperation involving SME organisations, and distributed according to activity. It must also not be forgotten that there are medium-sized garages, hotel-restaurants, joineries, bakeries, etc., employing large numbers of people.
- Trade and industry and all players in the labour market, which also have a social responsibility, could be more active in the field of prevention, and support training and information campaigns in this area.
- The best way of achieving the desired harmonisation is not through detailed, formal and elaborate legislation. Effectiveness hinges on enforcement. Community legislation will not be enforced properly unless it complements national legislation.
- Legal monitoring of the transposition of a Community directive is necessary. However it is not sufficient and must be accompanied by assessments of how the directive is actually implemented, in conjunction with the social partners.
- The approach to dealing with health and safety risks must be adapted to new challenges, such as 'stress' in the workplace, muscle and back complaints, etc. These problems cannot be dealt with in the same way as traditional occupational accidents and illnesses. In this case — and many others — good and bad examples need to be identified, drawn upon and disseminated if useful directives are to be drafted.

3.2.2. Employability and health and safety

- Accidents in the workplace and other health and safety risks are first and foremost important from the human perspective. But they also involve considerable social costs for companies and public finances.
- It is far from certain that this observation is obvious to everybody today in Europe. Measures and instruments therefore need to be developed to explain and convince people.
- Non-compliance with existing standards is not always punished.

3.2.3. How should the new risks be addressed?

- These risks have not eliminated traditional risks, but have been added to them. They are here to stay and evolve more rapidly than the instruments designed to tackle them.
- If legislation is to avoid falling behind the situation it is intended to address, it is necessary now, more so than in the past, for Member States and the Commission to be given permanent means of monitoring and assessment.
- Trade and industry and all players in the labour market should play an active role in studying and researching new risks.

3.2.4. New forms of work

- Though it is still very difficult to measure the scale on which they exist, the health and safety risks connected with new forms of work, for example TELE-WORKING, and with the very nature and increasing prevalence of temporary and precarious jobs, are well known.
- Some national research and statistics institutes have made progress in compiling data on these new types of risk. Standardisation of this research in Member States should be encouraged, with the aim of providing better life-long protection to the workers concerned.

3.3. Older workers ⁽²⁾

3.3.1. The Lisbon European Council set the objective of an employment rate 'as close as possible to 70 % by 2010'. Attaining such an objective entails raising the employment rate among 'older workers', in other words among those aged

⁽¹⁾ See also 'Towards a Community strategy for health and safety at work', OJ C 260, 17.9.2001 and 'Health and safety in the workplace', OJ C 51, 23.2.2000.

⁽²⁾ See also the ESC Opinion on 'Older workers', OJ C 14, 16.1.2001.

between 50 and 64. Although the employment rate in this category has been declining at differing speeds, there has been no exception to this trend or break with it in any of the EU Member States since the 1970s. The 2000 employment guidelines seek to rectify this trend. There is a lack of reliable, informative data in this field, especially as regards actual age of departure.

3.3.2. 'Early exit' from the labour market is generally more often imposed rather than chosen by those in question. This form of flexibility is a result of the labour market situation, companies' restructuring strategies and corresponding public policies.

3.3.3. The employment of older workers has become an 'adjustment margin' for human resource management in companies and the public service and a domain for government action in the field of social protection.

3.3.4. As a consequence, in terms of quality of employment, there now exists a large pool of 'middle-aged' workers in companies and the public services considered to have no prospects, no value and whom there is a reluctance to promote and train. Aside from the human dimension, this constitutes a paradox: as from 2001 the 40-60 age group will account for the largest part of the EU's active population.

3.3.5. However all the research bears witness to the fact that a large increase in early retirement exacerbates the depreciation of ageing workers in the labour market. In terms of recruitment, older workers suffer from discrimination. Very often the older or ageing worker feels that he is incapable of working or is unemployable.

3.3.6. Against this background, how is 'quality of work' relevant to the majority of older workers? How can the employment rate among employees over 50 or 55 be raised? What practical measures should be recommended? How can we respond to the demand by those concerned to play a more active part in the decisions affecting them and for arrangements to be tailored more closely to individual cases? How can greater allowance be made for the hopes of many workers in the 40-60 age group to retire at a reasonable age?

3.3.7. The so-called 'serious trend' needs to be reversed, but this will not occur automatically. Companies cannot just be asked to 'make something new out of the old'. What is needed is, quite simply, to CHANGE THE CULTURE and RAISE AWARENESS, to persuade employees that working beyond the age of 55 is worthwhile and to ensure that companies and public services upgrade their assessment of the contribution which can be made by 'ageing' workers. Such an objective

requires coming up with a BETTER FORWARD-LOOKING MANAGEMENT OF EMPLOYMENT OVER TIME in terms of recruitment and employment termination, continuous training, mobility within a company, flexible work organisation, ergonomics and task definition, and behavioural change within companies and the public services.

3.3.8. The EU institutions can take decisive action towards this goal:

3.3.8.1. by instigating debate on subjects such as reforming pay structures and replacing early retirement provisions by, for example, more flexible retirement provisions;

3.3.8.2. by taking action in the short term to:

- stimulate dialogue with the European social partners;
- develop the exchange of good practice;
- draw up a 'code of good practice' through dialogue with interested parties.

3.4. *Non-discrimination*

At this stage, and in the area under consideration, the Committee would like to see efforts focused on the following 'touchstones':

- gender equality;
- non-discrimination with regard to people choosing flexible working time or part-time work;
- adequate social protection cover for 'atypical' workers, i.e. those wishing or forced to be professionally or geographically mobile, to work on fixed-term or temporary contracts;
- development of 'life-long learning' for all workers, without discrimination;
- greater participation of these employees in the operation of companies and the services for which they work;
- attention to third-country nationals, and to the quality of the jobs to be offered to immigrant workers for which the EU will have a need;
- attention to workers with disabilities.

3.5. *Access to training and upgrading of skills*

In building Europe the clear-cut option is for a KNOWLEDGE-driven economy. In this connection the Committee would stress two of the many aspects of this immense challenge.

3.5.1. There is a danger that it may generate exclusion, a 'multi-speed society', where only a fraction of the workforce would have access to long-term facilities and opportunities so as to remain attractive on the job market. This scenario is not a mere fiction. It must be borne in mind so that we can forestall the emergence and slow, insidious and pernicious development of a new form of social split.

3.5.2. One area which could be increasingly affected are the many 'traditional' activities (catering, cleaning, repair workshops, service stations, community care jobs, craft industries) which have little scope on their own to offer their workforce training in new technologies and skills. Their employees are in danger of failing to keep up, in their working lives, with a constantly changing society. It is important to devise and implement arrangements for lifelong training and, at the very least, not to underestimate this problem.

3.6. *Work and private and family life*

3.6.1. Reference was made in the introduction to this opinion to the fact that quality of employment is a key component of quality of life.

Here we come across the blanket, convenient word, which 'means all things to everyone': FLEXIBILITY. This vague concept must, in the particular context with which we are concerned, be stripped of its quasi-ideological connotations: flexibility is a tool — not an ideal.

3.6.2. It is worth noting that this word encompasses a wide variety of individual aspirations as voiced by a considerable number of employees, prompted by a desire to live better: starting with a working schedule and hours 'of their CHOICE', considered as a vital prerequisite by private sector and public service employers keen to provide a competitive and effective service to their customers or users.

3.6.3. For the purpose of advocating action to be taken, a better overview and analysis is needed of the conditions governing the interrelationship between factors of a different nature and inspiration, and to examine their interactions.

3.6.4. Information on experiences, clashes of interest and consensus of views must be pooled and exchanged.

3.6.5. It could also be necessary to pay rather greater attention to tangible factors such as travelling time to and from work and the existence or absence of local social services and facilities provided for childcare.

3.7. *Information and participation of the workforce*

Here the emphasis is placed on one undisputed fact: quality of employment can only be enhanced if action is based on information and participation, with more and better means of involving employees in guiding the process of economic change. The wide variety of situations to be tackled and the desire among employees to be PARTNERS in decisionmaking on matters affecting them means that no directive or regulation will have any chance, in this area, of attaining its objective if it is not in some measure CONTRACTUALLY BASED. All this is not incompatible with the goal of a KNOWLEDGE-driven European economy. Whether or not we wish it, such an economy cannot — if it is not to be inconsistent — be founded forever on the model of a hive of bees programmed by instinctive hierarchical genes, and on authoritarian, imposed doctrines. The contractual, concerted, participatory experience of our countries in the field of labour relations is a precious asset for the development of the European economic and social model.

4. **Some recommendations**

4.1. In addition to the creation of indicators and the exchange of good practice, the use of legislative instruments must also be considered, in order to secure progress on the quality dimension of employment.

4.2. These recommendations focus on the difficult, yet important, question of INDICATORS.

The need to make progress in this field was stressed by the STOCKHOLM European Council.

On 1 March 2001 the ESC issued an opinion⁽¹⁾ which listed the conditions to be met in order for the European indicators to be effective (see in particular points 1.2, 2.1, 2.3, 2.8 and 3.2).

4.3. It is not the intention of the Committee, at this stage, to give its views on the principle — debated both within the Council and the Commission — of whether in the future the field as a whole should be covered in a comprehensive manner, or whether efforts should be focused on a limited number of instruments. The Committee believes, however, that at the current stage optimal use should be made of a number of good existing indicators, and stresses that to be 'good' an indicator must be objective, be able to measure results, pinpoint the essence of a problem and offer a clear interpretation, must be accurate and balanced, must enable reliable comparison and must be periodically reviewed, updated and — if necessary — reformed without Member States, businesses and members of the public incurring any additional administrative and financial burden.

⁽¹⁾ Structural indicators, OJ C 139, 11.5.2001.

4.4. The Committee recommends that, initially, particular attention be paid to the following 'possible indicators' set out in the Communication from the Commission ⁽¹⁾, which relate to the 'Key themes' described in point 3 above.

4.4.1. Health and safety at work

- Composite indicators of accidents at work — fatal and serious — including costs.
- Stress levels and other difficulties concerning working relationships.

4.4.2. Older workers

- Employment rates.

4.4.3. Gender equality

- Gender pay gap, appropriately adjusted.

4.4.4. Life-long learning

- Proportion of workers undertaking training or other forms of life-long learning.

4.4.5. Working life and private, family life

- Opportunities for maternity and parental leave, and take-up rates

⁽¹⁾ 20.06.2001 COM(2001) 313 final.

4.4.6. Information and involvement of workers

- Coverage of collective agreements and number of EU-wide companies with EU works councils with employee representatives.

4.4.7. Equal treatment for third-country nationals

- Non-discrimination, pay differences, type of contract, promotion and lifelong training.

4.5. As stressed by all the apposite reports and opinions on the subject, in addition to indicators it is necessary — not as a substitute but as a complement — to collect, collate and disseminate any useful information on experiments and projects carried out within the European Union. This applies not only of course to the successes, but also to the failures. This process of bench-marking is not intended as a grading process to distinguish between good and poor 'pupils', but as a means of pooling lessons learned.

The complexity and scale of efforts to ensure that progress continues to be made throughout the EU with regard to the quality of work are such that they require all available energy to be mustered, pooled and channelled.

4.6. The Economic and Social Committee, which represents various players from organised civil society, fervently wishes to make a contribution — in its consultative capacity — to the important practical issue of the quality of employment.

Brussels, 12 September 2001.

*The President
of the Economic and Social Committee*
Göke FRERICHs

Opinion of the Economic and Social Committee on the 'Communication from the Commission to the Council: New European Labour Markets, Open to All, with Access for All'

(2001/C 311/13)

On 3 July 2001, the European Parliament decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned communication.

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 September 2001. The rapporteur was Mrs Carroll, Mrs Polverini, co-rapporteur and Mr Fuchs, co-rapporteur.

At its 384th plenary session of 12 and 13 September 2001 (meeting of 12 September 2001), the Economic and Social Committee adopted the following opinion by 98 votes to 0, with two abstentions.

1. Introduction

1.1. Opening the new European labour markets and making them more accessible was identified as one of the ten key areas for policy action in the European Commission's contribution to the Spring European Council (Stockholm 2001), entitled 'Realising the European Union's potential: consolidating and extending the Lisbon strategy'. The Communication 'New European Labour Markets, Open to All, with Access for All' is the first step towards realising the potential of the European Labour Market to work for the benefit of both workers and employers.

1.1.1. The Committee welcomes the request by the European Parliament to comment on this important European policy field, and supports the generally positive views on the Commission text expressed in the European Parliament's draft report.

1.1.2. The Commission is addressing this issue because of:

- pressure from increasingly integrated European businesses and from mobile workers for simpler solutions to their mobility and recruitment needs across Europe's labour markets, in the context of the continuing integration of many sectors and industries under the impact of the euro and the Internal Market. The continued strengthening of the European economy over recent years, although suffering some setbacks in recent times, has also highlighted the need to deal with this issue;
- the impact of wide-ranging structural changes across Europe, driven by globalisation, technology, demography and social aspirations, which are revealing constantly changing and commonly experienced skills needs and raising skills gaps and mobility issues in more prosperous regions;

- the challenge of ensuring greater convergence and opportunity across the regions of the EU, in the face of the above changes and in relation to the EU's relatively slow pace in advancing cohesion in terms of levels of employment and to the impact of further enlargement.

2. Comments on the proposals

The following represents the Committee's views on the specific proposals made by the Commission, which have also received favourable comment in the Parliament's draft.

2.1. *The first set of policy actions*

2.1.1. The Committee welcomes the Commission's intention to propose in 2002 a more uniform, transparent and flexible regime of professional recognition, which will include ways of promoting more widespread automatic recognition. The Committee welcomes the actions which have already been taken. These, however, largely represent action on professional vocational qualifications, i.e. in the higher end of the labour market. The failure of the Member States to agree over such a long period of time on mutual recognition of non-professional vocational skills generally (with the exception of the proposal for a directive on the training of professional drivers⁽¹⁾ — a highly regulated occupation), has been a major barrier to mobility and the creation of a genuine European labour market. If those with lower-level skills and not just those with the highest, most desirable skills are to be integrated into a true EU labour market, then action is urgent on this issue. The Commission must develop further initiatives on this matter, and a relevant and proactive contribution could be made by the social partners where they so wish. However, where sectoral directives have served the involved community well, there is no need to change them.

⁽¹⁾ COM(2001) 56 final — 2001/0033 (COD) — Proposal for a Directive of the European Parliament and the Council on the training of professional drivers for the carriage of goods or passengers by road.

2.1.2. In a labour market which is constantly evolving and where much of the initial and continuous vocational training carried out is done in-company, it is essential to identify ways in which skills acquired at work can be recognised, while maintaining standards. Accordingly, the Committee supports this proposal and hopes it can be extended as widely as possible, particularly within sectors such as tourism and other industries with common standards and practices.

2.1.3. The Committee considers that lifelong learning is the key to familiarising people in Europe with the logic of the information society, new technologies and the new economy⁽¹⁾. This is an urgent matter to be dealt with and it should have a high priority in the Commission's policy initiatives. The Committee is concerned that, after several years of discussion, the Lifelong Learning Action Plan to be put before the Spring European Council in 2002 is still only at the stage of identifying basic skills essential for mobility, facilitating the recognition of skills acquired outside formal systems and an increased investment in human resources. It should also identify ways and means by which those who have been failed by the education system in the past could benefit by a lifelong learning strategy, so as to integrate them in the workforce.

2.1.4. If the EU is to develop its skills levels, however, more urgent action will be needed. It will also be necessary to draw up a plan for the short-to-medium term (2-5 years). The Commission must draw on its best practice (2.1.5 below) to provide reliable, rapidly effective guidelines for the shortest timescale (6 months-2 years) for universities and local authorities, in order to raise the level of education and training for highly-qualified professionals. The social partners could make an effective contribution to this process where they so wish.

2.1.5. The Committee notes that there may be problems of subsidiarity in developing an open method of coordination on Best Practice in Education and Training Systems. It also notes, however, that the use of this method in these fields was left open by the Stockholm European Council. The Commission should, as a priority, deal with educational initiatives which have proved to be effective in dealing with disadvantaged groups within the primary and second-level school populations and preventing early drop out of the system. Another urgent priority is an increase in the numbers of second and third level students taking technical and scientific subjects, as high technical skills cannot be achieved overnight without a solid educational foundation in the appropriate subjects.

2.2. *Removing barriers to mobility*

2.2.1. The Committee agrees that implementation of the Commission's comprehensive strategy to remove barriers to services should have a direct impact on the mobility of service providers. The Committee has already approved the proposals in previous opinions.

2.2.2. Various aspects of supplementary pension schemes have presented barriers to mobility or difficulties for workers for many years and discussions have been ongoing from time to time since the late 1970s on this issue. The Committee hopes that the Commission's proposed Communication on the Elimination of Obstacles to the Cross-border Provision of Supplementary Pensions will speed up the removal of such barriers to mobility.

2.2.3. The Committee is also pleased to note that the Commission will present a proposal on Portability of Supplementary Pensions by the end of 2001 and hopes that its proposal on the harmonisation of the rules applicable to funded pension schemes will be adopted shortly.

2.2.4. The Mobility of Researchers, Students, Trainers and Teachers is an essential component of integrated European Labour Markets and, as such, the Committee welcomes the proposals made by the Commission in this respect.

2.2.5. The Committee supports the Commission in urging the Council and the European Parliament to adopt the pending proposals in the area of Modernising Social Security for Migrant Workers, whilst recognizing the subsidiarity issues concerned.

2.2.6. The Committee agrees with the Commission that, account having been taken of the consequences for social equilibrium and the labour market, the Council, on the basis of proposals by the Commission should set out the criteria and conditions under which there should be Mobility of third country nationals within the EU. The Committee urges the early adoption by the Council of proposed Directives in this area. The Committee is currently finalising its Opinions on the 'Proposal for a Council Directive concerning the status of third-country nationals who are long-term residents'⁽²⁾ and 'Proposal for a Council Directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activities'⁽³⁾.

2.2.7. If there is to be a genuine European labour market, it must be characterised by equality of treatment for migrants with local workers and should have as its goal socially sustainable and progressive mobility. This is essential for social cohesion to the European social model.

⁽¹⁾ OJ C 139, 11.5.2001. See also Opinion on the 'Memorandum of Lifelong Learning' (SEC(2000) 1832).

⁽²⁾ COM(2001) 127 final — 2001/0074 (CNS).

⁽³⁾ COM(2001) 386 final — 2001/0154 (CNS).

2.2.8. Fear of unemployment in host countries tends to provoke protectionist attitudes which can act as a barrier to mobility. Economic and social development of regions that attract a high number of migrant workers is essential to counteract this tendency.

2.3. *Improving information and transparency*

2.3.1. The Committee welcomes the Commission's proposal for a One-stop European Mobility Information Site which would help citizens to network and develop information from community and national sources to provide comprehensive and easily accessible information to citizens on key aspects of jobs, mobility and learning opportunities in Europe.

2.3.2. The Commission should ensure that this is available directly to citizens on the Internet and not just through national employment agencies. The EURES network, which is primarily a network for national employment agencies, should be integrated into the One-stop Shop and made more easily accessible to ordinary citizens. Generally, information on EURES should include, as well as information on employment conditions, information on social conditions, such as housing, education, available training through lifelong learning programmes and health services, as well as on the tax and social security situation. The information should be clear, available in all EU working languages and in the major languages of migrants to the EU.

2.3.3. Campaigns on various subjects have been run before, with limited success. While the Committee agrees that the proposed Mobility Information Campaign should make use of existing and familiar instruments, where these have been shown to be effective in reaching the citizen directly, it should also make increasing use of the social partners and relevant NGOs at national and regional levels in a much more integrated way, so as to reach those most directly concerned by mobility issues: employers, workers, their respective organisations and NGOs representing disadvantaged groups.

2.3.3.1. Not all potential migrants nor those already resident in the EU have access to the Internet, nor are they connected to formal organisations, e.g. NGOs. Therefore, the campaign should also be carried on through other channels, e.g. through radio, TV advertisements, via post offices and other public offices which migrant workers may visit from time to time and at points of departure and arrival into and within the EU — airports, railway stations, ports, motorways, etc.

2.3.3.2. The social partners and NGOs dealing with migrant workers should be actively involved in the campaign also. Trade unions could set up information points and ensure, through international contacts, that trade unions in countries of origin had accurate information to give their members. Employers should use a standardised information package on employment rights, tax and social security arrangements, when recruiting workers abroad. Information and funding, where appropriate, should be given the social partners and NGOs as part of the campaign.

2.3.4. Priority action on Professional recognition of qualifications is an essential part of work on the integration of European Labour Markets and the Committee welcomes the proposal. Priority should, however, be given to the work on actual recognition of qualifications rather than to information on an incomplete system, although this will also be important in the future. (See also paragraphs 2.1.1 and 2.1.2 above, in this connection.)

2.4. *Stage Two: High-level Skills and Mobility Taskforce and 2002 Action Plan*

2.4.1. The Committee welcomes the setting up of the High-level Skills and Mobility Taskforce and the mandate given to it. The Committee would wish to be kept informed of the work of the Taskforce and to give its opinion on its ongoing work and on the 2002 Action Plan to be put forward by the Commission on the basis of the Taskforce's Report in December 2001.

2.4.2. This is a positive measure, but mainly for workers who already benefit from a high level of education and access to information. Quality must also apply to those workers who are less qualified and who, according to the statistics provided in the Communication, are less mobile.

3. **Additional Conclusions for consideration by the European Parliament**

3.1. While the Committee generally approves the direction of the Commission's Communication, it has other comments to make on aspects of a European Labour Market which were not adequately dealt with in the Communication and which might be considered by the European Parliament.

3.2. The Committee welcomes the recognition by the Commission of the fact that there is, at present, no one integrated European Labour Market but rather a series of (mostly) geographic, regional and sectoral markets, the latter two, to some extent, crossing borders. It is vitally important that, hand in hand with the development of an integrated European Labour Market, work continues to improve economic and social life in underdeveloped regions of the EU. Unless all regions have the opportunity to develop and to attract appropriate high technology industries and services,

there will continue to be one-way mobility, with a centre-periphery divide. This is not a healthy situation, whether socially or economically. All policies and actions envisaged under the Action Plan should be aimed at ensuring an even spread of development of labour markets within the EU and the candidate countries.

3.2.1. Prosperous national and regional labour markets are an important element of a European Labour Market. Indeed, given the level of mobility among EU citizens, it could be considered that this is a higher priority of citizens. It must be recalled that a labour market consists of people as well as organisations; people, the vast majority of whom have, up to now, preferred to stay in their home town, region or country. Even with a successful implementation of the 2002 Action Plan, the figures seem to indicate that most Europeans will prefer to work near their homes and they should not be forced by economic or social conditions to do otherwise, where at all possible. On the other hand, the Committee agrees that where they wish to move within the Union, they should be facilitated in doing so.

3.2.2. However, in an imperfect world, many European citizens are forced to move to seek work in the most prosperous regions of the Union. Others do so voluntarily. Whether the choice is forced or voluntary, the Committee welcomes this initiative as improving their chances of finding suitable employment, accommodation and of settling into their new lives with a minimum of difficulty.

3.3. Apart from general comments on European integration, the Communication makes little specific provision for the very particular problems of integrating the relatively undeveloped labour markets of the Candidate Countries into the more sophisticated EU labour markets. Given that the target date for the full implementation of the 2002 Action Plan is 2005, this is a serious omission.

3.3.1. Although free movement of workers from the candidate countries may be a qualified right for a period from the

date of accession, the reality is that individual migrants from the candidate countries are seeking and will continue to seek access to the EU labour market. This is understandable, given the differences in the labour markets and standards of living of the candidate countries and of the current EU members.

3.3.2. For the overall economic and social health of the enlarged EU, development of the candidate countries is a necessity, with a view to bringing those countries nearer to and eventually up to the European average in terms of a labour market. The time between now and the achievement of free movement should be used for targetted action for the development of the candidate countries' own labour markets. These countries cannot be regarded only as a source of labour, but as labour markets in their own right. To wait until the actual accession date before making appropriate plans and taking remedial action would be too late.

3.4. The Communication fails to deal specifically with many deficiencies in the current labour markets in the EU. Mobility is more evident among these with higher skills and social and cultural (e.g. linguistic) advantages. The Committee notes, however, that mobility is low within groups with low skills. It is particularly concerned with the situation of underprivileged groups within society — women, the disabled, migrants and second-generation migrants and others — many of whom have either low-level or no skills. Many of these, given an adequate opportunity, could make a valuable contribution to European Labour Markets. Indeed, social cohesion demands that special efforts are made in this direction.

3.5. In order to have the maximum impact on the European economy, this initiative must be closely integrated into all Action Plans and programmes aimed at improving Europe's position in information and communications technology. The Committee has already given its Opinion on the E-Europe 2002 initiative and an Opinion on the E-learning Action Plan is being adopted concurrently with this Opinion.

Brussels, 12 September 2001.

*The President
of the Economic and Social Committee*
Göke FRERICHs

Opinion of the 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'

(2001/C 311/14)

On 2 July 2001 the Council decided to consult the Economic and Social Committee, under Article 37 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Economic and Social Committee decided to appoint Mr Kienle as rapporteur-general for this opinion.

At its 384th plenary session of 12 and 13 September 2001 (meeting of 12 September), the Economic and Social Committee unanimously adopted the following opinion.

1. Introduction

1.1. The Commission proposal stresses the need to encourage 'generational replacement' in the agricultural sector — and in the wine sector in particular.

1.2. The Commission points out that, in a number of Member States, young farmers are already encouraged to set up as winegrowers by awarding them new planting rights and giving them the option to take part in vineyard restructuring and conversion plans.

1.3. In order to ensure a smooth transition from earlier arrangements to the new wine CMO, the Commission is now proposing a temporary derogation, under which new planting rights may be awarded to young winegrowers and incorporated into the restructuring aid for material improvement plans. This derogation is to apply until such time as the support measures can be implemented through the system of reserves provided

for under the new market organisation. No additional costs are involved for the Community budget.

2. Comments

2.1. The Economic and Social Committee emphatically endorses the aims of the proposal for a Regulation and the two amendments to Article 11(3) and the second subparagraph of Article 15, point (b), of Regulation (EC) No 1493/1999.

2.2. In this connection, the Economic and Social Committee would refer to its opinion on prospects for young farmers, which is currently in the pipeline. At an ESC public hearing attended by the rapporteurs from the European Parliament, the Committee of the Regions and the Economic and Social Committee, and a delegation from the European Council of Young Farmers (ECYF), a particularly strong call was made for cutting young farmers' start-up costs, especially in the acquisition of production rights.

Brussels, 12 September 2001.

The President
of the Economic and Social Committee
Göke FRERICHs