



European Economic and Social Committee

Brussels, 18 July 2005

**PLENARY ASSEMBLY
ON 13 AND 14 JULY 2005**

SUMMARY OF OPINIONS ADOPTED

**Full text versions of EESC opinions are available in the official languages
on the Committee's web site at the following address:**

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The plenary session was attended by **Mr Douglas Alexander**, British Minister of State for Europe, on behalf of the Presidency-in-Office of the Council of the European Union, who presented the priorities of the UK Presidency and **Mr Ján Figel**, Member of the European Commission, who addressed the Assembly on education, training, culture and multilingualism. Furthermore, structured debates were held on Europe's current situation and on Communicating Europe.

1. SOCIAL POLICY

• ***Social Agenda***

- **Rapporteur:** Ms Engelen-Kefer (Employees – DE)
- **References:** COM(2005) 33 final – CESE 846/2005
- **Key points:**

Special expectations are bound up with the new Social Agenda for the period 2006-2010

The EESC takes the view that growth and employment alone do not automatically bring about an improvement in the social situation, even though more growth is a key prerequisite for tackling unemployment and improving the social situation.

The task of European social policy is to safeguard and develop the European social model through the use of effective instruments at EU level. The special contribution made by social policy comprises: the European Employment Strategy (EES); coordination measures taken with a view to promoting social integration and reforming social security schemes; and the upward alignment of living and working conditions through the establishment of social standards of an adequate level.

The EESC welcomes the European Commission's Communication on the Social Agenda, which helps to underline the importance of social policy and the achievement of the Lisbon objectives. Despite the strategic approach which it pursues, the communication does not, however, meet, in all respects, the special expectations bound up with the mid-term review of the Lisbon Strategy.

The EESC expects the strategic framework to be complemented by concrete measures. In the EESC's view, the new Social Agenda should go hand-in-hand with an action programme covering the next five years and take greater account of the findings and proposals of the High Level Group on the Future of Social Policy in the Enlarged EU.

- **Contact:** *Mr Pierluigi Brombo*
(Tel: 00 32 2 546 97 18 – e-mail: pierluigi.brombo@esc.eu.int)
Ms Ewa Kaniewska
(Tel: 00 32 2 546 81 17 – e-mail: ewa.kaniewska@esc.eu.int)

2. ENTREPRISE POLICY – REVITALISING AND MONITORING SECTORAL ACTIVITIES

- ***Company relocations***

- **Rapporteur:** Mr Rodríguez García-Caro (Employers – ES)
- **Co-rapporteur:** Mr Nusser (delegate, Cat. 3 – DE)

- **Reference:** Own-initiative opinion – CESE 891/2005

- **Key points:**

The choice of business location is a strategic issue which requires the consideration of numerous aspects of a very different nature. These are described in the opinion

Relocation represents a dual challenge for European society: firstly, relocation to other Member States, in search of better conditions; secondly, the relocation to non-EU states, such as Southeast Asian countries or countries with emerging economies, particularly China.

Relocation, apart from being the direct cause of job losses, could also bring other, associated problems, such as an increase in social security costs for governments, increased social exclusion, and less economic growth overall, partly as a result of a general demand shortfall. Despite these effects, restructuring must not be synonymous with social decline and a loss of economic substance; it is often essential to the survival and development of enterprises, although it is necessary to accompany these changes in such a way as to ensure that their effects on employment and working conditions are as short-lived and limited as possible.

In order to prevent, as far as possible, European companies from moving to other regions, certain key aspects of industrial policy must be reinforced:

- focus on education, training and skills, as human capital and know-how are competitive advantages;
- promote research and innovation, making sure that research leads to progress in industrial innovation;
- apply a competition policy that boosts industrial policy objectives;
- make consumers more aware of the consequences of their behaviour;
- increase public-private cooperation in key sectors;
- provide the EU with financial instruments to enable better anticipation and management of industrial change;
- invest in infrastructure to facilitate business activity;
- promote entrepreneurship and provide a favourable environment for establishing and developing business activity;
- develop and implement social policies that minimise the possible negative consequences of company relocations;
- strike a constructive and creative balance between the interests of the various stakeholders by means of real social dialogue;

- strive to set up global, competitive markets whose rules are obeyed by all. The EU must therefore act within these international bodies to ensure that these rules are respected and if not, to apply the existing mechanisms as effectively as possible.

The aim should be to promote new investment in Europe, retain existing investment and continue European investment abroad.

- **Contact:** *Mr José Miguel Cólera*
(Tel: 00 32 2 546 96 29 – e-mail: josemiguel.colerarodriguez@esc.eu.int)

- ***Coal and Steel Research***

- **Rapporteur:** Mr Lagerholm (Employers – SE)
- **Co-rapporteur:** Mr Gibellieri (delegate, cat. 2 – IT)

- **Reference:** Own-initiative opinion – CESE 845/2005

- **Key points:**

After a period of transition of three years, the RFCS research programme has proved to be efficient and effective, having substantially integrated the network of experts of the former ECSC research programmes. The EESC recommends maintaining, for the foreseeable future, both the same consultative bodies (COSCO, SAG and CAG, Technical Groups) for the management of the programme and the same evaluation procedure. The EESC asks the Commission to consider how to increase the participation of experts in technical groups.

The EESC supports the establishment of European Technology Platforms in which both the steel and the coal sectors can find the appropriate environment for developing and coordinating their RTD policies and activities utilising all available European resources.

The EESC is strongly in favour of a rapid and substantial integration of enterprises, research centres and universities of the new Member States in the RFSC research programme and in the activities related to the relevant European Technology Platforms for the steel and coal sectors.

As far as the steel sector is concerned, the EESC identifies the following main issues:

- protecting the environment (reduction of CO₂ emissions in particular) and increasing energy efficiency constitute both major transversal issues in the RTD programmes;
- security and safety;
- attracting and securing qualified people;
- the consensus-based identification of priority specific themes for the Steel Technology Platform;
- the support of the European authorities in order that the steel sector platform be adopted as a priority platform that will benefit from a Joint Technology Initiative.

As far as the coal sector is concerned, the EESC welcomes the new European Energy Priorities stressing the significance of clean coal technologies for climate and environmental protection and the security of energy supply in the Union and announcing its commitment to clean coal technologies as a key priority for research in the 7th RTD Framework Programme.

The programme should aim, therefore, at the improvement of efficiency in order to reduce emissions and for a sustainable use of resources as well as CO₂ sequestration and storage measures. As the broader orientated European Mining Technology Platform will provide strategies and instruments for cross sectoral mining research, the complementary character of the RFCS programme should be retained and the programme should aim at specific coal mining RTD.

– **Contact:** *Mr Jakob Andersen*

(Tel: 00 32 2 546 92 58 – e-mail: jakob.andersen@esc.eu.int)

• ***Market access to port services***

– **Rapporteur:** Mr Retureau (Employees – FR)

– **References:** COM(2004) 654 final – 2004/0240 COD – CESE 848/2005

– **Key points:**

A far less detailed framework directive providing sufficient scope for subsidiarity would appear preferable to the present draft directive.

Applying subsidiarity to the proposed legislation and ensuring coherence of port development policies at a local level is preferable to the uniform provisions outlined in this proposal for a Directive, given the extensive differences in size and type of ports.

Such a framework directive should not in any way affect the rights and obligations of Member States vis-à-vis their legislation on social and labour issues, public health, the environment, security, public order, or services of general interest. It should also take account of the Member States' international obligations, for instance, the ILO Maritime Conventions.

The EESC cannot but regret the fact that the draft directive lacks an impact assessment, which runs counter to the commitment to legislate better undertaken by the Commission since its White Paper on governance.

– **Contact:** *Mr Raffaele Del Fiore*

(Tel: 00 32 2 546 97 94 – e-mail : raffaele.delfiore@esc.eu.int)

• ***REACH – legislation on chemical products***

– **Rapporteur:** Mr Braghin (Employers – IT)

– **References:** Additional opinion – CESE 850/2005

– **Key points:**

This additional opinion was initiated to follow-up and comment on the last developments in the debate on the EU's new chemicals legislation, REACH. It focuses mainly on:

- the latest impact assessment studies carried out by the Commission;
- the registration criteria and tasks;
- the different proposals discussed at the Council of Ministers.

The Committee proposes that in order to make REACH manageable the registration mechanism must specify clearly:

- the substances covered by the proposed system;
- its scope, in particular by specifying the criteria and the categories to be exempted (at present these are mentioned in several different articles of the regulation);
- the obligations regarding the flow of information between manufacturers, importers and downstream users (both industrial and professional) of the same substance;
- the mechanisms and incentives for forming consortia.

In this context, the Committee also stresses the need to avoid duplications of tests, not only in the case of experiments on animals. To avoid an unfair cost distribution for registration and testing, the Committee proposes:

- the reduction of the registration fee; this fee is modest in the case of small volumes but becomes considerable for larger ones. Article 10(2) currently proposes that the fee be reduced to one-third when the same set of data is submitted by several firms belonging to a consortium. A more significant reduction would be desirable;
- the sharing of the costs of animal testing between forum members (second paragraph of Article 28(1), and Article 50(1)). It does not seem fair to share the costs equally, without considering their respective production volume. The Committee thinks that it would be fairer to use criteria related to turnover of the substance concerned or the volumes sold over the preceding three years;
- the 50% share of the animal-testing costs sustained by previous registrants (Article 25(5) and (6)) seems even more unjust. For a late registrant, such a threshold could prove an insurmountable barrier to market entry.

The Opinion analyses some proposals discussed at the Council. The Committee warns that OSOR (One Substance One Registration), which aims to avoid multiple registrations, might raise questions concerning the conflict between mandatory data sharing and confidentiality. The Committee is in favour of the Maltese/Slovenian proposal on low-volume substances, which it believes does not alter the main features of REACH but still offers simple and flexible solutions. The Swedish proposal on

substances in articles is also welcomed since it provides certain tools for dealing with this complicated issue. The Committee agrees that to make REACH work the rules on substances in articles need to be strengthened. The Committee also supports the French proposal (SAFE) to strengthen the Chemicals Agency.

Finally, the Committee hopes that a thorough, ongoing debate between the competent authorities and stakeholders will help to frame effective policies and instruments that will work alongside market mechanisms to promote an innovative chemicals industry that is also attentive to protection of health and the environment.

- **Contact:** Ms Annika Korzinek
(Tel: 00 32 2 546 80 65 – e-mail: annika.korzinek@esc.eu.int)

3. NEIGHBOURHOOD POLICY AND TERRITORIAL COHESION

- ***EU-Russia Relations***

- **Rapporteur:** Mr Hamro-Drotz (Employers – FI)
- **Reference:** Own-initiative opinion – CESE 849/2005
- **Key points:**
 - The Russian Federation, which plays a key role in Europe and globally, is a strategic partner for the EU. EU enlargement further highlights the importance of relations between the EU and Russia, and it is important for both sides that good relations between the EU and Russia be consolidated.
 - Strengthening EU-Russian relations also requires solid support from organised civil society. The efforts of civil society are aimed at achieving improved cooperation between the EU and Russia and to help with developing civil society structures and strengthening of democracy in Russia.
 - The EESC recommends that:
 - the EU adopt a coherent policy towards Russia and implement it in a pragmatic fashion;
 - the EU address civil society issues adequately. These include individual responsibility, respect for the rule of law, respect for the individual and property, transparency, integrity, human dignity, equality and freedom of speech, the right to organise and basic workers' rights, sound industrial relations and adequate social protection;
 - cooperation between organised civil society in the EU and Russia be promoted and extended;

- the EU and Russia promote cross-border mobility by improving infrastructure and simplifying visa application procedures.
- **Contact:** *Mr Jacques Kemp*
(Tel: 00 32 2 546 98 10 – e-mail: jacques.kemp@esc.eu.int)

- **Strategy for the outermost regions**

- **Rapporteur:** Ms López Almendariz (Employers – ES)
- **References:** COM(2004) 343 final – CESE 847/2005
- **Key points:**

The Committee is pleased that the Commission has accepted the recommendation it made in its Opinion on the *Future strategy for the outermost regions of the European Union*, to reinforce the Commission's interdepartmental group for the outermost regions, creating a specific unit in DG Regio to give it more human resources, and hopes that its role of interdepartmental coordination will not be obstructed.

The Committee welcomes the recognition in the Commission Communication that the special status of the outermost regions is based on the principles of equality and proportionality. This status allows differing treatment to take account of the distinct situation of those regions, so that their inhabitants can enjoy the same opportunities as people living in other regions of Europe.

The Committee shares the Commission's concern to integrate the outermost regions into the Lisbon and Gothenburg strategy with a view to creating jobs and boosting economic reform and social cohesion, and therefore proposes that their potential be harnessed in the area of the knowledge-based society.

The Committee feels that the vigorous growth of the tourism sector represents considerable added value, helping to increase the competitiveness of the outermost regions' economies. However, the sector must not grow too fast because of the imbalance that would be created and the detrimental impact on the environmental sustainability of those regions.

The Committee notes that the Commission's strategy for the outermost regions is based almost exclusively on two specific instruments: the programme to compensate for the specific constraints they face, and the "wider neighbourhood" action plan.

- **Contact:** *Mr Alberto Allende*
(Tel: 00 32 2 546 96 79 – e-mail: alberto.allende@esc.eu.int)

4. COMPANY LAW AND TAXATION

- **Formation of public limited liability companies**

- **Rapporteur:** Mr Burani (Employers – IT)

- **References:** COM(2004) 730 final – 2004/0256 COD – CESE 843/2005

- **Key points:**

The Committee approves the objectives set by the draft directive and, in general, the means by which the Commission intends to meet them.

The Committee draws the attention of the Parliament and the Council to the fact that the Commission should not go beyond its remit of simplifying – not modernising – the legislation in force. That is the spirit in which the EESC intends to make its contribution, commenting on various aspects including the following:

- calculation of the value of a contribution in the form of quoted securities;
- the expert who is to value capital contributions and the valuation standards and procedures;
- the need to set up a single authority ("one-stop-shop") to be responsible for company regulation and control. This should also have a judicial function;
- mandate for companies to acquire their own shares;
- period allowed for cash flow analysis;
- right of the general meeting to be informed in all cases on what has been done and to receive an account of every budget heading;
- the concept of "majority shareholder";
- guarantees of transparency;
- possibility for minority shareholders, individually or jointly, to oblige the majority shareholder to buy their shares.

- **Contact:** *Ms Aleksandra Klenke*
(Tel: 00 32 2 546 98 99 – e-mail: aleksandra.klenke@esc.eu.int)

- ***Annual accounts of certain types of companies***

- **Rapporteur:** Mr Byrne (Employers – IE)

- **References:** COM(2004) 725 final – 2004/0250 COD – CESE 844/2005

- **Key points:**

The objective of the proposals is to further enhance confidence in the financial statements and annual reports published by European companies to provide shareholders and other stakeholders (e.g. employees and suppliers) with reliable, complete and easily accessible information.

The EESC has made its comments on certain points of detail in this document but in general supports the stated objective and believes that this action is necessary to protect all stakeholders.

- **Contact:** *Mr João Pereira dos Santos*

(Tel: 00 32 2 546 92 45 – e-mail: joao.pereiradossantos@esc.eu.int)

- ***VAT - Application of standard rate***

- **Rapporteur:** Mr Burani (Employers – IT)

- **References:** COM(2005) 136 final – 2005/0051 (CNS) – CESE

- **Key points:**

Given the current situation of Member States' fiscal policies, particularly with regard to VAT, the Committee can only agree with the Commission's initiative. However, the EESC would like to take the opportunity to stress that **talking about a “transitional system”** for VAT when referring to a system which has been in place for decades whilst awaiting a “definitive system” that appears as problematic as ever, **is a mystification** that it is no longer prepared to accept. The Council should state, for the sake of that transparency vis-à-vis citizens that it keeps talking about, that it will continue to pursue **the strategic objective** of VAT harmonisation, whilst accepting that this is not realistically achievable in the short to medium term.

- **Contact :** *Mr Roberto Pietrasanta*

(Tel: 00 32 2 546 93 13 – e-mail: roberto.pietrasanta@esc.eu.int)
