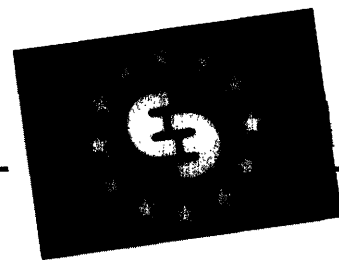


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**ECONOMIC
AND SOCIAL
COMMITTEE**
of the
European
Communities

INFORMATION REPORT

EUROPEAN UNION/CEEC RELATIONS: HORIZONTAL PROBLEMS

Brussels, 13 January 1994

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INFORMATION REPORT
of the Section for External Relations, Trade and Development Policy
on
EU relations with the associated countries of Central and Eastern Europe,
focusing in particular on common problems in the fields of
energy, environment, transport and telecommunications

Rapporteur: Mr MASUCCI
Co-Rapporteurs: Mr BLESER, Mr von der DECKEN and Mr GAFO FERNANDEZ



Memorized text.

COMMITTEE PROCEDURES

At its meeting on 27 April 1993, the Bureau of the Economic and Social Committee instructed the Section for External Relations, Trade and Development Policy to draw up an Information Report on EU relations with the associated countries of Central and Eastern Europe, focusing in particular on common problems in the fields of energy, environment, transport and telecommunications.

The preparatory work was carried out by the following members of the Section:

- CHAIRMAN :** Mr POMPEN (NL-III)
- RAPPORTEUR :** Mr MASUCCI (Art. 50 - Mr AMATO) (I-II)
- CO-RAPPORTEURS :** Mr BLESER (Art. 50 - Mr JENKINS) (L-II)
(Transport-Telecommunications)
Mr von der DECKEN (Art. 50 - Mr STRAUSS) (D-III)
(Environment)
Mr GAFO FERNANDEZ
(Art. 50 - Mr RODRIGUEZ GARCIA CARO) (ESP-I) (Energy)
- MEMBERS :** Mr van DIJK (Art. 50 - Mr WAGENMANS) (NL-II)
Mrs GUILLAUME (UK-III)
Mr KORFIATIS (GR-III)
Mr MOURGUES (F-II)
Mr PETERSEN (D-I)
Mr PRICOLO (I-I)
Mr WHITWORTH (UK-I)

SECTION CHAIRMAN : Mr CARROLL

1. Introduction

1.1. Paragraph 3.1.7. of the Economic and Social Committee's Own-initiative Opinion on "Economic and social organizations in the countries of Central and Eastern Europe"¹ contains an undertaking to "*evaluate themes of common interest to the Community countries and the CEEC, in order to lay a practical foundation for dialogue between the socio-economic interest groups of the two areas at further meetings and within the joint consultative committee proposed in this Opinion*".

1.1.1. The conclusions of the Presidency of the Copenhagen Summit of 21 and 22 June 1993 included questions with a trans-European dimension - principally energy, the environment and transport - among those of common interest for which dialogue with the Central and Eastern European Countries (CEEC) linked to the Community by Europe Agreements will be strengthened.

¹ OJ No. C 19 of 25 January 1993

Meetings with the Council will be of an advisory nature and will be prepared for internally by the usual procedures with the aim of establishing the position to be taken.

1.1.2. The purpose of the present Information Report is therefore not only to help build up a store of knowledge and systematic information, so as to create a solid basis for dialogue between the social partners in the two areas, but also to contribute to preparing Community positions in respect of the CEEC linked to the Community by Europe Agreements (Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria).

The Conference which the Committee plans to hold on these questions in spring 1994, to which the CEEC economic and social organizations will be invited, will mark an important step in these preparations.

1.2. The Committee is thus fully discharging its duties whilst also making up for the Council's scant attention to the social dimension in general and to participation by social forces in policy-framing in particular.

1.2.1. The Commission's Communication to the Council, prior to the Copenhagen European Council of 21 and 22 June, containing the proposals on the strategies to be adopted, is also the result of consultation between EU Member States and CEEC governments, but the choices made do not reflect any concern to generate a minimum of social consensus in these countries.

1.2.2. Neither the abovementioned Communication nor the Summit Conclusions contain more than a passing reference to social policies: neither do these figure among the issues against which - at the appropriate time - readiness for the accession of the Europe Agreements' signatories to the Union will be matched.

1.2.3. However, because of limited financial resources, in defining sectoral programmes in the spheres covered by this Report the CEEC have to make urgent strategic choices in a difficult attempt to balance long-term objectives with immediate development and employment demands.

1.2.3.1. The widely-felt need for earlier and closer relations with the EU, with a view to bringing forward accession, involves harmonization processes - as in the environmental and energy sectors - which invariably entail costs, but not always immediate returns or benefits which might alleviate difficult living conditions.

1.2.3.2. In the short term, restructuring and rationalization in the transport and energy sectors could have an adverse impact on employment. This - combined with the manner and time-frame in which the process is being conducted - may lead to their positive aims and long-term economic benefits being overlooked.

1.2.4. The citizens of the countries concerned are entitled to be informed and make choices about all these aspects and implications: this is also advisable for political reasons.

1.2.4.1. Aid programmes co-financed by international institutions should not be exempt from these principles. Social dialogue is the essential means of upholding them, both nationally and internationally.

1.2.4.2. This lack of attention to the social dimension contrasts with the remarkable commitment which the PHARE programme has increasingly made to programmes in this sector, representing some 28% of its total budget over the last three years (approximately MECU 625). A modest part of this commitment has recently been used to establish and develop structures encouraging social dialogue and a stronger role for economic and social organizations. The practical results of this commitment have so far been disappointing because governments are not sufficiently alive to their implications as regards social dialogue. The purpose of such dialogue is to involve the social partners in economic decisions and to back these with appropriate social measures. The Committee considers that the framing of the PHARE programme should take account of this.

1.2.4.3. A further important aspect is the role which, in a number of cases, independent foundations, working closely with NGOs, are being given in the implementation of the PHARE programme, in such areas as the environment and training to promote the rational use of energy.

1.2.5. The Section would therefore reiterate the request, already made in the ESC's abovementioned Own-initiative Opinion, for provision to be made - in the context of the "multilateral framework for a strengthened dialogue" referred to in the Copenhagen Conclusions - for a joint committee of the economic and social partners of the two areas.

1.2.6. The guidelines for the PHARE programme for 1993-1997 were approved recently. The basic aim is to press ahead with aid for structural economic reforms leading to the establishment of free market systems, and to coordinate this aid with aid from other donors. A maximum of 25% of the available funding may be used to bolster regional programmes. Priorities are geared to the main demands from the CEEC. The Committee endorses this approach, which was outlined in the preparatory papers for the Copenhagen Summit.

1.3. The CEEC are being called upon from various quarters to engage upon closer mutual cooperation in both political and economic matters: the Committee has endorsed this.

1.3.1. This is a highly charged political issue, both because Comecon is still too recent a memory and because, while it is indeed in the CEEC's own interests to adopt a regional approach in order to create an integrated free trade area offering greater development opportunities, the intrinsic character of the Europe Agreements could be an incentive to bilateral relations, encouraging the trend among countries who feel more mature to strike out alone towards the goal of integration in the European Union.

A delicate balance must be struck: the objective of regional cooperation must not be seen as a possible path to two separate Europes.

1.3.2. The single most effective and discreet means is to put the Europe Agreements into effect, while building up forums for dialogue (including the joint consultation committee for the social partners) and channelling an increasing share of Community aid to programmes of regional and trans-frontier scope.

Such sector-by-sector cooperation creates a substratum of common interests and activities, particularly when put on an organized footing and provided with dedicated coordinating bodies. This has, in part, occurred in sectors such as customs and statistics modernization, product standardization and, of special importance, in the areas of the environment and nuclear safety.

1.4. All three topics of the Report are particularly suitable areas for regional cooperation: indeed, they cannot operate without such cooperation.

1.4.1. Since Europe forms a geographical entity and a single eco-system divided into drainage basins which do not necessarily coincide with political borders, the environmental and energy problems of the two areas need to be tackled as a whole.

1.4.2. Environmental problems cannot and must not be considered in isolation: they are indissolubly linked to the countless difficulties which come with political change, a sometimes dramatic economic crisis, and attempts to create a free market economy. And all this comes in the wake of decades of environmental degradation and, above all, of rising poverty. Furthermore, many environmental issues are typically supranational (acid rain, deforestation, etc.).

1.4.3. An appropriate transport and telecommunications policy which strengthens the links between the two areas is essential in order to maintain the rapid expansion of trade which has occurred in the last three years and to encourage a greater flow of investment. This is important both to encourage Community investors and for integrated economic development in the region as a whole. Whilst the CEEC provide scarcely 3% of total imports into the Community (7.4% in the case of Germany), 50% of the CEEC's trade is now with the Community.

1.4.4. Although this type of cooperation between the CEEC may not be the long-term solution, it provides a basis for effective operation of the CEEC-EU Consultative Committee proposed by the ESC.

2. Energy policy

Increasing stagnation from 1985 to 1988, followed by recession and a sharp contraction in the wake of the 1989 political reforms - this has been the recent trend in the CEEC's economies and also in their energy situations.

The following comments are prompted by the observation of a situation which, in any event, has not yet stabilized.

2.1. Energy demand

2.1.1. The information available shows that energy consumption is high, both per capita and per product unit. This is due to the general inefficiency of generation and distribution processes, plus the fact that levels of greenhouse gas emissions (first and foremost carbon dioxide) are extremely high when compared with the level of economic development.

2.1.2. The indicator "energy consumption/product unit" (tonnes of energy/ECU 1000) is a telling illustration of this: the figure for each of the seven CEEC (Hungary, Poland, Czech Republic, Slovakia, Bulgaria, Albania, Romania) is four times the EU average (source: Energy in Europe). The widespread use of coal for domestic fuel also creates serious problems.

2.2. Energy supply

2.2.1. The figures for dependence on foreign energy range from 4% in the case of Poland to around 50% for Bulgaria and Hungary. However, the latter figure is still below the EU average. Even today, virtually all the fuel oil and natural gas used in the CEEC comes from the republics of the former Commonwealth of Independent States. Heavy natural gas losses occur in the distribution networks, while the infrastructure for distributing oil products is modest.

2.2.2. There is a serious lack of logistical infrastructure for the delivery and storage of hydrocarbon imports from other geopolitical areas. As regards solid fuels, Poland stands out in terms of coal production, while nuclear energy use (except in Poland) is around the EU average (for the question of safety, see Point 4.6. below).

2.2.3. On the positive side, widespread use is made in these countries of CHP (combined heat and power) and district heating systems covering wide urban and metropolitan areas, despite their obvious economic and organizational shortcomings. Agricultural biomass also offers potential, and could be widely used for energy purposes.

2.2.4. In short, CEEC energy policy has been heavily skewed to the needs of large industrial users notable for their inefficiency and high level of emissions, owing mainly to price policy and a lack of investment in technology, which are indicative of the lack of attention and low priority accorded to these areas. Lastly, we should not overlook the special political and environmental implications of moves to exploit surface water resources for energy purposes.

2.3. Priorities for action

2.3.1. The new national energy policies in the CEEC have the following priorities:

- to boost the efficiency of the end-uses of energy;
- to diversify supply sources, thereby remedying the logistical constraints on diversification, while, at the same time, improving the systems for interconnecting transmission networks;

- to reduce the environmental impact of energy generation, distribution and use (absolute priority: nuclear safety);
- to reorganize the energy sector in accordance with the new market economy (possibly also drawing on private capital).

2.4. Inter-regional cooperation in the Central and Eastern European countries

2.4.1. The CEEC should step up their energy cooperation in the following spheres:

- introduction and administration of systems for the rational use of energy;
- construction of common infrastructure for the delivery and storage of hydrocarbons, based on appropriate diversification of sources;
- construction of common energy installations (refineries, power stations) to replace those which have become obsolete and to meet likely increases in energy demand;
- planning and development of large grids for electricity and natural gas (connection with the European electricity grid will require the resolution of various technical problems, and action is also needed to plug the present high losses from gas pipelines);
- more coordinated management of the electricity sector;
- experience-swapping about national energy planning and the development of procedures for coordinating plans.

2.4.2. The difficult economic situation facing these countries is hindering the launch of such measures, since there is an understandable tendency to return energy policy to the national sphere. Also, the energy crises of the 1970s had a far more limited impact on the CEEC than they did on the EU. In the EU they led to the framing of new policies and important technological innovations, but the gas pipelines to Western Europe were the only area where the CEEC were affected. Hence, in addition to financial problems and the difficulties of modernizing management, a further serious problem is how to transfer technologies and knowhow.

2.4.3. Contractual arrangements therefore need to be devised that will give EU technologies and capital the opportunity to contribute to the modernization drive, while also safeguarding the strategic and national security considerations that always apply in the energy sector.

2.5. Implications of the European Energy Charter

2.5.1. The Committee has already endorsed the European Energy Charter, but is concerned about the delay in the development of the basic agreement and the sectoral protocols which are the Charter's real operating arms.

2.5.2. These instruments could be used as a way of helping the CEEC to share in the wider benefits which the Committee believes will ensue from a rapid conclusion of the negotiations currently under way (greater security of supply, common infrastructure and corresponding regular payments for the transit of energy products, better and speedier technology transfer, and so on). The downside

in terms of "non-discrimination" between national firms and other Charter signatories is, in the Committee's view, an inevitable stage on the road towards European integration.

2.5.3. To this end the Committee supports the stipulation of transitional stages leading up to full application of the Charter, provided that such stages do not distort its purpose.

2.6. Energy sector implications of the EC/CEEC agreements

2.6.1. The EC/CEEC agreements include an article on energy which highlights the role of energy in the transition to a market economy and integration of the two sides' economies. This article lays particular stress on nuclear cooperation (R&D, planning, construction, management of the combustion cycle, safety). The Committee considers that this area of cooperation deserves priority.

2.6.2. The other aspects of the agreements (free movement of goods, free competition, etc.) are in keeping with the European Energy Charter.

2.6.3. The Committee asks the Commission as a matter of urgency to fix the ceiling, referred to in the agreements, for CEEC access to EIB funds. It also calls for an assessment and definition, at regional level, of energy resources and priorities.

2.7. Commission financial and technical assistance to the CEEC in the energy sector

EC energy assistance to the CEEC is channelled through the PHARE, THERMIE and energy cooperation programmes.

2.7.1. THERMIE

This programme focuses on the development and diffusion of better energy technologies. It has led to the establishment of six energy centres in the CEEC, designed to stimulate technology transfer and the reorganization of national energy sectors.

2.7.2. The International Energy Cooperation Programme (IECP)

Although the IECP lacks financial resources, it has contributed to worthwhile training and guidance schemes in support of CEEC energy policies.

2.8. The Committee's view

The Committee endorses the new criteria for the abovementioned programmes for the period 1993-1997, and feels that priority should go to the following aspects:

- analysis of CEEC needs for technical assistance and channelling of these through the IECP energy centres;

- greater support for regional programmes, raising the present 25% ceiling, in order to encourage integration and experience-swapping;
- greater coordination between the various assistance programmes and between Commission departments, giving the Directorate-General for External Relations responsibility for managing the programmes and the Directorate-General for Energy responsibility for the planning and formulation of their technical priorities.

3. Transport and telecommunications policy

Without appropriate infrastructure and an efficient transport system there can be no economic or social development in the CEEC, as is clear from the preparatory analyses for the second all-European transport conference. The Committee has adopted an Own-initiative Opinion² on this, on which the following chapter draws heavily.

3.1. Constraints on the development of transport systems in the CEEC

3.1.1. The prospects for developing the CEEC's transport systems vary from one country to another, reflecting their different development levels and the differing priorities which each government has applied.

3.1.2. Although all the CEEC have made intensive use of public transport, the facilities have been allowed to decay because of lack of investment under the earlier regimes. Conditions are thus not conducive to developing effective, environmentally- and socially-acceptable infrastructure.

3.1.3. Both outside investment and investment by CEEC firms is needed to establish or develop both public and private transport systems.

3.1.4. The need for investment is hamstrung by serious bureaucratic delays in the CEEC. The Committee therefore asks that priority be given to measures for creating efficient administrative structures and for assisting the CEEC in transport planning.

3.1.5. Cooperation is also necessary as regards the environmental and energy aspects of the sector, given the low awareness of these issues in the CEEC.

3.2. A European transport policy in cooperation with the CEEC

3.2.1. An all-European transport policy requires a global approach embracing social, energy and environmental aspects. Its priority should be the development of public transport, rail transport, inland waterways, ports, and combined transport systems. Particular attention should be paid to the creation of appropriate infrastructure serving rural areas.

² OJ No. C 352 of 30 December 1993.

3.2.2. Efforts must also be made to harmonize legal and administrative provisions, starting with the CEEC's adoption of the minimum social, energy and environmental standards laid down in the European Community for transport systems.

3.3. **Specific role of the various transport modes with a view to all-European integration**

3.3.1. **Rail transport**

3.3.1.1. Two matters must be resolved:

- transformation of the railway authorities into private or public companies operating on commercial criteria;
- modernization through the introduction of up-to-date communication and information technologies.

3.3.1.2. In the Committee's view, the development of combined transport is of key importance: intermodality must be extended, and this means that the interfaces between modes need to be improved as a matter of priority. The regional aspect of services must not be neglected either, whilst bearing in mind the wider European dimension. For both passenger and goods transport, fulfilment of the obligations inherent in the public service concept should be guaranteed.

3.3.2. **Road transport**

The Committee favours the creation of a free market structure, in keeping with the competition rules governing the goods and passenger transport sectors, with healthy businesses and socially acceptable working conditions. In order to counter the adverse effects of the growth in private transport, the Committee feels that prominence should be given to public transport.

3.3.3. **Inland waterways**

New prospects are opening up for this sector: further moves must be made to integrate it in intermodal transport, first and foremost by modernizing trans-shipment and interface facilities. Properly administered inland waterways can help improve the environmental impact of transport. To this end, greater attention should be paid to the establishment of socially acceptable working conditions and observance of the highest possible safety standards.

3.3.4. **Air transport**

The Committee thinks that further steps towards the liberalization of air transport in Europe should not lead to a lowering of environmental, air safety and social standards. The standardization of air traffic controls throughout the whole of Europe is an extremely urgent matter.

3.3.5. Maritime and coastal shipping

3.3.5.1. The Committee emphasizes that the Commission proposals on safety at sea and in transport activities should equally be applied to all European transport systems with a view to the early harmonization of legislation and the elimination of distortions of competition.

3.3.5.2. Coastal shipping should be assigned an increasingly important role in a transport system covering the whole of Europe. Special importance must be attached to the observance of workers' fundamental social rights and to ensuring that the training received by crews and the organization of work on board vessels accord with existing safety provisions. The Community fleet must be preserved and steps taken to avert further flagging-out and the establishment of national offshore registers.

3.4. The need for regional cooperation

3.4.1. The Committee emphasizes the importance of consultation and coordination between the CEEC on transport matters. The Committee stresses the dangers of the emergence of "policies of isolation", pointless regional rivalry, and a tendency to rely too heavily on the West. This would have serious economic implications.

3.5. Telecommunications

In a Resolution of 31 March 1992, the Council reaffirmed its commitment to trans-European networks "in the context of a system of open and competitive markets and to strengthen economic and social cohesion".

The dramatic developments in Central and Eastern Europe are forcing EC telecommunications policy to take on a newer and wider European dimension.

3.5.1. The Commission's guidelines for the development of a common market in telecommunications services and equipment have been widely debated, with consultation of governments, firms, users and the social partners. The Commission anticipates further significant technical advances and market expansion in the Community.

As a result, there is a danger that the already extremely backward CEEC telecommunications networks, which are vital for these countries' overall economic development, will drop even further behind.

3.5.2. The PHARE programme seeks to rectify this by financing reforms in this sector. One of its purposes is to create incentives for further investment by other international financial institutions, such as the EIB and the EBRD.

3.5.2.1. In recent years, projects have been launched in Bulgaria, the Czech Republic, Slovakia, Poland and Romania for the restructuring of the sector, the definition of standards and certification procedures, and training for new technological skills.

A considerable body of experience has been built up which is being used under the 1993-1997 PHARE programme to provide more effective technical assistance based on multiannual programmes which concentrate and integrate financial resources.

4. Environmental policy

We are already well aware, at least in qualitative terms, of the disastrous environmental and health situation facing the CEEC. In many cases the situation is bordering on a global emergency: take, for example, the question of nuclear safety in the "black triangle" of Bohemia, Silesia and Saxony, the contamination of surface and ground water, and the unregulated dumping of dangerous waste. The Lucerne conference and the PHARE programme have shown how very difficult it is to decide priorities in such a situation, particularly when only limited funding is available. Despite this, the Committee feels that the Lucerne declaration represents a new and important basis for environmental cooperation with the CEEC. Particular mention should be made of the recommendations:

- to integrate environment policy into sectoral policies;
- to strengthen the institutions in charge of policy and programme administration;
- to give thought to the procurement of, and interaction between, international sources of finance, as this is vital for the proper deployment of limited funds.

The Lucerne programme requires follow-up mechanisms, and the OECD has set up a task force to:

- tailor the programme to the specific features of each country;
- explain how to select and prepare projects for presentation to the international authorities;
- focus on highly effective, low cost micro-projects requiring grassroots participation (need for workers to receive in-company training and information);
- protect biodiversity.

4.1. Monitoring of the state of the environment

A Europe-wide environmental monitoring network should be set up under NET and CORINE, with data being processed at a central data base which should be administered by the embryonic European Environment Agency. This data-base, which should be regularly updated and extended, will play a key role in the planning and monitoring of environmental cooperation schemes.

4.2. Prevention policies

4.2.1. The inefficiency of production and consumption systems in the CEEC causes serious damage to the environment and very high energy consumption. Widespread use of less polluting technologies and products is vital.

4.2.2. The Commission should give priority to the establishment of machinery in the CEEC for encouraging "cleaner production" practices, in tandem with the UNEP, the IEO and the OECD. Such machinery should include the measures needed to guarantee the health and safety of the plants and their staff, and should be targeted first and foremost on the management and workers of large petrochemical and steel plants, although the training of managerial staff in new small and medium-sized businesses should also be covered at a later stage. This is the only way, given the modest resources available, to reduce polluting emissions (solid, liquid, gas) at source. Cooperation from the academic world, particularly the universities, will be important here in order to improve the training of technical staff who are going to work in production and administration. The provision of information and guidance for consumers is also important.

4.3. Refurbishment policy

Leaving aside the enormous problem posed by the safety of nuclear plants, which is dealt with in Point 4.6., the Committee feels that efforts should focus on the following:

- disposal of radioactive waste;
- decontamination of land polluted by dangerous waste, in order to bring about a gradual improvement in water quality;
- construction, as a matter of urgency, of modern centres for treating dangerous waste;
- construction of treatment plants to deal with industrial and household waste water;
- establishment of selective urban waste collection services and plants for recovering their organic and fuel components;
- construction of installations for cleaning industrial waste gases and improvement of fuel quality.

4.4. New ways of managing environmental services

4.4.1. The Community should assist the CEEC in their economic restructuring by helping them to modernize and organize environmental services, and to experiment with privately run schemes.

4.4.2. The introduction of appropriate economic instruments (water and waste charges, taxation of polluting materials, and so on) will play an important part in modernization.

4.5. **Legal and administrative harmonization and integrated approach: PHARE 1993-1997**

In order to encourage modernization and put a halt to undesirable practices such as the shipment to the CEEC of dangerous substances and waste, gradual harmonization of EU and CEEC environmental legislation is necessary. The CEEC also urgently need help to set up efficient administrative machinery to plan and monitor preventive and rehabilitation measures.

4.5.1. The Committee endorses the Lucerne declaration's recognition of the need for an integrated approach to environmental issues. It would also highlight the approach adopted in the Environmental Action Plan (EAP) for the CEEC. This should provide a framework for developing an appropriate strategy for technology transfer, paying special attention to the training of local managerial staff and to ongoing technical and administrative assistance.

4.5.2. The uncertainties and limitations of PHARE and the EBRD must be overcome, and the available resources must be coordinated more effectively. Steps must also be taken to meet the CEEC's calls for better targeting of technical assistance. Likewise the scope for planning the priority actions must be improved and the corresponding resources distributed more promptly, thereby making the technical and financial monitoring of results more efficient.

4.6. **The safety of nuclear installations**

The nature and scale of the safety problems raised by CEEC nuclear power plants make these particularly important priorities in both environmental and energy terms, as the ESC noted in its Opinion on the technological problems of nuclear safety³.

4.6.1. The percentage of electricity produced by nuclear power is particularly high in Hungary (51%), Bulgaria (36%) and the former Czechoslovakia (28%). We should also note the 12% produced in the former Soviet Union, most of whose nuclear power stations are in Europe.

4.6.2. The Chernobyl disaster in 1986 led the international community to call for action to improve safety internationally. The political changes in the CEEC have triggered further discussions and measures.

4.6.2.1. The International Atomic Energy Agency (IAEA) has received a number of requests from the CEEC for retrofitting.

The International Conference on the "Safety of Nuclear Power: Strategy for the Future" endorsed the principle that "operating organizations and national authorities should identify

³ OJ No. C 73 of 15 March 1993.

operating nuclear power plants which do not meet the high safety performance levels of the vast majority of operating plants and undertake improvements with assistance from the international community".

4.6.2.2. Under the PHARE programme, the Community has scheduled incentives of ECU 45 million to the environment/energy sector for the period 1991-1993, to be used for research into ways of improving the safety of nuclear reactors in the CEEC.

This funding is totally inadequate for tackling emergencies.

4.6.3. On the plus side, it should be noted that the political upheavals in the CEEC have removed the serious obstacles which faced the flow of information on reactor safety. The launch of a critical debate is in itself a significant step forward, not least with a view to fixing guidelines for future aid programmes.

Moreover, international assistance has already proved its worth, notably in connection with the emergency measures conducted in such countries as Bulgaria.

4.6.4. The following conclusions are drawn in the abovementioned Committee Opinion and need no amendment.

4.6.4.1. Two basic principles need to be observed in all aid programmes:

- nuclear safety is and will remain the responsibility of the individual countries which operate nuclear power plants;
- outside help can and must be seen as a means of encouraging self-help.

If necessary, international political pressure must be exerted to encourage the implementation of these measures.

4.6.4.2. One obstacle in the way of current aid programmes derives from the fact that it is not sufficiently clear where responsibility for nuclear safety lies in the newly-emerging States. This results in a frequent change of negotiating partners. Here too, international political pressure may be needed if there is to be prompt clarification of who is responsible for nuclear safety.

4.6.4.3. All aid programmes comprise a broad spectrum of activities:

- the provision of support staff to help in the training and build-up of licensing authorities;
- improvements in operational safety, particularly through the training of in-plant teams;
- the safety assessment of different reactor types and individual reactors;

- specific R&D work on updating computer programmes and on safety-related probability assessments designed to detect weak points in reactor systems; special fracture-testing methods;
- studies of the role of individual nuclear power plants in contributing to the security of supplies of the country or regions concerned, taking into account macro- and micro-economic considerations and the possible availability of energy to replace that produced by less safe plants;
- the retrofitting of plants on the basis of a list of priorities.

4.6.4.4. Adequate funds are essential if all these urgently needed aid measures are to be carried out. Following the meetings of G 24 States and the G 7 Summit in Munich, the question of funding aid programmes has been largely resolved for the short term (an estimated 700 million USD being needed over three years). In the longer term, it is estimated that several thousand million USD will be needed, for which loans will have to be negotiated with the international financial institutions and Euratom. Clearly, the question of funding is far from being resolved; this is an urgent and important task for the Western industrialized nations and also, more particularly, for the EU and international financial institutions.

4.6.4.5. In short, the Committee welcomes the aid programmes which have been launched, emphatically endorses their continuation and calls for their reinforcement. Above all, however, it would urge that these programmes be implemented without delay. The Council and the Commission should assume responsibility for organizing financing from whatever source.

5. Conclusions

5.1. The three topics discussed in the present Report are closely linked by the question of environmental impact, by the fact that they are of public interest or involve a public service, and by their importance for the quality of development.

These aspects would in themselves justify involvement of the general public and the socio-economic organizations. A further consideration is the impact which the reform process may have on the jobs and working conditions of the workers concerned.

5.2. The conference which EU and CEEC socio-economic organizations are to hold in the spring of 1994 will provide an opportunity to address the changes in the energy, transport, telecommunications and environment sectors from an overall pan-European angle, the aim being to reconcile economic reforms with social conditions.

5.2.1. There are a large number of increasingly complex and pressing problems to be addressed. First and foremost, priorities must be defined - something which only those directly concerned can do. The Committee can help put them in a position to do this, and can offer the benefits of its own knowledge and experience.

5.3. In the energy sector, the following points should be emphasized:

- the rational use of energy must form a priority goal; information and training programmes must be provided for the general public, consumer associations, the social partners, and firms;
- the adjustment of tariffs, while necessary, must take account of real income trends among the population;
- special attention must be paid to the environmental impact of the installations and infrastructure used to produce and transmit energy.

5.4. Three aspects should be emphasized with reference to the transport sector:

- effective infrastructure development must be environmentally and socially acceptable: it must not create wider marginalization, and this means that all interested parties must be allowed a say in regional planning;
- a balance must be struck between public transport and private transport: the public service obligation must be guaranteed;
- the competition principle (particularly in such sectors as road transport) must not conflict with the principle of maintaining acceptable working conditions.

5.5. With reference to the environment it should be emphasized that:

- neglect of environmental aspects in the short term is likely to lead to many, more serious problems over the medium to long term;
- there must be no contradiction between economic development and environmental protection: indeed, the two policies can be mutually supportive;
- programmes must take account of particular regional, ethnic and cultural needs. It is precisely for this reason that the contribution of the socio-economic groups is so important;

- the environmental aspects of sectoral policies will only gain ground if there is an increase in individual and general awareness, with confirmation of the principle of self-determination for the populations affected by the environmental impact of infrastructure works and manufacturing plant.

The Chairman
of the
Section for External Relations, Trade
and Development Policy

The Secretary-General
of the
Economic and Social Committee

John CARROLL

Simon-Pierre NOTHOMB

The Rapporteur
of the
Section for External Relations, Trade
and Development Policy

Ettore MASUCCI

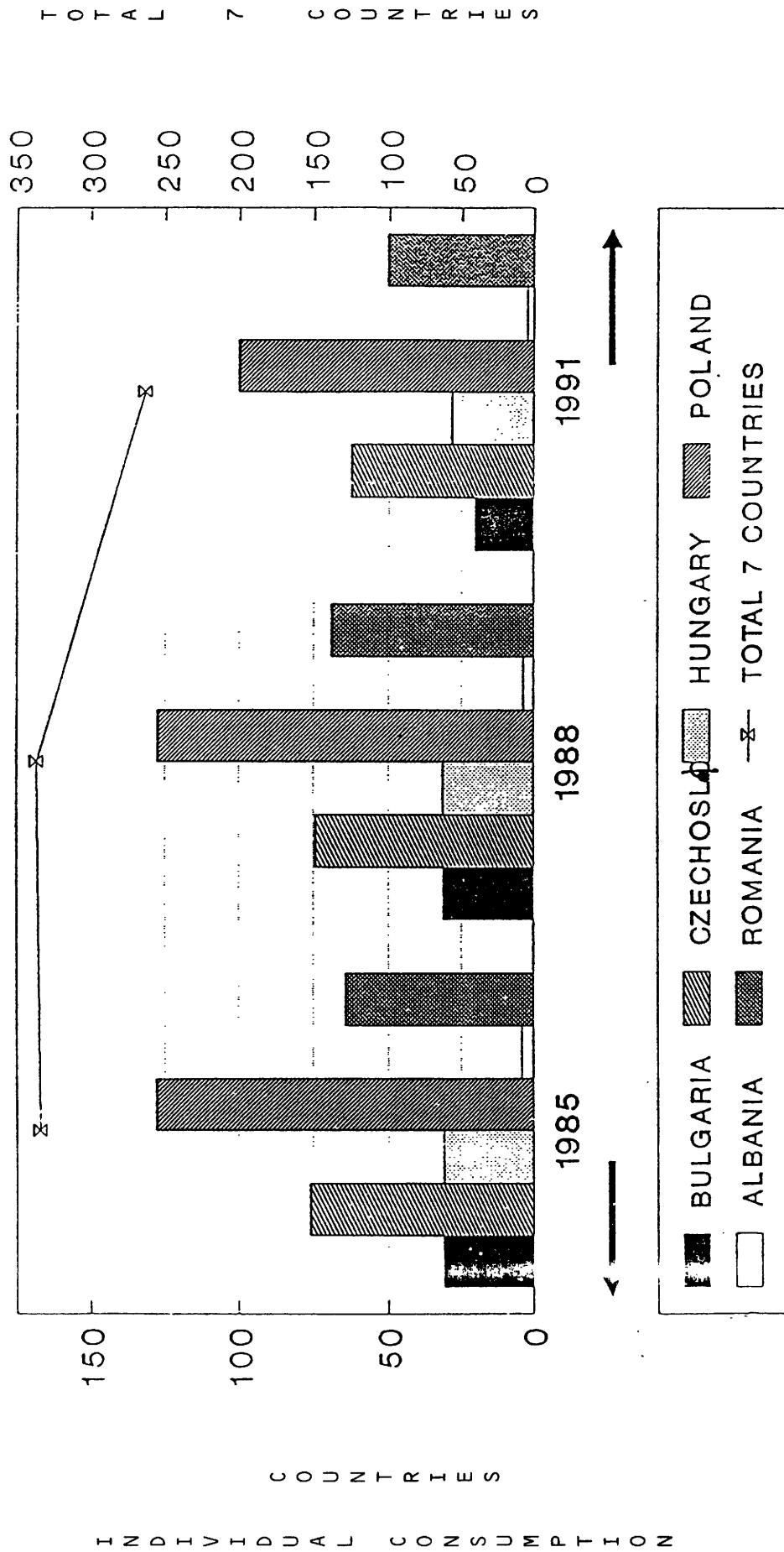
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N.B.: Annexes overleaf.

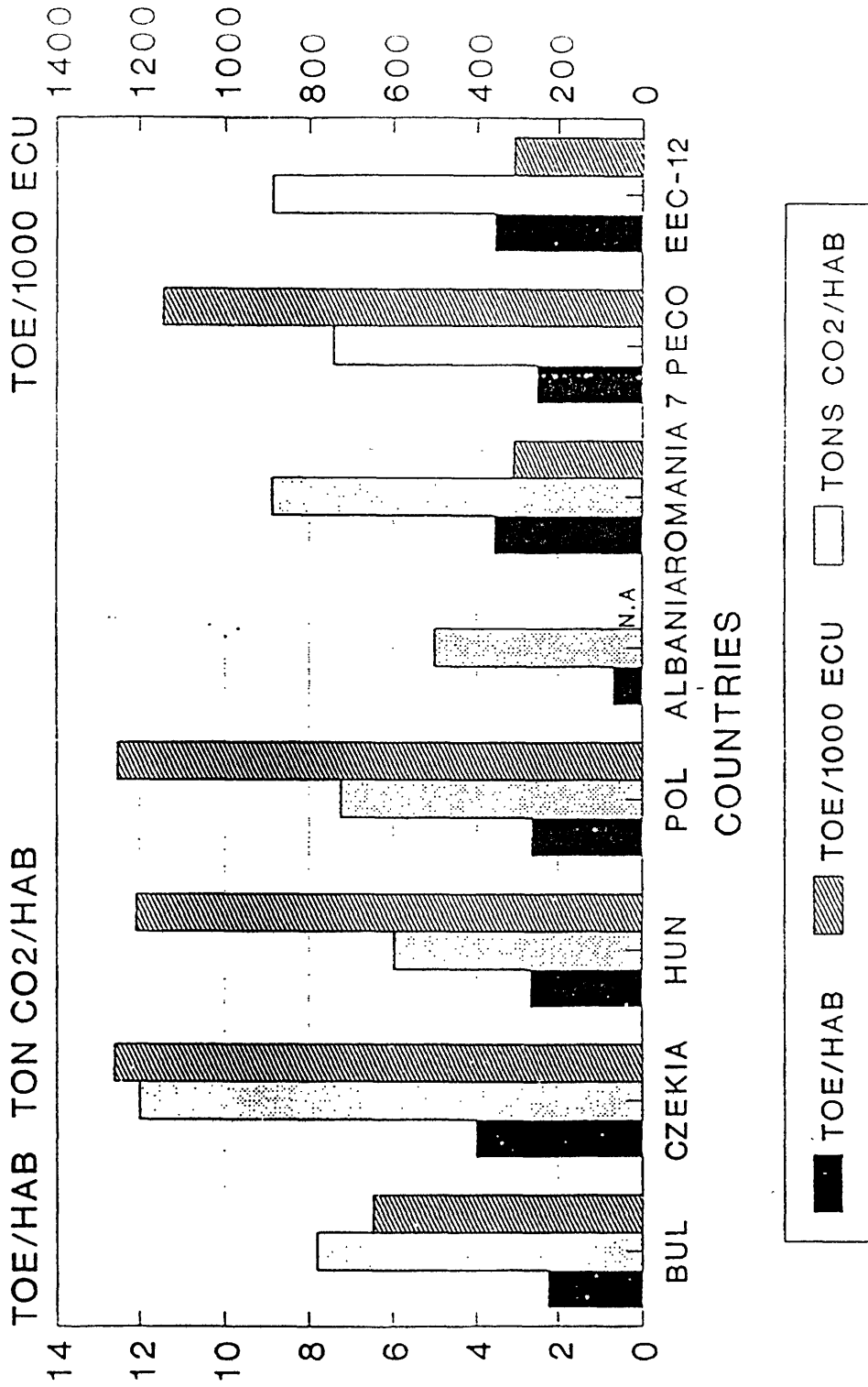
BASIC ENERGY INDICATORS FOR THE PECO COUNTRIES (I)

PRIMARY ENERGY CONSUMPTION IN MTOE



ANNEX 1 SOURCE : ENERGY IN EUROPE

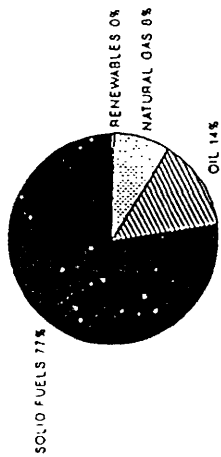
BASIC ENERGY INDICATORS FOR THE PECO COUNTRIES (II)



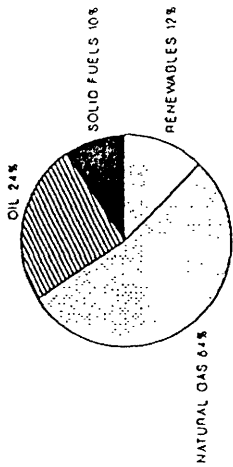
SOURCE : ENERGY IN EUROPE

ANNEX 2

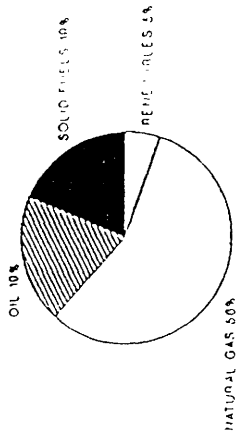
POLAND (1991)



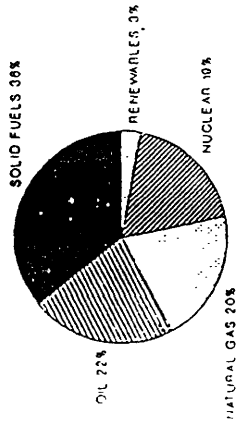
ALBANIA (1991)



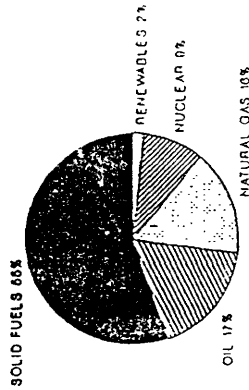
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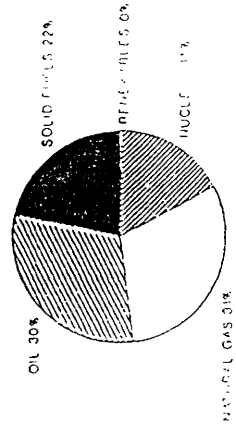
BULGARIA (1991)



FORMER CZECHOSLOVAKIA (1991)



HUNGARY (1991)



ANNEX 3

PRIMARY ENERGY BALANCES OF PECO COUNTRIES

Explanation of PECO Energy Annexes

1. **Annex 1** : This annex indicates the evolution of the primary energy consumption in MTOE (million Tons of Oil Equivalent), for the individual countries and the aggregate figure for the seven countries. Primary Energy Consumption is the total energy demanded by the country. It could be considered as the "raw" energy consumption as opposed to final energy (or useful energy). The differences between both magnitudes stem from transport and transformation losses (for instance for the production of electricity around 2/3 of the fossil input "raw" energy is lost in the process).

2. **Annex 2** : This annex indicates for the seven PECO countries plus a comparison with the EEC of some energy intensity parameters such as the "per Capita" consumption (measured in Tons of Oil Equivalent per inhabitant), the Economic Intensity of Energy Use (measured in TOE per thousand ecu of GDP) and last the CO₂ emissions per capita.

3. **Annex 3** : This annex represents the energy situation for each individual country. This situation is reflected in the share of every individual primary energy source (solid fuels, oil, natural gas, nuclear and renewables).
