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EURO-WHITE AND THE NINE DWARFS

Episode Eleven: One of the dwarfs, a practical joker, tied oranges to an apple-tree and created havoc at harvest-time. Another mistook a red apple for a tomato, filled it with shrimps and produced cries of consternation at the dinner-table. Euro-White, practical and imaginative as ever, has decided to put an end to all this: next year trees will sprout labels as well as fruit!

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The information published in this bulletin covers, very freely, different aspects of the European Communities' activity. It is, therefore, not limited to recording official Commission decisions or opinions.

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** GOODBYE TO THE PIG IN A POKE

Will future generations of European children look blank when they are told the story of Adam in the Garden of Eden? Will they find it difficult to believe that the forbidden fruit was not clearly labelled?

In ANNEX 1 Euroforum comments on the rules the European Community plans to introduce on the labelling, presentation and advertising of foodstuffs offered to Europe's consumers.

** PUBLIC R&D EXPENDITURE IN THE COMMUNITY

In 1975 approximately 20 000 million units of account (1 u.a. = approx. US \$1.2) were allocated to research and development in the nine Community countries.

ANNEX 2 outlines trends in R&D expenditure in recent years and highlights the main areas of activity.

** THE EUROPEAN COMMUNITY'S SOCIAL POLICY IN 1976

The continuing economic crisis is placing a heavy burden on the Community's social policy.

ANNEX 3 indicates the main lines of action in 1976 and achievements in 1975.

** ECONOMIC RECOVERY: HOUSEHOLDS SLIGHTLY MORE OPTIMISTIC

The survey of 25 000 households carried out in the nine Community countries last January shows that most consumers are much more confident that they have been about the economic outlook. This is particularly true of Germany, France and Denmark but pessimism is also much less pronounced in the Netherlands, Belgium and the United Kingdom. The Italians and the Irish, however, are even more gloomy than they were.

Consumers' views tend to be coloured by unemployment trends and prospects. The Germans and the Danes expect unemployment to fall over the next twelve months. There's been a sharp drop in the number of French, Dutch and Belgian consumers who expect unemployment to rise. Consumer opinion in the United Kingdom has changed very little since October 1975 - it is still pessimistic - and the Italians and the Irish expect unemployment to get worse.

On prices the latest results show that consumers in Belgium, the United Kingdom, Germany and the Netherlands feel that prices will rise less rapidly than in the past. French consumers disagree. Consumers in Ireland and Italy, and to a lesser extent consumers in Denmark, would not be surprised if prices increased again in 1976.

In most Community countries more consumers feel that this is a good time to make major purchases. Similarly, more consumers in Denmark, France, Italy and Belgium expect to increase holiday spending in 1976 though fewer consumers in Germany, the Netherlands and Ireland feel this way.

** UNEMPLOYMENT: MARKING TIME

In January 1976 a total of 5 700 000 were out of work in the European Community. But unemployment is not expected to go any higher. For the first time since the middle of 1974 unemployment in absolute terms is down in most Community countries. The latest figures show a continued increase in registered unemployment in France, Ireland and Italy but this is largely due to seasonal factors. In Germany, France and the Netherlands the downward trend which began in October or November is persisting. In Denmark, Belgium and Ireland figures have stabilized, pointing to the possibility of an improvement in the months ahead. The situation in the United Kingdom is rather deceptive: the drop in unemployment figures since last month is entirely due to students leaving the register; in actual fact unemployment is still rising.

The pattern in female unemployment reflects the overall situation. Over the last year however the increase in the number of women out of work has been greater than the increase in the number of men out of work; the only exception here is Ireland. The percentage of women amongst those classed as wholly unemployed varies considerably from country to country. It is about 50% in Italy, France, Germany and Belgium and less than 25% in Ireland, the Netherlands and the United Kingdom.

The vacancy situation is still depressed. The figure for last month was 464 000 for the Community as a whole, less than half the level of two years ago. However, a slight increase in vacancies does confirm the picture of a stabilizing labour market situation.

Short-time working rose to record levels during the crisis. In all Community countries, with the exception of Belgium, this is now tending to decline or at least to stabilize. In Germany, for instance, short-time working had plummeted from a peak of 950 000 to less than 500 000 in February 1976.

** DISTRIBUTION IN THE COMMUNITY

Three new working parties have just been set up by the European Commission. National experts and Commission staff will join forces to analyse the problems posed by the development of hypermarkets and shopping centres, competition between different forms of distribution (including relations between producers and traders) and cooperation between distributors.

The Commission is also investigating ways and means of ensuring direct involvement of small- and medium-sized businesses in the planning of Community action in this area.

** TRANSNATIONAL CORPORATIONS

The European Community was an observer at a meeting of the UN Commission on Transnational Corporations recently held in Lima. The work programme approved at the meeting will involve drafting a code of conduct for transnational corporations, conducting research into the political, economic and social impact of their activities and defining what

exactly a "transnational corporation" is. At the closing session the Netherlands delegate, acting as President of the Council of the European Communities in the absence of a Luxembourg delegate, spoke on behalf of the five Community members (Germany, France, Italy, the Netherlands and the United Kingdom) of the UN Commission. He assured the meeting that the European Community pledged its full support to this work programme and would be pleased to place the results of research done in Brussels at the disposal of the UN's Information and Research Centre on Transnational Corporations. The Community delegation would, he said, take a positive and constructive approach at the June session of the North-South dialogue in Paris when the problem of multinationals was raised by the developing countries.

** TAX AVOIDANCE IN THE COMMUNITY

Every honest taxpayer knows that astronomical sums are lost to national treasuries every year thanks to "legal" tax dodging, in other words the opening of bank accounts in tax havens, the formation of letter-box companies and so on. The European Community hopes to stymie the tax-dodgers by placing existing cooperation between national revenue departments in a Community framework. The European Commission will be presenting proposals to the Council of Ministers in the near future which will step up the exchange of information between Member States and allow investigations to be conducted by one Member State on behalf of another to ensure that taxes on income and/or profits are correctly assessed.

** PROTECTION OF NUCLEAR MATERIALS

The development of the nuclear industry means that there is a growing need for stringent measures to protect nuclear materials from diversion, theft or sabotage. This is the message which the European Commission sets out to convey in a recent communication to the Community's Council of Ministers.

The European Commission feels that inadequate protection of the public at large against nuclear hazards, including hazards resulting from criminal acts, could create a situation which would hinder the development of the Community's nuclear industry.

A further point is that regular and equitable supplies of nuclear materials to all Community users could well be placed in jeopardy by failure to comply with the increasingly stringent safeguards being imposed by the non-member countries who supply them.

Lastly, the lack of coordination and harmonization of physical protection rules within the Community could hinder the free movement of nuclear materials, endanger the nuclear common market and distort competition.

There is an obvious need for Community action here, which is why the European Commission has presented a draft resolution for endorsement by the Community's Council of Ministers. The text approves the principle of the adoption of harmonized physical protection standards for the Community and calls on the Commission to submit appropriate proposals.

** VINYL CHLORIDE

The European Commission is currently reviewing safety criteria applied to vinyl chloride in Europe and will be presenting proposals in the matter in the near future. The Commission's concern is nothing new. One of the aims of its proposal for a directive restricting the marketing of certain dangerous substances and preparations, presented to the Council of Ministers on 26 August 1974, was to protect workers and the general public from risks associated with the use of certain chemicals. Its original proposal was altered in April 1975 to include a provision which would outlaw the use of vinyl chloride monomer as a propellant for aerosols.

** SAFETY BELTS IN THE EUROPEAN COMMUNITY

If Community drivers were a little more careful about fastening their safety belts, 13 000 lives could be saved each year. This alarming fact will dominate an information meeting being organized by the European Commission on 8 April for representatives of safety belt manufacturers and experts from national type-approval laboratories. Safety belts for motor vehicles are still covered by national regulations. A proposal presented by the European Commission to the Council of Ministers in December 1974 in an attempt to change this situation is still pending (see Euroforum No 3/76).

GOODBYE TO THE PIG IN A POKE

Will future generations of European children look blank when they are told the story of Adam in the Garden of Eden? Will they find it difficult to believe that forbidden fruit was not clearly labelled?

The European Commission recently presented the Communities' Council of Ministers with a proposal for a directive on the harmonization of national laws relating to the labelling, presentation and advertising of foodstuffs offered to the consumer.

The European Commission's aim was twofold: to ensure firstly that the consumer is given full, easy-to-read information about the food he is buying, and secondly that the same labelling rules apply to foodstuffs throughout the Community so that they can be marketed without difficulty in all nine countries.

Labelling

The European Commission's text would require eight items of information to be given on all labels. These are (and we quote):

"the name under which the product is sold;
the list of ingredients;
in the case of pre-packaged foodstuffs, the net quantity;
the date of minimum durability;
any special storage conditions or conditions of use;
the name or business name and address of the manufacturer or packer, or of a seller established within the Community;
particulars as to the place of origin or provenance in the exceptional cases where failure to give such particulars might give rise to confusion as to the true nature of the foodstuff;
instructions for use where the purchaser would be unable to make appropriate use of the foodstuff in the absence of such instructions."

If Adam had been given all this information, he would never have allowed himself to be tempted and we wouldn't be in the mess we're in now!

The directive has been deliberately limited to food offered to the end consumer because the information required by manufacturers, processors and wholesalers is very different from that needed by the man-in-the-street. However the Commission has plans for a second proposal to deal with the specific problems posed by food technology, storage and packaging. This will obviously be of more interest to those involved in distribution.

The European Commission found that it would be premature to require manufacturers to place a batch number on every label. This information could be extremely valuable - it could be used, for instance, to trace contaminated goods in the event of an outbreak of food poisoning. The Commission therefore intends to look into this matter further with a view to producing Community rules and regulations.

Consumer protection

As it now stands, the text must be given credit for recognizing that the consumer is an active partner in the economic process and that he is entitled to protection and information.

Article 2 of the Commission proposal would outlaw labelling that could mislead the consumer "as to the characteristics of the product, in particular as to its nature, identity, properties, composition, quantity, origin or provenance, method of manufacture or production", or "as to the effects and properties attributed to the foodstuff where the truth thereof has not been established", or "into supposing that the foodstuff possesses special properties when in fact all similar foodstuffs possess such properties".

It has been shown that European consumers are easily swayed by claims relating to either health or illness. This is why the European Commission wants to ensure that, except in the case of certain dietary foods and mineral waters, labelling does not "imply that the foodstuff has properties which enable it to prevent or cure a human disease or to alleviate the effects thereof".

Presentation

But it is not only the label that deceives. It is for this reason that the European Commission stresses the importance of presentation, notably the shape, appearance and packaging of foodstuffs, the packaging materials used, the way in which they are arranged and the setting in which they are displayed. This approach should spotlight attempts to mislead the consumer and, if necessary, lead to the prosecution of guilty parties.

To preclude all possibility of misunderstanding a number of terms have been defined by the European Commission in its proposal. This is particularly useful in the case of the "will-keep-until-date", the only meaningful date to the consumer buying food. It is defined, and again we quote, as "the date until which the foodstuff remains entirely edible and retains its specific properties". A "sell-by-date", by contrast, is designed to help the seller by enabling him to plan his stock rotation while an "inedible-after-date" presupposes that the date on which a specific item of food becomes unfit for consumption can be established - something which is in fact very difficult to do.

All in all this directive drawn up by the European Commission could prove to be a blessing to honest shopkeepers and discriminating consumers alike.

PUBLIC R&D EXPENDITURE IN THE COMMUNITY

In 1975 approximately 20 000 million units of account (1 u.a. = US \$1.2) were allocated to research and development in the nine Community countries. Just over half of this - 10 344 million u.a. - came from budgetary sources.

The high proportion of research financed from public funds and the influence which the State, as the main provider, can bring to bear on research in general, prompted the European Community's Committee on Scientific and Technical Research to produce a detailed report which has just been published.

The average annual growth rate of public R&D expenditure in the Community as a whole between 1970 and 1975 was 12.7%. But R&D has not come through the economic crisis unscathed. Although on paper allocations in 1975 were 7% up on 1974, the erosive effect of inflation has been such that in actual fact they were down by 2%.

The objectives of research financed from public funds have changed very little since 1970. The share going to civil research has risen slowly but surely from 75% in 1970 to 78% in 1975, almost half the funds being devoted as in the past to "general promotion of knowledge". Technological research, in the sense of exploration and exploitation of the earth and its atmosphere, space exploration and so on, has declined slightly. More emphasis is now being placed on planning of the human environment, health protection, social and sociological problems, and on agricultural productivity and technology.

Human and social R&D has almost doubled in the Community since 1970 reflecting a similar trend in the United States where it is up by 74%. Funds are more or less evenly divided between three main areas of activity: 42% goes to protection and improvement of human health, 30% to social and sociological problems and 28% to planning the human environment.

It seems that 3.7% of total civil R&D expenditure in the Community is earmarked for planning of the human environment, though the figure in France and Ireland is 7% and in the Netherlands upwards of 6%.

A further 5% of civil research funds in 1975 went to protection and improvement of human health. The Netherlands, Denmark and France have been showing interest in this sector for a number of years. Expenditure in these three countries has been maintained at a steady 7% since 1970 while Belgium has allowed its figure to slip from 7% down to 4%.

Funds allocated to research on social and sociological problems increased from 3% in 1970 to 4% in 1975 demonstrating the importance attached to efforts in this field. The Netherlands comes top of the table here (8%), followed by Ireland (7%), Germany (6%), Belgium (4%) and Denmark (4%).

Between 1970 and 1975 expenditure on human and social R&D rose from 1.9 to 4 u.a. per head of population.

Each country tends to have its favourite areas of research dictated no doubt by its specific problems. For example the Community in general allocates approximately 27% of its funds for the planning of the human environment to transport and telecommunications; but Germany (56%) and the United Kingdom (32%) place the emphasis on transport while France (60%) and Italy (28%) are more concerned with telecommunications.

Medical research is given top priority in France, Denmark and the United Kingdom in the allocation of funds for protection and improvement of human health.

In the social sector Ireland and the Netherlands seem particularly interested in education research, France and Germany prefer to concentrate on the improvement of working conditions, while the United Kingdom and Denmark allocate sizable sums to social relations and labour disputes.

A parting word to give readers food for thought: public R&D expenditure in the United States amounts to 92 u.a. per head of population; in the Community the figure is 42 u.a.

THE COMMUNITY'S SOCIAL POLICY: WHAT WILL BE DONE IN 1976?

The continuing economic crisis is placing a heavy burden on the Community's social policy: although available funds have been eroded by inflation the Community must tackle the delicate problem of unemployment and help with the retraining of workers who have lost, or are in danger of losing, their jobs. This being so Community action in the social field will be along the following lines in 1976.

As far employment is concerned (see I&S No 17/75), the European Commission will continue to collect data and work on the analysis of problems related to the current economic situation, particularly in the context of the programme of labour market studies. It will continue to support national employment services, notably in their efforts to retrain migrant workers and find them jobs. A report to be produced by a group of independent experts will pinpoint the main problems in the employment field over the next few years and help the European Commission plan ahead.

As regards vocational training (see I&S No 42/75), the Commission intends to present two recommendations to the Community's Council of Ministers, one to encourage supplementary training for young people seeking employment, the other to promote vocational training for women.

During 1976 the European Commission intends to propose measures to control illegal immigration, a serious threat to the free movement of workers. Under the Action Programme for Migrant Workers (see Euroforum No 1/76) the Commission will be preparing proposals on Member States' immigration policies and participation by migrant workers in local affairs in the host country.

The European Social Fund (see I&S No 30/75 and 37/75) will continue to provide financial assistance for schemes to train workers and increase the mobility of labour in all the fields which have been opened to it: unemployment and under-employment in developing regions; farmers leaving the land; workers in the textile and clothing industries requiring re-training; workers hit by difficulties experienced by certain groups of undertakings; workers needing to adapt to technical progress; migrant workers; the handicapped; unemployed under-25s. Action to help young people begun in the closing months of 1975 will be consolidated and organized on a more selective basis.

As regards worker participation in management the European Commission will press ahead with its work on the Statute of the "European Company" and the harmonization of the structures of limited companies (see I&S No 40/75).

The European Commission is also looking into the possibility of requiring all multinational companies to keep workers' representatives informed of the company's business position and its implications for employment.

On living and working conditions, the European Commission is working on a survey of existing systems to encourage personal asset formation by workers. It will also produce a study on the lowest wages in the Community. The Commission intends to consider the possibility of extending social protection to categories of persons not covered or insufficiently covered and will submit proposals designed to ensure equal treatment for men and women in the matter of social security (see Euroforum No 1/76).

The first European Social Budget (see I&S No 17/75), presented to the Council in December 1974 and later revised at its request, should be available early in 1976. The Commission will then begin work on a second budget.

During the year, the European Commission will be reviewing progress under the poverty programme and considering future action in this area (see I&S No 43/75).

The conclusions of a report on the position of workers in the case of individual dismissal will be examined with representatives of both sides of industry as a preliminary to the submission of proposals to the Council of Ministers.

The European Commission plans to formulate a long-term programme for the social integration of the handicapped in the course of the year (see I&S No 30/75).

In the area of health protection (see I&S No 18/75), the Commission has already undertaken a study on the radiological impact of nuclear expansion. It is particularly concerned about contamination of the Rhine, the Meuse and coastal waters and the hazards to which the population at large could be exposed. Work is also in hand on a number of studies and proposals leading to the definition of common "harmfulness" criteria and the adoption of health protection standards for the major environmental pollutants.

The European Commission will also be putting forward an action programme on safety, hygiene and health protection at work (see I&S No 27/75).

Finally, the Commission intends, as suggested by the 1972 Paris Summit, to develop active participation by both sides of industry in the formulation of Community policies. It proposes to help workers' organizations to set up a European Trade Union Institute and will be organizing another meeting of the Tripartite Conference to be attended by representatives of employers' organizations, the trade unions, and Governments (i.e. Finance and Labour Ministers) (see I&S No 41/75).

WHAT WAS DONE IN 1975?

In 1975 the Council approved:

- the principle of the 40-hour week and 4 weeks' annual paid holiday. This is to be applied by 31 December 1978 (see I&S No 17/75);

- a programme of pilot schemes and studies to combat poverty. In November 1975 the European Commission approved financial assistance to 23 projects in all nine Community countries (see I&S No 43/75);
- aid from the European Social Fund for the training or retraining of young people under 25, priority being given to those seeking employment for the first time (see I&S No 30/75);
- continuation for a further 18 months of aid from the European Social Fund to workers in the textile industry and extension of this aid to workers in the clothing industry (see I&S No 37/75);
- a resolution on the action programme for migrant workers and their families (see Euroforum No 1/76);
- a directive which will ensure equal treatment for men and women in the matter of access to employment, promotion, vocational training and working conditions (see Euroforum No 1/76).

The Council is still examining Commission proposals for Directives on:

- the protection of workers' acquired rights in the event of the ownership of firm changing (see I&S No 1/75);
- the education of migrant workers' children (see I&S No 4/75).

Worker participation in management was dealt with in a Commission "Green Paper" (see I&S No 13/75). The debate on this issue is now in full swing.

The Standing Committee on Employment resumed its regular meetings and continued its work in the light of discussions at the Tripartite Conference, the first-ever meeting between Ministers for Economic Affairs, Ministers for Labour, both sides of industry and the Commission (see I&S No 41/75).

As to the improvement of living and working conditions (see I&S No 20/75), the Commission drew up guidelines for a Community programme on safety, hygiene and health protection at work. These guidelines will be implemented by specific measures following consultation with the Advisory Committee for Safety, Hygiene and Health Protection at Work which met for the first time in June 1975.

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