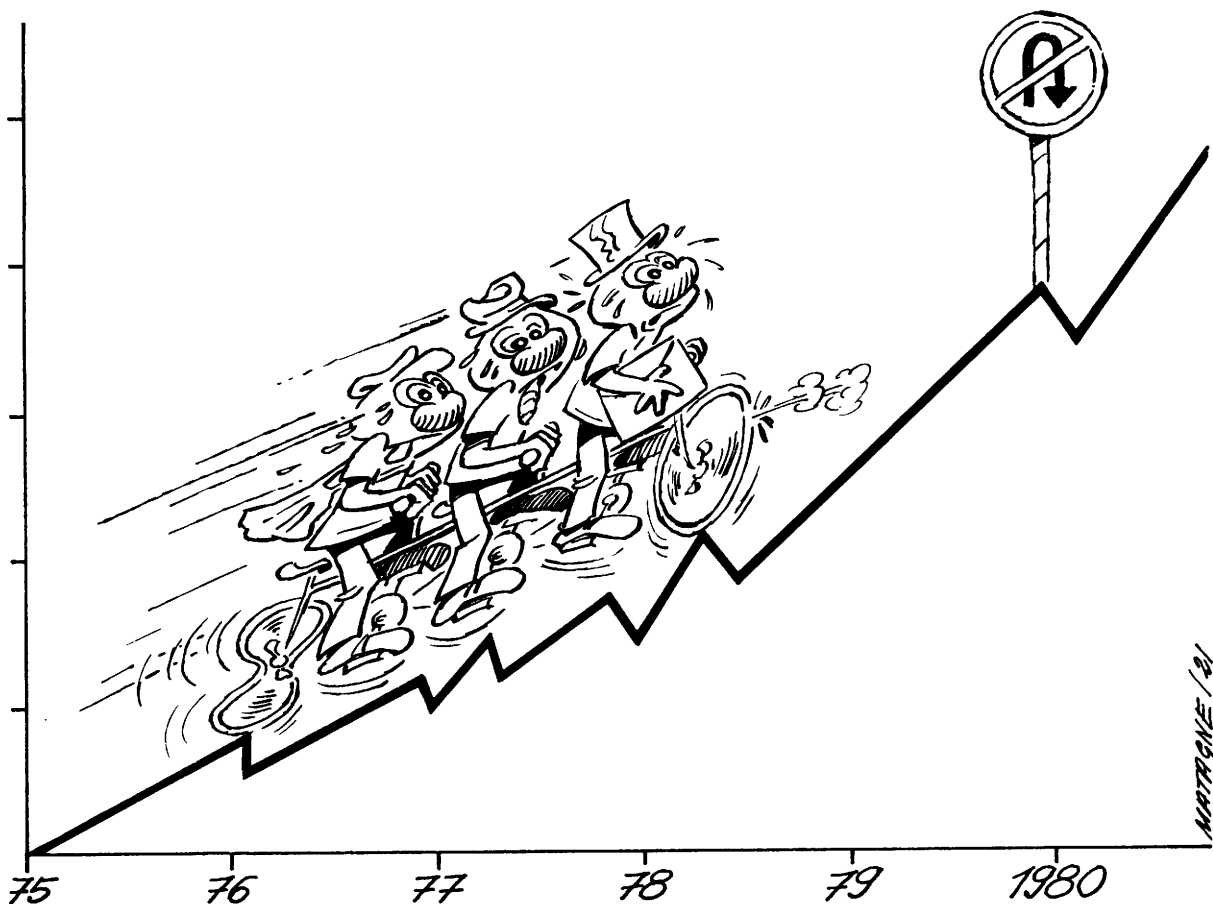


Brussels, 8 June 1976

No 23/76



Economic growth: up to 5%. Inflation: down to 5%. This in a nutshell is how Europe must perform if it is to do well in the race for full employment and stability. The two rates will dominate discussions at the Tripartite Conference in Luxembourg on 24 June.

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**** THE CONQUEST OF UNEMPLOYMENT AND INFLATION**

Growth: the annual rate must be pushed up to 5% for the years 1976 to 1980. Inflation: the rate must be reduced to 5% between now and 1980 at the latest. This in a nutshell is the task facing Europe in its search for full employment and stability.

In ANNEX 1 Euroforum explains how the Commission proposes to translate the widespread political will to surmount the crisis into action.

**** AWAY WITH TECHNICAL BARRIERS!**

It is difficult for the man-in-the-street to get excited about "the removal of technical barriers to trade". And yet, dull though it may sound, harmonization of technical regulations means free movement of goods and consumer health and safety.

In ANNEX 2 Euroforum reviews achievements in this important area of Community activity.

**** CONSUMER PRICE INDEX**

According to the most recent figures published by the Statistical Office of the European Communities the consumer price index stood as follows at the end of April 1976:

(1970 = 100)	<u>April 1976</u>	<u>March 1976</u>	<u>Change between March and April 1976</u>	<u>Change between April 1975 and April 1976</u>
Belgium	161.0	159.5	+ 0.9%	+ 9.7%
Denmark	167.5	167.0	+ 0.3%	+ 8.9%
France	163.8	162.4	+ 0.9%	+ 9.6%
Germany	140.6	139.7	+ 0.6%	+ 5.2%
Ireland		206.2 ¹	+ 7.3% ²	+ 16.0% ³
Italy	193.8	188.8	+ 2.6%	+ 15.4%
Luxembourg	153.8	151.6	+ 1.5%	+ 10.5%
Netherlands	164.3	161.0	+ 2.0%	+ 9.8%
United Kingdom	210.1	206.0	+ 2.0%	+ 19.0%

¹February 1976.

²Change between 15 November 1975 and 15 February 1976.

³Change between 15 February 1975 and 15 February 1976.

**** RADIATION: STRICTER SAFETY PRECAUTIONS**

The Community's basic standards for the protection of workers and the general public against the harmful effects of ionizing radiation have just been made even stricter than they were. Under the Euratom Treaty the European Commission is responsible for producing radiation protection standards. It is then for the Member States to see to it that neither workers nor the general public are exposed to radiation in excess of the levels specified.

The basic standards apply to all the peaceful uses of nuclear energy, i.e. to the production, processing, handling, storage, transport, disposal etc. of radioactive substances. For instance, authorization must always be sought for the use of radioactive substances for medical purposes, for the manufacture and importation of toys with levels of radioactivity in excess of a given figure and for the addition of radioactive substances to certain foods, cosmetics and household goods.

The Community standards also specify maximum permissible irradiation doses for workers in nuclear installations and for the general public. Detailed procedures for monitoring exposure are also laid down.

Total exposure attributable to the peaceful uses of nuclear energy accounts for no more than 1% of the radiation received by the general public from the natural background of ionizing radiation and from the use of radiation for medical purposes. But the European Commission is anxious to ensure that today's high level of radiation protection is maintained for the future, which is why it has suggested new monitoring methods to reinforce the medical surveillance of workers in nuclear installations. For the first time too maximum permissible doses have been fixed for students and apprentices, who have not hitherto been covered by any safety regulations.

** MORTGAGE INTEREST RATES

According to information received from the Community's Savings Banks Group mortgage interest rates charged by savings banks on 1 April 1976 were as follows:

Belgium	10%
Denmark	13%
France	11.5%
Germany	8%
Ireland	12.5%
Italy	13-15%
Luxembourg	8%
Netherlands	9%
United Kingdom	13%

It should be remembered however that better terms can be obtained in countries which have a mutual agricultural credit system and in countries where the State provides assistance, in the form of interest rate subsidies on investment credit for example.

** CHRONIC RESPIRATORY DISEASES

More than forty laboratories and research centres throughout the Community may take part in the third medical research programme on chronic respiratory diseases. The European Commission is planning to allocate a total of 5 million units of account (1 u.a. = approx. US \$1.1) over the next four years to research into pneumoconioses, other occupational bronchial and lung diseases, and the treatment and rehabilitation of bronchopulmonary patients.

An earlier programme, "Chronic Respiratory Diseases II", aroused considerable interest in research circles and the results were presented to medical experts and representatives of both sides of industry at a two-day symposium in Luxembourg on 2 and 3 July 1975. It had concentrated on five main areas: basic research on pneumoconioses, epidemiology, the standardization of pulmonary function tests, prevention and therapy, and rehabilitation.

** HABITAT 76 AND THE EUROPEAN COMMUNITY

In an address to the United Nations Conference on Human Settlements in Vancouver, Mr Scarascia Mugnozza, Vice-President of the European Commission, remarked on the similarity of the aims of Habitat 76 and the European Community: both were concerned to promote the constant improvement of living conditions. He told the Conference that the Community, "by contributing its experience and resources, had demonstrated its willingness to share in the common effort to reduce and eliminate the deficiencies in human settlements and promote 'social progress and better standards of life in larger freedom'."

**** EUROPEAN CARS IN THE UNITED STATES**

Figures for US imports of cars from the European Community in 1975 are given below:

	JANUARY-NOVEMBER 1975		
	Number of vehicles	Dutiabale value (\$ million)	% (in terms of value)
Belgium	35 474	150.3	8%
France	13 015	38.1	2%
Germany	327 506	1 340.8	68%
Italy	90 930	288.8	14%
United Kingdom	60 421	159.1	8%
TOTAL:	527 346	1 977.1	100%

Source: US General Imports: Schedule A (American Department of Commerce).

**** MULTINATIONALS UNDER FIRE**

The European Parliament and the United States Congress may well work together to secure closer control over the activities of multinationals. Mr Erwin Lange (European Parliament) and Mr Sam Gibbons (US Congress) are co-authors of a draft "code of conduct" for multinationals and governments to be discussed in September at the tenth in a series of six-monthly meetings between Parliament and Congress.

Mr Lange and Mr Gibbons consider that since, by definition, these companies know no frontiers there is a need for an international framework which would impose a number of basic constraints on them. Since the problem can no longer be regulated by national authorities unless action is taken by the international community, appropriate agreements will have to be signed between the industrialized countries.

The two delegations may well come out in favour of a binding agreement between the European Community and the United States which could be extended to other industrialized countries - such as Japan and Canada - at a later stage.

**** SUN IN THE LAB**

Eight manufacturers of solar collectors have just assigned the Ispra Establishment of the Joint Research Centre (JRC) the task of testing, calibrating and in some cases actually developing their products. This is just another example of the growing interest being shown by European (and even Japanese) industrialists in the solar energy research carried out by the JRC over the last three years.

The JRC recently completed the building of a modular solar laboratory (SSL) which will come into operation in the autumn and make it possible for European manufacturers to perfect their products in line with the more stringent requirements of integrated air-conditioning (heating, storage and cooling).

The JRC is now actively engaged on studies for a future helio-climatic testing facility - an unrivalled development and promotional tool for European industry.

**** THE LETTER AND THE SPIRIT**

The European Commission is of the opinion that the sugar companies have paid only part of the fines imposed on them for infringing the Community's competition rules. In fact the sugar companies have dodged about 35% of the fines by settling in Italian lire, in other words in the currency whose value has dropped most sharply in relation to the former parity which is still used - quite legally - to calculate the Community's "budgetary unit of account". The European Commission has now requested that the fines be paid in the currencies specified by the Court of Justice of the European Communities in its ruling.

**** GENERAL AND VOCATIONAL TRAINING**

What is the level of training of the Community population? What type of training have people had? What type of training is being given? Does training differ from one social or economic group to another? In an attempt to find answers to these questions the European Commission carried out a survey on general and vocational training in the six original Member States in 1973.

The results of the survey have just been published (Social Statistics No 4/1975). They show that only 11% of the Community population stayed on at school after they had reached the minimum school-leaving age, 15% completed some form of school vocational training, while 18% underwent some form of basic training within an enterprise.

Of the 6% of wage-earners who pursued some form of third level education, only 1% worked in agriculture as opposed to 10% in the services sector. Something like 27% of all wage-earners had completed basic training in an enterprise but figures by sector ranged from 7% in agriculture to 28% in industry; only 8% received further training within an enterprise.

The survey is obtainable from the Publications Office of the European Communities, Boite postale 1003, Luxembourg. The sales reference is 6936/4.

**** AEROSOL FILTRATION IN THE NUCLEAR INDUSTRY**

High-efficiency aerosol filtration in the nuclear industry in general and in nuclear power stations in particular is of vital importance in the attempt to combat the effects of radiation on human health and the environment. This is why the European Commission has decided to organize a seminar on the subject from 23 to 25 November in Aix-en-Provence.

This seminar will be directed mainly to those with research and development experience in the field of radio-active aerosol filtration, in particular plant designers and operators, and representatives of the competent authorities and/or inspection bodies. Further information can be obtained from the European Commission, Directorate for Health and Safety, Bâtiment Jean Monet, Plateau du Kirchberg, Luxembourg.

**** FOOD AID FOR VIETNAM, ZAIRE AND BOLIVIA**

The European Commission proposed recently that 15 000 metric tons of cereals, 2 746 metric tons of skimmed-milk powder and 1 200 metric tons of butteroil be supplied as food aid to Vietnam, Zaire and Bolivia. The total cost to the Community would be in the region of 6.17 million units of account (1 u.a. = approx. US \$1.1).

The bulk of the aid will go to Vietnam: the International Committee of the Red Cross, the Office of the United Nations High Commissioner for Refugees and UNICEF will distribute it to 1 400 000 displaced persons and 250 000 children.

Aid to Bolivia will help the Bolivian Red Cross to feed 16 900 children. Aid to Zaire is earmarked for victims of malnutrition in the Lake Kivu region.

**** SHIPBUILDING IN THE DOLDRUMS**

The last fifteen years were boom ones for the shipbuilding industry. World production rose from 7.9 million gross registered tonnage (grt) to 34.8 million grt. In Japan alone production soared from 1.7 million grt in 1960 to 17 million grt in 1975. But the wind has fallen: the industry is becalmed. The European Commission is acutely aware of the importance of the shipbuilding industry and has produced proposals to deal with the situation. It knows that the industry gives direct employment to more than 400 000 people and indirect employment to a further million in various industries whose deliveries of goods and services represent about 60% of shipyard turnover. In its proposals the Commission is at pains to take account of the world-wide implications of the industry's difficulties and international cooperation in the matter within the OECD (Organization for Economic Cooperation and Development).

The European Commission would like to see the Community take prompt and constructive action along the lines suggested by the OECD and recommends that the Community negotiate any measures necessary from a common position. It feels that the Community should undertake to contribute to a reduction in world production capacity, a precondition for the restoration of a balance between supply and demand. The Community, it feels, should be prepared in due course to define the extent and timing of its contribution.

The European Community has thus declared its willingness to cooperate internationally. But if international cooperation does not live up to expectations, the Community would be prepared to adopt more stringent measures to maintain a sufficient shipbuilding capacity to protect Europe's vital interests.

THE CONQUEST OF UNEMPLOYMENT AND INFLATION

Growth: the annual rate must be pushed up to 5% for the years 1976 to 1980. Inflation: the rate must be reduced to 5% a year between now and 1980 at the latest. This in a nutshell is the task facing Europe in its search for full employment and stability (see Euroforum No 16/76). The two figures will be very much in the minds of all participants at the Tripartite Conference in Luxembourg on 24 June: Finance and Labour Ministers, trade union delegates and employers representatives.

The paper on "A Community strategy for full employment and stability" issued by the European Commission at the end of March was discussed in detail with the three sides and there is a large measure of agreement on the general strategy proposed. In particular governments and both sides of industry have indicated

- . that they agree in principle with the analysis presented by the Commission;
- . that they believe that the simultaneous restoration of full employment and stability is feasible and merits top priority;
- . that this requires concerted action within the Community;
- . that the situation can be controlled only if political and economic leaders at national and Community level act together.

Surmounting the crisis

The Tripartite Conference will have to translate this widespread political will to surmount the crisis into action. Agreement on the best course to be followed must be reached between governments and the social partners at Community level. But because economic and social conditions differ from one country to another, the type, scale and timing of national measures to attain the common objective will vary.

Common problems

The upswing that began at the end of 1975 is precarious to say the least: unemployment is still high - so is inflation. This is why the European Commission shares the fears being expressed in a number countries that

- . because capacity utilization is low, investment will not grow sufficiently and unemployment will remain high;
- . the upward movement of prices will gather momentum again before long and perhaps compel policy-makers to pay more attention to stability than to employment;
- . expansionary policies pursued by individual countries will run into problems on the balance of payments front.

Dangers for the Community

Although the economic situation and the resulting requirements for economic policy are similar in all Community countries, divergences which have emerged in recent years cannot be ignored. Differences in income, cost and price trends are more marked today than they were before the crisis. Recently these have been compounded by currency depreciation which in some countries has apparently exceeded the differences in cost and price trends. If this situation persists it could present grave dangers for the Community: it could for example provoke a protectionist chain reaction. The Community must face up to these dangers and bring about a greater convergence of economic trends.

A Community strategy

The Community must strive for an average growth rate of at least 4.5-5% a year between now and 1980. Production capacity is under-utilized at present and this will permit an above-average increase in GNP this year and next year. At the same time investment must increase to accelerate growth in production potential and create conditions which would allow Community citizens to look forward to higher living standards and adequate employment opportunities in the medium term. But a precondition for this is that, for the time being, consumption must grow at a slower rate than investment.

Checking inflation

A higher growth rate can be sustained in the medium term only if inflation is brought under control. The aim must be to reduce the rate of inflation in all Community countries to no more than 4-5% a year by 1980 at the latest. This will call for close cooperation between the authorities and the social partners and for coordination of national economic policies within the Community.

Two lessons

The linch-pin of any strategy for full employment and stability must be the realization that in the medium term collective discipline in the matter of incomes and prices is a paying proposition for all concerned. The last few years have made it clear that

- . more inflation does not bring more growth and jobs
- . higher unemployment does not lead to price stability.

All those involved must accept the implications of this and subordinate their short-term advantages to their medium-term interests. In the longer term increases in real income will depend on the growth of productivity in the economy as a whole. An individual group can increase its share of the national product in the short term. But what matters in the last analysis is the increase in the size of the "cake" to be shared.

Wages and prices

Most Community countries have an incomes policy of one kind or another. Incomes policy must continue to be tailored to specific local conditions.

Some countries have wage-indexation systems to maintain labour's share of the national income in the face of price rises; others disapprove of such arrangements. The European Commission feels that any system for establishing wage levels in money terms which is too automatic or too rigid can be dangerous. If price rises attributable to government action (e.g. increases in indirect taxation) or to a deterioration in the terms of trade (e.g. oil prices) lead to wage increases, inflation will inevitably accelerate.

On the other hand, where there is no wage indexation collective agreements could make provision for further adjustment in the event of price increases - or productivity increases - turning out to be higher than expected.

Incomes restraint must not be confined to wage earners but extend to all forms of income.

Price restraint is the counterpart of restraint on the incomes front. As unit costs tend to fall during an upswing, the public has every right to expect that management observe price discipline. As far as is necessary, incomes policy should be supplemented by national price policy measures. Several Community countries are already implementing measures of this kind.

Regular consultations

The success of the Community strategy will depend on regular consultations between governments and the social partners at national and at Community level to work out a common viewpoint on the short- and medium-term outlook and on economic and social requirements. A major objective must be to achieve a greater degree of convergence of economic trends and a better integration of economic and social objectives.

The Tripartite Conference will give all participants an opportunity of showing their determination to overcome the crisis.

AWAY WITH TECHNICAL BARRIERS!

It is difficult for the man-in-the-street to get excited about "removal of technical barriers to trade". And yet, dull though it may sound, harmonization of technical regulations means free movement of goods and consumer health and safety.

Work on the removal of technical barriers to trade is without doubt a completely thankless task. Because of it the officials of the European Commission have been nicknamed "Eurocrats" and the public has got hold of the idea that they have the power to introduce a "Euro-loaf" or a "Euro-beer".

Harmonization, in actual fact, is nothing but long, hard grid for the European Commission. With the assistance of experts from all Community countries it attempts to define the minimum technical specifications to be met before industrial products can be put on sale in the Community. Manufacturers are obviously free to offer better or more sophisticated products, just as consumers are free to choose their suppliers. In the long run everyone benefits: manufacturers have access to a market of 250 million consumers, while consumers can pick and choose from the product ranges of suppliers in the nine Community countries.

Twenty-five directives a year

The figures are impressive: at the end of 1975 61 directives had been adopted, of which 40 had entered into force, and 65 proposals were awaiting decision. Not a negligible result by any standard, even if the annual target of 25 directives fixed by the Communities' Council of Ministers in its December 1973 resolution has still to be achieved.

But it is not enough for a directive to enter into force. It still has to be incorporated into national legislation and correctly applied. This entails an immense amount of checking for the European Commission which has to work in close cooperation with nine national administrations.

Progress in the different fields is summarized below.

Motor vehicles

A total of 29 directives have been adopted on motor vehicles and tractors and 18 proposals are awaiting decision. The way is now clear for the implementation of a coherent Community policy in this sector; a first step in this direction was taken with the organization of the Motor Vehicle Symposium (see Industry and Society No 44/75).

Measuring instruments

The adoption of the directive on units of measurement was a major achievement. Harmonization here was essential if the advantages of an integrated internal market were to be exploited to the full. A further 15 directives relating to gas meters and various categories of weights and measures have also been adopted and 10 proposals are with the Council of Ministers.

Two other categories still remain: measuring instruments themselves and industrial products which require an exact measurement definition. Harmonization here is important not so much for trade in the instruments themselves but for trade in the products measured. A common standard is needed for prepackaged products in particular.

Consumer goods

As regards electrical goods, a directive covering all household electrical appliances has been adopted and will be fully operative in the near future. Insulation and manufacture will

be subject to safety standards. Work is also under way on a proposal to standardize electric plugs; this should do away with a major source of irritation to Community consumers.

A proposal on cosmetics is designed to prevent the sale of harmful cosmetics - an important step as trade in this sector has doubled in the last two or three years. The proposal contains a series of "negative" lists of substances which would be banned because they are considered toxic or otherwise undesirable. These lists would gradually be converted into "positive" lists (of authorized substances) for certain sectors, including colorants, preservatives and suntan lotions.

Another proposal deals with crockery and is designed to prevent contamination of food by lead and cadmium in ceramic ware. A proposal on enamel ware is in course of preparation.

A proposal on articles of precious metal was transmitted recently, the aim being to bring some order to the different official fineness standards, permissible tolerances, assaying methods and hallmarking systems for gold and silver.

Other proposals deal with textile names (product quality and durability) and toys (safety, toughness, absence of toxic products ...).

Chemicals

A major proposal here is the one on the detailed labelling of packages containing dangerous substances. Directives on solvents and detergents have been adopted and proposals on pesticides, paints and varnishes are awaiting decision. There will be further proposals on household products (polishes, waxes ...) and yet another restricting the use of certain extremely dangerous substances.

The present economic situation and the growing volume of road traffic have made atmospheric pollution a top priority. A directive on the sulphur content of fuels has already been adopted and another on the lead content of petrol is under discussion. This is in addition to proposals drawn up under the environment programme, which is a separate matter.

Two proposals on fertilizers were transmitted last year. One has already been adopted. The other deals with ammonium nitrate fertilizers and is intended to distinguish these from other ammonium nitrate products used as explosives. One further proposal will require manufacturers to give notice of their intention to put new dangerous substances on the market so that they can be properly tested first.

Pressure vessels

A directive on aerosols has been adopted and a proposal on pressure vessels and methods of control has been transmitted to the Council of Ministers. A proposal on fire extinguishers will follow.

Building materials and civil engineering equipment

Work is in progress on proposals concerning the fire-resistance of building materials and their behaviour under stress.

Three directives have been adopted on permissible noise levels for various items of building and civil engineering equipment. Others on safety requirements will follow.

Other areas being investigated by Commission working parties include lifting and mechanical handling appliances (an outline directive and a specific proposal have been forwarded to the Council of Ministers), cranes, escalators and hoists.

A proposal on the safety of machine tools is in preparation, as is one on protective clothing such as life-jackets and overalls.

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