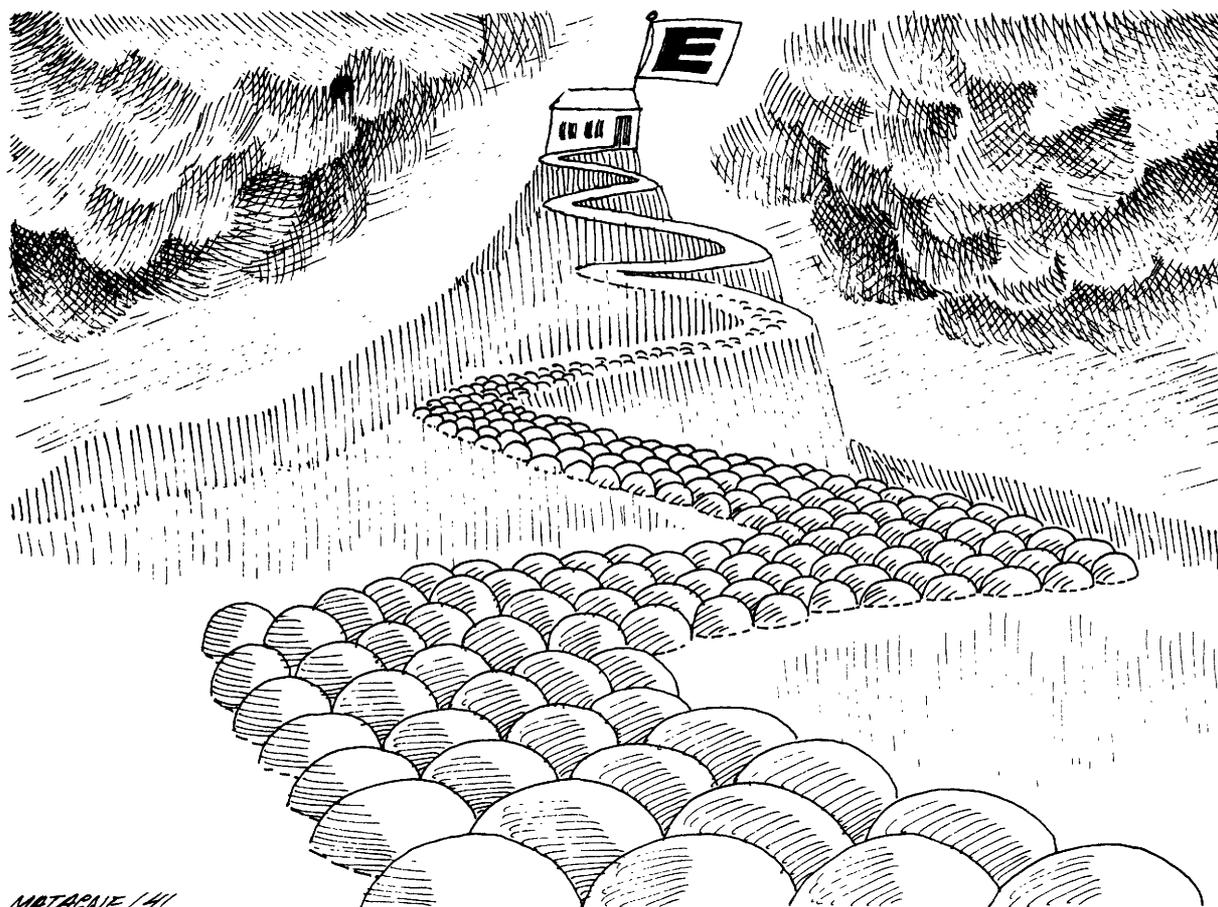


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The rocky road to European Union (see p. 3)

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Editor and coordinator : Jean Pirlot

++ EUROPEAN COUNCIL : THE ROCKY ROAD TO EUROPEAN UNION

The economic situation cast a shadow over proceedings at the recent meeting of Heads of State and Government in The Hague : the European Community is finding, to coin a phrase, that it must cut its coat according to its cloth. The picture painted by the European Commission is gloomy : the slowdown in recovery has affected virtually all industrialized countries and there is general agreement in all Community countries that in the long run sustained economic growth, a lower unemployment rate and more stable international monetary relations can only be achieved by a greater degree of price stability. But agreement is not all. While discrepancies in prices, costs and balances of payments persist, the Community cannot present a united front - not can it pursue a single economic policy. Different measures are called for depending on whether or not a country has a trade deficit or not.

Even the aid which the European Community would like to give to the developing countries is jeopardized by an economic situation which could deteriorate further if there is an increase in oil prices.

The same applies to the analyses and proposals drawn up by Mr. Tindemans on European Union. To quote the European Council "the achievement of economic and monetary union is basic to the consolidation of Community solidarity and the establishment of European Union" It is agreed that European Union should have a definite impact on the day-to-day life of the man in the street, offering increased protection of fundamental rights and improving the quality of life. But first things first ; for the moment inflation and unemployment must be given top priority. This does not mean however that Mr Tindemans' views will be allowed to sink into oblivion : the Community's Council of Ministers and the European Commission are to report each year on results obtained in the previous twelve months and outline the progress which can be made towards the ultimate goal in the year ahead.

++ EUROPE'S CONSUMERS SHIFT POSITION

The symposium for consumer organizations held in Brussels a few days ago under the auspices of the European Commission brought an interesting fact to light : it seems that the many and varied bodies that look after the interests of Europe's consumers are adopting a new approach to their mission.

In ANNEX 1 Euroforum reports on the first - ever European meeting of consumer representatives.

++ PUBLIC R + D EXPENDITURE : EVERYTHING IS RELATIVE

Some 20 thousand million units of account (1 u.a. = approx US \$ 1.1.) were spent on research and development in the nine Community countries in 1975.

In ANNEX 2 Euroforum explains why, despite this impressive figure, Europeans have little cause for complacency.

++ 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 October :

(1970 = 100)

	<u>October 1976</u>	<u>September 1976</u>	<u>Change between September and October 1976</u>	<u>Change between October 1975 and October 76</u>
Belgium	166.9	166.5	+ 0.2 %	+ 8.3 %
Denmark	176.2	174.3	+ 1.1 %	+ 13.4 %
France	171.8	170.2	+ 0.9 %	+ 9.9 %
Germany	141.5	141.4	+ 0.1 %	+ 3.8 %
Ireland	222.4	(15 August 76)	+ 1.5 % ¹	+ 18.9 % ²
Italy	211.1	205.2	+ 2.9 %	+ 20.1 %
Luxembourg	158.7	157.5	+ 0.8 %	+ 8.5 %
Netherlands	170.1	167.9	+ 1.3 %	+ 8.8 %
United Kingdom	223.7	219.6	+ 1.9 %	+ 14.7 %

¹ change between 15 May 1976 and 15 August 1976

² change between 15 August 1976 and 15 August 1976

++ FROM SCHOOL TO FACTORY

Europe's Education Ministers meeting within the Council of the European Communities have voted 11.4 million units of account (1 u.a. = approx US \$ 1.1) for the organization of pilot projects, studies and seminars during 1978-80. The basic objective is to face up to the difficulties being experienced by 16 - 25 year olds seeking employment in a period of economic recession (see Euroforum No 40/76). The Ministers agreed that special attention should be paid to measures to ensure equal educational opportunities for girls, who are particularly badly hit by the present job situation.

Community cooperation in educational matters has thus taken a step forward, allowing the Community to intervene to better effect to combat youth unemployment. It is to be expected that further short-term measures will appear on the agenda of the forthcoming meetings of the Council of Social Affairs Ministers and the Community's Standing Committee on Employment.

++ THE BRANDY WAR

Readers may perhaps remember the "chicken war" waged by the United States and the European Community in the sixties. Strange though it may seem poultry are again involved in the latest trade dispute the "brandy war". Since early 1976 the United States had been pressing the European Community to relax its regulations to facilitate imports of American turkeys, threatening to raise the duty on European brandy entering the United States if the Community refused.

The European Commission was ready to come to terms : in exchange for concessions on American turkeys, it asked for a reduction in the additional duties which have been levied on potato starch and dextrin since the end of the 1963 chicken war. But right in the middle of these tricky negotiations the United States decided to multiply the duty on European brandy by 2.4.

Over the last five years, Community imports of American turkeys have more than doubled, while Americans have been drinking only 20 % more brandy. In terms of value, the Community exported \$ 37 million worth of brandy in 1975 (French brandy accounting for \$ 36 million of this and imported \$ 21 to 22 million worth of American turkeys, almost two thirds of which were eaten in Germany.

++ CONSUMERS' CONSULTATIVE COMMITTEE

At a meeting held in Brussels on 1 December, the Community's Consumers' Consultative Committee (CCC) had lengthy discussions on the labelling of foodstuffs, misleading advertising and the dangers of tobacco.

Readers will remember that the European Commission recently sent a proposal for a directive on the labelling of foodstuffs to the Community's Council of Ministers (see Euroforum No 14/76). The CCC would like to see the provisions relating to date of manufacture and shelf life amplified.

The CCC has been invited to help the European Commission with its work on a proposal for a directive on misleading advertising and will be asked to give its opinion on a draft now being prepared. Preliminary discussions within the CCC revealed that the Commission is well aware of the need for stern action to combat misleading advertising including advertisements which mislead by omission, conscious or otherwise. The CCC feels however, that it is essential to go further than envisaged at present in the matter of redress. It considers this Community proposal to be of the utmost importance and will be keeping a close watch to ensure that the text finally adopted is a tough one.

As regards the dangers of tobacco, the CCC is formulating a number of recommendations which will be based on the opinions of leading experts in the Community.

++ THE ATOM : UNIFORM SAFEGUARDS

Could the European Community run out of nuclear fuel ? Its Economic and Social Committee has expressed the fear that supplies from outside the Community could well be placed in jeopardy if the Council of Ministers fails to take prompt action under the agreement signed by Euratom and the International Atomic Energy Agency.

In the course of its debate the Committee deplored the fact that safeguards systems differed from one Community country to another and called on the European Commission to press for the early introduction of uniform safeguards and inspection powers.

++ RAIL FREIGHT CHARGES

One of the issues discussed at the last meeting of the European Parliament was the problem of fixing rates for international rail freight services. In most Community countries rail freight charges are determined by the public authorities rather than the laws of supply and demand. Parliament came out strongly in favour of the European Commission's proposal to break with this long-standing tradition and organize the freight transport market along market economy lines. It feels that if railways were free to fix their own rates, their competitive position would improve and their services become more attractive. International freight seems to be the obvious area to concentrate on initially.

But Parliament was careful to point out that if freely fixed freight rates are to reflect real costs the Community must press ahead with harmonization of the various costs incurred and taxes borne by the railways.

++ THE COST OF ELECTRICITY

It is well-nigh impossible to produce exact figures for the cost of electricity per kilowatt/hour to consumers in the nine Community countries : prices vary from region to region and reflect the different tariff systems in operation. However the European Commission has attempted to give a rough idea of charges by taking the total revenue (including tax) of all electricity supply companies in each country in 1975 and dividing it by the number of kilowatt/hours sold in that year. The results - expressed in EUR, the European Community's statistical unit of account - are given on next page.

	<u>Average price per kWh - high voltage</u>	<u>Average price per kWh low voltage</u>
Belgium	3.57	6.74
France	2.35	5.36
Germany	3.21	5.44
Ireland	2.52	3.97
Italy	1.51	3.28
Luxembourg	1.92	4.11
Netherlands	1.60 (1974)	3.11 (1974)
United Kingdom	2.31	2.85

++ TWO ON TRIAL (contd)

In last week's issue we mentioned that the nine Community countries are generally allowed eighteen months to bring their legislation into line with Community directives. It is sure that the deadline is not always met but this is more often attributable to cumbersome legislative procedures than to opposition in principle.

This being so, the European Commission has instituted no more than three sets of proceedings for failure to meet a deadline. If a genuine effort is being made to align national legislation on Community law it prefers to hold its hand and accept some delay. It considers that automatic recourse to the Court of Justice in all cases of this kind would do little or nothing to speed up national legislative procedures.

++ THE PRESS AND PUBLISHING

The European Commission decided to include the press and publishing in its study programme on concentration in the European Community. Work will begin in a number of countries before the end of the year and will be extended to the others during 1977.

EUROPE'S CONSUMERS SHIFT POSITION

The symposium for consumer organizations held in Brussels on 2 and 3 December under the auspices of the European Commission brought an interesting fact to light : it seems that the many and varied bodies that look after the interests of Europe's consumers are adopting a new approach to their mission.

In his opening address Mr Scarascia Mugnozza, Vice-President of the European Commission, pointed to the importance of the meeting, the first of its kind. It would serve to evaluate the Commission's consumer protection work so far and to discover what consumers' representatives thought should be done in the future. Family associations, cooperatives, trade unions, consumer associations in the strict sense - in fact all the main organizations concerned with the consumer's lot were represented.

More than 150 delegates of various nationalities and political persuasions took part and there were even observers from outside the Community. Such a large meeting of men and ideas was bound to be fruitful.

On the consumer side the tone was set from the outset by Mr. A. Dumont, Chairman of the Consumers' Consultative Committee. He warned the meeting that unless we are careful our motto may soon be "Liberty, Equality, Frugality", as our society will have squandered all its resources. It was time that the "consumer society" became a "consumers' society", in other words a society concerned with satisfying the needs of the ultimate object of all human activity : man.

Having thus laid claim to a more important place for consumers in the continuing debate customarily confined to producers and workers, Mr. Dumont went on to discuss the difficulties attending the new approach that consumer organizations intended to adopt.

Mr. Michel Carpentier, Director of the Commission's Environment and Consumer Protection Service, also dwelt on this new approach. So far the consumer movement had been forced by circumstances to adopt a defensive attitude. The time had come to consolidate itself, reflect on its responsibilities in modern society and prepare to make a positive contribution to organizing this society's development.

The consumer organization's first task will undoubtedly be to step up their membership. A survey carried out by the European Commission revealed that although 33 % of those questioned were in favour of consumer associations and felt that they had a "useful" part to play only 2 % had actually joined one ; however 47 % were prepared to pay the equivalent of \$ 7 a year in membership fees. The associations will have to exploit this favourable attitude to strengthen the equilibrium that must be maintained between the various transactors.

The discussions and speeches showed that consumer representatives are now thinking seriously about the nature of consumption in modern industrial society and are trying to give consumerism a wider and more positive content. Defending consumer interests is not enough. In our industrialized countries private consumption accounts for around 60 % of the labour force and of gross domestic product ; this makes it easier to understand why consumers must be made aware that they have an economic and social role to play.

It is pressure from consumers that it will make it possible to direct production towards goods and services that cause less pollution, use fewer imported raw materials, are of higher quality and are accessible to more people. Active consumer participation in economic life presupposes that the historic opposition between producer and consumer is, if not entirely suppressed, at least diminished. It means too that many ideological and classical economic patterns will have to be discarded.

The beginnings of such an approach are being seen in the consumer organizations' insistence on the need to abandon "consumer protection" for the wider concept of "promotion of consumer interests":

Hence the Symposium's call for the involvement of consumer representatives in the formulation of Community policy in a wide range of fields : agriculture, obviously, but also medium-term economic policy, the environment, waste prevention, scientific research and development, fiscal policy ... Hence also a series of precise requests for specialized Community agencies : a centre for the production and distribution of material for consumer education ; a European Price Commission ; a documentation centre to serve Europe's consumer organizations ; a European press agency to handle consumer news...

Consumers cannot be expected to pull their weight unless they can be sure of being listened to in the corridors of power. The symposium called on Community countries to make sure that consumer interests are represented in government, in industry (beginning with nationalized industries), and in the Community's institutions, notably the Economic and Social Committee. The symposium also decided to urge all consumer organisations in the Community to obtain pledges from candidates standing for election to the European Parliament that they will support an active European policy on consumer matters.

PUBLIC R & D EXPENDITURE : EVERYTHING IS RELATIVE

Some 20 thousand million units of account (1 u.a. = approx US \$ 1.1) were spent on research and development in the nine Community countries in 1975. This figure may seem impressive but in fact Europeans have little cause for complacency : it works out at a mere 40 u.a. per head of the population as compared with the 92 u.a. per head spent in the United States.

The high proportion of research expenditure represented by public funds (a little over half) is enough to justify the detailed report drawn up by the European Community's Scientific and Technical Research Committee, particularly since the State, as the main provider of funds, influences overall research policy.

A 2 % drop

Between 1970 and 1975 public R & D expenditure in the nine Community countries increased at an average annual rate of 12.7 %. But the economic crisis inevitably took its toll : although public research appropriations in 1975 were 7 % higher than in 1974 inflation made such inroads into budgets that, in real terms, total public funds available for research in the Community as a whole fell by 2 %.

Priority for civil research

The aims of publicly-financed research have not changed fundamentally since 1970. The share of civil research in total public funds devoted to R + D has grown slowly but surely, rising from 75 % in 1970 to 78 % in 1975. As in the past, almost half the funds devoted to civil research are earmarked for the "general promotion of knowledge". A slight reduction has been noted in research with predominantly technological objectives - exploration of the earth and its atmosphere, space exploration and so on - while research with predominantly human and social objectives - improvement of the human environment, health protection and social and sociological problems - is looming larger, as is research aimed at improving agricultural productivity and technology.

Human and social research has in fact almost doubled in the European Community since 1970 ; it has increased sharply (74 %) in the United States over the same period too. The funds allocated to this area are shared out fairly evenly : 42 % for the protection and improvement of human health, 30 % for the solution of social and sociological problems and 28 % for the improvement of the human environment.

Human problems

Between 1970 and 1975 R & D funds allocated to research with predominantly human and social objectives in the Community rose from 1.9 to 4 u.a. per head of the population.

In 1975 improvement of the human environment was allocated 4 % of total funds devoted to civil research and this figure will be maintained in 1976. Ireland allocated more than 7.5 % to endeavours in this area ; it was closely followed by France and the Netherlands with almost 7 %.

At least 5 % of civil research funds in 1975 were devoted to the protection and improvement of human health. Since 1970 the Netherlands, Denmark and France have shown a relatively pronounced interest in this objective and have kept funds relatively steady at about 7 % of total expenditure. Belgium, on the other hand, seems to have lost interest somewhat since its percentage has fallen from 7 % to 4 %

The share of research into social and sociological problems went from 3 % in 1970 to 4 % in 1975, witnessing the importance attached to this sector. The Netherlands head the field here with close to 8 %, followed by Ireland with 7 % Germany with 6 % and Belgium and Denmark with 4 %.

A wide range of priorities

Each country tends to stress certain types of research because of its own particular problems. Thus, while transport and telecommunications account for roughly 52 % of all funds devoted to improving the human environment in the Community as a whole, Germany (56 %) and the United Kingdom (32 %) tend to give priority to transport, while France (57 %) and Italy (28 %) put the accent on telecommunications.

Medical research accounts for the lion's share of the funds allocated to the protection and improvement of human health in France, Denmark and the United Kingdom.

A closer look social and sociological problems shows that the Netherlands and Ireland are particularly interested in education, while France and Germany are more concerned with improving working conditions. The United Kingdom and Denmark devote relatively major sums to research into industrial relations and disputes.