

euroforum

europe day by day

Brussels, March 22, 1977

No 12/77



• How does the family fare in the Community ? (see page 3)

This bulletin is published by the

Commission of the European Communities
Directorate General of Information
Rue de la Loi 200
B-1049 — Brussels — Tel. 735 00 40

Further information is available from the Commission's press and information offices in the countries listed on the back page.

This bulletin, which is produced with journalists in mind, gives an informal account of Community activities. It does not necessarily reflect the official position of the Commission.

The Commission disclaims all responsibility for the use made of material published in this bulletin.

IN THIS ISSUE :

- ++ How does the family fare in the Community (p. 3)
- ++ Competition still strong in Europe (p. 3)
- ++ Improving the Social Fund (p. 3)
- ++ Turnover and profit of oil companies (p. 4)
- ++ Community Budget 1978 (p. 4)
- ++ How Europeans spend money (p. 5)
- ++ Divorce and alimony (p. 5)
- ++ European waterworks (p. 6)
- ++ Protect consumers wherever they may be (p. 6)
- ++ Community coal reserves (p. 7)
- ++ The consumer and farm prices (p. 7)
- ++ Consumer information on the air (p. 7)
- ++ Health risks of asbestos (p. 7)
- ++ Swine flu (p. 8)
- ++ Protection for the Baltic (p. 8)

Editor and coordinator : Jean Pirlot

++ HOW DOES THE FAMILY FARE IN THE COMMUNITIES?

Certain progress has been made in forming national policies towards the family. In ANNEX 1 Euroforum presents information published by the European Commission in a document called "Change in the social situation in the Communities in 1976".

++ COMPETITION STILL STRONG IN EUROPE

Despite the economic crisis, competition has remained strong in Europe. This is an encouraging impression given by the "Sixth Report on Competition Policy" just published by the European Commission. In ANNEX 2 Euroforum presents a few of the more salient points from the document.

++ IMPROVING THE SOCIAL FUND

In five years time more than two million people will be benefitting from vocational retraining aid dispensed by the European Social Fund. Good, yes but not enough. The European Commission would like the Social Fund to be more suitable in dealing with the current difficult employment market, and that effectiveness of the money given is improved.

The main activity of the Social Fund up until now has been improving the job situation in the Community by taking on 50 % of the cost of vocational training programmes in the various countries. This approach makes it easier for workers to find another job and improves their professional and geographical mobility within in the Community. But the rapid growth of the size of the Social Fund (from 235 million units of account in 1973 to 612 million u.a. in 1977 - 1 u.a. = 1.1 US dollars approx.) has led to some difficulties, such as the danger of spreading interventions too thinly, delays in adapting to the requirements of the job market and the response to processing and payments of grants.

Among improvements proposed by the Commission to the Council of Ministers is to group all applications for grants by region instead of dealing with them on an individual basis. This would enable the Fund to fit in better with the employment policies that individual countries are applying. The Commission is also proposing that a large part of the budget should be approved at the start of the exercise to enable Member States to realise in good time the amount of aid they can expect to receive from the European Social Fund. The Commission also proposes that proportionately more aid should be given to those regions with chronic unemployment. In a limited number of regions the participation level of the Fund will be raised from 50 % to 65 %.

The Commission also hopes that the role of the Fund can be expanded without difficulty in response to debates at the European Parliament, Council of Ministers, the Economic and Social Committee, the Standing Committee on Employment or the Tripartite Conference which brings together both sides of industry.

++ TURNOVER AND PROFITS OF OIL COMPANIES

The data below records the turnover and current net profit for some of the larger oil companies between 1972 and 1974. The figures are those published in the companies' annual reports and drawn up and presented according to the method developed by the European Federation of Financial Analysts Societies (the so-called European method). The figures are in units of account (EUR), one of which is approximately equivalent to 1.1 US dollar.

Companies	Consolidated turnover			Current net profit (loss)		
	1972	1973	1974	1972	1973	1974
EXXON	18,805.3	20,579.6	33,649.4	1,418.1	1,973.3	2,514.1
TEXACO	8,049.1	9,125.5	18,604.4	826.1	1,043.7	2,394.0
MOBIL OIL	8,487.3	9,112.1	15,143.2	531.7	679.5	838.0
STANDARD OIL OF CAL (SOCAL)	5,397.7	6,209.6	13,752.8	476.5	618.8	776.0
GULF OIL	5,780.5	7,733.6	13,166.4	417.6	688.0	816.8
ROYAL DUTCH/SHELL	12,483.0	14,496.1	25,801.1	796.1	1,492.2	2,099.1
BRITISH PETROLEUM	5,226.1	6,168.7	14,625.5	158.6	605.5	890.8
CIE FRANCAISE PETR.	2,550.3	3,246.0	7,124.3	83.0	187.5	211.8
ELF-ÉRAP	1,685.2	2,293.5	4,716.6	56.0	168.4	347.4
E.N.I.	2,547.0	3,415.2	5,743.2	(33.1)	39.0	(13.0)
CONTINENTAL	3,167.0	3,372.4	5,633.1	160.5	194.2	270.2
OCCIDENTAL	2,519.3	2,411.0	4,430.0	15.7	88.2	657.2
PETROFINA	1,418.1	1,819.3	2,873.6	63.4	83.6	135.3

(in million EUR)

++ COMMUNITY BUDGET 1978

The Community's budget is relatively small. In 1976 expenditure by the Community only amounted to 0.6 % of the Nine's combined gross national product (GNP) while national budgets accounted for 45-50 % of GNP. The Community budget is different from national budgets in that has consisted up until now of almost 90 % intervention credits. These intervention payments are concentrated on agricultural market management which covers the whole of the Community and amounts to 67 % of the total budget. Further expenditure goes towards complementing national actions and has a somewhat lesser importance. In 1977 the Community allocated 2 % of its expenditure to social policy, 4.6 % to regional policy, 2.7 % to research, industry and transport and 3.1 % to development policy.

The European Commission takes the view that the 1978 budget should revolve round four priority aims : controlling agricultural expenditure, taking action to improve employment and economic structures, and greater energy independence, and finally, aid to developing countries. The Commission will attempt to limit increases in expenditure although given the automatic nature of agricultural payments, it won't be able to cut back on the budget size. The only new actions envisaged are in the priority areas outlined above. The Commission is applying the same formula to itself for cutting back inflation as it has recommended to Member States.

++ HOW EUROPEANS SPEND MONEY

An opinion poll conducted for the European Commission a few months back has revealed that eight out of ten British and Irish people do not earn enough money and are constantly having to cut back on spending. But the poll produced a wide range of replies to the same question :

" Certain people do not have sufficient income and are constantly having to cut back on spending. Are you in the same position ? "

The 80 % affirmative replies in Britain and Ireland contrasted strongly with the mere 20 % in Belgium and 23 % in Holland. Germans and the Luxembourgeois had 51 % and 55 % positive responses, Italy 46 % and France 39 %. The link between income and feeling the need to restrain expenditure is a touch complicated. The figures do not relate directly to the country's average per capita income. In Denmark, for instance, the need to have to cut back continuously is felt much more widely than in Italy. In most countries except Denmark, the need to cut back is much stronger in the modest income bracket than in more affluent circles. When Europeans do decide to cut back, holidays, leisure activities and clothing are economised on first.

	Of 100 persons interviewed %	Of 100 persons concerned %
1. Holidays, leisure activities	35	69
2. Clothing	27	53
3. Household purchases	23	44
4. Car	19	36
5. Beauty care, hairdressing	17	33
6. Tobacco, drinks	14	28
7. Food	11	21
8. Health care	4	8
9. Education of children	3	5
10. Other expenditure	2	5
No replies	1	3
Not concerned (no restrictions)	48	-

Education of children and health care are areas in which Europeans are not inclined to economise.

++ DIVORCE AND ALIMONY

By the beginning of next year the three "new"members of the European Community should be party to the Convention of Brussels which covers alimony payments between divorced couples living in different Community countries. This Convention was signed in Brussels on September 27, 1968, and covers the six founder EEC countries in respect of judicial competence and the carrying out of decisions on civil and commercial matters.

Another convention, from The Hague, dating from October 2, 1973, also covers alimony obligations, but is open to all Community and non-Community

countries. Signatures to date include Portugal, Turkey and Czechoslovakia among others.

The Convention of Brussels differs from The Hague Convention in a number of respects :

- it covers all alimony obligations including those resulting from a contract ;
- it applies to all decisions in the contracting State where they are executed even if they can still be taken up in the State of origin ;
- it applies directly to alimony payments ;
- it introduces a particularly rapid and uniform procedure to the execution of decisions in other countries. The procedure does not in principle require verification of the competence of the court in the country where a decision has been taken since the court is already judged to be competent under the terms of the convention.

++ EUROPEAN WATERWORKS

At the United Nations Conference on water, held in Mar del Plata, Argentina, from March 14-25, the European Commission delegate stated that from 1961 to 1975 around 300 million dollars was put aside by the European Community for hydraulic projects in African States and Madagascar as well as overseas territories. In five years 300 million dollars has been spent through the Lomé convention on hydraulic projects, which is more than the total for the preceding fifteen years.

Sixty towns have been given water systems or extensions of their water systems amounting to more than 1,000 km of network, with a production capacity of more than 330,000 m³ per day. Systems in six towns have been partly or totally purified by drainage and collector networks. These efforts to provide for the needs of rural populations have meant the installation of 5,510 water points.

The six countries of the Sahel (Chad, Mali, Mauritania, Niger, Senegal, and Upper Volta) benefitted from more than 18 % of the grants for hydraulic projects.

++ PROTECT CONSUMERS WHEREVER THEY MAY BE

Consumer protection where contracts have been made outside business premises should be greatly assured by a draft directive that has just been sent by the European Commission to the Council (see Euroforum No 4/77). But for certain other types of contracts, consumers still require special protection. With this in mind the Commission intends to send a draft directive to the Council on home study courses provided by private bodies as well as a draft directive on consumer credit.

The Commission also intends to send this year a draft directive aimed at coordinating the laws governing insurance contracts in the different countries of the Community, with a view to achieving a better protection for policy holders and third parties benefitting from such contracts.

++ COMMUNITY COAL RESERVES

The most recent estimates made by the Commission in 1972/3 put the Community's coal reserves at 32 billion tonnes. These reserves can be more or less fully exploited according to the levels of costs and returns, while new progress in mining techniques is very likely to allow greater rationalisation. Additional reserves will become exploitable, but it is not yet possible to estimate the volume involved.

Around 15 % of the tonne coal equivalents (tce) mined in the European Community in 1976 has been used as a non-energy product in the form of blast-furnace coke. Production of 1.5 % has been used as non-energy derived products in the form of tar and ammonia, while 81.5 % was used for electricity and heat and 2 % was exported or stored.

++ THE CONSUMER AND FARM PRICES

"If the common agricultural policy is to survive it must establish a balance between the interests of farmers and those of the consumer" is what delegates from the Bureau of European Consumer Unions (BEUC) had to say at a meeting with Mr John Silkin, President of the Community's Council of Agriculture Ministers. It would be absurd to increase the prices of cereals, dairy produce and sugar given the existence of present surpluses, where means of disposal - often very expensive and not very fair - must be found, states BEUC. The Bureau opposes practices which "limit the freedom of consumers to choose other foods either less expensive or more appropriate."

++ CONSUMER INFORMATION ON THE AIR

Programme producers from radio stations in the Community were invited by the Commission's information services to a meeting about consumers on March 14 and 15. Producers from Denmark, France, Luxembourg and the Netherlands were unable to attend.

The meeting discussed the technical problems of doorstep selling and manufacturer responsibility. Practical guidelines were introduced for more efficient presentation on the radio of Community action to help consumers. The Commission hopes that these will lead to greater cooperation between radio producers to help keep European consumers better informed.

++ HEALTH RISKS OF ASBESTOS

A scientific report on the risks to health from contact with asbestos will soon be published by the European Commission. This was revealed at the European Parliament by Mr Richard Burke, the Commissioner responsible for consumer protection. Without taking a particular stand in the debate on the carcinogenic effects of asbestos, Mr Burke stressed that the Commission wants asbestos dust limited as far as possible, especially at work, where the risks of contamination are greatest.

++ SWINE FLU

A group of experts brought together by the European Commission to prepare for the possibilities of epidemic have found there have been no cases of swine flu in the nine countries of the Community and no significant epidemic of any influenza caused by other viruses.

Stocks of specific vaccines have been completed to a large extent. In the case of a serious epidemic it would be possible to vaccinate priority groups of the population against swine flu from the very outset. Medical reactions and complications ensuing from a massive vaccination campaign have also been looked at closely.

++ PROTECTION FOR THE BALTIC

The continent of Europe is to all intents and purposes an immense island, not to mention Britain and Ireland which are islands in their own right. For this reason, the European Community is concerned about the quality of the water surrounding it. Following measures to protect the Mediterranean and the North-East Atlantic, it is now the Baltic Sea's turn. The European Commission has just recommended to the Council of Ministers that the Community start negotiations with Finland, East Germany, Poland, Sweden and the Soviet Union, who are all, like Denmark and West Germany, signatories of the Helsinki Convention on the protection of marine environment in the Baltic Sea area. The Community is already a signatory of the Paris Convention and the Barcelona Convention on the protection of the Mediterranean, and the Bonn Convention on the chemical pollution of the Rhine. The reduction of pollution in Community waters caused by certain dangerous substances already comes under Community jurisdiction following the adoption of a directive in May 1976. The directive aims to set emission limits and water quality objectives for waters receiving certain dangerous substances which are very similar to those in the Helsinki Convention.

x

x x

HOW DOES THE FAMILY FARE IN THE COMMUNITY

What exactly are the governments of the Nine doing for the average family ? In a study of the changing social picture in the Community of 1976 by the European Commission, the main topic under discussion was the family.

Family allowances

Economic difficulties have led Denmark to introduce a system linking the size of family allowance to parental income, thereby excluding a certain number of families from these benefits. The Netherlands also has a draft law under consideration which similarly aims at reducing government outlay in family allowances.

This trend has not shown up in the rest of the Nine and, by contrast, Luxembourg, which has had family allowances indexed to the cost of living, is looking at the possibility of indexing the allowances to the wage level to ensure a closer correlation. Some countries have enlarged the scope of their allowances. France, for instance, has introduced an allowance for the single parent covering widows/widowers, divorcees and people who are separated or not married at all but have the sole responsibility of at least one child and whose resources are lower than the prescribed level.

More than money

In Germany and France the governments now have a different concept of family policy, one which is not simply limited to financial aid. Their policies contain a range of measures aimed at improving the family's economic, social and cultural position, and one permitting the fullest development of all members of the family.

The large report presented last year by the German government to its Parliament was an important development in future family policy, drawn up in fact by independent experts. It contained in addition to a description of the current situation, a critique of the policy and remarked that family allowances could be 'dynamised' by adjusting them to the cost of living in the same way as social welfare is adjusted. This is also the view of the Trade Union DGB, and family organisations.

In France one of the 25 'priority action programmes' contained in the seventh economic and social development plan (1976 - 1980) goes under the title of 'the new family policy'. The measures proposed are somewhat fragmentary and do not live up to the expectations of many, but the programmes do have the advantage of being obligatory and involve corresponding allocations to be written into the budget.

Work and family life

Measures taken in the various countries to reconcile work and family responsibilities have been limited. The number of creches and other systems of looking after children have increased slightly but the number of places available overall is well below the number required. France has introduced a measure following the example of Belgium the year before, which gives women employed in public service the right to take unpaid

post natal leave for a maximum of two years with a guarantee of reemployment. In addition the government has recommended that a clause giving the same right to salaried women in the private sector be introduced into collective agreements. Luxembourg gave mothers the right to one year's post-natal leave in 1975 in legislation on protection during maternity.

Rights and duties

The legal reforms affecting the family which have been introduced in Community countries reflect a trend towards equal rights between husband and wife. Thus with measures introduced in Italy and Luxembourg in 1975 major legislation was adopted in 1976 by Germany and Belgium establishing equal rights and duties of spouses and aiming to balance the relationship both psychologically and economically between members of the family group.

Legislation on social security is still behind the times, mainly since it was drawn up at a time when the number of married women professionally employed was considerably less than today. It is also generally based on the outmoded concept of the married women being dependent on her husband. Legal notions such as the 'derived rights' of women and the 'head of the family' have yet to be revised. In several Community countries loud voices have been raised to give women the full rights to sickness and retirement benefits for staying at home and rearing children.

Female immigrants

More and more attention is being given to the problems of female immigrants. Certain measures have already been taken in France as a result of the findings of a special committee set up by the government.

At the Community level COFACE (the Community's Committee of Family Organisations) organised a seminar in Luxembourg in October 1976 supported by the European Commission and attended by numerous female immigrants. The problems they face are being studied with a view to finding the means of taking appropriate action. The problems of wives of immigrant workers is similarly being looked at seriously.

x

x x

COMPETITION STILL STRONG IN EUROPE

Despite the economic crisis, industrial competition is still strong in Europe according to the 'Sixth report on competition policy' just published by the European Commission. With the current difficulties the pressure on EEC countries to take protectionist measures has been heavy, urged by companies more interested in protecting their existing markets than attacking new ones. A few companies have tried to bend the rules, inevitably, but the majority of European companies have in fact increased their competitiveness.

380 cases

The Commission points out that it increasingly has to simply draw the attention of companies who are breaking or risk breaking the Community's laws of competition for them to voluntarily drop or modify the offending practice. In 1976, some 380 cases were successfully resolved without the Commission having to impose fines.

Concentration up 30 %

Together with industrial policy, the Community's competition policy sets out to stimulate cooperation across frontiers between Europe's industries, particularly small and medium sized firms.

The Total number of national and international mergers, participation deals and joint subsidiaries set up, increased more than 30 % in 1975 compared to 1974. There was an increase in the number of purely national deals to the detriment of international ones.

In 1975 the country which undertook the most national and international deals was Belgium and most were in the metallurgical industry.

Profitability and turnover

In an analysis the European Commission has carried out for the first time it appears that the largest companies are not necessarily the most profitable. The creation of very large units does not necessarily increase economic efficiency.

The Commission looked at the 50 most profitable European companies (including 12 US companies) of which 25.5 are British, 10 French, 7 German, 3 Belgian, 2.5 Dutch, 1 Italian, 1 Irish (the bi-national Royal-Dutch Shell was allocated 0.5 each for the UK and Holland). Of these 50 most profitable companies only 6 appeared in the top fifty league according to size of turnover. By contrast 8 of the most profitable companies appeared in the bottom fifty according to turnover (out of 292 companies).

The conclusion drawn is that it is not necessary to encourage concentration at all costs, but important to find the equilibrium point between the size of a company and its most profitable and efficient operating size.

Competition and food

Competition in the food distribution sector merits particularly attention

because of its implications as regards inflation. A certain number of products were looked at from Germany, France, Italy, Denmark and the UK at representative sales outlets. Of the 51 products examined in Germany, five were found on sale at more than 100 % above the lowest price advertised. In the UK , by contrast, no product was being offered at more than double the minimum price.

The provisional results show that the location of the selling point is the determining factor in the cost of distribution and the profitability of the shops. A small supermarket for instance (or small independent shop) in the town centre would probably find that its cost structure forces it to charge 40 % more than giant hypermarkets on the edge of town where land is cheaper and where perhaps it was near a fast motor-way and therefore able to reduce the cost of supplying and storing stocks.

It would seem unwise to want to impose uniform prices on all selling points for the same product or make of product. This would risk imposing the lowest price (and eliminating the small shops in the long run) or fixing the upper prices (offering an enormous bonus to the most efficient shops to the detriment of consumers).

Of course there are other factors to be considered which vary considerably from product to product and country to country ; the concentration of distribution, the relative strengths of manufacturers and retailers etc. The European Commission will be continuing its study of these areas over the coming years.

x

x x

PRESS AND INFORMATION OFFICES OF THE EUROPEAN COMMUNITIES

BELGIUM

1049 BRUSSELS
Rue Archimède 73
Tel. 735 00 40/735 80 40

DENMARK

1045 COPENHAGEN K
4 Gammeltorv
Postbox 144
Tel. 14 41 40

FRANCE

75782 PARIS CEDEX 16
61, rue des Belles-Feuilles
Tel. 553 53 26

GERMANY

53 BONN
Zitelmannstrasse 22
Tel. 23 80 41

1 BERLIN 31
Kurfürstendamm 102
Tel. 886 40 28

IRELAND

DUBLIN 2
29 Merrion Square
Tel. 76 03 53

ITALY

00187 ROME
Via Poli, 29
Tel. 68 97 22 à 26

LUXEMBOURG

LUXEMBOURG
Bâtiment Jean Monnet B/O
Plateau du Kirchberg
Tel..43011

NETHERLANDS

THE HAGUE
29, Lange Voorhout
Tel. 070-46 93 26

UNITED KINGDOM

LONDON W8 4QQ
20, Kensington Palace Gardens
Tel. 727 8090

CARDIFF CF1 1WF
4 Cathedral Road
P.O. Box 15
Tel. 371 631

EDINBURGH EH2 4PH
7, Alva Street
Tel. (031) 225.2058

CANADA

OTTAWA, Ont. K1R 7S8
350 Sparks St.
Suite 1110
Tel. 2386464

CHILE

SANTIAGO 9
Avenida Ricardo Lyon 1177
Casilla 10093
Tel. 25 05 55

GREECE

ATHENS 134
Vassilisis Sofias 2
Tel. 743 982/83/84

JAPAN

102 TOKYO
Kowa 25 Building
8-7 Sanbancho
Chiyoda-Ku
Tel. 239-0441

SWITZERLAND

1202 GENEVA
37-39, rue de Vermont
Tel. 34 97 50

TURKEY

ANKARA
Kavaklıdere
13, Bogaz Sokak
Tel. 27 61 45/46

UNITED STATES

WASHINGTON, D.C. 20037
2100 M Street, N.W.
Suite 707
Tel. (202) 872-8350

NEW YORK, N.Y. 10017
245 East 47th Street
1 Dag Hammarskjold Plaza
Tel. (212) 3713804