TRADE UNION NEWS

from the European Community

No 17 Spring/Summer 1975

TRADE UNION NEWS

No.17 Spring/Summer 1975

from the European Community

Contents

Published by

Commission of the European Communities

20 Kensington Palace Gardens London W8 4QQ

Telephone: 01-727 8090

Information Office

EDITORIAL

Trade Union News this month is concerned primarily with issues that are currently the subject of debate in the UK trade union Movement in connection with the referendum on UK membership of the European Community to be held on June 5.

The purpose is to examine from the point of view of the Community the changes in three main areas of Community policy brought about by or connected with the UK Government's renegotiations. The policy areas concerned are the common agricultural policy, development and cooperation with the Third World, and the Community budget. By discussing these subjects in this way it may be easier to recognize the degree to which these and other policies and aims of the Community change under the pressure of external events and internal political demands.

There is a summary of the TUC view on the renegotiations and the referendum, and an article bringing together a selection of statements made by trade union leaders in the various other Community countries during the last few years.

To bring trade unionists up to date with some of the policies relevant to their interests there are articles on developments in the Community's energy policy, on employment policy, and on the Commissioner's proposals on safety and health.

Michael Lloyd (Ed.)

COMMUNITY AGREEMENT ON MECHANISM TO OBTAIN A FAIRER BUDGETARY SYSTEM

One of the important questions throughout the renegotiation has been what portion of the Community budget Britain should be expected to contribute. At the meeting of Heads of Government in Dublin on March 10th and 11th this year, the Government secured agreement on a budget correcting mechanism which will provide a refund to the U.K., if in any year the British contribution (or any other nation's contribution) to the Community Budget is significantly greater than what is *fair* in relation to its share of the Community's GNP. In addition, much progress has been made in containing Community expenditure on agricultural support and in increasing Community funding of policies more beneficial to the U.K. with its need for industrial regeneration.

'Own Resources' — What is it

The Treaty of Rome which set up the European Economic Community envisaged the establishment, over a number of years, of a system under which the Community would control its own financial resources. What eventually emerged, and is known as the "own resources" system, was adopted by the Council of Ministers on April 21, 1970. This system made it possible for the Community to draw a progressively greater proportion of finance directly from customs duties and levies on agricultural imports. The original six members of the Community already pay these resources in full to the Community. The UK because in the transitional period it does not pay its full contribution does not pay up over the full amount of its yield on duties and levies. When the amounts from these two sources are not sufficient to meet the Community's revenue needs, it may call upon a proportion (equivalent to a rate of up to 1% points), i.e. 12½% of an 8% VAT yield) of the proceeds of the Value Added Tax (VAT) levied on a uniform basis. However, to date *no uniform VAT base has been agreed.* The short-fall is made up by member states' contributions, determined according to their respective shares of the Community's GNP. The "own resources" system has been approved by the Parliaments of the member states. No further taxes can be transferred to the Community without a formal agreement between the member states. This would require the approval of the British Parliament.

Original U.K. Contribution

When the Conservative Government negotiated for membership, they accepted this arrangement, subject to the transitional arrangements for new members. For the transitional period it was decided that the U.K. should contribute to the Community budget in accordance with a fixed percentage key, beginning at 8.78% in 1973 and rising to 19.24% in 1977. It was said that this was broadly comparable to the U.K's proportion of the enlarged Community's GNP. In 1978 and 1979 the British contribution would be limited. This is to say that in 1978 the contribution would not increase above that for 1977 by more than 40% of any difference between what the U.K. would have paid in 1977 under the full system of "own resources" and the actual contribution in 1977. The 1979 increase over 1978 would be similarly limited. These arrangements would have resulted in a net U.K. contribution of £200mn. in 1977, at 1971 prices.

The Labour Party's View

The Labour Party consistently took the view that if the above system were applied to the U.K. it would result in a growing drain on the British balance of payments which the country could not afford. Their view was that Britain's portion of total Community GNP in the next 6-8 years was not likely to be as large as had been expected. The proportion seemed more likely to be 15-16% rather than 19% of the total.

The customs duties and agricultural levies, which are chargeable on imports from third countries, fall most heavily on those member states with a small agricultural section and a high level of trade with the rest of the world, such as the U.K. and Germany. Nor could Britain expect in the near future to receive substantial *receipts* from the Community because of the high proportion of Community spending devoted to agriculture. The agricultural sector in the U.K. is smaller than in most of the other member states. The Conservative Government had placed a high degree of reliance for balancing this emphasis on an early and extensive diversification of Community expenditure towards technological, industrial, and regional policies from which Britain could expect to receive a much larger proportion of expenditures. The Labour Party saw no justification for this belief that such a change in emphasis would more or less automatically happen. It was clear, they said, that the Community budget needed a mechanism for adjusting *contributions* which would ensure that each member got a fair deal despite its changing economic position in the years ahead. It was impossible for any system which did not allow for such changes to be fair.

The Object of Renegotiation

In April 1974, the Foreign and Commonwealth Secretary made it clear to the Council of Ministers that fundamental changes would be required concerning Britain's contribution to the budget. Britain's income per head and her rate of growth were, he said, lower than that of many other member states. Mr. Callaghan said that the financing of the Community budget should not "in all justice result in massive subsidies across the exchanges from my country to yours. This is *not acceptable*". The British Government would seek to ensure that the U.K. would not have to pay a disproportionate contribution to the budget.

After discussions taking place over a period of months, an agreement was reached on 10/11th March 1975 at the Heads of Government meeting in Dublin. This complex agreement will result in a refund to the UK if in any year its gross contribution goes significantly beyond what is fair in relation to its share of total Community GNP. The new arrangements will apply to *any* member state that qualifies under the following criteria:

(a) has a GNP per head less than 85% of the Community average

(b) has a real rate of growth less than 120% of the Community average

(c) has to contribute "own resources" amounting in total to a share of the budget greater than 110% of the member state's share of Community GNP

(d) has a "net potential foreign exchange liability" as a result of the Community budget.

The first two criteria will be calculated on the basis of a 3-year moving average.

Reimbursement will be on a Sliding Scale

Reimbursement will be calculated according to a sliding scale. There will be no reimbursement in respect of any excess contributions between 100 and 105% of the member state's GNP share, but thereafter an increasing proportion will be refunded, reaching 100% for an excess of over 130% of the GNP share.

Table 1

FORMULA FOR THE RELIEF OF EXCESSIVE BUDGETARY CONTRIBUTIONS

Range of Discrepancy	*Rate of Refund*	*Total Refund: Total Discrepancy (at top of range)*
0-5 per cent	0	0
5-10 per cent	50 per cent (1)	25 per cent (1)
10-15 per cent	60 per cent	36⅔ per cent
15-20 per cent	70 per cent	45 per cent
20-25 per cent	80 per cent	52 per cent
25-30 per cent	90 per cent	58⅓ per cent
30 per cent and over	100 per cent	

The total reimbursement under the mechanism will be limited by the lowest of three alternative ceilings:—

(a) 250 mn. u.a. (approximately £125 mn. at current market rates), or

(b) the "net potential foreign exchange liability" of the member state as a result of its contributions to the budget, or

(c) the size of the member state's VAT contribution (or GNP — related financial contribution).

Limitation (a) will be adjusted upwards if the total budget expenditure rises above 8,000 mn. u.a., being fixed at an amount representing 3% of total budget expenditure. There is a further limitation in that if, on a basis of a 3-year moving average, the balance on current account of the member state in question is in surplus, the correction will be related only to the difference between the share of VAT payments (or financial contributions) and the member state's share of Community GNP. The U.K. is expected to qualify under the above criteria in 1977 or 1978 and in subsequent years. It can expect a refund on its gross contributions of up to about £125 mn. a year. The working of the arrangement will be reviewed after an initial trial period of 7 years, and if any member receives a refund for three successive years the Community will consider what more needs to be done. The assurance of a refund if the U.K. contribution goes significantly beyond its GNP share represents a substantial reduction in Britain's gross contribution to the Community budget.

Receipts from the Community Budget

Community membership involves receipts from its budget as well as contributions to it. The following table shows what the U.K. has paid into and received from the budget in 1973, 1974 and 1975 as compared with the forward estimates made of its net contribution in 1971.

(in £ mn.)

	Gross Contributions	*Receipts*	*Net Contribution*	*1971 Estimates of Net Contributions*
1973	181	77	104	145
1974	179	148	31	165
1975 (estimated)	305	230-240	65-75	205

Between 1973 and 1974 receipts received by the U.K. almost doubled, mainly through an increase in Britain's receipts under the CAP arrangements. For this reason and because of special factors on the contribution side net contributions were reduced to only £31mn.

The imbalance in the Community's expenditure was not raised by the Government in the renegotiation of the Budget as such, which was concerned with a corrective mechanism for gross contributions only. However, this issue was of relevance to other parts of the renegotiation process, e.g. relating to the CAP and regional policy. Much has already been achieved in this area and more progress can be expected. Equally, if Britain remains a member of the Community, the Government will continue to work for Community policies from which the UK can expect to benefit - such as the recently negotiated arrangements for subsidising British sugar imports and the new Regional Development Fund.

Conclusion

No change has been made during the discussion on the budget in the kinds of contributions from member states, i.e. the basic 'own resources' formula remains. The British Government position has been that the form of the original contributions was less important than having an effective corrective mechanism to ensure that refunds would be available if Britain's contribution went significantly beyond what was *fair* in relation to its share of the Community's GNP. However, this is not to say that further discussion on the budgetary system will now cease. The collection of customs duties and agricultural levies within the Community follows logically from the existence of the customs union and the CAP. To allow the budget to grow, some other source of funding had to be added; the proportion of the VAT yield in each member country was chosen. In fact, this has not yet come into operation and the 'residual' funding is by the (now adjusted) system of national contribution related to GNP shares. In practice, VAT funding would also be generally in line with GNP shares, but without an agreed tax base it cannot operate. Like every developed or developing Community policy or arrangement the budgetary system may yet change still further, as it has done in order to accommodate the UK demand for a fairer contribution for themselves *and* for other member states.

COMMUNITY'S NEW DEAL FOR DEVELOPING COUNTRIES

The Labour Party's February Manifesto said "The economic interests of the Commonwealth and the developing countries must be better safeguarded. This involves securing continued access to the British market and, more generally, the adoption by the enlarged Community of trade and aid policies designed to benefit not just 'associated overseas territories' in Africa, but developing countries throughout the world."

Although in the past Community aid and cooperation policies have been more limited both geographically and in respect to the kinds of help included, than have British policies, there have long been people in the Six who wanted to change this and to make the Community's approach to the developing world a far more comprehensive one. British renegotiation gave them the support they needed to make such changes. British trade unions have also been concerned to ensure that the interests of Third World countries were not neglected by the European Community.

THE LOME CONVENTION

The signing of the Lome Convention on February 28, 1975, by 46 developing countries and the nine members of the E.E.C., marks a significant change in the Community's relations with the Third World. These 46 countries, which came to be known during the course of the negotiations as the A.C.P. (African, Carribean and Pacific),[1] worked as a single block and through their solidity put the negotiations on a more balanced basis. By the end of the lengthy and often difficult months of talks, it had become clear that the days of aid 'donors' and 'recipients' had ended. The growing recognition by non-industrialized countries of their power as producers of essential raw materials combined with an increasing acceptance by developed countries of the necessity, in our rapidly changing world, for a fairer deal for developing countries to put an end to the old ideas of 'aid'. The Community has clearly realized that in the long term it cannot hope re remain prosperous in a world full of poverty.

The new convention focuses on 4 areas.

1. trade cooperation
2. stabilization of export earnings (including sugar)
3. industrial cooperation
4. financial and technical cooperation

Trade

As regards trade cooperation, the Lome Convention is founded on the principle of free access to the Community markets for A.C.P. products. This puts the A.C.P. countries on the same footing as member states for all except a few agricultural products, and even in these they will be given preferential treatment. Under this new convention, the developing countries have not been asked to give Community countries reciprocity on trade concessions; however, the A.C.P. States have agreed to guarantee the Community terms of trade no less advantageous than those granted to the most favoured nation, and not to discriminate among the nine. As under the Yaounde Convention, the two sides will consult both on matters of joint interest and when the decisions of either may involve interests of the other. The Lome Convention also offers scope for financing trade promotion for A.C.P. products, as did the Yaounde Convention.

STABEX

Through the introduction of STABEX, a system of stabilisation of export earnings, the Lome Convention has made a major innovation in international economic relations. Aside from the I.M.F.'s compensatory financing, which works on very different principles, the STABEX scheme is the first time that the industrialized countries and the exporters of primary products from developing countries have agreed to a system guaranteeing exporters a certain level of export earnings shielded from the usual risks of market forces. The system thus acts as insurance against bad years.

[1] See Appendix 1

It assures monetary transfers from the Community to the exporters of 12 primary products from the A.C.P. states, when their effective earnings from one year's exports to the Nine fall below a certain level. The products included are groundnuts, cocoa, coffee, cotton, coconuts, palm and palm kernel products, hides and skins, wood products, bananas, tea, raw sisal, and iron ore. In addition, 17 subproducts (by products?) are also covered. This scheme is particularly important to states which rely very heavily for foreign exchange on the export of one product. For example, 86% of Burandi's total exports are coffee and 69% of Chad's total exports are cotton. Groundnuts and their by products account for 94% of all Gambia's exports and 73% of Mauritania's exports consist of iron ore. The system is applied so that the least developed states[2] receive special protection. States benefitting from the transfers are also expected to contribute to building up the resources during boom periods. However, this clause does not apply to the *least developed countries.* The STABEX scheme is meant to be the first step on the way towards a more harmonious and balanced relationship between producers of primary products and their consumers. The Community will contribute 375 mn. units of account (u.a.) to this scheme for the period during which the Convention is in effect. It will be divided into 5 annual instalments. Any balance at the end of one year may be carried over into the next. Many developing countries have been seeking to make their income from commodities more secure for a long time and attach great importance to the STABEX scheme as a significant attempt to stabilize world commodity prices and at the same time bring more genuine cooperation between the world's producers and consumers of raw materials.

Of all the commodities, exported by the A.C.P. countries, **sugar** was the one of main concern during the renegotiations. For over 2 decades, Commonwealth sugar had been imported by the U.K. in guaranteed quantities and at guaranteed prices under the Commonwealth Sugar Agreement. This supplied $\frac{2}{3}$ of the U.K.'s domestic sugar needs. When Britain joined, no firm and detailed arrangements had been made to deal with these imports. The Commonwealth Sugar Agreement was due to expire at the end of 1974, so it was urgent to secure satisfactory access to the Community for this sugar from the Commonwealth. This was achieved as part of the Lome convention. Guaranteed access is now available indefinitely for up to 1.4 mn. tons per year of sugar from developing Commonwealth countries. This is the same amount these countries supplied under the Commonwealth Sugar Agreement. Although India is not one of the A.C.P. countries it also has been included in the agreement on sugar. The price the Community will pay for this sugar will be related to the Community's prices for best sugar paid to its own producers. It is now up to the Commonwealth producers to decide how much they want to supply. The new arrangements are certainly as favourable for the producers as the Commonwealth Sugar Agreement, and British consumers are assured of continuing supplies of cane sugar at reasonable prices. Equally British workers in cane sugar refineries are no longer under the threat of losing their jobs as a result of the U.K. losing the 1.4 mn. tons of cane sugar.

Industrial Cooperation

The section of the Convention on industrial cooperation is another of its more striking innovations. It was officially requested by the A.C.P. countries, but both sides recognize that in the future industrial cooperation will become increasingly important in today's rapidly changing international economic relations. The provisions of the Convention on industrial cooperation include the following:

1. development of infrastructure
2. help with setting up manufacturing companies
3. training
4. industrial studies and research
5. transfer and adaptation of technology
6. special efforts to help small and medium-sized concerns
7. industrial information
8. promotion drives

The financing of such a programme is governed by the provisions on financial and technical cooperation (see below).

[2] See Appendix 1

The convention also sets up two special structures to promote such cooperation. These are the Industrial Cooperation Committee and the Industrial Development Centre. The Committee is to identify any problems arising in the area of industrial cooperation and seek to solve them and to guide and superintend the Centre, which will be a completely new institution. The Centre will be run by the A.C.P. and the Community jointly and will be responsible for industrial liaison and guidance and promotion of activities. It is hoped through this Centre to interest Community firms in industrial cooperation with the A.C.P. countries. This is very important because it is these firms which are largely responsible for progress in the industrial sector through the transfer of technological, administrative, and marketing know-how. Although this kind of cooperation is still in its infancy, it could prove very significant in the long term.

Financial Cooperation

The Lome Convention makes a total of 3,390 u.a. available for the A.C.P. countries; 3.7 times as much as the Community provided unerd the previous convention, Yaounde II. The amount is divided as follows:

European Development Fund	3,000 u.a.	(£
grants	2,100 u.a.	(£
loans on special terms	430 u.a.	(£
risk capital	95 u.a.	(£
STABEX (see above)	375 u.a.	(£
Ordinary loans from the European Bank	390 u.a.	(£
Total	**3,390 u.a.**	

The total amount represents, on annual average 20% of the current aid provided by the Community and the Member States for developing countries as a whole.

The general aims of the Convention are to strengthen economic and social infra-structures, rural development and training programmes, industrial development and sales promotion and marketing schemes. However, certain aspects of the Convention are being stressed and new means have been provided accordingly. Some 10% of the financial aid has been set aside for regional and inter-regional cooperation schemes. Specific aid also will be provided to small and medium-sized firms via public financial development bodies. In addition, aid will be provided for small-scale schemes, especially in the rural sector, through flexible intervention procedures whereby the A.C.P. States will have considerable scope for autonomous decisions, and local communities will also play their part. Twenty million u.a.'s have been set aside for this purpose for an initial 2 year period.

In the Lome Convention emphasis has been put on giving increased responsibility to the A.C.P. countries for defining their own programmes and formulating their requests for financing compared to what was expected in the Yaounde Agreements. The dialogue begins with the requests for financing. In addition, there has been an attempt to give preference to firms in the A.C.P. countries when the bidding for contracts for projects in these countries takes place.

IMPROVEMENTS FOR NON-ASSOCIATED COUNTRIES

Improvements in the G.S.P.

In the trade field, the most important element of the Community's policy for non-A.C.P. developing countries is its Scheme of Generalised Preferences (GSP). This scheme allows most of the *manufactured* exports and many of the processed *agricultural* exports of the developing countries to enter the Community market duty free or at preferential rates, but it has been unsatisfactory in several important respects. During the renegotiations the Government called for the progressive elimination over several years of its restrictive features and for an extension of its scope, particularly for processed agricultural products. As a result of the renegotiations major improvements in the scheme have been made in both of the above areas. Many of these improvements will benefit the independent Asian Commonwealth countries. The main improvement is a reduction of the list of sensitive products from 51 to 16 (i.e. those with pre-set limits to preferential access into the Nine). Agreement has been reached for a major extension of the coverage of the Scheme in respect of processed agricultural products. The Asian Commonwealth countries stand to gain in particular from the enlargement of quotas for tobacco and ply-wood, zero United Kingdom duties for jute and coir products from India and Bangladesh, and agreement to include later this year a range of tropical oils of interest to South-East Asian developing countries. In addition, discrimination against Hong Kong in the Scheme has been reduced through the extension of preferences on non-leather footwear, one of her jamor exports and the Community has agreed to review Hong Kong's exclusion from preferences on textiles when the Scheme for 1976 is considered. On March 3, 1975 the Community agreed that the poorest developing countries — notably those of the Indian sub-continent — will be kept specially in mind for all future improvements. It was also decided that the G.S.P. will be extended after 1980. This was the first public declaration of any of the developed countries of an intention to extend their G.S.P. beyond that date. For the forthcoming GATT negotiations, the Commission has been given a mandate which attaches special importance to dealing with the problems of developing countries.

CHEYSSON FUND, FOOD AID' AND FINANCE

The British Government urged that the poorest Asian developing countries, like India and Bangladesh, who are ineligible to benefit from the European Development Fund, should be given financial and technical help under some other procedures. It suggested that a good way to do this could be through Community participation in the United Nations Emergency Measures for the developing countries hardest hit by the great increases in oil prices. The Community has now agreed to provide 250 mn., now referred to as The Cheysson Fund, through this U.N.scheme and S42 mn. in Community food aid. In April, 1975, the Council agreed to an accelerated procedure for taking decisions concerning E.E.C. food aid, which should lead to increased efficiency in the programme. In addition, in July 1974, the Government won Community Agreement for the first time to the principle of giving financial and technical help for non-associated developing countries. Moreover, the Community, influenced by British pressure, has now made some useful proposals for a 5 year programme of financial and technical aid, to begin in 1976. This is to be concentrated in the largest and poorest developing countries.

The financial aid should total 100 u.a. (£42m) in 1976, rising to 200m u.a. (£84m) in 1980; When these new proposals are implemented, Commonwealth countries will receive up to two-thirds of the Community's aid, including food aid and help under the UN Special Emergency Fund, Countries of the Indian sub-continent will be major beneficiaries of the new aid proposals. Neither is Latin America now being ignored. In April this year, the Community announced it will soon sign a cooperation agreement with Maxico, similar to that signed last year with India. This agreement will deal, for the time being, only with trade, but it will be the broadest agreement yet reached by the Community with any Latin American country. Previous trade agreements with Latin-America countries were limited to specific products. The agreement will include a clause to allow for its eventual up-dating and its possible expansion to include non-trade questions.

The Community also has announced its willingness to begin immediate negotiations on its question of international commodity agreements to cover wheat, maize, rice, and sugar. These arrangements should include stock-piling where appropriate; the four products covered are part of those in an integrated commodity programme which has been presented to the UN Committee on Commodities by the UNCTAD secretariat.

THE COMMON AGRICULTURAL POLICY *HAS* CHANGED

A great deal of discussion has taken place in the Trade Union movement, and elsewhere, on the Common Agricultural Policy. Underlying much of this discussion have been two major misconceptions: first, the belief that the pattern of world food and agriculture may, indeed probably will, revert to that prevailing in the 50s and 60s, once the acute food crisis of the years 1972-75 is over. Second, there has not been a proper understanding of the CAP itself and of former British food and agriculture arrangements, nor of the changes that have taken place in the CAP and their relevance to the UK. The CAP has been a major feature of the Labour Government's renegotiation and given the importance of it in trade union discussions it will be useful if these misconceptions can be removed.

THE WORLD SITUATION

The price explosion

Between June 1972 and January 1974 international wheat prices rose from $60 a metric ton to $214; prices of other food grains rose similarly. During 1974 the impact of the quadrupling of oil prices began to be felt in agriculture, through rising costs in mechanised farming, oil based fertilisers, and pesticides. There was a sharp decline in investment and a sharp rise in prices. Exporters of the natural fertiliser, phosphate, were able to treble their prices. Repercussions were felt in all commodities. From late 1973 onwards the Caribbean sugar producers demanded successive revisions of their contract with the UK — by the end of 1974 exacting £140 a ton instead of the contracted price of £61 a ton, while the US was willing to pay even more. The world price had gone to nearly £400 and was still rising. In 1973 the US itself imposed a temporary ban on soya exports (on which Western Europe is crucially dependent) and broke contracts for wheat delivery to the USSR. By this time EEC prices were well below world prices, grain stocks dangerously low and programmes of food aid being cut back.

Irreversible trend in world food situation

The explosion in food prices, unprecedented since the early years of this century, must be seen, however, against a background of change which is far more deeprooted and which points not only to inflated production costs but to a continuing worldwide excess of demand over supply. As late as 1971 the world agencies were optimistic about the possibility of food production keeping pace with an expanding population; in fact arable acreage had been severely cut back in the US in an attempt to reduce surpluses. At the UN-sponsored World Food Conference in 1974 this optimism had given way to gloomy forecasts on the world's capacity to feed itself. The World Population Conference predicted an inevitable doubling of the world population by the end of the century. The OECD endorses the FAO: "There seems every likelihood that prices will remain much higher than in the past, even if they settle somewhat below the record prices of the early months of 1974" (OECD/DAC Review, 1974).

Shortage

The pattern international agencies predict is one where in the long run the continuing need to supply the countries of Southern Asia with food aid and imports on a large scale, the maintenance of food reserves against regional crop failures and famine, and increasing competition for imports among the high-consumption industrialised countries will together remove the possibility of a return to the market surplus situation of the 50s and 60s. It is the trend in increased demand for food and the inflation of costs of food production, rather than crop failure, which represents the real change in the world market situation.

During the eight years up to 1973, a radical shift occurred in the international food trade patterns. Food production in the developing countries fell back from a third that of the developed countries to a quarter. Consumption, particularly the demand for meat, in the developed countries increased massively. Whereas in the post-war years Western Europe (the UK in particular) was the world's main cereal-importing region, by the early 70s the largest share of grain exports went to Asia; the USSR, Eastern Europe, China and Japan in addition to countries like Argentina, had emerged as significant and often disruptive competitors for world market supplies. In the absence of worldwide internationally controlled stockpiling and commodity arrangements, the interventions of some of these countries cannot fail to contribute to huge fluctuations in price and availability.

Stocks

The US had ceased stockpiling in 1973 and its producers were able to take advantage of exploding world grain prices. If bumper grain harvests in North America do occur (as is possible this year) world market prices will tend to fall. But the pressure on the US to stockpile again will be overhwleming, both from producers themselves and from the rest of the world in the interests of future price stability and security of supply. Big investments have been made in extending arable land under cultivation during the period of high world prices; if these now fall to any considerable extent, cultivation in many areas will become rapidly uneconomic and cutbacks in acreage under cultivation would follow quickly.

The US Secretary of State Henry Kissinger said on May 13 this year: "Our farmers have gone all out to maximise their output. The world must take advantage of better crops this year to reconstitute stocks". "Fortunately, good crops this year will ease food supply problems. But we cannot let this lull us into complacency about the longer term. We cannot escape the reality that the world's total requirements for food are growing dramatically, not easing. The current gap between what developing countries produce themselves and what they need is about 25 m tons; at present rates of growth, this gap is expected to double or triple ten years from now". Speaking of US proposals for international action on building up and managing grain reserves he said, "There must be a clear presumption that all members would make reserves available when needed, and conversely, that reserves would not be released prematurely or excessively and thus unnecessarily depress market prices".

An economic price

The grain producers themselves are making it clear they will *not* accept a significant fall in prices. Some fluctuations in cereal prices will always occur, and the downturn from the peaks of 1974 was inevitable, particularly in view of the current world recession (the sudden drop in demand for meat caused farmers in the US to cut back on their fattening herds by one-third between February last year and February this year — resulting in a 20 per cent fall in demand for feedgrains). The situation is paralleled in Australia and elsewhere.

But the prices currently being cited in the Chicago grain market by producers as a minimum economic price are far removed from those prevailing before the oil crisis and before the explosion in grain prices. They vary from 3½ dollars a bushel to $5 a bushel — *above* the present EEC price. French grain producers are as efficient as those anywhere in the world — in fact productivity per acre is higher than in North America. The former high price of EEC grains in relation to the world market resulted from the CAP's need to cater for the smaller less efficient German grain producer through a high end-price system. But a point to be borne in mind is that "efficiency" itself — the application of technology — now involves costs that have escalated enormously because of general inflation and the oil price explosion.

The essential question is whether the *level* of prices in the EEC — for this is what matters to the UK consumer — will be above, below, or roughly the same as those of the world market. The change outlined above from a situation of worldwide market surplus to one of continued shortage, coupled with enormously increased production costs — and extensive changes that have occurred or are occurring within the CAP itself (see later) — suggest that *EEC prices are likely to be pitched within the range of world prices.*

All advanced countries operate support systems for managing and protecting their agriculture. The system chosen has varied (as between the US, EEC and UK) largely according to relative dependence on outside supplies, the importance attributed to domestic production, and the degree of efficiency or economy of scale (which partly dictates the level of support).

Farm production, unlike other modern industrial production, is based on a large number of small producers. These supply a market for which demand is relatively stable. A small increase in supply (the volume of which cannot quickly or easily be adjusted and which is subject to inevitable fluctuations due to weather and other conditions) may lead to a substantial fall in price. The new technological developments essential to efficient agriculture lead to higher productivity, with the consequence that output will, in a stable demand situation, tend to outstrip demand. The farmer, facing a decline in returns as prices fall, is under pressure to increase output further to maintain the level of return. Whatever the social or economic circumstances of the agricultural system, the only way out of this spiral of depressed prices and low incomes is state intervention. (JK Galbraith in The New Industrial State: "All countries with highly developed agriculture have moved toward planning in this industry to the extent of establishing systems of price control . . . Gains in productivity in recent years (1967) have been considerably greater in agriculture than in industry. However, farmers being numerous there is no chance for non-governmental regulation of prices that characterises the industrial system").

The CAP

A preliminary reminder: the mechanisms of the CAP are *not* prescribed in detail in the EEC Treaties. Its broad objectives, on the other hand, are almost identical with those laid out in the UK agriculture Act of 1947. The "classic" model, evolved between 1964 and 1967 (and which is the subject of most attacks on the CAP) operated in fact for only two or three years (1967 to 1971) before monetary disruptions and floating currencies made necessary the introduction of an increasingly complex web of subsidies and taxes to preserve the free circulation of agricultural goods (monetary compensation amounts). In the same period, UK entry itself was placing further strains (and heavy costs) on the mca machinery, while concern at inflation added another catalyst for change.

CAP in the 60s

Not surprisingly, the CAP as it emerged during the 60s suited the EEC of the Six rather than the EEC of the Nine. From the outside it *appeared* as a high-priced protectionist bloc. In many ways it was *no more* protectionist than US agriculture — but its support system, relying chiefly on end-prices, resulted in higher consumer prices than those prevailing on world markets (hence higher than those in Britain); and cheaper food competing with EEC production came up against a tariff and levy wall. The interests of Germany and Italy as big importers (Germany's dependence on imported food exceeds that of the UK but its imports come largely from within the EEC) were less well represented than those of the big producers and exporters (France and the Netherlands being net exporters). But the CAP had to provide for inefficient farmers — foremost among them in fact *German* and *Italian* producers — in its common pricing system. (In this period, it should be remembered, world surpluses depressed prices to below their long term production costs. All the developed world's domestic support systems were generating surpluses; bad agricultural trading relations nearly wrecked the Kennedy Round).

"Dear food"

The devices worked out in the 60s to support and protect the CAP market for products in which the EEC was entirely or nearly self-sufficient appeared unattractive to the UK — particularly as these products (principally cereals and dairy products, other than liquid milk) were ones for which the UK was especially dependent on outside supplies. For cereals and milk products there were systems of *intervention* to take produce off the market when producer prices fell too low; *variable levies* to ensure that imports did not undermine home prices; and *export subsidies* where necessary to enable EEC exports to compete on world markets. These mechanisms implied both a high internal prices and a 'prohibition' of cheaper imports. Beef was added to the list of products for which intervention operated in 1972, but (paradoxically) because the worldwide beef shortage and rapidly increasing *world* prices of that time led the EEC to bring in additional production incentives to reduce the EEC's deficit. (The 1974 beef glut was the product of a combination of acutely difficult *world* circumstances).

Operating in those years of generally depressed world prices the EEC system succeeded in easing the transition from agricultural production to other sectors for huge numbers of farmers — alongside very massive expenditure by the national governments in modernising their agricultural systems. The problem of surpluses (see later) accompanying what was an enormous increase in productivity in many farm sectors was inevitable, given the world situation. But agricultural surpluses must be seen in perspective. EEC surpluses were peculiar in a world context because the high guaranteed producer prices relative to world ones necessitated more obvious dumping procedures than those used by other producing nations. What is important in any system is the avoidance of a structural surplus (one for which there is no foreseeable market) and which in the case of the EEC system was bought at high cost. If demand is there, the production of a surplus of farm produce by one country or by the EEC as a whole is not more irregular than the creation of "surplus" steel or motor cars. It is far less easy to calculate in advance the demand/supply situation for the long production cycles and inherent supply fluctuations of agriculture than for industrial production.

The UK Stem Before Entry

Cheap food

The British system developed in very difficult circumstances. The UK's already smaller degree of self-sufficiency (originating in the early years of the industrial revolution and Empire) had declined since the production effort of the Second World War. The UK still had access to relatively cheap food from traditional suppliers (many of them Commonwealth countries), to whom we wished to export industrial goods; and a highly efficient agricultural sector involving a much smaller proportion of the population in food production (though the contrast with the Continent is considerably less now). We had, in so far as this was possible, a cheap food policy.

The support system worked by guaranteeing a minimum income to the farmer irrespective of the market, through "deficiency payments". Low-cost exporters had relatively free access to our markets, and the gap between market prices (generally low because of cheap imports) and the guaranteed price was made up by the deficiency payment, the bill for which was footed by the taxpayer. (The contrast with the EEC system, where the main burden of support at high end-prices fell on the consumer, was behind much of the socially-based opposition to the need for the UK to adopt the CAP if we entered the EEC).

Qualifications

But the UK system was not entirely liberal; the UK was no exception to the rule that every country has to protect its agriculture. Under the guarantee system it was never possible to allow in unlimited imports, without causing a disastrous rundown in home production and an enormous cost to the Exchequer. Aside from *tariffs*, UK protection during the 60s included a rigorous *quota* system for *butter, bacon, apples and pear* imports; a minimum price system enforced by *variable levies for cereals;* in times of surplus a complete *ban on potato imports as well as "intervention" buying.*

The Commonwealth Preference in itself meant we were *not* seeking to buy the very cheapest products available on the world market. The quotas offered Commonwealth producers were exclusive; this was considered worthwhile in the interests of longterm stability of supply. Under the Commonwealth Sugar Agreement the UK paid about *double* the world price.

The costs

Furthermore, the deficiency payment system proved enormously costly in periods when cheap food was abundant on world markets. In the absence of protection, £70 million were paid out as a *supplementary* deficiency payments to beef farmers alone in 1962/3, and £40 million in 1967/68. The UK finally put a levy on beef imports in 1969; before that, the Verdon-Smith Committee had considered support buying ("intervention") for beef and Ministers nearly decided to adopt it. To make the point, had Britain been operating a deficiency payment system (even at a comparatively low guaranteed price of say £20 per live cwt) in 1974 for beef without stringent protection against imports, the cost would (MAFF system) have been in the order of *£700 millions.* There was a worldwide glut and the UK would have been flooded with imports, pushing market prices to rock bottom.

The limitations

One crucial point to be borne in mind concerning the former UK system: while world prices were low the deficiency payments system did effectively keep the cost to the consumer down below what even efficient British farming would have required as a market price, the tax-payer meeting the difference. But when world prices are *high*, or food scarce, they *cannot* bring down the price of food to the consumer. We are no longer in a situation of world surplus, in which Britain's main problem was that of adjusting to periodic influxes of cheap imports which made it very expensive to pay farmers.

The success of deficiency payments also depended on our suppliers' preparedness to sell at prices which gave their own producers a return below that which the UK guaranteed its own producers — in the *then* common situation where the UK received the world's surpluses, at prices lower than production costs or the prices received by the producers themselves.

Balance of payments

One rider tp this is that the UK's dependence on imported food from whatever sources has placed an increasing strain on our balance of payments. Our present food bill equals the whole of our balance of payments deficit. This factor, all the more important if imports are paid for in a depreciating currency, underlies the Government's conclusion in the recent White Paper ("Food From our own Resources") that a continuing expansion of food protection in Britain will be in the national economic interest. In the 50s and 60s when reliable supplies of cheaper food were to be had — when in fact the world's surpluses were often unloaded on the British market — experience showed that allowing in unlimited imports not only depressed agriculture in the UK but often lef to *higher* import prices, as the competitiveness of UK agriculture declined. The Government sought to find the right economic cut-off point.

UK ENTRY AND RENEGOTIATION

Introduction

Entry

Assuming a continuation of the 1960s world/UK/EEC price relationship pattern, the increase in food prices resulting from the UK moving up to full EEC price levels was expected to be about 15 per cent. The then Government and proponents of entry judged this to be the inevitable price we should have to pay for the industrial and other benefits of membership (A one-sided agreement, even for free trade with the EEC, whereby the UK opted out of the CAP and retained a cheap food policy was never a possibility. All the EFTA "non-candidates" who negotiated free trade agreements with the EEC subsequent to Britain's departure with the exception of Portugal already operated high-price food systems. For *Norway* EEC entry would have meant a *lowering* of their farm prices.

The main achievement of the 1971 entry negotiators was the securing of a full five year transitional period for agriculture (minimising the expected impact of a 15 per cent rise through spreading it over 6 steps averaging out at 2½ per cent a year) — whilst obtaining a four-year period for the dismantling of tariffs on industrial goods, in 4 steps only.

False premise

That food prices would increase as a result of moving up to EEC levels was the only possible premise in 1971/2. But even during the first full year of membership the original food price postulate began to prove false. Throughout 1973/74 the situation of the CAP in a world and EEC context had been radically transformed as world prices for most major commodities rose faster and to higher levels than EEC prices. The CAP system itself was undergoing considerable change from a policy devoted essentially to the support of producers to one surprisingly effective at *stabilising price levels and supply* for the benefit of the *consumer* — and surprisingly open to new ranges of measures for both producers and consumers. Thus, by the time the new Labour Government began to pursue its policy of "renegotiation" to improve the terms of entry, the lines on which many of its manifesto objectives were framed were out of date, even where those objectives might retain a *general validity* for the future. In particular there was clearly no current possibility of obtaining cheap food on world markets.

CAP Changes

UK Shifts to purchases of cheaper EEC Food

Imports of grain from the EEC into the UK increased threefold over 1972/74, with an accompanying shift away from purchases of North American supplies, which fell from nearly 8 million tons to just over 5 million. (Note: It was this shift to cheaper food which increased our trade deficit in food with the EEC from £173m to £627m). During 1974 the *saving on beef* import payments by switching to EEC supplies amounted to some £30m, though this produced an *apparent* increase in the UK—EEC deficit of some £100m! At one point the UK was buying wheat from France at £60m a ton cheaper than the wheat it was purchasing from North America, which had considerably more than *doubled* in price since 1971. In the same period 1971/74 EEC grain prices rose in price by only some 10 per cent in national currencies. Prices generally during this period has risen on the world market by some 20 per cent annually, whilst CAP institutional prices were increased by only some 5 per cent per annum. The 33 per cent increase in CAP prices over the past seven years represents, in fact, *a 20 per cent fall in real terms.*

While world prices were lower than EEC ones for most important commodities, *import levies* protected the EEC producer and kept EEC prices high; EEC surpluses were exported with the help of *rebates* to enable them to compete. During 1973/74, however, the *CAP* was actually *keeping down* the impact of soaring world food prices, particularly those of *grain* and *sugar.* CAP preference (the framework for protection) operated to the *benefit* of the consumer as for most of the past 2½ years. *Export levies* (and in the case of certain wheat exports an *export ban*) stabilised prices in the EEC by curbing exports of grains and sugar and kept supplies within the EEC. Export levies in fact *penalised* producers, who were unable to take advantage of high world prices to sell their goods on the world market. (The French Government reckons its producers had to forego £1500 million worth of export receipts on cereals). At the same time — *effectively turning Community preference on its head* — the EEC subsidised imports of sugar from the world markets for the UK to the tune of £47 million in 1974/75 (bringing down the cost of a 2lb bag of sugar by 20p, in the UK Government's estimate). EEC-financed import subsidies (monetary compensatory amounts) shielded the UK from the effects of a depreciating currency, reducing the costs of our food imports from the Community directly by £110 million during 1973 and 1974. During the first four months of this year these import subsidies were running at the rate of £19 million per month. *The subsidy on the UK's imports of major foodstuffs currently amounts to not less than 15%.* Allowing for some products (butter and cheddar cheese) for which consumers in the UK were paying more as a result of EEC membership, food has cost the UK consumer *less* in the EEC over the past 2½ years than it would have done outside.

Renegotiation coincided with a period when outside events which turned CAP upside down in many ways that were beneficial to the UK and to the UK consumers, in terms of food price levels and the demands of security of supply. It also came on the heels of the oil price explosion which further deepened all the EEC governments: anxiety at inflation — and hence at increases in farm prices and costs.

Criticism of the CAP and pressure for its reform were nothing new. Everyone, and particularly Germany, had voiced mounting concern at the FEOGA costs involved in the butter surplus of 1972/73 and at the end of 1973 the Commission produced its long-awaited memorandum on the improvement of the CAP. By the time the UK announced its renegotiation objectives, it was increasingly apparent that many of the CAP's defects could be tackled only by a pragmatic approach. Resistance by countries such as France and Ireland to changes that would threaten "fundamentals" weakened during 1974 as successive direct aids, often national, were introduced — by *France* among others. Pressure for change reached a head in the middle of 1974 when the German Government demanded a root and branch assessment of the CAP.

This Stocktaking was produced by the Commission towards the end of the Government's renegotiation. It contains important acknowledgements of the UK's basic criticisms of inherent defects in the CAP and welcomes the most important changes and innovations brought in as a result of the UK's pressure during renegotiation. Its recommendations, tending in all cases towards *reducing* the costs of the CAP and containing price rises, dovetail closely with actual renegotiation gains, which followed on specific aims updated from the generalised objectives contained in the manifesto two years before.

Flexibility

The undoubted value of the CAP in assuring supplies of food and stabilising prices during 1973/74, when there was serious danger of the CAP breaking down under internal and external pressures — helped the EEC governments and the Commission to recognise the necessity for a new degree of flexibility in previously unthought of areas. The stimulus came from the UK Government.

The UK Government did abrogate the CAP' Each of the innovations brought in during renegotiation — unlike the exceptional aids, sometimes illegal, brought in by other member governments — were fully endorsed by the rest of the Nine and the Commission. Most importantly, they are now written into the CAP.

Those parts of the CAP machinery which were most effective in keeping down food price rises in the UK during 1973/74 (mca's and the sugar subsidy) were *Commission* rather than British proposals. Effective renegotiation amounted to pressure for pragmatic solutions, and concerned essentially the longer-term cost-benefit factor of CAP mechanisms.

Beef premiums: through its success in bringing in a new mechanism for beef support — in fact a combination of deficiency payments and intervention — the UK established an important break with EEC practice. The alternative system may be adopted by any of the EEC countries. A very important implication of the scheme is that *for any given product* mechanisms may be introduced or adapted providing they do not harm any member. Unlike derogations for national aids, these alternative mechanisms will be supported out of EEC funds to the same value as more traditional mechanisms. The need for flexibility in the operation of intervention in the beef sector is written into the Stocktaking.

Cost-benefit: the consumer: The cost-benefit principle has also been extended to the realm of consumer subsidies. When in 1973 the Conservative Government was granted leave to bring in a consumer subsidy on butter, agreement was on the basis of a temporary derogation; the same for production subsidies for pigs. In 1974, however, the butter and beef consumer subsidies (general consumer subsidy and "social" subsidy) were implemented as a deliberate Community policy. The whole range of UK consumer subsidies are now authorized: butter, bread, cheese and milk etc. Moreover, the crucial principle that EEC consumers have priority benefit ("preference") is written into the Stocktaking and is acknowledged by the Commission as an important new departure instigated by the UK. *Surplus production will always be used to the benefit of the EEC consumer first.*

Prices and efficient farming: the erosion of the CAP's exclusive reliance on end-price support is carried further by the Stocktaking's recognition that direct income subsidies and social and regional policies must have a permanent role in supplementing or supplanting endprice to guarantee incomes for categories of less efficient farmers in the EEC. Paradoxically, the first concrete policy step in this direction is the EEC's hill farming ("less favoured areas") directive originally designed to take account of Britain's hill farm subsidy system). This is the beginning of a process that will result in a *two-tier CAP* whose mechanisms and prices distinguish between economically viable and unviable production, end-price support being geared unequivocally to the efficient farmer and the special cases being taken care of in other ways.

Even without this definite commitment, EEC institutional price rises have over the past few years reflected the needs of efficient farming (cf above for yearly price rises). The increases agreed each year have been well *below* the cost increases for farmers everywhere, and well below the general level of price inflation. The amount at constant stable prices, of the EEC budget going to agricultural support has remained constant over the past 4 years and the CAP share of the budget has declined. (It is well to remember also that the CAP budget represents only *2-3 per cent* of total expenditure on food in the EEC). As far as FEOGA payments to the UK are concerned, these were devoted almost exclusively during the first two years' membership to *production grants* and *consumer subsidies*. Only £7 million out of a total of £175 million went on intervention and storage.

Butter

For the EEC there is one CAP problem product — butter — where the price-cost factor has been consistently out of balance. The EEC has a structural surplus directly related to inefficient farming and one which is reflected in guaranteed prices that are high in relation to world prices. Milk production is fundamental to farming in Europe (the UK included), beef production being for the most part merely an adjunct. In the Six, eating habits meant that the bulk of milk production went into dairy products other than liquid milk, and this was where the support operated (unlike the UK where the guarantee operates for liquid milk only). Small and medium farmers in the EEC, suffering declining returns, have tended to produce more and more milk in an effort to recoup, with the result that surpluses have accumulated for which no commercial outlet existed and which have been disposed of by means which aroused public hostility and caused great embarrassment to the Community. In 1973 butter accounted for half FEOGA expenditure.

The avoidance of surplus butter production through the proportionate lowering of the support price to levels sufficient for efficient farming is one of the major objectives of the Stocktaking. The Commission's proposal, which meets with UK approval, is a two-tier price review by which price rises will be held down in the event of surplus production. *The EEC now has no butter mountain*, indeed as a result of the increased consumption resulting from consumer subsidies and after the various subsidised sales outside the EEC, stocks are low. There is a good chance that "co-responsibility" will succeed in avoiding a recurrence of the surplus situation.

The butter price. For butter *alone* of all CAP products, the British consumer must face a price rise *directly* resulting from EEC membership. Three more transitional steps must be made towards levels which *are* considerably higher than those now obtaining in the UK (even if price rises are kept to a minimum during the rest of the transitional period). In addition, Government and EEC subsidies are disguising the real butter price in the UK. Here the original premise concerning price rises does hold good.

But, as the following explanation makes clear, the price of butter would have risen in the UK anyway.

New Zealand butter. Cheap butter came to the UK from its traditional suppliers — New Zealand, Denmark and Ireland. The most New Zealand ever supplied to the UK was 45 per cent of our import requirements, and that was 82 per cent of New Zealand's exports. By the time the UK joined the EEC NZ was supplying only a third, and although she had access on preferential terms granted under the Accession Treaty for 150,000 tons of butter sales on the UK market, she never supplied more than 130,000 tons in any one year.

This was because New Zealand considered the price at which its butter was sold on the British market was *too low*. The £200 a ton levy imposed on New Zealand exports of butter to the EEC had the effect of reducing returns to the exporters, rather than putting the price up for the consumer. (It went into the Treasury, not the EEC budget).

The outcome of the Government's renegotiation of the terms for New Zealand's butter exports to the UK is that the price she will receive for them will be boosted. Access also was improved, the amounts ceasing to be degressive. But the *price* is New Zealand's primary concern, and she is pressing for her price, when it is fixed later in the year, to be linked with EEC prices.

The levy on NZ butter (half the full EEC levy on third country exports) will fall as a result of a price increase. Conversely, as regards the price the UK consumer pays it must not be assumed that if the levy were not chargeable at all the price at which New Zealand would sell its butter would fall by anything like the full extent of the levy. She would clearly sell at a price low enough to undersell EEC butter, but would do so by as *little as* (say 80% of the EEC price), regulating supply and timing accordingly. More than a tenth of New Zealand's exports of butter and even more of her cheese have already been diverted from the British market to other, more remunerative, ones.

As for our other cheap butter suppliers, they are now *in* the EEC, which provides *more of our import requirements than New Zealand did even before we joined the EEC.* Imports of butter from Community countries (e.g. Denmark and Ireland, are, of course, subject to import subsidies (MCA's).

Balance of payments. Paying for up to 400,000 tons of imported butter in a depreciating currency and producing only as little as 45,000 tons (last year) the *cost* to the UK in balance of payments terms is heavy. Production could be stepped up to 150,000 tons p.a., easing our import bill. But consumers would have to pay the going price for domestically-produced butter.

Cheap food elsewhere?

The crucial question is what possibility there is for the UK to obtain *large* quantities of food cheaper on the world markets untied by membership of the EEC? The UK on its own is only about 55 per cent self-sufficient. With this degree of dependence on imported food, *the question of price is inseparable from that of security of supply.* Earlier in this article, it was suggested that the likelihood of world prices falling for the bulk of commodities to levels comparable with those of the 50s and 60s in remote. It is clear however that surpluses, and *some* quantities of cheaper food will turn up on the world market. But the objective of producers is *not* to sell food at giveaway prices. it is to secure the best deal possible. Producers themselves are prepared to sacrifice short-term 'killings in a high market' in the interest of access to stable markets at stable prices. The expansion of food production depends pn the relationship between *remunerative* prices and *assured* outlets. As far as the UK is concerned, the occasional bargain on the world market cannot be the substitute for long-term security of supply.

Moreover, primary producers are beginning to assert their bargaining power, and the chances of any producer or group of producers being willing to supply the UK with food at below the cost of production or below the prices they can earn elsewhere in the world, are thin. This is particularly true with more and more semi-developed countries entering the world market for food.

Sugar

When the UK finalised negotiations with the African, Caribbean and Pacific developing Commonwealth countries for sugar supplies in January this year, the market was laready falling from the giddy heights of mid-1974; but despite this, the final price settlement for 1975 was £260 a ton (well in excess of the price — £135-145 — EEC producers will be receiving. The long-term price at which the EEC and UK will guarantee imports of 1.2 million tons a year is equal to the EEC price and will move up as it does. The sugar deal, and in particular the indexing of this particular commodity, have been rightly praised as a step both towards the securing of adequate returns for primary producers in the developing world and stabilising prices and supplies. Besides this, it happened to be the only way the producers could be persuaded to deliver when world prices were through the roof. At the time of the sugar shortage and negotiations with the ACP producers, Australia was prepared to sell only on a long-term contract at a price higher than the EEC one, its main concern was to negotiate a deal with Japan.

Meat

Lamb: New Zealand lamb supplies rather less than half UK consumption needs, UK production providing the rest. The present price for frozen New Zealand lamb (including a 12 per cent tariif, a 4 per cent increase over the *UK's former one)* in the UK is 30p/lb — only 3-4p less than the price of (fresh) English lamb. UK producers do not want a lower tariff; the New Zealand Meat Board has said a 33p price is what their producers must get, or cutbacks are inevitable.

Beef: It should be noted that our imports from South America (always of chilled beef) have been falling off steadily since the 1969 foot and mouth outbreak. Those from Australia are frozen, of a lower quality than British, Irish or Continental production.

The cheap beef around on the world market this year reflects the worldwide and disastrous slump in beef prices following production that outstripped an unexpected fall in demand. The higher beef prices in the EEC reflect not so much a structural situation, but the fact that the CAP mechanism protected its farmers better than those elsewhere against the effects of slump and surplus. (This fact means that the EEC prices will remain more stable than those elsewhere, where stocks have been cut back.

Conclusion

There has been a strong tendency in Britain to treat agriculture as a quite separate branch of the economy. The cheap food policy — the *apparent* availability of cheap food from outside and the *relative* efficiency of our farming — encouraged this tendency by disguising the fact that in the long-term food has to be produced economically — and under the same economic circumstances obtaining in other sectors of the economy.

An analogy with the coalmining industry is useful. This was a sector whose continuation was contested as "uneconomic", when seemingly unlimited cheap oil was available. Now that oil has, on the contrary, more than found its "economic" level— with the enormous inflationary and balance of payments cost to our economy — the advantages (in terms both of economy and security of supply) of maintaining coal output are obvious. A similar argument applies to oil. Exploitation of North Sea Oil to date can hardly be called "economic" in terms either of investment costs or of its end price; its justification lies in balance of payments and security of supply advantages.

British agriculture clearly would never be run down to the extent advocated in the past for coalmining in the era of cheap energy, but the oil/coal analogy with agriculture stands. Cheap food imports and low producer prices have curbed agricultural expansion and have tended to keep down productivity in the UK.

The CAP will over the next few years encourage increased production in the UK as well as ensuring that *secure* supplies of essential foodstuffs are available from within the Community at *reasonable* prices, which will not prejudice the competitive position of UK industry within the Community. It will also ensure that the interests of consumers are given full priority in relation both to consumer food prices and with respect to our trade relations with third countries, particularly those in the Commonwealth.

COMMUNITY ENERGY POLICY TAKES SHAPE

Energy policy was another area where last year's Paris Summit made it clear that the Nine had recognised the need for more active cooperation at the European level. In a Resolution passed on September 17, 1974 the Council had decided to hold a session on energy before the end of the year at which it would rule on the target figures for Community production and consumption from 1975, on the guidelines and action required for the development of each energy source and on the conditions for the orderly functioning of the common energy market. At this meeting, which took place in Brussels on December 17, the Council approved a Resolution on Community energy policy objectives for 1985, a Resolution on a Community action programme for the rational utilization of energy and several Directives and Regulations and Decisions concerning hydrocarbons. They also decided the Council, in future, would meet every two months to deal with energy problems. The next meeting was set for February 13, 1975.

Resolution on Objectives for 1985

The main general objective was to reduce the Community's dependence on imported energy from 63% to 50%, and if possible to 40% by 1985. The specific objectives were divided into those for demand and those for supply. Under the former the Council wishes to reduce the rate of growth of energy consumption and alter the pattern of consumption so that more reliance will be placed on reliable energy sources. On the supply side the Council wishes to maintain the level of Community production, increase coal imports and increase brown coal and peat production, to increase both production and imports of natural gas, to build more nuclear power stations, to develop hydroelectric and geothermal power sites, to increase Community oil production, (both on land and offshore) to cut back oil imports from 3rd countries, and to ensure through research and development that traditional forms of energy are better exploited and that new sources of energy are found.

Total primary energy needs in 1985

	1973 (estimates)		1985 (initial forecasts)				1985 (objectives)	
	Mill. toe	%	Mill. toe	%	Mill. toe		%	
Solid fuels	227	22.6	175	10	250	(250)	17	(16)
Oil	617	61.4	1160	64	600-650	(655)	41-44	(41)
Natural gas	117	11.6	265	15	290-340	(375)	20-23	(24)
Hydroelectric power and other	30	3.0	40	2	43	(35)	3	(2)
Nuclear energy	14	1.4	160	9	242	(260)	16	(17)
	1005	**100**	**1800**	**100**	**1475**	**(1575)**		**(100)**

(1) Internal consumption + exports + bunkers.

Rational Utilization of Energy

The Community's 22-point action programme of priority measures for the rational use of energy could lead to a saving of 15% of Community energy needs by 1985 and to an initial saving of about 3% as early as 1977. This would represent an annual saving of 240 mn. tons oil equivalent (toe) and save the Community $8,000 million on its balance of payments by 1985. This compares favourably with the much smaller savings envisaged in the British energy saving programme.

The action programme has 4 main objectives:

- to reduce the increase in energy needs;
- to reduce imports of oil;
- to change the structure of energy supply;
- to change the structure of energy consumption.

The emphasis in the programme is on limiting demand for energy by using it more efficiently; reducing non-useful consumption, and improving energy output. In the context of the wider energy policy of the Community, however, it is as important to change the allocation of energy

It should be clearly understood that the acceptance of Community finance for North Sea oil development in no way implies any interference with the sovereign right of the United Kingdom to control such development.

The United Kingdom, within the Community, has explicitly recognised Treaty rights over the economic activities on the Continental Shelf, and in particular over the exploitation and exploration of oil resources. From this it follows that these natural resources belong entirely to the Member States concerned. The Member States may, therefore, derive the full economic advantage from the Continental Shelf resources, i.e. licence fees, taxation, and balance of payments benefits. The rate of the exploitation of North Sea oil and gas is thus entirely under the UK Government. The Treaty also does not prevent any Member State from nationalising any economic activity. The sole concern of Community in relation to North Sea oil is to ensure that the oil offered for sale to consumers in other Community countries is offered without discrimination in terms of price or of quantity.

Energy Research and Development

For 1974 the countries of the Community allocated a sum of 1,000 mn. u.a. (£410,000) of public expenditure for research and development in the energy sector, as opposed to 812 mn. u.a. (£320,000) in 1973. The greatest part of this, 65% went to the nuclear sector, followed by 8.8% to the development of indigenous fossile energy supplies. The pattern of public expenditure on research and development in the energy sector is shown by the following table.

Expenditure on Energy Research and Development

	Expenditure in 1973 (effective)	% EEC	Expenditure in 1974 (planned)	% EEC
Belgium	33.1	4.07	34.0	3.20
Denmark	4.80	0.59	7.17	0.67
France	255	31.4	276	25.0
Germany	245	30.1	362	33.1
United Kingdom	188	23.1	209	19.7
Ireland	0.271	0.03	0.301	0.03
Italy	50.1	6.17	141	13.3
Netherlands	36.4	4.48	42.5	4.00
Community	812	100	1,062	100

All the Member States increased their expenditure on energy research and development in 1974 compared with the previous year but this increase was particularly large in Germany and above all in Italy which has doubled its share in the total Community expenditure.

The energy crisis has not only increased financial efforts but also has led to a certain restructuring in allocation of expenditure to the various research sectors. Thus the shares given to the **conservation of energy, substitute energy forms** and the development of **indigenous energy supplies** increased considerably compared to those devoted to research and development in the nuclear field. Admittedly, this latter phenomenon can also be explained by the fact that the major part of the work carried out in this sector has, over the last few years, been taken over more and more by the private and industrial sector.

The table below shows the distribution of public expenditure on energy research and development in the Community (in million of units of account):

resources, for example by limiting the use of natural gas or heavy oil for electricity production and encouraging the use of solar energy for domestic heating.

The technical possibilities for the better use of energy are many, and in evaluating the various measures the Commission has used the following criteria:

- its effects on, firstly the national economy (including the social cost) and, secondly, the consumer;
- the size of the likely saving, especially in the oil sector;
- the time required to apply the measure;
- the degree of certainty about the effect of the measures;
- conformity with other political objectives (e.g. economic stability, full employment).

No need for rigid conformity

The priorities, and in fact the actions themselves, need not necessarily be the same for every Member State. The 15% energy saving objective is an average for the Community. Some Member States will be able to save more than others, while some actions will be more appropriate for one country than another.

While it will be the responsibility of Member States to determine the nature of form of measures to be introduced, and the responsibility for implementing and monitoring them will fall to the public authorities of the Member States, it is vital that the action programme should have a European framework. Only in this way will it be possible to ensure that the various measures are compatible and do not distort competition or interference with the free movement of goods. The Commission will also be able to play an important role in pooling and disseminating information and experience. Detailed research into the programme and periodic reports on the situation in each Member State will be the task of a Working Party of national experts, chaired by the Commission and aided by a Commission Secretariat.

Reducing Consumption Losses

Considerable energy savings can be made by reducing the losses in final consumption, which at present amount to some 54% of total requirements. There is a 55% energy wastage in domestic consumption, 83% in transport and 45% in industry.

In the **domestic sector** 90 million toe could be saved annually by 1985 by the six proposed actions. These include better insulation and ventilation, regulated heating, proper maintenance of heating systems, more efficient hot water production and improvements in the efficiency of domestic appliances. Roof insulation, for example, reduces heat loss by 10%, double glazing by 5%. In the **transport sector** the six proposed actions could save 35 million toe by 1985. These involve better design and tuning of vehicles, promoting diesel engines, improving private and public urban transport and speeding up urban traffic flows. A motorist who regularly services his car and maintains the optimum carburettor and ignition timings will reduce his fuel consumption by between 5 and 10%. In **Industry** improved combustion efficiency, residual heat recovery, plant insulation and recycling materials could reduce energy needs by 15% (84 m. toe) by 1985. The **energy industry** itself should become more energy efficient. This means increasing the efficiency of energy plants, encouraging the combined production of heat and power and recovering residual heat. These three actions could save 11 m. toe a year by 1985.

Financial Assistance from Community Funds for Energy Projects

Financial guarantees and assistance would be made available to projects in the member states which assist the achievement of the long term objectives of a Community energy policy. For instance the **British coal industry** would benefit from financial aid and guarantees which would assist it to achieve the targets for 1985 set by the Community and by the UK Government. Similarly, the expansion of the **British nuclear energy** programme could be achieved without substantially increased resources cost by access to Community finance. Finally, Community finance could relieve the resource cost of the development of **North Sea oil** and thus reduce the current heavy financial dependence on the international capital market. This would give the UK Government more room for manoeuvre in its relationship with the multinational oil companies.

	Expenditure in 1973 (effective)	% EEC	Expenditure in 1974 (planned)	% EEC
Energy conservation	50.1	6.71	86.3	8.13
Increased supplies of indigenous energy forms	59.2	7.28	92.9	8.75
Nuclear energy	573	70.5	694	65.4
Substitute energy forms	20.3	2.50	56.0	5.27
Transport of energy	30.6	3.76	36.4	3.43
Stocking of energy	6.13	0.76	7.48	0.70
Social and environ. effects	19.8	2.44	21.3	2.04
New sources of energy	50.8	6.25	64.9	6.11
Analytical studies of energy systems	2.87	0.35	2.70	0.25
Total	812	100	1,062	100

In January the Union of Industries of the European Community (UNICE) approved 4 measures to bring about the drawing up of a Community energy research and development programme.

Uranium Enrichment

Recently the question of security of supplies for enriched uranium has also begun to cause worry in the area of nuclear power development. At the end of March the U.S. Nuclear Regulatory Commission announced its decision to suspend the delivery of all new licences for the export and import of "nuclear reactors or of substantial quantities of special nuclear sources or material" pending the revision of regulations and procedures governing the issuing of these licences. This decision has caused delays to the Community's imports of fissile materials and special American materials intended for research and power reactors based on contracts in force. Since this decision was taken without any prior consultation with the Commission, it was particularly annoying for the Community and on April 11, the Commission sent a protest to the U.S. regarding the suspension of deliveries. At present, the Community depends on the U.S. for all its supplies of highly enriched uranium needed for research programmes and 60% of its supplies of slightly enriched uranium needed for its power stations. The Community's own production of enriched uranium will start to become available only in 1978.

O On April 15, the U.S. Nuclear Regulatory Commission denied putting an embargo on exports of fissile materials and pointed out that consignments of the products are continuing. The Community is waiting to see what happens before commenting further.

Radioactive Waste

The problem of the handling and storage of radioactive waste is one of the most difficult associated with the production of energy from nuclear power. On April 17, the Permanent Representatives were reported to have approved proposals for the forthcoming energy council on the question of radioactive wastes. There has been a great deal of worry about this aspect of the Community's plan for widespread reliance on nuclear energy. The new programme will cost 19 mn. u.a. (£8 m.). This will be in addition to the 35 mn. u.a. (£15 m.) earmarked for the revised multi-annual programme for the Joint Research Centre and the 59 mn. u.a. (25m) allocated for the energy research programme. If the Community programme is not approved it could raise a delicate political problem, and encourage some member states to give priority to a similar programme planned by the International Energy Agency. This would be a step backwards for the Community's attempt to achieve a truly European energy policy.

COMMISSION ACTS TO BUILD A COMMUNITY EMPLOYMENT POLICY

The Commission recently sent to the Council a detailed account of the work it is doing, and plans to do, in the field of coordinating employment policies in the Member States. The aim is better to protect workers from the uncertainties of recent economic changes, particularly the redeployment of resources necessitated by the increase in energy prices, and current industrial and social change.

The Problem

The Commission has long recognised that the persistence of unemployment, resulting today from prolonged inflation as well as from cyclical factors, is not only costly and dangerous from a social point of view, but also seriously affects the cohesion of the Community and could provoke damaging unilateral defensive measures. The Commission has for some time been urging member governments to tackle the problems of structural unemployment in their countries. The Community has at its disposal various instruments which — either directly (e.g. the Social Fund) or indirectly (Commercial Policy) — exert a considerable influence on employment trends. These policies and financial aids must be used to ensure workers access to and protection of employment, the fulfillment of skill and personal capacities, as the improvement of working conditions. They can help establish as high a level of employment as possible by better matching supply and demand for jobs.

Recent Action

In order to attain this objective, the Commission has already submitted to the tri-partite Social Conference (i.e. Employment Ministers, Trade Unions, and Employers) an overall strategy* for the control of employment trends in the present crisis. The Commission has also submitted to the Council of Ministers proposals relating to certain aspects of employment problems — in particular, on female employment and migrant workers. Furthermore, the Commission is preparing a new proposal dealing with the intervention of the Social and Regional Funds in the present crisis to help with the restructuring process and to stimulate investment and economic activity in certain areas.

Direct Community influence is limited, however, and requires the interplay of Community policy, (e.g. the integration of markets, commercial policy, and regional and industrial aid policy) and national policies designed to bring about a better balance in the supply and the demand for jobs. The re-establishment of the work of the tri-partite *Standing Employment Committee* (the Committee comprising Government Trade Union and Employers representatives met in February 1975) creates the possibility of achieving in practical terms and with precise actions, the objective of coordinating employment policies between the Commiddion, Council and national authorities as outlined in the Social Action Programme.

The Present Report

The three draft proposals in the report on the corodination of employment policies sent by the Commission to the Council cover:

1. a programme for the coordination of the employment policies of the Member States.

2. research into the employment market; and

3. measures to improve employment statistics and forecasts.

Coordination of Employment Policies

The work programme proposed by the Commission under the heading of "coordination" concerns some areas which the Commission and the Member States could work on during 1975 and 1976.

a. Increased exchange of informaiton on the problems, prospects and priorities for each country as regards employment. Providing better statistics and understanding of diverse national priorities and situations.

* SEC (74) 4993 — Prospects for European Social Policy.

b. Examination in common of the employment problems of certain categories of workers such as women, young workers, and migrant workers, with the long-term aim of coordinating immigration policies and stimulating Community action to promote youth employment.

c. Examination of the role of national and Community instruments of employment policy. Initial action would involve greater cooperation of national placement services as a support for the European system for the coordination of supply and demand of labour (SEDOC); an examination of the impact of vocational training on employment; how best employment legislation can contribute to the encessary redeployment of manpower resources. (For example, could a change in existing working hours and age of retirement help absorb full or partial unemployment through a better sharing out of the demand for manpower?)

d. Examination of medium-term prospects for the achievement of full employment in the new conditions of economic growth; of the consequences for full employment of a slow-down in immigration into the community; and of the possibility of making jobs more interesting and self-fulfilling.

In the Commission's view, it is not necessary at this stage to set up new bodies to carry out the work outlined above. For the moment, it proposes to continue the regular meetings of the Directors-General of Employment (i.e. in the UK the Permanent Secretary of the Department of Employment) and various experts, coordinating groups, and those responsible in various operational areas who can exchange experiences and viewpoints on the work programme leading to greater understanding of each other's needs.

In addition, the Commission is taking internal measures to take into account more systematically the employment dimension of all Community policies.

Research into the Employment Situation

Despite progress made in the past 15 years by the statistical institutes, the information available for Community discussions on employment is often fragmentary, out of date, or irrelevant to the problem raised (i.e. not specific enough or not allowing for the separation of structural causes of unemployment from short-term causes — an essential distinction when one attempts to guide economic policy).

To improve this situation, the Commission proposes a programme of priority research projects on the labour market of the Community. It would consist mainly of comparative studies on less explored aspects of the labour market by a research management committee composed of experienced persons from the Member States, especially leaders of national employment services and research institutes.

Employment Statistics and Forecasts

The development of employment forecasts necessary for determining Community employment policy, the free movement of workers, vocational training, Social Fund, regional and commercial policy, as well as economic and financial policy was adopted by the Council in its Resolution of 21 January 1974 as a priority objective of the Social Action Programme.

Since 1973, the Commission has been golding consultations with experts on the subject of improving statistics and forecasts and certain guidelines have been decided. Recent developments of serious unemployment problems and rising energy prices have greatly increased the difficulty of forming employment policies at national and Community levels. This has therefore resulted in changes in emphasis in forecasts of the demand for manpower on a sectoral basis in the Member States and has altered Community priorities.

The Commission has now drawn up a programme of work for the improvement of employment statistics and forecasts, taking into consideration the number of potential users and the diversity of their needs, with the active cooperation of the Statistical Office of the EEC and national administrations.

EEC COMMISSION URGES HIGHER SAFETY AND HEALTH STANDARDS AT WORK

The Commission of the European Communities has recently published guidelines for a Community programme for safety, hygiene, and health protection at work. The guidelines are designed to set the objectives to be pursued in the safety and health field and to indicate the specific actions needed to attain better working conditions.

The safety programme has been drawn up against a disturbing background. For several years, the Community has recorded annually nearly a hundred thousand deaths and more than twelve million injured in accidents of all types. Industrial accidents including occupational diseases, although not the major sector of risk as far as fatal accidents are concerned, represent the largest group of accidents taken as a whole.

The overall situation in this sector has not significantly improved over recent years, despite the considerable effort that has been made in the field of technical accident prevention. Faced with this situation, and particularly conscious of the social implications, the Commission considers that it must significantly expand preventive action at the Community level, particularly in the field of accidents connected with work. The improvement of work safety will contribute in a significant way towards the improvement of living and working conditions — an essential objective of the Community.

Background

The new guidelines are inspired by the situation outlined above and are a response to the Council resolution of 21 January 1974 adopting the Social Action Programme. This resolution laid down as a priority objective the setting up of an initial programme on hygiene, safety at work, the health of workers and the improved organisation of tasks. The guidelines are also a response to one of the goals set out in the Community's action programme on the *environment* which was approved by the Council on 22 November 1973.

Advisory Committee

The safety programme will be implemented at a Community level by specific measures to be drawn up by the Commission in collaboration with other international bodies and especially with the tripartite "*Advisory Committee for Safety, Hygiene and Health Protection at Work*" set up by the Council Decision of 27 June 1974 for this very purpose. When nominations to the Committee by the Member Governments are complete, a first meeting will be held as soon as possible. A number of specific themes of activity have already been suggested by certain Member Governments such as dangerous products, use of benzene in industry, risks from use of vinyl chloride, noise, vibrations, dust, gases and vapours, etc.

Eight Objectives

The guidelines set out eight broad objectives. These are listed below.

Objective 1. Concerted action and consultation to be taken between Member States, and by the Commission at Community level so that technical regulations and monitoring procedures for accident prevention can be continuously adapted to rapid developments in technology, especially in the training of employees and in developing positive attitudes towards accident prevention.

Objective 2. Better coordination of research activity into preventive measures to increase the efficiency of available resources.

This would involve: (i) mutual information on research projects currently in progress and exchange of results; (ii) co-ordination or joint organisation with step-by-step planning of future research in all appropriate cases; and (iii) study and implementation of methods to improve the quality and speed of dissemination of information for those particularly involved in safety research, especially the practitioners.

Objective 3. The improvement of statistics on industrial accidents and diseases in order to provide a valid basis for defining detailed accident prevention policies at national or Community levels.

Objective 4. The development of training for safety and health protection in various branches of education. The Commission desires to achieve effective collaboration at a Community level, in particular, between the Ministries of employment (dealing with the subject matter) and the Ministries of education (dealing with the methods). This would include exchanges of experience; the integration of basic knowledge on safety and health into education and training courses at the various levels, especially technical education, and the definition of the specific requirements for specific professions or tasks, e.g. industrial doctors, architects, safety engineers, instructors.

Objective 5. The utilisation of audio-visual information methods to improve the provision of information for accident prevention purposes for those sectors of the population especially affected. This may require the identification of these groups and the choice of appropriate material and methods of presentation for them.

This would entail as well the setting up of a permanent Community documentation or index system of recent audio-visual methods and the promotion of co-productions. Hence, requiring on the Community level collaboration in particular between Ministries of employment (the subject matter) and authorities responsible for T.V. and radio (the methods).

(The actions envisaged under Objective 4 and 5 can be carried out in collaboration with the new European Centre for Vocational Training, set up by Regulation 337/75 (EEC) of 10 February 1975).

Objective 6. The promotion of the participation of both sides of industry in preventive action at the national level, within industrial sectors and firms. The Commission proposes comparative studies of the situations obtaining in the Member States — the present programmes and what is lacking, e.g. structures and collective agreements — and working out a Community concept for this form of participation.

Objective 7. The formation of a Community view on the provision of safety services and medical services within undertakings. This will continue and complete work already begun at the Community level. (Collaboration in the safety and health fields with other international organisations, e.g. ILO, OECD, has existed for some time).

Under this heading it is intended to draw up a Community proposal for standardisation of industrial warning signs in the undertakings. Work on this by a Commission working group is nearing completion. Standardisation of warning signs is of great importance for workers, particularly workers transferring from one country to another. The work is being done in collaboration with the International Standards Organisation (I.S.O.).

Finally, there is a desire to develop suitable training in safety for certain groups of personnel in undertakings, e.g. safety delegates, representatives of personnel, and white collar workers.

Objective 8. The preparation of programmes to deal with the particular problems affecting certain industrial sectors and certain categories of workers. The Commission proposes: the preparation and implementation of European codes of safety and hygiene; the development (through case studies or exchanges of experience) and dissemination of knowledge and guidance on safety and health protection for *migrant workers.* This is in the wider context of the Community action programme on migrant workers submitted to the Council in December 1974.

As an example of the sectoral approach, a working group composed of governmental experts has prepared draft rules for the utilisation of certain machines in the *agricultural sector.* This work will be continued in collaboration with the social partners in the framework of the Joint (i.e. trade unions —employers) Committee on social problems for farm workers and at an appropriate moment will be published in the form of a "European Code". Other activities on a sectoral basis will be started or continued, in collaboration with the existing and envisagedJoint Committees covering other industrial sectors.

EUROPEAN TRADE UNIONISTS SUPPORT THE COMMUNITY

The leaders of the trade union movements in member states of the original Six have made it very clear that their members have been helped by working within the European Community and that far from wanting to withdraw they want to strengthen and improve the Community's institutions and use these to create the kind of Europe they want.

The Germans

In April 1969 Ludwig Rosenberg, the then President of the German DGB and retiring President of the European Community Trade Union Secretariat, made the following comments on Community membership on the occasion of the founding of the ? ? ? ?

> "We trade unionists......will not tire of reminding people that only a politically and economically united Europe will allow the achievement of the aims we have set ourselves: to assure and increase the material well-being of Europeans.,....
>
> This Europe must unit or become a satellite of one of the big world powers......
>
> That is why we are not in the least disposed to recognize what does not exist in reality: a sovereignty which always fails when it should affirm itself, a sort of sovereignty which succeeds in irritating others, but is unable to help itself.
>
> A Europe made up of different nations which all act as if they were independent of each other - but which are not so - this Europe is for us not reality, but a terrible error, as dangerous as it is reactionary......This is why we remain firm in our support of the spirit of Rome Treaties and of the tasks which they set out....
>
> To those who object that these are chimeras, unreal dreams, we ask what alternative they can put forward......"

The Dutch

Two years later during a visit to Britain in April 1971, Dutch trade union leader, Harry Ter Heide, *President of the Dutch Trade Union Federation*, answered questions from British trade unionists on the attitudes of the Dutch unions to the Community and on whether workers had benefitted from membership. Two of the questions and his answers make the Dutch attitude clear.

He was asked,

> "What was the attitude of the Dutch unions to the Community in 1958? How has this attitude developed?"

To which he replied,

> "Very positive. Earlier, in 1952 one great idea had been to prevent a third European war. Looking back, it is possible to see that the Community has been at least a factor in the much more peaceful state of Europe now as compared with the 1930s. Some opposition has developed since, but on the grounds that the Community is not moving fast enough towards real supranational institutions, direct elections for the European Parliament, etc. People complain about Community administration and Community decisions, but in just the same way as they do about national governments. Such grumbling is a sign of acceptance rather than rejection."

He was also asked,

> "How have the lower paid workers been compensated for the rise in food prices?"

To which he answered,

"In four ways:—

1. Family allowances have gone up.
2. Direct taxes have been reduced.
3. Social benefits have increased.
4. Most important of all - by the introduction of (and subsequent increase in) a minimum wage. In Holland the present minimum wage is about £18 a week for both men and women.

In the Community countries, generally speaking, social benefits are tied, not the cost of living, but to wage levels - which are rising faster."

Another Dutchman who has spoken out clearly in support of the Community is Mr. A. Groenevelt, *President of the Industrial Workers' Union of the Dutch NVV.* Last winter he said,

"I want to make clear the views of the Industrial Workers Union of the NVV about the European Community. It would be easy to fill a page with our complaints against it: the undemocratic character, the one-sided economic set-up, the nationalism which raises its head at the smallest buffeting. Notwithstanding these complaints, one cannot get away from the fact that the Europe of the Nine exists and forms a platform from which to get a grip on the forces opposing a socialist trade union movement *at the level where these forces have come into alliance.*"

The Danes

The Danish trade unionists are also clearly in favour of membership of the Community as is shown by an extract from a resolution adopted in May 1972 at the Special Congress of the Danish LO. (Danish TUC).

"With the increasing mutual economic dependence of nations......an ever growing number of problems of vital importance to the individual can only be solved in common with other nations......

Congress considers Denmark's participation in enlarged co-operation within the EEC and a strengthening of trade union co-operation across frontiers to be the best basis of a solution to these problems and thereby of a further development of society in conformity with the fundamental interests of the labour movement."

In addition, in an interview last year Mr. Thomas Nielsen, *President of the LO* gave his views on the European Community. He said,

"It must be emphasized that membership of the European Community has already brought great benefits to the Danish people and to the Danish workers, following a sharp rise in earnings from exports both in the agricultural and industrial sectors.

The present employment crisis in Denmark would have reached much greater proportions if we had been outside the European Community.

Moreover, our membership has given access to a series of support measures provided from Community funds, aimed at combatting unemployment in certain sectors and certain regions in Denmark.

Large sums have already been granted for retraining and further training of workers, for the expansion of Danish firms and for the modernisation of industrial structures, for example the agricultural processing sector.

To that must be added the favourable loan conditions granted by the European Investment Bank; Danish firms are benefitting from these and in several cases in the last two years new jobs or better jobs have been created for our members.

May I also stress that Denmark's participation in the monetary cooperation inside the Community has moderated our price rises by at least five per cent and that this cooperation has enabled us to maintain lower agricultural prices than in countries outside the EEC.

An important question for the trade union movement in Denmark and in the other new member countries is naturally: How big is the influence of trade union organisations on developments in the European Community?

In general I can say that in our experience the trade union movement can exercise an important influence on the policies of the European Community, if we understand how to grasp our opportunities and use the appropriate channels.

As spokesman for the labour force of some 100 million in the Community, the trade union movement of the nine countries must participate actively in EEC policy-making and influence the decisions in the EEC institute in favour of the workers of our countries. That can be done in collaboration with our national governments and collectively we can act through our European trade union movement.

In the coming years many difficult problems will have to be solved. Increased solidarity within our own ranks will be an obvious necessity for the attainment of positive solutions in the interests of workers."

The French

Two French unions that favour Community membership are the *CFDT and the Communist CGT.* A resolution adopted at the Annual Congress of the *CFDT* in May 1970 said,

"The CFDT is convinced that the action it envisages must be extended to the European (as well as the national) level, seeking there the same fields for battle and pursuing the same objectives:— the building of a united, socialist, democratic Europe."

This view was supported in June 1974 by *Georges Seguy, General Secretary of the French CGT* during a visit to Brussels. He stated that Europe had become a reality, but that it had no future under comination of the great industrial and financial powers. He stressed that problems arising out of the development of capitalism could not be dealt with at national level, but for measures to be taken there should be real co-ordination of trade union action at European level.

The Italians

As long ago as 1967 B ? ? ? Storti, General Secretary of the CISL in Italy said,

"It is clear that if we look at the results obtained in the course of these last ten years from the stand-point of economic integration tending to favour rapid economic expansion in the Community, we have good reason to declare ourselves satisfied ... The workers have benefitted from this expansion notably by an increase in salaries and, consequently, by a rise in their standard of living".

The European Metalworkers Federation

At their recent annual conference the European Metalworkers Federation (EMF) made the following statement in a report to the conference. "The European Metalworkers' Federation works actively with the Community's institutions to bring about the changes that need to be made. It maintains close relations with the Commissioner responsible for industrial policy and technology, Mr. Spinelli, his cabinet and all departments in the directorate general responsible for industrial policy and technology. While on many issues the EMF actively supports Community actions, such as those to bring multi-nationals under more control, it equally feels free to criticize when it is necessary. The EMF was sharply critical of Mr. Grierson, one of Spinelli's previous directors, because he was trying to make his directorate-general into an employers' domain. The EMF strongly opposed his pro-capitalist views and many believe its strong opposition to him helped hasten his departure from the Commission.

Since the Community's case against Continental Can, the EMF has intensified its contacts with the directorate general responsible for competition policy, and it has welcomed the Community's continuing close watch on concentrations and forbidden cartels. It has also supported the directorate general in its attempts to create a better legal basis with which curb the abuses of corporations which dominate the market and it has expressly demanded the introduction of an examination of mergers prior to their taking place.

At its second General Assembly in October 1974, the EMF confirmed its belief that the integration of Europe is essential for safeguarding peace in the long term, for furthering understanding between East and West, for giving effective support to developing countries and for increasing the social progress of the working class. The Assembly also stressed that a progressive European policy will be possible only if working people can effectively participate in it; if concrete advantages can be achieved, and if the institutions of the Community can be democratised more quickly.

RENEGOTIATIONS AND THE REFERENDUM — THE BRITISH TUC VIEW

In April the General Council of the TUC agreed a document setting out their views on the question of Britain's continuing membership of the European Community. The following is a slightly abridged version of the conclusion of the TUC document.

"The TUC has not set its face against forward-looking development in Europe. On the contrary such developments would have our encouragement. Amongst the trades unions we have taken a principal part in a successful move towards unification which from the outset included nearly all the countries of Western Europe without regard to the boundaries of the EEC. There is now a single and comprehensive body which can speak on behalf of nearly all Western European trade unionists regardless of many of the divisions which only a few years ago were regarded as permanent and inevitable.

Nor does the TUC reject political and economic cooperation for ends which, and by means which, the majority of the countries in Europe would find acceptable and welcome. Such issues are not at stake in the present debate. What is at stake is whether the character of the Common Market is such that the British people would want their country to belong to it, and whether the Government have succeeded in so altering the specific and the implied terms of membership that they are fair and beneficial and can be seen to be fair and beneficial to Britain.

The settled view of the TUC in regard to the terms which were negotiated by a Conservative administration has been that they were unsatisfactory in the four main fields which have been considered here. It is true that in some respects the terms have been improved. For example, the prospective British contribution to the EEC budget has been reduced, though not entirely in accordance with the demands of equity. The seeming rigidity of the Common Market treaties has been shown to be less than it apparently was. The Common Agricultural Policy — and particularly the impact of its operation — has been modified under the stress of world events, and as a reaction to the difficulties which the policy itself created. It seems that in practice, and perhaps for the moment, governments can go their own way to a greater extent than was originally expected in regard to regional and industrial development. These are all gains when they are measured against the basic principle of the Common Market that freedom of competition, or alternatively of central regulation, should prevail.

The question is whether such gains can for this country outweigh the very serious impact which that principle, even as modified, has had and may in the future have on the interests of Britain. Whether the structure of the Common Market designed initially to satisfy the needs of countries in other situations than ours has been sufficiently adapted to the pressing need for major steps forward in British industry and its productivity, and whether within the Common Market there reamins for us that measure of sovereignty which will in the end allow the will of our people to prevail in our affairs, making all due allowance for the interests and the rights of others, as we must.

The conclusion must be, on the renegotiated terms as they stand, that not enough has been done, not enough has been achieved. No political dogma is involved in this conclusion and it has to be recognised that within the labour movement views will differ as they will differ elsewhere. The TUC and the Labour Party have recognised in their Liaison Committee, where their joint interests are discussed, that this must be so, and they seek only to ensure that discussion prior to the referendum in June should be free, frank, and fully informed. Differences there may be, but not divisions. This is a period when every effort is needed to secure the full benefits of policies and measures undertaken by a government of the people to regenerate our industry and our economy, to bring it within the control of our people, and through that to provide significant advances in our wellbeing and our society. The General Council put forward their view in the expectation that it will be discussed and generally accepted in the trade union movement as according with and reflecting the views of Congress and the needs of Britain".

ETUC Calls for more Worker Participation in Multi-nationals

At its meeting in Brussels on 6th February, 1975, the Executive Committee of the European Trade Union Confederation passed a resolution in which it called upon the institutions of the EEC and EFTA and the Governments of the Members States to cooperate more closely in the field of workers' rights of participation (information and consultation) in multinational companies. It urged them to take such legal steps as are necessary to set up an organization at the head office of each multinational company to inform and consult workers' representatives, if requested to do so by the trade unions represented in the establishments of that multinational.

In the opinion of the European Trade Union Confederation, workers' rights of representation, which at present are still limited to national legislation, should be extended to the international plane. Furthermore, the ETUC considers that workers' representatives in all multinationals should be granted the right to regular communication amongst themselves.

The ETUC resolution contains a list of questions on which employees would be entitled to information and consultation. These include:

- past and predictable production and market development in the various field of activity, classified by branch of production and by country, and expressed in quantitative and monetary units;
- development of production costs and productivity in the individual branches of production and countries;
- market developments and order books;
- financial situation of subcontracting firms; cooperation with subcontracting firms;
- investments which have been effected and those planned, classified by country; rationalisation plans classified by country;
- economic and financial situation; financial structure;
- production and working methods and the introduction of new production and working methods;
- development of research projects and their cost, utilisation of patents and licences;
- employment developments and predictable employment development classified by branch of production and by country;
- working conditions and payment, classified by country;
- other proceedings involving the interests of employees or which could affect employment.

In addition, the employees' representative body would have to be consulted prior to decisions on the part of the management of the multinational on the following questions:

- changes in the organisation of the enterprise or in the purpose of the enterprise;
- reduction or expansion of the activities of the enterprise;
- closure, limitation, or takeover of the enterprise or parts of the enterprise;
- commencement and termination of cooperation with other enterprises (amalgamations) and their predictable effects on employment and the social situation of employees;
- introduction or abolition of social institutions for all employees of the multinational.

Furthermore, the management of the multinational would be legally bound to submit and elucidate the consolidated annual statement of accounts to the members of the employees' representative body; and the employees' representative body would be free to decide that representatives from the trade unions represented in the enterprises of the multinational and from their international organisations could participate at its meetings.

The European Trade Union Confederation stressed that it considers that these employees' rights must be guaranteed by legal regulations. Since the scope of these rights is supranational, it is essential that the regulations to be created be uniform. The ETUC therefore called upon the institutions of the European Community and EFTA and the Governments of all the Member States to establish, as soon as possible and in responsible cooperation, a common legal basis for the realisation of the above demands.

Council Adopts Programme for Consumer Protection

Until recently any benefits consumers derived from Community membership were incidental to its main objective of promoting trade. However, harmonisation has in general been favourable for the consumer. The establishment of minimum stnadards to which exported goods must comply has tended to align standards upwards, particularly where health, safety and environmental factors are involved and some harmonised standards where these factors apply have become compulsory for domestically sold goods as well.

In addition to higher standards, the consumer benefits from being able to choose from a wider range of makes of one article. However, variety can be confusing and it is often difficult to tell what is good value for money. This problem is being tackled by the Community's rules on fair competition. To protect the consumer in a mass market from high-pressure selling by producers and distributors there must be a comprehensive policy. This need was first recognised at the Paris summit of 1972. Since then the Commission has produced a Preliminary Programme for Consumer Protection and Information. This programme was formally adopted by the Council of Ministers on April 14 this year. It establishes the principles and priorities for action on the consumer front, and provides a basis for the detailed proposals which will be submitted by the Commission in the coming months. The aim is to implement this first phase within four years.

'Bill of Rights' for Consumers

The preliminary programme is based on a fairly comprehensive statement of the protection and assistance consumers should receive both at Community and national level.

— The consumers 'bill of rights'. —

Protection of health and safety
Protection of economic interests
Facilities for redress and advice
Information and education
Consultation and representation

However, the programme's stated objectives are to secure protection of consumers' health, safety and economic interests; to ensure adequate facilities for redress and advice; to provide consumer information and education; and to ensure that consumers are consulted and represented in the development of policies which concern them. The earliest developments are expected in the fields of health and safety and labelling, where a number of proposals for directives are already under discussion in the Community institutions.

The fields which are identified as being of particular importance for consumer health and safety are as follows:

food
cosmetic and detergents
tools and consumer durables
automobiles
textiles
toys
dangerous substances
objects which come into contact with food products
medical preparations
fertilisers and pesticides
veterinary products and animal feeding stuffs

The programme also calls for the harmonisation of the general conditions governing consumer credit, including hire-purchase, and protection of consumers against untruthful or misleading advertising and against certain abusive trade practices and provides for a series of studies, with particular reference to systems of consumer aid and advice in the Member States and to systems for making complaints, for arbitration and for out-of-court settlement of disputes.

Information and education

Priorities here include action on labelling and promotion of collaboration in comparative testing. The programme emphasises the importance of adequate information, without which the consumer is particularly vulnerable to abuse. It is vital that the consumer should know what he is buying. Labelling must be clear and unambiguous and in the case of food the weight, ingredients, food value and date of manufacture, should be stated. For other products and services, rules must be drawn up which ensure that the consumer gets all the facts which he needs to know about the article.

Provision is also made for studies by the Commission in conjunction with the Member States and consumer organisations to promote consumer education at school, university and other educational establishments; and for the dissemination of information to consumers on a wider scale.

Consultation and representation of consumers

This last aim will be pursued by means of a comparative study of the various types of consumer consultation, representation and participation employed in the Member States, by improved co-ordination of work carried out by national consumer organizations and by reminding Member States that consumer representatives may be appointed to the Economic and Social Committee. When implementing the programme the Commission will collaborate with and take account of the studies and work already undertaken by the Member States, other international bodies and consumer organizations.

Until the Consumer Protection Programme goes into action it is impossible to tell how effective it is going to be.

New Priorities for Aid in Re-Training Workers

The Commission has approved and sent to the Council of Ministers for decision a new kind of intervention by the Social Fund to help Member States tackle current employment difficulties.

In particular the scheme is aimed at helping to retrain and resettle workers in the *motor vehicle*, *building*, *textile* and *certain sectors of the chemical industries*, as well as some associated or sub-contracted activities.

It is also proposed to give special help in two sectors traditionally most vulnerable in times of crisis or recession - *young persons under 25 and women* who are unemployed or seeking employment.

The proposed new intervention would be made under Article 4 of the Social Fund which says that the Fund can take action when the employment situation "calls for specific joint action to improve the balance between the supply and demand for manpower within the Community".

The draft Council decision which the Commission proposes would allow the Social Fund to grant assistance for certain schemes to help people seeking stable employment to acquire new skills and to change their place of employment if that were necessary.

The re-training schemes which would benefit from aid from the Social Fund (the Social Fund normally contributes 50 per cent of the cost of government retraining) would be those which encouraged:

1. The development of activities linked to structural changes in the energy sector.
2. The promotion of other priority Community needs.
3. The necessary changes in sectors or branches with structural problems seriously affecting employment. (Unless unemployment trends and sectoral employment prospects are suddenly reversed, the Commission expects that these sectors and branches will be found among those often referred to in recent consultations held at Community level, namely, motor vehicle, building, textile and certain sectors of the chemical industries as well as certain associated or sub-contracted activities).

Vic Feather Heads Pro-European Trade Union Group

Despite the TUC's opposition to Community membership, many trade unions and trade unionists are in favour of the UK staying in the EEC.

At the end of April a new organization aimed at mobilising support in the trade union movement for the Labour Government endorsement of UK membership of the European Community was launched. Vic Feather, former general secretary of the TUC was elected as its president. The new group is called the Trade Union Alliance for Europe. It claims support from 50 trade unions and its founders believe between one-third and one-half of the TUC General Council's 40 members are potential recruits. Other officers of the Trade Union Alliance for Europe are David Warburton, a national official in the General and Municipal Workers, and Roy Grantham, general Secretary of APEX.

The pro-European unions made a sizable impression on the Labour Party's conference on Community membership at which they mustered almost 2m votes. The final vote was in favour on the National Executive's motion rejecting the re-negotiated terms, but by less than a 2 to 1 majority. Predictions of support for the National Executive motion had been in the range of 3 to 1.

It is also proposed that within the limits set out above, priority should be given to operations carried out in regions most affected by unemployment and benefitting persons in the sectors where the unemployment has risen sharply, for instance, young persons under 25 and women who are unemployed or seeking employment. These last two categories are traditionally the most vulnerable in times of crisis or recession. This priority corresponds to the desire expressed at the "summit" meeting of Heads of Government held in Paris in December 1974 that the Council would at the appropriate time study the possibility of increasing the resources of the Social Fund while taking account of "the problems of the regions and categories of workers most affected by employment difficulties".

It should be emphasised that this new opening up of Article 4 will not affect the intervention methods already used by the Social Fund under Article 5 to support re-training operations in regions in difficulty, particularly those with an under-developed industrial structure. Likewise the Social Fund already has the power under Article 4 to help in the re-training of migrant workers, those in textiles and leaving textiles, and those leaving agriculture.

Commission Proposes Industrial Democracy at European Company Level

The Commission sent in May its final proposal for a Council regulation on a European Company Statute. The Statute enables companies which fulfill the requirements of the Statute — that is basically that they are based in for example two European countries and have capital of at least a certain size — may decide freely for themselves whether they will accept this opportunity to base their activities on one uniform piece of company legislation or whether they prefer to go on operating on a basis of two, three, four or five different types of company legislation, with all the constraints this involves.

Similarly, *the Statute* is optional as concerns the rules of workers' participation.* Part of the discussion within the work force itself will be the following question. "While we want dialogue, while we want consultation, while we want to be able to have a say in the decision-making of a company, we do not want for reasons of principle to take a specific responsibility for company policy." In order not to be in the situation where a European company or its work force is forced into a relationship which the workers do not want (and which therefore would be unnatural), *a simple majority of the workers in all plants constituting a European company,* may vote against using the rules of the Company Statute on workers' participation. This will ensure that they are not called upon to elect labour representatives in the various bodies foreseen by the Statute. But the European Company Statute in relation to other matters (e.g. Company Law) can still go on and the various bodies will then be composed in the usual way, and relationship between the company and trade unions will be conducted in the usual way. So, for both sides it is an *offer - not a diktat - from the Community.*

The European Community and Spanish Trade Unions

At the request of the European Trade Union Confederation, Mr Claude Cheysson, Member of the Commission of the European Communities, met a delegation from the two Spanish trade union organisations which are affiliated to the ETUC, the General Union of Spanish Workers (U.G.T.) and the Solidarity of Basque Workers (S.T.V.).

During the very cordial talk, in which the general situation in Spain and that of the Spanish trade unions were discussed, the representatives of the *authentic* trade unions of that country stressed the fact that Spanish, Basque, and Catalan workers are not taken in by the deceit of official "trade unionism" and have confidence in those who represent them genuinely.

The delegation was accompanied by the General Secretary of the ETUC and one ETUC Secretary.

Consumers Association Supports Continued Membership

Strong support for Britain's continued membership of the European Community has been given by the Consumers' Association in its monthly publication, *Which.* The Association emphasized that membership of the Community has not led to higher food prices and it is not a threat to Britain's national idenity. The overall effect on food prices has been netural with the higher cost of some items being balanced by the lower cost of others.

The Association explains in an article on Community membership that the purpose of harmonisation in the Community is not to ban the local sale of national or regional products, but to allow the sale of standard products anywhere in the Common Market. It also briefly describes the 3 most important consumer bodies in the Community. They are the *Consumers' Information and Protection Division of the European Commission* (*CIPD*), *the Consumers' Consultative Committee* (*CCC*) and the *Bureau Europeen des Unions de Consommateurs* (*BEUC*). CIPD is the part of the Commission responsible for producing the Community's new consumer policy and for representing consumer interest in the other divisions of the Commission. CCC, set up in 1973, has members representing family organizations, co-operatives and trade unions as well as BEUC. CCC advises CIPD on what it thinks needs to be done. BEUC is a federation of Community Consumer organisations of which the British Consumers' Association is one. BEUC's job is to collect the views of its members on proposed Community legislation and to present a co-ordinated view to the Commission. It has also been asked by the Commission to do studies on subjects such as misleading advertising and toy safety.

* In the next issue of T.U.N. the optional rules for worker participation will be described and discussed in detail.

Work and Industrial Relations in the European Community, by Michael P. Fogarty, European Series No 24, Chatham House/PEP, May 1975, available from Chatham House or PEP or by post from Research Publications Services Ltd, Victoria Hall, Fingal Street, London SE 10, 858-1717.

This recently published booklet by Michael Fogarty gives a clear and concise picture of what the European Community has done to date in the field of social policy — which in Community terms means primarily policy relating to the general work environment to industrial relations, and to the social services and social benefits — and outlines what it plans to do in the future. Mr Fogarty briefly describes examples of social policy that are found in the ECSC Treaty (e.g. provisions to help with retraining where modernization of the coal and steel industries lead to redundancies), and in the EEC Treaty (e.g. provision for free movement of workers throughout the Community).

Although the Social Fund was set up quite early, for the first few years social policy remained incidental to economic policy. However, practice soon showed the limited social policies envisaged by the Treaties were inadequate and some years before Britain joined the Community, a major change in emphasis began to take place. The Community slowly began to acquire what Mr Fogarty calls its "human face." Experience and the pressure of social forces have made it increasingly clear that the people of the Community wish to have a social policy pursued in its own right. It was recognised that without such a policy economic and political policies are unlikely to be acceptable and effective. Equally, no social policy can work well without effective economic policies and political ideals around which a national and international concensus can be built. These three kinds of policy are all legs of the same tripod. None can stand without the other two. Mr Fogarty points out the important social elements in the Community's industrial and economic programmes which include various proposals to control multi-national companies and to encourage employee participation.

When the Heads of State of the Nine met in Paris in October 1972, they entered into a firm political commitment to develop as its primary purpose the *social* aims of the Community. Mr Fogarty points out that the Community's social policies increasingly derive, *not directly from a Treaty text*, but from Commission and Council discussions based on political hail on the Community Governments *and* on the pressure of social forces, particularly trade unions.

There is little desire in the Community to standardise social services or social security benefits throughout the Nine. The aim is co-operation with a view to countries learning from each other and improving their own social policies.

The Community's Standing Committee on employment has been reconstituted and there is a growing number of specialized Joint Committees bringing together unions, employers and governments in special sectors such as steel, fishing, etc. The Commission consults regularly with UNICE, the European employers' association and with the ETUC, the European Trade Union Confederation.

Mr Fogarty then discusses both Britain's and the Community's programmes for social policy and explains what Britain can learn from other member states in this field as well as what they can learn from British experience. He lists the 7 main areas on which the Community has concentrated its efforts as

1. Freedom of movement of workers
2. Freedom of access to jobs
3. Job protection
4. Work organization and working conditions
5. Pay and Fring Benefits
6. Participation and company responsibilities
7. Involvement of unions and employers in the Community's own work

The third section of the booklet deals with details of the Community's programme for work and participation, discussing each of the above 7 topics in turn.

APPENDIX 1

A.C.P. COUNTRIES

COMMONWEALTH

In Africa

Botswana*
Gambia*
Ghana
Lesotho*
Malawi*
Nigeria
Sierra Leone
Swaziland*
Zambia*
Kenya)
Tanzania*) Signatories to the
Uganda*) Arusha Convention
Mauritius* (had been member of Yaounde)

In the Caribbean

Barbados
Guyana
Jamaica
Bahamas
Grenada
Trinidad and Tobago

In the Pacific

Fiji
Western Samoa*
Tonga

NON-COMMONWEALTH

In Africa

Signatories to Yaounde Convention

Burundi*
Cameroon
Central African Republic*
Chad*
Congo
Dahomey*
Gabon
Ivory Coast
Madagascar
Mali*
Mauritania*
Niger*
Rwanda*
Senegal
Somalia*
Togo*
Upper Volta*
Zaire

New Members

Ethiopia*
Guinea*
Equatorial Guinea*
Guinea Bissau*
Liberia
Sudan*

*Indicates that the country is among the least developed.