

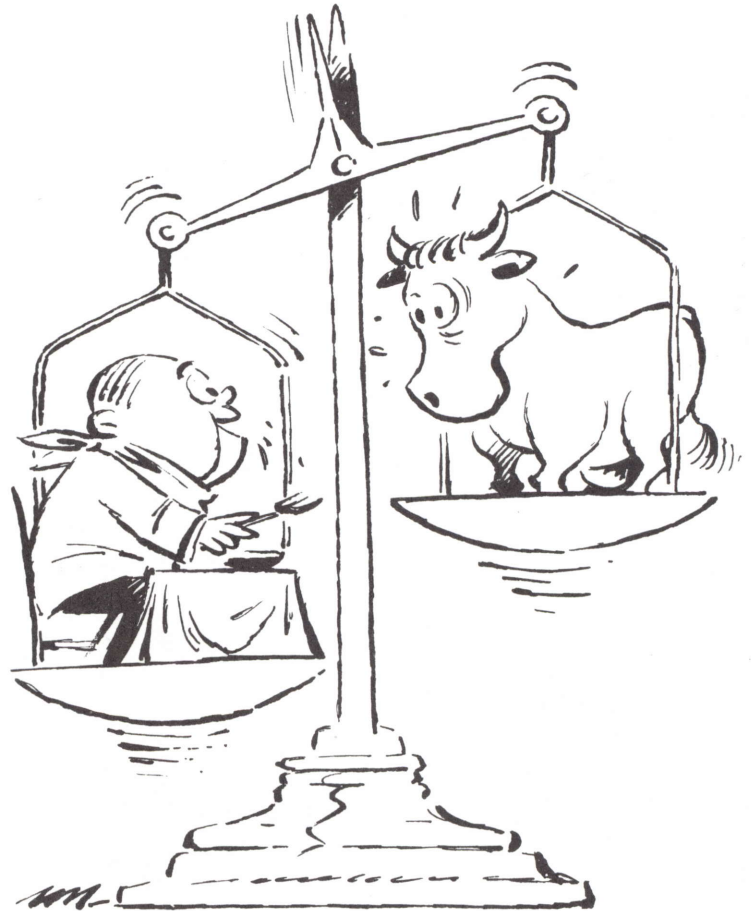
REPRODUCTION AUTHORIZED

Brussels, 4 March 1975

No 9/75

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** The European Commission has TAKEN STOCK OF THE COMMON AGRICULTURAL POLICY. Between 1968 and 1974 cereal prices fluctuated by an average of 3% in the Community, compared with 11% on the world market and 13% in the United States. In 1974 food prices increased by 10.4% in the Community,

X/127/75-E

This bulletin is published by the

Commission of the European Communities
 Directorate General of Information
 Division for industrial information and consumers
 Rue de la Loi 200
 B-1049 - Brussels - Tel. 735 00 40

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

The information published in this bulletin covers the European Communities' activities in the fields of industrial development, protection of the environment and consumer welfare. It is therefore not limited to recording Commission decisions or opinions.

PRESS AND INFORMATION OFFICES OF THE EUROPEAN COMMUNITIES

BELGIUM

1049 BRUSSELS
Rue de la Loi 244
Tel. 735 00 40

DENMARK

1457 COPENHAGEN
4 Gammeltorv
Tel. 14 41 40

FRANCE

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

GERMANY

53 BONN
Zitelmannstraße 22
Tel. 2380 41

1 BERLIN 31
Kurfürstendamm 102
Tel. 886 40 28

GREAT BRITAIN

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

IRELAND

DUBLIN 2
29 Merrion Square
Tel. 76 03 53

ITALY

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

LUXEMBOURG

LUXEMBOURG
Centre européen du Kirchberg
Tel. 479 41

NETHERLANDS

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

SWITZERLAND

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

UNITED STATES

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

NEW YORK 10017
277 Park Avenue
Tel. 371-3804

compared with 14.6% in the United States and 29% in Japan. These figures show that, far from being static, the common agricultural policy has been successful in adjusting its objectives to the economic and social development of the Community.

The results of the stocktaking operation carried out by the Commission at the request of the Council are summarized in ANNEX 1.

** The Court of Justice in Luxembourg recently gave an important judgment concerning FREEDOM TO PROVIDE SERVICES in the Community. The Court's commentary confirms that a national of one Community country may not be prevented from providing a service for the sole reason that he is not resident in, or a national of, the country in which the service is provided.

ANNEX 2 gives details of the case and the Court's commentary.

** THE CHANNEL TUNNEL is a matter of importance to the entire Community, not merely to the two Member States directly concerned. This has been firmly stated by the European Parliament which has urged the British and French Governments to contact the European Commission with a view to examining the various forms of financial aid which would enable the Community to play an active part in the channel tunnel project. In the same resolution the European Parliament suggests that the European Investment Bank might intervene to provide the finance or guarantees needed to reactivate the project.

** Europeans consume between 35 and 85 kg of NON-BIODEGRADABLE PACKAGING MATERIALS per head per annum. As the use of non-returnable packaging becomes more widespread, this wastage is on the increase and unless the public authorities intervene it will become increasingly difficult to find solutions. This sums up the findings of a technical, economic and legal study of the problems raised by the collection and treatment of non-biodegradable packaging materials for consumer products. In the Commission's view it will not be enough to choose between different types of measures. What is needed are different strategies adapted to individual cases, such as reverting to returnable packaging, special collections to recover packaging, standardizing packaging and banning the use of certain packaging materials. The Commission also stresses the importance of a policy to combat excessive packaging. Here, the guiding principle should be that packaging should not represent more than, say, 15% of the cost of the goods and that packaging should be shown to serve a useful purpose.

** A COMPUTER FORECASTING system was recently demonstrated to a group of Members of the European Parliament in Hanover. For the occasion Professor Pestel and Professor Mesarovic used their world model, developed for the Club of Rome. It starts from certain basic assumptions and requires a large computer system coupled with peripheral equipment. The politicians taking part in the Hanover demonstration simulated certain crisis situations, for example in energy and food supplies. With the help of the computer they then ran

through various possible alternative solutions and the effects that these would have. This demonstration arranged by the Commission links up with similar plans at European level. Publication of a report on the "Europe + 30" project is expected this summer; a group of well-known scientists, working under Lord Kennet, is examining the usefulness of a study projecting possible developments in Europe over the next 30 years. Mr Guido Brunner, Member of the European Commission, emphasized that such simulation models "are of particular assistance in assessing the effect of a given political decision on society more rapidly and more accurately than hitherto".

- ** INDIVIDUAL PRIVACY will be threatened if national legislation continues to develop along divergent lines at a time when it is becoming easier to transfer data stored in one country to another. The European Parliament has decided to search as a matter of urgency for ways and means of protecting the rights and privacy of individuals when personal information is stored in data banks. A Parliamentary working party is to organize hearings with experts in the field and with representatives of groups interested in this problem. The information thus obtained would be used by the European Commission as a basis for a proposal for a directive on data protection in Europe.
- ** SULPHUR DIOXIDE (SO₂) has been specifically dealt with by various Community measures to protect the environment. The Commission has already transmitted to the Council a proposal for a directive on the approximation of the laws of Member States concerning the sulphur content of certain liquid fuels (gas oils) and is preparing a similar proposal for heavy fuels. The Commission also intends to propose that the question of the sulphur content of solid fuels be included in the second action programme on the environment.
- ** Following Commission intervention, Kabel- und Metallwerke Gutehoffnungshütte AG of Hanover, Wieland-Werke AG of Ulm and Tréfinmétaux SA of Paris have terminated their COOPERATION AGREEMENT covering semi-manufactures of copper and its alloys and substitute and processed products. This agreement provided for wide-ranging cooperation in production and marketing. In the course of its investigations the Commission came to the conclusion that the parties had an oligopolistic position with regard to a number of products which meant that full application of the cooperation agreement would be incompatible with the EEC's competition rules. The companies have been informed of the position taken by the European Commission and have decided to terminate their agreement. They now intend to seek new forms of cooperation which are fully compatible with the Treaty's rules on competition.
- ** Under its ENVIRONMENT programme the European Commission recently decided to appropriate a sum of 771 795 units of account (1 u.a. = US \$1.2) to part-finance a number of research contracts. Fifteen studies are to be undertaken into such varied subjects as remote sensing of atmospheric pollution, evaluation of the ecological effects of water pollutants, the possibility of a data bank for chemical products likely to contaminate the environment and epidemiological studies of water and air pollution.

- ** THE STANDING COMMITTEE ON EMPLOYMENT which is responsible for promoting consultation between both sides of industry, recently held a meeting which was attended by representatives of the European Commission, governments, workers and employers. The Committee examined the measures taken in the social field by the various governments to counteract the employment crisis, and recognized the desirability of a more systematic exchange of information at Community level. The Committee then debated proposed Community measures in the social field to relieve the employment crisis and expressed particular interest in the possibility of the European Social Fund intervening. This discussion revealed the difficulty of pinpointing, in all Community countries, the sectors, regions and categories of the population most severely affected by the crisis. The Standing Committee succeeded in identifying future priorities for the Social Fund. The Commission is now to draw up a proposal for presentation to the Council of Ministers.
- ** The situation on the COTTON MARKET is causing concern to the industries represented in EUROCOTON (Committee of the Cotton and Allied Textile Industries of the EEC). At a meeting with Commission officials a EUROCOTON delegation emphasized that the decline in the cotton spinning sector is largely due to imports of very cheap spun cotton from Greece, Turkey, Brazil, Columbia and Pakistan. The European spinning sector would have to bring its prices in line with the competition to stay in business and safeguard jobs, but this would mean that it would no longer be able to cover investment and might even compromise future investment. EUROCOTON urged the Commission to set a ceiling for imports. The Commission pointed out that even if action were possible under GATT's Multifibre Arrangement for Textiles, imports from Greece and Turkey would have to be treated as a special case because of the association agreements concluded between the Community and those two countries.
- ** The number of WRITTEN QUESTIONS put to the Commission by members of the European Parliament is increasing steadily. It has risen from 26 in March 1974 to 62 in December of the same year and 103 in January 1975.
- ** The Commission, with the help of national experts, has compiled a "catalogue of laws, regulations and administrative provisions to combat SURFACE WATER POLLUTION already in force or to be adopted in the Member States of the European Communities". The document which has been compiled in French only matches its title; it is over 500 pages long. It can be consulted at any of the Information Offices listed inside the front cover of this newsletter. Similar catalogues are being prepared for air pollution, the elimination of wastes and measures to combat noise pollution.

TAKING STOCK OF THE COMMON AGRICULTURAL POLICY

Between 1968 and 1974 cereal prices fluctuated by an average of 3% in the Community, compared with 11% on the world market and 13% in the United States. In 1974 food prices increased by 10.4% in the Community, compared with 14.6% in the United States and 29% in Japan. These figures show that, far from being static, the common agricultural policy has been successful in adjusting its objectives to the economic and social development of the Community. The objectives pursued under the Treaty are: the extension of the common market to agriculture and trade in agricultural products, increased productivity, a fair standard of living for the agricultural community, reasonable prices for consumers, harmonious development of world trade, a contribution towards the solution of the problem of world hunger and protection of the environment.

1. The common market

In addition to the removal of all barriers to trade, this objective aims at specialization in the various agricultural regions to achieve a better division of labour with the economic advantages this can bring. Although intra-Community trade has expanded, there has been little specialization.

Proposed improvements

As regards compensatory amounts, the Commission has announced proposals to eliminate distortions of competition. The Commission is of the opinion that these amounts should be used solely as an instrument to prevent short-term fluctuations in exchange rates being immediately reflected in agricultural prices expressed in national currencies.

As regards State aid, the Commission intends to define a framework indicating requirements to be satisfied. Aid measures within the framework would be subject to simplified supervision or might even be exempt from prior notification. The Commission intends to give priority to the investigation of agreements and dominant positions which might affect intra-Community trade in agricultural products (e.g., sugar, fertilizers). Measures pertaining to energy policy and agricultural policy will be continued (harmonization of excise duties on petroleum products, greater consistency and transparency in price levels) or expanded (natural gas, crops grown under glass).

2. Increased productivity

Although the increase in productivity has been greater in agriculture than in any other economic sector, there is room for further progress. A dynamic improvement of agricultural structures could help here.

Proposed improvements

The Commission is therefore urging Member States to implement the directives on the improvement of structures and the special arrangements for hill-farming and farming in less favoured areas without delay. The Commission stresses the importance of an early decision on its proposals on producers' organizations, young farmers and forestry. A new proposal on improved processing and marketing is to be submitted to the Council in the near future and the Commission also intends to propose the expansion and intensification of Community action in the field of vocational training, insufficient training often being the cause of low productivity.

3. Fair standard of living for producers

Agricultural incomes rose steadily between 1964 and 1973 but failed to draw level with incomes in other sectors of the economy. The Commission also notes that national and regional disparities persist. Generally speaking, this has meant that regions with an inadequate agricultural structure are tending to lag even further behind. Only limited improvement in the distribution of agricultural incomes can be achieved through price policy, since important factors such as national legislation on social and fiscal matters are outside the scope of the common agricultural policy. Other factors militating against price policy in this respect are the diversity of structural situations and the delay in implementing a socio-structural policy at Community level.

Proposed improvements

Apart from immediate and full implementation of the structural directives by the Member States, the improvements recommended by the Commission in other fields (common market, productivity, market stability) should have a beneficial effect on agricultural incomes. It may well be that the Commission will conclude that temporary direct subsidies over and above those already applied under the common agricultural policy are necessary in other specific and clearly defined cases and within reasonable budgetary limits.

4. Market stability

A certain instability is inherent in agriculture and fluctuations in production are inevitable. Apart from the persistent structural surplus in the milk sector, the results achieved by the common agricultural policy have been satisfactory on the whole. Between 1968 and 1974, for example, market prices in the Community showed much smaller fluctuations than prices on the world market and in the United States. For cereals, the average fluctuation was 3% in the Community, 11% on the world market and 13% in the United States.

The Commission again advocates the conclusion of international agreements to stabilize markets and proposes that Community exporters be allowed to conclude delivery contracts over a longer term for products like common wheat and milk products. For 1976 and subsequent years, the Commission proposes multi-annual food aid commitments for cereals and other products to make Community food aid available on a more regular basis.

As it pointed out in its 1973 Memorandum, the Commission considers that, if market equilibrium is to be improved, better price ratios must be established between agricultural products, producers must assume a measure of joint financial responsibility for structural surpluses and more use must be made of storage (cereals, powdered milk, sugar). In the milk sector, the principle of joint responsibility could be introduced by applying target prices and intervention prices in two stages (spring and autumn). Price increases during the second stage could be modulated in accordance with automatic criteria determined in advance. If imbalance persisted, it should be possible to extend the marketing year until 30 April at the latest, thus delaying the introduction of further price increases. On cereals, the Commission would recall the proposals in its 1973 Memorandum for a better price ratio and the introduction of a coherent storage policy. The Commission intends to propose improvements for olive oil and durum wheat and considers that in the sugar sector the alternatives to the production quota system should be studied for the period following 1980.

5. Reasonable prices for consumers

The effect of price policy on consumer prices is often overestimated. For example a 10% increase in guaranteed prices would entail an increase of less than 2% on total household expenditure. It should also be pointed out that the common agricultural policy has a stabilizing effect which was particularly noticeable in 1974 when food prices increased by 10.4% in the Community but by 14.6% in the United States and 29% in Japan. The absence of any direct link between guaranteed prices and consumer prices is shown by the fact that on the whole the latter have increased much more than the former: between 1967 and 1973, for example, the price of bread in France increased by 143% while the price paid to producers rose by no more than 28%.

6. Harmonious development of world trade

Statistics show that the Community is not protectionist. It is a net importer of agricultural products, its deficit having risen from 7 000 million units of account in 1963 to 12 400 million in 1973. Although the Community has been forced by circumstances to limit imports of beef and veal, it has always respected its contractual obligations, for instance under GATT. Export restrictions, such as the export levies on cereals and sugar, did not act as a brake on Community food aid, which amounted to almost 550 million units of account between 1968 and 1975.

7. Protection of the environment

The introduction of special arrangements for hill-farming and farming in less favoured areas and schemes to promote forestry will help to maintain a minimum level of agricultural activity in areas where conservation is necessary from the ecological point of view. Measures to promote forestry will represent a worthwhile contribution towards the improvement of the natural environment. The Commission feels that a special effort must be made to mitigate the dangerous consequences of certain modern production techniques.

8. Cost of agricultural production

The level of EAGGF expenditure and frauds on the EAGGF are often criticized. As far as EAGGF expenditure is concerned, it should be stressed that the cost of the common agricultural policy represents, on average, no more than 2% of all expenditure on foodstuffs and a mere 0.4% of the Community's gross domestic product. Despite the inevitable fluctuations in agricultural production, the Community only used 68% of its appropriations between 1965 and 1974. As far as fraud is concerned, the Commission would stress the great responsibility incumbent on Member States in the matter of prevention, detection and punishment. The figures for frauds are, moreover, much lower than is generally supposed: of a total of 15.3 million units of account, 9.6 million have been recovered and 5.4 million are being recovered.

FREEDOM TO PROVIDE SERVICES

The Court of Justice in Luxembourg recently gave an important judgment concerning freedom to provide services in the Community. The Court's commentary confirms that a national of one Community country may not be prevented from providing a service for the sole reason that he is not resident in, or a national of, the country in which the service is provided.

The Court has ruled that the first paragraph of Article 59 and the third paragraph of Article 60 of the EEC Treaty must be interpreted as meaning that the national law of a Member State cannot, by imposing a requirement as to habitual residence within that State, deny persons established in another Member State the right to provide services, where the provision of services is not subject to any special condition under the national law applicable.

The Court has also ruled that the first paragraph of Article 59 and the third paragraph of Article 60 have direct effect and may therefore be relied on before national courts, at least insofar as they seek to abolish any discrimination against a person providing a service by reason of his nationality or of the fact that he resides in a Member State other than that in which the service is to be provided.

In practice this means that a Community national who wishes to provide a service - e.g., auditing accounts or drawing up architectural plans - in a country other than that in which he is resident may no longer be prevented from doing so by the authorities of the "host country" on the sole grounds that he is not resident in, or a national of, that country. National provisions to the contrary may no longer be applied to such Community nationals. On the other hand, where national requirements are attached to the exercise of a specific activity in a special field - e.g., concerning professional qualifications - any Community national providing the services in another Member State must comply with the same requirements as those imposed on persons established in that Member State.

Appeals

The Court's ruling also means that, where this right is not recognized, an individual may now appeal directly to the national authorities or the national courts invoking Article 59 of the EEC Treaty. This direct appeal constitutes a true guarantee and gives grounds for hoping that Community law will now leave the realms of the abstract to become part of the day-to-day life of the citizens of the nine Member States.

What has been said above applies to all areas of economic activity, with the exception of activities connected with the exercise of official authority within the meaning of Article 55. It is immaterial whether the directives provided for under Article 63 of the EEC Treaty have been adopted or not.

The importance of the "general effect" of the ruling must be assessed in the light of previous work on the basis of Articles 59 to 66 of the Treaty. Since the general programme on freedom to provide services was approved in 1961, the Council and other Community institutions have made steady progress in the adoption of directives for specific activities. This has produced some results; a few sectors, such as industry and the trades, have been liberalized but it has proved impossible to reach agreement in a number of other areas. Irrespective of whether directives are adopted or not, the provision of services in all areas covered by Article 59 has now been liberalized, subject to the point made earlier about requirements applicable to everyone under national regulations.

The facts

The facts of the Van Binsbergen case are as follows:

In July 1972 Mr Van Binsbergen, a Netherlands national resident in the Netherlands, authorized Mr Kortman, a Dutch lawyer then resident in the Netherlands, to represent him in a dispute relating to unemployment insurance.

Before the case was heard by the Netherlands Centrale Raad van Beroep (court of last instance in social security matters), Mr Kortman moved to Belgium and established his permanent residence there.

In November 1973 the Centrale Raad van Beroep informed Mr Kortman that, under Dutch law, legal representatives ad litem may not act unless they are resident in the Netherlands and that Mr Kortman could not therefore be heard by the Court. Mr Kortman submitted that this requirement was contrary to Articles 59 and 60 of the EEC Treaty and in April 1974 the Centrale Raad van Beroep referred the matter to the Court of Justice.

In Mr Kortman's case, the practical outcome of the Court of Justice ruling is that the relevant Dutch Courts can no longer refuse to hear him solely because he is resident in Belgium.

The ruling has not yet been examined by the Commission but a preliminary examination by its departments would indicate that the principal effects outlined above are indisputable.

This means that an important step has been taken towards ensuring that people can move and provide services freely within the Community although it must not be denied that there are still obstacles in the way of complete mobility. In some areas - notably the professions - national education and national qualifications are still required, and these requirements are not contrary to the Court's ruling as long as they are not discriminatory, in other words as long as they apply to anyone established in a given country.

The problem of mutual recognition of qualifications remains to be solved in a number of areas. Pending a solution transitional measures should be adopted based on the principle that the fact that an individual has successfully exercised an occupation or activity in his country of origin for a reasonable length of time should be accepted as sufficient proof that his professional or technical ability is equivalent to that required in the host country.

Background

Despite these reservations, it is evident that progress towards free movement of persons and services is being made. Achievement of these freedoms - one of the basic principles of the Treaty - implies progress in three distinct areas:

- (1) free movement of workers,
- (2) right of establishment,
- (3) freedom to provide services.

As far as workers are concerned, Regulations adopted as far back as 1968 guarantee the right to move within the Community, the principle of equal treatment and the right to remain in the host country after being employed there.

As far as the self-employed are concerned, freedom of establishment has been achieved for a number of activities, e.g., in industry and the trades, by the adoption of a series of Council Directives beginning in 1961. The remaining fields have been covered by the Court of Justice ruling in Reyner in June 1974 which guarantees that any Community national who wishes to establish himself in another Member State will be accorded the same treatment as nationals of that country, in other words that there will be no discrimination based on nationality.

The Court's decision in Van Binsbergen represents a milestone along the road towards the complete liberalization of self-employed activities prescribed by the Treaty.
