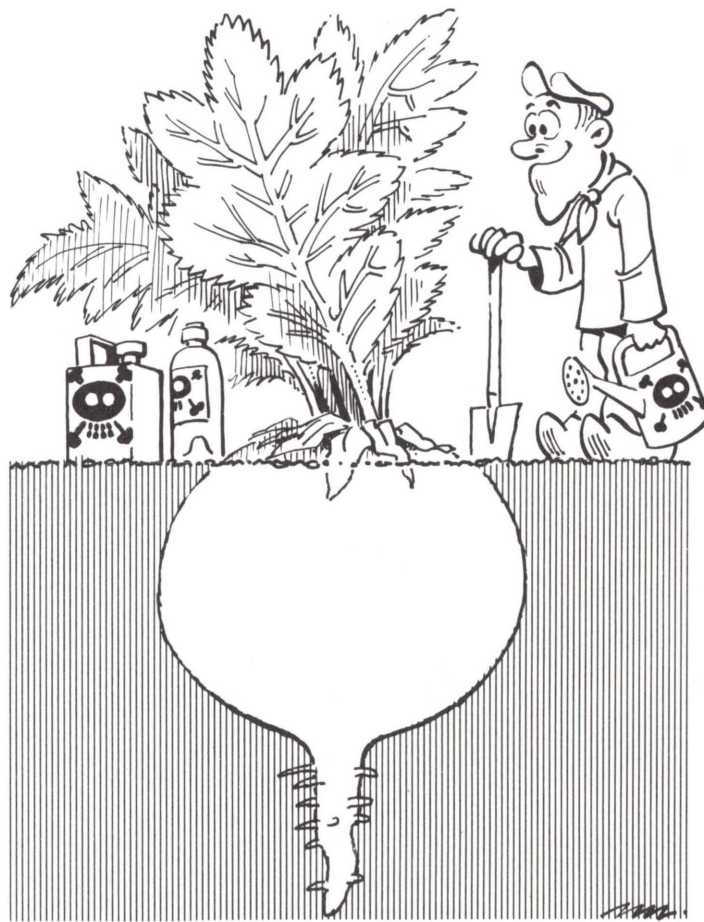


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- ** From 1951 to 1970, consumption of nitrogen fertilizers in the countries of the Community more than doubled in Belgium and the Netherlands, tripled in Germany, Luxembourg and Italy, and showed a more than fivefold increase in France. Developing modern production techniques on

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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.

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this scale poses a threat to AGRICULTURE. The European Commission therefore asked a research group to study the "Ecological consequences of applying modern production techniques to agriculture".

ANNEX 1 contains a summary of their report, and some of their recommendations.

**The European Iron and Steel Industry will feel the effects of the general economic climate in 1975: the European Commission departments have estimated that steel production for this year will be about 146.5 million tonnes as against 150.1 million in 1973 and 155.8 in 1974. ANNEX 2 describes the trends, and what lies in store for 1975.

**The European Commission has drawn up a proposal on the approximation of Member States' legislation on COSMETICS. A "black list" had been drawn up of products which could not, under any circumstances, be used in the manufacture of cosmetics. The European Parliament, the consumer associations and several Member States of the Community objected to the principle of a "black list" and asked that a positive list be published of products which could be used in the preparation of cosmetics. The European Commission has therefore amended its proposal to comply with these wishes.

**At the end of February 1975, the CONSUMER PRICE INDEX stood as follows:

1970 = 100

	<u>2 1975</u>	<u>1 1975</u>	<u>1 1975/2 1975</u>	<u>2 1974/2 1975</u>
Belgium	144.1	142.5	+ 1.1%	+ 15.4%
Denmark	152.0	152.0	+ 0.3%	+ 13.5%
France	147.0	145.9	+ 0.8%	+ 13.9%
Germany	132.0	131.3	+ 0.5%	+ 5.8%
Ireland	177.8		+ 8.1% ¹	+ 23.9% ²
Italy	165.6	163.2	+ 1.5%	+ 23.3%
Luxembourg	136.6	134.6	+ 1.5%	+ 10.5%
Netherlands	145.3	144.9	+ 0.3%	+ 9.8%
United Kingdom	166.8	164.0	+ 1.7%	+ 19.9%

¹Change between 15 November 1974 and 15 February 1975.

²Change between 15 February 1974 and 15 February 1975.

****UNEMPLOYMENT** has continued to grow in the last few months. Here are the latest unemployment figures for men and women in the European Community:

Country	Reference period	Registered as fully employed			Unemployment rate = $\frac{\text{Unemployment}}{\text{active population}}$
		Men	Women	Total	
Belgium	January 1975	72 717	75 082	147 799	3.8
Denmark ¹	December 1974	79 100	22 400	101 500	4.2
France	December 1974	356 100	367 400	723 400	3.3
Germany	January 1975	718 662	435 633	1 154 295	4.3
Ireland	January 1975	71 960	19 135	91 095	8.2
Italy	November 1974	634 400	385 700	1 020 100	5.4
Luxembourg	December 1974	91	49	140	0.1
Netherlands	January 1975	160 792	36 960	197 752	4.2
United Kingdom	January 1975	-	-	776 407	3.1

¹These figures would be 87 700 - 32 500 - 120 200 - 5.0 respectively if those registered as fully unemployed but not insured were included.

The unemployment figures published by official bodies in some Member States of the Community are calculated differently, on the basis of the number of wage-earners.

Since the figures refer to different months, it is not possible to give any precise indication of the numbers unemployed and in receipt of assistance at the present time in the European Community; it is, however, in the region of 4 million.

****Mr Scarascia Mugnozza**, Vice-President of the European Commission with responsibility for the ENVIRONMENT, has just returned from talks in Dublin, with the President-in-Office of the Council of Ministers of the Community, on the possibility of holding a Council meeting next May of the Ministers responsible for the environment in the various countries of the Community.

****SMALL- AND MEDIUM-SIZED FIRMS** can also obtain financing facilities from Community institutions. Among the institutions to which they may apply for assistance, comes first of all the European Social Fund which among other things subsidizes vocational training, both industrially and regionally. The European Regional Development Fund finances industry, craft or service activities, as well as assisting with infrastructure expenditure. Under the ECSC, investment loans and grants are available. A recent Decision by the Council of Ministers means that groups of public and semi-public organizations will be able to receive overall loans which will make them intermediaries between the ECSC and business people wishing to turn their businesses in new directions.

The European Agricultural Guidance and Guarantee Fund (EAGGF) supports individual or group schemes to improve agricultural production structures. Finally, the European Investment Bank not only grants individual loans for large-scale operations, but also assists small- and medium-sized firms by issuing overall loans to financial intermediaries, responsible for allocating them, particularly in the industrial sector. In 1974, two hundred such small- and medium-sized firms benefited in this way from loans from the EIB.

****At the end of 1974, the European Commission initiated an exhaustive study of industry, commerce, craft and agriculture TRAINING AND APPRENTICESHIP SCHEMES in the nine Member States of the Community. This study, comprising nine country sections and a summary report, should be available in the autumn of 1975. The results, together with the opinion of the Advisory Committee on Vocational Training, will enable the European Commission to put specific proposals forward in 1976.**

****The first REPORT ON THE ENVIRONMENT should be published in the second quarter of 1975. The environment action programme of the European Communities made provision for "publication by the Commission of an annual report on the state of the environment in the Community". Preparation of the report has taken longer than was expected: aims had to be defined, a decision on content taken, statistics compiled on the measures adopted in the various countries as well as on existing legislation, and details assembled on the improvements brought about and the practical experience gained within the Community. The task was made even more complicated on account of the fact that both national and Community legislation is still evolving and that, in many instances, legislation of recent date is only now being put into effect.**

**Another sharp acceleration took place in WAGE COSTS in 1974, per unit of output at constant prices, in industry - including building and construction - for the Community as a whole. Expressed in national currencies, the steepest rise was in the United Kingdom, where the figure was 26%, as compared with 7.5% in 1973. In Denmark and Ireland the rise was about 18.5% (compared with only 9% in both countries in 1973). In Italy it was some 17% (12% in 1973), in France 14.5% (7.5%), in Belgium 13% (almost 8%) in the Netherlands 11% (9.5%) and in Germany 8.8% (almost 7%). In the United States the increase is being assessed at some 8.5% compared with about 3% in 1973.

**Various CONSUMER PROTECTION STUDIES are being carried out by five consumer organizations, with the financial aid of the European Commission. The BEUC (Bureau européen des unions de consommateurs) is making a survey of consumer information in schools, and after-sales service and repairs. The COFACE (Confédération des familles de la Communauté européenne) is studying advertisements for and sales of pharmaceutical products, and use of the local language in labelling. The CES (Confédération européenne des syndicats) is examining relations between consumer organizations and public authorities and prices of farm products at every stage in the producer-consumer chain. EURO-COOP (Communauté européenne des coopératives de consommateurs) is looking into the improvement of consumer information techniques and the labelling of chemicals. The CGT-CGIL (Confédération générale du Travail - Confederazione generale italiano dei lavori) is investigating consumer habits in various socio-occupational groups.

**It has been calculated that there are over FIFTEEN THOUSAND ENVIRONMENTAL RESEARCH SCHEMES under way or about to be launched in the European Community. Some 1 000 documentation centres specializing in specific fields such as chemistry, physics, biology or law, possess information on matters concerning the environment; there are another 3 000 centres of independent experts or specialists whose assistance could be useful in protecting the environment. The European Commission has therefore put before the Council of Ministers a proposal establishing a common procedure for the preparation and constant updating of a European inventory of sources of information on the environment, so that these may be used to the fullest advantage. This inventory would be a European contribution to the international reference system planned as part of the United Nations programme on the environment.

****WASTE RECOVERY AND RECYCLING** is becoming an urgent problem in the present economic situation. The work undertaken as part of the first Community action programme on the environment therefore deals with both pollution and wastage problems. The European Commission recently undertook studies on waste recovery and recycling, in preparation for the second programme. These should lead to the inclusion in the second programme of specific proposals for action.

****The European League for Economic Cooperation** has just published a report on the economic and structural problems of EUROPEAN INDUSTRY, as relating to cars, chemicals and machine-tools. The European industrial situation following the oil crisis is obliging the European League for Economic Cooperation to call for consideration of the long-term guidelines which might apply to European industrial activity. The ELEC emphasizes that the Community's main aim should be to help European industry sell the contributions it makes to the industrialization of third countries at a reasonable figure: European technology and know-how are important assets which should be used to the best advantage. The report can be obtained from the European League for Economic Cooperation, 1 avenue de la Toison d'Or, 1060 Brussels.

ERRATUM: Issue No 10/75 of 11 March 1975 contained an article in Annex 3 on the drawing up of public supply contracts in the European Community. The English edition erroneously referred to "public works contracts": in actual fact, a Community regulation has been in force in this field for three years now. The article should have referred to "public supply contracts". We apologize to the readers of our English edition for this error.

AGRICULTURE THREATENED BY PROGRESS

Between 1951 and 1970, the consumption of nitrogen fertilizers in the countries of the Community more than doubled in Belgium and the Netherlands, tripled in Germany, Luxembourg and Italy, and showed a more than five-fold increase in France: altogether, the countries of Europe (excluding the USSR) consume 38% of world nitrogen production. Developing modern production techniques on this scale poses a threat to agriculture. The European Commission therefore asked a research group, under Professor A. Noirfalise (Professor of Ecology at the Gembloux Faculty of Agronomic Sciences), to study the "Ecological consequences of applying modern production techniques to agriculture".

Modern farm methods

Market development, the demands of Community policy and the farmers' desire for an income which guarantees a certain standard of living are three factors which have contributed and will continue to contribute to changes in farm methods and techniques. These techniques have certain short-term effects, but they also have a long-term impact on soil conservation. One of Professor Noirfalise's recommendations is that "agricultural policy must include in its decisions measures to safeguard the land-resources of Europe".

As is happening in some American States, actual regulation in certain threatened areas or in the case of farm practices recognized as dangerous to soil conservation, would be justified.

Agronomic research must include among its aims protection of the soil, its structure and resistance to erosion. Particular attention should be paid, for example, to farm systems whereby successive crops of maize are planted, since the erosive potential of such systems is still too little known. Similarly, farms without livestock - and these will become even more common in the future - can run into difficulties owing to the reduction of organic substances in the soil. In cases such as these, it is possible to solve the problem by ploughing in vegetable waste or by using graminaceous or leguminous rotation.

The development of intensive farming leads to greater monoculture, relying on the use of increasingly heavy and complicated machinery, and often employing chemical products to excess. The anticipated results are not always forthcoming: some land yields

much less than expected, unexpected erosion and water contamination occur.

Land reallocation itself sometimes leads to the removal of hedges whose usefulness becomes apparent only after they have been destroyed.

Chemical fertilizers

In spite of some reduction of farm land, the consumption of chemical fertilizers has doubled if not trebled over the last twenty years. The increased profitability of land so treated is a basic factor in maintaining the balance between wages and prices in agriculture. Fertilizers are responsible for at least 50% of farm yields, whereas they raise prices by only some 10%. The relatively low cost of nitrogen and potassium may lead unfortunately to over-consumption, which is quite pointless and possibly dangerous.

High fertilizer consumption affects the quality of vegetable produce, and soil cultivability, while contaminating surface and underground water.

Contamination of water courses is undoubtedly the most serious problem of all, though use of chemical and organic fertilizers in farming is neither the only cause of chemical concentrations in water, nor even the main one. The long-term contamination of water courses by nitrates of agricultural origin must be monitored in sandy or very wet areas particularly.

Professor Noirfalise recommends that agronomic research should study the constitution and dynamics of soil nitrates, the vertical leaching of nitrates towards underground water-levels and the effect of flooding and growth cycles on leaching.

There are no regulations governing the use of fertilizers and manure: each farmer acquires the necessary experience in practice. Development of acceptable rules for the use of fertilizers, including definition of the maximum phytotechnical and economic levels, must remain one of the permanent aims of agronomic research, due regard being paid to the ecological consequences to surface and underground water.

Herbicides, pesticides and insecticides

Despite the economic and phytotechnical objections which could be put forward, Professor Noirfalise considers that the agricultural and non-agricultural use of

persistent organochlorinated biocides (DDT, aldrin, dieldrin, endrin, chlordane, heptachlor and heptachlor-epoxide) should in future be prohibited in countries of the European Community.

In support of his recommendation, Professor Noirfalise cites their serious ecological consequences, the fact that harmful elements are carried through the atmosphere for great distances and inevitably deposited and that for most uses safer alternative products already exist.

Professor Noirfalise is equally adamant as regards organo-mercuric fungicides. The report urges that approval for poisonous biocides should not be based only on their agricultural effectiveness, as against the possible damage to public health, but should also take into account their short- and medium-term ecological effects.

Finally, the author is of the opinion that present soil and water contamination by certain persistent biocides makes it impossible for produce to be completely untainted, even in farms where phytosanitary treatment is no longer practised.

Industrial breeding

Traditional breeding methods have gradually given way to industrial breeding which presents the extremely serious likelihood of organic, biochemical and bacteriological pollution in the area concerned. Two choices are open to public authorities: to tolerate these intensive activities, but apply adequate safety standards, or else to ensure an acceptable balance between stock ratios and the land available to ensure natural absorption of the waste involved.

Where the units become sufficiently large, it is absolutely essential that they be treated as ordinary industries, which have to maintain sanitary standards, install the necessary purification plants, etc.

Strict regulations can be drawn up to control noise, unpleasant smells and water pollution, but a great deal of scientific research must still be carried out to develop purification processes which will improve biodegradation and liquid manure treatment, and facilitate the recycling of natural residual waste.

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Professor Noirfalise's report strengthens a view that is widely expressed: the common agricultural policy is not just a question of prices and yields, but is also responsible for one important side of the quality of life.

THE EUROPEAN IRON AND STEEL INDUSTRY IN 1975

The European iron and steel industry will feel the effects of the general economic climate in 1975: the European Commission departments have estimated that steel production for this year will be about 146.5 million tonnes, as against 128.1 million in 1971, 139.1 in 1972, 150.1 in 1973 and 155.8 in 1974.

In spite of warning signs of a world crisis, 1973 saw intensive iron and steel activity in the Community and throughout the world. Over the first part of 1974, the Community iron and steel market remained very active, slightly more so in fact than even in the previous year. However, after the summer, the market began to slacken and in the last few months of the year, there was a complete reversal and a sharp drop in demand for steel. The average monthly demand after August, for iron and steel products on the German market, which is the largest in the Community, was 20% down on the first half of 1974. Demand on the French, Italian and Benelux markets for the same period fell even more sharply, dropping to over 30% below the first half of 1974.

In 1974, during the first half of the year especially, prices for iron and steel products rose considerably, but less than in 1973. Between 1 January 1973 and 1 January 1974, basic average prices per country for the twelve main rolled products rose by 10% in the United Kingdom, 15% in Germany, 24% in France and Luxembourg, 32% in the Netherlands and from 35 to 40% in the other countries of the Community. From 1 January 1974 to 2 January 1975, these prices again increased, by 17% in Germany, 17 to 21% in the Benelux, 19% in France, 24% in Denmark, 37% in Italy and 60% in the United Kingdom.

Steel consumption in the car and building industries fell considerably in all Community countries. The same is now happening in first-stage processing industries. This will inevitably have repercussions on the 1975 demand for iron and steel. In spite of the encouraging performance of the tube manufacturing, shipbuilding, mechanical and electromechanical industries, overall steel consumption should drop. Total Community steel consumption is unlikely to exceed the equivalent of 132.5 million tonnes of crude steel.

In Germany, 1975 steel consumption will probably not exceed the 1974 level. A recovery is expected in the car industry and a levelling-out in building and construction.

In the Belgo-Luxembourg Economic Union, a falling off is expected in first-stage, processing industries and tube manufacturing will not be consuming enough steel to influence demand to any great extent.

In France, a small shift up in steel consumption is anticipated in 1975 in spite of the foreseeable decline in capital goods industries. There may be some expansion in sectors that concentrate more on export.

In Italy, steel consumption in 1975 is likely to drop in most processing industries.

In the Netherlands, 1975 should see a very slight advance in consumption. In the car industry, consumption is expected to return because of structural changes carried out in the sector.

In the United Kingdom, it is not possible to foresee any recovery in 1975, after the sharp drop in steel consumption in 1974. The additional consumption in industries supplying North Sea oil-prospecting equipment will not offset the reduced consumption affecting consumer durables.

In Ireland, no rise in consumption is expected for 1975. A decline is anticipated in agricultural machinery owing to the difficulties at present affecting Irish agriculture which since the second quarter of 1974 have produced a sharp drop in the overall demand for steel products used in this sector.

In Denmark, 1975 steel consumption will probably be down on the previous year. A definite downturn in both the public and private sectors of the building and construction industry is anticipated.

Under present circumstances, export estimates are in the region of 29 million tonnes, while imports are unlikely to exceed 7 million. Community production of crude steel in 1975 might just reach 146.5 million tonnes.

There is a chance that the market for iron and steel may begin to improve after the summer. Under the ECSC Treaty a fairly wide range of measures is available to the European Commission to cope with the deteriorating situation. These include both conventional and exceptional approaches.

First of all, the European Commission may have recourse to "indirect" measures; by making recommendations to the governments of the member countries of the Community and persuading firms to adopt price and production policies in keeping with the situation. But, although governments can be relied upon to cooperate in applying conventional indirect measures (influencing general consumption, especially that of public departments), not so much reliance can be placed on the self-discipline of firms, nor can they always be expected to observe the appropriate price and production measures.

However, in what the ECSC Treaty calls a "period of manifest crisis", the European Commission, under Articles 58 and 61 of the Treaty, can set up a system of production quotas and fix minimum prices. These direct measures are a last resort in an exceptionally critical situation: should the world crisis continue after these measures have been taken, the Community would find itself completely deprived of further means of action.

Finally, under Article 74 of the ECSC Treaty, in certain conditions the Commission can introduce import restrictions. This would be a contradiction of Community policy in international trade negotiations, especially GATT, where the Community's attitude to international trade is very liberal.

The European Commission is therefore keeping a constant watch on this difficult situation and Mr Altiero Spinelli, the Commissioner responsible for industrial affairs, will shortly be meeting with an iron and steel trade union delegation.
