

WEEKLY

industry and society

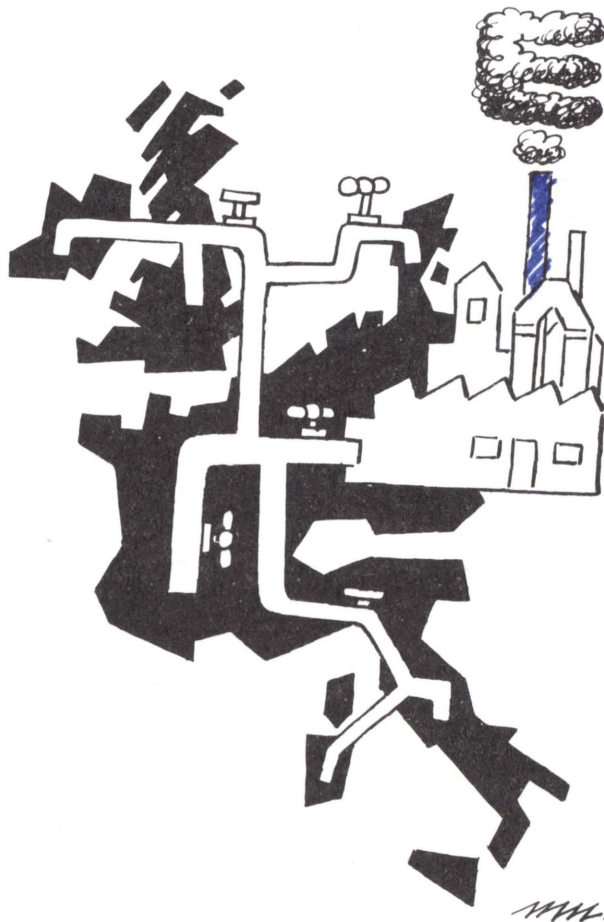
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**The European Commission has recently approved a new proposal for a EUROPEAN COMPANY STATUTE. Under the present system European enterprises wishing to merge, organize holding companies or set up common subsidiaries have first to extricate themselves from the niceties involved in

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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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nine national legal systems. By adopting the European Company Statute, forward-looking enterprises will be able to restructure and adapt to the Common Market idea, and make way for the most up-to-date forms of employee-shareholder collaboration.

ANNEX 1 describes several interesting features of Europe & Co.

**The annual consumption of lead in the Community is more than one million metric tons. The importance of protecting public health from the harmful effects of all the lead present in the environment is self-evident.

ANNEX 2 gives details of the measures proposed by the Commission, when the LOOK OUT FOR LEAD alarm is sounded.

**The Commission has approved in principle the financing of a series of applications for assistance from the EUROPEAN SOCIAL FUND for the retraining of workers in Member States. The applications made under Article 4 of the Social Fund cover the retraining of workers previously employed in agriculture, workers employed in the textile industry, migrant workers and handicapped workers. The total sum approved for this purpose is 31.3 million units of account (1 u.a. = US \$1.2), with 22.9 million u.a. being allocated for the 1975 financial year, 5.3 million u.a. for 1976 and 3.1 million u.a. for 1977. The applications made under Article 5 of the Social Fund cover the retraining of workers threatened with unemployment in the poorer regions or affected by technical progress or problems in groups of undertakings. Credits authorized for this category of aid represent a total of 39.6 million u.a., 27.7 million u.a. to be granted in 1975, 10.2 million u.a. in 1976 and 1.7 million u.a. in 1977.

**Following representations by the Commission, an EXPORT CARTEL FOR LINOLEUM has been terminated. Four European floor coverings manufacturers were party to an agreement comprising over thirty clauses fixing prices and discounts and harmonizing terms of payment and standard thicknesses, for linoleum sales within the Common Market and in non-member countries. After a detailed study of the convention in question the Commission concluded that it restricted competition, in particular by providing for uniform prices and discounts. Nor could it be demonstrated that the agreement contributed to improving the production or distribution of goods or allowed consumers a fair share of the benefit. The Commission expects competition to become keener in the linoleum industry now that the cartel has been broken up.

**A study group under the chairmanship of Mr Marjolin, set up at the request of the Commission early in 1974, has recently published its report on the progress and prospects of ECONOMIC AND MONETARY UNION. Although the group does acknowledge that there has been progress of a technical nature, notably as regards cooperation between the central banks,

it is of the opinion that generally speaking the efforts made since 1969 have ended in failure. This failure is ascribed to three main factors:

- (a) unfavourable events, such as the international monetary crisis and the financial crisis caused by the sharp rise in oil prices in 1973;
- (b) lack of political purpose on the part of governments, as a result of which these crises, instead of triggering a "leap forward", have produced a general loss of nerve, with each government doing its best to find its own way out of trouble;
- (c) insufficient intellectual insight, as a result of which efforts have been initiated towards Economic and Monetary Union without any precise idea of what was being undertaken.

With regard to economic policy the group recommends a number of measures to encourage productive investment, to develop new energy sources and generally to increase productive capacity to meet growing external demand. The group would like to see not only increased financial saving, but also a more ambitious regional policy and more active participation of both sides of industry in the discussion of Community policies.

On the monetary and financial side, the group recommends the setting up of a Community system of internal and external monetary policies, and increasing financial solidarity within the Community by instituting an Exchange Stabilization Fund. The group also recommends developing the use of a European unit of account defined by reference to a "basket" of European currencies.

****Mr Walkhoff**, a Member of the European Parliament, has expressed concern about the widespread use of MISLEADING PACKAGING. He claims that products are often sold in tins or packages whose form and presentation seem deliberately designed to mislead the consumer as to the quantity or size of the contents. Replying to a written question by Mr Walkhoff on this subject, the Commission states that it is working on a proposal for a directive on the standardization of the ranges of solid foodstuffs and other prepacked products. The Commission is also drafting a general directive on the labelling and presentation of foodstuffs which will, inter alia, prohibit any presentation which might mislead the consumer as to the quantity being offered.

****The European Commission** recently proposed to the Council of Ministers the adoption of an AGRICULTURAL RESEARCH programme to be carried out between 1975 and the end of 1979, at a cost to the Community of some 16 million units of account (1 u.a. = US \$1.2). The programme will cover four sectors, namely animal leucoses, effluents from stock farms, beef and veal production, and the production of vegetable protein. The aim of the leucosis programme will be to establish a quick and accurate diagnosis system in both

poultry and cattle breeding stations. The second programme is aimed at solving the problems of environmental pollution caused by effluents from large-scale intensive farms, and using these effluents as substitutes for mineral fertilizers; the latter are very expensive and long-term supplies cannot be guaranteed. The third programme concerned with beef and veal production aims at increasing farm productivity in general and improving meat quality and yield. The last programme, prompted by the serious problems facing the Community in respect of protein supplies for animal feed, aims at improving the protein content of existing crops, introducing new high-protein species and varieties and continuing research into the use of protein in animal feed.

**The 1974 Annual Report of the Commission's BIOLOGY AND HEALTH PROTECTION programme has recently been published (reference EUR No 5332). The two-volume report outlines the progress of the work carried out in 1974 both under contract and by the biology group based in Ispra, summarizes the scope of the projects making up the programme and records the most important results. Reference is made to approximately 650 scientific publications.

The sectors covered by this programme are radiation protection (radiation measurements and their interpretation, dosimetry, radioactive contamination of the environment, short-term and long-term hereditary effects of ionizing radiations) and the application of radiation protection and radiobiology data and nuclear techniques to medical and agricultural research. In 1974 the third multiannual biology and health protection programme included 69 contracts and subcontracts with approximately 100 contractors, institutes, universities or national and international organizations within the nine Member States.

**The Commission has recently presented a proposal to the Council of Ministers for the setting up of a PHARMACEUTICAL COMMITTEE, chaired by a representative of the Commission and composed of representatives of the Member States for those States' administrations. The task of this Committee shall be to examine any questions relating to the application of directives on proprietary medicinal products and any other questions in the same field.

**The Commission is organizing a European Scientific Symposium to be held in Luxembourg on 21, 22 and 23 May on the theme "Hardness of DRINKING WATER and public health". The main aims of the symposium are to examine the relations between the hardness and other chemico-physical properties of drinking water and to assess the overall effects on public health of consuming water with specific characteristics such as hardness, aggressiveness, presence of trace elements, etc. The symposium should also make it possible to lay down useful guidelines for future studies and research in this field.

EUROPE & CO.

The European Commission has recently approved a new proposal for a European Company Statute. It was in 1970 that the first proposal was presented by the Commission to the European Parliament, where it was widely commented upon. The draft statute as presented today is largely the outcome of the criticisms, suggestions and proposals emanating from the European Parliament.

A new possibility

The purpose of the proposed European Company Statute is to make possible mergers, holdings and common subsidiaries which would then exist and function as European companies. This should help industry to restructure itself by external growth and internal reorganization and by adaptation to the dimension of the Common Market and the requirements of our times.

European enterprises have not, as yet, the opportunity of acting throughout the Community in the same way as they can within the individual Member State, in which they are based. They have to contend with serious legal, practical and psychological difficulties, if they wish to engage in certain cross-frontier operations.

The European Company Statute does not seek to replace national company laws. It is a complete European Companies Act, which will exist alongside them. No enterprise is compelled to opt for the Statute, unless it wishes to do so and is willing to abide by its regulations.

A legal framework

The economic agreements arrived at in the 1950s are no longer sufficient if the Community is to meet the challenges of the 1970s and the 1980s. It must take steps to equip itself with new instruments able to cope with the development of the international as well as the European market. It is in this sense that the European Company Statute represents a significant part of the legal structure on which the Community is built.

The purpose of the Statute is not to encourage the creation of industrial giants as such - small- and medium-sized firms are in no way exempted or prevented from forming a European company. Quite the reverse. The aim of the Statute is in fact to free enterprises from legal, practical and psychological constraints which result from the existence of nine separate legal systems. These constraints have hitherto inhibited enterprises from conducting their affairs and relationships with other enterprises in the same efficient and profitable way as they would do on their own domestic market.

Employee participation

One of the features of the European Company Statute which is of fundamental importance is the provision for a one-third employee representation on supervisory boards. In recent years there has been growing conviction that interests other than those of investors and management should be represented when decisions are taken. Employees are directly affected by the satisfactory functioning of the enterprise which employs them and decisions taken within the enterprise have significant effects on their economic circumstances, their health and physical condition, their work satisfaction, the time and energy they are able to devote to their families and other out-of-work activities, even their human dignity and integrity.

It is therefore not surprising that the problem of how and to what extent employees should be able to influence the decisions taken by the enterprise which employs them has become of paramount interest in all Member States and that the Statute should attempt to provide its own solution. The principle finally adopted is to make provision for a supervisory board consisting as to one-third of representatives of the shareholders, as to one-third of representatives of the employees, and as to one-third of members coopted by these two groups who are to represent general interests. The result will therefore be a board comprising persons who have the necessary knowledge and experience, and who enjoy the confidence of employees and shareholders alike, without being directly dependent on them.

Registered office

An undertaking set up in accordance with the European Company Statute will be officially registered in the country of its choice. It will conform to the same taxation rules as national companies and will benefit on the same basis from any change which might occur in this sector. The harmonization of taxes payable by companies and by shareholders and the abolition of tax barriers, both significant features of Community policy, must be encouraged.

LOOK OUT FOR LEAD

The annual consumption of lead in the Community is more than one million metric tons. The most important uses include the following: gasoline additives, electric batteries, paints, varnishes, enamels, plastics, ceramics, printing, pipes and certain insecticides. The importance of protecting public health from the presence of lead in the environment is therefore self-evident. It is for this reason that the Programme of Action of the European Communities on the Environment includes lead and its compounds among the first category pollutants requiring priority investigation. The Commission has recently sent to the Council two proposals for directives relating to lead in the environment.

Biological standards

The purpose of the first directive is to set biological standards to be respected by Member States to protect public health from the effects of environmental pollution by lead outside the place of work.

It would obviously be difficult to monitor the many sources of lead in the environment; only by screening the object exposed, in this case man, using a set of pre-established levels, is it possible to take the necessary measures.

The directive drafted by the Commission lays down the scientific methods to be used in monitoring the level of lead in the blood and the rules for sampling operations to be carried out on the population to check that the safety limit has not been exceeded. Thus sampling will be conducted in all urban zones with more than 500 000 inhabitants and in groups living near certain localized sources of lead pollution. In each Member State the total number of analyses should not be less than one series of analysis per two years in the same region.

Member States will forward analysis results to the Commission by 1 July every year, and an annual report will be published showing the level of human contamination by lead in the Community. When the analysis results reveal an abnormally high level, Member States shall immediately seek to identify the sources, and after the Commission has issued an opinion, will take the appropriate measures. An emergency procedure is laid down for more serious cases. A committee of experts will ensure that the biological standards and screening procedures are brought into line with the latest developments in science and technology.

Air quality standards

As lungs are particularly exposed to the specific action of lead, the Commission has drawn up a directive establishing air quality standards, i.e., the maximum atmospheric concentrations of lead at which lead has no harmful effect on the lungs. The intention is to ensure that the contribution of atmospheric lead to the total body burden is kept down to less than one quarter. Member States will take the necessary measures to ensure that these standards are respected by 1980.

As in the case of the biological standards, Member States are requested to forward their sampling results to the Commission, and an annual report will be prepared to assess progress. A committee of experts will be responsible for amending the directive to keep it in line with the latest developments in science and technology.

The Commission is also working on a number of projects in connection with the presence of lead in gasoline, drinking water, animal fodder, ceramic glazes and other objects which come into contact with foodstuffs.