

TRADE UNION BULLETIN

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1. CONSTITUTIVE CONFERENCE OF THE MEUSE/RHINE INTERREGIONAL TRADE UNION COUNCIL IN KERKRADE (DUTCH LIMBURG) ON 2 AND 3 JUNE

On 2 and 3 June trade union delegates from the ABVV and the ACV (Province of Limburg, Belgium), the CSC and the FGTB (Province of Liège, Belgium), the DGB from Aachen, Düren and Euskirchen (Germany) and the FNV (Province of Limburg, Netherlands) representing in total more than 600,000 trade union members, held a conference in Kerkrade (Dutch Limburg) to constitute the Meuse/Rhine Interregional Trade Union Council.

The second day of the conference was enhanced by the presence of the governors of the provinces concerned, representatives of the Commission of the European Communities and the national leaders of the trade union confederations participating.

Speeches were given expressing interest in this initiative and stressing the importance of the new body in the context of efforts to link European trade union policy more closely to the people by Mr J. Kremers, Royal Commissioner for the Province of Limburg (Netherlands), on behalf of the governors present, Mr Theo Hustinx (on behalf of Mr H. Vredeling, Vice-President of the Commission of the European Communities), Mr H.O. Vetter (for the ETUC and the DGB), Mr W. Cok (for the FNV), Mr F. Sabic (for the CSC) and Mr Bleicher (for the DGB - Rhineland/Westphalia).

The conference adopted the cooperative principles governing the structure of the Meuse/Rhine Interregional Trade Union Council.

The text approved states that, in view of the fact that:

- workers in the frontier regions mentioned are experiencing serious employment problems, certain aspects of which, at both individual and group level, are specific to frontier workers;
- the policy of increasing internationalization of trade and capital calls for greater coordination of trade union action;
- a concerted policy needs to be worked out towards regional, national and European authorities in order to ensure the economic development of the frontier regions;
- there is a need to promote the spirit of European cooperation in all fields including that of culture,

the above organizations, which are affiliated through their national bodies to the European Trade Union Confederation and thus wholeheartedly share the principles of the democratic trade union movement, regard permanent interregional trade union cooperation as essential for the defence and furtherance of workers' economic, social and cultural interests in the Rhine/Meuse transfrontier region.

They also regard this as necessary if they are to participate in the planning and monitoring of the economic, social and cultural policy advocated by the European Community.

The above trade union organizations have therefore decided to set up an interregional trade union council.

Each provincial organization will be represented by three members and, as a rule, the council will meet six times a year.

The tasks of the Interregional Trade Union Council will be:

- to discuss and analyse reports drawn up by the member organizations on the economic, social and cultural situation in the regions concerned, and to try to adopt a common position;
- to analyse the policy of the authorities in the "Meuse/Rhine trans-frontier region";
- to exercise its influence in line with the objectives laid down by the Annual Conference.

The broad policy guidelines for interregional trade union cooperation will be determined by the Annual Conference.

For the first Annual Conference the Belgian unions ABVV, ACV, CSC and FGTB will each be sending 10 delegates.

The German and Dutch unions DGB and FNV will each send 15 delegates.

The number of delegates and the representation for each organization at the interregional trade union conference will be decided prior to the conference by the Interregional Trade Union Council.

Each year, on proposals by the individual union organizations, the Conference will elect the Chairman and two Vice-Chairmen and appoint the secretariat.

Where approaches are to be made to outside bodies, these will be entrusted to a delegation of the Interregional Council, including at least one representative of each member organization.

For a text to be adopted or a decision taken, either at the Conference or the Interregional Council, the unanimous approval of all the regional union organizations present is required. In the event of failure to reach unanimity, none of the organizations concerned will be bound by the decision.

A number of resolutions were also adopted at this conference:

Trade union presence in the region

It is encouraging to note the development within the Meuse/Rhine Euroregion of a wide range of both official and unofficial contacts and of machinery for consultation and cooperation.

Examples of these are:

- consultation between the regional council of Aachen and the provincial authorities of Limburg in Belgium, Limburg in the Netherlands and Liège;
- regular contacts between chambers of commerce and industry;
- cooperation between officials of the regions on problems relating to town and country planning, infrastructure, cultural policy, young people, etc.;
- cross-frontier consultation between local authorities;
- meetings between political parties, etc.

However, in spite of the fact that it represents a majority of the population, the trade union movement does not at present play an adequate part in this cooperation.

The conference demands that the Meuse/Rhine Interregional Trade Union Council be recognized as a full partner in the consultations on economic and social questions already set in motion by the authorities of the three regions.

It also calls for structured representation of the trade union organizations in the European association for which preparatory work is currently under way.

Problems for the national Governments

The conference calls for concerted action by the national Governments, employing additional financial resources, to eliminate existing inequalities between the frontier and central regions of their countries by:

- reducing the economic and social imbalances between regions at different levels of development;
- decentralizing jobs in industry and the service sector;
- promoting joint infrastructure projects in the frontier regions with the help of the funds available at European level for regions in difficulty.

The Interregional Council and the European institutions

The conference wishes to see the whole Meuse/Rhine transfrontier region recognized as a "development zone".

Provision must be made for large-scale use of the various funds and other financial resources available, such as:

- the resources available under the ECSC Treaty;
- the European Social Fund;
- the European Regional Fund.

It stresses the need to extend substantially the scope of the European Social and Regional Funds.

With a view to improving the organization of cooperation in the frontier regions, the conference considers that the draft regulation on the creation of European public associations should be adopted without delay.

The conference calls for European institutes to be established within the Meuse/Rhine region in the context of the fight against unemployment.

Economic situation

Although it lies at the centre of the North-West European industrial triangle, the Meuse/Rhine region nevertheless suffers from the disadvantages of frontier regions as compared with central regions.

For the Meuse/Rhine transfrontier region the main characteristics are:

- a considerable increase in active population;
- a persistent unemployment whose rate exceeds the national average in each of its constituent regions;
- the decay of traditional economic sectors like the coal and steel industries;
- the relative lack of Government offices and jobs in the services sector as compared with central regions;
- adequate economic infrastructure.

A. PRIORITIES

The conference calls for a development and reconversion plan to be drawn up for the Meuse/Rhine transfrontier region by the Governments and the European institutions in collaboration with the region itself.

In preparation for this plan, a well coordinated in-depth study of the region needs to be carried out.

The conference proposes that work be started on this within the near future on the initiative of the sub-regional authorities and in cooperation with the bodies representing the various economic and social groups.

This study should mainly relate to:

- the attainment of full employment;
- the extension and improvement of the economic infrastructure;
- the extension of the social and cultural infrastructure on the initiative of the public authorities for the benefit of workers in particular;
- the creation of development zones for industry and the services sector;
- balanced coordination of environmental policy.

B. PARTICULAR PROBLEMS

If such a policy is to be implemented, then:

1. The restructuring required in certain sectors must be accompanied by the conversion measures necessary to maintain the level of employment in the clothing and metalworking industries and other labour-intensive sectors.
2. National Governments and the European institutions must give priority to regions such as the Meuse/Rhine, which are more seriously affected by the present crisis than others.
3. Locally available raw materials must be exploited to the full - particularly for the provision of energy.

The conference considers that this could be achieved by:

- constructing power stations based on coal and lignite;
 - studying the possibilities of gasification processes and, in the medium term, bringing them into use;
 - developing a coal by-products industry.
4. In setting up new industries the main points to be taken into account are conversion problems and the development of the working population.
 5. Within the Meuse/Rhine region there are large numbers of able and skilled young workers.

It is therefore a good location for advanced-technology undertakings.

With a view to encouraging the development of industry and the creation of jobs in the advanced-technology sector, the conference calls for all the energies of both the public and private sectors and education to be brought to bear on the creation of advanced-technology research centres exploiting the intellectual capital represented by the large number of unemployed research workers.

6. The conference urges the national governments to take action to improve the economic infrastructure as a matter of priority.

It regards the following as the most urgent projects:

- the electrification of the Antwerp-Hasselt-Liège-Montzen railway line;
- the electrification of the Antwerp to Mönchen-Gladbach line;
- the construction of the Kaberg Canal;
- the electrification of the Heerlen to Aachen line.

7. The conference calls for coordination, within the framework of a land-utilization plan for the transfrontier region, to ensure that land is set aside for the establishment of recreational and leisure areas.

8. Social problems

Workers in frontier regions not only have particular economic problems, but also encounter special social problems.

(i) There are thousands of frontier workers in the Meuse/Rhine transfrontier region. Their special problems involve:

- a. difficulty in integrating into firms because of language problems or inadequate knowledge of labour relations or social legislation in the employing country;
- b. differences in social legislation from country to country;
- c. fluctuations in exchange rates.

The conference therefore supports the demands of the various trade union organizations for better harmonization of social and fiscal legislation in the member countries of the European Community, aimed at removing all existing discrimination between different groups of workers.

- d. The conference also calls for a European statute for frontier workers designed in particular to guarantee the purchasing power of their wages.
- e. It asks the Interregional Council to develop improved forms of cooperation between the various organizations so that frontier workers' interests may be defended more effectively, e.g. by coordination of legal assistance.
- f. The conference calls on the authorities to introduce a special permit for frontier workers to allow them quick passage through border formalities.

(ii) The anti-social practices of employment agencies are especially prevalent in frontier regions. Under the pretext of finding them interesting and well-paid work these agencies place workers in an extremely uncertain position from both the social and legal points of view. In addition, they seriously distort the labour market, infringe the tax and social laws and enrich

themselves scandalously at the expense of the workers and the community as a whole.

The conference appreciates the efforts made by the authorities in some regions to combat this menace. They must, however, continue and step up their efforts, with the support of trade union organizations, to combat these employment agencies.

It demands the abolition of private employment agencies together with severe penalties for infringement. The conference is also of the opinion that these agencies only exist because the employers make it possible for them to do so.

Because of the weak economic structure of frontier regions, workers in these regions are particularly affected by the present crisis.

The conference demands exceptional social measures to meet this exceptional situation.

- (iii) Industrial conversion and the recession in most major sectors of the economy make special action on a large scale in the field of training and retraining a matter of necessity.

The action taken in the field of retraining must be reviewed within the Meuse/Rhine region in the light of technical developments.

- (iv) The level of youth unemployment is particularly high in the Meuse/Rhine region. Many young people have received inappropriate vocational training.

The period of unemployment must be used to prepare the young people concerned for working life by providing them with suitable training or retraining.

- (v) The working population includes a large number of women.

The conference feels that both men and women should have a free choice between working for gain and staying at home to care for a family. This presupposes an adequate supply of suitable family jobs and the establishment of sufficient community facilities for an adequate social and cultural infrastructure.

The Meuse/Rhine region with its particularly high level of unemployment needs an employment policy which takes full account of the existing pool of female labour. There must be provision for these female workers to undertake appropriate training or retraining to enable them to meet the requirements of the labour market as a whole.

(vi) The conference calls on the authorities to promote a housing policy adapted to the needs of families, without neglecting the problem of urban renewal.

The trade unions of the Meuse/Rhine region confirm that they also are fighting for the implementation of the ETUC programme, which calls for:

- the maintenance and, especially for low wages and social benefits, improvement of working people's real earnings;
- a wider distribution of the available volume of work through reductions in working time;
- the development of a dynamic economic policy.

The conference appeals to all trade unionists to continue to work towards these goals.

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N.B.: It should also be mentioned that, preparatory to this conference, the member organizations produced a detailed report in French, German and Dutch on the social, economic, political and cultural characteristics of the regions concerned.

COMPOSITION OF THE MEUSE/RHINE INTERREGIONAL TRADE UNION COUNCIL

| | |
|---|--|
| Chairman | Wiel Friedrichs FNV Nederlands Limburg Schinkelstraat 13 HEERLEN |
| Vice-Chairman | Xavier Lastra FGTB Liège Place Saint-Paul, 9-11 4000 LIEGE |
| | Eddy Glöckner - CSC Rue Laoureux 28 VERVIERS |
| Secretary | Hans Schulz DGB Aachen Harscampstrasse 20 5100 AACHEN (Tel: 0241 - 30139) |
| ABVV Belgisch Limburg Maastrichterstraat 9 3500 HASSELT | Pierre Cramm R.O. De Nul Guillaume Larondelle |
| ACV Mgr. Broeckxplein 6 3500 HASSELT | Math. Posen Jan Loyens Leo Dusoleil |
| CSC Rue Laoureux 28 VERVIERS | Eddy Glöckner Roger Roderburg Josy Piette |
| FGTB Place Saint-Paul 9-11 LIEGE | Xavier Lastra Nicola Delaval Josette Duchesne |
| DGB Harscampstrasse 20 5100 AACHEN | Tony Grunwald Hans Schulz Walter Grundmann |
| FNV Laan van Hövell tot Westerfl. 33 HEERLEN | Gijs Ponsen Jo Mantel Wiel Friedrichs |

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2. CONSUMERS CONSULTATIVE COMMITTEE

The CCC held a plenary meeting on 24 May at which it adopted an opinion on the draft proposal for a Council Directive on the advertising of proprietary medicinal products.

After considering the advantages and drawbacks of pharmaceutical advertising, the Committee - concluding that a medicine would not be regarded as merchandise in the same way as other commercial products - came out in favour of objective information provision to medical circles and consumers by an independent body; this system could, in time, replace advertising.

The CCC expressed its support for the Commission proposal, which broadly corresponds to the consumers' wish for a minimum requirement Directive. At the same time, the CCC presented a number of amendments intended to improve consumer information and took the opportunity to point out that, as a matter of principle, all directives for the protection of the consumer should be of a minimum requirement nature.

Meeting for the first time since the decisions taken by the Council on agricultural prices and related measures, the Committee was given a rundown on these decisions. Since it had expressed approval in December 1977 for the Commission's proposal advocating a prudent price policy, the Committee decided that on 21 June its Bureau would examine these measures as far as they concerned prices, surpluses and structural aspects. It would take a stand on these matters after obtaining the views of the national consumers' organizations.

The Committee expressed its interest in the proposals of the Environment and Consumer Protection Service regarding the setting up of a Community system of information on accidents caused by products in the home. It could be taken for granted that these proposals would be welcomed by the public and could count on the support of the consumer organizations.

3. COMMISSION PROPOSAL FOR THE 1979 COMMUNITY BUDGET

The Commission has adopted the preliminary draft Budget for 1979 and will send it to the budgetary authority on 15 June. The ensuing procedure in the Council and the European Parliament will be completed before the end of 1978 with the adoption of the Budget for 1979 by Parliament. This procedure is likely to be less complex than was the case for the 1978 Budget, since it will not be burdened by the institutional and legal innovations which came into force with the 1978 Budget.

The total Budget expenditure proposed by the Commission is 14 667 million EUA in appropriations for commitment and 13 859 million EUA in appropriations for payment. This is the smallest increase of expenditure to be proposed for a long time, amounting to + 15.5% in appropriations for commitment, as compared with the 1978 Budget, and + 12.1% in appropriations for payment.

This is a "tight" budget: it takes account of the difficult economic situation which calls for prudence in public spending. It is a selective budget, concentrating on the operations considered important for the Community and reflecting the budgetary priorities proposed by the Commission and backed by the Council, the Parliament and the European Council. It provides a relatively small increase in expenditure for EAGGF (Guarantee), larger increases for agricultural structures, industrial policy and development aid and very large ones for social and energy policy. If the increases proposed for the Regional Fund are not very large, although reduction of regional imbalances is a basic priority, this is because the current Budget already contains a substantial increase.

EAGGF (Guarantee) will account for 65.4% and all other operations for 34.6% of the budget. The relative weight of the agricultural markets policy will thus be slightly smaller in 1979. The Commission hopes that this situation will be maintained during the budgetary procedure and embodied in the final Budget.

I. THE GUIDELINES

The 1979 preliminary draft Budget is in line with the priorities of budgetary policy recently proposed by the Commission and widely accepted at the joint Council meeting of 3 April 1978 and by the European Parliament. It is also consistent with the major political options which emerged from the meeting of the European Council in Copenhagen on 7 and 8 April 1978. The Commission takes the view that the ground is better prepared than in previous years for a calm and constructive budget debate.

The Budget proposed by the Commission is based on the following principles:

- a better balance between agricultural expenditure and expenditure on the development of other policies;
- a selective approach leading, in a limited number of priority fields, to a genuine transfer of policies from national to Community level;
- placing under the Community Budget activities which can be pursued with economic or political advantage at Community, rather than national, level;
- ensuring a real and appreciable impact for Community policies considered to be of a priority nature, which means providing enough money to make them really felt, by bringing them up to "take-off level".

Other principles of budgetary policy - particularly growing redistributive function which the Budget will be called on to play in the march towards economic and monetary union and the tasks which will fall to it when the Community is enlarged - will not be very noticeable in the next Budget. They fall within a medium-term perspective and will undoubtedly begin to have a tangible impact in 1980 and 1981.

II. THE VOLUME OF EXPENDITURE

Overall expenditure will exhibit a moderate increase (+ 15.5% in appropriations for commitment and 12.1% in appropriations for payment) mainly because of a deliberate policy of holding down agricultural expenditure. Since this expenditure accounts for the largest portion of the Budget, its rate of increase largely determines the overall increase in the size of the Budget.

The moderate size of the Budget proposed for 1979 does not mean that the Commission has changed its mind about the size of Community expenditure. The Commission stresses that, in the medium term, the widening and deepening of the Community demand Community operations on a larger scale and a more significant transfer of resources. The Community Budget has not yet reached what will be its normal running level. New operations and policies are constantly being added, and this is true of 1979. However, the pattern of the 1979 Budget is not the expansion of expenditure at all costs but rather concentration on increased development of those policies which are particularly important for the Community.

Expenditure is classified as "compulsory expenditure" (CE), compulsory in what it derives directly from the Treaty or from acts adopted under the Treaty, and "non-compulsory expenditure" (NCE), which may be changed and in respect of which the budgetary authority has some leeway. In the Budget proposed by the Commission, compulsory expenditure amounts to 11 541 million EUA in appropriations for commitment (about four fifths of the total), i.e. an increase of 11.4% over 1978, while non-compulsory expenditure amounts to 3 126 million EUA, i.e. an increase of 33.2%.

For each Budget year the Commission establishes a maximum rate of increase (the theoretical limit for non-compulsory expenditure in the light of such objective criteria as GDP, national budgets and the cost-of-living trend. In fact, this rate of increase has always been exceeded, so as to create opportunities for new operations on a very limited basis. For 1979 the maximum rate is 11.4%. The Commission is proposing a 33.2% increase in non-compulsory expenditure. This is similar to the situation in previous years but the increase is more modest on this occasion (42.7% in 1978).

III. STRUCTURE OF EXPENDITURE

The structure of expenditure shows the selective nature of the 1979 Budget: more than in the past expenditure is concentrated on those operations which are deemed to be priorities for the Community, so that these may begin to have a tangible effect and so that the resources made available for them may reach "take-off level". The priority areas in question are energy, social affairs, industry, development aid and agricultural structures.

However, it should not be forgotten that these represent only a small part of the overall budget and that the increases proposed refer to absolute amounts which are in themselves fairly low. A slight increase in absolute figures of a modest appropriation may thus result in a considerable rate of increase.

The idea of a massive and selective increase is seen most clearly in the fields of energy policy and social policy.

A spectacular increase in expenditure has been proposed for the energy sector (+ 228% in appropriations for commitment and + 353% in appropriations for payment). This policy, which is regarded as a first-rank priority among Community operations, has nevertheless never been well provided with funds. This is why the Commission wanted to allocate considerably more money to this policy in the 1978 Budget, but its proposals to this effect were radically pruned in the course of the budgetary procedure. The Commission is having another try for 1979, though this is not a real expansion but a matter of catching up on what was not granted for the 1978 budget. The emphasis has been placed on the development of Community energy resources (hydrocarbons, uranium, coal, alternative energy sources) and the saving of energy. The operations requiring the most appropriations are two concerned with coal. One consists of encouraging the use of coal in power stations, its aim being to reduce dependence on imported oil. The Commission intends to devote 75 million EUA in appropriations for commitment to it. This is precisely the figure it proposed for the 1978 Budget, though it was cut down to 10 million EUA in the course of a budgetary procedure. The other operation is new and aims at increasing intra-Community trade in coal for power stations. It involves a subsidy to enable Community coal to compete with imported coal. The Commission proposes to devote 100 million EUA to this project in 1979.

In the field of social policy an expansion of existing operations and some new operations are reflected in a remarkable 49% increase in appropriations for commitment. This includes aid for the employment of young people, which the Commission recently proposed to the Council as part of the activities of the Social Fund. This new operation alone (110 million EUA in appropriations for commitment) represents a 20% increase in the Social Fund. About half the appropriations of this Fund, incidentally, are devoted to improving the employment situation, including that of young people. The appropriations for payment related to these commitments are distinctly lower and reflect the material possibilities of implementation and payment of the operations launched. It should be noted that appropriations for payment of the Social Fund were particularly high in the 1978 Budget. An interesting feature of expenditure in the social field: the Commission doubled the appropriations destined to help the inhabitants of disaster areas in the Community, proposing 10 million EUA for 1979. The Commission considers this increase to be justified in the light of the experience gained in 1977 and 1978.

Two other fields are characterized by substantial increases, though appreciably smaller ones than in the above sectors: industrial policy and development cooperation.

The increased expenditure on industrial policy (+ 64.8% in appropriations for commitment and + 114.8% in appropriations for payment) derives in particular from the reorganization or conversion of some crisis-ridden industries (interest relief grants and investment premiums for the shipbuilding industry, the synthetic fibre industry, the paper industry, etc.) and the promotion of industries with an advanced technology (the data processing and aerospace industries).

As part of the Community's aid to the developing countries, the Commission has proposed the same amounts of food aid as it proposed for 1978 (slightly more for butter oil), amounts which were reduced in part by the Council. The quantities proposed - excluding those derived from earlier programmes - are 1 135 000 tonnes of cereals, 150 000 tonnes of powdered milk, 55 000 tonnes of butter oil and 10 000 tonnes of sugar. Aid for the non-associated developing countries is increased by 50% to reach - with a two-year delay because of the cuts made by the Council - a significant level both from the political point of view and as regards the scale of the operations made possible.

The Commission has not proposed a very substantial increase for the Regional Fund, which received a considerable boost in the 1978 Budget when the Fund was extended. For 1979 the Commission has therefore kept to what the European Council had suggested, i.e. 620 million EUA in appropriations for commitment, an increase of 6.7%. As regards appropriations for payment, the Commission has proposed distinctly less than was provided for by the 1978 Budget. This apparent reduction deserves a word of explanation: the appropriations for payment for the Regional Fund were particularly high in the 1978 Budget, the European Parliament having entered almost all the appropriations for payment requested by the Commission, while the appropriations for commitment - and these are the bases for payments -

were considerably reduced. The appropriations for payment were thus higher than the disbursements which could be made. This is why the Commission has proposed only rather modest appropriations for payment for 1979. On the other hand, the Commission has provided for a "non-quota" section of the Regional Fund intended to finance specifically Community operations, above and beyond the present system of doling out money in very small amounts, so as to make spontaneous support possible for the regions which have particular need of it. The Commission has not yet suggested a sum for this operation, but it has laid the foundation in the budget for the creation of a budget heading.

The largest portion of agricultural expenditure (EAGGF - Guarantee) was already predetermined by the recent decisions of the Council on agriculture. There is nothing the budgetary authority can do about that. Agricultural expenditure is to increase only moderately in 1979, mainly because the effect on the budget of farm prices and related measures adopted by the Ministers of Agriculture for 1978/79 is more modest than for previous years. It is nevertheless higher than that envisaged by the Commission. The initial estimate drawn up by the Commission, parallel to its proposal on prices and related measures, amounted to a requirement of 9 189 million EUA, an increase of 5.7% over 1978. The decisions of the Council on agriculture will be more expensive than that, costing approximately 350 million EUA more. However, the Commission is now drawing up a new estimate of requirements for 1979, taking into account not only the Council's decisions but also the economic situation and arriving at a forecast of appropriations for EAGGF (Guarantee) in 1979 of 9 594 million EUA - an increase of 10.3% over 1978.

There will be a far more noticeable increase in the expenditure for EAGGF (Guidance section) and for fisheries policy. Fisheries policy will cost some 140 million EUA (+ 507%) in appropriations for commitment. Operations aimed at improving agricultural structures include several operations on behalf of the Mediterranean regions whose agricultural infrastructure is particularly inadequate.

IV. BORROWING AND LENDING OPERATIONS

From the institutional point of view, the Commission has changed the presentation of its borrowing and lending operations by entering them in a new section of the budget (Part II), Part I being the ordinary Community budget. Part II includes Eximbank loans raised, Euratom loans raised, Community loans raised and loans raised to promote investments in the Community. Loans granted or raised by the ECSC, on the other hand, are not included since they come under the ECSC budget. The same applies to the loans granted or raised by the EIB, which is to be considered an independent banking institution. The entering in the budget of these operations is provided for by Article 199 of the EEC Treaty ("All items of revenue and expenditure of the Community shall be included in estimates to be drawn up for each financial year and shall be shown in the budget") and is entirely in line with the classic principles of budgetary comprehensibility and unity. On several occasions, the European Parliament has insisted on the entering of borrowing and lending operations in the budget.

Up to now borrowing and lending operations, reimbursements of capital and payments of interest and charges were included in an annex to the budget accompanied by a commentary. In future, the budgetary authority will be adopting not only Part I but Part II as well, when it adopts the budget. The Council will not lose any of its right to set the total amounts of loans raised or granted under the basic regulation. The main advantage of the new presentation is greater clarity, which will enable the budgetary authority to act in full possession of the facts. In addition, the entering into the accounts of the loans raised and granted means greater safety for those who lend money to the Community.

V. REVENUES

The Commission has based its thinking on the idea that the 1979 Community Budget will be financed entirely from own resources. Apart from customs duties, agricultural and sugar levies and various other revenues of lesser importance, the Community should receive a portion of the VAT (not more than 1% of the assessment base). Since customs duties, agricultural and sugar levies will rise along with economic activity and the VAT assessment base will increase likewise, the Commission foresees VAT revenues amounting to 0.75% of the assessment base (if the Community portion of the VAT had already been paid in 1978, this rate would have become 0.64%). This calculation is based on the assumption that the VAT assessment base in 1979 will be 9.8% higher than in 1978.

THE COMMUNITY BUDGET COMPARED WITH GDP AND THE NATIONAL BUDGETS

The table below compares the Community Budget with the European Communities gross domestic product and the total of the Member States' national budgets.

It will be seen that the Community Budget is small in volume but is tending to increase slightly in relative terms.

Comparison between the Community Budget, the Member States' national budgets and the GDP of the Community:

in thousand million

| Year | Unit | Community GDP | Member States' (central government) budgets | Community Budget | Community Budget in % | |
|---------|------|----------------------|---|------------------|-----------------------|----------------------------------|
| | | | | | of GDP 5 : 3 | of the national budgets 5 : 4 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1973 | u.a. | 868 | 228 | 4.6 | 0.53 | 2.0 |
| 1974 | u.a. | 983 | 268 | 5.0 | 0.51 | 1.9 |
| 1975 | u.a. | 1 111 | 337 | 6.2 | 0.55 | 1.8 |
| 1976 | u.a. | 1 282 | 388 | 8.0 | 0.62 | 2.1 |
| 1977(a) | u.a. | 1 445 | 446 | 9.6 | 0.66 | 2.2 |
| (b) | EUA | 1 376 | 406 | 9.6 | 0.70 | 2.4 |
| 1978 | EUA | 1 531 ⁽¹⁾ | 461 ⁽¹⁾ | 12.4 | 0.81 | 2.7 |
| 1979 | EUA | 1 671 ⁽²⁾ | - (3) | 14.7 | 0.88 | - (3) |

(1) Estimate

(2) Forecast

(3) A forecast cannot yet be given

GROWTH OF COMMUNITY EXPENDITURE BY SECTOR

| | Budget 1978 | | | | Preliminary Draft 1979 (1) | | | | Variations (1) | | | |
|---|-------------------------------|--------|----------------------------|--------|-------------------------------|--------|----------------------------|--------|-------------------------------|---------|----------------------------|--------|
| | Appropriations for commitment | | Appropriations for payment | | Appropriations for commitment | | Appropriations for payment | | Appropriations for commitment | | Appropriations for payment | |
| | mEUA | % | mEUA | % | mEUA | % | mEUA | % | mEUA | % | mEUA | % |
| I. COMMISSION | | | | | | | | | | | | |
| a. Intervention appropriations | | | | | | | | | | | | |
| - agricultural sector | 9 182 | 72.28 | 9 132 | 73.87 | 10 278 | 70.07 | 10 070 | 72.66 | + 1 096 | + 11.93 | + 938 | +10.27 |
| - social sector | 593 | 4.67 | 559 | 4.52 | 882 | 6.02 | 748 | 5.40 | + 290 | + 48.87 | + 189 | +33.82 |
| - regional sector | 581 | 4.57 | 525 | 4.25 | 620 | 4.23 | 390 | 2.81 | + 39 | + 6.71 | - 135 | -25.71 |
| - research, energy, industry, transport | 318 | 2.51 | 295 | 2.39 | 577 | 3.93 | 516 | 3.73 | + 258 | + 81.22 | + 221 | +74.81 |
| - development cooperation sector | 559 | 4.40 | 381 | 3.08 | 705 | 4.81 | 565 | 4.08 | + 146 | + 26.22 | + 184 | +48.30 |
| - miscellaneous | token entry | - | token entry | - | token entry | - | token entry | - | | | | |
| | 11 233 | 88.43 | 10 892 | 88.11 | 13 062 | 89.04 | 12 289 | 88.67 | + 1 899 | + 16.28 | + 1 397 | +12.82 |
| b. Operating appropriations | | | | | | | | | | | | |
| - Staff | 387 | 3.05 | 387 | 3.13 | 418 | 2.85 | 418 | 3.02 | + 30 | + 7.87 | + 30 | + 7.87 |
| - Administration | 106 | 0.83 | 106 | 0.85 | 121 | 0.83 | 121 | 0.87 | + 16 | + 14.72 | + 16 | +14.72 |
| - Information | 13 | 0.10 | 13 | 0.11 | 12 | 0.08 | 12 | 0.09 | - 1 | - 7.70 | - 1 | - 7.70 |
| - Aids and subsidies | 45 | 0.35 | 45 | 0.36 | 48 | 0.33 | 48 | 0.35 | + 3 | + 6.94 | + 3 | + 6.94 |
| | 551 | 4.34 | 551 | 4.46 | 599 | 4.08 | 599 | 4.32 | + 48 | + 8.74 | + 48 | + 8.74 |
| c. Reserves | 5 | 0.04 | 5 | 0.04 | 65 | 0.44 | 65 | 0.21 | + 60 | - | + 60 | - |
| d. Reimbursement to Member States from own resources | 689 | 5.43 | 689 | 5.58 | 689 | 4.70 | 689 | 4.97 | - 0.6 | - 0.09 | - 0.6 | - 0.09 |
| Total Commission | 12 478 | 98.23 | 12 137 | 98.18 | 14 415 | 98.28 | 13 607 | 98.18 | + 1 937 | + 15.52 | + 1 469 | +12.11 |
| II. OTHER INSTITUTIONS | 225 | 1.77 | 225 | 1.82 | 252 | 1.72 | 252 | 1.82 | + 27 | +12.10 | + 27 | +12.10 |
| GRAND TOTAL | 12 703 | 100.00 | 12 362 | 100.00 | 14 667 | 100.00 | 13 859 | 100.00 | + 1 964 | + 15.46 | + 1 497 | +12.11 |

(1) provisional

Revenue 1978/79

in mEUA

| | 1978 | 1979 | ± % |
|---|--------------|-------------------|-------------|
| | Budget | Preliminary draft | |
| Agricultural levies | 1 686.1 | 1 706.0 | + 1.2 |
| Sugar levies | 376.9 | 438.1 | + 16.2 |
| Customs duties | 4 833.0 | 4 745.5 | - 1.8 |
| Contributions by the Member States - 0.75% of the VAT assessment base | 5 330.8 - | - 6 811.0 | - + 27.8 |
| Miscellaneous revenue | 135.9 | 158.5 | + 16.6 |
| Total | 12 362.7 | 14 666.9 | + 15.5 |

TREND OF APPROPRIATIONS IN THE RESEARCH,
ENERGY, INDUSTRIAL AND TRANSPORT SECTORS

EUA

| Heading | 1978 | | 1979 (1) | | Absolute increase col. 3 col. 1 | % | Absolute increase col. 4 col. 2 | % |
|---------------------------|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|--|----------|--|----------|
| | Approp- riations for commitment | Approp- riations for payment | Approp- riations for commitment | Approp- riations for payment | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Energy | 80 000 000 | 46 000 000 | 262 400 000 | 209 900 000 | +182 400 000 | + 228,00 | + 161 600 000 | + 353,35 |
| Research | 181 319 795 | 212 781 303 | 223 814 375 | 236 592 330 | + 44 094 580 | + 24,29 | + 23 811 027 | + 11,19 |
| Industry and transport | 39 705 000 | 21 485 000 | 65 441 000 | 46 141 000 | + 25 736 000 | + 64,82 | + 24 656 000 | + 114,76 |
| | | | | | | | | |
| | | | | | | | | |

(1) provisional

4. EUROPEAN TRADE UNION INSTITUTE - SIGNATURE OF THE AGREEMENT BETWEEN THE COMMISSION AND THE ETUC

At 12.30 on 7 June in Brussels, in the presence of a number of members of the Secretariat and the Executive Committee of the European Trade Union Confederation, Vice-President of the Commission Mr Henk Vredeling and Mr Heinz Oscar Vetter, President of the ETUC, signed the agreement between the Commission and the ETUC concerning the European Trade Union Institute.

The aims and working methods of the Trade Union Institute were, it will be recalled, described in item 5 of Trade Union Bulletin No 1/1978.

The tasks assigned to the Trade Union Institute are in line with Community objectives and the agreement signed on 7 June therefore establishes a framework for cooperation between the Commission and the Institute. The Commission undertakes to grant a subsidy to the Institute throughout the six-year duration of the agreement.

For 1978 this contribution will amount to 500 000 EUA. In return, the Commission is entitled to appoint representatives to participate as observers in those aspects of the Institute's work which are of interest to it and the Institute undertakes to forward a revenue and expenditure account and a progress report to the Commission annually.

5. EUROPEAN ACTION DAY FOR RAILWAYMEN IN BRUSSELS ON 11 MAY 1978

In response to a call from the Committee of Transport Workers' Unions in the European Community, several thousand railwaymen from all the Member States marched past the offices of the Community institutions in Brussels for the first time in the history of the Community to express their concern at the serious deficiencies of the common transport policy.

At a press conference on the morning of the action day the leaders of the Committee of Transport Workers' Unions explained the significance of the day's activities.

Amongst other things, they deplored the return to measures such as line closures and large-scale reductions in workforce which had, as was generally recognized, failed in the past, undermining the viability of undertakings providing a public service, causing serious regional imbalances and mortgaging the future of the economy.

They also stated that the deterioration of the railways' financial situation was due to:

- an economic recession leading to unemployment;
- persistent inflation;
- uncontrolled competition leading to serious disruption of the transport system.

In the unions' view, immediate action was needed at European level to:

- get the best out of currently under-used infrastructures;
- establish faster intra-Community links;
- improve transshipment facilities with a view to promoting the development of combined transport operations;
- exploit to the full the advantages of the railways for the community in relation to long-distance transport and the carriage of heavy loads;
- charge for the use of infrastructures;
- harmonize upwards social conditions in the various sectors of transport and exercise tighter control over social legislation.

In the short term, they believed, action along these lines would make it possible to:

- relieve the burden of budgetary expenditure;
- halt the substantial wastage of energy resources;
- relieve the congestion of major road axes and town centres;
- reduce the number of accidents;
- reduce pollution;
- combat other forms of nuisances;
- preserve the environment;
- improve the quality of life by developing public transport.

In order that the railways should once again become "a public service at the service of the public", they demanded an immediate halt to staff reductions and the creation of sufficient jobs to ensure:

- the presence of enough employees to assist passengers both in stations and on trains;
- a more regular passenger service;
- an improved goods service;
- satisfactory maintenance of certain installations and types of equipment.

After the demonstration, which was orderly, calm and dignified, a trade union delegation was received by Mr Burke, the Commissioner with responsibility for transport. Mr Burke took note of the unions' views and pointed out that the Commission had already put forward a number of proposals along the lines advocated by the railwaymen in relation to charging for the use of infrastructures, the improvement of social conditions in the road transport industry, compensation in respect of tariff obligations imposed on railway undertakings and the promotion of cooperation between the Member States' railways.

The railwaymen's unions supported the European demonstration by action of various kinds at national, regional and local level, including the communication of a joint statement of views to the Ministers of Transport in all the Member States.

6. FOURTEENTH MEETING OF THE STANDING COMMITTEE ON EMPLOYMENT
IN BRUSSELS ON 12 MAY

This meeting, chaired by Mr Svend Auken, Minister of Labour for the Kingdom of Denmark, was mainly devoted to discussion of the role of the tertiary sector, including the public services, in attaining growth, stability and full employment.

Readers will find the main points of the working paper adopted by the Commission preparatory to this meeting of the Standing Committee on Employment summarized on pages 9 to 14 of Trade Union Bulletin No 3/1978.

Following the meeting the Chairman summarized the proceedings as follows:

1. "The Standing Committee on Employment continued its discussion of the priorities decided upon at the Tripartite Conference in June 1977 with a view to implementing, in the spirit of the European Council in Copenhagen, an effective strategy to combat the persistent unemployment prevailing in the Community. There was a detailed exchange of views on the structure of the tertiary sector, including the public sector, its economic context, development prospects and future potential both as regards employment and the social objectives of economic activity.
2. The Standing Committee on Employment noted that this problem was now being tackled at Community level for the first time and expressed its appreciation of the Commission's initial analysis.
3. The employers' representatives emphasized in general that the condition for growth of the tertiary sector with a view to promoting employment opportunities was growth in the primary and secondary sectors and equal conditions for competition between the public and the private sectors. They also stressed that in the private tertiary sector priority should be given, following detailed examination of the specific prospects in each branch, to encouraging small and medium-sized undertakings by reducing the handicaps which hamper their activities, in particular with regard to financial burdens and access to markets and credit.

They warned against any tendency to interfere with the market mechanism of our economic system and expressed their attachment to the principle that services in the tertiary sector should, as far as possible, be privately managed.

They did not however adopt a negative attitude to special measures taken by public authorities to put people to work in the tertiary sector to meet certain community needs; in order to be useful, however, such measures would have to enable workers to acquire training which would help them to occupy a permanent job.

The employers' representatives refused to accept a priori criticism of investments designed to rationalize activities in the tertiary sector; such investments would in any case have a beneficial effect on employment in the long term.

4. The workers' representatives stressed the great importance of the tertiary sector for employment given that there were a lot of unsatisfied needs and that there was room to improve existing services in many branches, especially those which help to ensure the quality of life.

They thought that the discussions should concentrate mainly on the public tertiary sector and they opposed the tendency to transfer to the public tertiary sector only those services which were unprofitable and not subject to market forces.

In their opinion, the financing of measures to be taken in the tertiary sector should be considered in the light of the saving to be made by not having to pay unemployment benefits to those who would thus be helped to find employment and of the revenue from the tax and social security contributions of those who would once again be earning.

In addition, a more selective tax policy in general could provide additional resources which could be used to create new jobs. The workers' representatives expressed some apprehension regarding investments relating to technological innovations in the tertiary sector, which were likely to reduce employment and downgrade skilled workers.

Furthermore, they stressed the importance which should be given in the tertiary sector to improving working conditions and vocational training, with a view to guaranteeing workers' rights in this sector. They also referred to the need for worksharing measures.

5. The government representatives referred to the policies being pursued in their countries and reiterated their views on the main aspects of the situation in the tertiary sector. They placed particular stress on the need to direct state aid to investments in a way that would more equally promote both capital investment and job creation. The tertiary sector would also be bound to benefit from such a policy.

School and vocational training structures should, the government representatives said, take account of the requirements of tertiary sector development. They also drew attention to current experiments in some Member States involving putting people to work in services of public interest.

6. The Committee stated that the best way of dealing with unemployment was to create new jobs by ensuring growth in the economy as a whole.
7. It felt that the tertiary sector had an important role to play in this context because a considerable number of jobs could be created there and because it could be expected that, although activity in the sector had slackened in the present economic situation, the trend towards the transfer of employment to the tertiary sector from the other sectors would continue.
8. The Committee felt, however, that too little data was available on the tertiary sector. Knowledge of this sector must be improved in order to provide a better basis for decision-making. More detailed studies were therefore needed. The Commission was asked to undertake the necessary work in this field in cooperation with the Member States and both sides of industry. In these studies the Commission should seek possible ways of making greater use of existing Community financial instruments, within the limits of available resources and bearing in mind existing Community policies, to help improve the efficiency of the tertiary sector.
9. In the course of its discussions the Committee recognized that the traditional rigid division of the economy into the so-called primary, secondary and tertiary sectors (and their subdivision into private and public sectors) did not accurately reflect the real situation. Further progress in this field could only be achieved through interaction between these sectors.
10. Attention was drawn to the necessity of ensuring a balance between the different sectors, given that economic growth and improvement of the employment situation in one sector were very often pre-conditions for a corresponding development in another sector.
11. The Committee stated that the creation of jobs in the tertiary sector should correspond to real needs and contribute to improving the quality of life.

During the discussion mention was made of a number of areas to be considered at a later date:

- health protection;
- elderly and handicapped persons;
- education;
- vocational and continuous training;
- mass tourism;
- energy saving;
- research and development of new energy sources.

In the present circumstances there should be special provision for satisfying needs of this kind.

12. Finally, the Committee expressed the view that its discussion constituted a very good starting point for further reflection and effective action at both Community and national level."

The Chairman also informed the members of the Committee that at its meeting in Copenhagen on 7 and 8 April 1978 the European Council had taken note of the Committee's conclusions on the problem of work-sharing and shared the Committee's view regarding the role to be assigned to work-sharing as part of an overall strategy for promoting employment.

Vice-President Vredeling informed the Committee of the work undertaken by the Commission in accordance with the Committee's conclusions on work-sharing. The results of this work would be at the next Tripartite Conference.

Information offices

1. Community countries

Brussels

Rue Archimède 73, 1040 Bruxelles
Archimedesstraat 73, 1040 Brussel
Tel. 735 00 40/735 80 40
Telex 26657 COMINF B

Copenhagen

Gammel Torv 4
Postbox 144
1004 København K
Tel. 14 41 40/14 55 12
Telex 16402 COMEUR DK

Bonn

Zitelmannstraße 22
5300 Bonn
Tel. 23 80 41
Telex 886648 EUROP D

Berlin (Suboffice attached to Bonn Office)

Kurfürstendamm 102
1000 Berlin 31
Tel. 892 40 28
Telex 184015 EUROP D

Paris

61, rue des Belles-Feuilles
75782 Paris Cedex 16
Tel. 553 53 26
Telex Paris 611019 COMEUR

Dublin

29 Merrion Square
Dublin 2
Tel. 76 03 53
Telex 5551 EUCO EI

Rome

Via Poli 29
00187 Roma
Tel. 68 97 22
Telex 61184 CECA

Luxembourg

Bâtiment Jean Monnet
Rue Alcide de Gasperi
Luxembourg-Kirchberg
Tel. 430 11
Telex 3423/3446 COMEUR LU

The Hague

Lange Voorhout 29
Den Haag
Tel. 46 93 26
Telex 31094 EURCO NL

London

20 Kensington Palace Gardens
London W8 4QQ
Tel. 727 80 90
Telex 23208 EURUK G

Cardiff (Suboffice attached to London Office)

4 Cathedral Road
Cardiff CFI 9SG
Tel. 37 16 31
Telex 497727 EUROPA G

Edinburgh (Suboffice attached to London Office)

7 Alva Street
Edinburgh EH2 4PH
Tel. 225 20 58
Telex 727420 EUEDING

2. Non-member countries

Latin America

Santiago, Chile

Avenida Ricardo Lyon 1177
Santiago 9
Postal address : Casilla 10093
Tel. 25 05 55
Telex 344 COMEUROP SGO
351 COMEUROP SGO

Canada

Ottawa

Inn of the Provinces - Office Tower (Suite 1110)
350 Sparks Street
Ottawa, Ont. K1R 7S8
Tel. (613) 238 64 64
Telex 0534544 EURCOM OTT

United States

Washington

2100 M Street, NW (Suite 707)
Washington, DC 20037
Tel. (202) 872 83 50
Telex 248455 COME UR

New York (Suboffice attached to Washington Office)

1 Dag Hammarskjöld Plaza
245 East 47th Street
New York, NY 10017
Tel. (212) 371 38 04
Telex 012396 EURCOM UI

Greece

Athens

2, Vassilissis Sofias
Postal address : T.K. 1602
Athina 134
Tel. 74 39 82/74 39 83/74 39 84
Telex 219324 ECAT GR

Japan

Tokyo

Kowa 25 Building
8-7 Sanbancho
Chiyoda-Ku
Tokyo 102
Tel. 239 04 40
Telex 28567 COMEUTOK J

Switzerland

Geneva

Case postale 195
37-39, rue de Vermont
1211 Genève 20
Tel. 34 97 50
Telex 28261 and 28262 ECOM CH

Turkey

Ankara

13. Bogaz Sokak
Kavaklidere
Ankara
Tel. 27 61 45/27 61 46
Telex 42819 ATBE TR