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** The Commission of the European Communities recently published its first report on COMPETITION POLICY, in which it reviews ten years of Community activity in this field (see IRT No. 143). The broad lines of the Community's competition policy are based on Commission decisions, judgments of the Court of Justice and also memoranda and regulations resulting from the application of the rules of competition concerning firms, and are summarized in ANNEX 1.

In this same report the Commission describes the extensive programme of studies which it initiated in 1970-71 in order to obtain exact data on THE TREND TOWARDS CONCENTRATION WITHIN THE COMMUNITY; this should enable analyses to be made of the development, causes and effects of concentration. The programme should be completed towards the end of 1973.

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The information and articles published in this Bulletin concern European scientific cooperation and industrial development in Europe. Hence they are not simply confined to reports on the decisions or views of the Commission of the European Communities, but cover the whole field of questions discussed in the different circles concerned.

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**** EUROPE IS NOW THE PRINCIPAL CAPITAL HOLDER IN THE FIELD OF NEW LAND AND SEA TRANSPORT TECHNIQUES**

But unless the European countries pull themselves together and develop these techniques jointly, they run the risk of losing their lead without having derived any benefit from it either from the production or utilization angles. The lack of international cooperation not only leads to increased costs and duplication of effort, but is also likely to split up the market and cause troublesome fragmentation of international transport systems.

This conclusion emerges from a study carried out for the Commission by the Société d'études techniques et économiques (SETEC, France) with the aim of compiling an inventory, balance-sheet and estimate of future prospects for R&D in land and sea transport.

**** In the course of its comparative study of the research programmes of member countries, the Community Group on "Scientific and Technical Research Policy" (Aigrain Group) has examined the SITUATION OF DATA PROCESSING RESEARCH in these countries (see IRT No. 87).**

ANNEX 3 contains a short note on the promotion of data processing in Germany.

**** The year 1971 witnessed MAJOR ADVANCES IN THE COMMUNITY'S SOCIAL POLICY: the setting up of the Standing Committee on Employment, the reform of the European Social Fund (which took effect on 1 May 1972), the remodelling of the social security regulations in respect of migrant workers, the adoption of general policy guidelines on vocational training as the basis for an action programme, and the publication of a Community "blueprint" for social action, which is already having visible results.**

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In addition, the Commission of the European Communities recently put forward a detailed programme of action for improving working conditions and industrial health and also for environmental conservation (see IRT No. 138). Lastly, the Commission will shortly submit a draft directive to the Council on the problem of mass dismissals by multinational companies.

** A EUROPEAN TELECOMMUNICATIONS POLICY, drawn up in cooperation with the administrations concerned, is necessary in order to ensure firstly the more efficient exploitation of research, development and production capacities, and secondly the gradual disappearance of the effects of technical differences between the various national systems. These facts were put to the European Parliament at Luxembourg on 9 May 1972 by Mr Spinelli, Member of the Commission of the European Communities with special responsibility for industrial affairs and research.

As regards cooperation between the PTT administrations, Mr Spinelli noted with satisfaction the existence of a body whose task it is to ensure dialogue and cooperation, namely the "European Conference of Postal and Telecommunications Administrations". He thought, however, that in future the Community PTT administrations would have to intensify their collaboration and coordinate their telecommunications development projects more closely so as to avoid fresh disparities, such as those now appearing in the first stages of the creation of data transmission networks, and in order that barriers in the telecommunications market may be gradually eliminated (on 15 March 1971 the Commission of the European Communities submitted to the Council a draft directive on the coordination of procedures for the award of public supply contracts).

** After fifteen years of existence, THE EUROPEAN COMMUNITY IS PROVING HIGHLY BENEFICIAL TO CONSUMERS, whose purchasing power has greatly increased in all the member countries, as is shown in the following table:

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Country	Retail price index	Average hourly wage index	Real increase in purchasing power, as a percentage
	1958 = 100		
Belgium	137	214	56
France	164	252	54
West Germany	133	259	95
Italy	148	284	92
Luxembourg	130	215	62
Netherlands	159	275	73
United Kingdom	151	196	30

** A COMPARISON OF THE PRICES OF NATURAL GAS IN VARIOUS REGIONS OF THE COMMUNITY for one and the same type of consumer reveals surprising differences. Thus, the price excluding tax, for individual central heating, is appreciably lower at Lille than at Düsseldorf, although Lille is almost twice as far from Groningen. At Paris this type of consumer pays less for his natural gas than at Frankfurt or even at Brussels. The situation as regards industrial consumers is not very different. At Frankfurt the price is 50% higher than at Lille, although the distance from the deposits is about the same. There is a similar difference between the Düsseldorf and the Rotterdam/Antwerp prices and between those at Paris and at Stuttgart. These facts emerge from the study of the evolution of gas prices in Community countries between 1955 and 1970, which has just been published by the Statistical Office of the European Communities.

** Three to four hundred specialists drawn from the Member States of the Community, from the acceding countries and elsewhere will participate in the information meetings on AUTOMATION IN THE COALFIELDS, which the Commission of the European Communities is holding in Luxembourg on 29-31 May 1972. Since 1965 the European Coal and Steel Community (ECSC) has, of course, backed major applied research and industrial development projects on remote control, telecommunication and automation in mines. Some of the results obtained have already found applications in mining techniques; others can be applied in mining engineering, mainly in the fields of production, winning, transport and mine safety.

** The Commission of the European Communities has awarded a contract to the Walter J. Levy Company, Zurich, for consultant services on factors affecting THE COMMUNITY'S OIL SUPPLY SITUATION.

** THE PROSPECTS FOR THE APPLICATION AND PROMOTION OF NUCLEAR ANALYSIS METHODS IN THE PRODUCTION AND UTILIZATION OF PRECIOUS METALS will be the subject of a study which the Commission of the European Communities is to have carried out as part of its campaign to promote the use of radiation and isotopes in industry. This study should lead to an assessment of the true prospects for the use of nuclear methods for such purposes as the detection and recovery of traces of precious metals, as well as to proposals for action on the basis of discussions between industry and the specialist laboratories.

The Community's Competition Policy

extracts from the first report on the competition policy published
by the Commission of the European Communities

The broad lines of the Community's competition policy have now been set out by the Commission in its first report on this subject.

A. Policy in regard to firms

1. Restrictions on competition and behaviour that prejudices the uniformity of the Common Market are priority matters for legal proceedings. This is the case as regards the splitting of the market into sales areas, sharing of clients and collective agreements on exclusive rights. There is also a ban on agreements that indirectly restrict demand to particular producers. Exclusive distribution agreements may not prevent traders and users from acquiring products in any Member States on normal terms.
2. Firms found guilty of illegally restricting competition and, therefore, of seriously prejudicing the interests of consumers must expect to be fined heavily.
3. The Commission is determined to oppose the abuse of dominant positions in the Common Market. Subject to any different interpretation of the provision by the Court of Justice, it also applies Article 86 of the EEC Treaty to concentrations by firms holding a dominant position to the prejudice of consumers.
4. The Commission is resolved to strengthen the competitive position of firms by exempting from the prohibition of understandings certain forms of cooperation deemed to have a beneficial effect. This is notably the case with cooperation between small and medium-sized enterprises for which such cooperation is the only means they have of being able to compete with large firms.
5. The Commission does not apply the ban referred to in Article 85 to restrictions of competition which do not have any appreciable effects on the Common Market.

B. Policy towards state interventions

The competition policy does, however, not only entail observance of certain rules of competition by firms, but it must also ensure Community interests in the field of state aids and national trading monopolies. Although other forms of action sometimes provide more appropriate solutions to the problems raised (infrastructures, social policy measures facilitating vocational training or job mobility, etc.), in the present phase of liberalization of the markets and rapid technological change aids must be considered a necessary instrument of structural policy.

The Commission's views on national aids are essentially fashioned by three sets of considerations:

1. National aids, conceived unilaterally, must be dovetailed into the Community context of the problems they are intended to solve. If not, they will only result in outbidding and, therefore, a waste of resources, mutual cancelling out of national policies, and even the simple transfer of difficulties from one Member State to another or the emergence of new difficulties at Community level. It is essential, in particular, that the aid should be adapted to the gravity of the problems to be solved. When evaluating the latter, account must be taken of both national and Community-wide aspects.
2. The aids must also make an efficient contribution to improving sectoral and regional structures within the Community, while distorting competition as little as possible. Aids, whether of a regional or sectoral nature, should result in the firms concerned being capable eventually of facing market competition on their own feet. This means that they should be granted on a sufficiently temporary and even degressive basis so as to provide strong incentives to carry out the necessary adjustments. This also means that, as a general rule, aids for conservation or to current operations are excluded. The aids must not be so extensive as to remove most of the risks involved in business operations. They must be granted to firms and activities whose development or restructuration, in view of the general trend in the sector

concerned, augur well for their future ability to become competitive. The aids must also be as transparent as possible to enable not only Community authorities to evaluate their extent and the public and local authorities to calculate exactly the amount of expenditure incurred, but also the firms concerned to obtain a good insight into their real competitive position.

3. Finally, when it looks into national initiatives, the Commission never loses sight of the social and human needs that, over and above strict economic reasons, may justify them. This may lead the Commission to allow aids whose only effect is to ease the brutal effects of changes that are, nonetheless, necessary. In such cases, however, these aids must be part and parcel of a general action programme in which provision is made for other measures capable of remedying the underlying causes of the social problems arising.

It is possible to use other methods than aids for this purpose, such as the creation of certain infrastructures or the more active promotion of industrial training and retraining schemes.

As for the adjustment of national trading monopolies, the Commission considers that the best thing to do would be to abolish the exclusive rights enjoyed by these and thus remove any source of discrimination. As this has not yet been achieved, the Member States propose to abolish them soon, except in one or two special cases. As for national commercial monopolies which, for the moment, exist merely because they are in line with the common policies at present taking form, the Commission has won acceptance for the removal of the most harmful forms of discrimination.

Research and Development Activities in the Field of Land and Sea Transport

(based on a study carried out by the Société d'études techniques et économiques (SETEC, France) on behalf of the Commission of the European Communities).

At the moment Europe possesses the richest capital in the form of new land and sea transport techniques. But unless the European countries pull themselves together and develop these techniques, jointly, they run the risk of losing their lead without deriving any benefit from it either from the production or the consumption angle. Where the development of experimental techniques up to the production stage is concerned, the question of financial backing becomes crucial. But European cooperation in the transport field, which would make it possible to concentrate resources on the most promising techniques, is still virtually non-existent, whereas the US and Japan have prepared programmes (particularly in the field of high speed land transport) of considerable scope, and planned right up to the final testing.

This conclusion emerges from the study carried out on behalf of the Commission by the Société d'études techniques et économiques (SETEC, France) with the aim of compiling an inventory, balance-sheet and estimate of future prospects for R&D on land and sea transport in Europe, the US, Canada and Japan. This study includes an analysis of the role of the state, an analytical review of research on elementary techniques and interurban, urban and sea transport systems, and finally a statement of the main conclusions to be drawn from the inventory (it will be remembered that a study on the aerospace industries carried out by Soris of Turin was published in 1971 by the Commission of the European Communities (see IRT No. 90)).

1. Road transport

There are numerous research projects on the propulsion of road vehicles, with the main objective of cutting down pollution. Various techniques are being developed by different firms and in different countries, with the following targets:

- a) By 1973: a low-pollutive internal combustion engine of conventional type.
- b) By 1975: heat engines with external combustion.
- c) By 1975-80: an electric battery propulsion system.
- d) By 1980-85: the fuel cell.

Compared with the US and Japan, the European efforts to reduce automobile pollution appear negligible. Almost 100 million u.a. will be allocated to research on this subject during the next few years in the US, and 15 million u.a. in Japan. For comparison, the sum earmarked under the VIth plan in France is 2.5 million u.a. In the other European countries the sums being spent are scarcely greater.

The same disproportion appears in the private sector.

Various researches are also being carried out in both Europe and the US on passive safety in automobiles.

Other research projects relate to traffic control and regulation systems. Dispersion of effort is the rule in this field, both nationally and internationally. Manufacturers in the electronics and electrical signalling systems industries have a vast market to conquer in which competition is very keen. Governments are also taking an active part in research, but except in the UK are making no effort to coordinate it.

Yet all the problems of controlling and regulating traffic on motorways and roads need to be treated internationally in order to ensure that the network is homogeneous as regards both equipment and methods of exchanging information between drivers and central control posts. This is why the European Community has initiated procedures for international cooperation, one of the major aims being to define an overall system of electronic traffic aids and to start research on certain forms of equipment.

2. High speed interurban passenger transport

Research is centred on the following three techniques:

- a) Conventional railways, with the aim of attaining speeds of up to 300 km/h. This technique appears suitable for distances of 200-500 km. For distances of 500-1000 km, two new techniques are envisaged, but have not yet been developed up to the operational stage; these are
- b) Air cushion support, where studies have reached the prototype stage.
- c) Magnetic support, studies on which are still at the laboratory stage.

There have hitherto been no international R&D programmes in this field, despite the importance of coordinating networks and unifying international systems, particularly in Europe. European cooperation should be initiated in railway rolling-stock research, and should be modelled on the existing cooperation on aviation equipment. But coordination would be more difficult here than in the aviation industry, because concentration is not as advanced, particularly in France and West Germany, and the appointment of project leaders would doubtless raise delicate problems.

As regards air cushion support, cooperation between France and the UK appears feasible, since research is conducted by a small number of firms receiving State aid, and the contributions of the two countries would be about equal.

3. Urban transport systems

Research on urban transport systems is at present dispersed over a large number of projects, and there is very little technical-economic experiment on new techniques, despite the immense and pressing needs. Various new systems are under study, such as individual cabins on a special track, collective transport on a special track, transporter and loader tracks, telerail, moving carpet and transport in low-pressure tubes. For each system there are numerous projects using various techniques.

Industrialists are in general more concerned with developing new techniques and new systems than with meeting a market demand. A continuous comparison should now be organized between the various needs of the urban communities and the advantages of the new techniques. Commercial experiment should be encouraged by the state, which should back not only R&D but all stages of programmes in which the development of the prototype is only an intermediate objective.

At present three groups of countries can be distinguished:

- a) France and the US, where research is intensive and the state plays an important part (almost 80% of new systems which have passed the design stage are developed in the US).
- b) The UK and Japan, where the state takes the initiative in research and acts as a coordinator.
- c) West Germany, Italy and Switzerland, where the state does not intervene at any level, and only large firms can undertake R&D.

Several agreements of limited scope have been concluded between firms, but nothing has been done as regards interstate cooperation.

4. Sea transport

Until recently, R&D was centred on the improvement of existing techniques, with particular attention to an increase in the size of ships, the improvement of shipboard and port maintenance, and specialized transport. Major work on new techniques relating to the shape of ships, and to their support and propulsion, has begun only recently. Two new systems have been developed - the hydrofoil and the hovercraft. R&D programmes on hovercraft are pursued at national level, whether in France, the US or the UK.

Conclusions

The analysis of the present state of land and sea transport reveals a widespread more or less marked lack of planning of R&D programmes and a shortage of state aid. But state action is a decisive factor wherever risks go beyond the normal notion of acceptable business risk, as they do where costly prototype construction prototypes and commercial trials are concerned, and particularly when markets are associated with the concept of public service. At present the part played by the state varies greatly from one country to another, and is rarely self-consistent. An improvement in this respect has, however, recently been noticeable in several countries.

In West Germany: the major effort is being made on interurban land transport systems, in order to cope with the increasing demand on the main Hamburg-Munich route.

In France: Under the Vith Plan the government has decided to concentrate its efforts on urban transport.

In the United Kingdom: At the moment no particular field has been chosen, and efforts are distributed fairly evenly over a wide range of techniques.

In the US: Public bodies have been created and endowed with large research budgets.

However, no country has an overall policy for future forms of transport, and rival projects are often encouraged in one and the same country, with a resultant loss of efficiency; in addition efforts to meet major needs are often neglected while projects with uncertain applications are favoured. Furthermore, international cooperation is rudimentary, although it appears indispensable for many reasons - to ensure intersystem compatibility, to increase efficiency through concentration of resources and to expand the market thus permitting longer production runs and lowered costs.

Admittedly, the spontaneity, disorder and competitiveness of research, have hitherto had the advantage of opening up a remarkably wide range of topics. But it is now essential to concentrate efforts on developing a single final system, by consolidating the results obtained. The question of the size of the financial backing thus becomes decisive. Cooperation at European level is essential if the European countries wish to cull the fruits of the past research which has put them at the head of the field as regards new forms of transport; otherwise they will be left behind by the US and Japan, which have drawn up vast programmes.

The first requirement would be to select priority objectives in order to avoid the present imbalances between supply and demand, to list possible technical solutions, to analyse the social and political pressures, and to prepare programmes on a cost-efficiency basis. The second step would be to arrive at a precise definition of the project, the task breakdown between the various partners and the financial backing for the whole project duration, and to set up an efficient management system.

The Promotion of Data Processing in West Germany

At the beginning of 1971 there were about 21,800 computers in service in West Germany, with a total purchase value of about 11,600 million DM. It is estimated that in 1978 there will be 150-280 large computers, 21,800-24,500 medium-sized computers and 70,000-100,000 small computers, with a total value of 27,000-38,000 million DM.

The potential uses of computers are still far from exhausted, as there is a shortage of skilled staff, major use areas have not yet been prospected and supplies of packaged software of a transferable and standardized type are still inadequate. It is estimated that in 1978 the number of skilled staff of all kinds required will be 250,000-400,000.

In 1971 Europe-based manufacturers accounted for 20% by value of the installed medium-sized and large computers. The rest of the market, i.e., 80%, remains as before in the hands of US-based firms. On the other hand Europe-based manufacturers account for more than 75% of the small computer market.

In its second data processing programme, which covers the years 1971-75, the West German government is pursuing the following objectives:

1. Intensification and extension of use of data processing in the economic and scientific field as a means of rationalizing and increasing productivity.
2. Integration of data processing in research and education, at secondary levels and above, by the installation of adequate and easily accessible computer facilities.
3. Rationalization and increased productivity of official administrative departments and public service activities.
4. Mastery of data processing, which is emerging as one of the key technologies.
5. Creation of conditions of fair competition on the data processing market, which is in rapid expansion.

The total financial aid allocated for the period 1971-75 can be subdivided under the following main headings:

a) Higher education	757.9 million DM	31%
b) Centres for professional training in data processing	162 " "	7%
c) Data processing applications	558 " "	23%
d) Research and development at industrial level	705.4 " "	29%
e) Special programmes	240.2 " "	10%
Total 2,423.5 million DM		100%

The West German government, which has repeatedly spoken in favour of closer collaboration within the European Community, has emphasized that in drafting this data processing programme it has taken particular care that the proposed measures shall not conflict with the future Community policy in this sector. Taking its cue from the readiness expressed by the heads of state and government at The Hague in December 1969 to coordinate and promote industrial research and development in the advanced technology sectors, in particular by means of common programmes, the West German government proposes in the first place to develop and establish coordination procedures capable of ensuring, among Community countries, a gradual harmonization of research objectives in both the national and international fields.