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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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** AT LEAST 100,000 MWe OF NUCLEAR GENERATING CAPACITY in service in the six Community countries in 1985: this is the target set in the preliminary draft of the Community's Second Illustrative Nuclear Programme formulated recently by the Commission of the European Communities, on which consultations with the interested circles in the Member Countries are now in progress. Further particulars will be found in ANNEX 1.

** How does the Common Market's balance sheet now look, in view of the impending enlargement of the Community? In an attempt to answer this question a working party set up by the Commission of the European Communities and chaired by Mr Pierre Uri has prepared a report on THE COMPETITIVE CAPACITY OF THE EUROPEAN COMMUNITY, backed up by researched statistical data.

Competitiveness is not reflected merely in the balance of external accounts or the expansion of exports but also in a balance between full employment, price stability, growth and a high standard of living for the whole population. It also means the capacity to undertake activities in the pace-setting industries, and the ability to find room for products from the developing countries.

The study, made public recently, discusses the factors affecting growth, resources, structures, costs and trade. It thus provides data for economic reflection, and spotlights the present gaps in statistical machinery intended to serve as an instrument for fashioning a Community economic policy.

Extracts from the conclusions reached by the authors of the study will be found in ANNEX 2.

- ** The environment must be protected or cleaned up through a common policy designed to ensure the judicious use of natural resources which have become scarce and aimed at BRINGING THE COMMUNITY'S ECONOMIC SYSTEM INTO HARMONY WITH THE ECOLOGICAL FACTS OF LIFE. The environmental problem is essentially economic and legislative, rather than technical.

This, in particular, is stressed in the report on the Commission's first communication on the Community's environmental policy presented by Mr Jahn on behalf of the Parliamentary Committee on Social Affairs and Public Health, and recently adopted by the European Parliament. A number of extracts from the report will be found in ANNEX 3.

- ** TEN YEARS OF COMMUNITY ACTIVITY IN THE FIELD OF COMPETITION POLICY are summarized and reviewed by the Commission of the European Communities in the First Report on Competition Policy which it recently submitted to the European Parliament, in accordance with the wish expressed by the latter body in June 1971. The report provides an overall picture of the measures which, over the years, have laid the foundations of Community practice and precedent on government action and business practices which constitute impediments to competition and must be eliminated. (This report can be bought from the Sales Office for Official Publications of the European Communities, PO 1003, Luxembourg 1.)

** In its reply to a written question from Mr Oele, a Member of the European Parliament, on the RESTRUCTURING OF THE EUROPEAN COMPUTER INDUSTRY, the Commission of the European Communities stated that the agreement for cooperation recently concluded by CII and Siemens (of which it learned from the press, and which it has asked the signatories to communicate to it for examination), assuming that it complies with the rules on competition as set out in the Treaty instituting the European Economic Community, may constitute an important step towards the restructuring of the European Computer Industry. It considers, however, that such an agreement is not in itself enough to enable the industry to achieve a proper degree of penetration of the world market and therefore hopes that European computer manufacturers will continue with their restructuring moves, while observing the rules on competition in the Treaty. The resultant possibilities for expansion might then help to increase employment prospects in this key sector of the enlarged Community's industry.

As regards schemes of aid to the computer industry, which are mainly based in Germany and France, the European Commission feels that, since these aids are substantially similar in form and amount, they pose no particular problem with regard to the clarity of market conditions. They are in the interests of the Community, which must have a competitive European data-processing equipment industry. These aids have, furthermore, been reviewed jointly with the Member States, this being the first step towards harmonization.

The Commission also considers, however, that these aid schemes should be re-examined, with a view to accentuating their Community character, as soon as a common policy for this sector is framed. The effectiveness of national aids to the European data-processing equipment industry would be enhanced considerably if they were coordinated.

The European Commission is now drafting proposals designed to lead to the implementation of a Community policy for the data-processing equipment industry, and intends to submit them to the Council of Ministers this year.

**** THE COMMUNITY'S EXTERNAL TRADE IN IRON AND STEEL PRODUCTS**

in 1971 was marked by an increase in intra-Community trade (which rose from 17.8 million metric tons in 1970 to 18.1 million tons in 1971), a drop in imports from non-member countries (which were 25% down on their 1970 level), and a rise in exports to non-member countries. The table below shows the MOVEMENTS IN INTRA-COMMUNITY TRADE AND IN THE COMMUNITY'S EXPORTS OF IRON AND STEEL PRODUCTS.

Country	1969	1970	1971	1971/1970
	'000 t			%
<u>Intra-Community trade:</u>	17,627	17,760	18,085	+ 1.8
supplied by:				
Germany	4,550	4,299	4,065	- 5.4
France	2,876	3,251	3,105	- 4.5
Italy	513	507	940	+85.4
Netherlands	1,404	1,551	1,870	+20.6
Belgo-Luxembourg Economic Union	8,288	8,152	8,105	- 0.6

Country	1969	1970	1971	1971/1970
	'000 t			%
<u>Imports from non-member countries:</u>	4,970	6,749	5,085	- 24.7
including:				
United Kingdom	391	311	320	+ 2.9
Austria	776	681	740	+ 8.7
Spain	176	264	370	+ 40.2
Scandinavia	642	849	750	- 11.7
Eastern Europe	1,048	1,030	1,385	+ 34.5
USA	881	2,142	310	- 85.5
Japan	604	1,011	920	- 9.0
<u>Exports to non-member countries:</u>	14,143	13,463	16,025	+ 19.0
including:				
United Kingdom	797	523	640	+ 22.4
Switzerland	1,300	1,337	1,245	- 6.9
Spain	677	585	475	- 18.8
Scandinavia	2,259	2,209	1,990	- 9.9
Eastern Europe	962	800	870	+ 8.8
USA	3,822	3,599	6,175	+ 71.6

** The Commission of the European Communities is shortly to sign a number of contracts of association and cost-sharing contracts in the field of BIOLOGY AND HEALTH PROTECTION. A multiannual programme for biology and health protection for the period 1 January 1971 to 31 December 1975 was adopted by the Council of Ministers in June 1971 (see IRT No. 104). At that time, contracts of association and cost-sharing contracts were signed only for 1971. Four-year contracts are now to be signed under

** A RUNDOWN OF COURSES ON RADIOLOGICAL PROTECTION in the six Community countries was recently published by the Commission of the European Communities (Directorate of Health Protection, 29 rue Aldringer, Luxembourg). It is in the form of a booklet giving, in the original language, details of courses on radiological protection held by the various institutions in each of the Six, and briefly outlining their subjects, duration and the terms of enrolment.

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GROWTH OF NUCLEAR ENERGY IN THE COMMUNITY

(based on the preliminary Draft of the Second Illustrative Nuclear Programme for the Community drawn up by the Commission of the European Communities).

A nuclear generating capacity of at least 100,000 MWe in service in the six Community countries in 1985: this is the target suggested in the preliminary draft of the Second Illustrative Nuclear Programme for the Community recently drawn up by the European Commission and now the subject of consultations with interested circles in the member countries.

The authority for the new programme will be the same as for the first one presented in 1966, i.e., the provisions of Article 40 of the Euratom Treaty, according to which the Commission "shall periodically publish illustrative programmes indicating in particular nuclear energy production targets and all the types of investment required for their attainment".

By reducing the Community's dependence on imports of fossil fuels, particularly petroleum, nuclear energy tends to promote diversification and can help to enhance the security of the supply. Furthermore, nuclear energy is now competitive, in view of the upward trend in the prices of fossil fuels, which will probably be intensified by the higher costs of conventional electricity generation resulting from anti-pollution legislation.

The light-water/enriched-uranium family of boiling-water (BWR) and pressurized-water (PWR) designs is currently more highly developed than all other reactor types, both technically

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and commercially, and the boom that it is now enjoying should continue until 1985. High-temperature and fast reactors cannot be expected to take on a major role in electricity generation until after 1985.

The present installed nuclear generating capacity in the Community is 5,000 MWe, will be 12,000 MWe in 1975, should reach 45,000 MWe in 1980, attaining the planned 100,000 MWe level in 1985. The attainment of these targets (which are put forward as minimum figures) should not create any insoluble problems for European industry. Not until the end of the present decade would the rate of ordering reach six to nine plants a year (with a unit capacity of 1,200-2,000 MWe) for the whole Community, and in that case it appears unlikely that supply bottlenecks similar to those experienced a few years ago in the USA will occur in the Community.

The total annual investment in nuclear plants necessary in the Community in order to achieve the desired increase in generating capacity would need to rise from some 900 million u.a. (planned for 1972) to about 1,500 million u.a. in 1975, topping the 2,000 million mark in 1980*. Additional to this would be a cumulative total of around 1,200 million u.a. up to 1980 and 2,500 million u.a. up to 1985 to cover the investment required in the various stages of the fuel cycle almost 60% of which would be spent on uranium enrichment facilities).

The prerequisites for the rapid and harmonious expansion of nuclear energy in the Community include the establishment of a common market in plant components, the harmonization of

*At constant (1970) values.

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criteria and standards and the improvement of the structure of industry which, in particular, will enable firms:

- (a) to adapt to and meet demand by mustering the required manufacturing, engineering and project management capabilities;
- (b) to assimilate American technology and progressively cast off their licensee status by acquiring knowhow and taking out their own patents;
- (c) to develop new technologies for advanced plants, in respect of both nuclear steam-raising systems and the fuel cycle.

In the medium term, the enlargement of the Community should not alter the present Community's targets for nuclear electricity generating capacity. As regards the resources to be committed to the promotion of a nuclear policy, however, it will entail major changes stemming chiefly from the remarkable technological and manufacturing potential of the United Kingdom.

THE COMPETITIVE CAPACITY OF THE EUROPEAN COMMUNITY'S

(extracts from the conclusions reached in the report prepared by a working party under the chairmanship of Mr Pierre Uri, set up by the Commission of the European Communities)

The European Community will attain its objectives only if it gives a new meaning to general policies in three fields, namely, growth, incomes and international competition.

The need for faster growth should require no further proof as long as so many basic needs remain unsatisfied and it alone can provide the wherewithal for improving the quality of life. The first requirement is that the attainment of this should not be hindered by the balance of payments; the second requirement is a high level of employment, which tends to facilitate change; and the third is that differences in wage levels between sectors should attract labour to where it is most needed, i.e., to where the requirements of production carry greater weight than increases in productivity.

The American pattern is not acceptable in Europe: the social security system in the USA, though advancing slowly, does not do enough to cushion the harshness of changes in employment. The Japanese model is not transplantable, since it is based on worker/employer relationships which even involve motivations which have nothing to do with remuneration. The Swedish model comes closer to suggesting a possible line of development: the trades unions themselves encourage the mobility of labour, subject to guarantees on incomes. Europe needs to combine greater competition with a more determined

attempt at continuous training which will make changes of job an opportunity to move up. This is a prerequisite for gaining the consent of the workers to the necessary advances.

An incomes policy must not be a disguised form of wage control. Growth with stability demands not only that money incomes should be kept within the limits of real resources, but also that disparities be gradually reduced. This requires a tax policy which takes as fair a slice of other forms of income as of wages, and which, by exempting saved income from tax, but not income from previous savings, encourages saving by wage-earners as well as by other social categories. Like taxation, the slanting of public expenditure will help to reduce inequality if expenditure is directed towards meeting the needs of the greatest number, if the necessary resources are put into education, and if there is major spending, at local government level, to promote the development of towns without incurring the evils of overcrowding. The mechanisms essential for the reduction of disparities operate indirectly. In backward or declining regions the development of infrastructures, together with certain temporary aids, will enable the demand for labour - and hence wages - to be raised where labour is available, as a means of reducing inter-regional disparities. As regards inter-sectoral disparities, a conversion policy is indispensable. In order to reduce the spread in incomes there must be more education to produce more people with the highest qualifications, and fewer who are qualified for no more than the humblest jobs. And monopoly profits can be trimmed if credit policy is so directed as to encourage the setting-up and growth of new firms which will provide competition for established ones.

In the international field the Community has the duty and the power to create the conditions without which competition would fail in the dual objective of optimizing the distribution of activities and maximizing progress through-out the world.

In industry, the more clearly distortions can be seen to be removed or offset, the more can protective barriers be lowered. Development policy must be designed as regional policy on a world scale: that is to say that a substratum of public funds is first necessary in order that private investment should be seen as actually more profitable in areas where it was initially least abundant. Lastly, the protection of the environment, and working conditions, raises problems which have nothing to do with the economic system but rather are related to a particular stage of technical advance and can be overcome only by proceeding to the next higher stage. And the fight against pollution will continue to be hampered unless the same rules apply everywhere, and the freer trade is the more true this becomes. In the Common Market this is an eminently "Community" task. It is incumbent upon Europe to convert the rest of the world to a view of competition as being slanted towards the attainment of greater prosperity and justice.

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The European Parliament stresses the need for a
COMMON ENVIRONMENTAL POLICY AIMED AT BRINGING THE COMMUNITY'S
ECONOMIC SYSTEM INTO HARMONY WITH ECOLOGICAL REALITIES

The environment must be protected or cleaned up, and this must be brought about by a common policy which is designed to ensure the judicious utilization of now-scarce natural resources and is aimed at bringing the Community's economic system into harmony with ecological realities. This, in particular, is stated in a resolution of the European Parliament, which recently adopted the report on the first communication on Community policy for the environment prepared by the Commission of the European Communities. The report was presented by Mr Jahn on behalf of the Parliamentary Committee on Social Affairs and Public Health.

The report emphasises that the technical difficulties implicit in providing effective protection of the environment must not be overestimated, for most technical specialists themselves agree that the environment presents not a technical but a purely economic and legislative problem.

Furthermore, environmental problems should be seen as including not only those due to the degradation of the natural environment, but also the consequences of urban sprawl and the worker's environment within the firm.

Ultimately, an acceptable balance must be struck between (a) spending on environmental conservation and (b) investment and production costs.

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A solution to the problem might be found in the conversion of noxious materials into economically usable raw materials. For example, the phosphorus salts which are a by-product of papermaking could be processed to make fertilizer; and at present comparatively little advantage is taken of the technical feasibility of composing a good deal of our rubbish. Incentives should also be provided for the manufacture of products with a long storage life which produce no waste and can easily be recycled.

The cost of environmental policy must be calculated and factored into the Community's medium-term economic policy. The principle that the polluter is financially liable for the pollution he causes should be strictly applied, with the qualification that in certain cases it will be necessary to adopt other ways of charging the costs and to allocate public resources in order to solve particular problems. Mr Mansholt, President of the Commission of the European Communities, recently proposed an interesting way of financing Community measures for protecting the environment. Industry in the Six, and in the enlarged Community, would be given five years in which to clean up its production processes, after which no pollution-inducing products would be permitted. Admittedly, this would raise prices and reduce competitiveness relative to non-member countries, but these handicaps would be offset by the collection of a special levy at a high rate (80-100%), on products imported into the Community without a "Certificate of Purity". Pollution-free products, on the other hand, could be imported from non-member countries without the payment of such a levy. The purpose of the levy would be to induce the non-member countries (particularly the USA, South Africa and the Eastern-bloc countries) to arrange their own

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production in such a way that their goods have all the desired characteristics, thus balancing out the constraints imposed on the Community's industries.

Another point in favour of Mr Mansholt's proposal is that intra-Community trade accounts for 50% of the Six's total volume of trade. This means that the Community, rather than non-member countries, is in a position to lay down tougher standards.

However, the protection of the environment creates new markets for industry, and on an almost unprecedented scale. For example, the chemical industry is spending ever-increasing sums on investment, plant operation, research and the development and improvement of manufacturing processes for conservation purposes. Industries have sprung up which specialize in the development of techniques for safeguarding and cleaning up the human nest. They include firms specializing in instrumentation, control and servomechanisms, mechanical engineering, civil engineering (plants for treating domestic and industrial effluents), in chemical engineering and processing (the recycling of industrial waste products, treatment of drinking and industrial water and waste water) and manufacturers of filtration, heating, air-conditioning, gas-purification, dust-elimination and drying plants.

Finally, let us not lose sight of the importance of getting local authorities in on the act. They are familiar with the environment in their own areas, and are therefore best placed to form an opinion on the urgency and likely efficacy of the steps required in those areas.