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** The principle by which the Commission of the European Communities must be notified about concentrations which would result in firms overstepping a certain share of the market or a given size was the key topic during the debates on the rules of competition during the meeting of the European Parliament held at Strasbourg on 7 June. Mr Borschette, the member of the Commission of the European Communities with special responsibility for regional policy and competition, sketched a general picture of the development of the Community's POLICY ON COMPETITION. Extracts from his address are given in ANNEX 1.

** Developing countries will henceforth be able to benefit from preferential tariffs on a considerable proportion of their industrial exports to the Community. On 1 July the European Community will put into effect its offer of GENERALIZED TARIFF PREFERENCE IN FAVOUR OF DEVELOPING COUNTRIES. Details are given in ANNEX 2.

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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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- ** Now that the delegations of the Community Member States have come to an agreement, it is expected that the Council of Ministers will take a decision on the adoption of a five-year Community research programme in the sector of BIOLOGY AND HEALTH PROTECTION. The sums earmarked for the radiation protection programme will amount to 17,335,000 units of account, while the programme on the adaptation of nuclear techniques with a view to their application to agricultural and medical research will be allotted 6,936,000 u.a. (see "Industry, Research and Technology" Nos. 57 and 98).
- ** A colloquium on the ENERGY PROBLEMS facing the Community, and also the RELATED SOCIAL PROBLEMS, is to be attended by trade unionists representing the energy sector in the Member States and officials of the Commission of the European Communities responsible for energy problems. The colloquium will be held at the Ispra establishment of the Joint Research Centre on 12-14 October 1971. Similar meetings were already held in 1969 and 1970.
- ** In connection with the negotiations on the ACCESSION OF THE UNITED KINGDOM, the Community has proposed that, since the British coal and steel industries will be able to benefit immediately from loans from the various Coal and Steel Community (ECSC) funds on a basis of equality with firms in other Member States, the United Kingdom should make an equitable contribution to these funds.
- ** In reply to a written question from Mr Glinne, a Belgian member of the European Parliament, concerning negotiations on a possible widening of the present tripartite agreement (Netherlands, West Germany and Britain) for the production of ENRICHED URANIUM by the gas centrifuge process, the

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Commission of the European Communities has just pointed out that a group of experts from the Member States has been instructed to present to the Council and the Commission, at the earliest possible date, a report on the technical and economic factors affecting certain methods of uranium enrichment, including the process in question. Consideration of these factors should enable the Council to pass an opinion on the Commission's proposal of May 1969 for the creation of an independent enrichment capability (see "Industry, Research and Technology" Nos. 18, 79 and 80).

After receiving this report the Commission should be able to give details of the estimated cost of the project based on the technical process developed by the Netherlands.

The Commission of the European Communities states that the Netherlands and West Germany have informed it that talks have been opened with Belgium and Italy with a view to the participation of these countries in the tripartite agreement on the production of enriched uranium by the gas centrifuge process. The information at present in the Commission's possession does not enable it to assess the prospects of the tripartite agreement being extended to the United States and Japan.

** The PROBLEM OF NOISE at places of work, together with various other problems encountered by INDUSTRIAL MEDICAL SERVICES, was discussed on 4 June by experts from the Community countries invited to a meeting held in Luxembourg by the Commission of the European Communities.

In addition, a further aspect of the medical research work of the Coal and Steel Community, namely, a research programme on the REDEPLOYMENT OF WORKERS SUFFERING FROM CHRONIC RESPIRATORY DISORDERS, will form the subject of preparatory discussions among the experts from the Member States, who will meet at Luxembourg on 22 June.

** The Commission of the European Communities has recently adopted for the first time a decision implementing Article 86 of the EEC Treaty on the ABUSE OF A DOMINANT POSITION. This decision was adopted in respect of the "Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte", a West German company dealing with composers' copyrights, with a turnover of about 150 million DM a year, which has refused to bring its statutes into line with the Common Market rules of competition.

This decision has a particularly important bearing on policy with regard to competition, as the Commission is insisting vigorously that an end be put to all discrimination against nationals of other Member States.

** Mr Spinelli, member of the Commission of the European Communities with special responsibility for industrial affairs and research, made a speech to the general assembly of the CIAA (COMMISSION FOR THE AGRICULTURAL AND FOODSTUFFS INDUSTRIES) of the UNICE (Union of Industries of the European Community) in which he referred to the possible implications of an expanded Community to the foodstuffs industries. He assured the representatives of the foodstuffs industries of the attention which the Community was directing to their problems and of the help which it intended to give in an attempt to solve them. The industrialists in their turn emphasized the interest with which they heard of the creation within the Commission of an administrative unit responsible for watching developments in this important industrial sector.

** On 2-4 June representatives of the Member States responsible for observing the status of coal research within the Coal and Steel Community (ECSC) considered the problem of the propagation of radio waves in mines and examined the progress achieved in the automation of cutting and its remote operation from a control point. The experts also exchanged views concerning the seminar on AUTOMATION AND REMOTE CONTROL IN MINES, due to be held in Luxembourg in February 1972.

The Community's Competition Policy

(Extracts from the speech by Mr Borschette, member of the Commission of the European Communities with special responsibility for regional policy and competition, during the debate held in the European Parliament at Strasbourg on 7 June 1971)

The rules of competition and the position of European firms in the Common Market and the world economy were the subjects of a report presented to the European Parliament in Strasbourg on 7 June by Mr Berkhouwer, the spokesman of the Parliament Economic Affairs Committee.

Mr Borschette, member of the Commission of the European Communities with special responsibility for regional policy and competition, reviewed the development of the Community's competition policy.

By 31 December 1970 the Commission had taken 20 negative clearance decisions, nine positive decisions (authorizations) and five negative decisions (prohibitions), two of which involved fines. A considerably higher number of agreements notified were abandoned or adapted to the Treaty rules following action by the Commission. Thus 589 cases of adaptation - largely of exclusive dealing agreements - and 36 dissolutions of agreements, must be added to the five prohibition decisions.

(The number of notifications recorded during this period amounted to 37,000. On 1 January 1971 the Commission still had before it 7,336 briefs, including about 3,350 concerning patent licence contracts, 2,530 concerning exclusive dealing not covered by Regulation No. 67/67, and 1,450 concerning horizontal agreements and other matters.)

In its work on agreements, the Commission intends to intensify as far as possible its practice of making decisions on individual cases. These decisions set valuable examples and publicize the legal and

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economic criteria used by the Commission in determining those restrictions on competition which are permissible and those which are not. For instance, the Commission has already made clear its desire to eliminate distortions of competition which are liable to undermine the common market and lead to unjustifiable differences in the prices of the same products.

The Commission also intends to take exemplary decisions on certain restrictive clauses appearing in notified patent licence contracts, know-how concessions and brand licences.

As regards actual abuses of dominant positions, the Commission will shortly take the first decisions of this kind, which will concern the offer of services where the companies in question are practising inadmissible forms of discrimination.

As regards merger operations, they may be deemed abusive when they eliminate competition in a substantial part of the Common Market. The Commission of the European Communities has stated in its 1966 memorandum on mergers that Article 86 of the Community Treaty might then apply.

This interpretation has now been translated into action for the first time in the form of a complaint to a company in a dominant position in the packaging sector which has acquired control of a major competitor.

The Commission's activities are not limited to the investigation of cases and the preparation of decisions. It also keeps a continuous watch on companies and markets.

Enterprises are increasingly resorting to concerted practices in order to regulate their marketing procedures, as is shown by the affair of the "colouring matter" (decision to impose a ban and

sanctions dated July 1969), together with other new cases at present under investigation. The Commission is thus having increasing difficulty in providing evidence and requires to exercise greater vigilance.

The Commission is closely following the development of industrial combination in the Common Market, and has recently undertaken a vast research programme based on a uniform method of enquiry covering the six Member States.

Several sectors having an oligopolistic structure and others in which there is an increased tendency towards industrial combination are under systematic observation.

Consumer protection

The competitive system, which is essential to the preservation of the open and dynamic character of the Common Market, is designed to enable European consumers to satisfy their needs in the best possible conditions. In particular, it is intended to open up those markets which are still protected and to prohibit harmful practices aimed at maintaining excessive prices.

The effectiveness of this policy will increase as consumers become better equipped to benefit from it. The relevant departments of the Commission are therefore taking action to protect consumers in fields such as hire purchase, sales with free gifts, misleading advertisements and the labelling and packaging of foodstuffs. The Commission will also step up its work in the field of information, discussion and persuasion in relation to consumers and all those affected by these problems.

ANNEX 2 p.1Generalized Tariff Preferences in Favour of Developing Countries

(Practical and concerted aid for the industrialization of developing countries)

Henceforward developing countries will be able to benefit from a preferential tariff on the bulk of their exports to the Community. On 1 July 1971 the European Community will introduce the generalized tariff preferences offered to developing countries. The Community is thus inaugurating a new type of international relationship designed to adjust the economic and above all the commercial relations between industrialized countries and their less developed partners in such a way as to ensure a more even distribution of the world's wealth.

The Community has decided initially to act upon its offer to the developing countries which are members of the "77" Group of the United Nations Conference on Trade and Development (in actual fact 91 states) and to the dependent territories of non-Community countries.

Reductions of the common customs tariff have already on several occasions been the subject of negotiations with non-Community countries. In particular, during the Kennedy Round (1964-67), major steps aimed at the liberalization of trade were decided on (the average level of the common customs tariff for industrial products, as shown by these negotiations, is 7-8%, i.e., one of the lowest in the world).

In order to ensure that not only the developed non-member countries benefit from this liberalization, the Community has decided to apply them in advance to developing countries, and in addition to act in favour of a more flexible interpretation the rule of tariff non-discrimination to the exclusive benefit of the developing countries.

What are the generalized preferences granted by the Community?

A total of 150 processed agricultural products will benefit from partial reductions in the duty or levy, without quantitative restrictions. These products represent approximately 30 million dollars worth of imports from developing countries. A safeguard clause will be applied which would permit partial or complete reimposition of the duty or levy should the imports under the preferential system be made in quantities or at prices which were liable seriously to prejudice the production of similar or directly competitive goods within the Community. This safeguard clause will be used selectively against the country or countries liable to cause the prejudice only.

For semi-finished and manufactured industrial goods, the Community's offer has three features which between them preserve a stable balance, namely, ceiling-fixing, exemption and absence of exclusion.

Ceiling-fixing, which limits the volume of preferential imports in order to keep them within the capacity of the Community markets, is offset by the exemption from duties and the absence of exclusion of any products and of any safeguard clause.

For each product, a ceiling is fixed for each financial year. In general this ceiling is calculated uniformly according to the following formula: basic amount (volume of Community imports from the beneficiary countries in 1968) plus supplementary amount (5% of the value of Community imports from non-beneficiary countries, i.e., in particular industrialized countries, in the last year for which statistics are available). This method of calculation will increase the ceiling every year, because of the supplementary amount, which is a reliable indicator of the growth of trade between the Community and its industrialized partners.

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The second feature of the Community offer is tariff exemption, since the Community intends to grant a preferential tariff on all manufactured and semi-finished goods.

The last feature is the absence of any exclusion of products. The Community's offer, unlike other offers, is not qualified by any exceptions.

The first annual ceilings fixed by the Community total more than twice the value of the 1968 imports from the developing countries, i.e., more than 1000 million dollars (total of ceilings) as against 450 million dollars (basic amounts) for the goods subject to customs duties covered by the preferences. The 600 million dollars in excess of the imports correspond to the supplementary amounts (5% of the value of imports from non-beneficiary countries). It is important to note that the Community has sought, through the supplementary amount, to establish a link between the expansion of its trade with its industrialized partners and the growth of its trade with developing countries. The more the Community's imports from developing countries increase, the more the value of the supplementary amount will increase in the following year, thus raising the ceilings of the preferential imports.

The technique of ceiling-fixing is devised with a number of factors in mind. First of all, the limitation of the volume of preferential imports removes the need for safeguard clauses, which are almost always very difficult to interpret. They lead to dissatisfaction on the part of developing countries, who fear that they will be applied in an arbitrary or even unilateral way, particularly when they are not defined on the basis of objective criteria. The existence of these clauses, of whatever kind, tends to create a climate of uncertainty both for importers and exporters. Developing countries have a particular need for sufficient

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long-term security with respect to their export markets to allow for planning and investment. For these reasons the Community has preferred to use ceilings rather than safeguard clauses for the industrial goods which represent the essential part of its offer.

From the standpoint of the Community industries, ceiling-fixing makes it possible to assess in advance the pressure of preferential competition and the extent of the sacrifices made. For the beneficiary developing countries it provides some assurance of a regular outlet on preferential markets.

Ceiling-fixing also makes it possible to achieve a better balance of advantages among the beneficiary countries, particularly by limiting the share of those which are the most competitive on the preferential markets for sensitive products. As regards ceiling-fixing, the Community's offer stipulates that no beneficiary country may as a rule exceed 50% of the ceiling for each product (20-30% in certain cases). This is the "buffer" clause which is designed to protect the chances of the less advanced beneficiary countries and to limit the pressure of the more competitive countries. The Community's offer is practically the only offer which contains such a proviso, which is in conformity with the spirit of the various UNCTAD resolutions on special measures aimed at helping the less advanced developing countries.

By this system of generalized preferences the Community is providing additional export opportunities for developing countries, and is thus creating a situation of special welcome which they will have to use to the best advantage. But it is clear that the generalized preferences will not fully achieve their aim unless efforts in other fields are continued or even stepped up. In particular, it must be recognized that many of the developing countries will be unable to stimulate their industrialization and their exports without increased financial and technical aid from the more advanced countries.