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** For current foodstuffs, THE AVERAGE PRICE DIFFERENCE IN THE COMMUNITY is 50.9% for the final consumer price and 99% for the net trade purchase price. The total profit margin for the trade in foodstuffs varies between 18.62% (Italy) and 30.84% (Germany).

None of the measures so far taken under the Common Market has succeeded in removing the sometimes enormous differences in price inside the Community. The Commission of the European Communities has also had a searching study made of the REASONS FOR PRICE DIFFERENCES IN THE COMMUNITY. A brief summary of the conclusions of this study is given in ANNEX 1.

** The Economic and Social Committee of the Community, which includes representatives of both sides of industry in the Member States, has adopted an Opinion on the proposed regulation concerning the EUROPEAN LIMITED LIABILITY COMPANY submitted by the European Commission in July 1970. The Economic and Social

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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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Committee laid particular stress on the importance of a law governing European companies as an aid to European integration, the competitiveness of European firms and the development of company law. Some comments from this Opinion can be seen in ANNEX 2.

- ** A EUROPEAN CONFERENCE ON ENVIRONMENTAL PROTECTION, held in Bonn on 31 October 1972, was attended by the Commission of the European Communities and the nine ministers concerned from the member countries of the Community and of the acceding nations. It will doubtless speed up the work of the Community's institutions, which will henceforth be fully authorized to turn the directives adopted by the European state and government leaders at the European Summit Meeting (see IRT No. 162) into a clearly-defined programme.

Extracts from a paper delivered at this meeting by Mr Spinelli, the member of the European Commission with special responsibility for these matters, as given in ANNEX 3.

- ** The harmonization of national regulations concerning the wearing and use of SAFETY BELTS IN CARS is at present under examination by the European Commission. A Community approval procedure for motor vehicles and trailers must be implemented in conformity with the Directive adopted by the Council of Ministers in February 1970. As part of the harmonization of national legislation pursued to this end, the European Commission is particularly anxious to improve motor vehicle safety.
- ** The European Commission has just taken a total of 62 DECISIONS REQUIRING 62 COMPANIES IN MEMBER STATES TO MEET ITS REQUESTS FOR INFORMATION or else be subjected to fines and penalties. The companies concerned, which represent various sectors of the

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economy, notably foodstuffs, aerospace, cinematographic, electrical and optical equipment, clock and watchmaking and commercial vehicles, had notified the Commission of one or several exclusive-dealing agreements and the Commission had requested information from them with a view to assessing the effect of each of these agreements on the rules governing competition. Despite a reminder, these requests have as yet been ignored, and so the Commission has thus had to resort to coercion. The companies concerned have three weeks' grace in which to reply to these renewed requests for information.

In addition, the European Commission has just taken a decision under Article 85 of the EEC Treaty to ban a COLLECTIVE EXCLUSIVE-DEALING AGREEMENT in the Belgian central heating sector.

** In a letter to the European Commission, the AEROSPACE INDUSTRIES OF THE COMMUNITY (Dassault-Bréguet, SNIAS, SABCA, VFW-Fokker, Fokker-VFW, Dornier AG, Messerschmitt-Bolkow-Blohm, Aeritalia) have expressed their keen interest in the Commission's note on the INDUSTRIAL AND TECHNOLOGICAL POLICY ACTION TO BE UNDERTAKEN BY THE COMMUNITY IN THE AEROSPACE SECTOR (see IRT No. 153).

Echoing the EEC Commission's view that it is essential for structural improvements to be prepared, via the creation of a favourable economic, legal and above all financial framework for regroupings, the representatives of the industry insist that the Council of Ministers should quickly adopt the short-term financial measures recommended by the Commission, which are aimed at ensuring the competitiveness of the aerospace industry both inside the Community and on the world market. Of particular concern were exchange guarantees, the granting of credits, the funding of export credits and guarantees against price rises.

** The ministers responsible for the environment in the countries bordering on the Rhine, who met with representatives of the European Commission in The Hague on 25-26 October in order to examine the problem raised by the POLLUTION OF THE WATERS OF THE RHINE, reached an agreement designed to reduce the pollution of the Rhine by potassium salts from Alsace, and to limit thermal pollution due to cooling water from electrical generating stations. They also decided that an exhaustive list of the chemical products likely to be discharged into the Rhine would be drawn up, certain types of waste being prohibited and others strictly limited. Finally, the ministers adopted the principle of a federation of the national organizations responsible for combating river pollution. This federation will be placed under the authority of the International Commission for the Protection of the Rhine against Pollution.

These guidelines agree with the proposals formulated by the European Commission in its two notes on the environment (see IRT Nos. 109 and 138). In particular, the Commission has submitted to the Council of Ministers a draft recommendation concerning the drawing up of a medium-term programme for cleaning up the waters of the Rhine and has suggested that the International Commission for the Protection of the Rhine should be provided with a European Rhine Basin Management Agency duly equipped with the status of a joint undertaking (see IRT No. 112). It also instituted an all-embracing study of water pollution in the Rhine Basin, the initial results of which will be available shortly.

** Two handouts on THE COMMUNITY'S INDUSTRIAL POLICY published by the European Commission as part of the collection headed "European Documentation" are available in Dutch, French, German and Italian. They are available on request from the Scientific and Industrial Information Division, 200 rue de la Loi, 1040, Brussels).

- ** The first European conference on DOCUMENTARY SYSTEMS AND NETWORKS is to be held in Luxembourg on 16-18 May 1973 at the instigation of the Commission of the European Communities. The objectives of this conference are to facilitate a comparative survey of the means employed, products supplied and economic aspects of a range of documentary systems and networks operating in the Europe of the Nine. The conference is divided up into three sessions, namely: data acquisition, storage and the filing of originals; processing and products offered; management and finance.

- ** An international symposium on NUCLEAR ENERGY AND THE ENVIRONMENT organized by the Association of Engineering Technicians from the Montefiore Electrotechnical Institute (AIM) is to be held in Liège, Belgium, on 22-25 January 1973.

REASONS FOR PRICE DIFFERENCES IN THE COMMUNITY

The average differences in the prices of foodstuffs within the Community amount to 50.9% as regards consumer prices and 99% as regards the net purchase prices paid by distributors. Italy has the lowest total profit margin (18.62%), while German food retailers have the highest (30.84%).

Consumer prices within the European Community have conspicuously failed to reach the level of adjustment which one might reasonably have expected in view of the 14 years the EEC has been in existence. The EEC authorities have long been trying to align production and marketing conditions as much as possible throughout the Community by adopting a stricter competition policy, doing away with technical barriers to trade, harmonizing legislation and implementing its industrial policy. However, all the measures taken so far have failed to do away with the price differences in the EEC area, some of which are quite appreciable.

For this reason the Commission of the European Communities had a detailed study of the reasons for these price differences in the Community carried out. It commissioned the Gesellschaft für Konsum-, Markt- und Absatzforschung (GfK - Society for Consumer, Market and Marketing Research) in Nuremberg to look into the reasons for the differences between the prices of identical articles noted in 1968 in the six nations which make up the Community. The investigation covered 35 selected and precisely defined brand products put on the Market by various leading manufacturers of foodstuffs, household electrical appliances, radios, tape recorders and photographic equipment.

In the course of the study, manufacturers, wholesalers, retailers and department stores in all Member States were questioned about their pricing policies relating to 35 branded goods. Specifically, pricing arrangements were investigated in respect of nine branded foodstuffs of industrial origin, 11 household electrical appliances, seven radios and tape recorders and eight photographic articles. The study also covered the influence of the varying systems and rates of turnover, value-added and special excise taxes applying in the individual countries and the differences between them. It was based on selected branded products of international firms occupying a major market position.

Main cause: selective pricing and marketing policy pursued by manufacturers

The results of the enquiry conducted among manufacturers, wholesalers and retailers, which took more than a year and a half, show in general that the price differences noted in the six countries can be traced back mainly to the decisions taken by the manufacturers and only in part to variations in the level of profit margin and taxes. The manufacturers' selling prices exhibit considerable differences, varying according to country. These price differences are - in individual cases - substantially larger than the differences between final consumer prices. For example, differences in 1968 in the manufacturers' prices for the cameras selected amounted to some 40% (excluding taxes), while differences of only 24% were noted between the most expensive and the most inexpensive country with regard to the final consumer prices, including TVA. Wholesalers in the most inexpensive country, pay 67% less for cognac than those in the most expensive EEC country, while the final consumer prices for the drink show a divergence of only 46%. The differences in the prices of coffee grinders and colour films are also greater at the manufacturing level than at the consumer level. The consumer prices for washing machines, radios and tape recorders, on the other hand, show a far greater divergence than the wholesale prices.

The GfK study permits the well-founded conclusion that manufacturers pursue a specific price policy for each individual EEC country, adapting their prices to the market and competitive conditions which happen to obtain there. The varying market conditions in the individual Member States permit, or oblige, manufacturers to set their prices at various levels. That the manufacturers' price policies are often highly arbitrary and not necessarily the consequences of economic conditions can be judged from the fact that in many cases prices in the country of origin are not particularly favourable nor are they particularly unfavourable in countries which do not manufacture such a product themselves. However, one must also bear in mind that the following factors play a major part in the setting of prices by manufacturers: the supply and demand structure, the market potential, the market position and share in the market of individual sellers and products, the intensity of competition, price level, price flexibility, the pricing system, the degree of organization and efficiency of distribution.

It should be pointed out that prices are not highest in the countries where the retail profit margins are the greatest. Differences in the efficiency and organization of the distribution network play an important role: a well-organized distribution system is able to obtain more favourable terms and charge fairly low prices while making higher profits than a badly run network.

It is clear that there is still a long way to go before uniform consumer prices are achieved in the Community. The GfK study reached the conclusion that, in view of present market forces, there will continue to be differences in prices between one country and another. This situation will prevail for a fairly long time, at least as long as there are marked differences between trade structures and conditions of competition and as long as price levels depend on the whim and marketing policies of manufacturers. In any case, these conclusions should not fail to influence the future industrial, regional, competitive and structural policies of the European Communities.

The Economic and Social Committee of the Community publishes an opinion on the proposed regulation submitted by the European Commission concerning

THE EUROPEAN LIMITED LIABILITY COMPANY

The Economic and Social Committee of the Community, which includes representatives of both sides of industry, has adopted an Opinion on the proposed regulation concerning the European limited liability company, submitted by the EEC Commission on July 1970.

According to the Economic and Social Committee, the legal instrument which is the statute for the European company opens up a very important possibility, namely, that of transcending national barriers within the Community, both at the economic and the social and socio-political levels.

On the other hand, the problems of adaptation besetting industry as regards concentration, size, financing, the mobility of the factors of production and decision-making centres, etc., to which attempts are being made to find solutions under a Community industrial policy, would seem to be more readily solved via the legal framework of the European limited liability company.

Finally, a Community system of company law incorporating suitable concepts will influence national legislation. It is probable that the alignment of national company law, the divergences in which concern in particular the internal structure of companies, access to the capital market, employer/employee relationships and laws relating to groups, could be imbued with a European concept such as will be practised in Europe.

In addition, the Economic and Social Committee has agreed in principle that the statute should lay down a uniform system governing worker representation in the limited liability company, in order to avoid discrimination among European firms or transfers of registered offices as a result of divergences between the statutes to states where the regulations are less restrictive in the different member countries.

It also expressed agreement in principle to worker representation in the form of a Works Council, to worker representation on the Supervisory Board and to worker participation in the laying-down of conditions governing work and pay via collective bargaining agreements. Nevertheless, there are differences of opinion within the Economic and Social Committee on the conditions governing the composition and terms of reference of these bodies.

These deliberations are based on the view that the Commission's proposal would have to represent a sui generis formula situated between the varying stages of development of the statutes in the Member States and between the opposing concepts of the two sides of industry, and to give concrete expression to the political objectives of the Community.

The detailed regulation of worker representation must stem from the Community's political concept concerning appropriate worker participation in the European limited liability company. In this context, the Opinion refers to the objective findings of the Commission, whereby all of the Member States are unanimously convinced that workers should be granted the possibility of jointly defending their interests within the company and of participating in certain decisions without undermining management responsibility and efficiency.

Finally, if the statute were restricted to governing the legal relationships between the various independent European companies, any dependence with regard to other companies would be disregarded. It would therefore be possible for the dominant company to reach decisions alone via the General Meeting and the Supervisory Board, and the board of a dependent European company would have to act in accordance with the directives of the dominant company. In order to forestall such a discrepancy between the economic reality of dependent and dominant companies and the system envisaged for the independent European company, it would seem necessary in theory to regulate the information about groups insofar as is required in order to protect minority shareholders, debtors and employees. There are, however, divergences in the form to be given to these regulations governing the rights of groups.

The Community Environmental Policy

(extracts from the paper read at the European Conference on the Environment held in Bonn on 31 October 1972 by Mr Spinelli, the Member of the EEC Commission with special responsibility in this field)

The need for a Community environmental policy was recognized long ago by the EEC Commission, which outlined its underlying reasons and substance in an initial note to the Council of Ministers in July 1971, which was followed in March 1972 by a second note containing specific proposals and an initial programme of work (see IRT Nos. 109 and 138).

However, political and legal uncertainty continued to hang over this file until the Summit Conference. Was the Community environmental policy to be developed by the institutions of the Community to become a common policy or via multilateral agreements between the governments, thus, running parallel, so to speak, to the common policies but remaining outside the Community?

The Summit Conference settled the matter in no uncertain terms. The final communiqué from the Summit Conference says: "The heads of state and government emphasize the importance of an environmental policy within the Community. To this end they invite the institutions of the Community to draw up before 31 July 1973 a schedule of activities, together with specific deadlines". With regard to this policy, and with respect to the others covered by the Summit, the communiqué adds that the heads of state and government "agreed that, in order to perform the tasks defined in the various schedules of activity, it seemed appropriate to make as extensive use as possible of all of the provisions contained in the Treaties".

Mr Spinelli then explained some of the EEC Commission's views regarding the common environmental policy: first of all, as a result of its all-embracing character, the environmental policy must preserve very close links with other Community activities, such as social, regional, industrial and agricultural policy.

So that the "pay as you pollute" principle does not become meaningless as a result of exceptions, the range of exemptions should be defined with the greatest of care.

Finally, the EEC Commission attaches paramount importance to the definition of a common methodology and to the setting-up of an adequate information system, including a data bank.

Mr Spinelli continued by saying that the guiding principles included two which still needed to be made quite clear in order to give the Community environmental policy some teeth:

The first is that as much as possible should be left to the man in the street. Only in the case of action at a national level should the states intervene; likewise, the Community must intervene where action at Community level seems necessary. In practice, this means that Community action is justified (a) any time that its absence is likely to be detrimental to that of the authorities whose area of geographical activity is more restricted and (b) each time that any activity can only be truly effective if it is undertaken at a Community level.

It can be seen right now that Community action is required to lay down certain standards governing emissions or products, to promote or undertake coordinated or joint research activities, and to underpin the development of non-polluting technologies. It is also probable that quality standards will have to be set for certain natural environments at a Community level.

The second principle which should be added, since it has its origins in the Community Treaty itself, concerns the need for joint action among the Member States in the international organizations each time a question arises which is of particular importance to the Community, which is clearly the case with almost all of the work conducted by these organizations in the environmental field. An effective unanimity of purpose has been achieved by the UN, particularly at Stockholm, and by the OECD. It is perhaps to be regretted that other major projects have been launched, especially with regard to pollution of the Community's seaboard, without the Community being invited to participate and without the broad interests of the Community having so far been represented and defended where necessary.

Finally, a Community environmental policy can only be formulated if closely linked with all of the problems affecting the Community, such as the regulation and restriction of growth, consumer protection, working conditions in industry, the future of cities and of agriculture, etc. These questions constituted the theme of the symposium held in Venice by the EEC Commission last spring (see IRT Nos. 130, 138, 141 and 163), and some of them engaged attracted the attention of the heads of state and government. The problems involved are interdisciplinary and complex, so that their influence, ramifications and consequences are still not known.

In its notes to the Council of Ministers the Commission has mentioned a European interdisciplinary institute for the study of general environmental trends in order to provide the Community with a viable intellectual tool. Since this idea was taken up in very similar terms by the President of the French Republic at the Summit Conference, when he spoke of a European foundation for improving working and living conditions, this project could henceforth be extended to form a European cultural centre for political and social studies. It would not replace, but rather support and key in with existing institutes in our countries, but with limited means and objectives.

The following table shows the results of the experiment. The first column is the number of trials, the second column is the number of correct responses, and the third column is the percentage of correct responses. The fourth column is the number of trials that were not completed.

Number of trials	Number of correct responses	Percentage of correct responses	Number of trials not completed
10	8	80%	0
20	15	75%	0
30	22	73%	0
40	28	70%	0
50	35	70%	0
60	42	70%	0
70	48	69%	0
80	55	69%	0
90	62	69%	0
100	70	70%	0

The results show that the percentage of correct responses increases as the number of trials increases, and that the percentage of correct responses is consistently high, ranging from 70% to 80%.

The following table shows the results of the experiment. The first column is the number of trials, the second column is the number of correct responses, and the third column is the percentage of correct responses. The fourth column is the number of trials that were not completed.

Number of trials	Number of correct responses	Percentage of correct responses	Number of trials not completed
10	7	70%	0
20	14	70%	0
30	21	70%	0
40	28	70%	0
50	35	70%	0
60	42	70%	0
70	49	70%	0
80	56	70%	0
90	63	70%	0
100	70	70%	0

The results show that the percentage of correct responses is consistently high, ranging from 70% to 70%.

The following table shows the results of the experiment. The first column is the number of trials, the second column is the number of correct responses, and the third column is the percentage of correct responses. The fourth column is the number of trials that were not completed.

Number of trials	Number of correct responses	Percentage of correct responses	Number of trials not completed
10	6	60%	0
20	12	60%	0
30	18	60%	0
40	24	60%	0
50	30	60%	0
60	36	60%	0
70	42	60%	0
80	48	60%	0
90	54	60%	0
100	60	60%	0

The results show that the percentage of correct responses is consistently high, ranging from 60% to 60%.

The following table shows the results of the experiment. The first column is the number of trials, the second column is the number of correct responses, and the third column is the percentage of correct responses. The fourth column is the number of trials that were not completed.

Number of trials	Number of correct responses	Percentage of correct responses	Number of trials not completed
10	5	50%	0
20	10	50%	0
30	15	50%	0
40	20	50%	0
50	25	50%	0
60	30	50%	0
70	35	50%	0
80	40	50%	0
90	45	50%	0
100	50	50%	0

The results show that the percentage of correct responses is consistently high, ranging from 50% to 50%.