

# European Community NEWS

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## CONSUMER SURVEY FINDS INCREASED PESSIMISM

Consumers in most original European Community countries think the general economic situation deteriorated last year and expect further deterioration this year. The EC Commission recently published the results of its fifth consumer attitude survey of 25,000 families in Germany, France, Italy, the Netherlands, and Belgium, conducted in October 1973.

The percentages of people who expressed pessimism about the economy ranged from a low 37 per cent in the Netherlands to a high of 66 per cent in Italy. Dutch attitudes had improved considerably since the Commission's first survey, in April, 1972. In Italy, on the other hand, pessimists had increased 13 per cent.

Except in the Netherlands, more families thought the economy would worsen over the next 12 months than did in April 1972. Although the percentage of families expecting a downturn was about the same throughout (averaging 35 per cent), it had increased by 12 per cent in Germany, 16 per cent in Italy, 11 per cent in France, and only by 2 per cent in Belgium since April. The Netherlands, by contrast, dropped 25 points from 60 per cent to 36 per cent.

Concurrently, optimism about the future rose in the Netherlands (up 13 per cent) and fell in the other countries by an average of 8 per cent.

The Commission's poll reflected the Community's high inflation rate. In all countries, a majority thought prices had gone up sharply during the past year (50 per cent in Germany, 68 per cent in the Netherlands, 69 per cent in Italy, 76 per cent in France, and 80 per cent in Belgium). A strong majority in France (about 74 per cent) expected a steeper rise in prices. Families were less pessimistic about prices in the other countries, ranging from 12 per cent in Germany to 23 per cent in Italy. About half the Italians, Germans, and Dutch felt inflation would continue at its current rate. Only 14 per cent thought so in France.

Most families saw their financial situation as unchanged over the last 12 months, ranging from 54 per cent in Germany to 63 per cent in France. Only a small percentage thought it had gotten worse, ranging from 3 per cent in the Netherlands to 6 per cent in Italy. About 62 per cent of all families expected their situation to stay the same over the next year. Asked if October was a good time to buy, a majority said yes in Belgium (59 per cent), and France (55 per cent). Forty-eight per cent agreed in the Netherlands, 31 per cent in Germany, and 29 per cent in Italy.

## EUROPEAN COOPERATION IN NUCLEAR ENERGY CONTINUES

Fifty European thermonuclear scientists met in Culham, England, February 13-15 to discuss a large-scale experimental fusion project called Joint European Tokamak (JET). The project design was authorized by the Council of Ministers in December as part of a continuing EC Commission thermonuclear program.

Smaller fusion facilities have already been built in laboratories associated with the Commission in Fontenay-aux-Roses, France; Garching, Germany; Culham, England; and Frascati, Italy. The larger JET project, based on the confinement of plasma in a donut shape configuration maintained by a magnetic field, would constitute a significant forward step in the development of fusion reactors.

An EC program for research in thermonuclear fusion, a potentially important energy source, has been in existence since 1959.

## DENMARK AND GERMANY SHOW HIGHEST PER CAPITA GNP

Denmark and Germany led the Common Market in per capita income during 1972, according to a report recently published by the Statistical Office of the European Community (EUROSTAT). According to national account statistics, the per capita gross national product was 3,884 units of account (UA) in Denmark and UA 3,841 in Germany. (One unit of account equals one 1971 dollar.) France and the Benelux countries (Belgium, and the Netherlands, and Luxembourg) were close behind, averaging UA 3,489 and UA 3,297, respectively. Following were Britain (UA 2,673), Italy (UA 2,008), and Ireland (UA 1,777). The per capita average for the entire Community was UA 3,046.

EUROSTAT is integrating the national statistical account systems into a European economic account system (SEC). Its first annual report based on the SEC system will be published in the next few months.

## PATENT CONVENTION DUE FOR SIGNATURE

The European Community Patent Convention will be signed by representatives of the nine Member States at an inter-governmental conference in Luxembourg on March 4-31. The EC Convention complements the European System for the Grant of Patents signed in Munich, in October 1973, by 21 European countries (including the nine EC members). The EC Convention will create a Community Patent Law designed eventually to replace national patent laws. Both conventions will come into force during 1976.

## EC-BANGLADESH TO BEGIN TRADE TALKS

Negotiations for a trade agreement between the European Community and Bangladesh were authorized by the Council of Ministers on February 19. The agreement, to be negotiated by the EC Commission, will cover trade in artifacts and silk or waste silk fabrics woven on hand looms.

## EIB LOAN FOR IRISH RAILROAD MODERNIZATION

Irish railroads will be modernized with the help of a European Investment Bank (EIB) loan totaling 8.2 million units of account (UA) (about \$9.9 million), approved February 19. The Irish public transport organization Coras Iompair Eirann (CIE) was granted the 20 year loan at 8-3/4 per cent to improve signaling systems as well as passenger and freight services. More and faster passenger trains will be put into use and a centralized traffic control system will be installed in Dublin and between Dublin and Ballybrophy on the main line to Cork.

This is the fourth EIB loan to Ireland. Three previous loans, totaling UA 22.6 (about \$27 million), went for sugar factory modernization, telephone development, and a protein concentrate mill at Cork.

## EC ECONOMY SHOWING SIGNS OF STRAIN

The European Community's economy has begun to show the effects of the energy crisis, according to the Commission's Notes on the Economic Situation, compiled in December 1973.

EC industrial activity continued to expand rapidly until mid-December, according to the Notes, until petroleum product shortages forced some industrial firms to cut back production. The Commission also reported a drop in consumer demand for certain products due to energy economy measures. Although the employment situation has been under considerable strain since the crisis began, it did not show up in the November statistics. The number of unfilled jobs still rose during that month except in Germany, and Italy's unemployment level fell further. The Commission did find a sharp rise in shortened working hours, however. Consumer prices, especially gasoline, heating oil, finished product, and food prices continued to climb rapidly throughout the Community.

Despite large surpluses in Germany and France's improved trade account, the Commission said the EC trade deficit widened further.

## CREST TO DEFINE EC ENERGY PRIORITIES

The Committee on Scientific and Technical Research (CREST) emphasized energy in the guidelines adopted during its first meeting, February 18-19, in Brussels. CREST, established by a January 14 Council resolution, will coordinate national research policies not subject to military or industrial secrecy. Comprised of Member State scientific research authorities, CREST is chaired by Gunther Schuster, director general of the Commission's Research, Science, and Education Directorate.

In its first phase of work, CREST will define EC priorities, sector by sector, which support the Community's

current policies. Beginning with energy and raw materials, it will evaluate Member State guidelines, organization, and policy procedures. CREST will also ask a group of national experts to assess the Commission's energy proposals. The next meeting of CREST will be held at the end of March.

## FIVE-YEAR PLAN FOR NEW FORESTS

A five-year afforestation program costing 680 million units of account (UA) (\$820 million) has been proposed to the Council of Ministers by the EC Commission. The plan would improve existing forests, start new ones, protect agriculture, create employment, and cut European timber imports, now running at nearly \$5 billion to \$6 billion a year. The European Agricultural Guidance and Guarantee Fund will reimburse Member States for a quarter of their forestry investments under the plan.

EC aid will cover between 60 per cent and 90 per cent of approved projects, with the higher proportions going to mountainous and other poor regions. Three quarters of the projects will be on land now used for agriculture. Maximum grants will be about \$97 for each acre that has been cultivated for at least 10 years prior to the plan. The plan covers the years 1976-81.

## SAFER BRAKES FOR EC TRUCKS AND TRACTORS

Heavy duty trucks, tractors, and their trailers made in the European Community after October 1 will have safer braking systems to meet stringent brake performance standards recently adopted in a Commission directive. The directive was drawn up to prevent accidents caused by the locking of rear wheels when braked on slippery or poorly surfaced roads. It requires a vehicle to be equipped with a wheel anti-locking or similar device.

## EC CIRCUS TAXES ARE NO EXCEPTION

Circuses must pay taxes just like any other company or individual in the European Community, the Commission said on February 15 in answer to a written question from Doeke Eisma, member of the European Parliament's Socialist Group.

Member State value-added tax (VAT) rates for circus show receipts, the Commission said, are highest in Denmark (15 per cent), Britain, and Luxembourg (10 per cent each), and lowest in the Netherlands (4 per cent). German, French, and Belgian rates average about 6.2 per cent. No statistics were available for Italy. Asked about any plans to harmonize circus taxes, the Commission said any tax harmonization proposals would apply to all enterprises including circuses. The Commission also said it knew of no Member State subsidies for circuses.

## EUROPE'S COAL-STEEL ORPHANS GET GRANTS

The Luxembourg-based Paul Finet Foundation announced, on February 22, the granting of university, technical institute, and high school scholarships totaling \$60,262 to 307 orphans of Euro-

pean Coal and Steel Community workers. Since its inception in 1965, the Foundation has awarded nearly \$693,000 to 3,549 students whose fathers died in mine or steel mill accidents or from occupation-related illness. Of these, 746 have successfully completed college, polytechnic, or high school.

## EC'S QUARTER-BILLION DOLLAR FOOD PROGRAM

The EC Commission has recommended to the Council of Ministers a cereal aid program for 1973/74 totaling 76,745,600 units of account (UA) (approximately \$93 million). This will bring total EC food aid for the year to over UA 190 million, or about \$229 million.

Proposed cereal aid is 1,287,000 tons, of which 580,000 tons is administered by the Community, the rest by Member States. The figure includes special aid for drought-struck African nations -- Ethiopia and the countries of the Sahel region. In addition, 28 other countries and six international aid agencies will receive food.

As with the similar American program, EC food aid is sold on local markets. The counterpart funds acquired by recipient governments are spent on development projects.

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