

REPRODUCTION AUTHORIZED

Brussels, 19 March 1974

No. 11/74

** The energy crisis particularly threatens the least favoured sections of the population. It is therefore more than ever necessary to push ahead with the introduction of measures that could initiate FUNDAMENTAL SOCIAL REFORMS within the Community. The European Commission stresses this in its "Report on the development of the social situation in the Community in 1973" which has just been published as an annex to the Seventh General Report on the Activities of the European Communities. Already in 1973 the European Community attempted to draw up a coherent social policy setting out the first practical steps to be taken towards real EUROPEAN SOCIAL UNION. Special attention is given to more vulnerable sections of the population such as women in employment, migrants, the handicapped, the elderly and school leavers seeking employment.

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The information published in this bulletin covers the European Communities' activities in the fields of industrial development, protection of the environment and consumer welfare. It is therefore not limited to recording Commission decisions or opinions.

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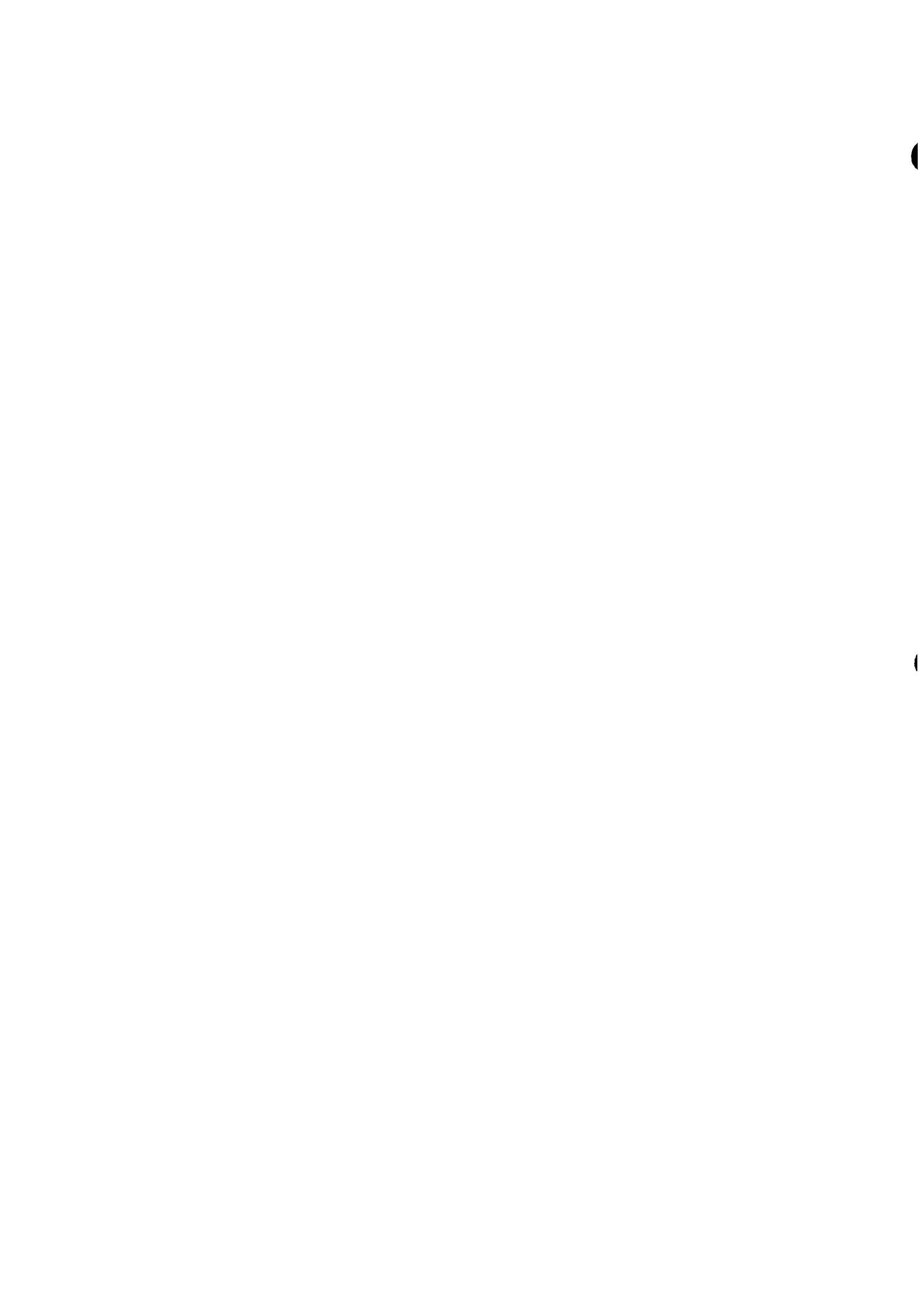
ANNEX 1 gives a short summary of the report published by the European Commission.

** It is most important that a policy to promote SMALL AND MEDIUM SIZED INDUSTRIAL FIRMS should be followed at European level. This should aim at creating the conditions required for them to prosper, and should ensure that the conditions are observed. Small and medium sized enterprises are in a better position to provide customers with tailor-made products and personalized service, and generally, owing to their smaller size and wider distribution, present less of a danger as far as pollution is concerned. The Community should therefore encourage inter-firm cooperation particularly, and provide wider markets for this type of enterprise, at the same time, harmonizing taxation. These are some of the points stressed by UNICE, the Union of Industries of the European Community, in a recently published study on the role and future of small and medium sized firms.

ANNEX 2 gives a brief summary of this study.

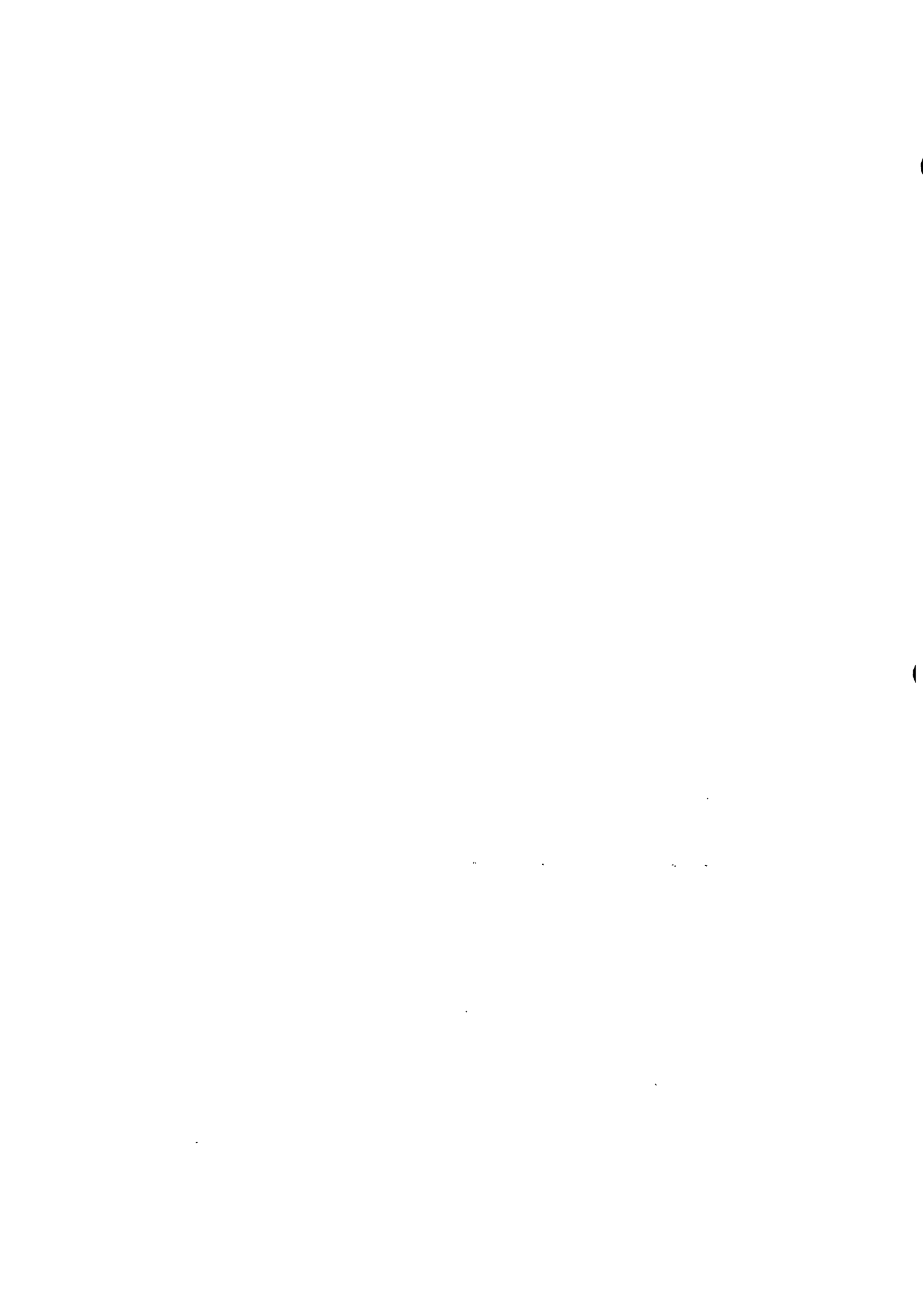
** While TIDAL POWER PLANTS have the advantage of not causing pollution, their impact on the environment is by no means negligible. Their use could produce changes in the hydrology and fauna within the catchment area and constitute a hindrance, or even danger, to shipping. This is stressed by the European Commission in reply to a written question by a Member of the European Parliament on the potential development of such power plants in the Community.

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ANNEX 3 gives the written reply by the European Commission.

- ** The European Court of Justice has fined the American company, Commercial Solvents Corporation, and its Italian subsidiary, Istituto Chemioterapico Italiano 100 000 u.a. (1 u.a. = US \$ 1 pre-devaluation) for failure to observe the Community's COMPETITION laws. This judgement by the Court thus constitutes dismissal of the two companies' appeal following the Commission's decision to fine them for refusing to sell to an Italian company a basic product, of which they have a monopoly, but which is essential in the manufacture of drugs for treating tuberculosis.
- ** The European Commission is at present examining the possibility and timeliness of harmonizing at European level the measures concerning SPEED LIMITS, which have been adopted by various Member States as a result of the energy crisis. In particular the Commission is studying how far these measures may bring about a reduction in the number of traffic accidents.
- ** A proposal has been put forward by the European Commission (see IRT No. 190), to set up a EUROPEAN JOINT PRODUCTION COMMITTEE, within the framework of the statute for European business firms (sociétés anonymes). The aim of this committee would be to make community representation of workers' interests possible, vis-à-vis company management. At present this is planned only in the case of European companies with subsidiaries in several Member States, as the Commission points out in reply



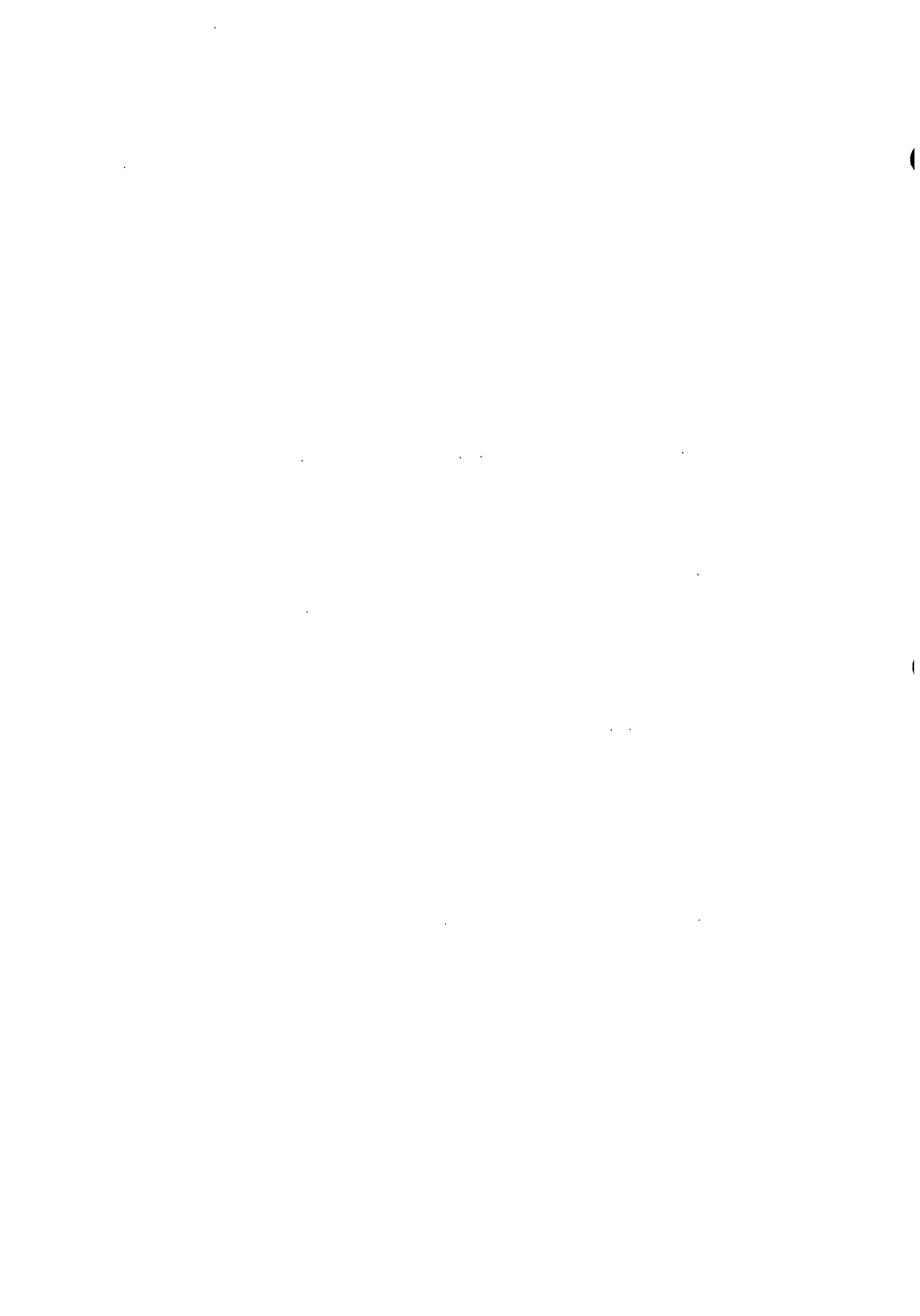
to a written question, by a member of the European Parliament. In the reply the Commission states that it hopes to ensure that workers in companies forming part of a group are given a real chance to participate in the work of the parent company's joint production committee. The Commission is well aware of the legal problems involved in appropriate representation of workers' interests in the matter of a public company which no longer acts independently but must conform to the policy of the group to which it belongs. The Commission will study the measures required in this field during the course of work it has already initiated on the coordination of laws affecting business groups.

** As NUCLEAR ENERGY will become increasingly important in the next few years, and the general public is still extremely worried about the dangers inherent in its use, the European Parliament has asked the Commission to expand its efforts to provide information on nuclear techniques and safety devices. The European Commission plans to promote the spread of better information in this field by organizing several seminars on the problems concerned.

** Within the next few months the European Commission plans to forward to the Council of Ministers of the Community a proposal for LOWERING PERMISSIBLE NOISE LEVELS FOR MOTOR VEHICLES by about 3 decibels. This would mean an appreciable decrease in the noise intensity emitted.



- ** In order to encourage research into the technological and economic aspects of iron and steel production, and ensure that all interested parties in the Community have access to the results of research financed by Community funds, the Commission is organizing a European information symposium on the application of MEASUREMENT, CONTROL AND ANALYSIS IN IRON AND STEEL PRODUCTION. This event will take place in Luxembourg on 2-5 April under the chairmanship of Mr Spinelli, the member of the European Commission with special responsibility for industrial affairs. It is directed at research institutions as well as specialists from non-member countries with which the European Community normally exchanges information, and at steel producers and consumers from Community countries. (Further information may be obtained from the Directorate-General for Scientific and Technical Information, Commission of the European Communities, 29 rue Aldringen, Luxembourg).
- ** To permit periodic assessment of the research being done in the Community on SAFETY IN LIGHT-WATER NUCLEAR REACTORS a working group assembling under Commission auspices national experts from Member States and representatives of European industrial organizations affected, has devised a method of classifying information on nuclear safety research projects that are either in hand, or being planned, within the Community. The results are also being classified. It is anticipated that by 15 September next, national correspondents will supply the first up-to-date file on the information now available. Later on, these files will be regularly updated every quarter.



** Eight new TECHNICAL NOTES briefly describing results obtained from Community research programmes have been issued by the European Commission. Their purpose is to enable industrial firms to assess the prospects for the industrial exploitation of the results described. The subjects of these new technical notes are as follows:

- ... --01 Remote control tongs for operations under vacuum conditions
- No 2002 Storage and handling apparatus for material in rod form
- No 2003 An easily operated, all-purpose induction furnace for laboratory use
- No 2004 Metal gasket
- No 2005 "Eurotronik" - self powered neutron flux detector for in-pile continuous neutron measurement at temperatures up to 500° C
- No 2006 Composite thermocouple
- No 2007 Viscosimeter
- No 2008 Quartz glass shield windows

** A EUROPEAN SYMPOSIUM ON THE ENERGY CRISIS will be held in Brussels on 21-22 March 1974. Senior officials of the Commission of the European Communities will be attending. (For further information contact APROCE-EUROPA, 154 avenue Emile Max, 1040 Brussels)



DEVELOPMENT OF THE SOCIAL SITUATION IN THE COMMUNITY IN 1973

The energy crisis particularly threatens the least favoured sections of the population. It is therefore more than ever necessary to push ahead with the introduction of measures that could initiate fundamental social reforms within the Community. The European Commission stresses this in its "Report on the development of the social situation in the Community in 1973" which has just been published as an annex to the Seventh General Report on the Activities of the European Communities. Already in 1973 the European Community attempted to draw up a coherent social policy setting out the first practical steps to be taken towards real European social union. Special attention is given to more vulnerable sections of the population such as women in employment, migrants, the handicapped, the elderly and school leavers seeking employment.

I. The activities of the European Community in 1973

The outstanding event of 1973 in Community social policy was the support given by the Community's Council of Ministers for a social action programme to be implemented over the next three years (see IRT No 1/74), while respecting a series of objectives, means and priorities.

The object of the various measures defined is to make the European Community an area where living and working conditions will be better. Clearly, during the coming months the problems involved in solving the energy crisis will be one of the Community's main preoccupations.

In a Community of 255 million inhabitants there is a wide range of differing priorities between needs and the demands of progress. No Community social action programme can afford to ignore these. They have to be met, in a practical and not unrealistic way. The Commission's view is that the most effective method is one of the fullest possible consultation with other Community institutions and both sides of industry.

II. (a) Employment

The continued economic expansion during the first half of 1973 helped the employment market. The number of employed increased throughout the Community and total unemployment figures fell in most Member States. But there was an increase almost everywhere in the shortage of skilled labour required.

The statistics show that the female labour force often is simply a reserve which can be drawn upon when there are serious pressures on the labour market but when economic activity decreases women are among the first to be affected by the worsening of the employment situation. This characteristic also affects other categories of the population such as the young, the elderly and the handicapped.

(b) Vocational training

The development of technical and vocational training as a part of continuing education is increasing in many Community countries. Paid time-off for study is being granted on an increasing scale.

In March 1973, the Council approved a certain number of actions as priorities to implement a common policy of vocational training including an information bulletin which will start publication this year. At the end of 1973 the Council approved as a priority within the framework of the social action programme the creation of a European Centre for Vocational Training.

(c) Industrial relations

An important development during 1973 was the setting-up of The European Confederation of Trade Unions representing 29 million workers affiliated to 17 organizations in 15 European countries.

During the past year price increases and the worsening of inflation have been the main worry of governments, employers and workers and there were disagreements about the causes and measures to be taken.

The consequent unrest has made itself felt not merely in connection with pay problems but also with many aspects of working conditions. The Commission has shown its preoccupation with these problems by proposing measures to protect workers in the case of mergers and collective dismissals. The proposals on the representation of workers on the supervisory boards of limited companies continued to stimulate discussion in the member countries.

(d) Working conditions

The trend towards introducing the 40-hour week under collective agreements continued in most sectors and should be general by 1975. Similarly there has been an increasingly marked trend towards a fourth week of holidays with pay in many branches of industry.

(e) Wages

For various reasons, such as the increase in raw materials, anti-inflation policies did not achieve the expected results. Concerning wage policies, the trend over the past three years towards increasing low wages proportionately more than the average wage increases continued but in a less marked fashion. A second trend was the wider application of the safeguarding of the purchasing power of wages by linking them to an automatic sliding scale system.

(f) Housing

Increasingly in Member States there is a constant shortage of social housing at acceptable rents while there exists at the same time unoccupied housing at excessively high rents, which has been to a considerable extent subsidized by the state.

The social action programme proposed a double-pronged attack on these problems at Community level by means of studies on the most efficient use of finance to achieve the maximum social effect and secondly, assistance for pilot programmes to help solve the serious housing problems of special categories such as migrant workers.

(g) Family matters

Certain family allowances were raised in Belgium, France, Ireland and Luxembourg in 1973 and the Italian Government announced a similar measure.

Increasing numbers of married women are going out to work thus altering radically family needs and ways of life. There is particularly a great need for day nurseries in most Member States.

(h) Social services

There has been a positive development in several countries due to the decentralization of social welfare. This is particularly true of Italy. In France much is expected from the economic, social and advisory committees which are being set up in every region.

The excellent system of municipal advisory councils for migrant workers on which migrant workers sit has grown to some extent. They now number 27 in Belgium and councils of this type have been set up in Germany and the Netherlands.

(i) Social security

For the new Member States, the year of entry into the Community will also have been a year of important reforms in their social security systems: establishment of a public health service in Denmark, more complete protection in Ireland and reorganization of the national health service in the United Kingdom. Other trends noted throughout the Community are broader social welfare coverage, the rise in the level of protection and the rationalizing of existing systems.

The Commission has put forward suggestions in the social action programme which take account of these current trends.

(j) Safety at work and public health

Despite all efforts there has scarcely been any reduction in the number of industrial accidents in 1973. The Commission has set out its intentions on industrial safety in two action programmes, one of which deals with the effect of environmental factors on health and the other with a specific safety programme for industry to be drawn up with the help of workers and employers and the authorities in the Member States before the end of 1974.

THE ROLE AND FUTURE OF SMALL AND MEDIUM-SIZED INDUSTRIAL FIRMS

It is most important that a policy to promote small and medium-sized industrial firms should be followed at European level. This should aim at creating the conditions required for them to prosper, and should ensure that the conditions are observed. Small and medium-sized enterprises are in a better position to provide customers with tailor-made products and personalized service and generally, owing to their smaller size and wider distribution, present less of a danger as far as pollution is concerned. The Community should therefore encourage inter-firm cooperation, particularly, and provide wider markets for this type of enterprise, at the same time harmonizing taxation. These are some of the points stressed by UNICE, the Union of Industries of the European Community, in a recently published study on the role and future of small and medium-sized firms, which is briefly summarized below.

The importance of small and medium-sized firms

Small and medium-sized industrial firms account for more than 90% of all enterprises and constitute, so to speak, the backbone of modern societies. Their geographical distribution creates jobs for a significant proportion of the labour force in any area.

UNICE points out that, with the understandable exception of very costly and expensive projects, small and medium-sized firms have been responsible for many more inventions than larger undertakings. In face of the growing and increasingly vital preoccupation with the quality of life and environmental protection, the small and medium-sized industrial firms are well adapted to meet the new requirements.

Problems facing small and medium-sized firms

Competition between firms in the Community benefits smaller businesses inasmuch as it encourages creativity and improvements in working methods. However, there are those who believe that competition occasionally takes a form which threatens the existence of some smaller firms. UNICE states that this problem must be solved through adaptation or conversion, and in particular by specialization on the part of the owners of small businesses, or, if need be, through social measures.

Subcontracting in theory has several advantages such as better use of investments, greater specialization within companies, a cumulative effect on technological progress, lower distribution costs per product and the lessening of business risks, contribution to regional industrial development, etc. In practice, however, this has given rise to problems for both principals and subcontractors. Not all countries, nor all branches of industry have a "subcontracting charter", which lays down the fundamental code of ethics in this field.

Market research, market penetration and sales are among the operations where small and medium-sized firms face special problems. Largely through lack of resources these businesses undertake no systematic market research. They are therefore obliged to resort to less elaborate methods which, even if they do occasionally result in spectacular success, are none the less risky. Moreover, small and medium-sized enterprises are increasingly being forced by competition to forsake their traditional regional outlets and turn to foreign markets, where they have additional difficulties to contend with, such as language, customs and the business reactions of their clients.

Lack of own resources, limited liquid assets and difficulty of access to credit facilities are some of the specific problems facing smaller undertakings that have to invest large sums in order to rationalize, convert or expand their business. Heavier and heavier investment is becoming necessary, since a growing number of operations in such firms can no longer be carried out manually but have to be entrusted to machines.

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UNICE believes that the various direct or indirect systems of taxation at present in force in countries of the European Community raise a number of problems for smaller businesses. Taxes on income and capital have a particularly depressive effect in this area, since they impede access to money markets, and the build-up of reserve funds out of which firms could finance their own expansion.

Owing to their peculiar features and structure small businesses occupy a special position on the social plane: social relations are eased by clearer evidence of cooperation between employer and workers.

Remedies to be considered at European level

Apart from the measures required at national level, special action at European level will be needed to create economic and social conditions more favourable to the development of smaller concerns. According to UNICE this action should take in the following:

- Subcontracting: various steps have already been taken by the European Commission in this direction. These should culminate not only in better relations and improved cooperation between agencies in the Community, involved in subcontracting but also in completion of a subcontracting charter for the Community.
- European cooperation group (see Industry and Society No. 1/74): drawing on the experience of several Member States, the European Commission has prepared a draft legal instrument for an economic interest Grouping, which may promote cooperation between firms based in different countries. UNICE hopes that this initiative

will soon lead to solid proposals being made, as the project is of interest to small and medium sized firms.

- Business cooperation centre and Community industrial development contracts (see IRT No. 202): UNICE believes that the budgets assigned to these two media for promoting transnational cooperation, ought to be increased, as they have both been established so recently that no proper assessment of their results is possible, so far.
- Opening up of markets: in this field UNICE considers that wider access to public markets should be made available to small and medium sized firms, that the administrative formalities connected with frontier crossing should be eased, and that available information as to potential markets should be given wider distribution.
- Financing: UNICE hopes that the European investment bank will be authorized to extend its activity to export operations, through the intermediary of cooperative organizations.
- Taxation: in UNICE's view, harmonization of taxes and the adjustment of taxation levels in force in the Member States should bring about a balance between direct and indirect taxation, and remove the barriers that hinder firms from financing their own expansion.
- Social problems: the European Commission should examine the social schemes for independent workers, who are subject to very diverse legislation.

- Training of entrepreneurs: at the stage which the European Commission has reached in its work in this connection, an exchange of views should be arranged with professional organizations, in close cooperation with the said organizations.



COMMISSIONING OF TIDAL POWER PLANTS IN THE COMMUNITY

While tidal power plants have the advantage of not causing pollution, their impact on the environment is by no means negligible. Their use could produce changes in the hydrology and fauna within the catchment area, and constitute a hindrance, or even danger, to shipping. This is stressed by the European Commission in reply to a written question by a Member of the European Parliament on the potential development of such power plants in the Community.

At present the Community's experience of tidal power plants is limited in the main to the Rance plant on the French coast of the English Channel. This plant operates at 240 MW and produces about 540 GWh a year. Technically speaking, a tidal power plant can only operate where the differences between high-water and low-water levels regularly reach several metres. In the Community these conditions are found only off the coasts of Normandy, Brittany, England and Wales.

The power generated by such a plant varies from one tide to another and depends on the lunar and solar cycles. The plant cannot be operated continuously and the maximum period during which the installed capacity can be used is 2 200 hours a year. It is therefore essential to maintain a reserve production capacity equal to the normal capacity of the plant in order to supply the necessary power when the latter is not operating. All this requires considerable investment and makes the economic prospects unfavourable.

Other more ambitious projects which have been studied in France and the the UK, have not only run into economic difficulties but also into environmental problems.

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While not ruling out the possibility of other tidal power plants being constructed on stretches of coast where heavy tides are prevalent, the Commission does not think this type of plant can make a major contribution to meeting Community energy requirements.