

WEEKLY

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\*\* Continuing its activities with a view to implementing the objectives of the Community social programme (see IS No. 1/74), the European Commission has just forwarded to the Council of Ministers for approval a proposal for the establishment of a EUROPEAN VOCATIONAL TRAINING CENTRE. The Commission also proposes that, as from this year, a series of actions to improve conditions for MIGRANT WORKERS should be undertaken pending the finalizing, by the end of this year, of the overall social action programme in their favour.

ANNEX 1 gives a short summary of these proposals.

\*\* THE SHORTFALL IN PAPER AND PAPERBOARD PRODUCTION in the European Community will increase from 6.215 million tonnes in 1970 to over 10 millions tonnes in 1980. In the

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Further information is available from the Commission's press and information offices in the countries listed on the inside cover.

*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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next few years the rise in demand, the expected world shortage of economically usable raw materials for the industry in the 80's, and the introduction of expensive anti-pollution measures, will only aggravate the situation in the European paper industry, vis-à-vis its Scandinavian and North American competitors, which is already suffering from a shortage of home-produced raw materials and too-small unit capacities. This industry therefore needs support from public funds in order to be able to make the necessary modifications. In this connection the European Commission has just forwarded a memorandum to the Council of Ministers of the Community on the problems of the pulp, paper and paperboard industry.

ANNEX 2 gives a summary of this note.

\*\* Problems relating to RAW MATERIAL RESOURCES and opportunities for EXPLOITING THE RICHES OF THE OCEAN were described by Mr Carpentier, Director-General, Environmental and Consumer Protection Division of the European Commission, at a meeting of the Administrative Council of the United Nations Environmental Programme (PNUE) held in Nairobi on 14 March.

ANNEX 3 gives brief extracts from Mr Carpentier's talk.

\*\* We have asked various organizations in the Community responsible for consumer protection matters to supply us periodically with details of the latest developments on subjects of direct interest to CONSUMERS. It should be understood that these articles are the sole responsibility of their authors.



ANNEX 4 is an article sent to us by the LUXEMBOURG organization, l'Union luxembourgeoise des consommateurs.

\*\* According to experts of the European Commission the ECONOMIC SITUATION in the Community shows the following features:

There have been considerable consumer PRICE INCREASES throughout the Community. There has been no speed-up in the rise in prices of manufactured products which has continued in all Member States at the same pace, except as regards textiles and clothing. The increase in the prices of services continued unabated in most Member States. With producer and wholesale prices recently going up very sharply, consumer prices should continue to rise during the next few months.

In January UNEMPLOYMENT in the Community continued to rise; but this tendency is no more marked than at the end of last year. All Member States registered a distinct increase in short-time working parallel with the downward tendency in the number of unfilled vacancies.

The UPWARD MOVEMENT OF WAGES accelerated distinctly in 1973. According to the Commission's estimates, wages in industry per person employed, including social charges, probably rose by 21% in Italy, 15.5% in Belgium, 14% in Denmark, Ireland and the Netherlands, 13% in France, and 12% in Germany and the United Kingdom.

\*\* The trend of the SAVINGS RATIO (the relationship between personal disposable income and personal savings) indicates that

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the rate of inflation has had no significant effect on saving in the Member States in recent years. In some Member States saving has even increased in the past few years despite the higher rate of erosion of the value of money. This is pointed out by the Commission in a reply to a Written Question by a Member of the European Parliament. The Commission goes on to point out that there are several factors that might explain why personal saving has continued unabated despite the fast erosion of the value of money. These include the encouragement given by public authorities to save by means of bonuses or fiscal measures, the increase in real disposable income of households in spite of monetary devaluation, the importance of savings in the form of house purchases which appears to have been stimulated by inflation. However, the European Commission considers that experience so far hardly rules out the possibility of a significant fall in the propensity to save of private households in the long term if the inflationary process in the Community further accelerates.

\*\* In its second plenary session on 26 March, the Community's CONSUMERS' CONSULTATIVE COMMITTEE particularly stressed the responsibility of the European Commission in the fight against rising prices and asked the Commission to put in hand as soon as possible enquiries into the structure of prices, raw materials, and the role of multinational companies. In addition, the Committee has established two working groups responsible for examining the consequences for the consumer of the price policies practised in the Community on the one hand, and the common agricultural policy on the other. At one of its next

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meetings the Committee will discuss the part that European consumers could play in the campaign against waste of energy and raw materials. The next meeting of the Committee will take place on 21 June in Brussels.

\*\* Before the end of the year the European Commission plans to forward to the Council of Ministers of the Community a proposal for harmonizing legislation on SEAT BELTS in motor vehicles throughout the Community. The European Commission is currently pursuing discussions with experts from the Member States and the industries concerned.

\*\* The current tax rates on FIRE INSURANCE premiums differ in the various Member States of the European Community:

United Kingdom:	no special tax
Denmark:	no special tax
Ireland:	no special tax
Germany:	9, 11 or 17% (5% basic tax (Federal) plus 4, 6 or 12% according to the Land, as a contribution to fire prevention measures)
France:	8.75, 15 or 30% as applicable
Italy:	13-15%
Netherlands:	4%
Belgium:	6%
Luxembourg:	8% (4% basic tax, plus 4% as a contribution to fire prevention measures)

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These differences have a distorting effect on competition between insurers in the various Member States. In order to bring about freedom in offering fire insurance services, as is the case for insurance against other risks, the European Commission plans to forward a proposal for a directive on the taxation of insurance premiums to the Council of Ministers.

- \*\* The extension of territorial waters; the defining, beyond this limit, of an adjacent zone in which the coastal nations would exercise certain rights and have specific obligations; the problem of marine pollution. Such will be the principal subjects for discussion to be covered during the third United Nations Conference on the LAW OF THE SEA to be held in Caracas from June to August 1974. The European Commission hopes that the European Community will take up a common position at the Conference and, in particular, proposes the establishment of a rigorous international discipline to fight marine pollution, while not, however, excluding the possibility of stricter or more flexible regulations, as applicable, for particular areas.
- \*\* In order to allow the public to gain greater insight into the present situation in the energy sector which, employs nearly 2 million people in the Community and represents on average 6% of the prime costs of the other branches of industry, the Statistics Office of the European Communities has just published a brochure in the series "Selected Figures" entitled "ENERGY IN THE COMMUNITY" (1973). This publication collates in about twenty tables the most characteristic structural data on energy production and consumption in the European Community. It is available from the Statistical Office of the European Communities (PO Box 1003, Luxembourg).



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SOCIAL ACTION: EUROPEAN VOCATIONAL TRAINING CENTRE

MIGRANT WORKERS

Continuing its activities with a view to implementing the objectives of the Community social action programme (see IS No. 1/74), the European Commission has just forwarded for the approval of the Council of Ministers a proposal for the establishment of a European Vocational Training Centre. The Commission also proposes that, as from this year, a series of actions to improve conditions for migrant workers should be undertaken pending completion, by the end of this year, of the overall social action programme in their favour.

European Vocational Training Centre

The main objective of the European Vocational Training Centre will be to give a European dimension to the development of vocational training. It will thus assemble documentation on new development and research in this field, will contribute to the development and coordination of this research and ensure the dissemination of information.

This Centre will be administered by a Management Board composed of 15 members appointed by the Commission. Five of the members will be proposed by the employers' organizations and five by workers' organizations at Community level. The remaining five will be nominated by the Commission. This vocational training centre will collaborate closely with the European Commission in order to align vocational training standards within the wider framework of a common policy in this field.

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Action programme for migrant workers in 1974

The European Commission has already started work preparing a Community programme of action for bettering conditions for migrant workers and has had preliminary consultations with Member Governments and both sides of industry. A special in-house task force comprising representatives of different departments of the Commission is at present defining the content of an overall Community programme for migrant workers.

Even at this stage, however, the Commission believes that a number of specific actions could be undertaken as from this year, within the existing legal framework:

- improving information on job availability in order to speed up the matching of job offers and demand throughout the Community;
- using the European Social Fund to finance integrated projects for migrant workers;
- improving social services for migrant workers and their families (aid to children of migrant workers to help them learn the language of the host country and to fit into the educational system, etc.);
- adoption in social security matters of measures to secure better treatment of migrant workers and their families in such areas as family benefits, maternity allowances, etc.;
- coordination of migration policies vis-à-vis non-member countries through closer contact between the European Commission and the employment services of the Member States.

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Initially this is only an interim report on measures which, according to the Commission, should be applied immediately in order to improve existing conditions for migrant workers. The Commission stresses that this first report does not prejudice the scope and content of the overall action programme for migrant workers which is to be forwarded by the Commission to the Council of Ministers by the end of 1974.



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TOWARDS A COMPETITIVE EUROPEAN PAPER INDUSTRY

THE SHORTFALL IN PAPER AND PAPERBOARD PRODUCTION in the European Community will increase from 6.215 million tonnes in 1970 to over 10 million tonnes in 1980. In the next few years the rise in demand, the expected world shortage of economically usable raw materials for the industry in the 80's, and the introduction of expensive anti-pollution measures will only aggravate the situation in the European paper industry, vis-à-vis its Scandinavian and North American competitors which is already suffering from a shortage of home-produced raw materials and over-small unit capacities. This industry therefore needs support from public funds in order to be able to make the necessary changes. In this connection the European Commission has just forwarded a memorandum to the Council of Ministers of the Community on the problems of the pulp, paper and paperboard industry.

Importance of the European paper industry

Currently, the Community's paper industry is second in importance to that of the United States. It includes about 1 400 firms, produces nearly 21 million tonnes of paper and paperboard annually, and employs about 230 000 people, leaving aside the even greater numbers employed in the paper and paperboard processing industry and in printing.

Paper and paperboard consumption is increasing sharply worldwide but particularly in the European Community, where it increases by about 5% per year. At the same time, the Community's balance of payments

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deficit as regards paper products and raw materials for paper, has continued to increase rapidly, reaching a total of 2 000 million units of account in 1972 (1 u.a. = US dollar 1, predevaluation).

Raw materials supplies

Less than 50% of paper and paper products for internal supply are produced from fibrous materials available within the Community (including recycling of old papers). This figure is likely to decrease rapidly as a result of increased internal demand and the tendency to cut back imports of raw materials (wood and pulp) for which the major exporting countries prefer to substitute the finished product.

Wood is a renewable raw material and timber resources can be substantially increased within the Community, either by making better use of existing forest areas or by planting new ones.

Afforestation is the right answer to several problems:

- it restores economic value to land abandoned by agriculture and declining industries;
- it creates jobs for agricultural workers;
- it helps to mitigate the shortage of some raw materials;
- it makes for better ecological equilibrium;
- it improves the environment.

Hence, last February, the Commission put forward a proposal for adoption by the Council of Ministers, the aim of which was to encourage afforestation projects (see IS No. 9/74).

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At present wood accounts for only three sevenths of internal supplies in the paper sector, whilst recycling of old paper accounts for four sevenths. However, vast quantities of old papers are not reused, either because collection is not properly organized or because current techniques do not allow of their reinsertion into the production cycle. Here, an effort must therefore be made to improve the organization of the salvage industry and industrialize it to a greater extent, to establish a better mutual understanding between salvage firms and users, and to develop new technologies.

Pollution of the environment by the paper industry

The paper pulp industry is among those creating the greatest amount of pollution and anti-pollution techniques are particularly costly, especially for smaller and older mills. The application of the "polluter pays" principle (see IS No. 10/74) will therefore have serious consequences for this industry. Before 1 July the European Commission will be proposing that the Council of Ministers of the Community adopt several specific measures in the fight against pollution in the paper sector.

Structural reform required in the paper industry

The Community pulp industry frequently lacks sufficiently modern plants, large-scale operation, and the ideal geographical location to enable it to manufacture at competitive prices, using the raw materials available and at the same time respecting Community pollution standards. The European Commission considers that any national aid from which the paper industry benefits should be limited to investment. Furthermore, these aids should be coordinated so as to respect the Community's competition rules.

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The European Commission thinks that the European Investment Bank could provide appreciable assistance to the financing of structural reform in the paper pulp industry. Finally, the Commission is ready to examine requests for financing the paper industry from the European Social Fund. In addition it will look into the possibility of granting European Social Fund aid to the paper industry in respect of labour it employs.

Research

Research in forest management, the use of new species of timber, the recycling of old papers, and into the production process could make a decisive contribution to reducing the threat of shortage and pollution and to improving the competitive position of the European paper industry. The European Commission considers that the research effort must be borne by industry, but that the coordination of general and scientific research programmes being undertaken in the Member States should be the responsibility of the Commission's departments.

Commercial and technical cooperation with non-member countries

The Commission believes that it would be appropriate to set out how far and in what way the Community might envisage commercial and technical cooperation with certain countries which supply paper pulp, based on mutual and reciprocal advantages. In particular careful thought should be given to the methods of financing projects of common interest by the financial agencies of the Community.

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THE EUROPEAN COMMUNITY AND THE UNITED NATIONS ENVIRONMENT PROGRAMME

The problem relating to raw materials resources and opportunities for developing sea-bed were described by Mr Carpentier (Director-General, Environmental and Consumer Protection Division of the European Commission) at a meeting of the Administrative Council of the United Nations Environmental Programme (PNUE) held in Nairobi on 14 March. Below we give short excerpts from Mr Carpentier's observations at the meeting:

The energy crisis throws into spectacular relief one of the basic truths enunciated at the Stockholm conference, namely, that natural resources, whether renewable or not, are a limited natural inheritance which should be managed "like a family estate" so that it may profit the whole world and future generations.

The environmental programme adopted by the European Community in July 1973 (see IRT No. 185) includes a whole chapter devoted particularly to an analysis of the possible long and short-term effects of the depletion of mineral resources on environmental policies and on the conservation of these resources by recycling and substitution. In addition, the Commission is preparing a preliminary summary report dealing particularly with heat and air pollution resulting from the production of energy. This report is due to be discussed at a conference to be held soon between Community Ministers responsible for the environment.

As regards developing the resources of the sea-bed, one of the subjects to be discussed at the conference on the law of the sea, the European Commission hopes that delegates will take this opportunity to organize an effective cooperation structure for the international

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management of the oceans and their resources, and to safeguard the marine environment. The structure should reinforce any regional action undertaken in this field. In addition, the European Commission has just forwarded a document to the Council of Ministers of the Community which takes account of this concern (see this issue), and which could be a worthwhile contribution to the Caracas Conference.

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It is quite evident that the Community environmental programme can contribute to international efforts in several fields:

Establishment of an international reference service: the European Community has already begun work on gathering, collating and disseminating information on the environment. Before the end of 1974 this task should lead to specific proposals for organizing a European information system with particular emphasis on environmental management and anti-pollution technology.

Establishment of a continuous, world-wide system of environmental supervision: work is in progress in the European Community on coordinating the existing national and regional networks with a view to establishing a reference base for comparing measures already undertaken by these networks and, finally, to creating a reciprocal information system.

For a year now work has been in progress in the European Community on the establishment of a chemical substances data bank for chemicals

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likely to affect the environment; the procedures by which the data gathered by the European Community (which in the first instance covers 5 000 compounds) could, subject to certain conditions, form a contribution to the register of chemical substances of the United Nations environmental programme, should be studied as soon as possible.

Finally, the results of research work, the defining of criteria, quality objectives and standards, which is nearing completion under the Community programme will be put at the disposal of all nations participating in the UNO programme, as and when adopted by the Council of Ministers of the Community.



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RECENT DEVELOPMENTS IN CONSUMER PROTECTION IN LUXEMBOURG

We have asked various organizations in the Community responsible for consumer protection matters to supply us periodically with details of the latest developments in each of the Nine on subjects of direct interest to consumers. It should be understood that these articles are the sole responsibility of their authors. The following text was sent to us by the Union luxembourgeoise des consommateurs.

The Luxembourg consumers' union proposes price controls for petrol and central heating oil

In the Grand Duchy of Luxembourg, as everywhere else, the energy crisis has brought a rise in prices of oil products. However, petrol is still sold more cheaply than anywhere else in Europe, but a further price increase is to be expected.

A few weeks ago the Luxembourg consumers' union (ULC) submitted a proposal to Mr Marcel Mart, Minister for Energy and Economics, which aims to protect private consumers as effectively as possible against the results of price increases; ULC is opposed to increases in the price of basic oil products being borne by the consumer. It is also opposed to prices for oil products being harmonized with those for Europe as a whole. This harmonization would appear to be entirely superfluous as long as each Member State of the Community follows its own energy policies.

The idea of imposing a "super tax" on petrol is also rejected by ULC. It believes that, in the event of a further increase, the only

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fair solution to the price problem would be to subsidize central heating oil out of public funds. According to ULC this method has the undoubted advantage (as structural agricultural subsidies have proved for several decades) of being a highly effective anti-inflationary weapon which, in addition, calls upon all taxpayers to contribute to the financing of a measure with an obvious social application.

In addition ULC has proposed setting up a centre for the sale of central heating oil. This centre would permit checks on the level of consumption and would prove a more effective tool in influencing price policies. What is more it would be easy to establish this centre since a commercial supplies office has already been operating for years in Luxembourg and has been very successful as a central purchasing office for solid fuels (coal, coke, etc.).

ULC aids IOS victims

The IOS affair has had many repercussions in Luxembourg and the Luxembourg Office for the supervision of banking operations has been made responsible for speeding up the process of securing the investment funds of that company. With regard to Luxembourg shareholders, ULC is making every effort to cooperate with the various authorities and to see to it that all victims of IOS receive compensation without themselves being subjected to too many administrative formalities.

At a later stage, when the financial rights of the shareholders have been determined, ULC will probably cooperate with other organizations of shareholders outside Luxembourg who were victims of IOS, and with other supervising authorities, in order to determine what legal action should be taken against IOS.

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Tobacco and the consumer

ULC has organized a poll amongst its members. As well as giving information on age, sex, civil status, etc., the people being polled will reply to the questions on the use of tobacco. In addition, consumers will be able to give an opinion on the advisability of smoking being prohibited in public establishments and to state their interest in an anti-smoking publicity campaign.

