

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

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INTRODUCTION

At the January plenary session, the Chairman of the Economic and Social Committee talked about the first conclusions to be drawn from the Paris summit held in December 1974, and the implications for the institutions of the European Community.

At the same session the Committee adopted twelve Opinions and prepared an Information Report on Inflation. A large delegation from the Economic and Social Committee spent the end of January in Berlin where it paid its now traditional visit to the Internationale Grüne Woche - given over to agricultural produce, achievements and problems - as well as attending the 3rd European Consumers' Forum for the first time.

Not so very long ago the Committee set up a Section for Protection of the Environment, Public Health and Consumer Affairs. This reflects the increasing concern shown by public opinion and, therefore, governments in all matters affecting the "quality of life". In previous decades, all these aspects had been more or less sacrificed to the quantitative expansion of the economy.

Today, several representatives of these new schools of thought are members of our Committee and resolutely and vigorously defend the rights of consumers at European level. Although they feel that they represent society at large, they have joined the Various Interests Group, feeling that the Employers and Workers Groups, at least as far as names are concerned, are too narrow in outlook.

Finally, a Study Group of the Section for Agriculture paid a visit to the Languedoc-Roussillon area of France to make an on-the-spot study of the local wine industry.

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127th PLENARY SESSION

The 127th plenary session of the Economic and Social Committee of the European Communities was held in Brussels on 29 and 30 January 1975. The chair was taken by Mr H. CANONGE, Chairman of the Committee.

Speech by the Chairman

Opening the first session of 1975, the Chairman wished members of the Committee much success in the execution of their duties at national and European level. He then went on to say :

"The Community institutions now have to draw their conclusions from the Paris Summit Conference. We trust that this will lead to practical decisions. This is our very dear hope.

In my opinion the outlook for the Community holds opportunities for genuine progress. Progress is vital if we are to preserve what we have achieved and safeguard our chances to make future progress. It has to be honestly admitted that although the Community has flaws it still has all its former force of attraction for non-member countries. Contacts have been established at very high level with COMECON, the, albeit difficult, negotiations with the ACP countries seem to be poised for a breakthrough and the process of rapprochement with the countries of the Mediterranean basin has begun. Mrs BADUEL GLORIOSO's report is an important contribution to this.

But the importance of external relations must not make us relegate to second place strengthening the Community internally. The first requirement for success in this is removal of the difficulties connected with the United Kingdom and we trust that this matter will be dealt with soon. I have no doubt that once this matter has been resolved new horizons will open up. For the first time, a breakthrough seems to have been made with the election by universal suffrage of the European Parliament. Since its last session the Parliament has resolutely set off in this direction. The resolution it has adopted constitutes an indisputable step forward towards a new democratic balance between the Institutions. The Committee welcomes this development, which it has always advocated and which is bound to bring the European institutions ever closer to the man in the street.

For its part, the Commission has not only stressed priority actions but has also launched a wide debate on economic and monetary union and the prospects for political union. This falls within the framework of the mission which the Heads of State or of Government assigned to the Belgian Prime Minister, Mr TINDEMANS.

In the past the Committee has made numerous contributions in very varied fields. We have even set the example for the other institutions in taking a stand in **advance** of them on the delicate problem of the common agricultural policy. In so doing the Economic and Social Committee proved that it was capable of making a valid contribution towards resolving the most acute of the Community's problems. But it is vital not to get left behind by work going on in the other institutions. On the contrary we must endeavour to introduce our ideas into the total effort which is being made. With this in mind I propose to meet Mr TINDEMANS next week together with the Vice-Chairman. Mr TINDEMANS has requested this meeting, and I have already given him our opinion on the place and role of the Economic and Social Committee in the institutional machinery of the Community in the context of a possible evolution thereof.

The Vice-Chairmen, Mr AMEYE and Mr CARROLL, and myself had a talk with Mr HAFERKAMP on his initiative. This visit was very fruitful. Mr HAFERKAMP was keen to improve cooperation with the Committee in the monetary and economic spheres. Accordingly he undertook to attend the May plenary session when the Opinion on the restructuring of the economies is on the agenda."

The President then concluded his speech by announcing his intention of paying an official visit to Ireland.

Opinions adopted at the 127th plenary session

1. Energy for Europe

(Rapporteur : Mr SCHLITT - Germany - Various Interests)

By a large majority, with 6 votes against and 10 abstentions, the Economic and Social Committee approved its Opinion on the

Communication from the Commission to the Council
entitled : Energy for Europe : Research and
Development

In response to the energy crisis, the Commission believes the Community must reduce its external dependence by slowing down the increase in demand for oil, developing nuclear energy, increasing the supply of natural gas, and improving the competitiveness of the coal industry. These objectives have already been outlined in its proposal "Towards a New Energy Policy Strategy for the European Community" (Doc. COM(74) 550 final) which was sent to the Council on 29 May 1974.

The Commission further considers that a common energy research policy can contribute substantially to attaining these objectives.

It suggests the adoption of a common programme which would integrate all research and development activities carried out either by the Community or by the Member States into a coherent strategy. The programme would cover :

- 1) An inventory of research and development work;
- 2) The conservation of energy;
- 3) New techniques for oil and natural gas;
- 4) Nuclear energy;
- 5) Hydrogen production;
- 6) New, renewable sources of energy;
- 7) Environmental protection;
- 8) Systems modelling techniques.

The programme would raise the Community's expenditure on research and development from the present level of some 1,020 million u.a. a year to 1,500 million u.a. a year. Of this expenditure, 25% to 50% would be borne by the Communities' budget.

The Committee welcomes the Commission's initiative aimed at achieving a common research policy in conjunction with a new energy strategy for the Community. In particular, it believes that research and development can make a two-fold contribution towards the Community's future energy situation by developing new and existing sources of supply and by reducing requirements.

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In view of the extremely high financial outlay involved, stringent priorities must be set for individual areas of research, concentrating on those which promise the maximum reduction of dependence on imported oil within a short period.

The Committee therefore urges that high priority should be given to indigenous hydrocarbons by improving the recovery factor for offshore oil and by developing technology for deep sea exploitation. Similarly, in the coal sector, special attention should be given not only to gasification, automated preparation plants and high performance methods but also to living and working conditions, notably the prevention and cure of silicosis.

The Committee believes that, in the present situation, nuclear energy constitutes a real alternative to oil and that a large proportion of research and development expenditure in the Community should be devoted to this area. In particular, work should concentrate on the development of breeder and high-temperature reactors because the first will offer greater independence in nuclear fuel supplies and because the second could be used in large-scale hydrogen production. Attention must also be given to special aspects of reactor safety.

At the same time, work on the longer term alternatives, particularly those of hydrogen and thermonuclear fusion, should not be neglected.

The Community must be granted extensive powers for the coordination of the energy research and development effort. The Committee, however, fears that the suggested total public and private expenditure of 1,500 million u.a. a year is insufficient to carry out the required programme.

2. Mediterranean Policy of the Community

(Rapporteur : Mrs BADUEL GLORIOSO - Italy - Workers)

The Committee adopted its Opinion unanimously less one abstention on the

Mediterranean Policy of the Community.

The Committee approves the principle of an overall Community policy for the Mediterranean basin but trusts that bilateral agreements between the Community and the countries of this region take into account the differences between the Mediterranean countries, especially with regard to the nature and level of their economic development. Moreover, when framing and implementing the Mediterranean policy there must be consistency between it and the Community's internal policies and it should not be divorced from the Community's obligations, vis-à-vis other regions of the world, in particular the agreements with the ACP countries. Neither should it prejudice relations between the EEC and the Arab countries.

The agreements to be concluded should take the form of real economic cooperation between equal partners and cover in particular agricultural, industrial, technological, financial and trade matters, the living and working conditions of Mediterranean workers in the Community and the environment.

Finally, the success of the Community's Mediterranean policy will hinge on how the Community envisages the role it is to play in the field of external relations and on what means it has at its disposal. Furthermore, the Community's capacity for action in this field will be increasingly determined by the evolution of its internal policies, particularly as regards economic and monetary matters, and by peace in the Mediterranean.

3. GATT and developing countries

(Rapporteur : Mr RØMER - Denmark - Employers)

The Economic and Social Committee has adopted, on the bases of its right of initiative, its Opinion on the following matter by 55 votes to 13 with 8 abstentions :

Developing countries in the GATT negotiations.

Referring to the changes in the world economic situation which have taken place since autumn 1973, and to the very serious consequences which this has had for certain developing and industrialized countries, the Committee points out that the GATT negotiations are one of the means of achieving greater monetary and market stability at world level.

The Committee asks that special attention be given at these negotiations to the needs of the developing countries. While these countries need to develop and diversify their production capacity in order to be in a position to satisfy their local needs, especially in the food sector, it is in their interest to export so as to provide foreign exchange.

The Committee considers in turn the specific problems facing LDC exports of primary (agricultural and mineral) products, semi-processed and processed agricultural products and manufactures.

4. Pulp, paper and paperboard industry

(Rapporteur : Mr MASPRONE -- Italy -- Employers)

The Committee has unanimously adopted its Opinion on the

Communication to the Council on the problems of the pulp, paper and paperboard industry

The proposals from the Commission are based on a very detailed analysis of the pulp industry in the Community. The main point to emerge is that the Community is less than 50% self-sufficient in raw materials for paper and paperboard and this percentage may be sharply reduced by the combined impact of increasing consumption in the Community and the downward trend in imports of raw materials (wood and pulp).

Under these circumstances the paper industry of the Community cannot exploit the dynamic market for its products. There are several reasons for this :

- 1) shortage of Community forestry products in relation to present and foreseeable paper product requirements, and inadequate use of indigenous raw materials, whether of pulpwood, annual plants or waste paper;

- 2) inadequate vertical integration, in the paper and paperboard production sector, i.e. insufficient integration of paper, paperboard and pulp production. There is also an excessively large number of pulp production units which are too small to be economically viable; only 16 of the 213 pulp production units in the Community have a capacity in excess of 100,000 tons;
- 3) raw material supplies. The main features of the present situation are :
 - insufficient cooperation between timber producers and the pulp industry,
 - forestry management methods which are not conducive to the optimization of industrial forestry management methods and means,
 - inadequate coordination of activities and programmes of forestry research.

The Committee notes with satisfaction that the Commission's document represents a step towards the formulation of an industrial policy for a specific sector. Following ship-building and data processing, attention is now turned to the paper industry owing to its importance in the world today and the difficulties with which it is confronted.

It regrets, however, that the Commission's initiative comes such a long time after it had expressed an intention to act.

The Committee broadly concurs with the statement in the Commission's memorandum that approximately 42% of the paper and paperboard used in the Community is made from indigenous raw materials and that approximately 58% is accounted for by raw materials and semi-manufactured and finished products imported from non-member countries.

The Committee points to the necessity for existing woodland areas to be better managed and for practical measures to encourage reforestation. It also feels that the recovery and recycling of waste paper should be stepped up considerably.

Furthermore, the Committee considers that Community action on the environmental protection front must take account of all sides of the problem and, in particular, of the cost of the requisite counter-pollution techniques.

It feels that the practical implications of the "polluter-pays" principle should be subjected to an in-depth examination and that certain anti-pollution rules should be laid down at international level, and not only in the Community.

5. Tractor brakes

(Rapporteur : Mr MASPRONE - Italy - Employers)

The Committee unanimously adopted its Opinion on the

Proposal for a Council Directive on the approximation of the laws of the Member States relating to the braking devices of wheeled agricultural or forestry tractors.

The proposed directive forms part of the Community type-approval procedure referred to in the Council Directive of 4 March 1974.

It lays down the technical requirements for the construction and testing of the different types of braking device and, in particular, prescribes a parking brake completely independent of the service braking.

In its Opinion, the Committee approves the Commission's proposal.

6. Sound level and exhaust systems of vehicles

(Rapporteur : Mr MASPRONE - Italy - Employers)

The Committee adopted unanimously its Opinion on the

Proposal for a Council Directive modifying the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles.

The Committee welcomes the proposal for a Directive, since it will make a major contribution towards protecting the public against noise pollution.

The Committee therefore approves the 2 dB (A) reduction for petrol-engined motor vehicles, which category covers most present-day cars.

As regards the other vehicle categories, the Committee considers that a reduction of no more than 2 dB (A) would be acceptable to all concerned.

The Committee further considers that the Member States should carefully consider the problem of unsold stock before stipulating the date as from which the Member States may prohibit entry into service under the last paragraph of Article 2 of the proposal for a Directive.

7. Mountain and hill farming

(Rapporteur : Mr BERNIS - Luxembourg - Various interests)

The Economic and Social Committee has adopted its Opinion with no dissenting votes and 10 abstentions on the Proposal for a Directive completing the provisions under Title V of the Directive on mountain and hill farming and farming in certain less-favoured areas which was adopted by the Council on 21 January 1974 and the Eight proposals for Directives concerning the Community list of less-favoured farming areas within the meaning of the Directive on mountain and hill farming and farming in certain less-favoured areas, adopted by the Council on 21 January 1974.

The Economic and Social Committee approves the Commission's proposals. It considers in fact, that the Guidance Section of the EAGGF must refund 50% of expenditure on compensatory allowances. The Committee also feels that the amount of the compensatory allowance and the limits on Community participation in infrastructure investment must be updated at regular intervals. It further considers that the list of less-favoured areas must be regularly re-examined together with the criteria used to select the areas.

Finally the Committee considers that the interventions set out in the Directive should be coordinated with those arising out of the regional development policy.

8. Hop harvest 1973

(Rapporteur : Mr BERNAERT - Belgium - Employers)

The Economic and Social Committee unanimously adopted its Opinion on the Commission Report to the Council on the situation regarding the production and marketing of hops : 1973 harvest and on the Proposal for a Regulation (EEC) of the Council laying down, in respect of hops, the amount of the aid to producers for the 1973 harvest.

The Economic and Social Committee approves the Commission document, although it regrets the considerable delay in submitting it. The Committee takes note of the Commission's intention to review the basic regulation on the market in hops. It trusts that this revision will be done as soon as possible, and asks the Commission to consult it in good time on amendments to Regulation No. 1696/71.

It approves the criteria underlying the proposals, which have led the Commission to fix returns per hectare at around 3,200 u.a.

The Committee points out that producer organizations play a decisive role, particularly in respect of balancing out supply and demand. With this in mind, it feels that consideration could be given to additional incentives for hop growers to join producer groups.

9. Transport aids

(Rapporteur : Mr HENNIG - Germany - Various Interests)

The Committee unanimously adopted its Opinion on the

Proposal for a Regulation of the Council modifying Regulation (EEC) No. 1107/70 relative to aids granted in the field of transport by railway, road and inland waterway.

The Committee approves, in principle, the Commission's proposal, whose essential aim is to so modify Article 4 of Regulation No. 1107/70 that the simplified notification procedure will also apply during a transitional period to the aids referred to in Articles 5 and 14 of the Council Decision of December 1974.

It regrets that the undertakings in question have not yet achieved financial equilibrium.

Following the Decision approved, in principle, on 11 December 1974 by the Council of Ministers regarding the improvement of the financial situation of railway undertakings, the Committee expects that these undertakings will move step by step towards financial equilibrium by the earliest possible date and that this will lead to a reduction in the cost of transport for the public at large.

10. Measuring containers

(Rapporteur : Mr MARVIER - France - Various Interests)

The Committee unanimously adopted its Opinion on the

Proposal for a Council directive on the approximation of the laws of the Member States concerning road and rail transport tanks used as measuring containers.

The purpose of the Council's proposal is to abolish technical barriers to trade in calibrated tanks which are expressly constructed for the reception, transport and delivery, at atmospheric pressure, of liquids, the quantities of which are determined in units of volume.

Two procedures are proposed for the measurement of tank capacity :

- the manufacturer submits the tank, without having determined its capacity, to the competent metrological service, which performs an "EEC gauging" of the tank;
- the manufacturer gauges the tank himself and submits it to the metrological service, which carries out an "EEC initial verification" to verify that the indicated capacities are accurate.

In both cases, tanks will be given the "EEC final initial verification mark" provided for by the Council Directive of 26 July 1971 on measuring instruments and methods of metrological control.

In its Opinion the Committee endorsed the proposal for a directive.

11. Welded gas cylinders

(Rapporteur : Mr MARVIER - France - Various Interests)

The Committee unanimously adopted its Opinion on the

Proposal for a Council Directive on the approximation of the laws of the Member States relating to welded unalloyed steel gas cylinders.

The proposal for a directive forms part of the harmonization of the various classes of mass-produced pressure vessels which was initiated by the proposal for a general directive concerning approximation of the laws of the Member States relating to common provisions for pressure vessels and the methods for inspecting them. The Committee delivered an Opinion on this proposal on 26 September 1973.

The present proposal is one of three specific draft directives on pressure vessels; the other two cover seamless aluminium and unwelded steel gas cylinders.

In its Opinion, the Committee approves the proposal for a directive.

12. Seamless gas cylinders

(Rapporteur : Mr MARVIER - France - Various Interests)

The Economic and Social Committee has adopted its Opinion on the

Proposal for a Council Directive on the approximation of the laws of the Member States relating to seamless alloy gas cylinders.

The proposal for a directive is a component in the harmonization of the various classes of mass-produced pressure vessels which was initiated by the proposal for a general directive concerning approximation of the laws of the Member States relating to common provisions for pressure vessels and the method for inspecting them. The Committee delivered an Opinion on this proposal on 26 September 1973.

The present proposal is one of three particular draft directives on pressure vessels; the two others cover unwelded-steel and welded unalloyed-steel cylinders.

In its Opinion the Committee approves the proposal for a directive.

13. Information report on inflation

(Rapporteur : Mr van GREUNSVEN - Netherlands - Workers)

The Economic and Social Committee decided unanimously with 2 abstentions to submit the above information report to the Commission together with the record of the proceedings of the part of the plenary session in which it was discussed.

The Information report was drawn up by the Economic and Social Committee in order to un-earth the principal causes of price inflation - since inflation had repeatedly been seen as the main hazard facing the Community, when the Committee had been preparing its Opinion on the state of the economy in the last year and a half.

The information report first defines "inflation", and then looks at the harmful effects inflation has upon the various sectors of the social and economic structure. It continues by analyzing the principal domestic causes of inflation under three general headings :

- Demand-pull
- Cost-push
- Monetary

It follows this by looking briefly at the international factors which can have an inflationary effect on Member States.

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The anti-inflationary measures available to tackle the problem, as diagnosed, are then listed under four general headings :

- Budgetary
- Monetary
- Fiscal
- Prices and incomes

A Chapter looks at the anti-inflationary measures proposed over the last two years by the Council, and sets out, in tabular form, the principal measures actually taken by Member States.

The Information Memorandum states that the origins of the present 2-digit price inflation levels were principally Demand-Pull causes. It sees such levels as having begun to climb as a result of the economic "boom" conditions occurring simultaneously in 1972 and 1973 in the major industrialized countries.

On top of this shortage of production resources, occurred the shortages of certain agricultural and prime raw materials, together with the raising of prices by the oil-producing countries. Incomes had to rise to maintain individuals' purchasing power, and the main causes changed from being "Demand-Pull" to "Cost-Push".

The Information report emphasizes that a combination of measures is always more effective in tackling inflation. However, Governments are faced with the problem of achieving not only price stability, but also high employment, economic growth, a satisfactory balance of payments, etc. The use of measures that help to realize one of these objectives, frequently aggravates the achievement of another.

The conclusions of the Information report fairly present the problem, the principal causes and the factors which have to be taken into account when making the "political" choice regarding measures to combat inflation.

II

EXTERNAL RELATIONS

The Economic and Social Committee represented at Berlin

The Economic and Social Committee was represented at the 3rd European Consumers' Forum, held in Berlin on 23 January 1975. Mr ROSEINGRAVE, Chairman of the Section for Protection of the Environment, Public Health and Consumer Affairs, Mr EMO CAPODILISTA, Chairman of the Section for Agriculture, and a dozen or so members of the above sections made an active contribution to the discussions, which brought out the need to improve market transparency in the interests of consumers and do everything to ensure that the latter were informed and educated at an early a stage as possible. The meeting, which was organized by European consumer associations, was also attended by Mr LARDINOIS and Dr HILLARY, European Commissioners, Mr ERTL, Minister of the Federal Republic of Germany, and Mrs WILLIAMS, UK Minister of State for Prices and Consumer Protection. European consumer associations, incidentally, have a European liaison Bureau which is chaired by Miss Eirlys ROBERTS, a member of the Economic and Social Committee.

The same delegation also had the opportunity to attend the official opening of the International 1975 Grüne Woche at the end of January. There they met Mr SCHUTZ, Mayor of Berlin, and Mr von HEEREMAN, President of the German Farmers' Union, as well as many leading figures in the field of farm policy and agricultural questions. It transpired from the discussions that these circles attached great importance to the work and opinions of the Economic and Social Committee.

Meeting of the Study Group on the Wine Sector in Languedoc-
Roussillon, France

A study group of the Section for Agriculture, made up of Mrs EVANS and Mr GRAVE, Mr GUILLAUME, Mr BERNAERT, Mr BERNIS, Mr CARSTENS, Mr MASPRONE and Mr PEYROMAURE-DEBORD-BROCA went on 20 and 21 January to the Languedoc-Roussillon area of France, visiting the Domaine de l'Espiguette at Grau-du-Roi where there is a wine industry unit specializing in oenological research, the improvement of varieties and the development of new products. Commission representatives and many local representatives went on the visits and attended the various conferences that were organized. The visit gave members of the Study Group a real insight into the wine industry in Southern France.

