

industry research and technology

X/729/72-E

WEEKLY

REPRODUCTION AUTHORIZED

Brussels, 4 December 1972

No. 168

** With 270 shipyards and repair docks for seagoing ships and some 266,000 employees, the enlarged COMMUNITY SHIPBUILDING INDUSTRIES have an annual turnover of 4,200 million units of account.

However, despite the thorough reorganization and extensive restructuring of firms in recent years, often with government aid, these industries are at present having to contend with considerable problems because of the competition which they are meeting from the American and, more especially, the Japanese industries. The Commission of the European Communities is therefore preparing, in consultation with the various interested bodies in the Community, a harmonized Community position in this sector.

The concern felt in the shipbuilding industry, particularly with regard to the trend of supply and demand and problems connected with employment, was discussed at a meeting held in Brussels on

../..

This bulletin is published by the Directorate General Press and Information of the Commission of the European Communities

For further information please apply to the

Commission of the European Communities
Directorate-General for Press and Information
Division for industrial and scientific information
200, avenue de la Loi
1040 Brussels - Tel. 3500 40

or any of the Information Offices of the European Communities (list inside cover)

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.

PRESS AND INFORMATION OFFICES OF THE EUROPEAN COMMUNITIES

1 BERLIN 31
Kurfürstendamm 102
tel. 886 40 28

GENEVA
72, rue de Lausanne
tel. 31 87 30

LUXEMBOURG
Centre européen du Kirchberg
tel. 479 41

ROME
Via Poli, 29
tel. 68 97 22 à 26

53 BONN
Zitelmannstraße 22
tel. 22 60 41

THE HAGUE
22, Alexander Gogelweg
tel. 33 41 23

NEW YORK 10017
277 Park Avenue
Tel. 371-3804

SANTIAGO DI CHILE
Edif. Torres de Tajamar-Apt. 40
Torre A, Casilla 10093
Avda Providencia 1072
Tel. 43872

1040 BRUSSELS
200, rue de la Loi
tel. 35 00 40

LONDON SW 1
23, Chesham Street
tel. 235 4904/07

PARIS 16e
61, rue des Belles-Feuilles
tel. 553 53 26

WASHINGTON, D.C. 20037
2100 M Street, N.W.
Suite 707
tel. (202) 296-5131

24 November 1972, attended by representatives of the Commission, shipbuilders and trade unions of the Member States of the Community and the acceding States.

A summary table showing the situation of the Community shipbuilding industries is given in ANNEX 1.

- ** The Commission of the European Communities is in favour of strengthening and intensifying the DIALOGUE BETWEEN THE TWO SIDES OF INDUSTRY. Experience with the first Joint Committees set up in the Community, in which both sides are on an equal footing, to examine the social problems in individual industries has proved beneficial. ANNEX 2 gives some details of industrial relations in the Community.
- ** Except for having no uranium mines, the BRITISH NUCLEAR INDUSTRY is comparable in scale to that of the whole of the Six. Britain's entry into the Community will thus virtually double the latter's nuclear potential and the competitive power of the enlarged Community in the nuclear sector will be considerably strengthened on the world level. A short note appears in ANNEX 3 on the structural characteristics of the British nuclear industry.
- ** The Chairman of the Italian company Fiat has recently sent the President of the Commission of the European Communities a letter informing him that a number of MOTOR VEHICLE MANUFACTURERS in the enlarged Community have decided to set up an association called the "COMMITTEE OF COMMON MARKET MOTOR VEHICLE MANUFACTURERS" (CCMC), which will be open to all European motor vehicle manufacturing companies which wish to take an active part in it. The underlying purpose of this Committee is to improve the safety of European motor vehicles and to reduce the pollution they cause. One

of the aims pursued by the founders of the CCMC is the standardization of the technical regulations affecting European motor vehicles.

- ** The Commission of the European Communities has recently fined Pittsburg Corning Europe S.A. (PCE), of Brussels, 100,000 units of account (equivalent to 5,000,000 Belgian francs) for CONCERTED PRACTICE INVOLVING DISCRIMINATORY PRICES WITHIN THE COMMON MARKET.

An enquiry carried out by Commission departments concerned showed that, in a series of concerted practices ensuring in particular control over the destination of goods, PCE had succeeded in preventing all parallel imports into Germany and in completely isolating the German market, to the benefit of its German subsidiary, which was thus able to sell the cellular glass made by PCE at prices very much - up to 40% - higher than in Belgium and the Netherlands.

By this decision, the Commission intends to indicate clearly that such practices are no longer admissible, ten years after the entry into force of the European Economic Community competition rules.

- ** The Commission of the European Communities has decided to have a study carried out on industrial concentration in the field of components of an ELECTRICAL ENGINEERING INDUSTRY product. The fact of concentration in the field of finished products is known, but it is essential to know the precise extent of concentration at the preceding stage of production. The study should provide conclusions on the degree of concentration, taking into account the various shares of the market obtained, the ties between manufacturers and technical developments in this field.

** Replying to a written question by Mr Oele, a member of the European Parliament, on the COMMUNITY POLICY IN THE TEXTILE SECTOR, the Commission of the European Communities drew attention to the fact that it had recently forwarded to the Council of Ministers a proposal for a directive on aid from the European Social Fund to persons employed in the textile and garment sector with a view to promoting their retraining and helping them to find new jobs. (The Ministers of Social Affairs have, moreover, already adopted the Commission's proposals on the subject with some adjustments; see IRT No. 165.)

The Commission has also submitted to the Council a proposal for a regulation to promote the activities of socio-economic information services operating in rural or semi-rural zones with the task of giving workers vocational guidance and information on further training and readaptation facilities.

The following table shows the trend of manpower employed in the textile and garment sectors in the Six, and the proportion it represents in Community industry as a whole:

Year	Textiles	Garments Footwear Bedding	Chemical fibres	Total three categories	% of manpower in Community industry as a whole
1966	1,761,500	1,535,800	128,800	3,426,100	12.9
1967	1,692,600	1,498,000	127,700	3,318,300	12.7
1968	1,610,400	1,459,400	128,400	3,198,200	12.3
1969	1,632,400	1,506,300	135,100	3,273,800	12.2
1970	1,687,800	1,573,300	135,800	3,396,900	12.3
Difference 1970/ 1966	-73,700	+37,500	+7,000	-29,200	

(These statistics apply only to workers in firms with more than ten employees. In the garment industry in particular, there is a large, but not easily estimated, number of workshops with fewer than ten employees and homeworkers.)

** THE EUROPEAN INVESTMENT BANK has recently granted the Société belge-française d'énergie nucléaire mosane - SEMO S.A., of Brussels, a loan to the value of FB 700 million (14 million u.a.), for a term of twenty years at $7\frac{3}{4}\%$ per annum. Its purpose is to FINANCE A NUCLEAR POWER PLANT with a capacity of about 900 MW at Tihange, in the Liège Province. Current estimates put the total cost of the project at FB 13,000 million (260 million u.a.). A first loan to the value of FB 800 million (16 million u.a.), was made by the Bank to SEMO in 1970.

The European Investment Bank has also granted a FF 140 million (25.2 million u.a.), loan to the Caisse nationale des télécommunications for a term of fifteen years at $7\frac{3}{4}\%$ per annum. The amount will be made available to the French Postal and Telecommunications Administration, which will use it to finance investments in the modernization and extension of TELECOMMUNICATIONS IN AUVERGNE. This is the Bank's fifth loan for the development of telecommunications in the less-privileged regions of France situated far from the Common Market's economic centres. The Bank's total aid to this sector in France thus amounts now to FF 408 million (73.5 million u.a.).

In addition, the European Investment Bank has granted a 12-year FF 15 million (2.7 million u.a.) loan to the Société lorraine de développement et d'expansion (LORDEX), Nancy. It is a bloc loan, which LORDEX intends, with the approval of the Bank, to use for financing ventures by SMALL AND MEDIUM-SCALE CONCERNS LOCATED IN LORRAINE.

** A QUESTIONNAIRE ON DATA PROCESSING published by the French newspaper "Le Monde" drew 3,547 replies. To the question on cooperation between European countries interested in data

processing:

71.7% replied that European countries should cooperate with each other

37.0% replied that European countries should amalgamate the various national industries to create a single European enterprise

1.1% replied that European countries should work in isolation

2.6% replied that European countries should each seek agreements with European firms.

** The agreement negotiated by the Commission of the European Communities for a further EXTENSION OF THE DRAGON PROJECT for three years from 1 April 1973 has recently been approved. The enlarged Community is making a financial contribution of 47.1% to this fourth extension.

The experimental high-temperature reactor Dragon, located at Winfrith in Britain, is a joint undertaking set up within the Nuclear Energy Agency (NEA) which currently numbers among its members, besides the Six, Austria, Britain, Denmark, Norway, Sweden and Switzerland.

THE EUROPEAN SHIPBUILDING INDUSTRIES

The world volume of shipping has doubled in the course of the last ten years. The economic activity of the enlarged Community depends to a great extent on shipping: in 1971, practically 100% of the crude oil consumed by the Nine was transported by sea, as well as nearly 60% of the raw materials consumed by their industries, 20% of the agricultural products needed for their foodstuffs and some 80% of their merchandise exports.

Accordingly, shipbuilding as an instrument for the production and maintenance of the tonnage necessary for this traffic has been and will continue to be one of the corner-stones of the development of external trade and hence of the Community as a whole.

With 270 shipyards and repair docks for seagoing ships and some 266,000 employees, the enlarged Community's shipbuilding industry has an annual turnover of 4,200 million u.a.

However, despite the thorough reorganization and extensive restructuring of companies in recent years, often with government aid, these industries currently have considerable problems, due to the competition which they are meeting from the American and, more particularly, the Japanese industries.

The trend over the last twenty years shows the rise of Japanese shipbuilding to top rank in the world, through, on the one hand, a combination of low production costs and particularly favourable marketing conditions and, on the other hand, a genuine overall strategy.

A maximum level of vertical integration among large industrial groupings; relative cost advantages and efficiency of manpower; facilities granted, in particular with regard to long-term credits; allowing the country's own shipyards the exclusive right to carry

out multiannual programmes for the expansion of the national fleet: these are some of the main factors accounting for the increase in the Japanese shipyards' share of world production, as shown by the following table:

Total launchings

	1958		1971	
	gross tonnage millions	%	gross tonnage millions	%
Western Europe	5.8	64	9.0	36
Japan	2.0	22	12.5	51
Rest of world	1.2	13	3.0	12
World total	9.0		24.5	

The competitive position of the European industries may well deteriorate, the more quickly since the good economic conditions in the last two years and the ambitious programmes for the expansion of the Japanese fleet have prompted the Japanese shipbuilders to step up their investments in order to bring their production potential up to twenty million gross tons in 1975.

Should this programme be carried out, the signs are that, in view of the most likely estimates of world new tonnage needs in 1975, there will be a production over-capacity of the order of 5,000,000 gross tons and the Japanese shipyards would command more than 70% of the world market. For the time being, these forecasts apply mainly to large-tonnage ships (of over 150,000 gross tons), in which field Japan would be able alone to furnish all world requirements.

This problem has prompted the Community shipbuilders making large ships to group together by setting up the Council of EC Builders of Large Ships (CEBLS) with the primary aim of arriving at an "orderly market" type of agreement with their Japanese counterparts.

The leading British and Scandinavian shipbuilders, who are members of the Association of West Europe Shipbuilders (AWES) have joined this venture. However, the steps taken by this Council, of which the Commission's departments have been regularly informed, have not so far had any effect on the expansion of Japanese capacity.

The Commission of the European Communities has taken up the problem. In consultation with the various interested bodies in the Community, it is currently preparing a harmonized Community position in the shipbuilding sector.

The growth of a quasi-monopolistic situation in the shipbuilding sector, the strategic importance, in the widest sense, of which could not be ignored, should be avoided. The Commission should therefore continue to produce and maintain the tonnage necessary for its economic requirements and to ensure the harmonious development of its present capacity.

The best safeguard for Community shipbuilding is its level of competitiveness on a world scale. Aid should therefore be organized in line with the best means of ensuring that all shipyards have access to competitiveness: modernization, restructuring, reorganization. The assumption here is that, in proportion as this aim is achieved, such aid will gradually be reduced until it is stopped altogether.

The achievement of an adequate degree of competitiveness and the stopping of aid, are, however, based on the assumption that there is comparable elimination of discriminatory aid in rival countries and that normal conditions of competition are established on the world market.

JOINT CONSULTATION BY THE TWO SIDES OF INDUSTRY IN THE COMMUNITY

In assigning to the Community the objective of economic and monetary union, which considerably transcends the mere functioning of the Common Market, the Heads of State and Government emphasized that social progress, far from being just the result of economic progress, should be brought constantly to the forefront and that optimum working conditions should be ensured for all. Once customs barriers had been lowered, attention would be centred on human problems. The year 1971 has seen the creation of the Standing Committee on Employment, in which both sides of industry examine with the representatives of the public authorities the best means of improving the geographical and occupational mobility of workers.

However, the global approach to problems cannot be a substitute for examining them on a more restricted scale, which is that of the major sectors of economic activity. The logic of integration cannot be disputed. As barriers to competition are eliminated and as common policies develop in a number of sectors, joint consultation between the two sides of industry becomes desirable, if not essential.

A number of Joint Committees, in which both sides of industry are on an equal footing, have thus been set up in the Community to examine the social problems of individual industries.

The existing Joint Committees

The first two Joint Committees for individual industries were set up for coal and steel. This was on the initiative of the ECSC High Authority in 1955. Their instructions were to survey working conditions, to catalogue existing disparities and to study ways and means of facilitating harmonization without hampering progress. Subsequently, in 1965, Committees of this

type were formed in these two basic sectors to deal with problems concerning non-manual workers.

Other Joint Committees were set up by Commission decision under the auspices of the European Economic Community.

Thus the dialogue began on the social problems of employees in agriculture (1963), road transport (1967), inland waterways (1967), sea-fishing (1968) and railways (1972). Meetings were also held between employers and employees in the building and construction industry in 1971.

The Commission places material facilities at the disposal of employers and workers (organization of meetings, secretariat, documentation) and, when the two sides so request, its representatives may even be chairmen of the Committees or of their working parties.

The results are already quite appreciable. The phase of drawing up a survey of working conditions in the coal and steel sector has been completed. Recommendations to the Governments and the Commission have been drafted. In the steel industry, the workers' representatives proposed examining the possibility of concluding an outline agreement on the harmonization of working conditions, and the employers stated the terms on which they would be ready to engage in the discussion.

The Committees on road transport and inland waterways rendered opinions on various problems, such as driving time, daily breaks and rest periods, the composition of crews, overtime and holidays with pay, and these opinions are used by the Commission to draft proposals for regulations to the Council.

Collaboration between employers and workers in the Agriculture Committee has enabled two agreements to be negotiated at Community level concerning hours of work in agriculture and

livestock breeding. The Sea-fishing Committee has rendered a number of opinions and, by direct negotiation between employers and workers, has begun to harmonize working conditions on the basis of a draft text submitted by the workers.

The Joint Committees as an instrument of economic and social planning

Experience with the first Joint Committees is good and the Commission is in favour of strengthening and intensifying the dialogue between employers and workers.

This cooperation is evolving in an atmosphere of complete freedom. While the Commission sets out to convince employers and employees of the advisability of permanent contacts at European level, its role is not that of directing operations. It confines itself to fulfilling a coordination function and to issuing reminders where necessary that joint consultation on individual industries should comply with the broad lines of the Community's economic and social policy.

THE BRITISH NUCLEAR INDUSTRY

Except for having no uranium mines, the British nuclear industry is comparable in scale to that of the whole of the Six. Britain's entry into the Community will thus virtually double the Community's nuclear potential and the competitive power of the enlarged Community in the nuclear sector will be considerably strengthened on a world scale.

The United Kingdom Atomic Energy Authority (UKAEA), an independent organization under government supervision, was set up in 1954. Its Production Group was made responsible for nuclear fuel production activities.

In order to encourage private industry to participate in the development of this production sector, a commercial company called British Nuclear Fuels Ltd. (BNFL), was established in 1971 to take over the activities of the UKAEA Production Group. Holdings in this new company are open to private industry up to a maximum of 49%.

A. STRUCTURE OF THE NUCLEAR INDUSTRY

Activities in the fuel cycle sector are closely linked with the choice of reactor type. Thus natural uranium has hitherto occupied a predominant place in Britain.

The first industrial power plants to be connected to the grid (Calder Hall from 1956 and Chapelcross from 1958) were equipped with prototype natural uranium Magnox reactors (with magnesium alloy fuel cans), graphite-moderated and CO₂-cooled. The first nuclear power plant programme in Britain covered the construction of nine commercial nuclear power plants, known as the first generation, comprising eighteen natural uranium/gas/graphite reactors with a total installed power of some 5,500 MWe. This first programme was completed in 1971.

The second programme, decided on in 1964, was based on plants of the AGR (Advanced Gas-cooled Reactor) type using slightly enriched uranium dioxide in stainless steel cans. Six second-generation plants comprising 14 reactors of this type with a total net power of about 8,750 MWe are thus under construction.

In addition, several small reactors of an advanced type are being operated by the UKAEA, such as the Steam-Generating Heavy Water Reactor (SGHWR) at Winfrith and the Dounreay Fast Reactor (DFR) in Scotland.

B. THE ESTABLISHMENTS

1. The Springfields Establishment

Since Britain produces no uranium ores, it depends for its natural uranium supplies on producing countries such as South Africa, Canada and Australia.

Natural uranium is imported in the form of "yellow cake" concentrate which contains about 70% uranium. Refining is done at the Springfields plant, near Preston in Lancashire. This plant has a wide variety of activities: not only all stages of fuel preparation but also the fabrication of fuel elements for the various reactors in operation or under construction in Britain.

2. The Capenhurst Establishment

The gaseous diffusion enrichment plant has a capacity of 400,000 units of separative work per year. It was initially designed to supply the highly enriched uranium required for military uses. It recently also began to supply uranium for the civil reactor programme.

Under the tripartite agreement between Britain, Germany and the Netherlands, Britain has also turned to a technology which may have a very high development potential, namely, the gas centrifuge enrichment process. The first 15,000 SWU/year section of the British plant, also at Capenhurst, will be completed in 1973. Its extension to 40,000 SWU/year is planned.

3. The Windscale Establishment

The Windscale plant is designed to reprocess irradiated fuel elements from Magnox, AGR and LWR reactors. It has sufficient capacity to reprocess 2,500 tons of uranium annually, including 400 tons in the form of ceramic fuel elements. The latter capacity may be substantially extended.

It may be noted that in 1972 FBML (Britain), the CEA (France) and KEMA (Germany) set up a company called "United Reprocessors GmbH", the aim of which is the joint management of the British and French plants currently in service and of a third plant to be built in Germany towards 1980, i.e., when the capacity of the first two plants has become saturated.

4. The Dounreay Establishment

This plant located in Scotland, is still being operated by the UKAEA. Its activities are aligned on highly enriched uranium and plutonium. The Establishment possesses a fuel element fabrication plant for materials testing reactors (MTR) or research reactors and a plant for reprocessing such fuel elements and those from fast reactors.

C. BRITAIN AND THE SIX

The following table provides a comparison between the nuclear industrial

potentials of Britain and the Six (situation at mid-1972):

tons uranium/year

Activities	Britain	Community
NATURAL URANIUM		
UF ₄ production	5,000	4,500
UF ₆ production	3,000	3,500
Fuel elements	2,500	2,100

ENRICHED URANIUM		
UF ₆ → UO ₂	600	480
Fuel elements:		
AGR	500	
LWR	1100	600

IRRADIATED FUEL ELEMENT REPROCESSING		
natural U	2,000	2,000
slightly enriched U	400	140