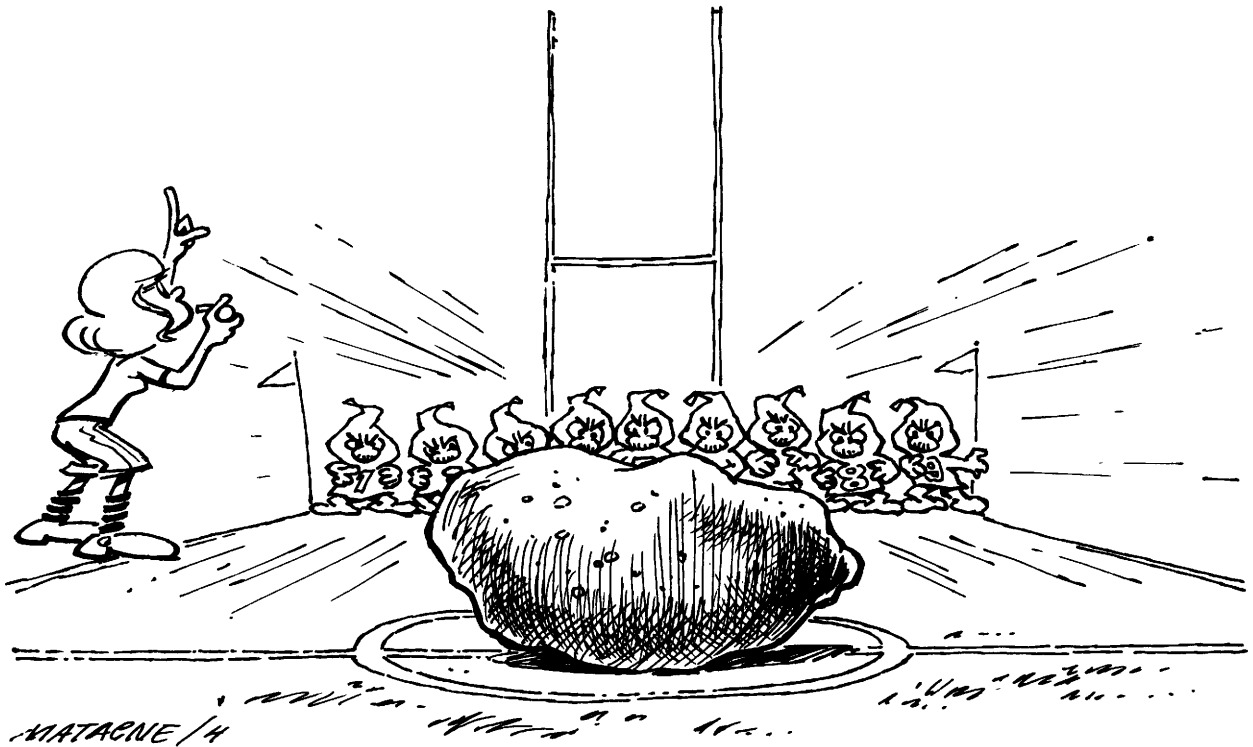


Brussels, 3 February 1976

No 5/76



EURO-WHITE AND THE NINE DWARFS

Episode Four: Will the Nine Dwarfs come to blows over the potato?
Euro-White has thought of a number of rules to ensure fair play but she's
keeping her whistle handy - just in case!

X/57/76-E

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

The information published in this bulletin covers, very freely, different aspects of the European Communities' activity. It is, therefore, not limited to recording official Commission decisions or opinions.

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** POTATOES, POTATOES, AND MORE POTATOES

Will they be rationing chips in Brussels before long? The "potato crisis" has taken the average European by surprise but not the European Commission. At the end of December 1975 it put forward a number of proposals for dealing with the situation on the potato market.

Details of the European Commission's proposals are given in ANNEX 1.

** THE RATIONAL USE OF ENERGY

The European Commission has made an analysis of Member States' programmes for the rational use of energy.

Euroforum summarizes the report in ANNEX 2.

** THE EUROPEAN UNIT OF ACCOUNT

500 000 units of account, 5 million u.a. ... Over the years Euroforum readers have become very familiar with the unit of account which is constantly cropping up in Community documents. But what exactly is it? How is it arrived at? Does it vary?

In ANNEX 3 Euroforum explains what the unit of account is and describes how its value is calculated every day.

** UNEMPLOYMENT IN THE COMMUNITY

The latest figures for registered unemployment in the Member States are given below:

	Month	1975	Variation 1975/74
Belgium	December	229 025 (8.7%) ³	+ 888 925 (+ 64%)
Denmark	November	127 300 (6.2%) ²	+ 35 000 (+ 38%)
Germany	December	1 223 396 (5.3%) ²	+ 277 480 (+ 29%)
France	November	1 020 100 (6.1%) ²	+ 326 600 (+ 47%)
Ireland	December	107 079 (9.5%) ¹	+ 23 128 (+ 28%)
Italy	October	1 158 400 (6.0%) ¹	+ 140 500 (+ 14%)
Luxembourg	November	609 (0.5%)	+ 465
Netherlands	December	228 631 (5.8%) ²	+ 47 837 (+ 26%)
Great Britain	} UK December	1 163 016 (5.1%) ²	-
Northern Ireland		December	48 448 (9.3%) ²

¹% calculated on basis of labour force.
²% calculated on basis of total number of wage-earners.
³% calculated on basis of persons registered for unemployment insurance.

** MAKING THE MOST OF THE SUN?

The European Commission wants Member States who decide go on summer time in 1977, 1978 or 1979 to change their clocks on the same date. It proposes that summer time should run from 3 April to 16 October in 1977, from 2 April to 15 October in 1978 and from 1 April to 14 October in 1979.

This is quite a good idea. Lack of coordination this year means that summer time will run from 28 March to 26 September in France, from 30 May to 25 September in Italy, and from 21 March to 24 October in Ireland and the United Kingdom. Even the timing of the change-over will vary: clocks will go forward (or back) at 2 a.m. in Ireland and the United Kingdom, at 1 a.m. in France and at midnight in Italy.

These time differences obviously present problems for transport, telecommunications, and commerce. To take just one example, the time relationship between Paris and London will change no less than four times in 1976: from 1 January to 20 March they will be on different times (Paris GMT+1, London GMT); from 21 to 27 March (i.e. one week) they will be on the same time (GMT+1); from 28 March to 25 September they will part company (Paris GMT+2, London GMT+1) to return to the same time (GMT+1) from 26 September to 23 October; but on 24 October they will go their separate ways again (Paris GMT+1, London GMT) for the rest of the year. Passenger traffic and telephone communications are obviously hindered by this chopping and changing.

Under the Commission proposal summer time would always begin and end on a Sunday. The summer time period currently adopted in Italy has the advantage of coinciding with the operation of summer time-tables on European railways. But it does seem to be on the short side; it starts too late for full advantage to be taken of those long spring evenings. The Commission suggests a period of about six and a half months which falls somewhere between the period adopted by France and the period adopted by Ireland and the United Kingdom.

** EUROPE AND YOU

"L'Europe dans votre vie quotidienne" (Europe and You) is the title of a little booklet published by the European Commission's information service. It is an offprint from "30 jours d'Europe" and can be obtained, in French only unfortunately, from EUROFORUM, 200, rue de la Loi, 1049 Brussels.

** PRICE CONTROLS IN THE EUROPEAN COMMUNITY

As part of the anti-inflation campaign, a number of Member States have taken steps to control prices and the pricing policies of industrial undertakings. Mr Zeller, a Member of the European Parliament, is worried that national action along these lines will lead to a relocation of production and a shifting of markets.

In its reply to Mr Zeller the European Commission said that it could not rule out the possibility of such action, combined with other economic and institutional factors, affecting the competitive position of undertakings within the common market and hence leading to a shifting of markets.

The Commission feels that any national price controls which restrict trade must be abolished under the Treaty of Rome. It also maintains that any national price regulations which directly affect the functioning of the common market or lead to distortions of competition must be harmonized. It assured Mr Zeller that it gets together with national experts at regular intervals to review national measures and their practical application.

** A EUROPE PLUS THIRTY SYMPOSIUM

The European Commission is sponsoring a scientific symposium on "Forward Research in Europe" on 25 and 26 March in Berlin to encourage public debate between politicians and scientists. It is hoped that the symposium, which is being organized at the Berlin end by the Zentrum Berlin für Zukunftsforschung, will highlight the contribution that forward research can and must make and indicate the methodological and technical conditions for such research. The symposium will be open to the public. Details and application forms can be obtained from the Zentrum Berlin für Zukunftsforschung - Giesebrechtstrasse 15 - D 1000 Berlin 12.

** WRITTEN QUESTIONS FROM MEMBERS OF THE EUROPEAN PARLIAMENT

In 1975 the European Commission answered 744 written questions tabled by members of the European Parliament. This represents an 8% increase on 1974 when the Commission answered 688 questions.

** BETTER COMPARATIVE TESTING

The International Organization for Standardization (ISO) recently issued a publication of particular interest to consumer associations: it is entitled "ISO Guide 4-75 Preparation of standard methods for measuring the performance of consumer goods". Comparative testing is a relatively new field and various basic principles need to be established to facilitate the work of consumer organizations and the flow of consumer information. The ISO guide stresses that since tests are designed to inform the consumer the testing method chosen must be related - either directly or indirectly - to performance in day-to-day use. It insists that test results should be directly accessible to the consumer or, alternatively, re-written in layman's language and makes the further point that test results produced by different associations should be capable of uniform interpretation by manufacturers, consumers and public authorities.

** COMBATING FOOT-AND-MOUTH DISEASE

The Commission of the European Communities has decided to make 350 000 doses of foot-and-mouth vaccine available to FAO, the Food and Agricultural Organization, to help it fight the disease in south-eastern Europe, notably Greece and Turkey. The vaccine will come from stocks built up by the Community since March 1973 to allow emergency action to be taken against outbreaks in member and/or non-member countries. A total of 2 650 000 doses of Community vaccine have been supplied to the FAO since 1974.

** FLAX-GROWING IN THE EUROPEAN COMMUNITY

The following figures supplied by the Member States show the area (in hectares) under flax in the Community over the last six years:

	1970	1971	1972	1973	1974	1975 ¹
<u>Fibre flax</u>						
France	38 500	45 767	38 137	35 870	41 726	43 622
Netherlands	5 273	7 284	6 190	5 029	7 633	5 209
Belgium	7 999	12 212	7 866	6 498	9 066	9 250
Ireland				137	46	6
	51 772	65 263	52 193	47 534	58 471	58 087
<u>Seed flax</u>						
Germany	10	1	6	9	6	7
France	1 152	2 378	673	2 139	5 150	25 670
Italy	16	233	±3 000	3 609	±2 000	1 823
Netherlands	-	-	-	-	-	+
United Kingdom	-	-	-	-	78	2 511
Denmark	-	-	-	39	-	72
EEC	1 178	2 613	3 679	5 796	7 234	30 083
¹ 1975: provisional figures.						

Linseed yield varies with climate, soil and variety of flax. The average Community yield can be put at about 1 500 kilogrammes per hectare for seed flax or 700 kilogrammes per hectare for fibre flax. The linseed yield of fibre flax is usually 1 000 kg/ha at harvesting. In France however virtually the entire crop is retted by exposure to the elements and the high proportion of linseed lost brings the final yield there to about 500 kg/ha as against 1 000 kg/ha in Belgium and the Netherlands where other methods of retting are used.

** 294 PAUL FINET SCHOLARSHIPS

The Paul Finet Foundation recently awarded 294 scholarships totalling Bfrs 2 649 000. Since its inception in 1965, the Foundation has awarded a total of 5 316 scholarships, to the value of Bfrs 43 295 000, to children of workers in an ECSC industry who have died as a result of an industrial accident or occupational disease. A helping hand from the Foundation has already made it easier for 1 407 of these children to complete their studies. Further information can be obtained from the Secretariat of the Paul Finet Foundation, European Commission, Centre Louvigny, Luxembourg (Grand Duchy of Luxembourg).

** JUST OUT

"Employee participation and company structure"

A "green paper" which outlines the main positions and trends in employee participation and suggests a number of solutions designed to encourage discussion within the Community has been published as Supplement No 8/75 to the Bulletin of the European Communities.

"European integration and the future of parliaments in Europe"

This publication presents the proceedings of a rather unusual symposium organized by the European Parliament which brought parliamentarians and academics together for the first time to examine ways and means of streamlining parliamentary democracy. The contributors include many eminent figures and a lengthy bibliography is given.

"Geochemistry of mercury and environmental pollution"

By 1980 the Community could be recovering 500 to 700 metric tons of mercury (in other words, one third of present primary consumption) each year through pollution control. This is the encouraging conclusion of a study by Mr L. van Wambeke whose research underlines the close relationship between the geochemical distribution of mercury and mercury pollution of the environment.

"An air quality management system for an industrialized region"

This study by Mr K.H. Müller is published as part of the "Environment and Quality of Life" series. It outlines a strategy for combating pollution based on "prediction tables" and "transmission tables". The resources of statistics and electronics can be combined to produce what might be termed "pollution ephemerides". Mathematics can then be applied to predict how harmful products might be propagated in a given region.

All of these publications can be obtained from the Official Publications Office of the European Communities, Boite postale 1003, Luxembourg.

POTATOES, POTATOES AND MORE POTATOES

Will chips be rationed in Brussels before long? The "potato crisis" has taken the average European by surprise. Juggling with 40 million metric tons of potatoes is no fun which is why the European Commission proposed in December 1975 that a common organization of the market should be established to stabilize prices and production.

Community production

The area under potatoes in the European Community has dropped by 60% over the last 20 years; however, improved yields mean that production has fallen by no more than 30%. The Community is self-sufficient in potatoes as such; it has 2 400 000 growers and the average area per grower ranges from 6.30 ha in the United Kingdom to 0.4 ha in Italy.

The European Community is a major exporter of seed potatoes, the tonnage exported varying between 150 000 and 190 000 metric tons. The main exporters are the Netherlands, France, Germany and the United Kingdom; the main destinations are the Magreb countries and Eastern Europe.

Exports of main-crop (ware) potatoes are normally higher than imports. When there is a bad harvest however the situation is reversed and the Community must import, mainly from Poland, Austria and Switzerland.

The Community is a net importer of new or early potatoes. They come from the Maghreb countries (about 100 000 metric tons to France), the Canary Islands, Cyprus, Egypt and Spain (250 000 to 300 000 metric tons to the United Kingdom). The only exporting country in the Community is Italy; its main market is Germany (150 000 to 180 000 metric tons) though it does sell on a smaller scale to other Community and non-Community countries in Europe.

The Community is self-sufficient in industrial potatoes (for the preparation of crisps, purée, etc.).

A sensitive market

One feature of the potato market is fluctuating production. Weather conditions have an enormous influence on yields. Indeed the experts suspect that weather conditions were responsible for the "mini-crisis" in January: the very dry summer of 1975, combined with a reduction in the area sown, meant a considerable cut in production.

Even in the United Kingdom, which has 37 000 growers and a Potato Marketing Board which conducts aerial surveys of the area planted, production fell from 7 000 000 to 5 000 000 metric tons and nothing could be done about it.

When potato prices are relatively high consumption falls. Even with a relatively modest surplus prices drop sharply and average prices then remain low throughout the year.

Nearly all Member States have taken steps to ensure regular supplies and some stability in prices and hence growers' incomes. But these national measures vary a great deal. In the United Kingdom for instance the Potato Marketing Board directly controls the area planted; the Irish Marketing Board on the other hand influences market stability by controlling trade. France applies minimum prices for main-crop and early potatoes; Germany and the BLEU do the same for early potatoes.

Developments in January 1976 proved that the speculators can take advantage of these differences in national regulations. For this reason alone the need for a common organization of the market is becoming more and more pressing.

The producer and the consumer

To promote quality, the European Commission proposes that common quality standards be laid down for fresh main-crop potatoes and for industrial potatoes for the manufacture of crisps, purée, frozen products, and so on. These standards should have the effect of removing low-quality products from the market - to the consumer's benefit - and facilitating trade - to the grower's benefit.

The Commission attributes particular importance to groups of producers. It proposes to subsidize the creation of these groups and plans to make them responsible for ensuring market supply and price stability.

The Commission feels that the creation of a new market situation in which growers are organized should help to strengthen contractual links with the potato trade and the potato processing industry.

To ensure regular supplies at reasonably stable prices, the Commission proposes to grant private storage aid and dehydration aid if storage is not sufficient to deal with a market surplus.

As far as trade with non-member countries is concerned, the Commission proposes that the Common Customs Tariff be applied to all potatoes. It also suggests a system of reference price for early potatoes for the period from April to June. Lastly, the Commission's proposal contains provisions which would allow export refunds to be granted and others which would allow action to be taken to protect the market against serious disruptions provoked by imports or exports.

THE RATIONAL USE OF ENERGY

The European Commission has drawn up a report on the Community action programme for the rational use of energy as requested by the Council of Ministers a little over a year ago.

Extracts from the report, which analyses Member States' programmes for the rational use of energy, are given below:

Pragmatism of Member States

The diversity of the specific measures now in force, or about to come into force, and the differences in emphasis between the various Member States, reflect the unavoidably pragmatic approach adopted by each Member State during the period immediately following the energy crisis in 1973. Governments had to make use of whatever legal, administrative or financial possibilities were available to them.

All the Member States' programmes rely heavily on the correct pricing of energy so as to encourage private consumers and enterprises to reduce wastage and to improve the efficiency of energy used. However, if we look back to the beginning of the 1970's and trace the development of prices since then, we find that the price index for all fuels and energy consumption is keeping ahead of the general price index in three countries only (Denmark, Germany and France). In this case, price increases following the events of 1973 have been less affected by general price inflation but a tendency to reduce the gap is noticeable. Elsewhere this gap is minimal and, in some cases, reversed.

Even where a substantial increase in the real cost of energy has been maintained, the long-term reaction of firms and households may well be different from the initial shock effect of very large price increases within a short space of time.

Finally, if the number and significance of the measures adopted or proposed for adoption up to now are to be taken as the criterion of each Member State's progress towards the Community's objective of -15%, it must be noted that:

- (a) in September 1975, about two years after the beginning of the crisis, a third of the measures proposed are still to be adopted;
- (b) at least 40% of the adopted measures concern the field of information aimed at influencing public opinion and industry managers. This means that very few steps have been taken to alter consumption structures and it might be feared that the underlying growth trend in energy consumption could strongly reassert itself once economic activity picks up.

Community action

From the foregoing the conclusion can be drawn that the current situation in the Member States is not yet entirely satisfactory and consequently that the following measures should be undertaken at Community level:

1. to make a common "systematic and generalized effort" towards laying the foundations of a common long-term RUE programme, considering the economic structure and growth rate in each Member State, and based on the technico-economic analysis of the main consumption sectors so as to extract the most promising and efficient measures;
2. to define the criteria and develop methods best suited to the efficient follow-up and control of the implementation of measures deemed necessary to assess sectoral country by country results over the period between now and the target date of 1985.

This is the background to the various proposals drawn up by the Commission to ensure the rational use of energy (see Euroforum No 4/76).

THE EUROPEAN UNIT OF ACCOUNT

Every afternoon the European Commission's telex rattles out a message to the governments and central banks of the nine Community countries. This was the message sent on 29 January 1976

"EUROPEAN UNIT OF ACCOUNT

29-01-1976

CURRENCY AMOUNT FOR 1 EJA

FB/FLUX

CONVERT.	45.4109
FINANCIAL	46.2833
DM	3.00620
HFL	3.08658
POUND STG	0.569701
DKR	7.12951
FF	5.19103
LIT	857.112
IRL POUND	0.569059
US DOL	1.15549
FS	3.00963
PESETA	69.1133
SKR	5.06733
NKR	6.43122
CAN DOL	1.15579
ESCUDO	31.5244
AUS SCH	21.2349
FINMARK	4.44333
YEN	351.138 ."

What exactly is this "unit of account" which is constantly cropping up in Community texts and calculations?

If they are to understand each other, Europeans must have a common measuring rod. To take a rather extreme example, it is pointless saying that a man is "a millionaire" without specifying the currency in which he has amassed his fortune: there is a world of difference between having a million Italian lire and a million pounds sterling. So, to avoid misunderstandings and complications, the Community does all its sums in European Units of Account (EJA).

A strange basket

The European Unit of Account as devised by the European Commission is a "basket" unit. This means that it is defined by reference to the value of a group of currencies, in this case the currencies of the nine Member States.

The amounts of each of the nine currencies making up the "basket" are fixed in advance: DM 0.828, £ (UK) 0.0885, FF 1.15, Lit 109, Fl 0.286, Bfrs 3.66, Lfrs 0.14, Dkr 0.217, and £ (Irish) 0.00759. These amounts were chosen to give the EJA an initial value of US \$1.20635 as of 28 June 1974 using "weightings" based on the GNP of the nine countries and intra-European trade. It is obviously important that the weight assigned to each national currency in the basket should reflect the productive and trading capacity of the economies forming the Community.

The value of the EJA is calculated every afternoon in the following way: the amounts of each national currency are first converted into a single reference currency (the Belgian franc) at that day's official exchange rate in Brussels. This gives the value of the "basket" in Belgian francs. The value of the EJA in other Community currencies is obtained by multiplying this Belgian franc value by the exchange rate quoted for the Belgian franc that day on the various national foreign exchange markets.

If exchange rates between the nine currencies did not fluctuate, the value of the EJA would be constant irrespective of the currency in which it was expressed. Exchange rates do fluctuate however which is why the value of the EJA must be calculated every day.

The result of this calculation is published daily in the Official Journal of the European Communities and it is also mentioned by specialized news agencies and the economic Press.

The EJA is already being used by the European Development Fund, the European Investment Bank and the European Coal and Steel Community.

For certain purposes the Community still uses a unit of account based on gold parities. This is the unit used for the budget for example.

Yet another unit of account is used for the common agricultural policy. This is based on representatives rates which were initially equal to the gold parities but are gradually being brought into line with market rates. The gold parity or "budget" unit of account is worth £0.416667, the CAP unit of account is worth £0.569606, and we have already seen that the European unit of account was worth £0.569701 on 29 January 1976.

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