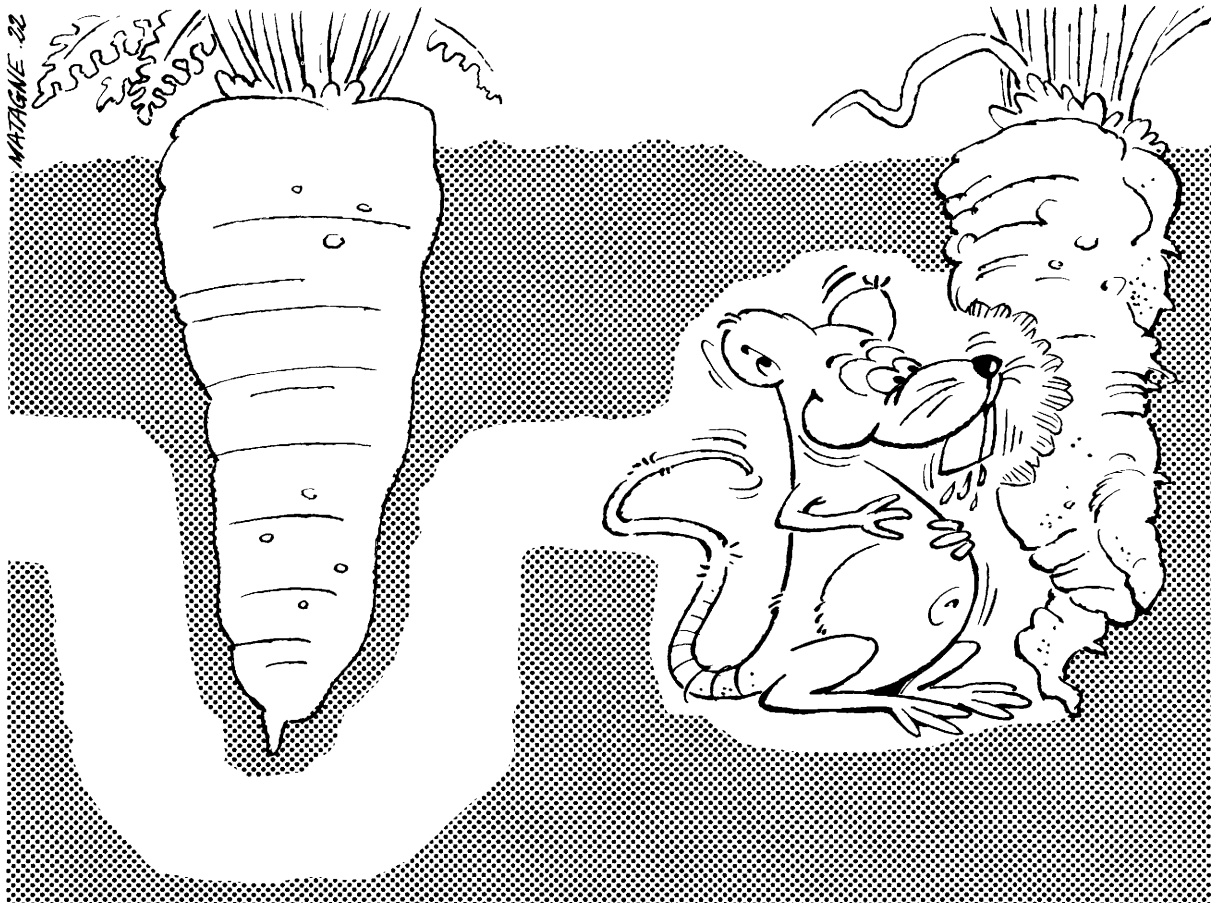


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Looks can be deceptive! The European consumer is beginning to attach more and more importance to the texture, flavour and fragrance of fruit and vegetables.

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**** AS GOOD AS IT LOOKS?**

Almost six consumers out of ten agree that the fruit offered for sale today is lovely to look at ... but they find that the flavour is often disappointing.

In ANNEX 1 Euroforum discusses the new interest being shown by consumers in the qualities of fruit - and vegetables - which are more evident to the palate than the eye.

**** UPDATING THE FIRST EUROPEAN SOCIAL BUDGET**

In all Community countries old age pensioners and the sick benefit most from social expenditure.

In ANNEX 2 Euroforum takes a brief look at the European Community's social accounts and comments on statistics and trends.

**** ECONOMIC SITUATION: CAUTIOUS OPTIMISM IS THE ORDER OF THE DAY**

For 1976 as a whole, the European Community's real gross domestic product could grow by some 4.5%, about 1% higher than the rate forecast last autumn.

It is unlikely however that this recovery will create enough new jobs to do more than scratch the surface of the unemployment problem by the end of the year. This unsatisfactory state of affairs must be seen in the light of the excessively high inflation rate now predicted for a number of countries for 1976; this could in fact bring the average annual increase in consumer prices in the Community as a whole to 11%.

This being so recovery must proceed at a slow but steady pace to protect the Community from the cumulative effects of too rapid a revival - necessitating premature and abrupt changes in economic policy - and from the danger of expansion running out of steam for lack of investment.

The crucial problem facing the European Community in the months ahead will be to safeguard economic recovery, and the improvement it should bring to the labour market, from the damaging influence of renewed inflation. Assuming that inflation can be kept in check, and that upturn in world economic activity persists, the recovery in demand and production should continue in all Member States, with the exception of Italy, and lead to a further improvement in the investment climate.

**** INTERNATIONAL CONSUMER FILM FESTIVAL**

A special "European Community Prize" will be awarded at the International Consumer Film Competition to be held from 24 to 29 January 1977 during Berlin's "Internationale Grüne Woche".

In the course of the week documentaries and educational films, made for the big or the small screen, will compete for gold, silver and bronze awards. There will be five classes:

- . general information and consumer policy;
- . food and nutrition;
- . health and hygiene;
- . craft and industrial products;
- . services (e.g. travel agencies, launderettes, or express heel bars).

The special European Community Prize will go to the best film dealing with consumer protection in Europe.

Entries should reach the organizers not later than 1 October 1976. Further information and a copy of the rules governing the competition can be obtained from:

Bureau Internationaler Verbraucherfilm-Wettbewerb
1 Berlin 15
Bundesallee 216-218 Tel: (030) 21.26.285

**** COMMUNITY HELP FOR FRIULI**

More than 900 dead, 2 400 injured and 100 000 homeless: the shocking toll of last month's earthquake in Friuli is particularly tragic in a region which was just on the threshold of expansion. Initial estimates put the damage at more than 1 700 000 million lire: damage to buildings (10 500 were completely destroyed and another 12 500 were partially damaged) is put at more than 590 000 million, damage to small and large-scale industrial and commercial undertakings at 410 000 million, and losses in agriculture at 660 000 million.

The Community must obviously rally round and help finance the reconstruction programme. The European Commission has proposed assistance to the tune of 60 000 000 units of account (1 u.a. = approx. US \$1.1), of which 45 000 000 is earmarked for agriculture and 15 000 000 for infrastructures.

**** RESEARCH AND THE-MAN-IN-THE-STREET**

The European Commission and the European Research and Development Committee (GERD) recently organized a symposium in Milan on "A Community scientific and technological policy".

It was attended by a hundred or so scientists, politicians and Commission officials who broke up into working parties to define criteria and guidelines for Community research. Its special role as a revitaliser of national research was discussed. National research had lost much of its flexibility: structures were out-moded and only a very small proportion of research budgets was available for new projects. But Community research was still comparatively young: it was not hampered by traditional structures and lent itself more readily to the investigation of new areas.

For this reason delegates to the symposium recommended that the Community's research budget be increased; Community projects, they argued, could not be viable unless there were sufficient funds available to ensure that they were carried out on a broad basis.

Delegates also urged that research be conducted into "labour-intensive production methods"; they felt that in the long term Europe would be particularly well-placed to compete internationally in areas where it could deploy its highly-skilled work force - besides which, a change-over to labour-intensive production would improve the prospects of achieving full employment. In this context delegates had a number of reservations as to the value of technical progress; they felt that technical progress alone would not improve the quality of life in Europe and recommended that Community research place more emphasis on the social sciences (sociology, political economy ...). In this context Mr Aurelio Peccei, a member of the Club of Rome, stressed the need to define long-term social policy aims for the Community.

**** COMPETITION: VITAMINS**

The European Commission has just imposed a fine of 300 000 units of account on Hoffmann-La Roche, the pharmaceuticals major, for abuse of its dominance on the vitamins market.

Roche, which is the world's leading vitamin manufacturer, had entered into exclusive or preferential supply contracts with a number of major bulk vitamin users, who incorporate the vitamins into their own medicines, foods and feedstuffs. As Roche held a dominant position in the common market for seven groups of vitamins (A, B2, B6, C, E, biotin (H) and pantothenic acid (B3)), it was able to corner the market and virtually prevent its chief competitors from supplying these important customers.

The contracts provided for fidelity rebates based not on differences in Roche's costs depending on the quantities supplied but on the proportion of the customer's requirements covered. Nor were the rebates calculated separately for each group of vitamins but were aggregated over all purchases from Roche, so that Roche was able to benefit from the fidelity arrangement even in respect of vitamins for which it does not hold a dominant position.

**** THE FUTURE OF THE EUROPEAN AIRCRAFT INDUSTRY**

Representatives of the Community's major airlines (Aer Lingus, Alitalia, Air France, British Airways, British Caledonian, KLM, Lufthansa, Sabena, SAS, and UTA) met recently for informal discussions at the invitation of Mr Scarascia Mugnozza, Vice-President of the European Commission.

Much of the time was devoted to discussing what could be done to help civil aviation. Readers will perhaps remember that the action programme for the European aircraft industry presented by the European Commission on 1 October 1975 touched on this subject. Mr Scarascia Mugnozza and the airline chiefs agreed to hold further meetings of this kind and to exchange information on a regular basis.

**** STEEL FIRMS IN THE EUROPEAN COMMUNITY**

The European Community has just published a pocket directory of steel firms in the nine Community countries. Full addresses are given, production programmes are described and maps show the location of production plants. The European Commission views the directory as a useful supplement to the information on steel prices published under the Treaty establishing the European Coal and Steel Community (ECSC).

On the employment front short-time working in the Community steel industry has dropped sharply with company estimates for May 1976 indicating fewer than 40 000 on short-time working as compared with 107 000 in March 1976 and 223 000 in December 1975. It is hoped that short-time working will be abolished to all intents and purposes during the third quarter of 1976.

**** URANIUM: PRICES SOAR**

The price of uranium has virtually doubled (from \$12/lb to \$25/lb for U₃O₈) within the space of a year and it looks as if this trend will continue. The situation is particularly alarming for the European Community because it depends on outside sources for approximately 90% of its uranium.

In its annual report Euratom's Supply Agency forecasts a steady increase in Community requirements from about 1979/80 until 1985. This demand is not, as yet, covered either by long-term supply contracts or from the known uranium reserves to which Community producers still have access. One way of making up the shortfall would be to speed up public and private programmes for the exploration and exploitation of uranium reserves. These activities should be backed-up by a research programme to improve current prospecting and extraction techniques and develop new ones.

The report considers that one of the Community's main tasks will be to protect Community companies operating in non-member countries against political risks and to make it easier for them - if necessary by signing appropriate agreements with the countries concerned - to undertake prospection and development work either on their own or in cooperation with local companies.

**** HUMANIZATION OF WORK**

Jobs should be redesigned to enable "all workers, rather than the privileged few, to do work which is meaningful, rewarding and responsible". This quotation from a paper on the humanization of work recently presented to the Community's Council of Ministers reflects the European Commission's increasing concern with what is a relatively new concept.

In its communication the European Commission makes the point that the current economic situation has made it more necessary than ever to change working conditions. Private companies and public services are being forced not only to rely on their employees to cooperate fully in the necessary process of adjustment but to give full rein to worker initiative.

The European Commission considers that reforms designed to eliminate job monotony and develop individual skills are not enough; they must be linked to changes in management structures and decision-making processes. Many planning and supervisory functions could, for instance, be transferred to the man on the shop floor.

Reform of work organization, properly understood, would not diminish the role of the trade unions in modern industry but rather increase the chances of industrial peace based on an effective exchange of information and mutual trust.

**** SWINE INFLUENZA ON THE WAY?**

Could the swine influenza recently isolated in New Jersey, USA spread to the Community? The European Commission is convinced that prevention is better than cure and recently appointed a working party of virologists and government representatives to look into the matter.

It seems that there could be an outbreak but the danger is slight. Mass vaccination would not be justified at this stage but the working party considered that there should be a common strategy on vaccination against the virus and improved surveillance and early detection of flu in humans and pigs.

The working party will meet again in July to discuss the latest epidemiological data and to examine two key problems: the selection of priority groups for vaccination in the event of an epidemic and the production and stocking of vaccine.

**** FANFARE FOR EUROPE**

Enthusiastic applause greeted the recent lunch-time concert given in front of the European Commission's headquarters in Brussels by the thirty young musicians of the Europa-Jugend-Musikzug Markt Diethofen. The programme played by the brass and clarinets conducted by Mr Konrad Leitner served as a reminder that music - though it may fail to rouse Europe - is international language.

AS GOOD AS IT LOOKS?

Almost six consumers out of ten agree that the fruit offered for sale today is lovely to look at ... but they find that the flavour is often disappointing. This is one of the facts to emerge from a survey carried out in France in 1973 by the French Centre technique interprofessionnel des fruits et légumes.

There is no doubt that fruit and vegetables look more attractive than they used to. Growers have made enormous efforts in this direction in recent years and have received their reward: it seems that the public is quite prepared to pay a 20 to 30% premium for products which are obviously of good quality. But consumer habits are changing: more and more importance is now being attached to qualities which please the palate rather than the eye. Because it is aware of this trend the European Commission arranged for a study on "the production of fruit and vegetables to taste specifications". The study is edited by Mr Jean Thiault, Chief Scientific Officer at the French Ministry of Agriculture.

Two different views

Traders - wholesalers and retailers - view fruit and vegetables in quite a different light to the consumer. For traders losses during transport and storage must be kept to a minimum: for this reason they often regard resistance to deterioration as the most important requirement. But rapid turnover is essential too, so produce must be attractive and meet consumers' requirements.

For the consumer general attractiveness is the overriding factor but the individual consumer's ideas on this are strongly influenced by psychological and cultural factors.

Motivating factors fall into three main categories:

- . the gastronomic (i.e. the pleasure to be derived from eating the product);
- . the nutritional (closely related to the individual's understanding of food values ...);
- . the symbolic (fresh produce represents contact with nature and the pleasure of giving and sharing).

Is this progress?

There is little point in trying to establish whether traders or consumers decide what will be sold. It is well-known, for instance, that consumers in northern Europe like their fruit more acid than consumers in southern Europe and that they equate greenness in apples with acidity. The trade has endeavoured to cater for this preference thereby confirming consumers in their beliefs and habits.

Catering for consumer preferences can be a tricky business however. For instance there is a demand for clean, uniform-sized carrots that can be transported over long distances. To meet this demand growers in Normandy have been forced to abandon some varieties and concentrate on others with resistant, not to say tough, central cores. Flavour and cooking qualities have suffered as a result.

Peaches are another example. Growers first of all switched to yellow-fleshed varieties, which are generally firmer and more suitable for early harvesting than white-fleshed varieties. Growers are now in the process of switching again - this time to a second generation of varieties, which are even firmer and more attractively coloured, but which are only a pale shadow of the peaches of our childhood as far as taste and fragrance goes.

It was in fact the consumer who forced the pace on harvesting - fruit is being picked earlier and earlier, long before it is mature. Generally speaking however fruit harvested at this stage had not developed all its "organoleptic" qualities (i.e. those detected by our senses of taste, touch and smell) to the full.

Changing consumer attitudes

Consumers are in fact becoming more and more aware of qualities which growers are not used to gauging and which the legislators have not got around to regulating: the fragrance that reaches your nostrils when you unwrap an apple, the firmness or fineness of the flesh when you bite into it, the flavour on your tongue ...

Is it possible to give consumers the products they want? The answer would seem to be "Yes", since the desired qualities can be produced by the most natural cultivation methods.

Although the influence of various growing conditions on quality is not fully understood, a number of facts have been established with sufficient accuracy to be acted upon.

The potential quality of a fruit or a vegetable when it leaves the grower largely depends on the characteristics of the particular variety, on how well it has adapted to growing conditions, and on the moment of harvesting. The intensity of sunlight and the plant's ability to use it, precipitation, temperature - all of these can affect quality. The importance for example of pruning and thinning out fruit trees becomes apparent in this connection.

Plant nutrition is often blamed for poor quality but it is in fact of limited importance. Excess nitrogen can cause some deterioration in fruit quality but there is no doubt that this can be offset by potash. Irrigation is harmful only if it is excessive or irregular.

But the importance of well-timed harvesting cannot be exaggerated. For certain fruits for instance the period is quite short and can be determined scientifically.

Economic aspects

As far as growers are concerned, the most immediate effect of these new consumer preferences will be to stabilize production at an average yield to keep the sugar synthesis potential of the plant in line with volume of fruit borne. This means that intensive production is out of the question.

It also means an increase in unit production costs, to which must be added other additional costs, principally labour costs, involved in the production of quality produce. Production costs for this type of cultivation have been calculated to be 16% higher than for run-of-the-mill cultivation; production costs with intensive methods can be as much as 20% lower. If growers are to find quality production attractive they must be able to increase selling prices by between 16 and 35%.

Quality products need careful handling during transport. Transport and handling techniques developed in recent years could usefully be applied to high-quality produce.

Since the secret of well-flavoured fruit and vegetables lies in keeping yields at an average level less fertilizer will be required and more emphasis will be placed on the importance of a correct balance between the plant and its environment. This will involve cutting down on pesticides and adopting programmes for the integrated control of parasites.

The end result would be a three-way improvement in the "quality of life":

- . pollution of the natural environment would be reduced,
- . the nutritional value of fruit and vegetables would be improved, and
- . the consumer would derive more enjoyment from eating them.

This emphasis on flavour and fragrance may seem excessive. But Brillat-Savarin was right when he pointed out that the human body would soon be out of service if Providence had not equipped it with an appetite. Since appetite is stimulated by the senses, flavour, fragrance and the like are, in fact, quite important.

UPDATING THE FIRST EUROPEAN SOCIAL BUDGET

The first European Social Budget, examining trends in social receipts and expenditure in the Community for the years 1970 to 1975, was presented by the European Commission to the Council of Ministers in December 1974 (see Industry & Society No 44/74). Since then soaring prices, the energy crisis and increases in the prices of raw materials have played havoc with the projections for 1975, which is why the European Commission decided to produce a revised version which would be closer to reality.

Both versions of this first European Social Budget outline the similarities, differences and changing trends in the matter of social protection in the nine Member States and estimate expenditure relating to the following:

- . sickness;
- . old age, death, survivors;
- . invalidity;
- . industrial injuries and occupational diseases;
- . unemployment;
- . family benefits (including maternity).

Miscellaneous expenditure, principally expenditure associated with physical and mental disability, natural catastrophes, political events and the like, is also reviewed.

A comparison of social expenditure (on all the areas mentioned above) and gross national product (at market prices) reveals appreciable differences between Community countries.

A first group of countries - Denmark, Germany, Italy, the Netherlands - spends at least 20% of GNP on social protection. (The Netherlands is well in the lead here). A second group - Belgium, France, Luxembourg - spends between 18 and 19.5% on this item. The third group - Ireland and the United Kingdom - spends a much lower percentage: this is because national policy aims to ensure that everyone has basic protection (by providing a national health service for instance).

These national differences help to explain why harmonization in this field is so difficult. In all countries, however, percentage outlay has been growing steadily over the last few years and this tendency is expected to continue in the years to come.

The utmost caution should be exercised in interpreting such figures and in making comparisons. In the first place economic and social forecasts by their very nature involve some degree of uncertainty. Secondly national legislation can alter the real situation and make it impossible to give a true picture in figures alone. In some countries, for instance, tax rebates are a significant form of family assistance - but it proved impossible to take this type of assistance into account under "family benefits" in this first European Social Budget.

A closer look at expenditure reveals that benefits account for some nine-tenths of all disbursements. These are divided into benefits in kind and cash benefits, the latter being the bigger item by far, largely because old age pensions are included.

The proportion of expenditure devoted to benefits in kind - these are usually linked with health care - varies from country to country but seems to be increasing steadily in all of them. The proportion is highest in countries (United Kingdom, Ireland, Denmark) with a national health service. In other Community countries - with the exception of Luxembourg - benefits in kind account for 20 to 25% of expenditure.

Cash benefits represent approximately 60 to 80% of all expenditure. In all Community countries the main items here are old age pensions and sickness benefit. These are followed by family benefits in Belgium, Denmark, France and Ireland and by invalidity benefit elsewhere.

There is a tendency for all countries to step up expenditure on sickness benefit. In some of them (Denmark, Germany, Netherlands), it already represents almost a third of all

benefits, in others about a quarter. An exception here is Luxembourg, where prolonged illness is treated as invalidity.

As to the source of receipts, the first European Social Budget points out that the nine countries can be divided into two main groups, one group depending on receipts from the State and local authorities, the other on receipts from employers and workers.

Generally speaking direct contributions account for the bulk of receipts in the six original Member States. In Ireland and Denmark financing is mainly via the State and local authorities (taxes and subsidies). The United Kingdom lies half-way between these two groups, the two main sources of finance being of more or less equal importance.

Employers' contributions account for a very high proportion of receipts in France (65%), a relatively high proportion in Italy and Germany (45% to 59%) and a high if lesser proportion in the Netherlands (42%). The figures for the United Kingdom and Luxembourg are slightly lower (35 to 37%). The figure for Ireland is very low (20%) but not as low as the figure for Denmark (10%).

Households' contributions include contribution by workers (wage-earners and the self-employed) and by the economically inactive, wage-earners obviously accounting for the lion's share in all Community countries. Throughout the Community workers' contributions in general represent a lower share of receipts than employers' contributions.

Workers' contributions are high in the Netherlands; they represent more than one third of total receipts, getting close to employers' contributions, for which the figure is 43%. Workers' contributions account for approximately one quarter of all receipts in Luxembourg and Germany and one fifth in France and Belgium. The figure for the United Kingdom is 17% while Italy and Ireland lie between 13 and 14%. Workers' contributions will become almost insignificant in Denmark, if the present downward trend continues.

Turning to taxes and subsidies (from the State and local authorities) as a source of receipts, we find that Denmark heads the field by a large margin (over 80%). It is followed by Ireland (in the region of 65%) and the United Kingdom (with 38 to 39%). Lagging behind come Luxembourg and Belgium (29 to 30%), Germany and Italy (20 to 22%) and France and the Netherlands (10 to 12%).

Social expenditure as a percentage of the gross national product (at market prices)

	Belgium	Denmark	France	Germany	Ireland	Italy	Luxembourg	Netherlands	United Kingdom
1970	18.1	19.7	18.3	20.9	12.8	18.5	17.3	20.7	16.0
1972	19.5	21.7	18.6	22.3	13.3	21.6	19.5	23.0	16.7
1975	23.0	26.3	21.2	26.3	16.9	24.2	25.3	28.0	18.5

Social expenditure per head (in units of account) (1 u.a. = approx. US \$1.1)

	Belgium	Denmark	France	Germany	Ireland	Italy	Luxembourg	Netherlands	United Kingdom
1970	484.8	629.2	526.3	645.8	174.1	320.6	320.6	501.1	354.2
1972	649.2	836.8	652.2	856.7	236.3	436.5	436.5	721.4	457.8
1975	1 107.8	1 387.7	996.4	1 415.2	349.7	557.7	557.7	1 277.8	578.6

It can be seen then that national policies, notably in the matter of social protection, are developing in very different directions. Varying local circumstances mean that social priorities differ or at least that social problems are not always felt, and therefore tackled, in the same way.

The main value of the European Social Budget is that it provides detailed information about various aspects of these policies. Although there is still room for improvement, national and Community authorities should find the "Budget" useful in their efforts to encourage a progressive social policy and bring the nine economies closer together.

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