

euroforum

europe day by day

Brussels, 29 March 1977

No 13/77



Wine production is outstripping consumption. It's quality that counts, not quantity. (See page 3)

This bulletin is published by the

Commission of the European Communities
Directorate General of Information
Rue de la Loi 200
B-1049 - Brussels - Tel. 735 00 40

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

This bulletin, which is produced with journalists in mind, gives an informal account of Community activities. It does not necessarily reflect the official position of the Commission.

The Commission disclaims all responsibility for the use made of material published in this bulletin.

IN THIS ISSUE

- ++ Wine : quality not quantity (p. 3)
- ++ More refineries than oil (p. 3)
- ++ Europe : twenty birthday candles
- ++ Seasonal reduction in unemployment (p. 3)
- ++ Farm prices (p.4)
- ++ Energy taxes (p. 4)
- ++ Computer help for motorists (p. 5)
- ++ Avoiding another Seveso (p. 6)
- ++ Alsace and the protection of the Rhine (p. 6)
- ++ The price of gas (p. 6)
- ++ Electric car on the starting grid (p. 6)
- ++ EIB and the regions (p. 7)
- ++ Steel industry aid (p. 7)
- ++ The law versus freedom (p. 8)
- ++ The power of coal (p. 8)
- ++ Phytopharmaceutical products (p. 8)

++ WINE : QUALITY NOT QUANTITY

Wine production in the Community has been increasing on average 2.25 % per year. Wine consumption has only been rising at 0.89 % per year. The Community has more wine than it wants to drink. In ANNEX 1 Euroforum outlines what the European Commission proposes to reduce the quantity and improve the quality.

++ MORE REFINERIES THAN OIL

In 1976 the Community's oil refineries processed 500 million tonnes of oil which was only 62 % of their capacity. This gives some indication of why the European Commission has just proposed some harsh rationalisation measures. See ANNEX 2

++ EUROPE : 20 BIRTHDAY CANDLES

By the end of June there will be a new Community Tripartite Conference bringing together representatives of employers, workers, and public bodies. In this encounter both sides of industry will discuss the same problems as the Nine's heads of state who have just met in Rome, and try and find a just balance between an economic revival which might fuel inflation and moderate economic growth rates which would benefit the unemployed.

Inflation and unemployment were major preoccupations at the Rome meeting which took place in the same room where the Treaty of Rome was signed and the European Community thereby founded. The Community's economic problems cast a forbidding shadow over the Summit dinner where it was decided that the European Community should be represented by messieurs Callaghan and Jenkins at the "Economic Summit" in London at the beginning of May. The heads of state also accepted the European Commission's proposals to revitalise the European steel industry. The economic gloom similarly influenced the Ministers' decision to give special attention to young people and women who are unemployed, to increase investment in the Nine and to work towards greater convergence of the economies of the Nine.

At the opening of the proceedings the heads of state stated their conviction that "Twenty years after the setting up of the economic Community we wish to set up a Europe of people and citizens." The Community with a human face will give priority to measures which reflect more directly the needs and aspirations of workers, consumers and young people, both at the work place and in the daily life : by improving job security, combatting unemployment, protecting the environment etc.

++ SEASONAL REDUCTION IN UNEMPLOYMENT

In spite of a seasonal reduction in unemployment of about one hundred thousand compared with the previous month, there are still nearly 5.8 million people in the Community registered as unemployed.

There are about two hundred thousand, or three per cent, more unemployed

people than in February 1976. Only figures for the Federal Republic of Germany and the Netherlands show reductions (-10 % and - 8 % respectively) while unemployment in all the other countries has increased - Denmark +17 %, Belgium + 15 %, the United Kingdom + 9 %, France + 8 %, Italy + 7 % and Ireland + 1 %.

Figures for both men and women have fallen by 2 % since January 1977. This is a very different picture compared with February 1976 when there was a reduction of 2 % for men but an increase of 13 % for women who now account for 39 % of registered unemployment compared with 36 % in February 1976.

The percentage of unemployed people compared to the civilian work force is 5.5 % for the Community. Germany, the Netherlands and France are below this average, while the other countries are above it. There is a slight increase in the number of unfilled vacancies, although the general level remains relatively low.

Unemployed workers under 25 years old always make up a large part of total figures, but their numbers are gradually declining.

++ FARM PRICES

The British agricultural minister John Silkin spoke up for consumers during a debate on farm prices at the European Parliament. Mr. Silkin, who is acting President of the Council of Ministers, said : "The voices of consumers have been raised across the whole of Europe and it would be unrealistic for this Parliament or any Council of Ministers not to take this into account".

The European Parliament was unable to adopt a unanimous position on the percentage rise of European agricultural prices to propose to the Council of Ministers. In a resolution adopted by a majority vote it took note of the Commission proposals for an average 3 % rise in farm prices.

In fact, eight of the nine countries at the farm council were prepared to agree to a compromise price package proposed by Mr. Silkin. Only Britain prevented agreement on the package. A decision on the overall package has been postponed until ministers meet again in Luxembourg on April 25 and 26.

++ ENERGY TAXES

The Community's Council of Ministers have been looking seriously at the problem of energy pricing and particularly the effect of energy taxes. The taxation rates for super petrol and for heating oil are presented below.

Super petrolHeating oil (1000 litres)

	VAT in % of pump prices	Excise of pump prices	Total	VAT in % of sales price	Excise of sales price	Total
Belgium	5.6	50.2	55.8	5.7	8.8	14.5
Denmark	13.-	44.7	57.7	13.1	-	13.1
Germany	9.9	45.9	55.8			(++)
France	15.-	43.5	59.8 (+)	15.-	2.5	17.5
Ireland	9.1	48.8	57.9	-	6.2	6.2
Italy	10.7	61.-	71.7	10.7	4.8	15.5
Luxembourg	4.8	41.9	46.7	4.8	4.8	9.6
Netherlands	13.8	43.-	56.8	3.8	9.9	13.7
United Kingdom	11.1	39.4	50.5	-	3.2	3.2

(+) including certain other duties

(++) this type of fuel is not used in the domestic sector

++ COMPUTER HELP FOR MOTORISTS

Thanks to electronics, a motorist leaving Rome for Hamburg via Paris, Brussels and Amsterdam will soon be informed of possible obstacles such as a traffic jam on the way into Milan, dangerous ice at the exit of Avignon, fog that could be cut with a knife ten minutes before plunging into it near Mons, or a recommended detour between Breda and Amsterdam. His radio would give the best time and itinerary for avoiding traffic jams on his way out of Hanover towards Hamburg.

Six common market countries are working with five other European countries in an attempt to use electronics to help traffic on the major artery roads in Europe. Belgium, Germany, France, Great Britain, Italy and the Netherlands along with Austria, Finland, Sweden, Switzerland and Yugoslavia, plan to begin a research programme which would result in a harmonised European system.

But before reaching this stage, road safety services, motorway police, meteorologists and even road hauliers will be responsible for installing roadside signals, that can be understood by all drivers. They will study what is needed in roadside information, and thanks to electronics again, will be able to detect traffic levels and adverse weather conditions that might threaten visibility or road safety.

The first research programme will be spread over three years and could be extended if necessary.

++ AVOIDING ANOTHER SEVESO

The European Commission is financing more than a quarter of total research into sanitary and ecological questions as a result of the chemical plant accident at Seveso. The Commission is contributing a total of 160,500 units of account (1 ua = approx. US \$ 1.1) towards fourteen projects by institutes from Italy and other European countries. They will also study decontamination of affected zones in the case of future accidents. Getting rid of dioxin that has leaked into the atmosphere is a difficult problem and any scientific contribution from European laboratories would be welcome.

++ ALSACE AND THE PROTECTION OF THE RHINE

Action planned by the Convention for the Protection of the Rhine against Pollution by Chlorides, signed in Bonn in December 1976, includes injecting waste brine coming from the potash mines of Alsace into the Alsacien subsoil at a depth of 1500 to 2000 metres. In reply to worried questions from Mr Giraud of the European Parliament, the European Commission stated that it had no reason to think that this will present any danger of pollution to the ground waters of the region, in view of precautions taken and tests that have already been made. The Bonn Convention expressly lays down that the injection will be discontinued if there is danger to the environment and especially to ground water reserves.

++ THE PRICE OF GAS

How much does it cost the European consumer to cook the evening meal ? Below are the prices of domestic gas in a few Community towns over the last few years. The price is expressed in units of account, for a consumption estimated of 2 Gigacalories per year (one Gigacalorie = 119 m³ of gas)

(taxes included)

2 Gcal/year	1970	1973	1976
Düsseldorf	20.61	22.89	40.27
Paris	20.64	22.38	34.36
Milan	17.16	17.90	21.25
Rotterdam	10.04	11.34	17.77
Brussels	20.15	22.60	32.08
Luxembourg	20.80	21.47	31.70
London	13.65	16.21	17.94
Dublin	15.49	19.20	23.49
Copenhagen	14.86	16.70	30.76

++ ELECTRIC CAR ON THE STARTING GRID

The European Commission has just sponsored the setting up of a European association for electric vehicles. Considerable efforts have already been made in the United States and Japan to promote electric vehicles

and the Commission wants to encourage electricity producing companies and electric vehicle industry representatives to meet in Brussels with a view to setting up the basis for such an association. It would facilitate the coordination of efforts in the different countries of the Community which have been dispersed up until now. It would have the advantage of putting up a single spokesman to the Commission when it considers industrial policy as well as research and development programmes in this field.

++ EIB AND THE REGIONS

The European Investment Bank is empowered to lend money for projects of regional interest. Between 1958 and 1975 the total number and volume of such loans was as follows :

	<u>Number of loans</u>	<u>Value of loans</u> (in million units of account)
Belgium	5	57,2
Denmark	15	26.5
Germany	139	370.0
France	242	785.9
Ireland	15	106.7
Italy	410	1,853.5
Luxembourg	1	4.0
Netherlands	4	40.1
United Kingdom	53	507.4
<u>Community</u>	<u>884</u>	<u>3,751.3</u>

++ STEEL INDUSTRY AID

Four guidelines have been drawn up by the European Commission to counter the effects of the steel crisis. Firstly it aims to maintain the openness and unity of the market. Secondly to maintain a modern production capacity i.e. that the installations and products of the Community's steel industry should be competitive both within the European market and against international competition. Also proposed is to take action on the market mechanisms, since modernisation programmes can only bear fruit if market conditions are suitable. A certain amount of adaptation and retraining of steel workers will also be required. Restructuring of the steel sector can only be acceptable from the social and regional points of view if the jobs lost can be compensated for by jobs created elsewhere, and that the cost of retraining workers is spread over the whole Community. In this respect the European Social Fund could be expanded to take account of the steel workers.

++ THE LAW VERSUS FREEDOM

Is the growth of legislation one of the prices to pay for protecting liberty? At a colloquium organised by the advertising control bureau in Paris, the Director of the Commission's Environment and Consumer Protection Service, **Michel Carpentier** discussed the multiplication of regulations in the Community.

The problem, according to Mr Carpentier, is less that of wondering if certain legislative intervention is indispensable than of knowing what the limit is, or from another point of view, to what extent the legislator has the task of finding a correct balance to avoid excess. Parliaments, administrations, governments and political parties, find they increasingly have to discuss the pros and cons of such and such a measure in favour or against such and such a group with producers, sellers, workers and consumers.

The consumer's voice is still by far the weakest. They lack sufficient strength and structural organisation and have still not considered the real possibilities of economic and political pressure.

++ THE POWER OF COAL

Because of the rise in the price of oil, it would be better to use coal in its place in certain Community power stations. The European Commission has proposed that the Community provides 30 % of the additional investment needed to convert power stations. The conversion to coal from oil or natural gas burning power stations is generally impossible unless provision is made at the construction stage. Coal normally intended for use in power stations often has a relatively high sulphur content and its combustion makes it necessary to employ certain techniques that would reduce sulphur emission in the neighbourhood. The financial aid proposed by the Commission also covers installations that would protect the environment against pollution caused by burning coal.

++ PHYTOPHARMACEUTICAL PRODUCTS

The round up of European Commission activity in the consumer field over the last year (see Euroforum No 10/77) mentioned the work undertaken to limit the amount of pesticide residues contained in cereals for human consumption, in foodstuffs of animal origin and in animal feeds. It also indicated that the Commission had submitted to the Community's Council of Ministers a proposal to prohibit the marketing of phytopharmaceutical products containing certain substances (mercury, pesticides etc) which could ultimately affect human health. To put this in perspective it should be realised that the directive proposed in 1976 complements an earlier draft directive on the marketing of EEC registered phytopharmaceutical products. This text is of great importance since it covers a very large number of active substances and contains detailed measures to ensure protection of public health (and of course consumers) and the environment in general.

WINE : QUALITY NOT QUANTITY

Wine production has been increasing on average 2.25 % per year in the Community. Wine consumption and use has not however followed the same trend and has been rising at only 0.89 % a year. However the excess production cannot be offered to schoolchildren as the milk surplus has, but something has to be done. The anger of the wine growers worsens every year - road blocks, wine tankers stopped even the young winegrowers are becoming militant.

Community wine

The leading producer is of course France whose 1 200 000 hectares of vineyards are renowned for their quality and variety. Average output is about 65 000 000 hectolitres but harvests vary greatly according to the weather and can range from 48 to more than 75 million hectolitres. Italy's vineyards cover some 1 169 000 hectares and have a production potential close to that of France.

Germany now harvests 6 - 10 million hectolitres of wine from its 100 000 hectares of vineyards. The 1 250 hectares of vineyards in Luxembourg yield between 100 000 and 250 000 hectolitres of white wine. Belgium's 35 000 'greenhouses' covering 500 hectares brings in about 10 000-15 000 tonnes of edible grapes of which those unsold are used for making wine and yield 10 000 - 15 000 hectolitres a year. Greenhouse production of wine in the Netherlands is only slightly smaller than in Belgium and yields in the region of 10 000 hectolitres a year on average.

The UK's vineyards cover around 100 hectares. In Ireland and Denmark practically no vines are cultivated.

Wine glass overfloweth

Whilst wine consumption in France and Italy has been declining slightly it has been increasing in other Community countries. However overall consumption is still smaller than production.

The total area of vineyards has scarcely changed at all over the last five years and stand at around 2.5 million hectares. The yield per hectare however, has increased. Better production techniques and selection of vines has led to some astonishing results. Germany's production potential has increased from 3 million hectolitres in 1958 to almost 10 million in 1975. Average output in France 1950-59 was 53 million hectolitres a year. For the period 1960-69 it rose to 60 million, and since then output covers around the 65 million mark. Over the same period Italy's production has increased from 54 million hectolitres to 64 million, and recently to 70 million.

Problems however, have been multiplying as production has increased. The weather has also added its share of problems. The bumper harvests of 1973 and 1974 forced the European Community to implement the maximum intervention measures. This pushed up expenditure of the Agricultural Guidance and Guarantee Fund (EAGGF) from 12.2 million units of account in 1973 (1 u.a. = 1.1 US dollars approx.) to over 150 million u.a. in 1976. During the 1974-75 marketing year more than 20 million hectolitres

of table wine had to be distilled whilst 16.8 million hectolitres had to be put in paid storage. In 1975-76 2.2 million hectolitres were distilled and storage contracts were made for an average of 17 million hectolitres per month.

Quality - main priority

The priority objective of the measures adopted by the Community in 1976 was to prevent a worsening of the situation.

Today the European Commission is recommending measures to the Community's Council of Ministers to change the structure of production in the shortest possible time.

According to the European Commission a fundamental requirement of any measures taken should be to guarantee quality. This quality can only be achieved by specialising vine cultivation in the most suitable areas and by limiting drastically the number varieties. At the same time they should cut out fraudulent practices by means of better collaboration between the relevant bodies in Community countries.

Planting of new vines is forbidden under the emergency measures adopted in May 1976. This restriction should be lifted and replaced by a selective programme of vine cultivation. It is necessary to stop growing vines in the low quality areas and encourage, by contrast, an expansion of vine cultivation in traditional wine growing areas such as hillsides and arid plains. In recent years vine plantations have multiplied on fertile and moist plains where the yield has been high but of mediocre quality.

Finally to make the most of the vine crop the European Commission suggests that among other things, grapes and grape - must be used in the production of grape juice.

Beating fraud

The quality requirements set by the European Commission are also intended to defeat the sharp operators whose dubious wine production methods cheat both consumers and honest wine producers. The Commission has proposed that all fraud detection bodies in the Nine cooperate directly with each other, particularly with regard to the flow of information which in the Commission's view should be stepped up and simplified. One example is to verify a percentage of the accompanying documents and circulate copies of such documents between countries to check their authenticity. Also it would be of great value to exchange information of the nature of frauds, actual or suspected, to keep the various fraud agencies as up to date as possible.

x

x x

MORE REFINERIES THAN OIL

In 1976 the Community's refineries processed 500 million tonnes of oil which amounts to only 62 % of their 850 million tonnes capacity. These figures give some indication why the European Commission has just proposed some harsh measures, following long discussions with national experts, aimed at adapting the structure of refining to market requirements and reducing the surplus capacity. The problem, however, has to be tackled at ministerial level.

140 million tonnes

To reduce the distillation capacity surplus in the Community the Commission proposes cutting total capacity by around 16.5 % by taking out of service refineries equivalent to 140 million tonnes per year.

This can be accomplished by ensuring no new projects are started without approval at Community level, and withdrawing from service temporarily or for good, the marginal and least efficient refineries.

In the Commission's view the capacity surplus is primarily an industry problem which should be resolved by the companies themselves. The governmental role should be limited to ensuring that a rationalisation of the industry can be undertaken in the most favourable social, fiscal and administrative environment. The Commission will see to it that the rationalisation process does not induce illegal behaviour by the oil companies nor lead to abuses of dominant positions to the detriment of smaller companies.

Market requirements

Over the period 1975-1985 the Community will also face the problem of a growing imbalance between the structure of refinery products and of market demand. There has in fact been a shift in the demand structure towards light products which by 1985 could amount to 24 million tonnes per year for the principal petrochemical feedstocks gasoline and naphtha.

To meet this demand it will doubtless be necessary to increase gasoline and fuel oil imports. By 1985 new capacity will be required to cope with the expected 8-12 million tonnes increase in demand for light products. This will require investment in the region of 2 - 3 billion dollars (US). The Commission would monitor and coordinate the development of such a programme.

Imports

In the years to come the Community market will also be affected by the many export refineries planned in third and particularly oil-producing countries in the Middle East and Mediterranean area.

Present capacity in these two regions is about 160 million tonnes/year. As for the future, estimates of between 260 to 373 million tonnes/year have been advanced by the oil-producing states. Current estimates, though more moderate are still quite considerable.

Up to now imports of oil derivatives by the Community have not exceeded 30 million tonnes per year (about 6 % of crude oil imports) of which some 5 million tonnes per year were imported from the Middle East and the Mediterranean basin.

The Community has a delicate task before it, to establish a profitable refining industry whilst at the same time maintaining an open policy towards non-Community countries. In the midst of a change in the world economic order, this latter concern is particularly important. The oil-producing countries are not only interested in refining themselves but also, in the long term, building up their own chemical industries to accompany crude oil processing.

The European Commission takes the view that the Community should implement a policy which puts the accent on openness and cooperation of all the parties concerned.

x

x x

PRESS AND INFORMATION OFFICES OF THE EUROPEAN COMMUNITIES

BELGIUM

1049 BRUSSELS
Rue Archimède 73
Tel. 735 00 40/735 80 40

IRELAND

DUBLIN 2
29 Merrion Square
Tel. 76 03 53

UNITED KINGDOM

LONDON W8 4QQ
20, Kensington Palace Gardens
Tel. 727 8090

JAPAN

102 TOKYO
Kowa 25 Building
8-7 Sanbancho
Chiyoda-Ku
Tel. 239-0441

DENMARK

1045 COPENHAGEN K
4 Gammeltorv
Postbox 144
Tel. 14 41 40

ITALY

00187 ROME
Via Poli, 29
Tel. 68 97 22 à 26

CARDIFF CF1 1WF
4 Cathedral Road
P.O. Box 15
Tel. 371 631

EDINBURGH EH2 4PH
7, Alva Street
Tel. (031) 225.2058

SWITZERLAND

1202 GENEVA
37-39, rue de Vermont
Tel. 34 97 50

FRANCE

75782 PARIS CEDEX 16
61, rue des Belles-Feuilles
Tel. 553 53 26

LUXEMBOURG

LUXEMBOURG
Bâtiment Jean Monnet B/O
Plateau du Kirchberg
Tel. 430 11

CANADA

OTTAWA, Ont. K1R 7S8
350 Sparks St.
Suite 1110
Tel. 2386464

TURKEY

ANKARA
Kavaklidere
13, Bogaz Sokak
Tel. 27 61 45/46

GERMANY

53 BONN
Zitelmannstrasse 22
Tel. 23 80 41

NETHERLANDS

THE HAGUE
29, Lange Voorhout
Tel. 070-46 93 26

CHILE

SANTIAGO 9
Avenida Ricardo Lyon 1177
Casilla 10093
Tel. 25 05 55

UNITED STATES

WASHINGTON, D.C. 20037
2100 M Street, N.W.
Suite 707
Tel. (202) 872-8350

GREECE

ATHENS 134
Vassilisis Sofias 2
Tel. 743 982/83/84

NEW YORK, N.Y. 10017
245 East 47th Street
1 Dag Hammarskjöld Plaza
Tel. (212) 3713804