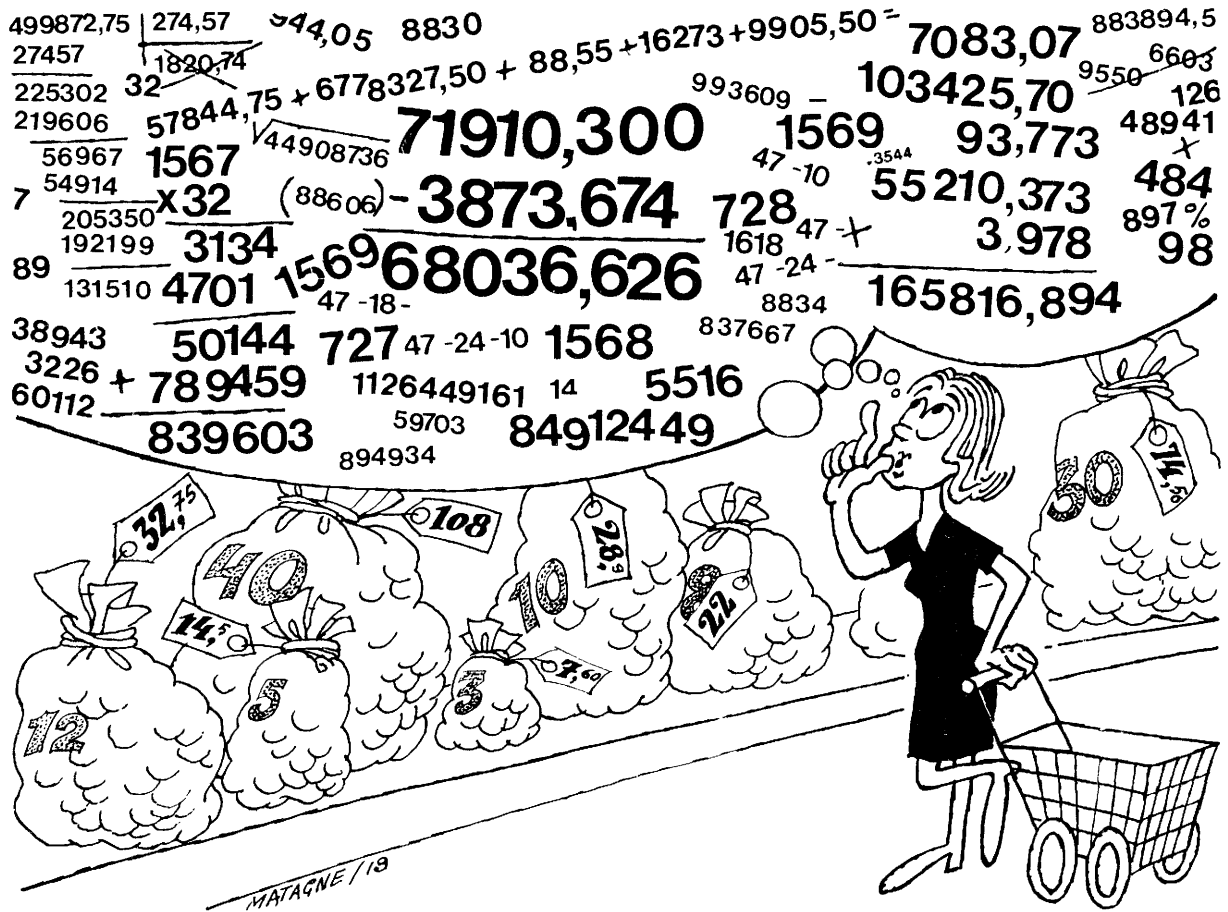


euroforum

europe day by day

Brussels, 31 May 1977

N° 22/77



Does she really need a pocket calculator to do her shopping?
(See page 3).

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++ SQUARE DEAL SHOPPING

Which is cheaper? One 5p tin of peas weighing 375 grams or one fivepence ha'penny tin weighing 425 grams?

So that consumers can make **fair** and easy price comparisons before reaching for the money, the European Commission has drawn up a directive - just proposed to the Community's Council of Ministers - on consumer protection, in marking and displaying the prices of foodstuffs.

In Annex 1, Euroforum outlines the Commission's draft directive.

++ ENERGY : RATIONALISE NOT RATION

Between now and 1985, one quarter of the Community's industrial investment should go to the energy sector. This should amount to about two hundred billion dollars over ten years.

Euroforum presents the European Commission's proposals for rationalising the energy sector, both in the production and consumption levels, in Annex 2.

++ ECONOMY : MIXED FEELINGS

At the end of winter the Community's economy was generally undynamic. Though the economic situation had been improving steadily, the main expansionary factors seemed to weaken, especially in Italy and Germany. According to industry chiefs, the rate of use of technical production capacity had scarcely changed from the 79% recorded the previous autumn. More sustained activity was recorded in the consumer goods industry, due, mostly, to increased automobile production.

The numbers of fully unemployed workers in the Community (seasonally adjusted) increased slightly during the month of March. Things worsened particularly in France, Denmark, Belgium and Italy.

In the Community as a whole, the rise in consumer prices slowed down after a strong surge in January. Between February and March it increased at an annual rate of 10% compared to an annual rate of 13% between December 1976 and March 1977.

Towards the end of 1976, the deficit in the Community's trade balance reached a record level. In the first months of 1977 the trend began to reverse. Trade balances in several Community states improved during the first quarter in spite of a sustained increase in raw material prices.

In the fourth quarter of last year, intracommunity trade increased strongly but weakened slightly at the beginning of 1977.

++ UNEMPLOYMENT : SLIGHT DECREASE

At the end of April 1977, there were 5.4 million people registered as unemployed in the Community, a reduction of one hundred thousand on the previous month. The overall percentage of unemployed dropped 6.8% in the Netherlands, 4.9% in Germany, 3.5% in Italy, 2% in France and Ireland, 1.3% in Belgium and 0.5% in Denmark. The UK experienced a slight (0.6%) increase, whilst there was no change in Luxembourg.

Comparing one year with the other, it was the women who suffered most in the employment field. Female unemployment increased 0.9% between April 1976 and April 1977 and the overall percentage rose to 14.7% whilst for the men there was no increase.

++ CONSUMER PROMOTION NOT PROTECTION

"The fundamental principle to guide consumer policy should be to guarantee consumers the greatest possible freedom of choice" stated Ramaekers of the Community's Economic and Social Committee. And during a debate on consumer policy, he found Mr. Richard Burke, European Commissioner in charge of consumer affairs, totally in agreement with him.

For his part, Mr. Burke stressed that the Commission will base its consumer thinking on the notion of promotion rather than protection of consumer interests. This, the Commission believes, will give a more positive orientation to their work in the consumer field and will encourage the shaping of policy proposals with the interests of consumers in mind.

Mr. Burke recalled that the European Commission had agreed in principle to hold a conference devoted to reflection on the Community's real needs towards improving the European citizen's quality of life. Given the changes in economic circumstances experienced during recent years, such a conference should help identify areas where positive action is most urgently needed.

Community activity will only be fully effective if consumers themselves are informed of their new rights and the work being carried out for their benefit. Mr. Burke stressed the good relations built up between the European Commission and the mass media, thanks to a programme of contacts with producers of radio and T.V. consumer programmes, consumer magazines and consumer correspondents of the daily press.

++ INDUSTRIAL ACCIDENTS

Ten industrial accidents take place a minute, eight deaths happen a day and out of a grand total of 1.3 million accidents

a year, 2,800 are fatal. These figures are indeed dramatic. Yet they relate only to Italy. What about the rest of the Community? Figures are not readily available for legal as well as technical reasons. Up until now it has not been possible to make a valid collection of accident statistics comparable for the whole Community. The only data available covers the steel industry :

NUMBER OF ACCIDENTS PER MILLION PAID HOURS IN THE STEEL INDUSTRY

	<u>1960</u>	<u>1970</u>	<u>1974</u>
Germany	0.18	0.15	0.13
France	0.22	0.17	0.13
Italy	0.15	0.17	0.14
Netherlands	-	0.12	0.08
Belgium	0.20	0.16	0.17
Luxembourg	0.05	0.14	0.35
United Kingdom	-	-	0.08
Denmark	-	-	0.33

Europe- 6	0.19	0.16	
Europe- 9			0.13

++ STORAGE OF RADIOACTIVE WASTE

The geological risks of storing long-life highly radioactive waste was the focal point of discussions at the Joint Research Centre in Ispra (Italy). Experts came from as far afield as the USA, Japan, Sweden, Norway, Finland, Canada, Austria, Switzerland.

One of the aims of their meeting was to work out a possible basis for future international collaboration on the storage of nuclear waste, a subject which the Joint Research Centre has been working on since 1973.

The principal themes of the meeting were an evaluation of the risks involved with the storage of waste in certain geological formations, and the creation of theoretical models to stimulate the different mechanisms at work.

++ EURO-PLANE INDUSTRY TO TAKE OFF?

The European Commission has been closely following the problems involved in re-equipping Europe's airlines. Aircraft do not last for ever and when they do have to be replaced, a substantial number of jobs are prolonged or created. Given the current unemployment situation in the Community and the balance of payments aspect, the European Commission considers that Community countries should give full attention to the possibilities of buying aircraft from European industry whilst, naturally enough, giving full consideration to competitive non-European aircraft manufacturers. (European manufactured aircraft should not be bought at any price!)

The Nine's decision to cooperate with its industrial policies in the aeronautical sector will provide an appropriate framework for defending the Community's interests.

++ BACITRACIN AND THE ENVIRONMENT

Bacitracin (zinc) is an antibiotic used as an animal feed additive. A proposal to increase the limits of this substance to 100 parts per thousand in animal feeds was discussed recently by the Community's Consumers' Consultative Committee (CCC). Their verdict was that there was insufficient research to justify this and that the positive conclusions obtained so far seemed a little too optimistic. CCC was particularly concerned to see the same antibiotics used in animal feed as were given to humans as medicine. They also noted that effects on the environment close to farms had not been examined.

None of the research, the CCC pointed out, had dealt with some of the side effects of the antibiotics. It cited the example of a large sanatorium (built at Vosges) which was equipped with septic tanks unable to work properly as the bacteria used in the tanks were killed off by antibiotics.

In conclusion, the Consultative Committee requested that the European Commission compare the increase in profit which could be made by pharmaceutical companies and certain stock-farmers, by increasing the bacitracin (zinc) limit, and the risks which would be created for the environment, man and animals, by using medicaments in animal feeds.

EUROPEAN CARS FOR THE USA?

Car manufacturers in the United States will have to reduce the weight of their vehicles considerably to meet new Federal regulations aimed at reducing fuel consumption. The first stage has already begun and stretches till 1980 after which time new objectives based on those results will be set to take effect up to 1985.

The low consumption requirements should have the effect of bringing US cars closer in specification to European ones. This could result in either an increase in US car export to Europe or conversely increased European car exports to the USA. It is the latter which seems more likely considering the great experience European manufacturers have in constructing low-cost cars.

++ JAPANESE ENVIRONMENT

Ecological problems in Japan are serious: a high degree of industrialisation, fixed geographical limits and a growing density of population. To enable Japan to benefit from the Community's experience, and vice-versa, the European Commission has agreed to begin an exchange of documentation and information with Japan, similar to agreements it already has with the USA, Switzerland and Canada.

This was decided during an exchange of letters between Mr. Nisibori, head of the Japanese Mission to the European Communities, and Mr. Natali, Commission Vice-President responsible for environment problems.

++ WEEDKILLER 2,4,5-T AT LARGE

Weedkiller 2,4,5-T (technically known as trichlorophenoxyacetic acid) is a pesticide used in forest regions to get rid of American bird cherry (*prunus serotina*). Unfortunately it contains dioxin, the chemical which gained notoriety in the Seveso catastrophe.

2,4,5-T is used in limited amounts in certain Community countries and its dioxin content (maximum 0.1 parts per thousand) is strictly controlled. A serious reconsideration of the permitted uses of 2,4,5-T has been undertaken by some Community countries, notably Germany, France and the UK. The European Commission, for its part, is keeping a close watch on the use of 2,4,5-T and keeping track of all new information available.

++ RISING GAS

According to a survey carried out by the Community's statistical office, there has been a rise in gas prices since 1973 of between 40% and 100% for domestic gas, and a rise of 50% to 100% for gas used in heating. The cost of gas to industry has increased even more, twofold, triple and even more for large users.

The price rises are due essentially to the increased costs of oil and coal whilst the price of gas has a delayed response to the situation on the energy market. Due to this delay, gas consumers have a slight benefit over consumers of other sources of energy. The taxation of gas is not uniform throughout the Community and this explains in part the dispersion in prices.

The price of gas has not kept pace with that of other goods and services. In general the prices charged to small domestic users have increased less than average retail prices. For industry, the opposite is true. Industrial gas prices have increased faster than wholesale prices.

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SQUARE DEAL SHOPPING

There you are, staring at a supermarket shelf stacked with tins of peas. The contents of one tin weigh 375 grams for fivepence. But the contents of the tin next to it weigh 425 grams for fivepence ha'penny. Which is cheaper?

Consumers throughout Europe are confronted with mental arithmetic problems such as this in one form or another every day. The calculations are either a feat of mental gymnastics or call for the use of a pocket calculator. Working out the true value for money can turn shopping into a time consuming and mentally exhausting occupation. For example, a product marked up at fourpence stays the same price, but its packaging is changed and 55 grams less is put in the box.

So that consumers can make fair and easy price comparisons before reaching for the money, the European Commission has drawn up a directive - just proposed to the Community's Council of Ministers - on consumer protection in marking and displaying the prices of foodstuffs. In doing this, the Commission has taken another major step towards a Consumer Protection and Information Policy. A preliminary programme was adopted by the Nine in 1975, providing "the establishment of common principles regarding the marking and display of the price per unit of weight or volume."

But clear indication of price per unit measure will be of more benefit to the consumer than purely information. It is also likely to increase market transparency and strengthen competition. And its effect on prices will be anti-inflationary while helping to counter certain types of misleading advertising. Similarly it will probably reduce the commercial advantage of excessive bulky packaging and thereby help reduce wastage.

Some laws

Certain Community countries have been working for some years now on measures to make marking the price per unit of measurement obligatory. Legislation and regulations have been adopted in four Member States.

In Germany, the Law of 11 July 1969 on weights and measures and the order on prepackaging which came into force on 1 January 1972, made unit pricing compulsory for foodstuffs and certain household products. A number of exceptions are possible for products prepacked in standard weight or volume and for some product categories such as luxury foods, ready meals and dietary foods.

In France, Ministerial orders of 16 September 1971, 20 September 1973 and 8 November 1973 deal with publicising selling prices

to consumers. Some categories of prepacked foods must indicate the price per unit of weight or measurement: fish, meat, cooked and prepared cold meats, poultry and rabbits, fruit and vegetables, butter and cheese, rice and meal. There are several exceptions, however, for products sold in statutory quantities or by the piece and products prepacked in multiples or fractions of a kilo.

The United Kingdom's 1974 Act enables the government to request the unit pricing of certain products, prepacked or otherwise. Orders have been made concerning fresh, chilled and deep-frozen meats. An order is being drafted on prepacked fish, poultry, cheese, fruit and vegetables.

The Belgian Royal Decrees of 10 July 1972, 30 January 1975 and 12 February 1975 enable the government to make the marking of price and quantity compulsory. These provisions apply to products sold in bulk and prepacked products - both foodstuffs and household products. Exceptions are made for products marketed by standardised weight or volume.

Other Member States do not have specific legislation but most, especially Denmark, have detailed price legislation. The Netherlands and Denmark have already taken steps towards making unit pricing compulsory.

The European Commission's proposal takes into account legal situations in the different Community countries. It is designed to make unit pricing general in all Community countries.

Consumer habits

A survey carried out in spring 1976 reported that eight in every ten consumers (83%) in the Community said they often checked their change when shopping for food. About two-thirds said they often checked the final bill (66%). Two-thirds replied that they checked the unit price. 65% checked indications on the label or packaging. Only four in ten (42%) often checked the weight of the product they were buying.

Indication of unit prices of goods is by no means a minor problem. The moment a consumer makes his purchase, and particularly a food purchase, he has to make a rapid choice that takes a wide variety of factors into consideration: the nature of the product, the real quantity he actually requires, the quality, the state of family finances and whether to stockpile goods which are on offer, etc. Quite naturally, the consumer bases his decision on the most evident factors. Unless he has a pocket calculator on him, he does not have the means at his disposal to work out the price per kilo or litre.

When the price per unit of measure is clearly marked on the shelf, the consumer will easily be able to compare two different brands of the same product and fully exercise his choice, knowing exactly what he will be getting for his money.

What producers and retailers think

Certain manufacturers maintain that the marking of unit prices will raise prices. Experience has shown, however, that unit pricing tends to encourage competition between producers and help keep prices down, while enabling consumers to choose goods more carefully and profitably.

Retailers raise another objection. Calculating unit prices and labelling goods for them will mean significant additional expense which they will have to pass on to the consumer. But there are certain side-benefits which retailers can accrue from the use of unit pricing. Experience has shown that it can facilitate inventory control and more accurate pricing systems. Unit pricing can even be an economic benefit as far as super-markets and chain stores are concerned.

European Commission proposals

The draft directive on unit pricing adopted by the European Commission covers all foodstuffs for supply to the final consumer and put on sale. It does not include foodstuffs sold between traders or in bulk to trade buyers, whether or not the depots or stores are in the immediate vicinity of the place of sale. It does not include foodstuffs sold in hotels, restaurants, public houses or similar establishments where consumption takes place on the premises. The station 'buffet' will not therefore be obliged to indicate the price per kilo of the ham sandwiches they sell.

The directive will be applied according to three categories: foodstuffs sold in bulk, i.e. unpacked such as vegetables; foodstuffs prepacked in variable quantities (such as cheese, bananas, etc.) and finally foodstuffs prepacked in predetermined quantities (butter, jams, fruit juices, etc.)

Two prices will have to be mentioned: the selling price and the price per unit of measure. 'Measure' means the litre or kilo, except for the UK and Eire where the imperial system will apply. The pound, ounce, pint and gallon are not going to disappear yet.

It is a question of informing the consumer in his best interests. Indication of the unit price will also have to be given in advertisements and brochures where food prices are mentioned. Wherever the sale price is indicated, the price per unit of measure will also have to be given.

It will not be necessary however for every packet to carry the unit price. The Commission is fully aware of what such an obligation would cost the retailer. The directive is flexible about forms of price marking or display. Information concerning the unit price can be presented either by means of labels, shelf-labels, wall charts or posters, etc.

Some foodstuffs such as those kept in refrigerated containers are not easily accessible to the public. In such cases, a poster or wallchart placed nearby indicating the price per kilo or litre will suffice.

Standardised packaging

The Council of Ministers has already adopted, or is currently considering, directives relating to the labelling, presentation and advertising of foodstuffs for sale to the final consumer.

A directive on the 'making-up by volume of certain pre-packed liquids' and a directive on the 'making-up by weight or by volume of certain prepacked products' has already been adopted by the Nine. A proposal for a directive on quantities ranges for certain prepacked goods is currently being studied by the Council of Ministers.

These measures can help consumers make fairer comparisons when shopping by providing more information at their disposal.

In several Community countries (notably Germany, France and Belgium) standard packaging and the marking of unit prices are seen as complementary measures. When foodstuffs are presented in simple standard package sizes, the obligation to mark the unit price will be waived. This should act as a sizeable incentive to use easily comparable standard sizes, thus making shopping easier and less costly.

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From cosmetics, misleading advertising, foodstuff colorants to door-to-door selling: the list of problem areas the Community is trying to resolve is already quite long (see Euroforum N° 10/77). Within this list, foodstuffs for human consumption have a particularly important place. The Community is increasingly helping in the everyday life of all in the Community. Some say too quickly, other say too slowly. In either case the end result is good.

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ENERGY : RATIONALISE NOT RATION

Between now and 1985, one quarter of the Community's industrial investment should go to the energy sector. Even if it does, the 200 billion dollars invested over ten years will still not be enough to reduce the Community's external energy dependence to 50% by 1985. In view of this and the need for a coherent energy policy for the whole Community, the European Commission has decided to draw up some new proposals to put before the Nine's energy ministers when they meet in Brussels on June 14.

Increased financial aid

Community institutions, including the European Investment Bank, have allocated more than 600 million dollars each year to energy since the beginning of 1975. This money has been divided almost equally between coal production, the production and distribution of oil and gas, and the production and distribution of electricity.

In March this year, the Community's Council of Ministers adopted a system of loans (Euratom loans) to increase energy production which will make available more than 500 million dollars for financing nuclear power station projects and the construction of plants for recycling nuclear fuel (including the extraction of uranium).

In the European Commission's view, financial support to the energy sector could be increased in three ways: partly by granting loans and possibly guarantees for supplementary loans; by sharing risks in certain appropriate cases; and finally by encouraging long term contracts to lessen investment risks for the Community's producers.

The loans should go to three principal sectors: production of electricity (particularly nuclear energy), energy saving measures and, finally, improvement of energy transport networks in Europe (for example by extending the network of gas pipelines).

Self-reliance

Reducing wastage is one of the European Commission's major pre-occupations. It's aim is to reduce the previous 1985 consumption targets by 15%. To accomplish this, the Commission has proposed a diverse collection of measures ranging from the operation of heat generators to the production of hot water at home or the rationalisation of energy use in industry. In addition, the Commission has called for the creation of national consultative bodies to help promote the combined production of heat and power in the industrial sector, and also promote district heating.

Scientific research could make a large contribution to the rationalisation of energy. The Commission has proposed a Community budget of around 80 million dollars to aid such research. It should not be forgotten that the Community has massive underground energy resources. This wealth is badly exploited or little known, and should be developed as a matter of priority.

The most promising research projects concern geothermal energy (underground steam outlets, hot water sources and hot rocks) as well as the gasification and liquefaction of coal, of which the Community has relatively abundant reserves.

At the present moment, the price of oil obtained through coal liquefaction stands at about 0.13 to 0.16 units of account per litre (1 u.a. = 1.1 US dollars approx.) whilst the cost of refining normal crude oil is around 0.1 u.a. per litre. It would seem wise, therefore, to begin by producing heavy oil by liquefaction which would work out at around 0.11 u.a. per litre.

A pilot project would put this to the test.

Insulating before heating

The Commission has invited the Member States to intensify their energy saving campaigns and has set an objective of reducing total consumption by 5% by better insulation of buildings. A seven year programme has been proposed (1978-85) at the end of which 30% of homes and 20% of other buildings (with the exception of industrial buildings) should have been modified to cope better with cold and heat.

Priority will be given to buildings that are likely to be used for at least another twenty years. These should have roofs and walls insulated, double glazing should be put in, the efficiency of heating installations should be improved, and thermostats should be installed to reduce heating requirements. Sixty percent of the heat lost disappears through the outside walls, the roof and the floor. The remainder is lost through the ventilation, and windows.

The number of lodgings in the Community is estimated to be around 90 million. About one third could benefit from the programme proposed by the Commission. In addition, there are 3.6 million office and public buildings. If these measures are fully implemented, some 300,000 jobs could be created.

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