

euroforum

europe day by day

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Fortunately no risk of this. The Community has made sure of its food supply (see page 3).

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IN THIS ISSUE

- ++ Agriculture: the consumer cost (p.3)
- ++ Nuclear problems (p.3)
- ++ Generalised preferences (p.3)
- ++ Industrial production index (p.3)
- ++ Action against oil slicks (p.3)
- ++ State of the customs union (p.4)
- ++ Health and safety at work (p.4)
- ++ 100 million viewers in Rome (p.5)
- ++ Coordinating energy research (p.5)
- ++ Steel production (p.6)
- ++ Radioactive waste: international action (p.6)
- ++ Advertising - evil or godsend (p.6)
- ++ Strength in unity.... farmers too (p.7)

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++ AGRICULTURE : THE CONSUMER COST

The Community has 259 m. consumers and 9 m. farmers
The Common Agricultural Policy was introduced to cater for their different interests.

A few facts and figures on how farm policies are affecting the consumer are presented in Annex 1.

++ NUCLEAR PROBLEMS

In December 1974 it was estimated that nuclear energy would produce 160 to 200 gigawatts of electricity by 1984. At present, Community nuclear output will be more like 90 gigawatts.

In Annex 2 Euroforum looks at some of the problems facing nuclear energy.

++ GENERALISED PREFERENCES

The phrase 'generalised preferences' crops up frequently in the jargon of economists and politicians. What does it mean to the ordinary Community citizen?

Euroforum explains the generalised preference system and gives few examples and figures in Annex 3.

++ INDUSTRIAL PRODUCTION INDEX DOWN

The index of industrial production for March went down 1% compared to February (seasonally adjusted). The drop affected most Community countries and particularly Germany. The index did rise however, in France and Luxembourg.

During the first quarter of 1977, industrial production was steady at about 2% above the level of the final quarter 1976.

++ ACTION AGAINST OIL SLICKS

The European Commission has just proposed ways of dealing with oil slicks to the Nine. A data bank could be set up on ways of coping with spillages as well as the introduction of a research programme to develop the technology for collecting and dispersing oil in the sea. The Commission also wishes to study the effects of oil on fauna and flora.

The Commission hopes to set up a group of experts to investigate the causes, circumstances and effects of recent accidents involving oil pollution. The experts could examine the information collected by the Danish authorities concerning the Ekofisk accident, and the

means of preventing such an accident in future and ways of minimising its effects.

Community countries should act in unison against such accidents, even when they affect non-member countries. Protection of the sea is an international problem. The ultimate aim is protecting the interests of future generations.

++ STATE OF THE CUSTOMS UNION

Customs union was a major factor in European integration (see Euroforum No. 20/77). A great deal needs to be done, however, to create a single Community sized market. Common customs duties on all trade with the rest of the world has not yet been achieved. This is the conclusion the European Commission has just transmitted to the European Parliament and the Council of Ministers in a document on the state of the European Economic Community's customs union.

In this document the Commission indicates the measures it should take to improve the movement of goods within the Community, to make the public more aware of the reality of the common market particularly concerning non-commercial affairs, to reduce checks at domestic frontiers, and finally to remove non-customs barriers to the free movement of goods within the Community.

++ HEALTH AND SAFETY AT WORK

Too many industrial accidents and illnesses. Despite the efforts of Community countries, European society is paying a heavy price for productivity. This is why the European Commission has called for a veritable 'coalition' between the appropriate authorities and employers and employees, to deal with gamut of dangers to health and safety that are present in the industrial environment.

The Community's programme on safety, hygiene and health protection at work has a triple objective: to improve knowledge of the problems, to improve means of countering these dangers, and to improve work practices.

This will involve a more precise evaluation of risks and an improvement of prevention methods by systematic exchanges of information and experiences. It will also involve compiling valid and comparable statistics at the Community level (see Euroforum No. 22/77).

Improving prevention methods involves looking at work organisation and the working atmosphere, and harmonising prevention and supervision measures, and integrating the problem of health and safety into the design of workshops, the placing of machines and in product manu-

Improving work practices involves developing a sense of safety through education and training both in school and in industry. Workers, employers and administrators should be united in dealing with the health and safety problems found at work.

++ 100 MILLION VIEWERS IN ROME

Almost one hundred million television viewers were represented in a meeting organised by the European Commission's information services in Rome, June 1-5. The meeting brought together the Community's TV producers who deal with consumer affairs. They represented all the Community's TV networks except Danish television and Télé Luxembourg.

A selection of consumer broadcasts were shown to the TV producers and they were able to exchange views and experiences of each others productions. The European TV producers also had the opportunity to make a 30 minute programme which was broadcast direct by Italian television in its consumer information programme "Filo diretto" (direct line).

++ COORDINATING ENERGY RESEARCH

In 1974 total public expenditure on energy research and development in the Community reached the staggering total of 900 million units of accounts (1u.a. = 1.12 US dollars approx.) distributed in the following sectors:

Energy Saving	10%
Coal	7%
Hydrocarbon	4%
Nuclear	66%
New Energy Souces (thermonuclear fusion, geothermal energy, solar, wind and wave power).	6%
Various (transport, storage, hydrogen)	7%

When such sums of money, and such vital objectives are at stake, it is indispensable that national R + D policies are coordinated. This point has just been emphasised by the Community's Scientific and Technical Research Committee (CREST).

According to its investigations, coordination is probably sufficient in fields such as coal extraction, thermo-nuclear fusion, control of fissile materials, transport of electrical energy, oil and gas. Coordinated action at Community level is still required in sectors as important as energy saving, nuclear safety, production

and use of hydrogen, solar energy, geothermal energy, plutonium based nuclear fuel, energy related environment problems.

++ STEEL PRODUCTION

At the present moment the European steel industry has orders on their books for, on average, one months work at full capacity. In contrast to the rest of the European economy, the Community's steel industry is still in the midst of a deep depression.

For the six months till the end of 1977 the European Commission forecasts production to be as follows.

In Million Tonnes Crude Steel

	<u>3rd Quarter</u>	<u>4th Quarter</u>
Production	33.25	34.8
Real Consumption	29.40	30.9
Exports	6.35	6.5
Imports	2.50	2.5

++ RADIOACTIVE WASTE: INTERNATIONAL ACTION

The geological hazards associated with the storage of long-life highly radioactive waste was the subject of long discussion at the Joint Research Centre at Ispra, Italy between experts from the USA, Japan, Sweden, Norway, Finland, Canada, Austria, Switzerland, and of course, the Community countries.

The experts presented the methodologies of hazard analysis being developed in their respective countries. The methods of analysis used by the different countries vary and it was realised that there was a need for continuous detailed comparison. To accomplish this they envisaged joint research on identical types of geological formation to be covered by bilateral or multilateral agreements. The participants also agreed that a central geological data bank would be of value and suggested that the organisations concerned should study the possibility of creating one.

++ ADVERTISING - EVIL OR GODSEND (cont.)

The debate on misleading advertising goes on (see Euroforum No. 18/77). Should the advertiser be responsible for proving his statements are true or should the consumers have to prove they are false?

The onus of proof normally falls on the plaintiff, we wrote. It seems there are some exceptions to the rule. In the Netherlands, for instance, the rules governing

written publicity require the advertiser to prove his claims.

The debate will however continue if it is the spirit of the law and not the letter that is being questioned.

According to some legal experts, whether it is a murder or a new product, the first person to make any statement should have proof of what he claims, whether his statement is accusation or praise. Why, say the lawyers, should the onus of proof be limited to the plaintiff, as if praise was by nature more credible and indisputable than accusation. With misleading advertising, this is the big question.

++ STRENGTH IN UNITY ... FARMERS TOO

The European Commission wishes to encourage the formation of agricultural producer groups and associations in those Community regions where there are grave structural deficiencies in the supply of agricultural products. A proposal on this has just been sent to the Council of Ministers. It is aimed at Italy where a large number of farms, small in size and insufficiently organised, account for most agricultural production. Only 13% of the value of the country's total agricultural output is marketed by producer organisations (as against 30% to 70% in other Member States), and only 16% of Italian holdings are members of such organisations (100% in several other Community countries).

To encourage the formation of such groups the Commission wishes to spend over a five year period some 20 million units of account (1 u.a. = 1.12 US dollars approx.).

This will be the cost of establishing the solidarity among Italy's small farmers which will enable them to increase productivity and rationalise production.

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AGRICULTURE : THE CONSUMER COST.

The Community has 259 million consumers and 9 million farmers. The Common Agricultural Policy was introduced to cater for their different interests. Below, Euroforum presents a few facts and figures on how farm policies are affecting the consumer.

The Economic Situation

Despite the very high rate of unemployment, disposable household incomes continued to rise in 1976. In real terms, private consumption is estimated to have risen by about 3% as compared with 1.5% in 1975. For a number of years however, the proportion of income spent on food has been decreasing. In 1974 the share of consumer expenditure going on food products and beverages represented 25.1% of private consumer expenditure. Beverages accounted for about 4.5%.

Expenditure on food and drink varies from country to country: 38.7% in Ireland, 35% in Italy against 20.4% in Germany for example.

Eating Habits

Despite the cliches about Italian pasta, German sausages and British fish and chips, European consumption habits are gradually changing. Consumption per head has decreased for potatoes and cereals (for making bread) most fresh milk products and butter. Conversely Europeans eat more fruit and vegetables, more sugar, more meat, more eggs, cheese and fresh cream.

Consumption patterns do differ greatly from one country to another. A Frenchman, for instance, drinks fifty times more wine and three times less milk a year than an Irishman. An Italian housewife uses twice as much fat and vegetable oil but four times less butter than her Irish counterpart.

A few figures

Average per capita consumption of the main food products (maximum, minimum and average) between 1970 and 1974 was as follows:

	<u>Maximum</u>		<u>Minimum</u>		<u>European Average</u>
Cereals	Italy	131	Netherlands	63	84
Sugar	Denmark	49	Italy	30	38
Potatoes	Ireland	122	Italy	39	84
Vegetables	Italy	158	Denmark	50	96
Wine(litres)	France	106	Ireland	2	49
Milk	Ireland	227	Italy	72	102
Meat	France	87	Denmark	57	75
Veg. oils and fats	Italy	22	France	14	17
Butter	Ireland	10	Netherlands	2	6

Supply

Europeans can rest assured they will not be strangled by beef or cheese magnates the way they have been by oil sheiks. It is virtually safe to say that supply of all vital food products is guaranteed. The Community produces virtually all it needs in milk products, pigmeat eggs and poultry meat, common wheat, rye, barley, apples, pears, peaches, wine...

The situation is slightly more worrying concerning animal feeds. Dependence on outside suppliers is almost 80%. The Community continues to depend on one single supplier for 62% of its supplies of oil seeds and fruits, oilcake and starch residues.

Prices

When the Nine's agricultural ministers decide to raise farm prices, the increase does not automatically affect the consumer's pocket. The 7.7% rise in 1976/77 agricultural prices, for instance, only resulted in an average increase in household costs of 0.8% on account of the mechanisms involved (0.5% in Germany, 2% in Italy).

Between 1974 and 1975 the rise in prices of food and drink did not follow the general price rise. The impact of food price rises was stronger in some countries than others (Italy, UK, Denmark), and less in others (Germany, France, Netherlands, Belgium, Luxembourg and Ireland).

Consumer Prices

<u>Country</u>	<u>General Index</u>	<u>Foodstuffs and Beverages</u>
Germany	6.0	5.3
France	11.7	11.1
Italy	17.0	18.5
Netherlands	9.9	7.7
Belgium	12.7	11.3
Luxembourg	10.8	10.6
United Kingdom	24.2	25.1
Ireland	20.9	20.9
Denmark	9.6	10.0

Amongst foodstuffs it was fruit and vegetables which were most affected (+13.4% in Germany and +37.4% in the UK). Meat prices increased most in Italy (+23.8% and least in Germany (+2.8%).

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NUCLEAR PROBLEMS

In the middle of 1976, 91 gigawatts (GW) of nuclear power was developed, under construction or on order in the Community. At this time 125 GW was considered a realistic objective for 1985 according to information supplied by Member States. This figure was already a substantial reduction of the target of 160-200 GW agreed by the Community's ministers in December 1974.

At present it does not seem likely that the Community will have reached more than 90 GW by 1985. The difference between 125 GW and 90 GW is equivalent to 45 million tonnes of oil per year, or 65 million tonnes of coal. If this amount of energy were produced from oil it would mean that our oil imports in 1985 would reach some 700 million tonnes, some 55% of our total energy requirements.

Fast Breeders

Fast breeder reactors might provide a solution to the energy crisis. They consume much less uranium than conventional light water reactors.

Prototype fast breeders have been developed at Dounreay (250 MW) in the UK, and at Marcoule (233 MW) in France. A 282 MW prototype is being built at Kalkar in Germany. France has been building a prototype commercial fast breeder, in association with Italy and Germany, which has been christened Super Phenix. It is not likely, however, that fast breeders will be suitable for full commercial use before 1990. Even this target will require continuous effort in both decisions taken and, importantly, in orders placed without which the fast breeder option will not reach the commercial stage.

Fears have been raised over the new security problems that have emerged with fast breeders. Many are concerned at the amount of plutonium produced by the reactors and the risk of theft for use in a home-made nuclear bomb.

Euratom Supply Agency

In 1976 the market for nuclear power stations remained static and as a result, the Euratom Supply Agency did not record any new orders for long term supplies of natural uranium or uranium enrichment. This was a reflection of the cautious approach of electricity generating companies towards their investment programmes.

1976 was also a year of delays in the construction of new nuclear power stations, growing uncertainty among the general public about the development of nuclear power, direct action against nuclear power taken by individuals and organisations concerned with the protection of the environment, court decisions to halt construction work.

High Temperature Reactors

An experimental 13 MW High Temperature Reactor (HTR) has been in operation for a number of years at Julich (Germany) and a 300 MW prototype is also being built by the Germans, at Untrop-Schmehausen. The possibility of building another prototype for the Community's electricity producers using an alternative technology is currently being investigated. Such a reactor would use a new fuel cycle based on thorium, if it can be devised to minimise the risks of proliferation. The total cost of developing a HTR would be high but the project could be sufficiently interesting to attract the participation of the USA.

Fuel Cycle

The uranium requirements of our current programme are covered till the beginning of the eighties, as long as suppliers respect their obligations as the Community respects its own.

In the Community itself the search is on for uranium, though the chances of finding sizeable deposits are slim. The Community will consequently remain a large importer, with all consequent risks of shortages and supply interruptions through political dispute.

Technical difficulties have delayed progress in the reprocessing of irradiated fuel. This will still have to be stored for a while yet. However, when the reprocessing capacity does become available, we will be able to reduce our uranium needs by 20% and enrichment requirements by 15% not counting the fact that plutonium will then be recyclable for use in fast breeder reactors.

Nuclear Contribution

The share of nuclear power in overall energy demand should look something like this (in %).

	<u>1976</u>	<u>1980</u>	<u>1985</u>
Germany	1.9	6.1	9.2 - 11.0
Belgium	4.7	4.9	10.4
Denmark	-	-	-
France	1.9	8.1	17.4 - 19.8
Ireland	-	-	-
Italy	0.6	1.2	4.0
Luxembourg	-	-	-
Netherlands	1.2	0.9	0.8
U.K.	3.2	4.9	5.1
<u>Community</u>	2.0	1.8	8.4 - 9.4

GENERALISED PREFERENCES

Economists and politicians are frequently to talk of "generalised preferences". But it doesn't necessarily mean a great deal to the average Community citizen. Euroforum explains

End of Discrimination

For centuries trade has been an essential element of foreign policy, and trade discrimination has always been a part of the economic scene: discreet assistance to friendly countries, obstacles to less friendly countries, import bans for hostile countries.

After the second world war, the Western countries introduced a system which prohibited quantitative import restrictions and extended the type of trade conditions normally applied to most favoured trading partners. The system in force today is based on the principle that from the economic point of view the world is one large market in which the most capable will thrive.

Since the beginning of the sixties, however, it has become apparent that the system adversely affects the developing countries, since they are less competitive or not competitive at all. In recent times, discussion has been initiated to work out ways of enabling the weakest countries to participate and survive economically, in world trade.

Following the long negotiations at the first and second UNCTAD (United Nations Conferences on Trade and Development) in 1964 and 1968, the industrialised countries declared their willingness to make an exception to the most favoured nation clause and give preferential customs treatment to all developing countries.

The European Community was the first to apply this system, on July 1st 1971, followed by the USA on January 1st 1976. Special mention should be made of Australia which introduced a preferential system in July 1963 which was replaced by a more extensive scheme on January 1st 1974.

Basis of the System

The preferences are 'generalised' which means that they are granted by all industrialised countries. They are 'non-discriminatory' which means they are applied unselectively to all developing countries. Also they are 'autonomous' which means that they are not the result of negotiations with the country that benefits. These preferences are not reciprocal. The countries that benefit from the arrangement are not obliged to give special customs concessions to industrialised countries.

By way of example, a Community trader who imports electronic calculating machines, such as pocket calculators, from the USA or Japan should pay 14% customs duty - the Community's common tariff. If the same importer receives similar calculators from a developing country he pays no duty as long as the quantities are below the ceiling already fixed. This is the customs arrangement which is preferential, and works to the benefit of calculator exporters in the developing countries and to the disadvantage of exporters of the same product in industrialised countries.

Under the system of generalised preferences, imports are permitted without customs duties up to a certain ceiling level. After this, duties can be imposed.

Agricultural Products

Industrialised countries have, however, been much more reluctant about agricultural produce than industrial goods. They fear that unrestricted imports of agricultural produce from the third world could make life difficult for their own farmers and this would entail having to give costly assistance to their own farmers. At the social level, such a transfer of resources to the farming sector would be at the expense of other economic sectors.

It was only in 1968 that the industrialised countries - at the insistence of the developing countries - declared themselves ready to extend the preference system to farm produce. The Community for its part has given preferential treatment to products for which duties are liable on the external frontiers.

The Community has had to take into account the fact that it has made association agreements with certain African countries based on free trade conditions. It has to take into consideration the interests of these African farmers. By giving preferential treatment to all developing countries the Community is reducing the privileged status of the associated African countries. The same problem arises with a number of Mediterranean countries who are linked to the Community through a series of preferential agreements.

The number of agricultural products included in the system of generalised preferences has increased from 147 in 1971 to 241 in 1976. Progressively the Community's position is softening. In 1977 the number of products should exceed 300. This will represent around 1.25 billion units of account (1 u.a. = 1.12 US dollars approx.) in imports from developing countries not associated to the Community.

Turning Point

Generalised preferences represent a turning point in international relations. They have introduced a new type of relationship based on cooperation between developed and developing countries, and can rightly be considered as an important contribution to the prosperity of the less privileged nations.

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