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Merry Christmas and a pollution free year! The Council of Ministers at least have left one present for the environment (see page 3).

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Directorate General of Information
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Editor and coordinator : Jean Pirlot

++ ENVIRONMENTAL BREAKTHROUGH AT COUNCIL

"Red sludge", toxic waste, bird protection - the environment ministers of the Nine have finally taken the decisions needed to begin cleaning up the environment and also protect our feathered friends.

Euroforum details the environment's Christmas present in Annex 1.

++ THE COMMUNITY'S MONEY

The Community's budget for 1978 will be close to fifteen million dollars. In Annex 2, Euroforum explains where the money comes from and where it goes.

++ AT THE PARLIAMENT

Energy policy, the 1978 budget and the textile industry were all on the busy agenda at the European Parliament's final session for 1977.

Some of the highlights of the debates are presented in Annex 3.

++ HEALTH MINISTERS TO MEET AGAIN

The first meeting of the Nine's health ministers in the Community's history finished with a firm decision to meet again in six months time (see Euroforum N° 44/77), by which time the European Commission will have been able to examine in depth some of the points dealt with at the initial meeting. The ministers have, among other things, requested the Commission to continue its work into certain of the economic aspects of health.

Henk Vredeling, European Commissioner responsible for social affairs emphasised to the ministers that the cost of health is continually on the increase. By 1975, it was more than 120 million dollars for the whole Community. In 1970, Europe's social budget expenditure on health accounted for between 13% and 22% of gross national product (GNP) in Community countries, but increased to between 20% and 29% by 1975.

To improve health education, notably with regard to smoking, the European Commission has been requested to draw up a report on the anti-smoking campaigns in the Community countries, including public information campaigns.

Health inspection at frontiers was also a topic which attracted the ministers' interest and they requested the Commission to examine measures which might be useful to take at the Community level.

++ COMMON POSTAL TARIFF

The European Commission's idea to introduce a common internal postal tariff covering all nine countries has been favourably received by the Nine's ministers for posts, telephones and telecommunications. Under the system, it would cost the same to send a letter from London to Sicily as from London to Southend. An internal tariff is already being applied by the six founder members of the Community in a similar way to the common tariff between the UK and Ireland, and between Denmark and other Scandinavian countries. Why not harmonise this practise for the whole European Community?

The ministers recognised the potential impact this could have, and have requested the Commission to examine the scheme with the various administrations to see if agreement can be reached, and which countries would be likely to lose out.

With the same intention of making our everyday life that little bit easier, the postal ministers also requested the Commission to draw up a proposal for abolishing the customs duties on small packets and parcels. To enable customs officials to be able to identify them, it has been suggested that a special label be produced for such parcels.

++ C.C.C.

At its meeting, 16 December 1977, the Community's Consumer Consultative Committee (C.C.C.) welcomed the European Commission's decision to pursue a "prudent" agricultural policy, taking into account consumer interests. The consumer associations who are members of the Committee decided to closely follow the debates on the subject which are to take place in the Council of Ministers, and they intend to use all their influence with national delegations to support the Commission's position.

The C.C.C. takes the view that agricultural production is still rapidly increasing, whilst consumption is on the decrease, particularly for those products such as milk, sugar and wine, which are already in surplus.

At the same meeting, the C.C.C. has declared itself in favour of the proposed directive concerning consumer credit. Though it has made a few amendments itself, it feels that the proposal responds very largely to the need felt by consumers for improving the information available to borrowers (e.g. by making it obligatory to show the real rate of interest in the contract and to establish a link between the actual sale and the credit contract.)

Finally, the Consumer Consultative Committee adopted a declaration on the directive on foodstuff colourants recently proposed by the European Commission. The Committee expressed its satisfaction with the fact that the European Parliament, the Economic and Social Committee had both supported the position of the consumer representatives. It requested the European Commission to take this fully into account in its discussion at the Council of Ministers, and be particularly attentive to consumer interests.

++ EDUCATION : EUROPE STARTS TO MOVE

Pupils, teachers and administrators will be traversing Europe in the months to come. The European Commission and the Community's Education Committee have decided to encourage contacts and exchanges as part of its first Community education action programme.

Dr. Guido Brunner, European Commissioner responsible for education was also able to announce that between now and 1981, some 1,300 people will take part in study sessions throughout the Community. Three groups will be the principal beneficiaries of these visits : the higher education specialists, secondary education administrative personnel, and specialists in vocational training and counselling.

For the benefit of students, the European Commission has just published a "Students Guide" dealing with higher education in the Community, which will enable the student to find out who to apply to, what choice of studies is available, what qualifications they involve, how to obtain a grant, where to find accomodation, what social security system will be applicable, etc. The "Student's Guide" can be purchased from the Office for Official Publications, PO Box 1003, Luxembourg.

Courses organised jointly by higher educational establishments will also be awarded subsidies bringing to 58 the number of subsidies given by the Commission over the past two years, and benefitting 127 institutions of all disciplines. These joint study programmes encourage student mobility and help towards the mutual recognition of academic qualifications and courses undertaken.

Education does not of course end on the last day at school. The transition from school to working life causes serious problems for the less academically minded people. For this reason, the Community has allocated close to 15 million dollars (i.e. half the budget of the education programme) to give support to 25 or 26 pilot projects which, by 1980, will improve the chances for young people of succeeding when they join the world of work.

++ POVERTY BATTLE CONTINUES

The European campaign against poverty is to continue for three more years, the Council of Ministers had decided. The programme was originally launched in 1975 for an initial two year experimental period, with a view to developing new means for helping society's poorest social groups (see Euroforum N° 41/76, 5/77, 30/77, and 33/77).

The Commission has decided on a budget of 14.25 million European Units of Account (1 EUA = 1.12 US dollars approx.) as a contribution to projects which will cost some 30 million EUA over the coming three years.

The largest project receiving Community support concerns the reorganisation of the social services of Padua in Italy, and the smallest project is a legal assistance programme for Wolverhampton.

++ FOOD PRICE FREEZE

At a meeting in London to discuss the Common Agricultural Policy, the European Bureau of Consumer Organisations called for a freeze on the prices guaranteed to farmers for food-stuffs such as butter, milk, sugar, wine, cereals, beef and veal which suffer from surplus production.

According to BEUC, the CAP should be transformed into a Common Food Policy which would include an agricultural policy but would give consumers as much importance as producers. An overall food policy would meet all the consumers needs for reasonable prices, good quality and security of supply.

BEUC takes the view that farming conditions vary widely, and that the assistance given indirectly through a prices policy is ineffective. If certain farmers are to be assisted for social reasons, it should be more equitable if the aid came from taxes rather than from increased food prices.

++ HOUSING MIGRANT WORKERS

The accomodation which migrant workers are forced to take both reflect and accentuate the many discriminations which they are subject to. This is the general impression contained in a report on housing migrant workers which has just been published by the European Commission.

Edited by Mr. J. Delcourt of Louvain University, the report analyses the results of a vast survey undertaken for the European Commission by 30 experts through the Community, on the housing conditions of foreign workers. Anthropologists, social geographers, economists, psychologists and

sociologists have produced their own findings which are independent of both the European Commission and national administrations.

The report points out that for a modest dwelling, the foreign worker pays DM 3.84 per square meter, where a German national would only be asked DM 2.67 per m² - a difference of more than 40% to the detriment of the migrant worker.

In Denmark, 90% of the dwellings are equipped with a bath, central heating or both, whereas only 56.5% of those dwellings inhabited by migrant workers have such facilities.

In France, 30% of the native population live in conditions of 2-4 per room as against 47% for migrant workers. In Germany, 3.5% of the native population live 2-4 per room against 26% of foreign workers.

To improve the lot of the migrant worker, the report tentatively suggests setting up a Community fund to improve accomodation for foreign workers.

++ LAWYERS AND CONSUMERS

At the same moment in different parts of the Community, members of the "European Consumer Law Group" held press conferences expressing their support for the directive on product liability proposed by the European Commission.

The lawyers stressed the importance of introducing the principle of strict liability according to which manufacturers are responsible for the damage caused by a defective product, whether they were aware of the fault or not.

To improve the Commission's draft, the lawyers suggested certain amendments, particularly regarding the burden of proof. It should only be the responsibility of the consumer to prove the damage and the probability of fault, and relate the cause to the effect, and not as it is proposed in the directive, i.e. to have to prove that the product was defective and establish the relationship between the defect and the damage.

The lawyers also recommended, amongst other things, that restitution for moral damage should be explicitly catered for in the Community directive.

++ CIVIL AVIATION AND RESEARCH

In 1977 more than 400 million European units of account
EUA (or 480 million US dollars) were spent in the
Community by public authorities to support civil
aeronautical research. This includes financial aid
given to companies as well as grants given to universities
and other national research centres. The breakdown is as
follows:

Germany	65,532,400
Belgium	2,354,300
France	151,707,400
Italy	16,200
Netherlands	5,657,400
UK	175,167,200
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Community	400,434,900

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ENVIRONMENT BREAKTHROUGH AT COUNCIL

A better environment was the Christmas present agreed by the Community's Council of Ministers at their meeting December 13th, where proposals concerning toxic waste, red sludge and bird protection were given the green light. Luc Dhoore, Belgium's Minister for public health and the environment and acting President of the Council was justifiably pleased as he closed the meeting, since a number of important dossiers which had been stuck in the Council pipeline for some time, can now see the light of day. His Danish successors for the next six months of the Council Presidency will have a much more 'livable' Europe to preside over. Lorenzo Natali, European Commissioner responsible for environment was also understandably pleased with the outcome.

Red sludge

The most spectacular decision taken by the Community's environment ministers deals with the infamous "red sludge" - the red coloured waste produced by the Community's nineteen titanium dioxide factories. By 1987 these factories will be forced to progressively eliminate the pollution - particularly sea pollution - they have been causing (see Euroforum N° 38/76).

The problem is not an easy one. Experts estimate that each ton of titanium dioxide (TiO_2) manufactured creates 12-20 tonnes of waste. In addition, the cost of anti-pollution equipment is extremely high and can amount to as much as 25% of production costs. The basic problem has been how the Community can maintain its position as the world's leading TiO_2 producer without pricing itself out of the world market, or without continuing to pollute Community waters.

Back in autumn 1976, the European Commission drew up a three point plan to resolve the problem: dumping of waste should require prior authorisation; regular ecological monitoring of waters receiving the wastes should be undertaken; the quantities of wastes should be progressively reduced.

Following a complex debate involving both ecological and economic considerations, the environment ministers agreed on the principle of a Community directive based on the European Commission's three point plan.

TiO_2 factories will now have to obtain prior authorisation for their principal waste disposal operations whether it be dumping in the sea, storing underground or on land.

In addition, the environment where these factories are disposing of these wastes will be subject to ecological monitoring, as will the wastes themselves.

By July 1st 1980, Member States will have to draw up national programmes for reducing the pollution caused by their own TiO₂ factories. These programmes will be coordinated at the Community level. New factories will have to have approval of the country concerned and approval will not be given unless they use low-pollution processes.

Member States will be keeping the European Commission fully up to date on the situation in their countries and will supply periodic reports assessing the reduction in pollution levels caused by the "red sludge".

Toxic wastes

There are of course other factories producing wastes which are more toxic and dangerous than the "red sludge". The Community does not wish wastes containing substances as dangerous as arsenic, asbestos, cadmium, lead, mercury etc. to be dumped without any control. The Community's environment ministers agreed to this in principle at their last meeting in June (see Euroforum N° 11/77). At the December meeting, they formalised this agreement.

Factories will be required to separate toxic and dangerous wastes from other effluent, identify them, mentioning the substance on the packaging, and receive authorisation for storing them. Over the next two years, each national government will have to draw up a national waste disposal programme - the factories themselves will foot the bill. New potentially dangerous chemical products which come on the market will be assessed by a newly created "Committee for Adaptation to Scientific and Technical Progress", and if necessary added to the list of regulated products.

Mr. d'Ornano, France's Minister for Culture and the Environment stressed to his colleagues at the meeting, the usefulness of having more frequent, less formal and more political meetings. Reiterating the ideas put forward by France's President Valéry Giscard d'Estaing (see Euroforum N° 45/77), Mr. D'Ornano argued for the introduction of a European resources policy. His ideas will be discussed in detail at the next meeting of environment ministers in Spring 1978.

Birds

Some of our feathered friends will be able to breathe a sigh of relief : the number of bird species which can be legally hunted and traded is to be reduced. Following a proposal

drawn up by the European Commission, the environment ministers agreed in principle to reduce the number of species which may be hunted from 120 to 70 and limit the ways in which they may be hunted. All that now needs to be done is to fix the list of species which may be traded.

The bird habitat is another subject which came in for consideration and the Council has requested the European Commission to draw up an inventory of the zones where special protection is required.

Air pollution

The air we breathe is seriously polluted by sulphur compounds and the European Commission's proposals to reduce the level of pollution was favourably received by the Council of Ministers. The Commission proposes to determine criteria for sulphur dioxide and suspended particles (black smoke) in the atmosphere, to establish quality standards for these substances, and finally it intends to encourage the use of fuel-oils with low sulphur content (see Euroforum N° 37/77).

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THE COMMUNITY'S MONEY

Throughout the month of December, the European Community's budget for 1978 has been scrutinised by a number of European bodies - the Brussels Summit, the Council of Ministers, the European Parliament, the European Commission. What they are discussing in fact, is a sum of around 15 billion dollars and the public is quite justified in asking itself just what exactly the Common Market will do with all this money. Will it really be just wasted in building butter mountains or filling wine lakes, or paying for a useless army of Eurocrats? The moment has come for explanations.

Who foots the bill?

Just where does the fifteen billion dollars come from? Though we know it's the taxpayer who ultimately foots the bill, how much does he actually pay and how are the allocations worked out?

The ultimate aim has always been to finance the Community budget from its "own resources", which will, in fact, be possible for the first time in 1978. Up until now, most of the money has come from Member States in the form of contributions which were decided every year. Under the new system, a small part of the Value Added Taxes (VAT) applied in Community countries will be paid directly to the Community to finance its budget. In 1978 the rate levied will be 0.63% and though it can vary from one country to another, it will never be greater than 1%. The Community does, however, have to reimburse to Member States up to 10% of these "own resources" to cover the costs involved in collecting this money. On top of this, the Community receives money from other sources, particularly from taxes on agricultural goods, and customs duties.

It does not seem likely, however, that all Member States will have adopted the required legislation in time to be able to apply the "own resources" system immediately. Those who have not adopted the necessary provisions will continue, as in the past, to pay a contribution, whilst the others - as long as there are at least three countries - will start to apply the new system straight away.

Financial contributions in 1977 : (in million EUA)

Belgium	700.7
Denmark	249.6
Germany	3,428.0
France	1,928.2
Ireland	37.0
Italy	1,008.1
Luxembourg	16.6
Netherlands	1,039.7
UK	<u>1,171.6</u>
<u>Total</u>	9,579.5

The EUA (European Unit of Account) is the symbolic unit of currency now used in calculating the Community's finances. Its value varies slightly every day according to currency fluctuations on the foreign exchange markets (see Euroforum N° 45/77). At the beginning of December, the EUA was worth 60 pence; 2.6 DM; 2.8 Fl.; 7.1 DKr; 5.7 F.F; 1.2 US dollars; 1,024 Lira

The size of the Community budget is impressive, but what does it mean in real terms? In 1977, Europeans paid on average 1,573 EUA to their own governments and 37 to the Community. More precisely, the average amounts paid by each country, per head, was as follows:

	<u>Contribution to Community budget</u>	<u>Contribution to national budget</u>
Belgium	2,953 FB	103,047 FB
Denmark	325 Dkr	17,490 Dkr
Germany	148 DM	5,216 DM
France	202 FF	7,373 FF
Ireland	8 Pounds	736 Pounds
Italy	17,797 Lira	1,003,409 Lira
Luxembourg	1,915 FLx	96,067 FLx
Netherlands	216 Florins	1,412 Florins
UK	14 Pounds	1,020 Pounds

In 1977 therefore, the Community budget amounted to some 9,600 million EUA. This figure, enormous as it seems, only represents 2.76% of total national expenditures.

In comparative terms, the Community budget is relatively small. It is scarcely larger than the budget of Bavaria which is only one of the many "Länder" in Germany. (Bavaria = 25.2 billion DM, Community = 25.8 billion DM). The national budget of a relatively small country like Belgium amounts to 963.6 billion Belgian francs which is more than double the Community budget which amounted to 396.5 billion Belgian francs in 1977. The Dutch government works with a budget of 85.3 billion guilders, whereas the Community only had 27 billion guilders in 1977. There again, in the same year, governmental expenditure in Denmark amounted to 88 billion DKr, whilst the Community's was only 63.3 billion DKr.

In France, the budget given to the Ministry of Education - 55 billion FF - is itself larger than the Community budget - 53.3 billion FF.

A comparison with the UK's budget shows that the Community budget of 6.2 billion pounds is only marginally higher than the government's budgetary deficit this year which stands at 6 billion pounds. The same is true for Italy : the budget deficit - 9,000 billion lira - for 1977 was only slightly less than the Community's total budget of 9,500 billion lira. The Irish government's budget for 1977 amounted to 3.7 billion pounds, whereas the Community's budget for more than 260 million people was only 6.2 billion pounds.

All this demonstrates that for the size of the Community and the number of people it is working for, the budget it has is relatively modest.

Where does the money go?

The main budgetary expenditures for the Community in 1977 (EUA) and their relative importance are presented below:

I. COMMISSION

a) intervention credits

- agricultural sector	7,288,503,600	75.92%
- social sector	158,352,500	1.65%
- regional sector	318,600,000	3.32%
- research, energy, industry, transport sectors	220,778,700	2.30%
- cooperation and de- velopment sector	308,026,000	3.21%

b) operational credits

- salaries, rents, etc.	485,810,000	5.06%
c) reserves and repayments	633,499,300	6.60%

II OTHER INSTITUTIONS

Council of Ministers, European Parliament, Court of Justice, etc.	186,295,000	1.94%
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TOTAL	9,599,865,100	100.00%

When the European Commission first drew up the budget for 1978 (see Euroforum N° 23/77) it was very conscious of the need for stringency in public expenditure and consequently trimmed it as much as possible, choosing to concentrate its efforts most on those areas where action at a Community level could be more effective than at the national level.

a) Common Agricultural Policy

Quite evidently the lion's share of the Community budget goes to the Common Agricultural Policy (CAP). This is hardly surprising since it is the only area where there is a truly common policy i.e. a policy drawn up jointly, administered by the Community and financed from the Community budget.

Most of the money allocated to the CAP goes to support agricultural prices. The European Agricultural Guidance and Guarantee Fund (EAGGF), as its name implies, serves to guarantee the income of the Community's farmers; it intervenes on the market when agricultural prices fall below the agreed minimum. The EAGGF money therefore goes directly to the Community's farmers.

By helping to guarantee farm prices EAGGF ensures a guaranteed food supply (which is a justifiably major preoccupation in an underfed world) and price stability for consumers (which is as important for the ordinary consumer as for governments trying to keep down inflation).

EAGGF also provides subsidies to improve farming efficiency throughout the Community.

b) Aid to less well off

The next largest item of expenditure after EAGGF are the European Social Fund (vocational training and retraining), and the European Regional Fund (assistance to impoverished regions and

social groups). The money contributed by Member States is thus redistributed back to the Member States, though not necessarily in the same proportions.

A certain amount of the Community budget also goes in assistance to third world countries.

c) Energy, research and industry

Research is expensive but why should researchers work alone in their own small laboratories when they could pool their resources and their knowledge and obtain better results? The Community has financed and undertaken an impressive number of research projects which range from thermo-nuclear fusion to oil exploration, not to mention developing alternative sources of energy and improving the safety of nuclear reactors, the re-processing of radioactive waste, health protection, industrial safety and environmental protection.

Part of the research budget is devoted to the work of the Joint Research Centre (JRC) but a large proportion goes to finance work undertaken by other laboratories and research centres throughout the Community. Thus, in another way, the money contributed to the Community budget finds its way back to its country of origin.

To help reduce the Community's dependence on outside countries, for its energy, a number of uranium and hydrocarbon exploration projects have been conducted under the patronage of the Community. Many other energy research projects have received Community finance, notably those working on the conversion of coal into gas.

To give support to those industrial sectors which most suffer from international competition, the Community has begun awarding investment premiums. The shipbuilding and textile industries will also draw on the Community budget in 1978.

The total money allocated to research, energy and industry in 1977 amounted to 2.3% of the budget.

d) Operational expenditure

The costs of operating the Community institutions only takes a small share of the 1978 budget (4.4%). This is made up of salaries, property rents, maintenance costs, cost of information distribution and payments of a small number of subsidies and grants.

Though it is often accused of employing too many people and paying them too generously, the Community is in fact a relatively economical employer. In 1977, the European Commission employed 8,032 people (not including researchers at

the JCR). About 35% of these people are employed in translation and interpretation - an indispensable activity when you consider there are six main languages spoken in the nine Community countries.

The number of officials employed by the European Commission is not very great if the number of tasks for which they are responsible is taken into consideration. The directorate general for agriculture, for example, has 625 people to deal with the whole Common Agricultural Policy, whilst Germany's Ministry for Agriculture alone employs 896 people and, if the officials of the individual "Länder" were included, it would amount to over 20,000 people dealing with agriculture in the different German administrations.

It is also said that the Eurocrats' salaries are high. In fact they are much lower than the average salaries of governmental officials posted abroad. In 1977, salaries accounted for only 3.55% of the total budget.

The remainder of the budget covers reserves, repayment to Member States of the costs incurred in collecting Community taxes, and the operating costs of the other Community institutions such as the European Parliament, the Office for Official Publications, Council of Ministers, the Economic and Social Committee, Court of Justice and the Court of Auditors.

This is the breakdown of the Community's budget but who is in fact responsible for the budget?

Budgetary procedure

The European Commission makes the first draft of the budget. This draft goes to the Council of Ministers who discuss it at length, and forward it with their revisions to the European Parliament where it is also amended, then returned to the Council of Ministers.

The Parliament has the last say over certain areas of the budget. Areas such as the Social Fund and the Regional Fund are not considered as obligatory (were not set up in the founding treaties). It is also the President of the European Parliament who declares that the budget has been adopted.

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The European Community is now nearing the point where it will be financed entirely from its "own resources" and then the role of the European Parliament will become crucial. It is consequently vital that Europe's voters can directly elect their representatives to the Parliament by direct universal suffrage. Europe's voters will thereby have direct control over what happens to their money in the Community.

AT THE PARLIAMENT

A debate on nuclear energy opened the last session of the European Parliament for 1977 and a large number of Parliamentarians took up positions in favour of nuclear energy though, as stressed Gerhard Flämig (Germany, Socialist), the concern that has been expressed regarding this type of energy cannot be simply dismissed.

John Osborne (UK, European Conservative Group) was supported by German Christian Democrat, Werner Zeyer, and French Liberal, Jean-François Pintat in deploring the tendency displayed by some Community governments to reduce investment in the period up to 1985. His argument was reinforced by Danish Progressive European Democrat Uwe Jensen who declared his disappointment with the "very passive" attitude of the European Commission who, in his opinion, should come out unambiguously in favour of the development of nuclear energy.

A number of speakers complemented Dr. Guido Brunner, European Commissioner responsible for energy, on the public hearings on nuclear energy which he had promoted.

Question time (a procedure introduced to the Parliament by the UK members) was the occasion for the President of the European Commission, Roy Jenkins, to discuss the relationship between the Commission and the Parliament. He pointed out that during the previous eleven months of 1977, the Commission had adopted 68% of the amendments proposed by the European Parliament as opposed to 52% in 1976. Another positive indicator was that during the previous month there was agreement between the Commission and Parliament on 20 out of 21 texts sent to the Council of Ministers.

To improve contacts between the Commission and Parliament even more, the European Commissioners have accepted that as a general rule, each Commissioner should meet the Parliamentary committee dealing with his subject at least once a month.

Recalling the Summit of the Community's leaders in Brussels, Henri Simonet, Belgium's Minister for Foreign Affairs and acting President of the Council of Ministers, praised Roy Jenkins' initiative on economic and monetary union, and stressed that Mr. Jenkins had taken the proper political responsibility of the President of the Commission.

"The Commission is not simply the guardian of the founding treaties but an eminently political organisation".

For Mr. Simonet, economic and monetary union remains the basis for building a true Community.

Roy Jenkins returned the compliment to Mr. Simonet in saying that as Council President, he had been able to make progress in various areas, find compromises and use his incomparable energy and ingenuity to produce the results that are before us today.

In the same atmosphere of courtesy, the European Parliament took up firm opposition to the Council of Ministers regarding the Community's 1978 budget. For many areas, and especially the European Regional Fund, the European Parliament - backed by the European Commission - demanded an increase in the budget. Conforming to the instructions given by the Summit, the Council of Ministers had only accepted a few of the changes and amendments proposed by the Parliament.

Will the European Parliament reject the budget as it is empowered to do, and risk a major political crisis with incalculable consequences? To do so would probably reinforce the mistrust of those who do not wish to increase the powers of the Parliament when it is directly elected. The discussion was still quite virulent in the budget committee and in the corridors.

The Parliament finally decided to be firm but moderate. The agreed amendments are slightly less than what is acceptable for the Council of Ministers. In this way, further negotiation will be indispensable. Only with the agreement of the President of the Parliament can the 1978 budget be finally adopted.

The Community's textile industry employs 4 million people, 60% of whom are young people. This figure, drawn from a report by Tom Normanton, justifies the Parliament's concern for the future of the textile industry.

The problems of this industry constitute a test for the Community, Mr. Normanton explained. In the short term, we have to reconcile the interests of European producers and producers in developing countries whose standard of living is, in some cases, desperately low. In the long term, the situation of the textile industry is probably one in which a large number of other industries will find themselves in the decades to come as the developing countries begin to industrialise.

François-Xavier Ortoli, Vice-President of the European Commission, emphasised during the discussions that a sectoral policy would not be sufficient to resolve the problem, since the textile crisis should not be resolved at the expense of other workers nor to the detriment of other countries. With this in mind, Mr. Ortoli stressed the need for the Community to stick resolutely to its free trade philosophy.

PRESS AND INFORMATION OFFICES OF THE EUROPEAN COMMUNITIES

BELGIUM

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

DENMARK

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

FRANCE

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

GERMANY

53 BONN
Zitelmannstrasse 22
Tel. 23 80 41

1 BERLIN 31
Kurfürstendamm 102
Tel. 8 92 40 28

IRELAND

DUBLIN 2
29 Merrion Square
Tel. 76 03 53

ITALY

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

LUXEMBOURG

LUXEMBOURG
Bâtiment Jean Monnet B/O
Rue Alcide de Gasperi
Luxembourg-Kirchberg
Tél. 43011

NETHERLANDS

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

UNITED KINGDOM

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

CARDIFF CH1 9SG
4 Cathedral Road
Tel. 371631

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

CANADA

OTTAWA, Ont. K1R 7S8
350 Sparks St.
Suite 1110
Tel. 238 64 64

CHILE

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

GREECE

ATHENS 134
Vassilisis Sofias 2
T.K. 1602
Tel. 743 982/83/84

JAPAN

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

SWITZERLAND

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

TURKEY

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

UNITED STATES

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

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