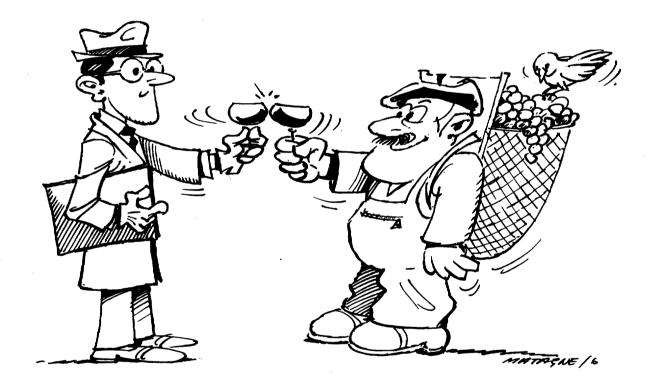
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europe day by day

Brussels, 21 February 1978 No 7/78



Both wine drinkers and wine producers want better wine, so what can be done? (see page 3)

X/100/78

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++ COMMISSION PROGRAMME FOR 1978

Roy Jenkins, President of the European Commission, presented the Commission's programme for 1978 to the European Parliament on February 14.

Extracts from his speech are presented in Annex 1.

++ REDISTRIBUTION OF JOBS TO HELP UNEMPLOYMENT

By 1985, the number of Europeans of working age will have increased by more than 9 million and with fewer people retiring, the Community's current unemployment problem is likely to get worse. A partial solution to the problem could be a more equitable redistribution of jobs combined with an overall employment strategy.

In <u>Annex 2</u>, Euroforum presents the Commission's ideas on the <u>subject</u> and possible courses of action it would like to see taken.

++ LONG LIVE THE SUMMER WINE

It is generally recognised that the whole of the Community's wine industry needs to be restructured, but whilst we're waiting, a number of measures could be taken to stabilise the market.

In Annex 3, Euroforum outlines the measures proposed by the European Commission.

++ UNITED BRANDS FACE COURT OF JUSTICE

In 1975, the United Brands company (ex United Fruits) was fined one million units of account (1 u.a. = \pm 1.2 dollars) by the European Commission for abuse of its dominant position over a large part of the Community's market for bananas.

United Brands appealed to the Court of Justice which, in its ruling on February 14, upheld three of the charges and dismissed one. The fine was reduced slightly to 850,000 u.a.

The Court maintained that the multinational had broken Community competition rules by:

- practicing discriminatory prices, i.e. unequal prices for the same goods;
- forbidding its distributors to resell green bananas, which was tantamount to a straight resale ban, given the problems of transporting bananas;
- not allowing one of its principal Danish wholesalers to sell "Chiquita" bananas for two years without giving objective reasons.

The Court partially dismissed the charges of inequitable pricing. The Court found the case not proven by the Commission. To establish that the prices are excessive (i.e. have no reasonable relationship to the economic value of the goods provided), the Commission should, according to the Court, have obtained from the company all the constituent elements of its prices. This would have enabled the size of the profit margin to be assessed.

In ruling against a "dominant position", the Court bases its decision on the following factors "the economic power of a company is not measured by its profitability. A low profit margin or temporary losses are not incompatible with a dominant position."

++ RESEARCH COORDINATION

A first Community research programme for medicine and public health has just been adopted by the Council of Ministers of the Nine. The programme was drawn up at the initiative of Dr. Guido Brunner, European Commissioner responsible for research, with the assistance of the Community's Medical Research Committee (CRM). Between 1978 and 1980/81 the Commission will coordinate research work in Member States in the following three sectors:

- cellular ageing and reduced functional capacity of organs

The health problems of the aged are a major social and medical problem, which have never been accorded the importance they deserve. It is necessary to coordinate the numerous small research projects dealing with: analysis of the deterioration of ageing organs (liver, eyes, immunisation system, etc.) to obtain a better understanding of the physiological ageing process.

- extracorporeal oxygenation

The "iron lungs" which hospitals currently are equipped with have a maximum operational period of 5-10 hours. This is not long enough for post operative treatment for heart and lung operations, for example. Current efforts to improve results will have a greater chance of success if all nine countries combine their efforts.

- congenital abnormalities

Congenital abnormalities are one of the principal causes of still birth, infant mortality and child disablement. The number of cases apparent in any one single country is insufficient to provide useable data. Only a Community effort can provide statistically valid results. The aim of the operation is to monitor and register the occurence of malformations and to take the necessary corrective action at the right time.

This research work will cost about 10 million units of account. The Community's contribution will be 1.09 million u.a. (1 u.a. = \pm 1.2 dollars).

++ JAPANESE CARS IN EUROPE

The Japanese share of the European car market is increasing and in 1976 alone, the Nine imported some 487,629 Japanese vehicles. The market share by country is as follows:

	1975	<u>1976</u>	1977 (Only provisional figures for three countries available)
Community	4.61%	5.40%	-
Belgium	16.70	18.40	20.00
Denmark	14.70	16.40	· _
Germany	1.60	2.00	-
France	1.55	3.20	3.60
Ireland	8.90	11.40	-
Italy	0.20	0.20	- -
Netherlands	15.50	16.80	-
U.K.	9.04	9.40	- -
Luxembourg	10.70	11.50	10.00

++ UNEMPLOYMENT ACTION DAY

The European Trade Union Confederation (ETUC) representing some 39 million workers - has decided to organise, on April 15th, a European action day against unemployment. On the same day, all trade unions in the Nine affiliated to the ETUC will approach their governments to demand an expansionary employment policy.

Various other actions are being planned to draw attention to the current "intolerable level of unemployment".

"We need a selective, planned, coordinated policy as the only base for a veritable upswing in Europe". This policy should be based on three factors:

- meeting existing demands (education, housing, health, leisure, etc.), more equitable distribution of income, increase in the purchasing power of workers;

- directing investment towards sectors producing socially useful goods and services;
- reinforcing the public sector, particularly the public tertiary sector;
- utilising technological progress to create jobs rather than take them away;
- reducing working hours.

++ END OF DUTCH PHARMACEUTICAL AGREEMENT

Following the Commission's intervention, the "Pharmaceutische Handelsconventie" (PHC) has been terminated. This marks the end of a cartel which had controlled the marketing of pharmaceuticals in the Netherlands. Almost all the country's manufacturers, importers and dealers belonged to the association and between them accounted for between 80 and 90% of total sales of pharmaceutical products in the Netherlands. Some 70% of medicinal preparations sold in the Netherlands are imported, mainly from other Member States.

The Commission considered that the PHC rules governing trade in pharmaceutical products infringed the Community's rules of competition.

The restrictions did not contribute to improving the Dutch market, but simply protected it to the detriment of consumers.

++ CONSUMERS AND THE PARLIAMENT

Consumers are the subject of the first issue (January 1978) of the Bulletin published by the Socialist Group of the European Parliament (3 blvd. de l'Empereur, 1000 Bruxelles). The Bulletin aims to cover the work of the Group and also the European socialist parties.

++ CONSUMER LAW TRAINING

Consumer law is still unknown territory, not only for the basic consumer himself, but also for the activists in consumer organisations, and industrial executives. In France, a Consumer Law Education association has been set up (10 rue Lacretelle, 75015 Paris) as a non-profit making company proposing to organise training courses for: councils who wish to offer consumers and traders in their areas an initiation into the elementary regulations; teachers, company executives or consumer association officials who already have a legal economic or history background, and are in need of further training in consumer law.

++ NUCLEAR SAFETY STANDARDS

All the countries who are currently developing nuclear power have laid down their own technical safety standards and reactor safety. Safety in fuel reprocessing installations is currently covered by some 2,800 regulations. The Nuclear Standards Committee of the German Standards Institute has drawn up a catalogue of these regulations at the request of the European Commission. It provides a complete list of relevant documents from many countries and is designed to encourage the gradual harmonisation of technological safety standards in nuclear installations and in particular assist the work of the Community's "light water reactor working group".

This report (EUR 5849 EN) which is an updating and revision of the 1975 edition, is available (only in English) from : the Office for Official Publications, P.O. Box 1003, Luxembourg, price £24.

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COMMISSION PROGRAMME FOR 1978

The European Commission's programme for 1978 was presented to the European Parliament, 14 February, by Commission President, Roy Jenkins.

Energy policy, which "is of vital importance for the Community economically and politically", was given prominence as was agricultural policy whose aim is "to ensure security of supplies to the consumer at reasonable prices, and a fair standard of living for the producer". Also discussed was external policy - Community relations with the developing world and the possible accession of Greece, Portugal and Spain.

Greatest emphasis, however, was given to the Community's economic situation and the vicious circle of growth, inflation and unemployment....

"The greatest problem which now faces the Community is the state of its economy. More than any other international grouping, we live by trade, both within the Community and with others outside it. This is not an easy time for any industrial society. We face the associated problems of inflation, high unemployment and relative lack of growth. The aims of the Commission are two-fold. In the shorter term, we are concerned with emergency action to sustain industries which for reasons I do not have to give are no longer fully competitive or no longer fulfil their original purposes. In the longer term, we are concerned to promote the economic growth which will enable us to provide employment and prosperity for our citizens, and give us the opportunity to become once more the exemplars rather than the laggards of world economic progress....

This means that the Community must launch sectors of growth which will strengthen its industrial capability through greater technological advance. The time has come, and the chance is there, to make real advance in Community ventures in the fields of aerospace, data processing, electronics components and telecommunications. We have no right to pass up these opportunities for growth. It would be quite intolerable for a Europe in crisis not to exploit its own vast market in the high-technology sectors. At the same time we must recognise that the attempt to restore competitiveness to declining industries will not, in itself, or in the short-term, tackle the problem of unemployment. The present reality is of 6 1/2 million unemployed. The future reality between now and 1985, is of a further 9 million young people added to the Community labour force and looking for jobs. This is not merely an economic problem : it is tragic for individuals and it could threaten the foundations of our society, and its institutions. We cannot be complacent about our existing means of tackling this problem.

alarm bells need to be sounded. No national economy in the Community is exempt from the prospect of present levels of unemployment persisting, or indeed growing. No national government offers, in my view, a long-term solution and this in itself is a hindrance to any general economic revival.

What in these circumstances can the Community do? First, our sectoral and regional policies must be put together in a coherent way, and we must build on last year's successful steps.

The pursuit of these policies and their coordination is essential but they will never in themselves be a fully satisfactory medium-term answer to our economic difficulties. Hence there must in our view be a second level of operation, not just supplementary to the first, but different in kind. Our need is for a new economic impulse on an historic scale, and we believe this can be given in the Community by a redefined and faster move towards economic and monetary union."

Extracts from the Commission's memorandum detailing the 1978 programme are presented below. We have selected from the many subject areas dealt with, projects in the field of social and agricultural policy and actions which could assist the environment and consumer interests.

Employment and social policy

The subjects for the next Tripartite Conference are: (1)

- examination of the opportunities offered for creating jobs by a better distribution of the work available;
- examination of the opportunities for creating jobs in the tertiary sector (including the public sector);
- examination in relation to employment, of the constraints imposed by the international situation on the competitiveness of European industry;
- the relationship between investment and employment: examination of the conditions for the kind of growth that will create new jobs.
- (1) See Euroforum Nº 21/77 for subjects of 1976 and 1977 Tripartite Conferences.

The Commission will report on these subjects to the Standing Committee on Employment and the Economic Policy Committee in the first half of the year; they reflect its main preoccupations with regard to employment. In this connection the Commission

will take a number of measures, most of which come under the 1978 economic and monetary action programme.

For example:

European Social Fund

After the decisions taken last year (concerning women and the least-favoured regions), which will be implemented this year, the Commission will send to the Council, during the first six months, a proposal concerning Community assistance, via the European Social Fund, to promote the employment of young persons and to strengthen the link between post-school training and employment. This proposal will be based on an assessment of the measures taken in the Member States.

Social aspects of restructuring and conversion in priority industries

The Commission is endeavouring to implement a consistent social policy for certain industries which are in difficulty. To supplement restructuring policies already formulated, particularly for shipbuilding, the Commission will propose social measures to help workers in these industries whose jobs are affected. Social policy will be an integral part of the restructuring and conversion policy which is being developed in the steel and textile industries.

Working conditions and social welfare

As regards the social protection of workers, during the second half of the year the Commission will send to the Council a proposal introducing an obligation on the part of management to inform and consult staff or their representatives, and during the first half of the year it will make a proposal for a Directive on the protection of workers in the event of the employer's bankruptcy.

As regards the <u>organisation of work</u>, the Commission will transmit to the Council:

- in the first half of the year, a proposal for a Directive on night work (to be accompanied, also during the first half-year, by a memorandum on shift work);
- in the second half of the year, proposals to give effect to the action programme on health and safety at work once it is adopted by the Council.

After the first meeting of the Ministers of Health, the Commission will send to the Council during the second half of of the year communications on:

- the economic aspects of measures in the health sector;
- what might be done at Community level to promote health education (on matters such as addiction to tobacco, abuse of stimulant drugs by sportsmen and nutrition), and to combat certain transmissible diseases:
- the advisability and practical possibility of introducing a medical record card.

Common agricultural policy

In 1978 the Commission's principal concern is to have the Council adopt the proposals made at the end of 1977 concerning:

- a cautious price policy and the restoration of the balance between supply and demand on markets with structural surpluses;
- improved market organizations for the products of the Community's Mediterranean regions and improved agricultural structures for these same regions;
- the adaptation of the socio-structural directives to the needs of the economic situation and the preparation of new measures to help solve structural problems in certain lessfavoured areas;
- the elimination of obstacles to a single market for example, monetary compensatory amounts (see 1978 economic and monetary action programme).

CONSUMERS AND ENVIRONMENT

With the prospect of direct elections to the European Parliament in the near future, the Commission's main concern will be to stress the role and involvement of the Community in the lives of its citizens and, conversely, the role which the citizen can and should play in the life of the Community. The ongoing concern - evidence of which is given by appropriate information programmes - finds practical expression in the development of specific measures of direct consequence to the citizen - e.g. the promotion of consumer interests, environment policy, education and cultural and personal exchanges.

Promotion of consumer interests

As regards the physical protection of consumers, the Commission will send to the Council (in the second half of the year) a proposal for a Directive on the safety of toys - accompanied by technical standards - and will make a proposal for Community action to gather information on accidents in the home caused by the use of certain products.

On the promotion of the economic and legal interests of consumers, proposals for Directives on unfair terms in contracts, premium offers and the informative labelling of textiles will be sent to the Council intthe second half of the year.

Lastly in the field of consumer information, the Commission will send to the Council in the second half of the year a proposal for a Directive on the unit pricing of household products; this will supplement - for the non-food sector - the proposals already before the Council.

Environment policy

The Commission will concentrate on the following priority themes:

- water management,
- the environmental impact of chemicals,
- noise abatement,
- prevention of environmental degradation,
- nature conservation.

Water Pollution

As regards the control of water pollution, the Commission will send to the Council in the second half of the year:

- a proposal for a Directive on measuring methods and sampling frequency,
- a proposal for a Directive on the quality of water for agricultural use.

The Commission will also lay before the Council, in the second half of the year, proposals for Directives on certain particularly harmful pollutants. In addition, if the negotiations now under way are successful, the Commission will ask the Council to take a decision for the Community to sign and subsequently conclude the Protocol on the Protection of the Mediterranean Sea against Pollution from Land -based Sources. In the second half of the year, the Commission will make a proposal for a Directive on systems of imposing charges for polluting water.

Environmental impact of chemicals

In the first half of the year the Commission will send to the Council the proposal for a Directive on the control of certain hazardous industrial activities in which highly toxic and persistent substances are used. As regards the impact of new substances on man and the environment, the Commission will, in the first half of the year, make the necessary preparatory moves for negotiations with the US Environmental Protection Agency for the mutual recognition of the laboratories and data covered by American legislation and by the Community Directive which has already been sent to the Council. In the first half of the year, the Commission intends to set up a Scientific Advisory Committee on Toxicology.

Noise abatement

In the second half of the year the Commission will make two new proposals on household equipment and certain types of construction equipment. It will also send in the same period a Recommendation on the reduction of noise caused by light propeller aircraft.

Prevention of environmental degradation

In the second half of the year, the Commission will report on the procedures adopted in the Member States for assessing the environmental impact of measures likely to have such an impact.

Nature conservation

In the second half of the year the Commission will present proposals for the application throughout the Community of the Washington Convention on International Trade in Endangered Species of Wild Flora and Fauna.

DISTRIBUTION OF JOBS TO HELP UNEMPLOYMENT

Between 1975 and 1985 the population of the Community is expected to increase by 4.4 million whilst the working population (the age group capable of working or looking for work) will increase by an estimated 9.7 million, i.e. twice the rate for the whole population.

The high increase in the working population is due to the high birth rate of the sixties combined with a drop in the number of workers retiring. This trend will very likely be reversed after 1985, but the number of women looking for jobs will continue its constant increase. The current unemployment level stands at over 6 million and the addition of a further 9 million people on the job market by 1985 will very likely aggravate the Community's unemployment problem further.

The European Commission has been looking at a number of approaches to the problem: relocation of industry, the relationship between investment and employment, and the creation of jobs in the private and public tertiary sector. The Commission has also been looking at specific job creation measures (particularly for the young) and ways of stimulating the development of active policies for the job market. This work is already under way.

Another remedy has been proposed: to redistribute the work available to maximise employment for all workers. The Commission has been examining this approach and studying the most equitable redistribution of jobs. The findings have been presented to Community governments, employer organisations and trade union organisations to widen the debate.

A complementary solution

In the Commission's view a better redistribution of work would not be a miracle solution to remove unemployment. It is intended to be one solution among many and would rely on more volunatrist economic policies.

If jobs can be better redistributed, great progress will have been made in two fields: it would imply a basic respect for the European citizen's right to work, and would help reverse the deterioration of working conditions found in some sectors. A new redistribution of jobs could entail certain risks: it might penalise the categories which are already worst off, and encourage undeclared labour.

The Commission draws attention to the importance of minimising the inconveniences of a new redistribution. Reducing the

working year should be of benefit to people in difficult or dangerous professions. All redistribution measures will cost money of course, both to industry and to the economy, but these costs have to be compared with the high costs of unemployment - both in financial terms and the cost to society. The costs should be equitably distributed between the various parties concerned and the public authorities. Finally, a job redistribution policy should take into account the constraints which international competition imposes on industries. This could be accomplished more easily perhaps if job redistribution measures are discussed both at the Community level and even wider levels.

What can the Community do?

In the Commission's view, the possibility of Community action should be investigated in the following areas:

- effectively reducing the working year in the Community though the levels need not be the same in all nine countries. The Commission intends to encourage negotiations between both sides of industry on this point.
- limiting overtime. The Commission could look at ways of discouraging or limiting recourse to overtime, for example by introducing compensatory holidays.
- limiting shift work. The Commission envisages sending the Council of Ministers a first concrete proposal on night work regulations.
- extending training rights. The Commission is looking at ways of improving young people's access to training in the transitional phase from school to work. It could also be an opportune moment to encourage permanent educational and training holidays throughout the Community.

Certain other complex questions have, in the Commission's view, to be looked at closely. In particular, flexibility of retirement age, the role of temporary employment agencies, and part time work. Any redistribution of jobs should not aggravate the job discrimination already experienced by women.

These are basically guidelines. Agreement on any programme for an equitable redistribution of jobs would ultimately depend on the social partners. The Commission, however, wishes to widen the debate and stimulate and promote it. It is fully aware of the costs, risks and limitations of the approach, but governments, trade union representatives and employer representatives have to balance these risks with the greater threat posed by higher unemployment, which appears to be the outlook for the future.

LONG LIVE THE SUMMER WINE

One bottle of wine produced in the Community is worth two from anywhere else, a Frenchman would say without any shadow of a doubt. The Community however has only one quarter of the world's vinyards, but with more than 310 million hectolitres/year, this accounts for more than half of world production. Most exports of "plonk" or quality wine produced within the EEC are sold to Community countries and intracommunity trade has been growing constantly since 1970 when the common wine market was set up.

Trade has not always developed in a harmonious way, however, and in 1976 there was even a "wine war" between France and Italy. Since then, the Nine has been taking a number of measures to utilise our production potential to the full and improve the quality of our produce.

To produce fine quality wines in the Community, the Community's wine industry needs to be restructured and proposals on this will soon be presented by the European Commission. These will, for example, restrict high yield and low quality produce and encourage production in those areas most suited.

These structural reforms will, however, need a number of years to bear fruit. To improve production quality during this transitional period, the Commission wishes a number of measures to be taken immediately:

- to set up a European inter-trade table-wine organisation;
- to prescribe compulsory storage of a certain quantity of available table wines in case of surpluses;
- to be able to ban trade in table wines at below the "floor price" for a certain period when the wine market is in serious trouble:
- to encourage producer groups.

Inter-trade organisation

The Commission recommends setting up an inter-trade organisation at the regional national and European level to bring together the wine producers, traders and processors. This organisation would be the sole representative at the Community level and would participate in the decision making process.

Compulsory storage

Up until now the common wine market has only been subject to voluntary private storage - a system which has not proved

particularly effective. The European Commission proposes that the Community should have the power to "block" 30-50% of wine production over a maximum six month period. Such measures would be taken at the request of the inter-trade organisation in cases where surplus supply could cause prices to fall. The cost of storage and consequent bank charges would be met by giving aid to the wine stockists.

Floor price

Whenever wine output forecasts indicate a serious market crisis, the Council should, in the Commission's view, have the power to ban all transactions below the floor price for a certain period. The Commission stresses that this would amount to an anti-crisis system of a temporary nature, and would be "degressive" over the four years of its operation, 1979-1982. The level of the floor price and the determination of the degressive factors are currently being worked on by the services of the Commission before the proposals are sent to the Council of Ministers.

Encouraging producer groups

The Commission wishes to give special advantages to recognised producer groups which contribute to improving the quality of wine. These groups would benefit from increases in prices for distilled wine and storage assistance.

Wine consumption per head/year:

	1974/75	<u> 1975/76</u>	1976/77	Forecasts 1977/78
Community	51 litres	50 litres	49 litres	48 litres
Germany	23	23	23	24
France	103	103	102	97
Italy	103	97	92	89
Netherlands	10	10	11	11
Belgium	15	15	15	16
Luxembourg	40	46	44	42
United Kingdom	6	4	5	6
Ireland	2	2	3	3
Denmark	11	12	11	12

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