

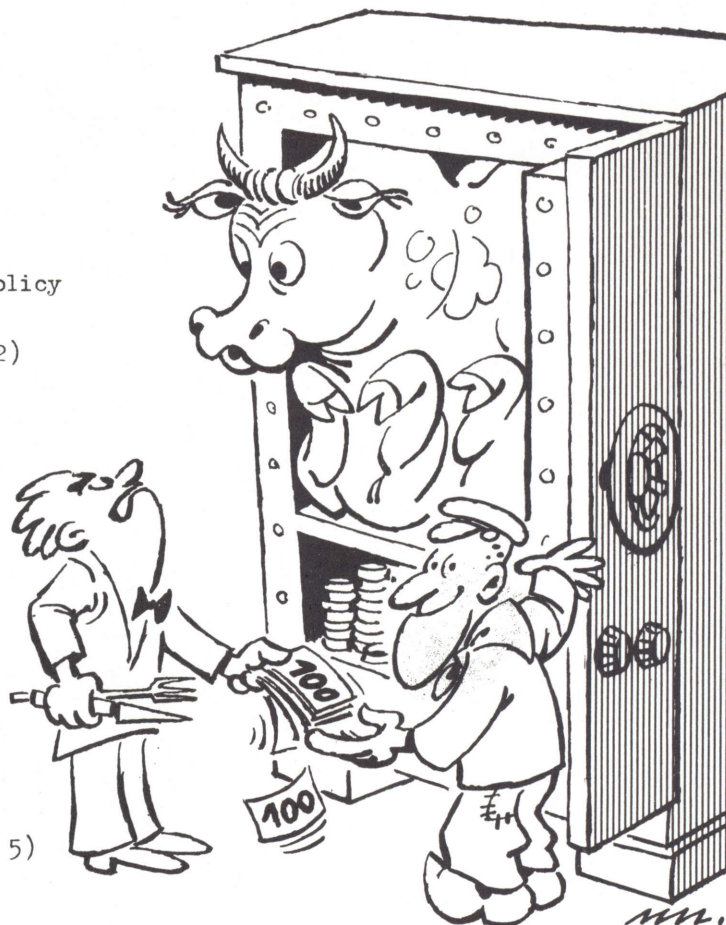
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- ** Consumers are only too ready to point an accusing finger at the COMMON AGRICULTURAL POLICY. They claim that it costs too much, that food prices in the Community are considerably higher than on the world market.

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ANNEX 1 gives some facts which are essential to a complete understanding of the problem.

** The facts about the MULTINATIONALS: this is what the European Commission hopes that its survey of some 9 500 multinational companies will establish.

ANNEX 2 explains why the Commission is showing such an interest in these large companies.

** The Statistical Office of the European Communities recently published new statistics on taxation in the Member States.

ANNEX 3 gives some interesting details of tax revenue, tax burdens and differences between systems.

** The Standing Committee on Employment is meeting on 3 June to discuss UNEMPLOYMENT AMONG YOUNG PEOPLE, illegal immigration into Community countries and possible emergency action under the European Social Fund. One working document to be discussed by the Committee compares figures for young people out of work in 1973 and 1974 with total unemployment:

Country	Definition of "young people"	Number of young people unemployed		Total unemployment		Date of calculation
		1974	1973	1974	1973	
B	14-25	54 431	33 210	158 785	119 563	31.12.74
DK	16-25	31 635	6 257	67 100	18 600	23.10.74
F	16-25	331 500	187 500	723 500	460 600	31.12.74
D	15-25	158 051	51 007	556 876	219 271	30. 9.74
I	see note	333 504	298 886	1 020 094	973 331	30.11.74
IRL	15-18	858	388	89 077	68 125	27.12.74
L	15-21	71	42	140	69	31.12.74
NL	15-25	61 391	38 209	163 263	117 120	30.11.74

Note: In Italy "young people" means persons seeking first employment and persons under 21 years of age.

** A scientific symposium recently organized by the European Commission on "Hardness of DRINKING WATER and public health" revealed that there is a connection between soft water and the increase in cardiovascular complaints. With work under way on the preparation of quality standards for water for human consumption, the symposium highlighted a number of prerequisites, including the need for a minimum concentration of calcium and magnesium

in drinking water to give the required hardness, the need for standards imposing strict limitations on the presence of undesirable or toxic trace elements, and the need to consider the potential contribution of sodium and potassium.

At a practical level it was essential to guard against the potentially harmful effects on health of upsetting the physico-chemical balance inherent in the composition of drinking water by water-softening, mixing hard and softened water etc. These processes should be carefully monitored, both from the technical and analytical points of view. If this were not done, the changes in water structure which are sometimes necessary to ensure the well-being of users and the satisfactory operation of domestic appliances could well represent a hazard to public health.

** CONSUMER policy was one of the issues discussed by Mr Scarascia-Mugnozza, Vice-President of the Commission, in a statement to the Economic and Social Committee. On the protection of consumers' economic interests Mr Scarascia-Mugnozza announced that government experts were studying a Commission proposal on consumer credit and product liability. The Commission would shortly be referring draft directives to Member States on misleading advertising and door-to-door sales. The Commission had also initiated a study of arbitration procedures, courts and other methods of awarding damages, in the matter of compensation to consumers. To ensure that consumers were properly informed, work was now under way on labelling and food pricing. Mr Scarascia-Mugnozza went on to point out that in the current inflationary situation, which was of concern to all households, it was essential for consumers to have a voice in price fixing, even though price policy was, of course, a part of general economic policy.

** Mrs Carettoni Romagnoli, Mrs Goutmann and Mrs Iotti, all Members of the European Parliament, are worried about the position of WOMEN who are UNEMPLOYED and the use being made of the European Social Fund to promote vocational training and retraining schemes for women. In a Written Question to the European Commission they pointed out that so far applications from Member States for the benefit of women have been practically non-existent. In its reply the Commission agreed that applications specifically connected with the provision of increased employment for women were very rare but pointed out that the proportion of women engaged in operations employing both male and female workers was appreciably lower than the proportion of women in the labour force. In its Communication on equality of treatment between men and women workers, which was presented to the Council in February 1975, the Commission expressed the opinion that more use could be made of the Fund's potential if a more determined effort were made in areas in which the Fund can intervene and if the Fund were given more publicity at national and local level. The Commission for its part has already done a great deal to disseminate information. Numerous steps have been taken to inform public and private

institutions. The possibilities offered by the Fund have also been outlined in many meetings organized in Brussels and elsewhere for organizations and groups of all kinds, notably groups concerned with women's affairs. It should be emphasized that the Commission itself is not in a position to ensure that information reaches the appropriate quarters; if the Commission's efforts are to be effective they must be backed by a "relay system" in the individual countries.

** In 18 months' time, metal, glass and plastic AEROSOL DISPENSERS will have to meet European specifications if they are to be marketed in the Community. Requirements concerning pressure, capacity, volume, labelling and serial numbering are set out in detail in a Directive recently adopted by the Council. The person responsible for marketing the aerosol dispenser will be required to ensure that it conforms to the European standards but the Member States may carry out the following inspection test: the test pressure will be applied for 25 seconds to five containers selected at random from a homogeneous batch of 2 500 unfilled containers. If any one of these containers does not pass the test, ten additional containers will be drawn at random from the same batch and put through the same test. If any one of these aerosol containers does not pass the test, the whole batch will be declared unsuitable for use.

** The Council recently adopted three measures which should promote the free movement of PHARMACEUTICAL PRODUCTS. The first of these is a Directive introducing a set of common standards in respect of the examination of applications for authorization to market proprietary medicinal products, the manufacture of such products, imports from non-member countries and the professional qualifications of persons responsible for manufacture. A second Directive deals with the approximation of the laws of Member States in respect of the analysis and testing of proprietary medicinal products. Finally, the Council set up a Pharmaceutical Committee to encourage permanent consultation between national administrations and the Commission with a view to ensuring that the common provisions are uniformly applied.

** The Commission has always attached great importance to consultation and close cooperation with TRADE UNIONS. This cooperation finds concrete expression in the Economic and Social Committee and the ECSC Consultative Committee, two bodies created by the Treaties, and in the Standing Committee on Employment set up by the Council Decision of 14 February 1970.

A "Social Partners' Office", responsible to the President of the Commission, was set up in 1974 to ensure permanent contact with both sides of industry. Among other things this Office ensures that both sides of industry are consulted on a regular basis by the Commission, notably on economic and social problems.

In addition a regular information service is provided by the Trade Unions Division of the Directorate-General for Information.

Lastly, contact and consultation with the trade unions is ensured through the various committees attached to the Directorate-General for Social Affairs (for example, the Advisory Committee on Freedom of Movement for Workers, the Producers' and Workers' Committee on Industrial Safety and Medicine, the Joint Committee on Agriculture and Sea Fishing etc.). Trade union representatives will also be involved in the management of the European Vocational Training Centre and the European Foundation for the Improvement of Living and Working Conditions.

- ** The Council Decision officially setting up the European Foundation for the IMPROVEMENT OF LIVING AND WORKING CONDITIONS was adopted on 27 May 1975. The aim of the Foundation (see I&S No 1/75) will be "to develop and to pursue ideas on the medium- and long-term improvement of living and working conditions in the light of practical experience and to identify factors leading to change".
- ** The European Commission has expressed dissatisfaction at the way in which the Community Regulation on the harmonization of certain social legislation relating to ROAD TRANSPORT has been implemented in the five years since it came into force. It has produced a report giving a comparative outline of trends observed in Member States as regards minimum ages, driving periods and rest periods. Various laws, regulations and administrative provisions have been passed in all the countries concerned but a number of labour organizations have expressed the opinion that the Community Regulation has had no positive impact on the actual safety and working conditions of the personnel concerned. Admittedly this situation can be explained by the initial difficulties inherent in the implementation of new provisions, but there is no doubt that the system of control and penalty measures must be strengthened. Otherwise the European Regulation will be disregarded by employers and workers alike.
- ** At its recent General Assembly the European Community of Consumer Cooperatives, EURO COOP, confirmed its commitment to European unity. The relevant section of the Resolution which was adopted unanimously reads as follows: "The economic crisis has shown us how fragile the Community still is. It has, however, also taught us that we have an urgent need of the Community to be able to overcome this crisis and to find a better solution to consumer problems."
- ** The EUROPEAN OFFICE FOR THE ENVIRONMENT has recently moved into its new offices in the Musée royal des sciences naturelles in Brussels. The Office, which was founded in December 1974, provides a link between Europe's environment associations and the

European institutions. It prepares recommendations for presentation to the European institutions to ensure that environmental considerations are not forgotten when decisions are taken at European level. The President of the office is Mr Louis-Paul Suetens and its new address is: 31, rue Vautier, 1040 Brussels (Tel. 02/647.01.99).

** A symposium on NUCLEAR ELECTRONICS, organized by the Joint Research Centre of the Commission of the European Communities, was held in Stresa, Italy, from 20 to 23 May. It dealt with the utilization of electronics for equipping nuclear plants and the extension of the techniques of nuclear electronics to other fields such as ecology and biomedicine. Particular emphasis was placed on the impact of new computer components resulting from progress in micro-electronic technology. The symposium, organized in response to a demand from scientists, was not confined to Europe: there were more than 350 participants from 25 countries, including the United States, the Soviet Union, Rumania, Hungary, Poland and Israel.

CONSUMERS AND THE COMMON AGRICULTURAL POLICY

Consumers are only too ready to point an accusing finger at the common agricultural policy. They claim that it costs too much, that food prices in the Community are considerably higher than on the world market. Prices would be much lower, they argue, if there was no interference with the laws of supply and demand...

Because their vigilance is to be welcomed an effort must be made to supply consumers at every available opportunity with the information they need for a complete understanding of the problem.

Everyone would agree that the aim of any agricultural policy must be to ensure regular supplies at reasonable prices. But reality falls far short of this ideal. World markets are buffeted by massive fluctuations provoked by various factors, not least the activities of speculators operating in industrial countries which are major producers of commodities, and the revolt of workers and producers in developing countries who are no longer prepared to toil for ridiculously low earnings in return for the privilege of supplying low-priced commodities to consumers in industrialized countries who are much better off than they are. If we are to be realistic, we must accept that low prices on the world market are a thing of the past.

It is true that in 1969/70 the world market price for common wheat was 5.11 u.a./100 kg (1 unit of account = ± US \$1.2) as compared with 10.95 u.a./100 kg in the European Community. But by 1973/74 the situation was reversed: the world price was 14.94 u.a., the Community price 11.86 u.a. Even in May 1975 the prices were 9 and 13.5 u.a. respectively.

Another commodity which provides a striking example of fluctuating world prices and relatively stable European prices is husked rice. In 1969/70 husked rice could be brought for 10.27 u.a./100 kg on the world market, the Community price at that time being 19 u.a./100 kg; but by 1973/74 the world price had soared to 35.49 u.a./100 kg while the European price had risen to no more than 21.47 u.a./100 kg. In May 1975 the world price was 27.1 u.a./100 kg as against 24.3 u.a./100 kg within the European Community.

It is interesting to note that in many cases world prices have overtaken European prices. But there is the further point that, even for commodities which are priced lower on the world market than on the Community market, increases on the world market are much more rapid and irregular.

European consumers who advocate the abolition of protection for Community production in the belief that the laws of supply and demand would enable them to procure supplies at stable and relatively low prices are gravely mistaken. If demand from European buyers on

the world market were to increase, selling prices would creep up steadily. At the same time there would be a real danger that Community production, now guaranteed by relatively stable prices, would disappear. The resulting state of dependence for supplies of food and feedingstuffs would be every bit as dangerous as the present situation for oil and consumers would be the first to suffer.

It is true that there is a need for some form of discipline on the world market. It is also true that an attempt must be made to promote trade at prices which ensure a fair return to developing countries and countries of the Mediterranean area. This is in fact the aim of Community policy, borne out most recently by the signing of the Lomé Convention.

European consumers also maintain - and here they have a point - that guaranteed prices should not be fixed in such a way as to ensure a fair income for all farmers, regardless of geographic and climatic conditions, regardless of farm structures, regardless of farming methods. They cannot see why the consumer should be expected to subsidize farm incomes unconditionally and regardless of cost. In this they join forces with the advocates of direct income subsidies to all farmers other than those who are assured of a fair income from sales of produce.

The European Community has taken a first step in this direction by subsidizing the incomes of hill-farmers and farmers in less-favoured areas. The Commission has also proposed that aid be granted to farmers who are unable to undertake modernization or reconversion, or to go into early retirement. But the cost of the operation led to rejection of the proposal by the Member States.

The common agricultural policy is in a constant state of evolution. In its recent stocktaking review the Commission criticized the policy and made suggestions for its improvement. Indeed so uncompromizing was its attitude that Mr Peart, British Minister of Agriculture, Fisheries and Food, was moved to comment that, thanks to its flexibility in a constantly changing world economy, the common agricultural policy had in fact proved far more successful than would appear from the review.

The following table gives some idea of world market prices and EEC entry prices for a number of commodities over the last few years:

<u>COMMON WHEAT</u>			<u>DURUM WHEAT</u>		
Marketing year	EEC price	World price	Marketing year	EEC price	World price
1969/70	10.95	5.11	1969/70	16.36	7.12
1971/72	11.28	5.39	1971/72	16.82	6.61
1972/73	11.75	7.67	1972/73	17.38	9.61
1973/74	11.86	14.94	1973/74	26.46	22.73
May 1975*	13.50	9.07	May 1975*	19.95	17.78

HUSKED RICE

Marketing year	EEC price	World price
1969/70	19.06	10.27
1971/72	20.91	10.22
1972/73	21.31	18.58
1973/74	21.47	35.49
May 1975*	24.39	27.15

BARLEY

Marketing year	EEC price	World price
1969/70	9.94	4.90
1971/72	10.14	5.48
1972/73	10.57	7.70
1973/74	10.68	11.12
May 1975*	12.31	7.35

MAIZE

Marketing year	EEC price	World price
1969/70	9.69	6.09
1971/72	9.61	5.58
1972/73	10.32	7.24
1973/74	10.43	10.68
May 1975*	11.96	8.86

WHITE SUGAR

Marketing year	EEC price	World price
1969/70	22.35	7.51
1971/72	23.80	15.75
1972/73	24.55	19.30
1973/74	24.80	37.52
May 1975*	30.80	36.32

BEEF

Marketing year	EEC price	World price
1969/70	68.00	46.18
1971/72	72.00	53.96
1972/73	76.63	68.26
1973/74	86.20	77.50
May 1975*	99.92	57.00

PIGMEAT

Marketing year	EEC price	World price
1969/70	70.82	51.56
1971/72	78.50	60.14
1972/73	77.46	52.69
1973/74	85.82	65.59
May 1975*	-	-

EGGS

Marketing year	EEC price	World price
1969	63.43	42.00
1971	64.76	40.00
1972	65.25	41.00
1973	63.27	57.00

BUTTER

Marketing year	EEC price	World price
1969/70	191.25	31.18
1971/72	195.80	114.35
1972/73	201.15	80.82
1973/74	192.33	60.08

SKIMMED MILK POWDER

Marketing year	EEC price	World price
1969/70	54.00	14.20
1971/72	60.00	56.31
1972/73	67.00	46.25
1973/74	77.59	49.72
-	-	-

OLIVE OIL

Marketing year	EEC price	World price
1969/70	115.25	71.94
1971/72	118.75	77.51
1972/73	124.70	99.76
1973/74	137.17	140.45
May 1975*	128.85 (CIF)	134.95

Sources: Statistical Office of the European Communities

*European Commission's Directorate-General for Agriculture - May 1975

THE FACTS ABOUT THE MULTINATIONALS

The European Commission hopes that its survey of 9 500 multinational companies will establish the facts about the multinationals to provide it with a reliable basis for the adoption of provisions to ensure that these companies develop along lines which correspond to the interests of the European Community as a whole (see I&S No 42/74).

The Commission has been interested in the activities of multinational companies for some time. In its November 1973 communication to the Council (see IRT No 210), the Commission pointed out that these companies met the optimum operating requirements of the prevailing economic and social climate. It stressed the need to encourage the transnational integration of industrial structures in member countries by cooperation, mergers and even the formation of multinational companies. It went on to say, however, that the growing hold exercised by multinational companies on economic, social and even political activities was causing sufficiently widespread concern, in particular as regards employment, competition and tax evasion, to warrant implementation by the Community of a number of measures aimed at protecting workers and safeguarding the general interests of industrial and developing countries.

More recently, in its proposal for a European Company Statute (see I&S No 18/75) forwarded to the Council on 5 May 1975, the Commission detailed the responsibilities of companies opting for this statute with regard to shareholders, creditors, employees and the community at large. The new statute, once approved, will of course be optional; companies will elect to adopt it to facilitate expansion in countries other than their country of origin.

It is probably safe to assume that the new statute's main appeal will be to the multinationals. Nevertheless any measures applicable to these companies must be backed by an accurate knowledge of their structure, and in particular of what they represent in the context of the world economy. This is what the Commission hopes to ascertain from its preliminary survey.

In the first phase of the survey companies are being asked to give the following information:

- name and head office;
- principal and secondary areas of activity;
- turnover before group tax;
- total number of employees;
- total number and location of subsidiaries in various countries.

Multinational companies throughout the world are involved in the survey and information is computer-processed as and when received. Since the survey is still in progress, the Commission has not yet decided whether its findings should be published.

TAXATION IN THE COMMUNITY

The Statistical Office of the European Communities recently published new statistics on taxation in the Member States giving details of tax revenue, tax burdens and differences between systems.

For purposes of international comparison, tax revenue and social security contributions are grouped under the same heading. The sharpest increases in revenue from taxes and social security contributions between 1968 and 1973 occurred in Denmark (56%) and Luxembourg (52%); the rise was average in the Netherlands (47%), Germany (45%), Belgium (44%) and Ireland (39%), smaller in France (33%) and considerably lower in Italy (19%) and the United Kingdom (8%).

The tax ratio (revenue from taxes and social security contributions as a percentage of gross domestic product) varies sharply from country to country. The countries with the highest ratios are the Netherlands and Denmark with 45% and 43% in 1973, followed by Belgium (38.1%), Germany (37.7%), Luxembourg (37.6%), France (35.8%); the United Kingdom (33%), Ireland (32.4%) and Italy (30%), the countries with the lowest per capita incomes in the Community, also have the lightest tax burdens. A further interesting point is that in the United Kingdom this ratio has fallen since 1970, as it did in Italy between 1972 and 1973. By contrast, the tax ratio increased from 1968 to 1973 in the other member countries, with the exception of France, where it remained unchanged: Denmark: +8.1%, Luxembourg: +6.3%, Netherlands: +5.5%, Germany: +4.4%, Belgium: +3.5%, Ireland: +3.2%, France: about 0, Italy: -1.2%, United Kingdom: -2.1%.

There is also no uniformity in tax structures in the Community. The proportion of indirect taxes (in particular value added tax and excise duties) in total revenue from taxes and social security contributions ranges from 27% in the Netherlands to 58% in Ireland, while the proportion of direct taxes (taxes on income and wealth) ranges from 18% (France) to 58% (Denmark).

1973 was the first year in which value added tax was applied in all Community countries. It yielded 24% of total revenue in France, 18% in Belgium and Denmark, 16% in Ireland and Italy, about 15% in the Netherlands and Germany, 12% in Luxembourg and 7% in the United Kingdom.

Taxes on income and wealth account for 58% in Denmark, 42% in the United Kingdom, 18% in France and 22% in Italy. The share in the other member countries varies between 30% and 36%. Italy and France are the countries in which direct taxation is lightest, but they also have the highest proportion of social security contributions (41% and 38%). In other countries, such as Denmark, social security benefits are partially financed out of general taxation.