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\*\* At the summit meeting held in Paris in December 1974, the Heads of Government of the nine States of the Community confirmed the importance they attached to the reports on EUROPEAN UNION to be made by the Community institutions.

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*The information published in this bulletin covers the European Communities' activities in the fields of industrial development, protection of the environment and consumer welfare. It is therefore not limited to recording Commission decisions or opinions.*

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ANNEX 1 analyses the report prepared by the European Commission on the nature, fields of competence and institutional structure of the European Union.

\*\* The CONSUMERS' Consultative Committee of the European Community met recently in Brussels under the chairmanship of Mr Anthony Dumont of the British Consumers' Association.

ANNEX 2 reports on some of the burning issues raised at this meeting.

\*\* Large quantities of PAINTS, VARNISHES, ADHESIVES and the like are marketed and used every day. But some of them can be dangerous.

ANNEX 3 gives details of what the European Commission is proposing to ensure that these products can be used in complete safety by consumers throughout the Community.

\*\* RAW MATERIALS have become one of the major issues in the current debate between developing and industrialized countries.

The European Commission would like the Community to adopt an unambiguous, constructive approach to the problem. Details are given in ANNEX 4.

\*\* The results of the BUSINESS SURVEY carried out by the European Commission in May show that production forecasts in the Community as a whole continue to be optimistic. However, this management opinion has not been confirmed by an upswing in new orders, nor has the increase in confidence been reflected in an upturn in production. The labour market situation in the Community deteriorated further in the spring. Although the unadjusted number of unemployed in several countries dropped slightly, seasonally adjusted unemployment showed a sustained rise. Consumer prices in the majority of member countries accelerated in April, with figures for the Community as a whole showing an annual rate of increase of almost 20%. With economic activity in the Community still flagging and import demand therefore depressed, the Community's balance of trade has improved further in the past few months. Exports have also been affected by the low level of activity in the industrialized countries, which are the Community's main trading partners, but less so than imports.

\*\* WASTE NOT, WANT NOT must be the new motto of all European oil users. The Council of Ministers recently re-affirmed the need for a rational use of energy to alleviate the burdens placed on balance of payments by present oil prices and to avoid jeopardizing the objectives of economic growth. The Council of Ministers approved the target set by the Commission for 1975, namely to cut oil consumption within the Community down to 500 million metric tons, which would represent a 9% reduction on 1973. Mr Simonet, Vice-President of the Commission with special responsibility for energy, advocated an all-out campaign to combat wastage and low efficiency so that, despite economic growth, consumption in 1976 and 1977 could be kept at the 1973 level (see I&S No 26/75).

\*\* CONSUMER PRICE INDEX FOR MARCH 1975 (1970 = 100)

|                        | D   | F   | I   | NL  | B   | L   | GB  | IRL | DK  |
|------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| General index          | 133 | 148 | 166 | 148 | 145 | 138 | 170 |     | 153 |
| Bread                  | 140 | 154 | 172 | 156 | 153 | 154 |     |     | 175 |
| Meat                   | 122 | 148 | 174 | 128 | 132 | 131 | 200 |     | 154 |
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| Fuel and energy        | 178 | 170 | 153 | 161 | 155 | 139 | 168 |     | 213 |
| Services               | 139 | 151 | 163 | 168 | 162 | 150 |     |     | 161 |

\*\* In an attempt to tackle some of the problems connected with RADIOACTIVE WASTE the Council of Ministers recently adopted a five-year programme put forward by the European Commission on waste management and storage. The object of the programme is to develop and perfect a system for the management of radioactive waste produced by the nuclear industry so that man and his environment can be assured of the best possible protection. On a budget of 19.16 million units of account (1 u.a. = approx. US \$1.3), the programme will attempt to resolve certain technological problems associated with the treatment, storage and disposal of radioactive waste and define a legal, administrative and financial framework for work on the storage and disposal of radioactive waste.

\*\* In the interests of optimum utilization of the EUROPEAN SOCIAL FUND, the European Commission recently decided to part-finance four pilot schemes which will provide valuable lessons for the future. The first of these pilot schemes, in Liguria, Northern Italy, is designed to provide facilities for adult education and test an approach to teacher training which involves active participation by industry. The object of the second pilot scheme, in Seraing, Belgium, is to produce a training programme in the use of lasers as cutting tools. The third pilot scheme will be spread over three Italian vocational training centres: 30 young people who are out of work will be given special courses to stimulate their capacity to adapt to economic trends. The fourth and final project, in Mulhouse, France, will test a training programme for instructors of handicapped adults in an attempt to improve occupational rehabilitation.

- \*\* PUBLIC PROCUREMENT are still not benefiting as much from vigorous Community trade as private enterprise and the man-in-the-street. Capital goods and advanced technological equipment, generally purchased by public authorities and undertakings responsible for operating economic services of general interest, are still encountering technical, administrative and customs difficulties. In an attempt to clarify the situation the Commission has updated its communication on progress in liberalizing public contracts originally forwarded to the Council in July 1972 to include additional information on electro-medical instruments and X-ray apparatus, data processing, civil aviation, equipment for conventional and nuclear power stations, railway rolling stock and telecommunications equipment.
- \*\* The COURT OF JUSTICE of the European Communities recently gave an interesting ruling which centred around 35 grams of orange juice. In 1970 a Hamburg firm declared a consignment of cartons of orange juice for customs clearance. Each carton contained 12 bottles and each bottle contained 895 grams of orange juice. The invoiced price was DM 11.80 per carton, which corresponds to DM 109.89 per 100 kg, the dividing line at which orange juice becomes exempt from customs duty. Unfortunately however the customs authorities found on inspection that the average net weight of the bottles was 930 grams. On this basis the value of the orange juice was put at DM 105.73 per 100 kg, making it liable for import duty. The Hamburg importer pleaded that he had purchased 895 gram bottles and that the exporter had overfilled the bottles to ensure against short weight attributable to temperature changes or differences in the thickness of the bottles. What then is the decisive factor in determining tariff treatment? The actual weight of the imported goods or the weight agreed in the contract? The Court of Justice ruled that what counts is the actual net weight of the total consignment.
- \*\* Recent discussions on the possible harmful effects of rapeseed oil on health have centred round ERUCIC ACID. Although there is no conclusive proof that the acid is harmful, the European Commission has considered it prudent to propose to the Council of Ministers that a maximum erucic acid content be fixed for fats, oils and margarine for human consumption. It suggests a maximum erucic acid content, calculated on the total level of fatty acids in the fat component, of 15% from 1 July 1976 to 30 June 1977 and 10% from 1 July 1977 onwards. Growers in some Member States have seen the writing on the wall and are already changing over to varieties with a low erucic acid content. Growers in France for instance switched varieties in autumn 1973 and growers in Germany and the United Kingdom made the change in autumn 1974.
- \*\* The Advisory Committee on SAFETY, HYGIENE AND HEALTH PROTECTION AT WORK has held its first meeting in Luxembourg. This tripartite Committee was created to assist the European Commission in the formulation of guidelines for action in this field and to facilitate cooperation between national administrations, trades unions and employers' organizations.

A number of working parties have already been set up to report on existing national regulations, on areas calling for further research, on the role of both sides of industry in prevention and on ways and means of making action more effective. The first immediate result will be to allow the Commission to transform its guidelines into a concrete action programme to reduce the number and seriousness of accidents, despite the introduction of new techniques and new materials.

\*\* A trade cooperation agreement was recently signed between INDIA AND THE EUROPEAN COMMUNITY. The European Commission's Directorate-General for Industrial and Technological Affairs is now planning to send a delegation representing the mechanical and general engineering industries to India in the second half of November 1975. The delegation's mandate will be to establish direct contact with public and private enterprise in India with a view to exploring all avenues for cooperation, identifying the requirements of both sides and hence promoting trade. A number of trade organizations and managements from the industries in question have already informed the Directorate-General for Industrial and Technological Affairs (Directorate C, Division 1) 200, rue de la Loi - 1049 Brussels of their interest in being included in the delegation.

\*\* Very little is known about the living and working conditions of WOMEN IN AGRICULTURE. This is why the European Commission plans to produce a study on the working conditions of women employed on family farms and on the role of women in farming in general. Some general conclusions can however be drawn from statistics published by the six original Member States (no harmonized statistics are available for the new Member States as yet):

- (i) The number of women engaged in agriculture is falling more rapidly than the number of men: an annual decrease of 5.7% and 4.4% respectively between 1960 and 1970 (for France the percentages are 5.36% and 2.61%).
- (ii) In absolute terms men outnumber women in agriculture: 5 638 120 men (63.7%) and 3 217 880 women (36.3%) in 1971 (for France the figures are 66.8% and 33.2%).  
The only exception to this rule is Germany where women represented 51.4% of the work force in 1971.
- (iii) The average age of both male and female workers in agriculture is rising.
- (iv) Most of the female workers on family farms are farmers' wives.
- (v) Most of the work in part-time farming is done by women.
- (vi) Most of the women have had no specifically agricultural training. Usually they have had training in household management with particular reference to the farm. Most female workers are employed in the home. If they do work on the land it is almost always in an unskilled capacity.

\*\* A technical seminar on the bacteriological analysis of DRINKING WATER recently held in Lyons was organized by the European Commission, assisted on the technical and scientific side by the local Institut Pasteur. Specially selected samples of drinking water representing likely forms of bacteriological pollution were analyzed. They were subjected to a large variety of tests, official and otherwise, used in the different Community countries. Initial findings show that many of these tests give comparable results which means that it should be possible to produce an accurate assessment of the water distributed throughout the Community as a first step towards intensifying the fight against water-borne germs at Community level.

\*\* A further technical seminar - this time on the biological assessment of WATER QUALITY - was organized at the request of the European Commission by the Bundesanstalt für Gewässerkunde in Koblenz. Some 40 hydrobiology specialists from Community countries met on the banks of the Main and the Kahl. Various forms of urban and industrial pollution were analysed on the Main and the Kahl was inspected from its source to its confluence with the Main. The wide variety of situations encountered made it possible for each specialist to use his own particular method, and at the same time appraise and familiarize himself with the techniques of other experts. This exercise in comparative analysis marks a new phase in the harmonization of methods for the biological assessment of the quality of flowing water. The fight against water pollution in the Community will be made considerably easier as a result.

## TOWARDS EUROPEAN UNION

At the summit meeting held in Paris in December 1974 the Heads of Government of the nine States of the Community confirmed the importance they attached to the reports on European Union to be made by the Community institutions. They invited Mr Tindemans, Prime Minister of Belgium, to prepare a comprehensive report based on these reports supplemented by consultations with Governments and a wide range of public opinion in the Community.

The European Commission has now forwarded its report to Mr Tindemans. In it the Commission expresses its conviction that European Union can only emerge from a wide-ranging political debate.

### Nature and scope of European Union

The European Commission considers that the Union must be a single organization resting on principles held by all the Member States.

It would be given responsibility only for those matters which the Member States are no longer capable of dealing with efficiently.

The process of transferring certain competences to the Union should not however be allowed to impede further decentralization.

The need for action, experience under the existing Treaties and the manifest inadequacy of mere coordination of national policies argue in favour of the Union being given direct decision-making and supervisory powers, as is already the case, to some extent, in the existing Community. It would also need financial instruments and a judicial function which could develop from the current jurisdiction of the Court of Justice.

### Fields of competence of the Union

#### (a) Construction of an integrated economic and social unit

The Union must continue to work towards the Community's primary objective: economic and monetary union.

The eventual achievement of monetary union is a pre-condition for economic integration within the Union and its cohesion in the world at large. The ultimate objective must therefore be to bring monetary resources within Union competence.



If the Union is to play a worthwhile role in demand management and structural reform, it will need a larger budget which is sufficiently flexible to allow of prompt responses to changes in the needs of the Union as a whole.

As far as the improvement of economic structures and the elimination of economic disequilibria are concerned, direct action by the Union would be desirable where new problems arise directly at Union level. The Union should also be in a position to finance common schemes and policies. A key area for direct economic intervention would, for example, be regional policy and land use planning.

On the social front, the Union could gradually introduce uniform systems of minimum social welfare benefits; this would not of course prevent the Member States from setting themselves more ambitious objectives. In some fields - the protection of migrant workers for instance - common policies financed by the Union and implemented by direct legislation might be possible.

(b) Foreign policy

The Union must have a foreign policy to ensure, when dealing with the outside world, that the common policies pursued inside the Union are effective and that Europe can play its proper role in international relations.

(c) Defence

As the European Commission sees it, the question of defence must be considered in any discussion on European Union. However, an integrated defence policy will be entirely dependent on progress in foreign policy and the development of solidarity. Meantime certain urgent matters, such as the armaments industry, merit attention.

(d) Protection of human rights

The democratic nature of the Union means that the protection of human rights must be a fundamental element in the new political edifice and in the operation of its institutions. A list of specific rights should therefore be incorporated in the act of constitution.

Institutional structure

The Union's institutional system must be based on a single structure covering all the fields of competence vested in the Union. Each function would be exercised by the same body, whatever the field of action. If its institutions are granted extensive powers, greater responsibility would have to be given to a democratically elected European Parliament. At the same time, the legislative and governmental functions of the Union would have to be defined in a more rational manner.

On the organization of legislative and executive powers, the European Commission feels that the model best suited to the needs of a fully-fledged Union would be as follows: The governmental organ would be a collegiate body whose members would be independent of the national governments; it would absorb all the executive functions of the present Council and the executive and administrative functions, and the power of initiative, of the present Commission. For the legislature a bicameral system seems to be essential; there would be a Chamber of Peoples and a Chamber of States, the latter being designated by the national governments. However, the Commission feels that, for a short transitional period, a further body - a "Committee of Ministers" - would be needed; this would be composed of representatives of national governments and one of its functions would be to take part in the procedure by which certain decisions of the European Government were adopted. The role of Heads of Government would continue to be crucial as progress was made towards European Union.

CONSUMERS' VIEWS

The Consumers' Consultative Committee of the European Community (see IRT No 202) met recently in Brussels. Mr Anthony Dumont of the British Consumers' Association was re-elected Chairman; Mr Eugène Dary of COFACE and Mr Giulio Spallone of Euro-Coop were elected Vice-Chairmen.

There was a lengthy discussion of the common agricultural policy based on the stocktaking report prepared by the European Commission (see I&S No 9/75). The Committee agreed to raise two issues - namely the reasons for the rising cost of food to the consumer and the need for a Commission enquiry into food distribution - at a meeting it hopes to have with Mr Lardinois, the European Commissioner with special responsibility for agriculture.

On the question of prices, it is generally accepted that the common agricultural policy had helped to ensure regular supplies. It is true that structural surpluses remain but these can be regarded as the price to be paid for security of supply. The issue raised by the Committee masks a far more fundamental one, namely the problem of defining "reasonable" consumer prices which would neither provoke massive price fluctuations nor lead to shortages.

On the question of food distribution, consumer representatives are often amazed at the margin between producer prices and consumer prices. In fact it is not unusual for the producer to receive no more than 30% of the price paid by the consumer. Although the problem needs to be approached on a product-by-product basis, it should be possible to reduce the number of links in the distribution chain. The European Commission has already proposed that funds be allocated to restructure distribution networks for certain products, notably agricultural products. A Council decision is expected shortly.

The Consumers' Consultative Committee would like to be more closely involved in consultations on the common agricultural policy. It would particularly like to see the Commission issuing a special document indicating the consequences for the consumer of its agricultural proposals.

The Committee welcomed the consumer programme adopted by the Council of Ministers on 14 April 1975 (see I&S No 15/75). It was in fact far more than a programme since it marked the launching of a genuine consumer protection and information policy. Much remains to be done in this area: clearer product labelling, indication of unit prices and comparative testing are three issues which spring to mind for a start. Work has already begun on a number of studies and the European Commission is counting on the technical and political backing of the Consumers' Consultative Committee for its programme.

Several working parties are already meeting regularly and some of them are to report back to the next meeting of the Committee scheduled for 13/14 October 1975.

SAFER PAINTS, VARNISHES AND ADHESIVES

Large quantities of paints, varnishes, adhesives and the like are marketed and used every day. A number of them are potentially dangerous. Some contain toxic or harmful substances which have been known to cause serious disorders and indeed deaths. Others are corrosive or irritant or can cause explosions.

All Member States have introduced regulations on the classification, labelling and packaging of these products to reduce these hazards to a minimum. But national regulations differ appreciably and represent a major obstacle to trade within the common market. The European Commission has accordingly presented a proposal to the Council of Ministers for a directive which, when adopted, will promote harmonization of national regulations.

The Commission's proposal contains rules on packaging and labelling in line with the risk represented by each product. Products have been classified as either "toxic", "harmful", "corrosive", "irritant", "combustive" or "highly flammable".

Member States will be required to take steps to ensure that these products are not put on the market unless their packages comply with the following conditions:

- (a) packages must be so designed and constructed that their contents cannot escape; this requirement does not apply where special safety devices are prescribed;
- (b) materials constituting the packages and closures must not be liable to attack by the contents, nor liable to form harmful or dangerous compounds with the contents;
- (c) packages and closures must be sufficiently strong to ensure that they will not come apart and will safely withstand the stresses and strains of normal handling.

There are also precise rules on labelling. The following information must be clearly and indelibly marked on all packages:

- (a) the name of any toxic, harmful, corrosive or irritant component(s) of the product, if the concentration exceeds specified limits;
- (b) the name and address of the manufacturer or any other person placing the product on the market;
- (c) net content in legal units of measurement;
- (d) danger symbols for the specific hazards presented by the product;
- (e) an indication of the special risks attached to use of the product.

Safety instructions must accompany the package if it is not physically possible to print them on the label or on the package itself.

Label sizes have been specified too. A package containing 3 litres or less must have a label measuring at least 52 x 74 mm. At the other end of the scale a 500 litre container must have a label measuring at least 148 x 210 mm. Each danger symbol must cover at least one tenth of the surface area of the label but must not be smaller than one cm<sup>2</sup>.

This effort at harmonization is not based on the lowest common denominator. On the contrary. The provisions of the directive will give consumers greater protection by providing them, through clear labelling, with accurate information on the properties of the products concerned. Since the protection of life and health is at stake here the "complete harmonization" solution had to be adopted. Member States will therefore be required to bring their national provisions into line with Community provisions.

If the Council of Ministers adopts this proposal by 1 January 1976 as planned, Member States will be required to amend national legislation by 1 January 1977 and apply the directive from 1 October 1977.

RAW MATERIALS

Raw materials have become one of the major issues in the current debate between the developing and the industrialized countries on the need to adapt international economic relations to the new situation which has emerged. International trade is coming to be seen more and more as based on interdependence, and the developing countries which produce raw materials regard themselves no longer simply as suppliers but as partners in the world's economic growth.

Accordingly, in the general reconsideration of international economic relations which is proving necessary, careful thought will have to be given to two closely connected points: how raw materials are produced and marketed and what can be done to boost the developing countries' growth.

A. The developing countries' claims

In the many discussions which have been held on these questions in various international forums, the developing countries have clearly stated what they want. Their claims can be summed up as follows:

- (a) free access to the markets of the industrialized countries;
- (b) more scope for the processing of raw materials in the developing countries;
- (c) full sovereignty over mineral resources;
- (d) stabilization of the developing countries' earnings from the export of raw materials;
- (e) indexing of raw material prices to the prices of manufactured products.

B. An overall approach

The Commission considers that the Community must adopt an unambiguous, constructive attitude towards these claims. The following facts would have to be borne in mind:

- (a) the solution will vary from product to product;
- (b) except for tropical agricultural products, raw materials are not mainly found in the developing countries, although the export of raw materials is vitally important for most of the developing countries producing them;
- (c) the scale of price fluctuations varies considerably from product to product;
- (d) there is no very great danger of shortage, as substitute products are available;
- (e) the Community is, and will remain, dependent on external sources of supply.

The Commission believes that, if fair arrangements are to be worked out internationally, the Community would do well to adopt an overall approach incorporating the following general principles:

- (i) prices of raw materials must be fair and remunerative, affording greater stability of earnings and a long-term balance between supply and demand;
- (ii) the economic growth of the developing countries must be stimulated by the diversification of production and the encouragement of local processing of raw materials;
- (iii) special attention must be paid to the poorest countries;
- (iv) the consumer countries' need for security of supply must be taken into account.

#### Measures proposed

The Commission would like to continue or introduce measures of several kinds which are in line both with the Community's interests and with the aspirations of the developing countries.

##### 1. Trade cooperation

The removal of the tariff and non-tariff barriers which obstruct access to the markets of the industrialized countries is the main objective here. In addition to the measures already taken by the Community, an international effort is called for at the GATT multilateral negotiations, in which tropical products should be treated as a priority sector. A fair system of monitoring export restrictions must also be devised.

##### 2. Industrial cooperation

The aim should be to promote production and processing on the spot. This involves establishing a contractual framework to provide incentives for economic operators. Different types of measures are of special importance in this connection:

- (i) those calculated to encourage a coherent approach to investment;
- (ii) those calculated to encourage long-term contracts involving reciprocal undertakings to supply and purchase products;
- (iii) those calculated to encourage the transfer of technology.

##### 3. Curbing excessive price fluctuations

This raises the question of product-by-product agreements.

The Commission considers that the existing agreements (on tin, cocoa, coffee, sugar, wheat and olive oil) have not always functioned satisfactorily, possibly because they were too obviously devised to defend the producers' interests in times of surplus. Given broader political vision they could be made to work better. With this in mind the Commission has made proposals to GATT for agreements on temperate agricultural products, namely cereals, sugar and rice.

The Commission considers that the cases where it would seem practicable to extend the product-by-product agreements to raw materials should now be picked out and studied. Where this is found to be in fact practicable, the agreements would have to be so framed as to take care of the mutual interests of both producers and consumers, which would mean both would have to bear their part in financing and management.

The Commission's conclusion is that only a few products - copper, zinc, lead, cotton and wool - lend themselves to such agreements. The latter could be either:

- (a) agreements providing for buffer stocks managed jointly by the exporters and the consumers, with or without fixed maximum and minimum prices (probably less risky); or
- (b) agreements based on some kind of financial machinery (probably cheaper, and very flexible, allowing of combination with other arrangements).

#### 4. Stabilization of export earnings

The Commission has gone into the "Stabex" system in more detail in a separate document. The system has already been introduced by the Community in the context of the Lomé Convention, but the Commission's idea is not simply to transpose the arrangements provided for in the Convention to its dealings with the rest of the world.

Nevertheless the Commission is very keen to see some sort of international action involving all the industrialized countries, including the State-trading countries, and it sets out its views on the scope and practical operation of this.

##### Scope

On the difficult question of the scope of such a system, various approaches are possible: the beneficiary countries could be chosen simply on the basis of the products selected, or funds could be channelled mainly to the poorest countries.

Since the instability of export earnings bears on the poorest developing countries hardest of all, the Commission tentatively suggests a system applying to this particular category of countries and the products of special importance to them.



However, there is no ready-made list tailored to the aim and machinery the Commission has in mind, so the final choice of products can only be made after each case has been studied in greater detail.

#### Operation

The operating arrangements could be similar to those in the Lomé Convention:

- . the system to run for renewable five-year periods;
- . transfers, repayable net of interest, to be effected;
- . minimum dependence and fluctuation thresholds to be fixed.