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** The European Commission is to make a PLEA FOR INCREASED SOLIDARITY to Ministers for Economic Affairs, Ministers for Employment and employers' and workers' representatives at a Tripartite Conference in Brussels on 18 November.

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ANNEX 1 gives a brief outline of the Commission's views.

** In August 1975 DEMAND FOR STEEL was down by 37.6% on August 1974 and by 42.9% on August 1973. Steel is in fact one of the major victims of the current recession.

ANNEX 2 gives production figures and describes the pattern of demand in recent months.

** Will MOTORISTS BE CONTROLLED BY A BATTERY OF ELECTRONIC DEVICES one day, just like astronauts in space?

ANNEX 3 explains why this day may be nearer than we think.

** According to the Statistical Office of the European Communities CONSUMER PRICES in almost all the Member States increased slightly more between August and September than between July and August. In Germany there was an increase of 0.5% (as compared with a slight decrease between July and August). The corresponding figures for the Netherlands were 1.2% and 0.9%; for Belgium 0.9% and 0.8%; for Luxembourg 0.8% and 0.4%; for the United Kingdom 0.9% and 0.6%; and for Denmark 0.9% and 0.3%. The figures for France, Italy and Ireland are not yet available.

Consumer price index

(1970 = 100)

	Germany	Netherlands	Belgium	Luxembourg	United Kingdom	Denmark
August	135.2	153.2	151.0	142.9	190.6	158.0
September	135.9	155.0	152.3	144.0	192.2	159.4

** MS SHIRLEY WILLIAMS, British Secretary of State for Prices and CONSUMER PROTECTION, recently attended a meeting of the European Communities' Council of Ministers devoted to agriculture. She was there as a member of her country's delegation, headed by Mr Peart, Minister for Agriculture, and made history because it was the first time that consumers have been represented at an agricultural meeting by a minister specially appointed to defend their interests. It is interesting that the initiative came from Britain and that the task fell to Ms Williams, a convinced European.

** The ECONOMIC SITUATION in a few countries and industries is showing some signs of IMPROVEMENT. These, combined with the foreseeable impact of the measures taken in several member countries to sustain activity in the last few months, suggest that demand and production will cease deteriorating towards the end of the year. Industrial

production in the Community as a whole started to decline towards the middle of last year and this trend has persisted. The employment situation remains disturbing: at the end of the summer 5 million workers, or more than 4.5% of the Community labour force, were unemployed. During the summer, a number of favourable factors combined to curb the upward movement of consumer prices in the Community. For the member countries taken as a whole, the annual rate, which was still 1.2% per month in the first half of the year, had fallen to 0.5% by July and 0.4% in August (against 0.7% in August 1974). Fear of unemployment has generated a savings boom and dampened private consumers' expenditure. Expenditure on clothing has been one of the weakest categories and expenditure on housing has also remained depressed in most Community countries. By contrast expenditure on tourism was heavy again this summer.

** The European Commission is organizing a EUROPEAN SYMPOSIUM ON CARS in Brussels from 9-11 December 1975. The topics for discussion include the behaviour of cars on impact, aggressivity towards other means of transport and towards pedestrians, sound nuisances, passenger safety, accident prevention by improved design (i.e., the active safety features: brakes, roadholding, lighting, visibility, etc.), air pollution and the efficient use of energy and raw materials. It is hoped that discussion of these topics will help to coordinate efforts being made to improve car safety and protect the environment without losing sight of the need to conserve energy and raw materials. The symposium could also outline a programme of new car regulations to take account of economic, financial and social constraints on users and manufacturers. This would make it possible to establish priorities and avoid the conflicting solutions which are almost inevitable if problems are tackled separately. A seminar on road accident statistics is to be held at the same time to discuss methodology and more especially the basic aims and principles of coordinating road accident statistics at a European level.

** The European Commission has put two proposals to the Council of Ministers on the ABOLITION OF TAXES on some vehicles and on all personal property imported from one Member State to another. The first proposal deals with tax exemption for all vehicles for personal use and for private cars used by individuals for professional reasons. If it is adopted, citizens of any Member State will be able to move to another Member State without having to pay import duty on their cars. Provision is also made for a special exemption for portable tools, sales literature and non-marketable samples carried in temporarily imported vehicles.

The second proposal would, under certain conditions, exempt all permanent imports of used personal property by an individual moving from one Member State to another from consumption taxes. "Removal", for the purposes of the proposal, can be from a principal residence to a secondary residence or vice versa. The proposal also applies to personal

property moved on inheritance or marriage. All personal property acquired in accordance with the general conditions of taxation and imported permanently by an individual would be exempt. There is one important proviso however: the property must be for the personal use - in the broadest sense - of the individual or his family; it cannot serve any commercial, industrial, agricultural or professional purpose. The exemption would even apply to mobile homes.

** The COMMUNITY IS NOT AN IVORY TOWER and "Eurocrats" are not conspirators. The general public still has a very hazy idea of how legislative procedures work within the Community, despite the fact that each stage in the decision-making process is completely open.

- . Before it even begins to draft a proposal, the European Commission consults all interested parties - government experts, employers' representatives, professional organizations, trade unions or consumers' associations.
- . Once adopted by the Commission, the proposal is simultaneously sent to the Community's Council of Ministers and published in the Official Journal of the European Communities. Most proposals are also referred to the European Parliament and to the Economic and Social Committee.
- . At this stage, interested parties have another opportunity of making their views known to the European Parliament, the Economic and Social Committee or the Commission.
- . When all have been consulted, the Commission examines the views expressed to see if any amendments to the proposal are called for.
- . The proposal, amended where necessary, is then examined by the Council of Ministers. A preliminary examination is usually carried out by a group of experts representing the member governments. This gives governments a chance to put forward their opinions and allows the European Commission to incorporate suggestions if necessary.
- . The Permanent Representatives Committee is then informed of the final position of the Member States before the proposal goes before the Council of Ministers itself.

A consultation procedure for budgetary matters has been developed by joint agreement between the Community institutions. This may lead to further amendments to the proposal.

Lastly, it is worth remembering that any citizen who feels wronged by a Community decision can put his case to the Court of Justice of the European Communities.

** The BALANCE OF TRADE BETWEEN THE EUROPEAN COMMUNITY AND JAPAN is showing a deficit. This situation between two competing trading powers is particularly disturbing in view of the present crisis. According to Community statistics, the figures are as follows:

(million u.a.)

	1974	First half of 1975
EEC imports from Japan	4 175	2 233
EEC exports to Japan	2 645	1 014
Trade deficit	1 530	1 220
Rate of exchange 1 u.a. = US \$1	1.25	1.39

** Which are safer for European motorists - YELLOW HEADLIGHTS OR WHITE? The Commission does not consider that either yellow lights (usually fitted on French cars) or white lights have clearcut advantages. Selective yellow tends to dazzle drivers going in the opposite direction to a lesser extent than white but comparatively reduces the driver's visibility. The Commission has therefore proposed that both colours be authorized, the choice being left to the motorist.

** More than 227 million units of account (1 u.a. = approx. US \$1.3) were granted in READAPTATION AID by the European Coal and Steel Community between 1 November 1960 and 31 December 1974. This was broken down as follows:

(million u.a.)

	Iron and steel	Coal	Iron ore	Total
Belgium	2.55	17.67	0.00	20.23
France	6.04	45.70	3.45	55.20
Germany	3.30	91.16	0.77	95.23
Italy	2.43	0.49	0.39	3.31
Luxembourg	-	-	0.01	0.01
Netherlands	0.29	31.16	-	31.45
United Kingdom	3.89	18.24	0.12	22.24
Total	18.50	204.42	4.74	222.67

** The international team of journalists which publishes the fortnightly "EUROPE ENVIRONMENT" is now launching a new periodical called "EUROPE ENERGY" which like its companion publication will appear twice monthly in English and French. Both publish information

from all over Europe, with particular emphasis on the Community, on the policies of public authorities, on the work of undertakings and professional organizations and on research, science and technology. (Europe Energy and Europe Environment: 103, boulevard Reyers, boîte 5, 1040 Bruxelles).

** The European Commission has issued a PUBLIC TENDER (see Official Journal of the European Communities, 23 October 1975) for the first two parts of the energy research programme (see Official Journal, 22 August 1975). This is a research programme on saving energy and producing and using hydrogen as a new source of energy. Any institute, institution or undertaking, public or private, interested in this tender is invited to apply. A total of 2.2 million units of account (1 u.a. = approx. US \$1.3) has been earmarked for energy saving research and 2.1 m u.a. for the hydrogen programme.

COMMISSION PLEA FOR SOLIDARITY IN THE FACE OF CRISIS

The European Commission is to make a plea for increased solidarity to Ministers for Economic Affairs, Ministers for Employment and employers' and workers' representatives at a Tripartite Conference to be held in Brussels on 18 November: "The Community's present difficulties have shown how closely the countries are dependent upon one another and how strong are the bonds between the various groups which go to make up our society. For this reason, if for no other, the crisis can be overcome only if solidarity is fostered and strengthened." (see I&S No 33/75).

Solidarity and fair shares for all

The need for solidarity is all the greater because no satisfactory solutions have yet been found to problems connected with the proper allocation of shares in resources, an issue which lies at the root of present difficulties.

The problem of fair shares arises firstly within the individual countries. It covers not only the distribution of wages and profits within national income and wage differentials, but also the variations between areas and between industries, and even the differing patterns of property and wealth.

The problem of fair shares has an international dimension. The disruption of the international monetary system, the oil crisis and the changes in the prices of other raw materials have merely served to bring out into the open problems that had been simmering below the surface for a long time, namely the general pattern of the terms of trade and the distribution of income and wealth between the major areas of the world.

Solidarity and the European Community

In the course of the present crisis, public opinion in the Community has become increasingly aware that apparently independent factors are in fact interrelated, that external problems and internal problems are not wholly dissimilar, and that the individual countries are not properly equipped to deal with the difficulties alone. The public would, therefore, find it difficult to understand if present needs failed to elicit a response from the Community institutions.

In the Community, the countries must show solidarity because if they failed to do so the reflationary programmes they are implementing could not possibly have full effect. Without thorough consultation on the analysis of the situation, the action to be undertaken and the instruments to be used, the individual governments would surely achieve less and could well

run into specific difficulties - for example, payments balance difficulties - all the sooner. The temptation to revert to protectionism, in whatever form, would be that much more difficult to resist.

Another reason why the Community countries must stick together is that if they do not do so they may well forfeit many of the gains the Community has already made. Protectionist measures to safeguard jobs would not only be costly in terms of efficiency; they could also actually lead to further unemployment.

Certain key questions now arise for all countries engaged in trade on any scale, and the way in which they are dealt with will go far to determine the pace of economic growth in the Community and the future structure of production and employment. Basically, they concern the geographical distribution of production operations, the supply (prices, quantities, reliability of delivery) of raw materials and energy products, and the liberalization of world trade, particularly in favour of the developing countries. If the Community's legitimate interests are to be upheld and its approach to international economic relations properly defended, it is vital that it should speak with one voice on these problems. It should not be forgotten, however, that solidarity vis-à-vis the rest of the world must be matched by at least just as great a degree of solidarity within the Community.

Finding a solution to the present difficulties is a task which the governments alone could not accomplish without the support of the unions, employers' federations and other associations and groups. All those concerned will have to pursue a genuine policy of ensuring the fullest possible mutual information and consultation.

Short-term measures

In response to the recession and resultant unemployment the Community and the Member States have introduced a large number of programmes and measures. The Member States acted on the European Commission's Recommendation and introduced various combinations of measures to reflate the economy. These and earlier programmes have not yet, however, brought about any marked improvement in the economic situation and, hence, in employment. The Tripartite Conference on 18 November offers an opportunity for the Member States, the unions and employers, and the European Commission to assess the margin of manoeuvre available to each of them in the field of economic policy. Reciprocal information and consultation within the Conference may well do much to dispel feelings of insecurity and strengthen confidence, thus making a major contribution to spurring on the recovery.

The European Commission feels that this is not the time to launch new, large-scale reflationary programmes. It intends to keep a close watch on developments and put forward new proposals as and when appropriate.

However, there may be a case for action, in specific instances, to support or strengthen recovery, to provide additional protection for those sections of society hardest hit by the crisis and to modify the use of certain instruments.

Public expenditure could help to improve the employment situation and investment aid, for example, could place more emphasis on the job-creating effect of expenditure and thus pave the way for economic recovery.

Proposals are being made in various quarters for measures designed to shorten working hours, the aim being to temper the impact of the recession on the overall employment situation. It is not easy for the European Commission to make a useful assessment of these suggestions without a careful examination of their short- and medium-term implications from the angles of organization of work within the firm, the Community's ability to compete, and the more difficult problems of distribution which any slower growth in resources could well throw up. This is an important consideration requiring study at Community level, especially as the present situation with regard to working hours varies widely from member country to member country.

Medium-term problems

Private consumption need not necessarily decline; what will be needed is a slower rate of growth during the period required to effect changes than in the past.

This raises the crucial question as to how the sacrifices necessitated by structural adaptations should be shared out. The solution of this problem will be a true test of democracy, respect for freedom and the spirit of solidarity.

There is a danger that disagreements as to how the national product is shared out and used may in fact affect production itself. This must be avoided, for it could well bring the recovery to a halt and prevent further improvement of the employment situation while adding little or nothing to the workers' purchasing power. On the other hand, if firms seek excessive profits, refuse to take risks and restrain competition, this would be just as sure to weaken the economic system.

Thus it is very unlikely that more normal growth can be restored and that the changes needed can be carried through smoothly without some moderation in the rate of increase of wages. But working people will be reluctant to accept this condition as it stands and in isolation. The European Commission believes that they will do so only if they can be convinced that the authorities are making the necessary effort to tackle certain key problems, which vary in importance from one country to another: a fairer distribution of the tax burden, income

and wealth redistribution, action to help the underprivileged members of society, improved public-sector services and a really effective employment policy.

In each of these areas resources are obviously limited and it will be difficult to determine priorities. There will be a great temptation to use inflationary expansion to conceal or by-pass the real difficulties. This temptation will be even greater if unions and managements are not closely involved in policy-making on central problems. Inevitable clashes between objectives must be discussed fully and frankly by the "social partners", in the Parliaments, and in the various associations and federations concerned with economic life. Action must be taken to meet workers' claims for fuller participation in official and corporate decisions and for more extensive information on the real performance of the firms in which they are employed. This condition is of prime importance for the effectiveness of the policies.

THE RECESSION HITS STEEL

In August 1975 demand for steel was down by 37.6% on August 1974 and by 42.9% on August 1973. This decline can no longer be explained away, as it could in the first quarter of 1975, by a drop in demand within the Community: demand from outside the Community is also affected.

Orders for steel products

(% change)

	1973	1974	1975	1975/74	1975/73
	Orders from within the Community				
First quarter	26 072	25 222	16 694	- 33.8%	- 36.0%
Second quarter	23 818	24 012	17 622	- 26.6%	- 26.0%
	Orders from outside the Community				
First quarter	5 335	5 883	5 118	- 13.0%	- 4.1%
Second quarter	4 661	5 531	4 086	- 26.1%	- 12.3%
	Total				
First quarter	31 447	31 105	21 812	- 29.9%	- 30.6%
Second quarter	28 479	29 543	21 708	- 26.5%	- 23.8%

This severe and persistent drop in demand can be attributed to a reduction in consumer requirements combined with the cumulative effect of cutbacks in orders and running down of stocks by processors and merchants alike. The steel industry is known to be more vulnerable to fluctuations in demand than most other branches of industry.

In an attempt to maintain production, and consequently employment, steel concerns used varying stock levels in the steel works themselves as a regulator in 1974. However since these tactics were only partially effective, larger and larger cuts in production had to be made in 1975 to restore equilibrium between supply and real demand.

The latest forward programme, approved by the European Commission on 8 October 1975, estimates that crude steel production in the Community in the fourth quarter of 1975 will be 23.6% down on the fourth quarter of 1974, as against a drop of 7.7% in the first quarter,

18.6% in the second and 28.0% in the third. Total crude steel production for 1975 should therefore be in the region of 125.4 million tonnes as against 155.6 million in 1974. This represents a drop of 19.4%.

In some respects the problems confronting the Community's steel industry are even more acute than those being encountered in other countries. But they still stem from the same source and for this reason cannot be dealt with in isolation.

The European Commission is convinced of the need for international action pending an economic upturn and healthier prospects. It is this conviction which prompted it, after informing the Member States of its intentions, to request urgent discussions with OECD on the problems facing the steel industry as a result of the present economic situation. It believes that concerted self-discipline should make it possible for international trade in steel to continue at prices and on a scale which would not aggravate an already critical situation. The main suppliers of steel to the European Community are Eastern Europe (24%), Japan (14%), Sweden (13%), Austria (12%) and Spain (9%).

The problem of declining steel production is accompanied by an equally acute problem of falling prices. Between May and July production fell by 25% in the Community, 27% in the United States and 12% in Japan; prices in the Community dropped 35 to 45% below their 1974 level, prices in the United States rose by 5 to 10% and prices in Japan fell by 10 to 15% depending on the type of product.

ELECTRONIC TRAFFIC AIDS

Will motorists be controlled by a battery of electronic devices one day, just like astronauts in space? This day may be nearer than we think. In fact the Community recently decided to take part in a scientific and technical project to develop electronic traffic aids on major roads.

The Committee for European Cooperation in the field of Scientific and Technical Research (COST), set up in 1970, provides an international framework for the activities of 19 European countries, including all nine Community countries. Already eleven countries - Austria, Belgium, Switzerland, Germany, France, Italy, the Netherlands, Sweden, Finland, the United Kingdom and Yugoslavia - have shown interest in this particular project.

The first phase, lasting two years, will involve the development of bad weather and incident detectors and prototypes to transmit aural communications inside the vehicle and visual communications inside and outside the vehicle. A group of experts will select an experimental site presenting "typical" hazards and define criteria to be met by local or regional communications systems.

During the second phase, which will also last for two years, non-simulated experiments will be carried out on a 30-kilometre section of motorway. Once this stage is over, it will be possible to get to work on the development of a system for the real-time management and control of road traffic. For the motorist this should mean increased road safety, better use of the highway system and an improved service to drivers (traffic flow, saving in time and fuel, etc.).

During the third phase, again covering a two-year period, experts will carry out a more detailed study of the reactions and behaviour of motorists who have taken part in the public experiments. It is only when this data is available that those responsible for the project will attempt to draw up common rules and standards for a coherent system for adoption by the countries involved.