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\*\* The annual growth rate for the Community's gross domestic product has risen from 3% in 1971 to 3.7% in 1972 and 5.6% in 1973. As a result of increased use of available production capacity, acceleration was particularly marked in Italy, where the growth rate rose from 1.6%

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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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in 1971 to 3.2% in 1972, and to almost 6% in 1973; and in the United Kingdom, where the corresponding figures are 2.4, 2.3 and 5.6% respectively. This information is contained in a SURVEY OF THE COMMUNITY'S ECONOMIC AND FINANCIAL SITUATION since enlargement, which has just been forwarded by the Commission to the Council of Ministers.

ANNEX 1 gives a brief summary of this document.

\*\* From now on, common regulations will apply throughout the Community for the re-use of WASTE OILS. Common criteria will also be applied for the purification of DRINKING WATER in Europe (to the extent, at least, to which the Netherlands drop their provisional reservations on this last point). Such is the result of decisions taken by the Ministers responsible for the environment, who held a non-stop meeting lasting almost twelve hours, on 7 November, to discuss Commission proposals. The Ministers also agreed on methods for the joint application of the "polluter pays" principle, and adopted a preliminary report regarding environmental protection considerations in ENERGY production. There was broad agreement, in fact, on all the Commission proposals appearing on the agenda. The only provisional reservation made was in respect of the Directive on surface waters intended for use as drinking water.

ANNEX 2 contains a brief outline of the decisions taken.

\*\* Some 150 representatives of governments, employers and workers in the Community met at the conference on WORK ORGANIZATION held by the European Commission on 5, 6 and 7 November in Brussels (see I&S - No 38/74).

ANNEX 3 is a summary of the findings, presented at the closing session by Mr Shanks, Director-General for Social Affairs in the European Commission.

\*\* As a result of intervention by the Commission, an agreement between several German firms in the PLATE GLASS industry has just been annulled, because it failed to conform to Community COMPETITION regulations. The agreement was contrary to consumer interests, since it allowed the firms to agree on the terms and prices offered to their customers. The glass market is being closely scrutinized by the European Commission and, during the last few years, several "glass" agreements have already been annulled (see particularly I&S - No 23/74), and various others amended, as a result of Commission intervention. However, further progress is still required, particularly because of the growing concentration in the industry, and the Commission's departments are currently investigating the situation from the point of view of free competition in the sector producing safety glass for the car industry. Its findings will help the Commission to decide whether the situation is compatible with the provisions of the Community Treaty.

\*\* The Commission has just made available to the national administrations of the member countries of the original Community the EUROPEAN SYSTEM for communicating VACANCIES AND APPLICATIONS FOR EMPLOYMENT (SEDOC), which constitutes the Community's first attempt to list and clear vacancies and applications for employment at international level. Preparations for making this system operational in the three new member countries are under way. SEDOC could be in application in Great Britain by May 1975. The purpose of the system is to enable the specialist employment services in the member countries of the Community to identify individual operations and professions at European level, and to overcome the difficulties arising out of the various national job classifications and the different languages and terms. The area of application concerned is a typical one for the Community, in that it covers vacancies and applications for employment which the national labour markets have not been able to meet.

\*\* To assist it in proposing specific measures to reduce pollution, the European Commission has been gathering information on current POLLUTION LEVELS IN THE ENVIRONMENT and in biological tissues, and studying it for comparability, particularly by a system of syndicate analysis. To date, studies have been conducted on the following subjects:

- comparative studies on the measurement of lead in the atmosphere and in biological tissues;
- organo-halogen compounds;
- the levels of environmental pollution produced by organo-phosphoric compounds;
- hydrocarbon pollution levels in surface waters;
- sulphur compounds and particles in suspension;
- measured levels of carbon monoxide in the atmosphere;
- asbestos and vanadium;
- the effects of noise on man;
- levels of environmental pollution produced by organic micro-pollutants.

\*\* France, Italy, the Netherlands, the United Kingdom, Norway, Portugal, Sweden, Switzerland, Yugoslavia, and Euratom (European Atomic Energy Community) acting within the framework of COST (Conference of European Cooperation in the field of Scientific and Technical Research) are to undertake studies on the initial stages of a EUROPEAN COMPUTER NETWORK, which might later become the nerve centre of an information system. To begin with, the system would serve research centres using the new network to try to obtain information held in the programmed information bank of a nearby centre. Once the network is established, however,

it could be thrown open to all types of public and private establishments. The experts anticipate that a computer network of this type would be widely used by the postal and telecommunications services of the different countries, to exchange legal data, clear vacancies and applications for employment, make transport reservations or obtain health information. The aims of the project are not just to promote and advance information technology in Europe but also to make the network as a cornerstone of a new and better communications system between countries. It is hoped that, even if it does not create a "common language", the project will at least create a "common grammar", which will allow users of different nationalities, employing different types of computers, to communicate with each other.

\*\* In its reply to a Written Question by a Member of the European Parliament on current legislation in member countries concerning the fitting of CONTACT LENSES, the European Commission states that it has already forwarded several proposals for Council directives, laying down provisions for implementing the principles of freedom of establishment and freedom to offer services, in the case of self-employed opticians. The proposal also contains regulations as to the fitting of contact lenses, which could only be done by medical prescription. The Commission explains that at the time the proposals were drawn up, Germany was the only country whose laws provided that the choice, fitting and supply of contact lenses, on the basis of a medical prescription, were within the optician's province. The Commission is now examining the legal situation in this area in the three new Member States, and at the same time reexamining the regulations currently in force in the six founder members of the European Community.

\*\* The European Commission has just published a 700-page book containing all the papers presented at the symposium on "Problems raised by the contamination of man and his ENVIRONMENT by MERCURY and CADMIUM", held in Luxembourg from 3 to 5 July 1973. This publication contains detailed information concerning the presence of mercury and cadmium in the environment, the analysis techniques used in making measurements, the ecological consequences of mercury and cadmium pollution, the significance of these two pollutants for man, and their effects on public health. The volume, in English, is on sale at the Publications Office of the European Communities (PO Box 1003, Luxembourg).

\*\* The Commission is currently examining the problem raised by the trade-designation of PRODUCTS MADE IN GERMANY. Neither the consumer nor the importer can distinguish whether a product is made in East or West Germany since in both cases the wording is the same: "Made in Germany".

\*\* The Commission sees no need at present to harmonize regulations on the qualifications of DRIVING INSTRUCTORS, even though such regulations may differ widely from one country to another. However, the Commission has already submitted a proposal for a Council directive on the harmonization of legislation on driving licences which includes provisions for minimum standards to be satisfied by applicants for a driving licence.

THE COMMUNITY'S ECONOMIC SITUATION

The annual growth rate for the Community's gross domestic product has risen from 3% in 1971 to 3.7% in 1972 and 5.6% in 1973. As a result of increased use of available production capacity, acceleration was particularly marked in Italy, where the growth rate rose from 1.6% in 1971 to 3.2% in 1972 and to almost 6% in 1973; and in the United Kingdom, where the corresponding figures are 2.4%, 2.3% and 5.6% respectively. This information is contained in a survey of the Community's Economic and Financial Situation since enlargement, which has just been forwarded by the Commission to the Council of Ministers.

1. The situation

Volume increase of GDP (annual rate in %)

	1966-1971	1972	1973	1974
Denmark	4.6	5.1	3.8	2.0
West Germany	4.4	3.0	5.3	1.9
France	5.8	5.5	6.0	5.2
Ireland	4.4	3.2	6.0	3.5
Italy	5.2	3.2	5.9	5.0
Netherlands	5.6	4.3	4.7	3.3
Belgium	4.7	5.2	5.7	4.0
Luxembourg	3.3	4.6	7.4	4.5
United Kingdom	2.2	2.3	5.6	- 0.9
Community	4.4	3.7	5.6	2.7

In 1974, economic activity has remained at a relatively high level, the gross Community product rising in real terms by 2.7%, although during the year clear signs appeared of stabilization, even recession. The United Kingdom's gross domestic product contracted slightly because of the effects of the energy crisis and the losses in production resulting from the three-day week. In all Member States the number of unemployed has increased.

Inflation is no doubt the major problem which the Community must face. Many factors are behind these trends, particularly a world inflationary climate which has been reflected in a rapid rise of raw material prices.

The rate of consumer price increase in the Community which for some years prior to 1972 had varied between 3% and 6% per annum, has consistently risen and in 1973 the range was between 6 and 11.5%. In 1974 up to the last month or two the cost of living increase has been between 15 and 20% in the United Kingdom, Belgium, Ireland, Italy and Denmark, between 10 and 15% in France, the Netherlands and Luxembourg, and appears to have been less than 10% only in West Germany.

Consumer price changes (annual rate of increase in %)

	1966-1971 <sup>1</sup>	1972	1973	1974 <sup>2</sup>
Denmark	6.3	6.6	9.3	15.9 <sup>2</sup>
West Germany	2.9	5.5	6.9	6.9 <sup>2</sup>
France	4.5	6.2	7.3	14.5 <sup>2</sup>
Ireland	5.9	8.6	11.4	17.9 <sup>4</sup>
Italy	3.3	5.7	10.8	20.3 <sup>2</sup>
Netherlands	5.4	7.8	8.0	10.3 <sup>3</sup>
Belgium	3.6	5.5	7.0	15.6 <sup>3</sup>
Luxembourg	3.3	5.2	6.1	10.6 <sup>3</sup>
United Kingdom	5.4	7.1	9.2	16.9 <sup>2</sup>

<sup>1</sup> Average for period.

<sup>2</sup> August 1974/August 1973.

<sup>3</sup> September 1974/September 1973.

<sup>4</sup> 2nd quarter 1974/2nd quarter 1973.

As a result of the reversal of the relative levels of world prices and of those within the Community, the common agricultural policy has tended to be a moderating influence.

In spite of the disturbances in the monetary system which have occurred since 1971 and contrary to expressed fears, the development of international trade has been characterized by a sustained expansion of world trade (in volume) of the order of 8% in 1972 and over 13% in 1973. The Member States of the Community fully participated in this rapid expansion. The rate of growth of the Community's external trade rose from 9% in 1972 to 15% in 1973.

In 1974, the growth in volume of exports to non-member countries slowed down because of the accelerated rise in export prices, although their expansion in value remained rapid.

The reduced propensity to import in Germany and Italy led to less dynamism in intra-Community trade, although this still remains at a high level.



In 1974, the Community may have to face a current account deficit of about US \$20 000 million. This overall deficit covers extremely varied situations, from a surplus of some 7 000 million for West Germany, to similar, or even higher, deficits for France, Italy and the United Kingdom.

## 2. Forecasts

At the threshold of 1975, and doubtless never since the establishment of the Community, have the economic uncertainties been so great whether in the short-term or long-term prospects.

The Community's economic future will to a large extent be determined by how the disequilibria of balance of payments resulting from the energy crisis are solved and by the extent to which inflation will be brought under control. For the immediate future, for 1975, although a number of factors lead to the hope for an upward trend in domestic demand and a slight increase in the rate of growth, it cannot be fully excluded that there will be a danger of a serious crisis brought about by the cumulative effects of restrictive policies. The figures in the table below are based on a moderately optimistic assumption.

Within the work programme on medium-term policy, a number of exploratory outlines have been analysed. These could lead to the suggestion of an average growth rate for the Community for the period 1973-1978 of somewhere between 4 and 4.5%.

The achievement of these economic prospects is subject to a number of conditions both at the international and at the Community level. They presuppose in particular that the impact of the energy crisis can be absorbed smoothly and without serious shocks, and that the necessary restructuring of the Member States' economies can be carried out rapidly and under the best possible conditions. They will be all the more successful if the Community takes the required initiatives within the context of a consistent action programme.

Table V - GDP rate of growth in volume (annual rates in %)

	1975	Average 1973/1978
Denmark	3.0	3.5 to 4.5
West Germany	3.5	3.7
France	4.6	5.5
Ireland	3.0	5.0
Italy	2.0	5.3
Netherlands	3.6	3.5 to 4
Belgium	3.7	4.3
Luxembourg	3.6	3.5
United Kingdom	2.6	2.5 to 3.5
Community	3.4	4 to 4.5

FIRST DEFINITE STEPS TOWARDS ALL-EUROPEAN ACTION ON THE ENVIRONMENT

From now on, common regulations will apply throughout the Community for the re-use of waste oils. Common criteria will also be applied for the purification of drinking water in Europe to the extent at least to which the Netherlands drop their provisional reservations on this last point). Such is the result of decisions taken by the Ministers responsible for the environment who held a non-stop meeting lasting almost twelve hours on 7 November, to discuss Commission proposals. The Ministers also agreed on methods for the joint application of the "polluter pays" principle and adopted a preliminary report regarding environmental protection considerations in energy production. There was broad agreement, in fact, on all the Commission proposals appearing on the agenda. The only provisional reservation made was in respect of the Directive on surface waters intended for use as drinking water.

I. "Polluter pays" principle

Though the "polluter pays" principle is already generally accepted in all the Member States of the Community (see I&S - No 10/74), there are still important problems of practical application to be solved at Community level. In order to take into account the aims of balanced economic growth and to further the efforts to attain the objectives prescribed in the programme of action of the European Communities on the environment, the costs associated with environmental protection against pollution must be allocated according to uniform principles throughout the Community so as to avoid distortions in trade and competition which are incompatible with the harmonious functioning of the common market.

Environmental protection should not be dependent on such policies as would rely on grants of aid and place the burden of pollution control on the community. Charging to polluters the costs of anti-pollution measures, according to uniform principles throughout the Community, should encourage them to avoid or reduce it.

To this end, the communication adopted by the Council of Ministers recommends applying

- (i) standards and equivalent measures designed to attain the environment quality objectives; polluters would be responsible for complying with them;
- (ii) charges to induce the polluter to take the necessary measures, as inexpensively as possible, to reduce the pollution he is causing and/or to make him pay a share of the costs of collective measures.

Exceptions to applying the principle could be justified in limited cases, particularly to allow certain producers time to adapt their products or production processes to the new standards, and/or to give aid for a limited period and on a decreasing scale.

This recommendation is only an initial step in the environment programme and in due course the Commission will submit to the Council all the relevant proposals, with particular reference to the harmonization of instruments for administering the "polluter pays" principle and its application specifically to problems posed by cross-frontier pollution.

## II. Disposal of waste oils

The Council adopted the Directive on the disposal of waste oils (see I&S - No 12/74) under the terms of which Member States must take the necessary measures to ensure the safe collection and disposal of such oils.

Under this Directive, Member States must above all ensure that the disposal of waste oils is carried out by recycling (regeneration and/or combustion other than for destruction).

It will be prohibited

- (i) to discharge waste oils into internal surface waters, underground water, coastal waters and piping systems;
- (ii) to deposit and/or discharge waste oils harmful to the soil and to carry out uncontrolled discharge of residues resulting from the processing of waste oils;
- (iii) to process waste oils in such a way as to cause air pollution which exceeds the level prescribed by existing provisions.

Enterprises responsible for the collection and/or disposal of waste oils will be subject to authorization and control by the competent authorities. Indemnities may be granted to them as a reciprocal concession for such obligations by way of proper payment for the service rendered without causing any significant distortion of competition or giving rise to artificial patterns of trade in the products.

The Member States will have to inform the Commission annually of their technical know-how and the experience and results obtained from the application of the measures taken pursuant to this Directive; the Commission will forward a comprehensive summary of this information to the Member States.

The Member States have two years in which to implement the necessary measures to comply with this Directive, and 4 years in which to apply them in stages to the undertakings concerned.

### III. Surface waters intended for the production of drinking water

At the end of a detailed discussion the Council was in a position to note a broad measure of agreement on the main content of this Directive (see I&S - No 3/74). Nevertheless, the Netherlands delegation requested to be allowed to refer to its Government before committing itself.

This Directive concerns the quality requirements to be fulfilled by surface water intended for the production of drinking water after being subjected to appropriate treatment. For this purpose, surface water will be divided into three categories - A1, A2, A3 - according to the degree of purity and intensity of the appropriate treatment.

The Directive will define each pollutant, and the types of treatment for each of the three categories of surface water to be transformed will also be defined.

During the debate, the Council devoted particular attention to the problems entailed in the application of the principles of this Directive in the case of waters in rivers crossing frontiers, particularly the Rhine. The requirement for such cases would be a balanced solution making allowance for the complex problems arising both from the concentration of industries and port installations, and from the need for drinking water and the needs of agriculture, in this region.

### IV. Energy and environment

The Council also adopted a Resolution on energy and environment (see I&S - Nos 14/74 and 18/74). In the Resolution it recognized that the consumption of energy - particularly nuclear energy - may pose grave ecological problems, especially by air and water pollution and waste disposal. It affirmed the need to strike a fair balance between the requirement to protect the environment and the concern for bettering our society and the quality of life.

The Member States were requested to take environmental protection requirements into account in all energy policy strategy and to take all appropriate measures to promote the conservation and rational and economical use of energy resources, including any measures necessary for reducing even further the harmful environmental impact of energy production and use.

In particular, measures will be taken to resolve the serious problems, which the heating of water raises, for the preservation of the balance of certain aquatic flora and fauna. Similarly, the storage and treatment of radioactive waste will require special precautions, as will pollution by nitrogen oxides and sulphur dioxide.

V. Marine pollution

Agreement has been reached and there is now nothing to prevent the European Commission, acting for the Community, from signing the Paris Convention for the prevention of land-based marine pollution (see I&S - No 9/74).

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It must be remarked that the general atmosphere at the meeting of Environment Ministers on 7 November was excellent. So good in fact that all the Ministers present expressed a desire to meet more frequently on a Community basis, and more frequent meetings henceforth are therefore to be anticipated. Concern to make the Community a "prime mover" in environmental protection was expressed at great length, as was the view that minor technical differences should not be allowed to stand in the way of the political will to advance together, in this sector of Community activity. As Mr Scarascia Mugnozza, Vice-President of the European Commission, stated in his winding-up speech: "Implementation of the Community's environmental protection programme will assist Europe to assert its personality fully, in the eyes of the world, in a field in which, better than any other, it is capable of inventing techniques to protect its rich natural heritage, seek economic innovations which will assess and take account of our immaterial resources, and take steps to achieve for all men the quality of individual and collective life to which they aspire, and which, at the bottom of their hearts, they hope that the Community will be able to provide."

### HUMANISING WORK IN THE COMMUNITY

Some 150 representatives of governments, employers and workers in the Community met at the conference on work organization held by the European Commission on 5, 6 and 7 November in Brussels (see I&S - No 38/74).

Below we give a summary of the findings presented at the closing session by Mr Shanks, Director-General for Social Affairs in the European Commission.

1. Many factors are behind attempts to improve working conditions. First of all, the educational levels now reached in our countries mean that working conditions which were considered acceptable four or five years ago are today unacceptable. Secondly, a substantial proportion of the dull and dirty jobs in the Community are being done at present by migrant workers; this is not a situation which can go on, and the quality of the jobs now being done by migrant workers should therefore be improved. Thirdly, technology can now be placed at the service of man; it is possible now to move away from Taylorism and traditional concepts of work organization.

Relations between employers and employees are undergoing reorganization in order to shape new working conditions.

2. The most important agents of change are, of course, the social partners; next come individual initiatives which have been developed mainly in the Scandinavian countries; finally there are governments, which often set up new institutions to promote research, experimentation or exchange of information, or even propose new legislation.

Among the constraints which could impede changes in working conditions, the most important derives from the new role which the different parties concerned will from now on be called upon to play - managers, middle managers and supervisors, who will have to get used to new, less hierarchical, structures; workers, who will have to accept new responsibilities and disciplines; engineers and technicians, who actually create the working environment, and so on. A further constraint which has to be mentioned is the economic one. We should ask ourselves whether we need to do anything to remove the competitive penalties which social innovators may face in a common market.

3. What can the European Commission do to improve working conditions in the Community? Various suggestions were put forward:

Firstly it would seem that a European Foundation, such as the one proposed (see IRT No 213), is essential in this context, and should constitute the privileged instrument for Community action in this area.

Secondly, the Commission could employ a sectorial approach, encouraging experiments in many bodies of the joint committee type, which exist in some industries. Thirdly, it might be possible to bring investment incentives into action in the social sector, either through the European Investment Bank, or the European Social Fund.

Finally, the Commission could contribute, as it has already done in calling this conference, to the creation of a climate of public opinion. This could be done, for instance, by meeting with both sides of industry to decide what should be the aims of work humanisation in the Community.

4. All these suggestions, and many others, were put forward during the conference. It is obviously too early for the European Commission to draw any conclusions, in terms of action. Nevertheless it proposes to study the ideas and recommendations expressed, and to work out specific proposals for Community action.