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** The agreements for cooperation concluded on 23 November 1971 by the European Community and the 19 European research ministers invited to Brussels by the Community by no means add up to that SINGLE SCIENTIFIC AND TECHNOLOGICAL POLICY which Europe must adopt in order to "optimize" the utilization of its human and financial resources. But at least they constitute a first, experimental step in this direction. A short note on this subject can be found in ANNEX 1.

** The Commission of the European Communities is devoting close attention to the tendency towards concentration in a certain number of sectors. It will not fail to apply Article 86 of the Treaty to operations aimed at concentrations which it considers illegal, i.e., those which impede the MAINTENANCE OF EFFECTIVE COMPETITION in a large part of the Common Market. It recently recalled this in a reply to a written question by Mr Vredeling, a Dutch member of the European Parliament, dealing with legislation governing concentrations. Information on the regulations relating to competition within the Community can be found in ANNEX 2.

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The information and articles published in this Bulletin concern European scientific cooperation and industrial development in Europe. Hence they are not simply confined to reports on the decisions or views of the Commission of the European Communities, but cover the whole field of questions discussed in the different circles concerned.

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- ** In renewing the EUROPEAN SOCIAL FUND which, after 10 years of existence, will enter a new phase of development in January 1972, the Community has equipped itself with an effective weapon in the battle against unemployment. A short note on the renovated social fund, which it is hoped will play an active part in the Community's employment policy, can be found in ANNEX 3.
- ** In real terms, TOTAL PUBLIC RESEARCH AND DEVELOPMENT (R&D) SPENDING IN THE COMMUNITY between 1967 and 1971 showed only a very slight increase. The ratio of public R&D expenditure to the GNP - 1% in the Community in 1967 - was as little as 0.9% in 1970 and would appear unlikely to return to its initial level in 1971 despite a reversal of this trend. However, this tendency has varied greatly, depending on the countries involved and the different R&D aims. An analysis of this trend, carried out by the Committee on Scientific and Technical Research Policy (Aigrain Group), has just been published in French and German under the title of "Public funding of research and development in the member countries - breakdown by objectives, 1967-71". A summary of this document was published in "Industry, Research and Technology", No. 107.
- ** The SPROUT INHIBITION IN POTATOES BY MEANS OF IRRADIATION was the subject of a number of industrial experiments conducted under the research and development programme of the Commission of the European Communities. A decision on a second joint programme for the industrial processing of irradiated potatoes has just been reached on the basis of the results obtained.

** Five new TECHNICAL NOTES, each summarizing a result obtained under Euratom research programmes, have been issued by the Commission of the European Communities. The purpose of these texts is to enable industrial firms to assess the prospects for the industrial exploitation of the results described. The subjects of these new technical notes are as follows:

No. 836. A method for producing an electrical and mechanical connection between a Ge-Te semiconductor and a metal electrode.

No. 868. A circuit arrangement for digitalizing an analog value of short duration.

No. 1062. A process for preventing carbon deposits on iron and steel surfaces in an environment containing carbon monoxide.

No. 61/C. Remote-controlled sectioning machine.

No. 49/C. Metrology rig.

** The DISTORTION OF COMPETITION and its repercussions on the Common Market formed the subject of a study the findings of which have just been published as part of the series "Competition - Harmonization of Legislation" (1971, No. 11).

** THE EXPERIENCE GAINED IN THE USE OF COMPUTERS IN NUCLEAR POWER PLANTS was the subject of a meeting arranged by the Directorate-General for Industrial, Scientific and Technological Affairs of the Commission of the European Communities in Brussels on 28-29 October, in conjunction with the International Atomic Energy Commission. A total of 32 delegates, representing 12 countries and the European Nuclear Energy Agency (ENEA), attended this meeting, the first of a series of special meetings covering various fields relating to the control and instrumentation of nuclear power plants.

** A TOTAL OUTPUT OF 87,294,000 TONS OF STEEL IN THE COMMUNITY during the first 10 months of 1971 signifies a drop of 5.8% compared with the same period in 1970 (92,621,000 tons). The table below shows steel production trends in the various Community member countries:

Output of crude steel (in 1000 tons)

	Belgium	France	Germany	Italy	Luxem- bourg	Nether- lands	Comm- unity
January-October 1971	10,849	18,847	34,756	14,201	4,428	4,213	87,294
January-October 1970	10,677	19,876	38,525	14,683	4,643	4,199	92,621
Relationship between output during Jan/Oct 1971 and Jan/Oct 1970 (%)	+1.6	-5.2	-9.8	-3.3	-4.6	-0.3	-5.8
Relationship between output during October 1971 and October 1970 (%)	-4.5	-1.1	-12.7	+7.0	-	+16.6	-3.9
Relationship between output during October 1971 and September 1971 (%)	-9.3	+5.0	-4.4	+6.0	-5.3	+13.7	-0.3
Forecasts for November 1971 (1000 tons)	1,052	2,109	-	1,605	420	474	-

In addition, the total number of ORDERS PLACED IN THE STEEL SECTOR (excluding special steels) for July, August and September 1971 were as follows:

(in 1000 tons)

Supplier	July	August	September
Total ECSC	5,133	3,944	4,360
Non-member countries	1,239	1,189	977
Overall total	6,372	5,133	5,337

European technological cooperation:THE FIRST STEP

The agreements for cooperation concluded on 23 November 1971 by the European Community and the 19 European ministers responsible for research invited to Brussels by the Community are, of course, modest. They relate to seven collaborative projects, with a total expenditure of 21,156,000 units of account, spread over two or five years, depending on the project (see "Industry, Research and Technology" No. 120). As has been stressed by Mr Spinelli, the Member of the European Commission with special responsibility for industrial affairs and research, they by no means add up to the overall science and technology policy that Europe needs if it is to make the most of its resources in men and money. However, they are at least a first step forward, though largely an experimental one, in a number of respects, namely:

1. The type of project decided on, which tends to be less concerned with prestige, as was too often true in the past, than with more "down-to-earth" ends aimed at meeting the needs of society and social advance (communications, ecology, the supply of fresh water, etc.).
2. The methods of implementing the projects, which will differ from one to another.
3. The flexibility in the manner in which the countries involved will participate (the number varies from one project to another and may change again, since each country has the right to join in a project that is already under way).

Any lessons learnt in the course of this first group of projects will facilitate future decision-making. The participants at the Conference of Nineteen also voted unanimously in favour of a resolution "confirming their willingness to cooperate, on a European basis, in carrying out practical research and development projects in the scientific and technical fields, and to adopt, for that purpose, the most flexible forms of cooperation possible, in particular coordination of the work of their research organizations".

Speaking for the Community, Mr Spinelli laid emphasis on the absurd nature of the existing decision-making process: the amounts spent on the preliminaries needed for a programme to be adopted sometimes exceeded those required to carry it out. Only if the enlarged Community proved capable of formulating and implementing a genuine and comprehensive research policy would it be in a position to offer, to the whole of Europe, cooperation that goes beyond the hesitant first step just taken.

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It has been decided to proceed with seven collaborative projects (see "Industry, Research and Technology" No. 120), relating to:

1. The creation of a pilot European data-transmission network intended to prepare the way for the establishment of operational networks at a later date.
2. In the field of telecommunications, a study on the propagation of radio waves aimed at improving the efficiency of aerials.
3. In the field of metallurgy, two projects with industrial objectives, and spanning five years, one on materials for gas turbines, the other on materials for use in desalination plants.
4. Three projects in the field of pollution: (a) the removal of sulphur compounds from the atmosphere; (b) the development of a versatile detection system covering the whole range of organic substances, for identifying organic micropollutants in water and determining their concentration; and (c) a study aimed at standardizing existing methods of characterizing sludge.

In addition, the Ministers confirmed the brief assigned to a group of senior officials which will continue drafting and finalizing agreements for cooperation on the following four subjects:

1. The setting-up of a European Information Centre on computer programs.
2. The establishment of a Medium-Range Weather Forecasting Centre.
3. A study on electronic traffic aids.
4. A study on an oceanographic and meteorological data-acquisition network.

FREE COMPETITION IN THE EUROPEAN COMMUNITY

A greater variety of goods, of better quality and at a lower price: these are the advantages the consumer gains when competition works well. Open competition between firms gives them an incentive to rationalize production, simplify distribution networks, improve the quality of their products and cut down profit margins.

Fair competition is the basic principle of the Community economy. To guarantee firms and individuals comparable business conditions throughout the Community territory, the tariff duties and quotas which constituted the most flagrant discriminations have been abolished and action by the public authorities has been gradually harmonized in all matters of domestic taxation, wages and salaries, social security payments, services, interest rates, capital markets in short, every item making up a firm's costs.

The Commission of the European Communities is required to ensure that fair competition is observed in the Common Market, and has been given all the necessary powers to intervene when free competition is jeopardized, either by state aids to certain firms or business sectors, by agreements or understandings between firms, by a large firm's abusing the dominant position which it occupies in its particular sector, or by the various restrictions on trade which the governments may still practise after abolishing tariff duties (administrative complications, health or technical standards, discriminatory taxation, etc.).

The Commission therefore has the authority to ban any measure adopted or contemplated by the firms in Member States or by the States themselves when it is likely to restrict the freedom of intra-Community trade, in particular:

1. Agreements

Under the Treaty, agreements are forbidden by which a number of firms arrange to share out markets or sources of supply amongst themselves, limit production and investment, fix prices and render the conclusion of contracts contingent on the acceptance of additional services having no connection with the subject of the contracts concerned.

Since 1962, all the agreements which are concluded between two or more firms and are likely to fall within the scope of Community rules must be declared to the Commission, which then either takes a favourable decision legalizing their existence or decides to ban them, thus causing their annulment or amendment. Undeclared agreements may be subjected to enquiries when a complaint is lodged. The Commission may accompany its bans by fines and penalties.

Since it is difficult to define accurately the concept of an agreement, which is a reflection of changing economic circumstances, the Commission enjoys wide powers of judgment; it may accordingly exempt from the ban certain agreements whose economic advantages to the public at large outweigh their restrictive effects, particularly when such agreements improve production or distribution without jeopardizing competition in too large a portion of the market for the product in question, provided they are of benefit to the consumer. (Thus contracts for exclusive licences restricting competition have been authorized, mainly because of the complexity of the products marketed).

Moreover, agreements having only a negligible effect on competition are not subject to the ban. By this decision, the Commission sought to favour agreements concluded between smaller firms with a low turnover concerning a small part of the market.

The Commission also decided that certain cooperation agreements between firms would not come under the ban. These are:

- agreements governing cooperation in accounting matters,
- joint backing of loans;
- joint debt-collecting agencies;
- joint consultancies on business management or taxation matters;
- joint execution of R&D projects;
- joint use of production plant, storage equipment or transport;
- joint sales and after-sales service by firms which are not in competition with one another or small firms which are in competition;
- joint advertising;
- use of a joint label.

From 1962 to 1971, the Commission had to ban only five agreements. In addition, however, 589 agreements between firms had to be amended to obtain Commission approval and there were 36 voluntary annulments.

2. Abuse of dominant positions

The Commission of the European Communities can take action against concentrations when the firm involved holds a dominant position, by virtue of the scale of its production, in the market for the products in which it specializes, in a large part of the Community and abuses this dominant position to obtain an advantage over its customers, suppliers or competitors (e.g., fixing of prices and conditions of sale).

It is compulsory to notify the Commission of concentrations and to obtain its prior agreement only for the coal and steel industries, as laid down in the ECSC Treaty to which they are subject. However, a move towards making such notification and prior approval compulsory for all firms has been made in the European Parliament. A revision of the Treaty establishing the European Economic Community would be necessary, however, to give the Commission powers of this kind.

3. State aids

The States hamper free competition when they grant aid to firms or certain business sectors in varying forms. After investigating the matter, the Commission may require the abolition of such aids when they have serious consequences on competition in the Common Market (e.g., the German law on taxation of road transport, 1971).

However, aid of a social nature, aid granted to relieve disasters and aid to the regions of Germany affected by the division of the country are allowed as of right. Aid for regional development, aid to certain sectors of the economy (coal mines, shipyards) and aid for projects of Community interest may be authorized by the Commission. Moreover, the Council of Ministers may decide by unanimous vote that the granting of aid in a particular case is compatible with the Common Market.

THE SOCIAL FUND RECAST INTO AN EFFICIENT TOOL FOR SOCIAL PROGRESS

To help bring social progress abreast of the technological evolution that has marked economic growth in the last decade, the Community has now acquired an effective weapon with which to intensify the fight against unemployment and short-time working. For this is where the European Social Fund will henceforth be used. After ten years of existence, it is to enter a new stage of growth on 1 January 1972. This change marks the fulfilment of a reform decided upon last February by the Council of Ministers, on a proposal by the Commission of the European Communities, in order to meet the Community's needs.

Since the Fund first started up in 1961, circumstances have changed considerably. The opening of the frontiers between the six countries, the lowering of customs barriers all over the world, and the strides made by new techniques have undoubtedly stimulated industrial growth, but they have brought with them the need to adapt the workers to the increasing changes in the economy and to maintain or create a structural and regional balance between the various parts of the Community. The Community had to find an instrument flexible enough to meet the demands of rapid, harmonious economic growth.

So the Social Fund, sloughing its old skin, is no longer an inter-State compensation fund for the benefit of the unemployed only. It has become an active element in the Community's employment policy, and is to help to ensure the best possible utilization of the entire active population, in line with the Community priorities. The Fund's initial purpose is still to promote, within the Community, employment facilities and mobility of workers, both geographical and from trade to trade. But this purpose is now framed in a materially altered political context. It is now axiomatic that social and economic affairs must go hand in hand. In the future the activities of the Social Fund will be dominated by an employment policy aimed at easing the structural adjustment of the economic sectors and firms to the demands of progress and ensuring a balanced, harmonious development of the regions, meanwhile helping certain hard-to-fit categories of people to find a place in the economic community.

A Community institution with limited financial resources, the Social Fund obviously cannot solve the employment problems by itself. Its action will therefore be selective. Two types of action are planned:

1. Measures in support of decisions by the Council of Ministers or of specific joint projects to improve the balance of the employment market.
2. Steps to rectify a certain number of serious employment situations, chiefly in backward or declining regions and in some branches of activity particularly affected by technical progress (50% of the available funds will be earmarked for this type of action over the next five years).

The field in which these two types of aid will be granted by the Fund has been considerably widened: in addition to aid for retraining and relocation, there are new aids which will reduce the burden of cost of setting up occupational training centres in the backward regions and will cover, under certain conditions, the expenses of resettling incurred by workers who are obliged to move home. They will also assist certain classes of underprivileged workers either to acquire occupational skills - in the case of handicapped people - or to retain their previous wage rate - in the case of elderly workers obliged to change their type of job.

The renovated Social Fund has become an essential instrument of the employment policy: the Commission of the European Communities, which administers the Fund, is therefore responsible for seeing that its action is in line with Community policy.

The renovated Social Fund is also characterized by the speed of its action (which will be carried out in the form of instalments, in step with the progress of operations), and by its flexibility - and in particular the fact that in any year it can commit amounts greater than those earmarked for that year.