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REPRODUCTION AUTHORIZED

** When the Commission of the European Communities presented its memorandum on industrial policy (see "Industry, Research and Technology" No. 48), it undertook to widen and complete its work by analysing the QUALITATIVE OBJECTIVES OF INDUSTRIAL DEVELOPMENT. With this pledge in mind, the Commission is to organize a conference in Venice, in April 1972, on "INDUSTRY AND SOCIETY IN THE COMMUNITY"; it will be attended by about 300 representatives of both sides of industry, the European institutions and the national administrations of the Member States of the expanded Community.

ANNEX 1 contains details of the Conference agenda.

** "Today the Community budget is dominated by agriculture - the principal topic in the Community during the sixties. Let us hope that THE SEVENTIES WILL SEE THE SUCCESS OF ITS INDUSTRIAL, TECHNOLOGICAL AND REGIONAL POLICIES, and that the Community budget will reflect these new priorities", said Mr Spinelli, Member of the Commission of the European Communities with special responsibility for industrial affairs, on 23 January, when he opened the Second European Symposium on Management. Extracts from his speech appear in ANNEX 2.

** After the signing of the Treaties of Accession giving the go-ahead to the enlargement of the Community, it may be of interest to quote some figures which give an idea of the ECONOMIC AND INDUSTRIAL POWER OF THE COMMUNITY OF TEN, as compared with the Community of Six, the United States, the USSR and Japan.

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or further information please apply to the

Commission of the European Communities
Directorate-General for Press and Information
Division for industrial and scientific information
200, avenue de la Loi
1040 Brussels - Tel. 3500 40

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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.

PRESS AND INFORMATION OFFICES OF THE EUROPEAN COMMUNITIES

1 BERLIN 31
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Suite 707
tel. (202) 296-5131

	Six	Ten	USA	USSR	Japan
Population (in 10 ³)	189,787	257,242	205,395	244,000	103,540
GNP (in \$10 ⁹)	485.2	637.4	933.3	288 ¹	
Imports (% world total)	30.3	41.0	13.7	4.0	6.5
Exports (% world total)	31.8	41.2	15.5	4.6	6.9
Total production of primary energy (10 ³ tce)	330,828	520,356	2,151,397	1,386,090	71,392
Total internal consumption of primary energy (10 ⁶ tce)	845.8	1,235.8	2,250.6	-	379.6
Total mineral oil production (10 ³ tons)	391,661	504,208	565,488	-	159,689
Gross total production of electrical energy (GWh)	580,393	909,165	1,738,142	740,926	350,590
Steel production (10 ³ tons)	109,191	138,943	122,120	116,000	93,322
Automobile production (private and commercial vehicles) (10 ³ units)	8,029,000	9,670,000	6,550,000	348,000	3,179,000
Transport - railways passenger kms (10 ⁶)	120,711	155,748	10,568	266,300	181,921 ²
Total merchant fleet as on 1 July 1970 (10 ³ GRT)	28,656	77,317	18,463	14,832	27,004
Energy consumption per capita for industrial purposes (kWh)	1,672	1,736	[3,300]	[1,896]	[1,860]
for other purposes (kWh)	1,070	1,387	[4,000]	[698]	[1,228]
Motor vehicles registered on 1 January 1971					
Passenger vehicles (10 ³)	41,827	56,009	89,861	[1,700]	8,779
per 10 ³ inhabitants	220	218	432	7	85
TV sets (10 ³)	40,038	58,300	81,000	30,744	21,879
per 10 ³ inhabitants	216	231	399	127	214
Telephones (10 ³)	34,255	51,297	115,222	12,000	19,899
per 10 ³ inhabitants	185	203	567	50	194

¹Net material product.

²1969.

** The need for cooperation and coordination at Community level concerning all aspects of FAST REACTOR DEVELOPMENT was emphasized by the Commission of the European Communities in a reply to a written question from Mr Adams and Mr Oele, Members of the European Parliament. Details are given in ANNEX 3.

** In 1971 PIG IRON PRODUCTION within the Community fell by 5.9% as compared with 1970, and STEEL OUTPUT by 5.4%. The following table shows the breakdown by country of Community iron and steel production:

1000 tons

	<u>Pig iron production</u>			<u>Crude steel production</u>		
	1970	1971	Change (%)	1970	1971	Change (%)
West Germany	33,627	29,989	- 10.8	45,041	40,315	- 10.5
France	19,128	18,328	- 4.2	23,774	22,843	- 3.9
Italy	8,354	8,554	+ 2.4	17,277	17,433	+ 0.9
Netherlands	3,594	3,760	+ 4.6	5,030	5,070	+ 0.8
Belgium	10,955	10,522	- 3.9	12,607	12,445	- 1.3
Luxembourg	4,810	4,588	- 4.6	5,462	5,241	- 4.0
ECSC	80,467	75,741	- 5.9	109,191	103,347	- 5.4

** In all industrialized countries the problems raised by INCREASING AIR POLLUTION are calling for rapid and effective solutions at legislative, administrative, technical and economic levels. The Commission of the European Communities has therefore arranged for a practical and regional study to be made of methods of observing and monitoring air pollution. The aim of this study would be to suggest methods of organizing the monitoring of pollution and possible counteraction in the event of non-compliance with the regulations and to analyse the technical and legal resources available and actually in use. The pilot study will be confined to Belgium, but could later be extended to other member and applicant countries, thus permitting a comparison of the methods and solutions adopted and facilitating the preparation of Community directives.

** The Commission of the European Communities has just approved a COOPERATION AGREEMENT BETWEEN THE COMMERCIAL VEHICLE MANUFACTURERS MAN (West Germany) AND SAVIEM (France) under which the two firms will produce a joint range of commercial vehicles of 7.5 tons and above and will collaborate in research and development, manufacture, finishing and assembly, distribution and after-sales service. Cooperation in the development of these commercial vehicles (with Saviem responsible for the medium range up to 12 tons of road weight, and MAN for the heavy range of 12 tons and over) will be directed towards standardization of vehicle types and ultimate specialization with a view to mass production.

The Commission considers that this agreement, which should facilitate rationalization and help to cut down unit costs to the benefit of users, would not make it possible to eliminate competition within the Common Market in respect of any substantial proportion of the equipment concerned. The Commission's decision is backed up by special clauses which enable it to keep continuously abreast of the competitive situation within the Common Market and of the practical effects of rationalization. In particular, the Commission will do its utmost to preserve a satisfactory freedom of choice for users and effective competition between firms or groups of firms marketing commercial vehicles within the Common Market.

** The Commission of the European Communities recently authorized the conclusion of a TOLL ENRICHMENT contract between the Supply Agency and the United States Atomic Energy Commission (USAEC) on behalf of Preussenelektra, Hanover, for a total net quantity of 9,300 kg of U²³⁵ to be delivered between 1972 and 1995. The enriched uranium to be provided by the USAEC under this contract is to be used for the make-up charges for Preussenelektra's Würgassen reactor.

** The "Consultative Committee on Programme Management" for the Biology and Health Protection programme met in Brussels on 20 and 21 January 1972. After examining about 80 research projects submitted to the Commission by national agencies and laboratories, the Committee unanimously expressed a favourable opinion on the overall plan for 1972-75 prepared by the Commission's departments for the fields of RADIATION PROTECTION AND ADAPTATION OF NUCLEAR TECHNIQUES TO AGRICULTURAL AND MEDICAL RESEARCH.

The Biology and Health Protection programme is one of the few Euratom projects (the others being the Fusion and Dragon programmes) concerning which the Council has already approved multiannual programmes (see "Industry, Research and Technology" No. 104).

** The Commission for HEALTH AND SAFETY IN COAL MINES held a plenary session in Luxembourg on 25 January 1972 at which it adopted a report on the study of overvoltage due to lightning in underground workings, together with the eighth report on safety organization for 1969 and 1970. It debated the advisability of extending the Commission's authority to the extractive industries. Lastly, on the occasion of the signing of the Treaty of Accession, the British observers were specially congratulated on the active part which they had taken in this work since 1957.

INDUSTRY AND SOCIETY IN THE COMMUNITY

the subject of a Conference to be held by the Commission of the European Communities in Venice on 20-22 April 1972

In the introduction to its Memorandum on the Community's industrial policy, the Commission undertook to extend and complement its work by an analysis of the problems concerning the kinds of objective that should be assigned to industrial development. Organizing the Conference on Industry and Society in the Community, which is to be held in Venice in April 1972, seemed the best way to explore the problems which have not yet been sufficiently debated at Community level and to obtain general policy lines and practical conclusions for the further work of the Community institutions.

Some 300 people are expected to attend this Conference, representing the trade unions, the employers' organizations, the European institutions and the national administrations of the Member States of the enlarged Community. The aim is to discover on a joint basis what connections exist at Community level between industrial development and certain problems of an economic, social and political nature.

From this comparison general policy lines should emerge to enable Community policies to be mapped out and suggestions should be advanced with a view to practical action to be undertaken at Community level. The result should be a clear definition of the function and responsibilities of the Community institutions in industrial development, especially from the standpoint of social consequences.

After an introductory report by Mr Robert Toulemon, Director-General for Industrial, Technological and Scientific Affairs in the Commission of the European Communities, on the progress of work on industrial policy in the Community, the Conference debates will concentrate on three broad subjects:

1. Industrial development and the minimization of social and regional disparities

There will be three series of reports on this subject, as follows:

- (a) The industrial development of the Community: problems and outlook

Rapporteurs:

Mr Lombardi (Italy), Chairman of Confindustria

Mr Ventejol (France), Federal Secretary of the Force
ouvrière

Mr Boissonnat (France), Editor in Chief of "L'Expansion"

- (b) The human element and human conditions in business

Rapporteurs:

Mr Friedrich (Germany), Chairman of BDA

Mr Houthuys (Belgium), Chairman of CSC/ACV

Mr Fogarty (Ireland), University professor

- (c) The conditions necessary to direct more of the industrial investment by the various Member States towards the less-developed regions of the Community. The part played by industry and the authorities

Rapporteurs:

Mr Ezra (Britain), Chairman of the National Coal Board

Mr Dido (Italy), Federal Secretary of the CGIL

Mr Kienbaum (Germany), Industrial consultant

2. Industrial development, collective needs and standards of living

There will be three series of reports on this subject, as follows:

- (a) The development of collective and individual needs in European society: options for the future and the resultant outlook for industry

Rapporteurs:

Mr Huvelin (France), Chairman of CNPF
Lord Delacourt-Smith (Britain), Secretary-General, Post
Office Engineering Union
Mr Ruffolo (Italy), Secretary-General for Planning

- (b) Effects of action to improve the environment on industrial development and the location of firms

Rapporteurs:

Mr Petrilli (Italy), Chairman of IRI
Mr Laot (France), Member of the Executive Committee of the
CFDT
Mr Jürgensen (Germany), University professor

- (c) The increase in the cost of public infrastructures and equipment and the problem of financing them without detriment to the harmonious development of the Community

Rapporteurs:

Mr Neuman (Belgium), Chairman of the SNI
Mr Armato (Italy), Federal Secretary of the CISL
Mr Albert (France), Inspector of Public Finance

3. The Community and the world

There will be three series of reports on this subject, as follows:

- (a) The objectives of a European technological development policy and methods of implementing it

Rapporteurs:

Mr Bölkow (Germany), Chairman of the Board of

Messerschmitt-Bölkow-Blohm GmbH

Mr Brenner (Germany), Chairman of IG Metall

Sir Richard Clarke (Britain), Former Permanent Secretary at
the Ministry of Technology

- (b) The development of multinational companies; advantages and disadvantages; economic, social and political measures and changes brought about by such development

Rapporteurs:

Mr Kraijenhoff (Netherlands), Chairman of the Board of AKZO

Mr Simoncini (Italy), Federal Secretary of the UIL

Mr Duquesne de al Vinelle (Belgium), University professor

- (c) Promotion of the industrialization of developing countries; consequences to Community industry

Rapporteurs:

Mr Moussa (France), Director-General of PARIBAS

Mr Vetter (Germany), Chairman of DGB

Mr Tinbergen (Netherlands), University professor

THE DEVELOPMENT OF A COMMON INDUSTRIAL AND A COMMON REGIONAL
POLICY - A NEW PRIORITY TASK FOR THE COMMUNITY

"Today the Community budget is dominated by agriculture - the principal topic in the Community during the sixties. Let us hope that the seventies will see the success of its industrial, technological and regional policies, and that the Community budget will reflect these new priorities", said Mr Spinelli, Member of the Commission of the European Communities with special responsibility for industrial affairs, on 23 January, when he opened the second European Symposium on Management.

In the thirteen years since the Common Market was set up, the Community's gross national product has admittedly increased in real terms by 86%, whereas the corresponding figure in the United Kingdom was 40% and in the United States 61%. It is true that industrial production increased during the same period by 116% in the Community, compared with 49% in the United Kingdom and 79% in the United States. It is also true that the Community has become the world's leading trading power.

However, it can certainly not be said that industrial structures have always followed the trend towards integration of markets. The move towards the reorganization and concentration of medium-sized companies has manifested itself mainly within the national frontiers; it has not greatly contributed to the creation of a system of truly European industrial links. Certain factors of imbalance and fragmentation have not been eliminated and may even be on the increase.

In fact, not all the provisions of the European Treaties have yet been implemented.

In the field of tax harmonization, TVA has not yet been adopted in all the Member States. As regards the free movement of capital, investors cannot yet buy and sell Community securities freely. The

technical regulations which represent an obstacle to trade in industrial products are not being harmonized quickly enough, in spite of the many efforts made to this end, and a great deal still remains to be done. In connection with the systems of credits for exports to non-member countries, each Member State continues to hedge itself round with widely differing instruments.

However, the harmonization effort which we are still being asked to make should not give the impression that the Community is seeking standardization as an end in itself or that it is trying to achieve maximum uniformity. Clearly a reasonable degree of national diversity and individuality is quite compatible with standardized Community structures.

Nevertheless, now that the stage of the customs union and the standardization of the regulatory framework is behind us - although that work has not yet been entirely completed - the time has come for the Community to enter on a second stage, i.e., the achievement of economic and monetary union.

The adoption of a common regional policy is an initial basic step on the road to economic union.

A second great chapter in the work of the next decade will be the adaptation of our industrial structures to new needs. The competition on the world market, the gradual internationalization of industry, access to the markets of new producing countries, the emergence of new technologies and new products, the increasing lack of balance between the satisfaction of individual and collective needs and work on the protection of the human environment are factors which will oblige industry and the authorities to make choices and take options which will affect industrial development.

In the field of industrial policy, the Commission has submitted to the Council a Memorandum on the Community's industrial policy which puts forward a coherent set of objectives for instruments and practical

measures in a field which the Treaty, which dates back nearly fifteen years, does not even mention. On a number of points the Commission has already been able to turn the basic options which it outlined in this Memorandum into formal, practical proposals (see "Industry, Research and Technology" Nos. 48 and 92).

First of all, more particularly in the advanced technology industries, our task is to speed up the progress of cross-frontier reorganization so as to produce European companies or groups of companies which are large enough to compete on a world scale. The draft statute for the European company should provide a legal framework for cross-frontier industrial mergers. The same applies to the draft statute for a European economic interest grouping, ('groupement d'intérêt économique'), shortly to be submitted (see "Industry, Research and Technology" Nos. 62 and 116).

Our proposal to make the status of joint undertaking, which the Euratom Treaty reserves for nuclear undertakings, also accessible to transnational companies in other industries may provide these not only with a Community statute but also with tax privileges (see "Industry, Research and Technology" No. 112).

We also wish to speed up the effort to remove certain tax obstacles which still inhibit cross-frontier industrial groupings.

Under its own powers, the Commission is proposing to set up an office for promoting closer relations between companies, which in particular will help small and medium-sized companies interested in cross-frontier cooperation to find suitable partners.

Moreover, the enlargement of the Community provides a historic opportunity to supplement our industrial policy with a common policy aimed at strengthening the advanced technology industries in the Community.

This matter of the advanced technology industries is a particularly delicate one. It is these industries which are most vulnerable to American and Japanese competition. However, the present policies of the Member States lead to a veritable fragmentation of the national markets; most of the Member States grant financial aid to certain advanced technology industries, but the structure of this aid - in the computer industry, for instance - is an obstacle to the reorganization at European level which alone can create a viable industry.

The Commission will shortly submit a proposal on the introduction of Community development contracts. The proposal will concern the Community's financial machinery for the support of innovation, both in industrial sectors where this is inadequate and when the necessary technological and financial resources are beyond the normal capacity of the companies concerned or when production has to be promoted to meet a public need. In this way, it is hoped that financial aid to technological development will become a unifying factor, instead of being a source of national division.

Finally, although in theory the throwing open of public contracts is already laid down in the Treaty, much remains to be done, particularly in the advanced technology industries. It is not sufficient to impose rules; in the industries where government buying is linked with technological development, efforts need to be pooled at European level. The Commission intends to put forward specific proposals for key industries such as aeronautics, computers and telecommunications.

All these tasks call for a decision to enlarge the Community's powers beyond what the Treaties laid down originally - one which will have to be taken at top level.

THE DEVELOPMENT OF FAST REACTORS IN THE COMMUNITY

The development of the fast neutron type of reactor is being actively pursued in the Community. For a number of years various efforts have been pooled and have resulted in a number of cooperation agreements:

1. At the prototype stage, the companies of Interatom (Germany), Belgonucléaire (Belgium) and Neratoom (Netherlands) in 1968 set up the consortium SNR to build a 300 MWe prototype. Also involved in this coordination of effort are governments, research centres (Karlsruhe, Mol and Petten) and electricity producers (RWE, SFP, Synatom).

In addition, when they concluded cooperation agreements in Brussels on 14 July 1971, TNPG (Britain) and the companies forming the SNR consortium stated their intention of offering fast reactors jointly on the world market.

An agreement for consultation also exists between the CEA (France) on the one hand and the CNEN (Italy) and a group of Italian companies responsible for building the experimental PEC reactor on the other.

2. At the level of large 1000 MWe power plants, the leading Community electricity producers (EDF, RWE, ENEL) have agreed to join forces to build two power plants, one in France around 1974, which will be of the Phénix type, and one in Germany, of the SNR family.

The Commission of the European Communities has repeatedly emphasized the need for cooperation and coordination at Community level in the field of advanced reactors, particularly in all fields of fast reactor development, and it is doing all it can to encourage this cooperation together with the Member States. It recently drew

attention to this fact in a reply to a written question by Mr Adams and Mr Oele, Members of the European Parliament. The Council of Ministers, says the Commission, undertook in its resolution of 6 December 1969 to adopt initial decisions leading to cooperation on as broad a base as possible in the field of advanced reactors, particularly fast reactors. In April 1970, the Council set up a Coordinating Committee on Fast Reactors with the brief of establishing the most suitable procedures for working out and implementing plans for coordination and cooperation on the broadest possible scale between the various programmes, and of making any helpful suggestions in this connection. Certain steps were taken by this Committee to strengthen cooperation at Community level, particularly in the field of safety. Cooperation aimed at the more widespread pooling of the results of research programmes would be encouraged by the establishment of multinational industrial groupings for marketing this range of reactors. At present it has not been possible to organize such groupings between German, Benelux, French and Italian companies; this is partly due to the difficulties inherent in industrial cooperation in the field of even proven reactor types. As a result of the present state of the Community's industrial structures, the Council had to confine itself in its resolutions adopted on 6 December 1969 and in April 1970 to the establishment of a Coordinating Committee, in the absence of a decision on a genuine Community programme at the 300 MWe prototype stage.

The 1000 MWe phase will offer the Community a better chance of encouraging keener industrial cooperation between competing groups, thanks to an agreement concluded between electricity producers. It is at this phase that the Commission is to direct its main efforts and, when the time comes, the steps it takes are likely to be mainly in the field of joint undertakings.

For the next phase, i.e., marketing, the Commission considers it desirable that at least two large European industrial groups capable of competing on the world market should be formed and intends to do what it can to promote this.

On a Commission proposal, the Coordinating Committee on Fast Reactors is also to examine the measures necessary for establishing extensive cooperation in the field of safety. The Committee has also begun to examine other problems connected with the construction and financing of the first large power plants of around 1000 MWe. In this connection, besides the potential appeal of the award of joint undertaking status, the Commission is prepared to examine the possible advantages which would accrue if the Community were to help to finance the extra costs and risks involved in the operation of these power plants. Furthermore, the Commission has proposed to the Council that the Coordinating Committee's terms of reference should be extended with a view to enabling Britain to take part in the work.