



WEEKLY

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\*\* The year 1972 saw the continuation of the work leading to the implementation of a COMMUNITY INDUSTRIAL POLICY. The General Report on the Activities of the Communities, which the Commission has just made available to the public, deals at length with the measures carried out in this field. ANNEX I contains extracts from this report relating to industrial policy, while ANNEX II deals more particularly with sectoral measures within the Community.

\*\* RAW MATERIALS AND PRIMARY PRODUCTS make up about 20% (i.e., \$90,000 million in 1972) of the gross production of the Community of Six. These products represent 60% of the value of Community imports from third countries, and 90% of Community imports from the developing countries.

In a memorandum on A EUROPEAN POLICY ON RAW-MATERIAL SUPPLIES, written for the Commission of the European Communities, Professor Michaelis declared the need for a uniform Community policy to ensure the Community a reliable supply of raw materials. ANNEX 3 contains a brief summary of this memorandum.



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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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- \*\* ANNEX 4 gives a selection of RECENT PUBLICATIONS which have just been acquired by the Scientific and Technical Library of the Commission of the European Communities. These can be consulted on the premises (1, Avenue de Cortenberg, 1040 Brussels, office: Loi No 43, first floor) or borrowed.
  
- \*\* Under its policy of apportioning work on an international basis, the Commission recently asked Professor Tinbergen's Nederlands Economisch Institut to carry out a study on THE LONG-TERM OUTLOOK FOR EUROPEAN INDUSTRY, and in particular Community industry.
  
- \*\* THE EUROPEAN METEOROLOGICAL COMPUTING CENTRE is to be set up at Reading, England, and the Convention establishing this Centre will be signed on 8 May. Eighteen European countries (the nine Community countries, Austria, Finland, Greece, Portugal, Spain, Sweden, Switzerland, Turkey and Yugoslavia) will take part in this project, which is at present the largest being carried out under the programme of European scientific and technological cooperation (COST) instituted in November 1971 (see IRT No 122).

The setting-up of a European Meteorological Computing Centre is a very large and expensive undertaking requiring international cooperation. During the start-up period, which will last five years, it is estimated that capital costs and running expenses will total approximately 22 million units of account; in the operational period (which will begin six years after the Centre is set up) the annual running costs will, according to the estimates, be 8.9 million u.a. The Centre will have a staff of about 120.

Considerable savings in a number of sectors of the economy (in particular agriculture, construction, energy, transport and water distribution) will be made possible by the creation of this Centre.

In 1980, the estimated economic benefit of 4-10 day weather forecasts, in the chief sectors concerned, will amount to 400-500 million u.a. for the countries involved in the setting-up of the Centre (see IRT No 169).

\*\* According to estimates made by the firms concerned, capital investments by the IRON AND STEEL INDUSTRY in the Community of Six, which in 1971 reached a record level of more than 2200 million u.a., should in 1972 run to some 2600 million u.a., the highest figure yet recorded; the estimate for 1973 will be equally high.

It would appear that the steel industry expects to maintain a rapid rate of expansion over the next few years; from 1971 to 1975 the production capacity for crude steel should increase from 135 to 163 million tonnes a year. The cumulative annual growth rate should thus reach a figure of 4.7%.

\*\* Between 1960 and 1970, there was an annual average increase of 6.1% in the GROSS CONSUMPTION OF PRIMARY AND EQUIVALENT ENERGY SOURCES IN THE COMMUNITY OF THE SIX. In the same period, the net energy consumption of the different sectors in the Community showed the following pattern (average annual growth rate):

industry	+4.4%
iron and steel industry	+2.8%
chemical industry	+5.1%
transport	+6.4%
domestic sector	+8.0%

The net non-energy consumption of the chemical industry showed an average annual increase of 21.2% over these ten years.

These figures were taken from the 1972 directory of ENERGY STATISTICS 1960-71, recently published by the Statistical Office of the European Communities and obtainable from the Official Publications Office of the European Communities (PO Box No 1003, Luxembourg 1) at a price of BF250.

\*\* INDUSTRIAL TRAUMATOLOGY - STARTING POINT FOR THE REHABILITATION OF ACCIDENT VICTIMS will be the subject of a three-day Symposium to be held by the Commission of the European Communities in Luxembourg on 11-13 April 1973.

\*\* A comparative study on CONTRACT RESEARCH IN INDUSTRY in the six countries of the Community, carried out for the Commission by the Centre for European and International Research at the University of Grenoble, and based on studies conducted at national level by four Member State organizations, was recently published in French and German by the Commission in its "Research and Development" series, No EUR 4915d, f (BF150). A summary of this study appeared in No 157 of "Industry, Research and Technology".

In its "Research and Development" series, the Commission has also published a study on "PROSPECTIVE BENEFITS FROM THE CREATION OF A EUROPEAN METEOROLOGICAL COMPUTING CENTRE (ECMW)" (see IRT No 169). This study, which appears under No EUR 4850d, f, e, is available in German, French and English, at the price of BF100.

These two publications are on sale in the Official Publications Office of the European Communities (PO Box No 1003, Luxembourg 1).

\*\* The Commission of the European Communities recently sent the Council of Ministers a document on the programme of INDIRECT ACTION RELATING TO RESEARCH AND TRAINING (see IRT No 178).

\*\* The RECENT PUBLICATIONS of the Commission of the European Communities include:

- Technical measures of dust-prevention and suppression in mines (synthesis report on research carried out under the second programme 1964-70)  
No EUR 4851d, f, i, n, e, 145 pages, BF100, available in Dutch, English, French, German and Italian.

- Technical control of air pollution in the iron and steel industry  
(Research progress report 30 June 1972)  
No EUR 4921d, f, i, n, e, 79 pages, BF100, available in Dutch,  
English, French, German and Italian.
  
- Symposium on Accident Prevention (Luxembourg, 21-23 October 1970)  
No EUR 4825d, f, i, n, e, 395 pages, BF300, available in Dutch,  
English, French, German and Italian.
  
- Recherche technique "acier"; propriété d'emploi des aciers -  
aciers pour emploi à chaud  
No EUR 4649d, f, i, 54 pages, BF85, available in French, German  
and Italian.
  
- Nouveaux procédés techniques dans la sidérurgie, volume 4:  
les laminoirs  
236 pages, BF50, available in French and German.
  
- Steel congress 1968: steel in the Chemical Industry  
993 pages, BF1250.

These documents are obtainable from the Official Publications Office  
of the European Communities (PO Box 1003, Luxembourg 1).

THE IMPLEMENTATION IN 1972 OF THE COMMUNITY'S INDUSTRIAL POLICY

(extracts from the General Report on the Activities of the Communities in 1972)

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The Council was unable during 1972 to complete its work on the general guidelines on industrial policy, which had been undertaken following the submission in 1970 of the Commission's memorandum on Community industrial policy (see IRT No 48). The problems outstanding relate primarily to the liberalization of public and semi-public contracts, the procedures for the coordination of public procurement policies, the adoption of a common approach to foreign investments and, finally, the status and terms of reference of an Industrial Policy Committee, proposals for the creation of which had been submitted by the Commission to the Council on 28 April 1971.

The will to achieve progress in the field of industrial policy, as expressed in the Paris Declaration by the Heads of State and Government of the enlarged Community, constitutes a pledge that differences will henceforth be overcome and that the Community will very soon be able to adopt the first concrete decisions on industrial policy.

Notwithstanding the difficulties that arose during the discussions on problems of principle, the Community has taken all the necessary measures for the preparation and adoption of decisions of general application affecting industrial policy.

In May 1972 the European Parliament delivered its Opinion on the proposed regulation for the creation of Joint Undertakings within the meaning of the EEC Treaty, which the Commission had submitted to the Council on 14 September 1971 (see IRT No 112). Having duly taken this opinion into account, the Commission then submitted for the Council's consideration appropriate amendments to its proposal.

On 18 July 1972 the Commission adopted a proposal for a Council regulation on the implementation of Community industrial development contracts (see IRT No 154).

On 24 July 1972 the Commission transmitted to the Council a First Memorandum on the current situation with regard to the liberalization of public contracts and of contracts with firms responsible for providing a service of economic interest in the field of procurement (see IRT No 155).

On 20 September 1972 the Commission laid before the Council a Memorandum on the setting up of an intra-Community business liaison office (see IRT No 158). The Commission was prompted to consider setting up an office of this kind as one of its own departments. This office would enjoy full autonomy vis-à-vis the other departments of the Commission. It is expected to be set up at the beginning of 1973.

Research on the qualitative objectives of industrial development and on means of realizing them can only be carried out through a collective effort on the part of all the political, social and economic circles throughout the Community. It was for this reason that the Commission organized a wide-ranging conference on the subject of "Industry and Society" which was held in Venice on 20-22 April 1972 and was attended by 120 representatives from industrial and trade union circles in the Community as well as by officials of Community institutions and of the various national authorities (see IRT No 141).

The results of this Conference's work are currently being studied by the relevant departments of the Commission. Certain guidelines on general economic policy have been supplied to the Medium-Term Economic Policy Committee, which will thus be in a position to draw the necessary conclusions as regards the Community's future medium-term programmes.



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The Commission intends to pursue vigorously the study of these various problems in collaboration with both sides of industry (see IRT No 153). In short, the suggestions or guidelines on environmental and technological development problems have been or will be instrumental in the implementation of the proposals already submitted or currently being prepared by the Commission.



SECTORAL MEASURES TAKEN IN 1972 AS PART OF THE INDUSTRIAL POLICY

(based on the General Report on the Activities of the Community in 1972)

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A series of measures taken in 1972 as part of the Community's industrial policy relate in particular to different sectors of industry:

In the mechanical engineering field, the Commission has concentrated its efforts essentially on numerically controlled machine tools, for which a concerted research programme covering a period of three years (1973-76) and costing 1,800 million u.a. is in the course of preparation.

The problems in the clock and watch industry, which stem essentially from the interpretation of the designation "Swiss made" as applied to watch movements, have been virtually solved under the addition to the agreement between the EEC and Switzerland on clocks and watches.

In the shipbuilding sector, the year 1972 was marked by a rapid shrinkage of the firms' order books. Since the industry world-wide is having to face up to threats of serious overcapacity, the Commission was prompted to resume the study of this question with employers and labour. In addition, the Council, in adopting Directive No 72/273/EEC on aids to shipbuilding, requested the Commission to study, with the assistance of the Member States, the various aspects making up the imbalance between supply and demand in this market and to submit proposals for action to prevent developments in supply which might jeopardize the market equilibrium (see IRT No 168).

In the non-ferrous metals sector, lead and aluminium, the prices of which dropped appreciably, were subjected to control. The Commission has studied in greater detail the problem of the supply of raw materials for non-ferrous metals.

With regard to textiles, the Commission approved on 22 July 1971 a document on the policy to be implemented in the Community for this sector (see IRT No 109). In 1972, the Commission gave some of these guidelines the form of specific proposals.

With respect to commercial policy, it laid before the Council a memorandum on the standardization of arrangements concerning imports of textiles from synthetic, artificial and woollen fibres. This Community commercial policy, which is gradually opening up the market, especially with regard to the least developed countries, must take into account both the requirements for adaptations of the sector on a Community scale and the conditions in which international trade develops. As regards intervention measures on employment, the Commission proposed to the Council that the provisions relating to the reformed Social Fund should apply to this sector.

Structural developments in the chemical fibre sector were watched very closely throughout 1972, mainly because of the possible implications for the employment situation. The Commission (which has requested that the problems in this sector should also be studied by the GATT Working Party on Textiles) has initiated a survey among the principal firms of the enlarged Community with the aim of collecting the information necessary in the search for possible solutions at both Community and world level.

Moreover, the excess capacities which have become all too apparent in certain branches of industry, particularly the chemical industry, have provoked lively political discussion on the desirability of coordinating investment. The Commission has begun an examination of these problems.

In the plastics processing sector, the Commission has started a number of studies designed to promote the exchange of information and technological cooperation within the Common Market (see IRT No 174).

In the paper sector, the Commission examined, following its statement to the Council on 26 and 27 June, the various methods of Community action which could be applied.

In the construction sector, the Commission noted that the effects of the Common Market had not been felt to any significant extent in this sector. It is having a full analysis made of the factors determining the industry's activity with regard to the requirements expressed by the market, as well as of research and development activities and of the technical and legal obstacles to interpenetration between regional and national markets. The Commission also requested the opinion of government experts in order to obtain a better insight into the problems encountered (see IRT No 167).

The survey on the agricultural and food industries, in particular as regards their chief characteristics, the stresses to which they are subject and their prospects on the food side, was nearing completion at the end of 1972. In addition, a comparative study was undertaken on the profitability factors of certain food industries (chocolate and confectionery, biscuit and cake manufacture and brewing, taken as test cases) in the Community of the Six and in the United Kingdom. A project has also been initiated with the aim of identifying the principal problems that arise in food research and technology and of finding Community solutions where necessary.

In the aircraft sector, the Commission adopted on 12 July 1972 and forwarded to the Council on 19 September 1972 a memorandum on "Action to be taken in the aircraft sector in line with Community technological and industrial policy" (see IRT No 153).

The study which the Commission had initiated on the inventory, balance and prospects of the research and development activities in the field of new means of transport was completed at the beginning of the year (see IRT No 144). On the basis of the information provided by this

study and after consultation with the circles concerned, the Commission has prepared an initial set of proposals which relate both to industrial and technological policy and to transport policy. Execution of COST project "Forward study of passenger transport requirements between large European conurbations" was assigned to the OECD by the Ministerial Conference of 22-23 November 1971 (see IRT No 152). The other two COST projects ("Electronic aids to traffic on major roads" and "Marine hovercraft of between 1,000 and 2,000 tonnes") were the subject of detailed studies, the conclusions of which will be ready in January 1973.

The electronics sector, as regards both popular consumer durables (radios, television sets, tape recorders) and products for industry (small computers, components), was marked by increased competition from Japan and certain low-wage countries whose goods sell extremely cheaply in Community markets. The Commission therefore decided in July 1972 to supervise imports of desk calculators from Japan. Furthermore, it is actively studying, in cooperation with the Member States, the situation with regard to imports of the other products mentioned above with the intention of evolving a course of action calculated to eliminate any possible distortion of competition.

In the data-processing and telecommunications sector, comprehensive documents on the prevailing problems and the measures that could be taken to alleviate them were in the course of preparation at the end of 1972. The economic effects of the existence of different national telecommunications systems on research and development, industrial production and markets in the Community were the subject of a study.

The increasingly marked world-wide nature of the iron and steel industry's problems, the vast scale of the production facilities employed and the speed of technical development continue to lay ever greater emphasis on the importance of a Community policy governed by the provisions of the ECSC Treaty.

Forward programmes for steel will from now on be produced annually (with a reappraisal half-way through the year).

Research on long-term development prospects (up to about 15 years ahead) is arousing great interest; the Commission launched the first research projects several years ago, and is taking part in the work of the EEC/UN Committee on Steel, which has had to give priority to the study of long-term prospects.

According to the annual survey of investments in the coal and steel industries, the iron and steel industry expects to maintain a rapid rate of expansion in the coming years. The prior notifications of new investment projects related in 1972, however, just as in 1971, to what were modest sums in comparison with those recorded during 1969 and 1970. The Commission rendered reasoned opinions on certain declared projects which were of interest from the Community standpoint in the context of the "General Objectives". By means of these opinions, which tend to go beyond mere business management, the Commission can either grant its support for the realization of certain investment projects or, if necessary, prompt promoters to make desirable adjustments. Opinions directed to firms, as well as those rendered in respect of certain investment programmes at the time of the study of long-term finance in the Community, formed the basis of the Commission's industrial loans policy.

The Commission has intensified its activity aimed at encouraging technical and economic research concerning steel production and the expansion of steel consumption in the Community.

With regard to the nuclear sector, the Commission published in October 1972 The Second Illustrative Nuclear Programme for the Community (see IRT No 161).

In 1972 the Commission rendered 10 opinions on nuclear investment projects amounting to approximately 1,900 million u.a. It also continued its examination of applications from companies for establishment as joint undertakings under the Euratom Treaty.

Efforts designed to bring into closer alignment the methods used for the safety assessment of specific light-water nuclear power plants were continued with the collaboration of national experts.

The experience acquired by the Eurisotop Office in the promotion of the use of radiation and isotopes has made it possible to stimulate and coordinate efforts to further the technology in various sectors of industry.



A EUROPEAN POLICY ON SUPPLIES OF RAW MATERIALS AND PRIMARY PRODUCTS

Raw materials and primary products (foodstuffs, raw materials of mainly agricultural origin, such as raw rubber, wood, cellulose, textiles, etc., minerals and metal ores, non-ferrous metals, motor and other fuels) make up about 20% (i.e., \$90,000 million in 1972) of the gross production of the Community of Six. These products represent 60% of the value of Community imports from third countries, and 90% of Community imports from the developing countries.

The Community therefore depends to a considerable, and ever-increasing, extent on imports from third countries for its supplies of raw materials. This is one of the points made by Professor Michaelis in the memorandum on a European policy on raw material supplies which he compiled at the Commission's request.

This memorandum states that although there is no danger, in either the short or the medium term, of an actual shortage of any primary product, there is still a possibility that certain countries, groups of countries or firms might, as a tactical measure, restrict supplies of certain products, such as crude oil or copper.

The machinery and also the aims of the policy followed at present by the Community and the Member States in order to guarantee supplies of raw materials tend to be rather complex, irrational and poorly coordinated. The subsidies and protective measures introduced in the member countries in order to safeguard supply of raw materials to industry still take widely differing forms, with the exception of those relating to foodstuffs, as they are coordinated under the Common Agricultural Policy. The lack of coordination at Community level gives rise to a considerable number of problems, and weakens the position of member countries in their dealings with the exporting countries, .....

which during recent years have endeavoured to apply a uniform policy with regard to the production and exportation of raw materials or to bring their production and exportation into line with world commodity agreements (this applies mainly to crude oil).

It is therefore essential to have a uniform policy at Community level on supplies of raw material. This policy should guarantee supplies to the Community on the best economic terms and should provide the degree of self-sufficiency required to make the Community independent of decisions taken by third countries. This policy should also conform to the rules and aims of GATT and take into account the requirements of the developing countries.

Following an analysis of the market situation in the main groups of raw materials and primary products, the Memorandum contains an examination of the various means of ensuring reliable supplies of each of these categories. These methods include:

- measures to promote production within the Community: financial aid, preferential rules on prices and competition, guarantees as regards markets, export assistance, etc.;
- measures to protect the production and processing of raw materials within the Community: customs duties and other measures for placing quotas on competing imported products, etc.;
- measures to improve third countries' access to raw materials: subsidies, guarantees, preferential treatment for imports, etc.;
- under external relations policy, measures applicable to all third countries alike (customs duties, etc.) and measures governing relations with specific regions: other industrialized Western countries, developing countries, state-trading countries.

The traditional instruments of commercial policy - customs duties and quotas - are of little further use in improving the Community's supply system. More can be gained from developing bilateral trade relations, mainly through trade and cooperation agreements. This trend, which results in increasing differentiation in trade relations with the various groups of countries and has in particular given rise to the system of preferential zones (Mediterranean countries, associated African territories, etc.) is, however, considered by certain industrialized countries to be incompatible with the rules of GATT and will, together with the Common Agricultural Policy, be the subject of the forthcoming discussions on commercial policy.

The Treaties do not provide the Community with the instruments of a European policy on supplies: the implementation of this policy will therefore depend mainly on the political will of the Member States. The Commission should thus strive to promote agreement among the Member States and the adoption of a common viewpoint in preparation for the forthcoming GATT negotiations.



RECENT PUBLICATIONS

recently acquired by the Scientific and Technical Library of the European Communities: these may be consulted on the premises (1 Avenue de Cortenberg, 1040 Brussels, office: Loi No. 43, first floor) or borrowed.

Environment

Proceedings of the Symposium on Human Ecology  
(EU 7914 (1929))  
Johnson, Charles C.  
Warrenton, Va. 24-27 November 1968  
US Department of Health, Education and Welfare,  
Washington, DC, 1969

Desalting Seawater - Achievements and Prospects  
(EU 17113A)  
Clawson, Marion & Lansberg, Hans H.  
Gordon & Breach, New York, 1972

Indicators of Environmental Quality  
(EU 17109A)  
Proceedings of a Symposium held in Philadelphia, PA.  
26-31 December 1971  
Thomas, William A. (Ed.)  
Plenum Press, New York, 1972

Pollution

A Guide to Marine Pollution  
(EU 17112)  
Goldberg, Edward D.  
FAO - Gordon & Breach, New York, 1972

Ozone in Water and Wastewater Treatment  
(EU 17115)  
Evans, Francis L.  
Ann Arbor Science Publishers, Ann Arbor, 1972

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Urban (Municipal) Water Management  
(EU 17102 (Extract))  
Paper presented at Fourth American Water Resources  
Conference  
Hennigan, Robert D.  
New York State University, Syracuse, NY, 1969

Handbook of Chlorination for Potable Water,  
Wastewater, Cooling Water, Industrial Processes  
and Swimming Pools  
(EU 17108)  
White, Geo. Clifford  
Van Nostrand-Reinhold, New York, 1972

A Study of the Economic Impact on the Steel Industry  
of the Costs of Meeting Federal Air and Water Pollution  
Abatement Requirements  
(EU 17117 (1-2-3)) Part 1-2-3  
PB-211917-18-19  
Council on Environmental Quality  
US Department of Commerce, Springfield, Va., 1972

Solid Waste Treatment and Disposal  
Australian Conference held in Sidney 17-18 February, 1971  
Kirov, N.Y. (Ed.)  
University of New South Wales, Department of  
Fuel Technology, Ann Arbor, 1972