

Brussels, 29 January 1974

No. 4/74

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** THE FIRST EFFECTS OF THE ENERGY CRISIS are already perceptible in the Community, according to the Notes on the economic situation compiled by the Commission of the European Communities in December.

ANNEX 1 gives an outline of these first effects in the field of industrial production, unemployment, consumer prices and the balance of trade.

** In 1973, aid from the European SOCIAL FUND amounted 186 million u.a. (1 u.a. = 1 dollar before devaluation) and was granted for vocational retraining of certain categories of workers, the improvement of employment in certain regions in decline, etc.

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This bulletin is published by the

Commission of the European Communities
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Division for industrial information and consumers
Rue de la Loi 200
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Further information is available from the Commission's press and information offices in the countries listed on the inside cover.

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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ANNEX 2 gives a table showing the breakdown by country and sector for this aid.

We asked various organizations in the Community which deal with matters of consumer protection to review here from time to time THE MOST RECENT DEVELOPMENTS in each of the nine Community countries concerning MATTERS DIRECTLY AFFECTING CONSUMERS. These texts are, of course, the responsibility of their authors.

ANNEX 3 gives one of these texts prepared by the Italian national consumers' union.

** A REVIEW of Community activities during 1973 shows that the periods set by the Heads of State or Government at their Summit Conference in Paris in October 1972 have mostly been met by the Commission.

ANNEX 4 outlines the main points of this review in regard to industrial policy and competition.

** The Community Member States today have to contend with dangers which, if not averted, may prove to be exceptionally serious. This is stated by the Commission in a text recently sent to the Council of Ministers in which it proposes EMERGENCY ECONOMIC AND MONETARY MEASURES to prevent the Member States, in the present situation, from adopting unilateral measures the consequences of which might have incalculable economic and political repercussions over and above the dislocation of the Community fabric.



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** The senior officials of the Member States responsible for industrial policy met in Brussels on 18 January at the invitation of the Commission's Directorate-General for Industrial Affairs to discuss the CONSEQUENCES OF THE ENERGY CRISIS in the various branches of industry in the Community countries. This discussion is to be continued at subsequent meetings.

** The Commission has recently requested from various consumers' organizations the following STUDIES as part of the Community action programme for CONSUMER protection (see IRT No. 214):

- European Bureau of Consumers' Unions: studies on
 - . unfair publicity
 - . safety of toys
 - . door-to-door selling
- European Community Committee of Family Organizations: studies on
 - . hire purchase and credit sales to consumers
- Liaison Committee for Consumers: studies on
 - . labelling of proprietary medicinal products
- European Community of Consumers' Cooperatives:
 - . the comparison of prices
- European Trade Union Confederation: studies on
 - . the need for indication of unit prices.

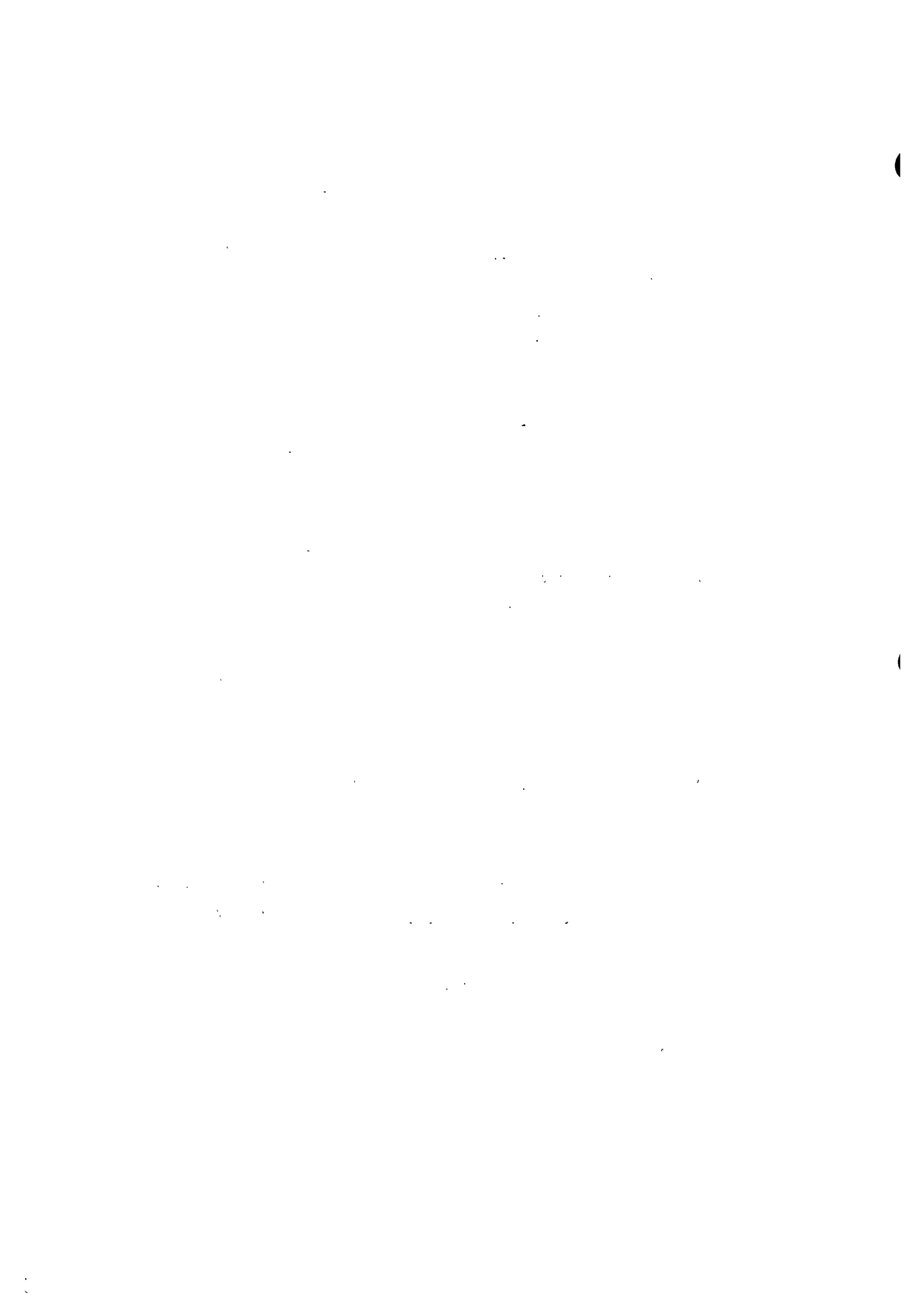
- ** The leading European producers of linear motors were convened by the departments of the Commission in order to define a common programme for the development of propulsion systems for HIGH-SPEED INTERCITY TRANSPORT (300 km/h) in the 1980's. The cost of developing such a system naturally calls for a pooling of efforts in the Community. The Commission's departments are now going to examine the positions of the governments and of users before preparing formal proposals, if appropriate.
- ** THE CONSEQUENCES OF THE ENERGY CRISIS ON COMMUNITY ENVIRONMENT POLICY will be raised during the visit to Paris on 29 January of Mr Scarascia Mugnozza, Vice-President of the Commission, to meet Mr Poujade, the French Minister for the Environment.
- ** The inventory of AID FOR THE TEXTILE INDUSTRY in the various Member States reveals great diversity among the systems in application. Therefore the Commission has decided to institute three types of action, in order to improve the coordination of steps taken by the Member States in connection with aid in the textile sector. The action is as follows:
- Sectoral policy lines envisaged in the application of general systems of aid; these policy lines will have to be communicated to the Commission prior to their application so that they can be examined from the standpoint of the sector.



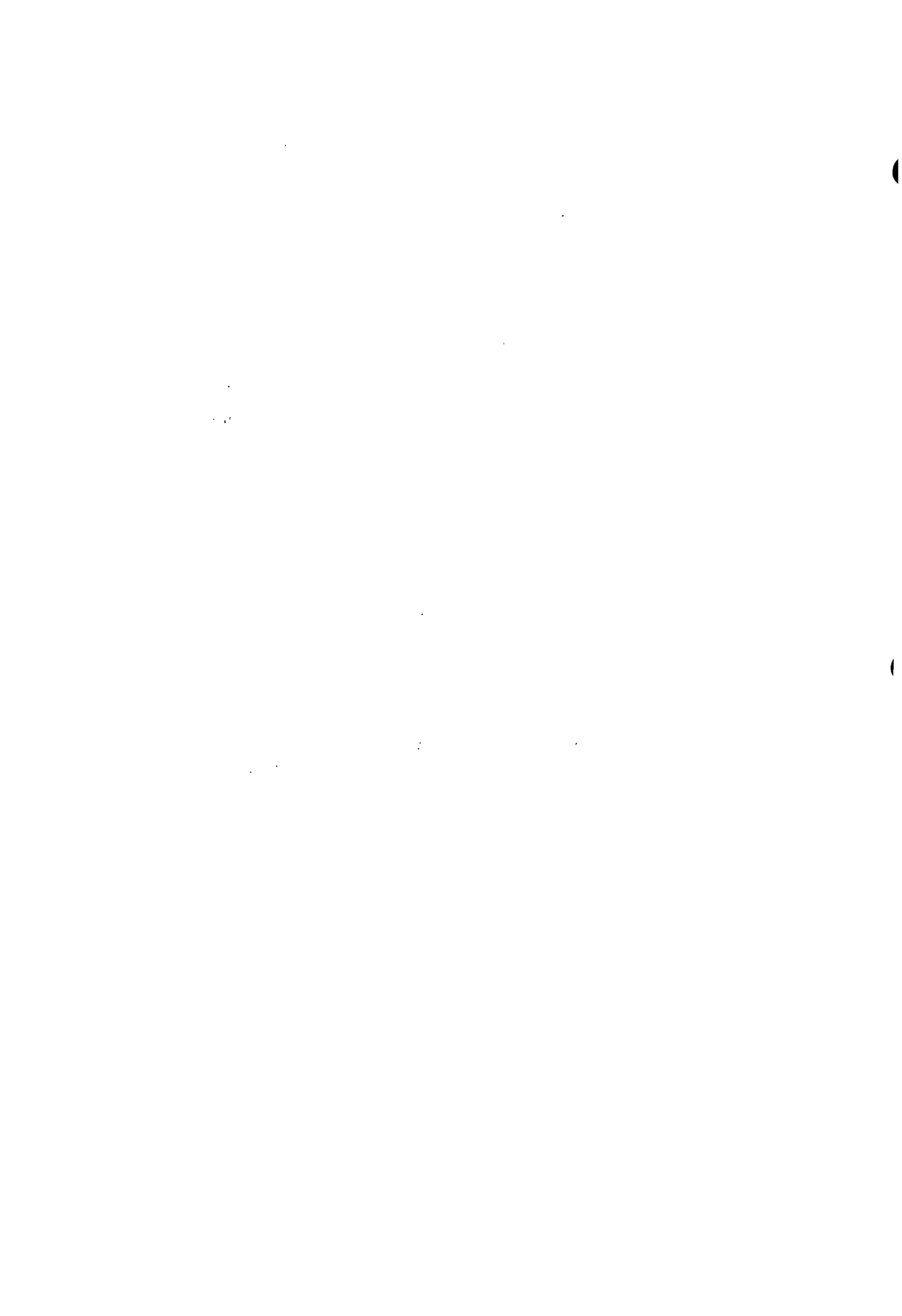
- Procedure for complaints: a consultation procedure will be introduced to examine complaints from the national governments concerning aids to textile firms which may lead to a particular distribution of competition and trade.
- Supervision of the application of aid to the textile industry; the aid received by the textile industry will be reviewed each year.

** In connection with the execution of the COMMUNITY ACTION PROGRAMME ON THE ENVIRONMENT (see IRT No. 185) the Commission is to convene:

- on 28 January, the Advisory Committee on Environmental Research in which the government experts will examine the first proposals for Community research,
- on 28 January, a panel of national experts on the depletion of mineral resources (a further meeting is scheduled for February on the depletion of water resources),
- on 29 January, the economic experts of the Member States, to examine the economic consequences of environmental protection, and
- on 31 January and 1 February, the experts of the Member States, to examine their cooperation in the monitoring of pollution levels.



- ** The first meeting of the panel of national experts responsible for preparing a decision of the Council of Ministers on the COMMUNITY ACTION PROGRAMME FOR CONSUMERS (see IRT No. 214) proposed by the Commission will be held on 31 January and 1 February 1974 in Brussels. The Council is to act concerning this programme by 1 July 1974.
- ** The Commission has recently decided to have a study carried out on the possibilities of increasing the rate of re-utilization of WASTE PAPER in the Community. The advantage of action to recover waste paper is the safeguarding of the environment by eliminating cleanly a large quantity of waste material, preserving local forestry resources and promoting a process of making paper and board that is less polluting. The results of this study will not be available until June 1974.
- ** A European colloquium on the PROBLEM OF THE MIGRATION OF WORKERS will be held from 31 January to 2 February in Louvain, under the patronage of the European Communities.



THE FIRST EFFECTS OF THE ENERGY CRISIS ON THE EUROPEAN ECONOMY
FOR DECEMBER

The first effects of the energy crisis are already perceptible in the Community, according to the Notes on the economic situation compiled by the Commission of the European Communities in December. These first consequences appear in particular in the fields of industrial production, unemployment, consumer prices and trade.

Industrial production

Industrial activity throughout the Community continued to expand briskly until mid-December. Since then, however, the uncertainties surrounding the supply of petroleum products have forced some industrial firms to cut back production.

In all member countries energy economy measures were decided upon, although the details differed from country to country. In a number of member countries these measures have led to a fall in private demand for certain products.

Unemployment

The labour market situation has come under considerable strain from the difficulties over energy supplies, although this did not yet show up in the statistics for November. The seasonally adjusted number of unfilled vacancies in that month still rose throughout the Community, except in Germany, and the level of unemployment fell further in Italy, the United Kingdom, Ireland and Denmark. Nevertheless, in a number of member countries there was a sharp rise in short-time working.

Consumer prices

Consumer prices continued to climb very rapidly throughout the Community. Since the beginning of the autumn the price increases for petrol and heating oil have in most member countries provided an additional impetus to the upward tendency.

Prices of finished products climbed considerably owing to the sharp upsurge in costs. The rise in food prices continued at a rapid pace in most member countries.

The balance of trade

Despite the persistence of large surpluses in Germany and an improvement in France's trade account, the deficit on the Community's balance of trade with non-member countries widened further. The sharp increase in the cost of raw materials, especially petroleum products, was reflected in an adverse swing in the terms of trade. Quite generally the trend in the Community's balance of trade is remarkable in that it has deteriorated even though the volume of exports to non-member countries has been going up. In the coming months the considerably higher prices of crude oil and the stronger dollar will lead to additional increases in the cost of imports.

AID FROM THE SOCIAL FUND IN 1973

In 1973, aid from the European Social Fund amounted to 186 million u.a. It should be remembered that the Social Fund can act when Community policies affect or threaten to affect the level of employment. To date, two main fields of intervention have been determined: the retraining of workers leaving agriculture or the textile industry, or needing to acquire new skills in the textile industry; and the fight to remedy ill-balanced employment situations, more particularly in backward regions and in industries affected by technical progress. Moreover, special categories of workers, such as the handicapped, the young and the aged can receive aid.

The breakdown of aid in 1973

In the various fields of aid, payments from the Social Fund were allocated in 1973 as follows (in thousands of u.a.):

Country	Agriculture	Textiles	Regions	Technical progress	Handicapped	Total
Belgium	0.13	0.59	5	-	1.47	7.19
Denmark	-	-	1.57	0.28	3.20	5.05
Germany	9.56	-	3.96	-	6.42	19.94
France	13.47	0.89	8.58	5.77	7.41	36.12
Ireland	0.10	0.61	8.66	-	0.44	9.81
Italy	-	0.04	41.56	0.43	1.70	43.73
Luxembourg	-	-	-	-	0.04	0.04
Netherlands	0.81	-	3.67	0.08	2.21	6.77
United Kingdom	0.43	1.46	47.06	-	8.45	57.40
Total	24.50	3.59	120.06	6.56	31.43	186.05

In addition to these sums, payments to a total of 61 000 u.a. were made retrospectively under the old Social Fund (which closed down in May 1972) to the six original Member States.

The new guidelines for 1974

The sums available to the Social Fund in 1973 fell far below the total amount of aid applied for. The Commission considers that the Social Fund would be much more effective if it concentrated its relatively limited resources on well-defined types of action which would improve the employment policy as to both quality and quantity.

The aim of these new guidelines is mainly to promote projects which would forestall and prevent impending unemployment and which are complementary to programmes already decided upon which are not aided by the Social Fund. Priority will thus be given to projects designed to create suitable jobs in the region of origin or to "integrated" projects facilitating the return of migrant workers to their regions.

RECENT DEVELOPMENTS IN CONSUMER PROTECTION IN ITALY

We asked various consumer organizations in the Community which deal with matters of consumer protection to review here from time to time the most recent developments in each of the nine Community countries concerning matters directly affecting consumers. These texts are, of course, the responsibility of their authors. The text below was prepared by the Italian national consumers' union.

1. In the field of legislation, the following should be noted:
 - a. About a month ago, the Italian Parliament approved a bill on regulations concerning the description and labelling of textile products. This approval is the culmination of 11 years of effort by the Unione Nazionale Consumatori (U.N.C.), on whose initiative the bill was tabled.
 - b. On the initiative of several senators, a bill was tabled concerning publicity and prices for agricultural food products. Its fundamental aim is to give consumers better information in particular on the origin, special features and quality of products. The bill also provides for the setting up of a committee responsible for promotion programmes, the members of which will include consumers' representatives.
 - c. A bill setting up a service of information, guidance, assistance and protection of consumers was submitted to the Sicilian Regional Assembly, under the Council of

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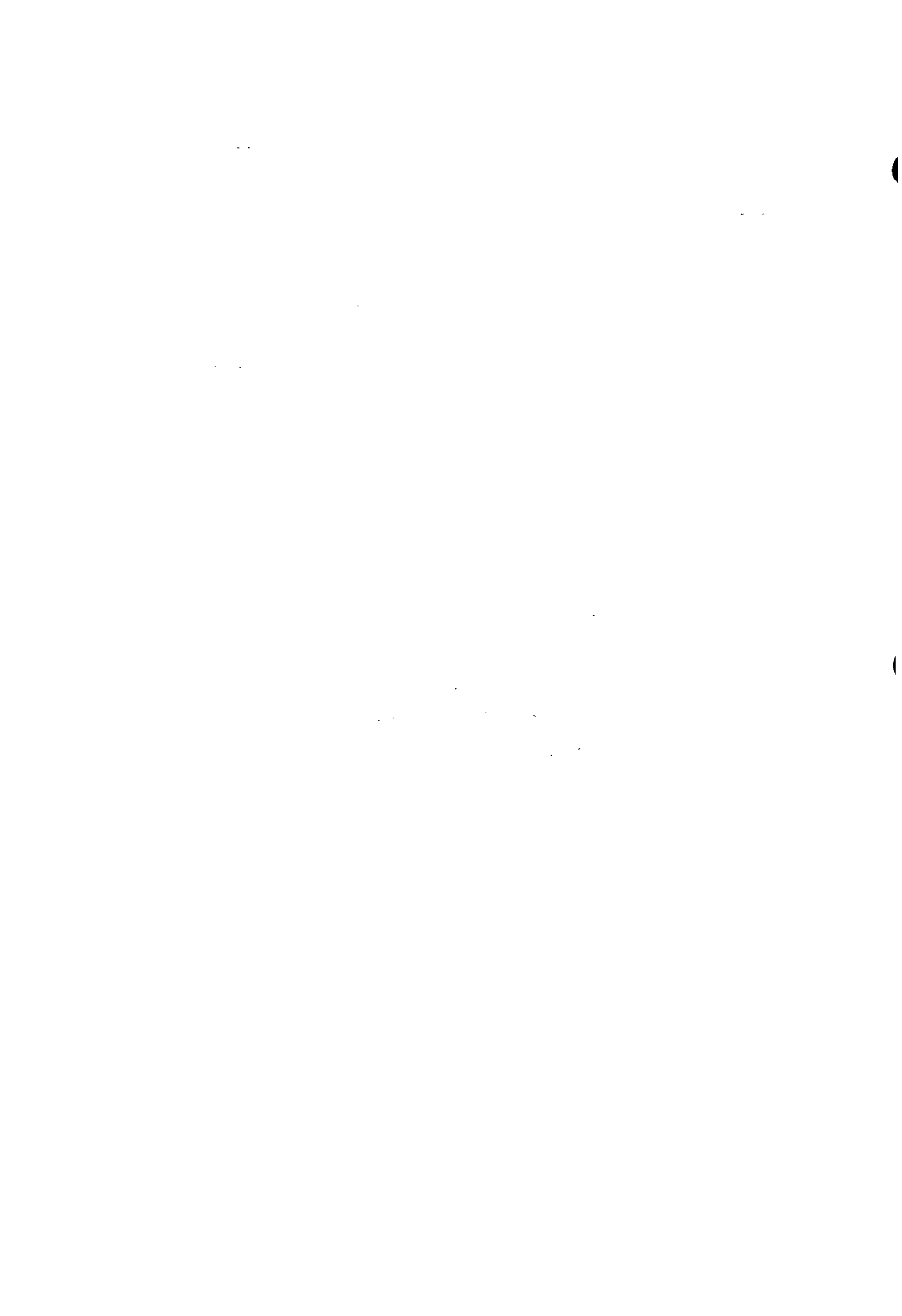
Europe consumer protection charter. The UNC will take charge of this service. The same bill gives the consumer the right to redress for damage suffered, whether of public or of private origin.

- d. A bill concerning the sale of products in returnable or non-returnable packagings has been tabled by the UNC. It is intended to prevent further aggravation of the problem of urban waste, by making the use of non-returnable packagings more costly and by making it easier to keep returnable packagings in circulation.
2. In the services sector, the UNC intervened in a lawsuit brought against the Italian Telephone Company (SIT) in respect of a number of breaches of duty towards telephone users. On that occasion the problem of standards relating to the use of the telephone was raised.
3. In the sector of perishable consumer goods, the UNC is continuing its work of sensitizing public opinion and the authorities on the importance of safety in domestic electrical installations and equipment by taking a series of steps to provide more reliable information concerning the choice of such equipment. Some of these steps concern schools, since it is recognized that consumer education and information must begin at the school desk. It is intended to exhibit short films in colour showing the proper use of domestic electrical equipment and electric fittings in the home and how to prevent accidents.

4. In connection with the development of relations between European organizations, the UNC has become a founder member of the European Association for Legislation on Foodstuffs set up in Brussels in May 1973. The principal aims of that Association are to help to provide greater knowledge in Europe of the laws on foodstuffs and their harmonization at international level.

5. Mention should also be made of the UNC's support to the European Community in its action against the sugar cartel: the fact that the UNC was called to give evidence in this matter has created a precedent.

6. Lastly, mention should be made of the UNC's public statements in favour of:
 - reduction of motor vehicle insurance rates,
 - the control of air, sea-water and drinking-water pollution,
 - free compulsory school text-books,
 - etc.



REVIEW OF 1973

The review of the Community's activities during 1973 shows the time limits set by the Heads of State or Government at their Summit Conference in Paris in October 1972 have largely been met by the Commission.

The main points of the review, in the fields of more particular concern to consumers, are as follows:

INDUSTRIAL POLICY1. Programme of action:

- in May, the Commission addressed to the Council of Ministers a communication on the industrial and technological policy programme (see IRT No. 188);
- in October, the Commission proposed to the Council the adoption of an action programme (see IRT No. 208);
- in December, the Council adopted the action programme required by the Paris Summit (see IRT No. 1/74).

2. Links between firms

- in May, establishment of the Business Cooperation Centre (the "marriage bureau") (see IRT No. 187).

3. Computer industry

- in November, the Commission addressed to the Council of Ministers a communication in which it set out a number of projects that could help to create a viable European industry (see IRT No. 212).

4. Shipbuilding

- in October, the Commission proposed to the Council of Ministers the adoption of a programme to develop a European industrial policy for shipbuilding, in order to meet the threat of production over-capacity which seems likely by the end of the decade (see IRT No. 208).

5. Multinational companies

- in November, the Commission sent the Council of Ministers a memorandum in which it examined the many problems raised by multinational companies (employment, competition, tax evasion, currency dislocations) and the action which might be taken at Community level to solve them.

COMPETITION

1. Control of concentrations

- in July, the Commission adopted a proposal for a Council Regulation providing for prior notification of concentration operations between companies where there is a risk of creating or appreciably increasing a dominant position (see IRT No. 199).

2. Shipbuilding

- in October, the Commission communication to the Council regarding the development of an industrial policy in this sector included a third Directive on aid. The steps to develop a competitive industry should include a reduction of the direct aid for operation.
- in December, the Council extended the second Directive on aid and decided to act by 1 July 1974 on the proposal for a third Directive addressed to it by the Commission.