

REPRODUCTION AUTHORIZED

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No. 6/74

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** In the Community as a whole, THE NUMBER OF HOURS WORKED by employees WILL DECREASE BY ABOUT 0.7% in 1974 as a result of rises in the price of petroleum products. This is one of the facts that emerge from a report drawn up by the European Commission on the present or foreseeable effects of the energy crisis on the economy of the Community. This is only a first, provisional assessment, but it does give some insight into the economic and financial problems facing the Community as a result of the situation on the energy market.

A short summary of this report will be joined in ANNEX 1.

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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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** We have asked various consumer-protection organizations in the Community to supply us with periodic analyses of the LATEST DEVELOPMENTS in each of the nine Community countries IN MATTERS DIRECTLY AFFECTING CONSUMERS.

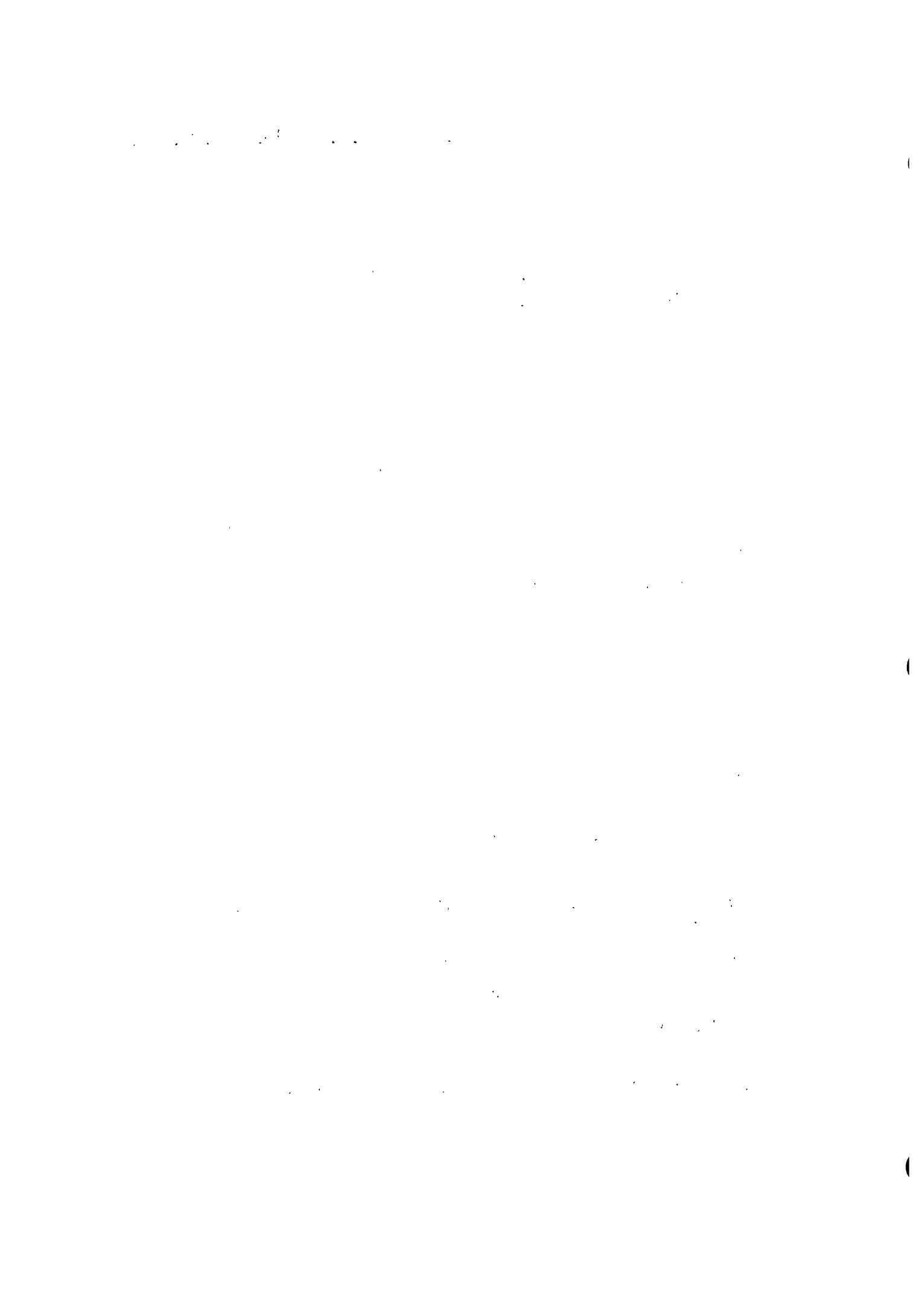
ANNEX 2 contains a paper sent to us by the Consumer Association of the United Kingdom.

** THE PROMOTION OF THE USE OF NUCLEAR ENERGY is made even more urgent than before by the present oil crisis, which is making it even more imperative for the Community to develop and use to the full those sources of energy which could reduce its energy dependence. The Commission has therefore sent the Council of Ministers of the Community a note on the promotion of nuclear energy: from 1980 onwards, this form of energy could ensure all the necessary increases in electricity production, and first limit, and later reduce, the proportion of petroleum products used for this purpose.

A summary of this note will be found in ANNEX 3.

** FINANCING UNDERTAKEN BY THE EUROPEAN INVESTMENT BANK in 1973 increased substantially (by about 55%) over the previous year. This is due mainly to the enlargement of the Community and to increased efforts to improve Community energy supplies.

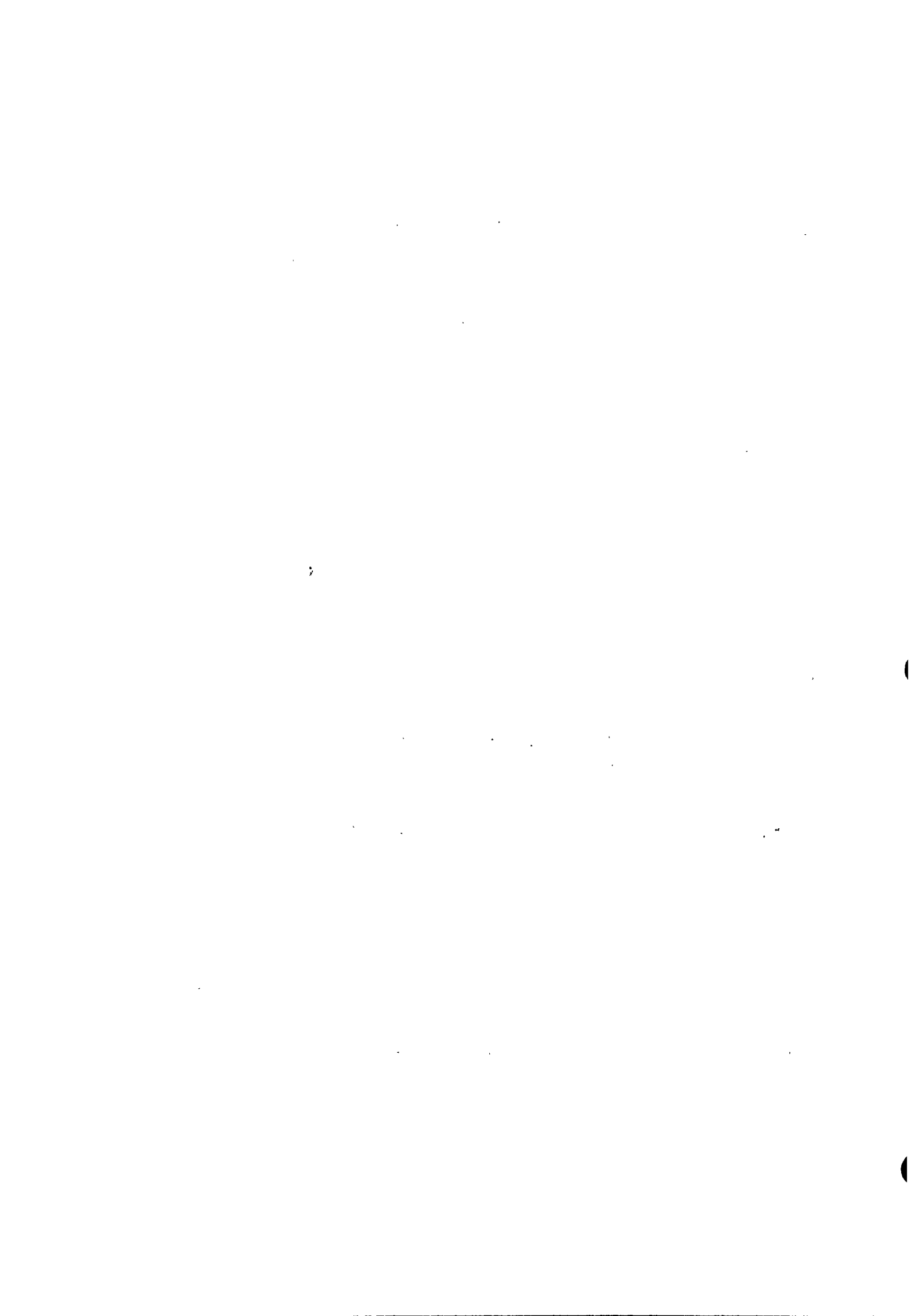
A summary of the balance-sheet of these financing projects will be found in ANNEX 4.



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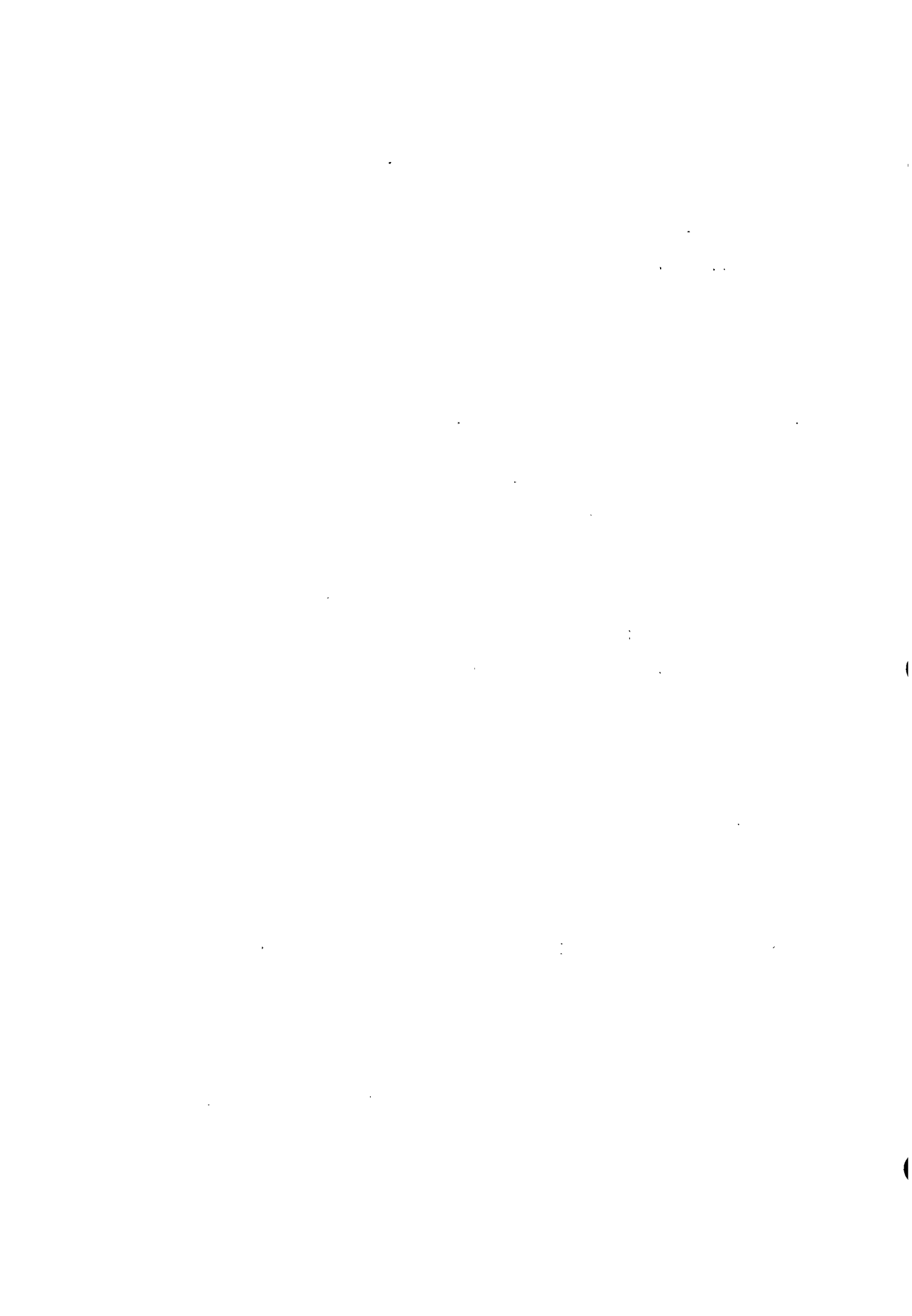
** The Commission has just given its full support to the preparation of a TRIPARTITE CONFERENCE ON THE COMMUNITY'S SOCIAL POLICY, and particularly on employment problems arising from the present energy crisis. Governments, institutions and both sides of industry of the Member States should take part in this conference, which was asked for by the trades union organizations. A second tripartite conference could be held later, on THE ECONOMIC EFFECTS OF THE ENERGY CRISIS. In order to prepare these conferences, the German Minister of Employment, Mr Arendt, has invited his colleagues from the other Member States to a meeting in Bonn on 18 February next. The Commission will be represented at this meeting by Mr Hillery, a Vice-President of the Commission, and the Member responsible for Social Affairs.

** THE WATER CONTENT OF TOP QUALITY CHICKENS offered for sale on the Community market must not constitute more than 8% of the net weight. The Commission has just proposed this to the Council of Ministers as part of its request for the adoption of Community standards on water content in chickens, to protect the interests of European consumers. At present consignments of deep-frozen chickens are sold with an abnormal percentage of water, which diminishes the value of the product and is unfair to the consumer. The Commission's proposal also includes a method of assessment which will make it possible to check quickly and effectively whether the measure is being enforced.



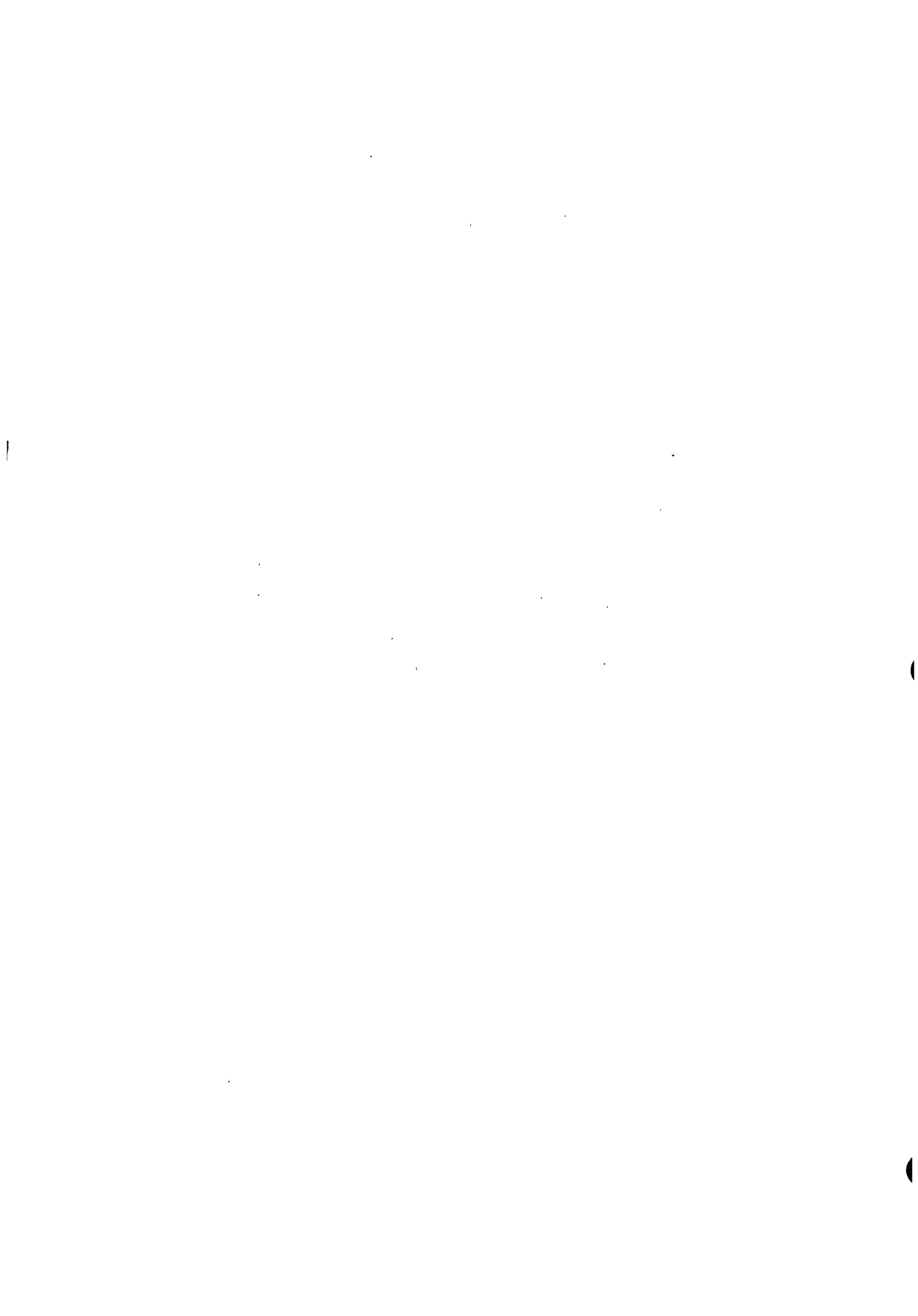
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- ** At the Commission's request, BELGIAN AND DUTCH PRODUCERS OF SULPHURIC ACID have adapted their agreements to the COMPETITION RULES laid down in the Treaty. Up to now, the price-fixing and sales systems for this product in these two countries were obstacles to competition.
- ** A study has revealed that THE LEAD CONTENT IN "INDUSTRIAL" SOUPS could be up to twice that allowed by the World Health Organization. But since then, other institutes have made analyses which have shown that the actual lead content of "industrial" soups is in fact much lower than that permitted by the WHO. The Commission, in an answer to a Written Question from a Member of the European Parliament, considers that in the light of our present knowledge of these matters, these lead concentrations constitute no danger to the health of consumers.
- ** The European Commission will shortly be sending to the Council of Ministers proposals designed to lessen disparities between laws on the MARKETING OF VETERINARY MEDICINES, and the effects of these disparities in the Community. The aim is firstly to ensure the free movement of these medicines, and secondly, to prevent any dangerous substances being administered to human beings by way of animal products or foodstuffs.
- ** ALL BUILDING FIRMS, in the Community are placed on an equal footing when submitting invitations to tender, under directives adopted by the Council of Ministers in 1971 and



designed to coordinate Community procedures for invitations to tender and to allow tenders from firms from other Member States. The Commission is at present examining the measures taken by the Member States to apply these directives.

**A series of TRAINING OPERATIONS FOR SMALL AND MEDIUM-SIZED INDUSTRIES is to be organized by the Association for the Diffusion of European Documentation and the "Association des dirigeants commerciaux de France". The first of these will take place in Paris, on 21 and 22 February 1974, at the Information Office of the European Communities, with national and Community experts present. Starting from practical examples it will deal with competition, the alignment of firms, European marketing, and the financing of undertakings and exports.



THE PRESENT OR FORESEEABLE EFFECTS OF THE ENERGY CRISIS ON
THE ECONOMY OF THE COMMUNITY

A report of the present or foreseeable effects of the energy crisis on the economy of the Community has recently been drawn up by the European Commission. This initial evaluation of the situation is only provisional, but gives a general outline of the economic and financial problems facing the Community as a result of the situation on the energy market.

1. The extent of the consequences

The spectacular price increases decided on by the oil producing countries entail an immediate and substantial change in the terms of trade. If prices remain at the present level, the petroleum exporting countries will receive greatly increased revenue in 1974 (about 60 thousand million dollars).

For the moment the competitiveness of the Japanese and European economies will be hardest hit in the industrialized world. But the growth of the developing countries will be even more affected.

2. Effects on prices

The 180% rise in the price of crude oil is bound to boost prices everywhere. For the Community as a whole, it will cause an additional increase in the general price level of about 2%. Adding the indirect effects due to further rises in income, the total increase could be 3% on an annual basis. The increase in consumer prices would be slightly less.

3. Effects on production

The slowing down in the growth of production can be estimated at 1.5% for 1974, allowing for the secondary effects shown by the postponement both of the execution of certain investment programmes and of the purchase of consumer durables. Under these circumstances, and assuming that the Member States refrain from any restrictive measures to restore their balance of payments, economic growth in real terms in the Community cannot amount to more than 2 or 3% in 1974. The industries most affected will be chemicals and plastics, building, cement and glass, pottery, tourism, automobiles, transport and trade.

4. Effects on employment

The impact on employment is likely to be rather unequally distributed. It will be concentrated on a few important industries, namely, building, automobiles, transport, machinery, textiles and chemicals. Estimates show that more than 80% of the reduction in labour demand will occur here. The service sector will also be affected, but in very different ways.

The foreseeable production cut-backs will result in a loss of employment units (the number of hours worked annually per person employed during the working period laid down by law) corresponding to about 0.7% of the active population, and a change in the structure of employment. In the short-term, however, the increase in the unemployment rate might be lower than the loss of employment units on account of a possible cut in working hours and a lowering of the retirement age in some industries.

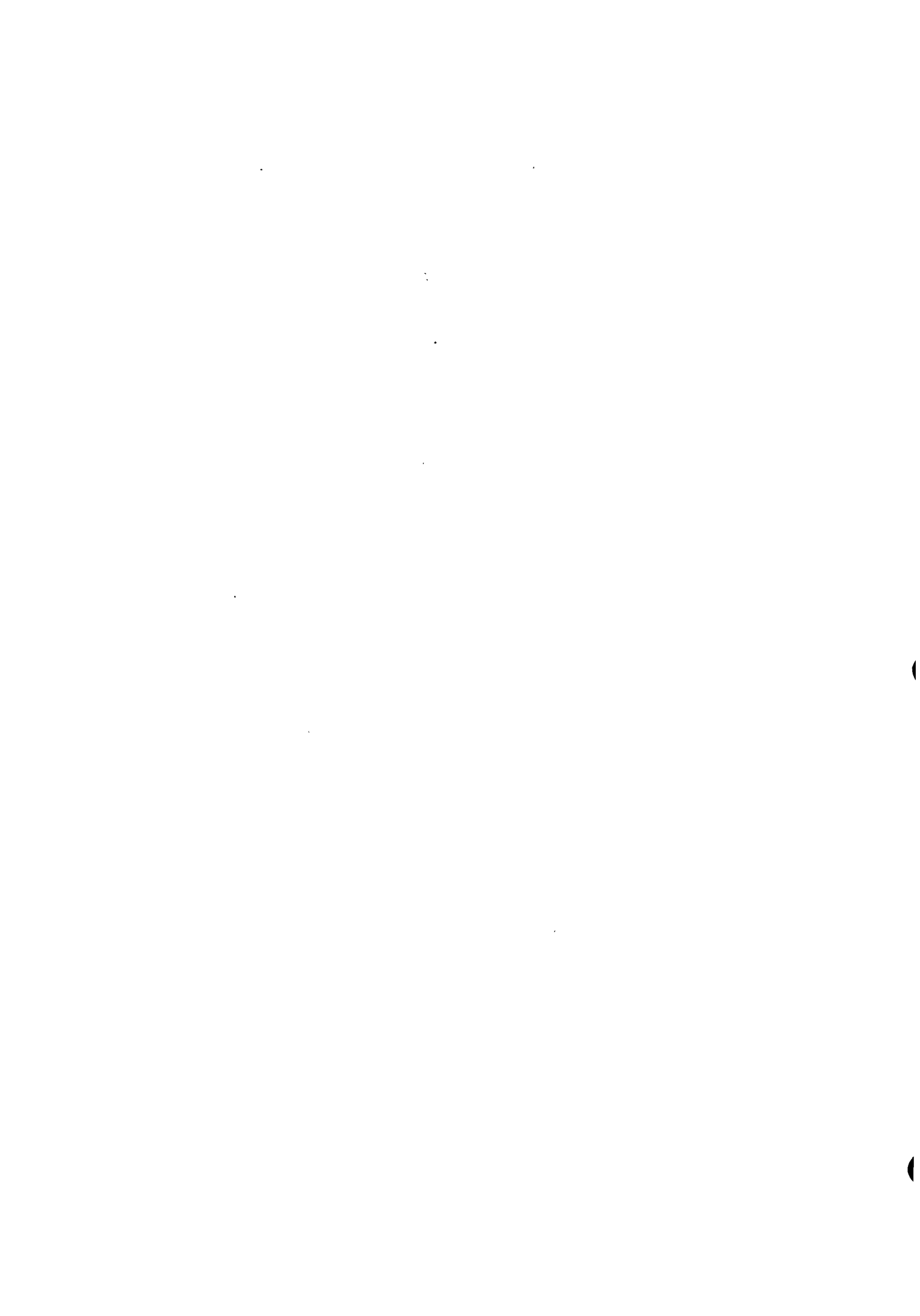
5. Effects on the balance of payments

In 1974 the additional cost of oil imports into the Community will be almost 22 thousand million dollars. This initial estimate will have to be corrected, however, to allow for secondary effects (additional income will result from both the further increase in export prices and a more favourable ratio between the volume of exports and the volume of imports). In these circumstances and as result of the oil crisis alone, the Community's balance of payments on current account in respect of third countries will decrease by 17.5 thousand million dollars in 1974, or more than 1.5% of the Community's gross product and about 17% of its exports to the rest of the world.

6. The need for the Community to adopt a joint strategy

The adoption by the Community of a common strategy would enable it to face the problems and risks which beset it, and which are too big to be solved nationally.

With this objective in view, the European Commission has already proposed conservation measures on monetary, commercial and energy policy. It has also presented proposals for closer cooperation with the petroleum exporting countries, the developing countries and the other industrial nations.



RECENT DEVELOPMENTS IN CONSUMER PROTECTION IN THE UNITED KINGDOM

We have asked various consumer-protection organizations in the Community to supply us periodically with details of the latest developments in each of the nine Community countries in matters directly affecting consumers. These texts are of course published on the sole responsibility of the authors. The text below has been sent to us by the Consumer Association in the United Kingdom, the body that publishes Which?, Money Which?, Motoring which?, Handyman Which?, and Holiday Which? The Association has more than 600 000 members.

1973 has been described as 'The Year of the Consumer' in the UK. Although perhaps the most significant trend to affect the mass of consumers was an 18.25 per cent increase in food prices over the year, it is true that a considerable amount of legislation affecting the consumer was announced.

1. The Supply of Goods (Implied Terms) Act at last made it impossible for manufacturers to take away from the consumer his basic legal rights by devious drafting of the small print on guarantees and sales forms. For example, manufacturers can no longer arrange matters so that consumers have to pay for the labour involved in repairing goods which turn out to have been faulty when they were sold. The new Act reinforces the retailer's responsibility to supply goods which are up to the standard consumers have a right to expect.

2. The Administration of Justice Act set up an arbitration scheme operating as part of the "county court" system. This makes these courts easier for the consumer to use as a place to sue, cheaply, and at little financial risk, a manufacturer

or retailer who supplies faulty goods and won't reimburse or compensate the consumer. Such cases can now be settled informally, by arbitration.

3. The Fair Trading Act set up a Director General of Fair Trading with a brief to look at trade practices which act against the consumer's economic interest. This is clearly a very large brief and a new idea in consumer protection, and it remains to be seen how effective it will all be.

4. The Consumer Credit Bill. The Government intends to introduce an Act soon in an attempt to clear up some of the worst abuses in the credit jungle. Legislation is planned to force advertisements for credit to quote the true rate of interest, to control extortionate rates of interest, and to protect the consumer in general against sharp practice.

5. The Unit Pricing Bill sets out, in principle, the Government's intentions about making shops state, at the point of sale, what the unit price of goods are - that it is the price per pound, per 10 gm, or whatever. This makes price comparisons very much easier for the consumer. No details yet of what goods are to be covered, but things like biscuits and toothpaste seem likely candidates.

1974, so far, seems to be about coping with our crises - prices are still rising; oil, petrol, coal and electricity are short; industry is on a 3-day week. Possibly one of the most immediately useful developments in this sort of climate has been the Government's encouragement of local authorities to set up consumer advice centres. There are small offices, usually in main shopping streets, where shoppers can go for advice about prices, trade practices, and so on.

These were pioneered by Consumers' Association.

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COMMUNICATION OF THE EUROPEAN COMMISSION ON THE PROMOTION
OF THE USE OF NUCLEAR ENERGY

The current oil crisis, the consequences of which are still unforeseeable, increases the need for the Community to develop and use to the maximum the sources of energy which can lessen its energy dependence; this means principally nuclear energy. As from 1980, nuclear energy could in fact supply all the increases in electricity production and could first limit and then reduce the role of petroleum products in electricity generation. That is why the European Commission has recently sent the Council of Ministers a note on the promotion of the use of nuclear energy. In this note the Commission puts forward a plan of action with a timetable and emphasizes the need for all the interested parties to think and work together. The Commission considers that persistent efforts must be made in three directions:

1. Protection of public health and of the environment

The first condition for the development of nuclear energy is a guarantee of safety from its inherent dangers. With this in mind and to further improve the very strict measures already in force, the European Commission proposes to take or to continue the following initiatives.

- (i) It will carry out a forward analysis of the potential radiological implications of nuclear equipment programmes over a 25 year period, as well as a systematic study of the radiation level at certain appropriate sites in order to establish a reference survey of natural radioactivity.

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Between now and June the Commission will present to the Council of Ministers a detailed proposal to this end which will take account of the work already undertaken in the Community.

- (ii) The European Commission will undertake work to pinpoint the thermal effects of nuclear power plants on rivers, the sea and the atmosphere, and will define the measures to be taken (in particular the joint fixing of admissible levels). Before the end of 1974, the European Commission will put forward full and detailed proposals on this point.
- (iii) The European Commission has recently forwarded to the Council of Ministers (see IS No. 1/74) an updated revision of the basic standards for the protection of the health of the population and of workers against the dangers of ionizing radiation. The Commission will continue to update standards in line with technical developments.
- (iv) The European Commission is going to examine the possibility of harmonizing the provisions governing the transport of radioactive materials throughout the Community.
- (v) The Commission has already begun to consider the administration and storage of radioactive waste (specification of studies on solidification techniques, analysis of the quantitative problems of storage, comparison of national initiatives, etc.). Before the end of the year it will present proposals for Community action.

- (vi) The Commission has already proposed concerted action between the various parties concerned on the safety of nuclear plants, including the listing and gradual alignment of methods, criteria, codes and standards of practice, and the exchange of information and coordination of research programmes. On the basis of the results obtained, the Commission will send a note to the Council of Ministers about the whole range of nuclear-plant safety problems, and will submit a proposal on Community action to be undertaken or continued before next June.
- (vii) Before the end of the year the Commission will also draw up a list and make a comparison of the legislative provisions and the accepted administrative procedures for setting up, building and operating nuclear plants.
- (viii) Finally, the Commission will order a study of the closing-down nuclear installations and the special problems that this causes. This study will be finished by the end of 1975.

2. Industrial, scientific and technological development

In order to speed up the change-over to nuclear energy it will be necessary to strengthen the industrial basis, particularly by technical development and sales promotion:

- (i) It is important that nuclear power stations achieve a high level of availability, which means that their components and systems must be increasingly reliable and their design must allow for easy maintenance and repair.

The Commission therefore considers it necessary to go ahead with this work, consisting chiefly of the exchange of information between the operators of nuclear power stations and the discussion of special problems of power-station technology and management.

- (ii) Constructors will be willing to commit themselves in this field only on condition that industrial development is continuous and that it is possible to promote competitive undertakings. The Commission will be presenting sectoral proposals for industries supplying heavy electro-mechanical and nuclear equipment.
- (iii) The development of the nuclear industry depends on the opening of the market for electro-nuclear equipment. Before the end of the year, the European Commission will adopt directives for liberalizing this market.
- (iv) The Commission has asked the Council of Ministers to decide on its proposals concerning export guarantee and credit procedures, which are of special interest to the nuclear industry. The Commission will prepare additional proposals based on the Council's decision and the trend of competition on foreign markets.
- (v) The Commission's plan of action for nuclear techniques and technologies still in the development stage was clearly defined last July. In addition, the Commission will draw up a report by the end of the year on the prospects and problems each of the nuclear techniques and technologies which, if developed industrially over the long term, could make a considerable contribution to

supplying Community needs (advanced reactor systems, industrial heating, marine propulsion, etc.).

3. The supply of nuclear fuels

The supplying of fuel to nuclear reactors in the Community, the accumulated capacity and annual output of which must henceforward increase rapidly (almost doubling every five years) poses delicate problems of investment and international relations.

Enriched uranium: The Commission has already put before the Council of Ministers (see IRT No.) a proposal concerning the construction of European plants for enriching uranium.

Natural uranium: The Commission will shortly be making proposals. Moreover, in order to keep the interested parties informed, the Commission will publish every six months a comprehensive report on these problems.



FINANCING PROJECTS UNDERTAKEN BY THE EUROPEAN
INVESTMENT BANK IN 1973

Financing projects undertaken by the European Investment Bank in 1973 showed a sharp increase over the previous year. This was due mainly to the enlargement of the Community and to increased efforts to improve Community energy supplies. However, the European Investment Bank has continued to favour regional projects, and has granted more loans to the Associated African and Malagasy States.

1. Appreciable increase in the number of financing projects

72 contracts were concluded in 1973, to a total value of 816 million units of account, compared with 59 in 1972, total value 526 million units of account.

This increase is due particularly to the beginning of operations in the three new Member States: three loans were granted to the United Kingdom, to a total value of 67.1 million units of account, three to Ireland (22.6 million u.a.), and two to Denmark (6.8 million u.a.).

2. Continued efforts to favour projects of regional interest

In 1973 the majority of loans made by the EIB were again for investment projects in regions facing problems of development or conversion. The total sum spent on these was 424.5 million units of account. Preference was given to schemes for Southern Italy and Sicily, although several projects were also financed in France, Germany and the new Member States.

3. The importance of EIB contributions to the improvement of energy supplies in the Community

About a third (227.8 million units of account) of all operations by the EIB in the Member States were for this purpose; this is an increase of more than 40% on 1972. Loans were granted for the construction of nuclear power stations in Germany and France and a hydro-electric station in France, for the acquisition of platforms by an Italian undertaking, for use in drilling for hydrocarbons in the sea and for pipe-lines for carrying natural gas from the USSR to Italy and France.

4. Financing operations in associated countries

In this first year of the entry into force of the new Financial Protocol between the Community and Turkey, the Bank's operations in that country have been numerous. A great variety of projects have been financed, to a total value of 76.4 million units of account. Three loans were granted for investment schemes in the African countries which are associated with the Community. These countries also benefited from eight special operations financed by the European Development Fund.