

EUROMEMO

Recent Developments in the European Community

November 1991

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EC-US Presidential Summit yields hope for world trade negotiations.....the November 9 summit meeting in Brussels between Presidents George Bush, Jacques Delors (EC Commission) and Ruud Lubbers (President of the European Council of Prime Ministers) injected some optimism into the Uruguay Round negotiations which has until the end of the year to work out a new world trade agreement. In a Declaration issued after the talks, the Presidents emphasized their commitment to the Round, their willingness to show flexibility, and called for progress in new areas such as intellectual property, investment and services.

The leaders also released a **Statement on Eastern Europe** in which they reaffirmed their willingness to assist the new democracies reform their governments and economies. They condemned the use of force in Yugoslavia, and released a short **Statement supporting a UN (United Nations) Arms Register** to boost international confidence and reduce regional tensions.

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EC imposes trade and aid sanctions on Yugoslavia..... following the breakdown of the EC-sponsored peace conference in the Hague on November 5, EC Foreign Ministers met in Rome November 8 to discuss the worsening situation in Yugoslavia. The Ministers agreed that previous peace initiatives had failed and new measures were needed to bring the warring parties back to the negotiating table. Although humanitarian aid will still flow to the region, they decided to suspend the EC's trade and cooperation agreement with Yugoslavia, restore ceilings on Yugoslavia's textile exports to the Community, exclude Yugoslavia from benefits it receives under PHARE (the program of Western assistance for the reconstruction of Eastern Europe), and bar it from the next Ministerial meeting of the 24 Western donor countries (known as the G-24). To enhance the effectiveness of these sanctions, the Community has asked the United Nations to impose an arms embargo and take steps towards an oil embargo.

In a further Declaration, issued November 13, EC Foreign Ministers announced that Lord Carrington would meet with the Yugoslav authorities to stress that an effective and lasting cease-fire must be in place before restarting the negotiations or deploying UN peace-keeping forces there.

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Transition in Eastern Europe at critical stage....Foreign Ministers of the G-24* countries met in Brussels November 11 to discuss developments in the G-24 assistance program (known as PHARE) for the reconstruction of Eastern Europe. Chaired by Commission Vice President Frans Andriessen on behalf of the EC Commission which is coordinating the program, the meeting confirmed that aid would now be extended to Albania and the newly independent Baltic States, while aid to Yugoslavia was being suspended because circumstances there no longer comply with the conditions for aid. **The Conclusions of the November 11 G-24 Ministerial** also said more effective international support was necessary to assist recipient countries in their reforms. Although trade flows between the G-24 countries and the beneficiaries have increased, the donor countries have also been asked to speed up the disbursement of resources, improve information-sharing, fine-tune aid amounts to needs of recipient countries, and to make a bigger contribution in terms of market opening.

*The G-24 has been aiding the new democracies of Central and Eastern Europe since 1989. The G-24 is made up of the 12 EC member states, the members of EFTA (European Free Trade Association), Australia, Canada, Japan, New Zealand, Turkey, and the United States. Since the beginning of 1990, G-24 assistance to the region amounts to \$32 billion.

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EC to create new office for humanitarian aid....the EC Commission has been called upon frequently in recent months to help international organizations carry out relief operations in parts of the world suffering the aftermath of natural disasters or political crisis. Although the EC has a budget of almost one billion dollars to meet such demands, the absence of a centralized EC operation, and the different legal bases attached to the various aid decisions, have stretched to the limit the Commission's ability to respond effectively. On November 6, the EC Commission announced plans to set up a special office to deal more efficiently with emergency relief programs. The new office, which will come into being on March 1, 1992, will bring together experts from various Commission directorates-general so that internal operations and external cooperation go more smoothly. The new office could, if appropriate, act directly during crises to identify needs and mobilize funds.

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No smoke without cancer....EC Health Ministers want to crack down on the labelling of tobacco products in the face of new statistics that link 431,000 deaths a year in the EC alone to cigarette smoking. The Ministers want to amend an earlier directive (89/662/EEC) to make stiffer health warnings obligatory on all tobacco products and to ban a new product, moist oral snuff. If adopted in its present form, the proposed extension of the existing directive would become effective by the end of 1993, but oral snuff would be banned from July next year. The new rules would oblige companies to mark their products with a specific warning taken from a list of 15 supplied in the proposal, and would require warning labels to cover between four and eight percent of the package, depending on the number of languages used in labelling.

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Transport and the Single Market.....to allow goods and people to circulate freely, free movement and fair competition between carriers and various modes of transport is essential for the completion of the internal market. A new brochure, **Transport in Europe**, describes the fragmentation along national lines and the EC's efforts since 1988 to build a Europe-wide transport network operating on a common infrastructure. The brochure also outlines the progress achieved in deregulation of road, air and maritime transport services in the EC, and discusses the safety and international dimensions of transport liberalization.

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The Single Market after 1992...the deadline for completion of the Single Market is just one year away. A new brochure, **Opening Up the Internal Market**, shows that in many respects the effects are already evident. These early results -- steep increases in cross-border merger activity and foreign investment -- reflect not only anticipation and confidence, but also the advanced state of the preparations for the December 31 deadline. The brochure reviews the progress in the removal of physical, technical and fiscal barriers, and addresses the new challenges arising from the success of the 1992 program. Internally, this means revising the founding EC treaties to allow Economic and Monetary Union. Externally, the EC, which has created a single market of 350 million people, occupies a responsible role vis-a-vis the international trading system, developing countries, and the emerging democracies of Eastern European.

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PUBLICATIONS

•**The European Community as Publisher, 1991.** Contains lists of available EC publications, on all aspects of the Community

RECENT SPEECHES

•**"Getting the Best out of European Industry: The International Dimension"**

Address by Sir Leon Brittan, EC Commission Vice President for Competition, to the Japan-European Community Association, Brussels, November 14, 1991

•**"The European Community and Asia in the 1990s"**

Address by Mr. Frans Andriessen, EC Commission Vice President for Trade and External Affairs at the ABN AMRO-EEC 1991 Seminar in Beijing, October 25, 1991.

EC NEWS PRESS RELEASES ISSUED IN NOVEMBER

•**EC PRESIDENTS TO MEET WITH PRESIDENT BUSH**