



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

EC already working on Mid-East future. As we go to press the ceasefire declared by the coalition allies in the Gulf war appears to be holding. Luxembourg Foreign Minister and current President of the Council Jacques Poos told a BBC interviewer early today that the task for the allies now was to seek fulfilment of all UN resolutions since the Iraq invasion of Kuwait last August and a real settlement of all the disputes in the Middle East. The European Community, he said, had already started work on the problems involved.

Poll support for Gulf initiatives. Seven out of ten EC citizens and eight out of ten UK citizens believe the Community can contribute towards solving the Gulf crisis, according to the latest issue of Eurobarometer which monitors public opinion in the EC. The public overwhelmingly agrees with the initiatives already taken by the Community and also wants it to form a common defence organisation. The idea of setting up an European Rapid Deployment Force received widespread backing with the British most in favour (69%), although most Germans (35%) and Spaniards (33%) expressing an opinion opposed it. As for the InterGovernmental Conferences, most EC citizens believe that the Community should be responsible for defence and foreign policy, a European Central Bank and have a single currency. British opposition to the single currency in October becomes support by December 1990. EC citizens are also strongly in favour of the Community taking measures to assist Central and Eastern Europeans and want the Community to give the Soviet Union financial aid.

Go-ahead for helicopter merger. On Tuesday the Commission gave the green light to a proposed merger of the helicopter divisions of Messerschmitt-Bolkow-Bloehm (MBB) of Germany and Aerospatiale of France. This is the first case of a defence deal being examined by the EC's five month old Merger Control Task Force.

GATT talks back on track. The Uruguay Round of talks on the liberalisation of trade in the context of the General Agreement on Tariffs and Trade (GATT) were put back on track on Tuesday when the Round's governing body agreed to resume negotiations "with the aim of concluding them as soon as possible". The resumption of talks took place ten weeks after world Trade Ministers, meeting in Brussels, had failed to resolve outstanding issues at what was supposed to be the concluding sessions of the four-year exercise. The signal for the resumption was given last week when the EC accepted GATT Director-General Arthur Dunkel's formula for negotiating the reform of world farm trade. Talks on agriculture will resume on Friday, but will initially be confined to clarifying technical matters. Meanwhile, the European Commission is pushing its own plans for reforming the CAP and starting discussions on the 1991/92 price package for farmers.

Dondelinger on future of Euro-TV. European Commissioner Jean Dondelinger told a conference in London on Monday that the only realistic approach to High Definition TV would be for the EC to avoid making new Directives which harmed existing consumers and broadcasters. Commenting on the possible extension of the existing Directive on broadcast standards (the MAC/packet Directive), Dondelinger said he thought this should be envisaged only if some basic conditions for success are met. These were: firstly the need to avoid harming existing consumers and broadcasters through suitable transition periods; secondly, uncertainty must be eliminated by setting a definite date for all satellite broadcasts to use MAC and only one MAC and not the whole family; thirdly, given that satellite TV represents about 1.5% of the market, economies of scale can only be reached if MAC is also made available on cable; lastly, we must make sure that the necessary receiving equipment is available to consumers at the right time at an acceptable price.

TV Euronews. European Broadcasting Union representatives presented plans for a multilingual EURONEWS project to interested Commissioners in Brussels on Wednesday. EBU proposed to start broadcasts by satellite in five languages (English, German, Spanish, French, Italian) in about a year's time. Initially some nine hours of news would be broadcast daily rising to a full 24 hour service in the second year of operation. The Commission said the project would be carefully studied with a view to possible Community support.

Aid to French TV company. The Commission has agreed to approve state aid to recapitalise the French state-owned film and TV production company, Societe Francaise de Production (SFP). Some 768m francs of debt is being written off, the Company's capital has been written down by 172m francs and the government has advanced a further 171m francs to cover needs in 1990. Six hundred jobs (a third of the work force) have been axed in a thorough restructuring of the company. The Commission said that in a growth market the survival of the company was not considered likely to harm competitors to a degree that the aid would be against the Community interest.

Loan to Eurotunnel. The Commission has approved a £200m loan to the Eurotunnel group in order to promote the commercialisation of Community steel products in the Channel Tunnel project.

Investment Services Directive. Although there was no debate on this subject at the meeting of EC Finance Ministers on Monday, Commission Vice-President Sir Leon Brittan issued a statement saying it was incoherent for the Second Banking Directive to come into effect in the beginning of 1993 without the corresponding decisions on investment services. The banks will have the right to offer investment services from 1 January 1993 throughout the Community. The Luxembourg Presidency promised to inject some urgency into getting an agreement.

Commission adopts Third Life Assurance Directive. The Commission has now proposed the Third Directive on Life Assurance which will complete the legislation needed to create a genuine common market in the insurance sector. The proposal will give consumers access to a much wider range of products than they currently enjoy, and at more competitive prices. It will also provide new opportunities for the insurance industry. The first Life Assurance Directive of 1979 laid down some basic rules for community companies, enabling them to set up shop in one another's markets. But it retained entirely national systems of control. The Second Life Assurance Directive of 1990 opens up the market to the extent of allowing individuals to seek insurance from companies established in other Member States. The proposed Third Directive allows companies to operate freely throughout the Community on the basis of the rules applied in their country of establishment.

EC/US Science consultations. The US-EC Joint Consultative Group on Science and Technology held its first meeting on Monday in Washington DC, and agreed to investigate further possible collaborative activities in several fields including energy and the environment.

Support Framework for East Germany. Yesterday (Wednesday) the Commission approved in principle a draft proposal of a Community Support Framework (CSF) for the new German Laender and East Berlin. The CSF envisages granting financial assistance of 3bn ecus (£2bn) for the period 1991-93.

Milk Scheme. Following a request, UK authorities informed the Commission of details of the Welfare Milk Scheme, which involves state aid for poor consumers, mainly on Income Supplement Support. The Commission accepted the measure under Article 92(2) of the Treaty.

Commission's report on Soviet economy. The Commission's Report on the Soviet economy was presented in London last Friday during a press conference in the EC's London office held in conjunction with the Centre for Economic Policy Research. The full report is contained in No 45 of the Commission's "European Economy" series dated December 1990, copies of which are available for sale from HMSO.

EuroTech Insider. A new, independently researched, information service for the 90s. It focuses on EC issues and examines their impact on strategically important industrial and technological decisions. Published quarterly. Individual subscriptions £100. Corporate subscriptions £150. From Lewis Tozer Communications, 9 Rose Dale, Orpington, Kent, BR6 8LD. Tel: 0689 856 500.

Conference and Diary Dates

The 1st European Conference on Skills and Qualifications for the Tourism Industry - Queen Elizabeth II Conference Centre, Westminster, London on 7-8 March. Details from Gill Stoddart, Conference Manager, Touchstone Exhibitions and Conferences Ltd, Clifton House, 83-89 Uxbridge Road, London W5 5TA. Tel: 081-840 3888. Fax: 081-566 1552. Organised by EC Commission, Department of Employment and ABTA.

General Affairs Council	4 - 5 March	Brussels
Agricultural Council	4 - 5 March	Brussels
European Parliament Session	11 - 15 March	Strasbourg
ECO/FIN Council	18 March	Brussels
Environment Council	18 March	Brussels
Industry Council	19 March	Brussels

Our next briefing will take place on Thursday, 7 March at 11.30am.