



COMMISSION  
OF THE EUROPEAN  
COMMUNITIES

Jean Monnet House  
8 Storey's Gate London SW1P 3AT  
Telephone: 071-973 1992  
Fax: 071-973 1900

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### THE WEEK IN EUROPE

Car Industry. High car price differentials among Member States are not necessarily the result of exclusive dealership systems, according to a communication to the Council adopted by the European Commission yesterday. Industry Commissioner Martin Bangemann said other factors including continued distortions in the internal market from customs duties and quotas as well as varying transport costs added significantly to the price of a car. The communication is intended to stimulate discussion of the EC car industry's competitive position with the rest of the world. It points out that the EC's car market is the world's biggest, accounting for 40% of global production and consumption. Production jumped from 10.7 million units in 1982 to 14.3 million in 1989. Although production fell back to 13.7 million units in 1991 prospects were excellent, says the report, and production should reach some 16 million units by the end of the century. Some two million people were involved in the trade. Bangemann stated that the Commission had no intention of putting the industry into any kind of straitjacket nor of engaging in an interventionist policy. The report highlights the competitive advantages enjoyed by the Japanese car industry and suggests examination of plans to match their high levels of R&D investment as well as the training of workers and possibly help with restructuring. It takes 17 hours to produce a car in Japan. In Europe an average of 35 hours is required. EC consumer organisations have criticised the exclusive dealer system which falls outside normal EC competition laws. The Commission's communication says that retention of the system would help implement the agreement just reached with Tokyo aimed at reducing car imports by 1.5%-2% this year. A further report on competition aspects of the car industry by Vice-President Sir Leon Brittan is still under discussion in the Commission.

EC/US trade. Continuing his series of talks to businessmen in the United States, Sir Leon Brittan warned last week that both the US and the EC would "strangle themselves" if they failed to reach the common goal of an open multilateral trade system. His comments, coming just after last week's US-EC summit, stressed the EC's bewilderment that the dispute on agricultural subsidies could jeopardise the entire GATT round. Sir Leon joked about the language of the GATT agriculture negotiations which referred constantly to soya panels, blue, red and yellow boxes, all of which he described as "terms of art" to hide demands, counter demands and recrimination. Referring to President Bush's "sales mission" to Tokyo earlier this year, the Competition Commissioner called for an end to discriminatory bilateral agreements which he said would sour relations. They were a short-term palliative and not a satisfactory solution in the long term. Turning to his own portfolio, Sir Leon envisaged EC competition law being extended to an international framework administered by GATT. While acknowledging that this route would be long and difficult, he looked forward to a time when GATT panels would be employed to adjudicate on state aids not trade disputes.

EC: Year 2000. Commission Vice President Henning Christophersen speaking to businessmen in Washington this week said that the world had not welcomed the collapse of Communism just to see itself descend into new rival blocks. He stressed that the European Community would strengthen and enlarge to take in new members from central and eastern Europe but not to the detriment of world stability and peace. A United States of Europe was still very much "in the mould", he said. The task remained of reconciling the Member States' varying priorities: ratifying Maastricht; securing financial resources, and opening up the Community to further members. These three issues represented the "dynamic triangle" providing impetus to European Union.

EC Patent. We erred last week in reporting on the InterGovernmental Conference in Lisbon on 4-5 May. This is to deal with the entry into force of the Single EC Patent and not the EC Trademark.

After Chernobyl. Environment Commissioner Carlo Ripa di Meana received a disturbing picture of the state of nuclear safety in the CIS on his visit to Russia and the Ukraine over the weekend. Although three plutonium-producing reactors in Siberia will be closed by June and there are plans to shut down a further 11 Chernobyl-type RBMK plants, the Commissioner told a press conference on Tuesday of his fears of another large-scale disaster. Russian presidential advisors recommend a massive closure programme, but the Russian Parliament still advocates modernising 7 of the RBMK reactors to keep them operational until the year 2000. The Ukraine said that Chernobyl will be closed until the end of 1993 and called for EC technical assistance for an independent energy system. The Commissioner

expressed concern about the high risk of contamination from a Soviet nuclear submarine which sank off Norway and promised to mobilise funds to help recover the wreck.

Atomic safeguards. The EC will strengthen links with the International Atomic Energy Agency (IAEA) to improve the application of nuclear safeguards in the Community. Energy Commissioner Antonio Cardoso e Cunha and the Director-General of the IAEA, Dr Blix, announced on Tuesday a new partnership under the trilateral safeguards agreement between the EC, its non-nuclear weapon Member States and the Agency. Talks focused on a range of issues from non-proliferation, the cycle of nuclear fuel and the public acceptability of nuclear energy in general.

Virgin sale cleared. The Commission this week approved the proposed acquisition of the Virgin Music Group by Thorn EMI after investigating the effect the sale would have on competition in the music recording and publishing industry. The acquisition would leave five major players, Thorn, Sony, Polygram, Warner and Bertelsmann, with an 83% market concentration. The Commission found that this would not lead to an anti-competitive situation as the total market for music publishing is forecast to grow substantially, and the new company has less than a 25% market share in the Community.

EC culture role. Cultural Affairs Commissioner Jean Dondelinger, explaining the new provisions of the Maastricht Treaty, spoke yesterday (Wednesday) of the Commission's future role in European culture. A Europe without frontiers would give rise to exciting opportunities for the free exchange of creative and intellectual arts. The Commission's cultural action plan, operating strictly to the principle of subsidiarity, was three-pronged: the Commission will seek to preserve cultural heritage; encourage an environment in which culture can flourish, and promote European culture in other parts of the world.

Canadian fishing dispute. After talks with Commission President Jacques Delors in Ottawa last week, Canada's Prime Minister Brian Mulroney said that the fish stock in the North Atlantic had been a vital resource for both Europe and Canada for over 450 years and that it was perilous to continue to overfish. Delors said the EC was waiting for the independent scientific reports on fish stocks in the Canadian sector. Delors urged Canada to remember that the reduction of fleet sizes for reasons of environmental protection was not a problem unique to the Canadians.

High speed rail on track. Transport Commissioner Karel Van Miert speaking to the Brussels Eurailspeed 1992 conference, said more should be done to ensure that decisions on high speed routes were environmentally-friendly. The Commissioner said that to be a real success the routes should be developed only after serious studies balancing economic advantages with the effects on the environment. Van Miert welcomed the provisions in the Maastricht Treaty for Community funding to enable national rail networks to link into a vital pan-European transport system.

Geography in agriculture. Agriculture ministers discussing proposals on food quality this week were divided on the merits of the "geographic indicators" scheme to safeguard products whose quality reputation depends on the place of origin. Agriculture Commissioner Ray MacSharry urged the Council to take a position quickly saying that the proposal would make a positive contribution to the internal market, protecting consumers and assisting rural areas by maintaining indigenous production methods. However, several Member States expressed concern that the proposals would limit competition and present non-tariff barriers to trade.

Bread & Circuses. This new book guides those involved in finding money for the arts through the many EC-funded schemes for the promotion of culture. Price £15.50 available from IETM, 143 Boulevard Anspach, 1000 Brussels, Tel: 010 322 5145676.

Food Policy International. This monthly review edited by Brian Gardner analyses the world agricultural markets discussing the latest GATT and company news. Aimed at industry and academia, price £160/year. Details: Rue Jenneval 55, Brussels, Belgium. Tel: 010 322 735 4191 Fax: 010 322 735 6146.

#### Conference & Diary Date.

**HMSO Exhibition** - of books, journals & documents of the EC's Official Publications Office. Held at the Sheraton Hotel, Edinburgh on 5 May at 12-3pm, details from HMSO, London 071 873 0011.

**Public Procurement in the Single Market** - Shropshire Euro Info Centre hosts a seminar on 13 May in Telford to help business and local council administrators understand EC procurement laws. Details from Mary Thompson: Tel: 0952 588766, Fax: 0952 582503.

#### **Council Meetings:**

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|--------------------------|---------|----------------------|
| Informal General Affairs | 1-2 May | Portugal (Guimaraes) |
| Environment/Development  | 4 May   | Brussels             |
| Informal Ecofin          | 8-9 May | Portugal (Porto)     |

**Our next briefing will be on Thursday 7 May at 11.30am.**