



COMMISSION  
OF THE EUROPEAN  
COMMUNITIES

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THE WEEK IN EUROPE

Food aid to Moscow and St Petersburg. Bureaucratic muddle at the receiving end delayed the first shipment of UK frozen beef for Moscow and St Petersburg at the year end, but nearly £3.5 million of emergency help arrived from the European Community as a whole in time for the Russian Orthodox Christmas on Tuesday. The rest of the £140 million total of aid agreed by the Maastricht summit will be sent as soon as arrangements can be made. The aim is to introduce the food commercially in order to alleviate shortages and to restrain price rises. It will be done in three stages: £7 million worth of meat, butter and powdered milk is on its way; a further £59.5 million will go in the next few weeks, and £70 million worth of food and feedstuffs probably during February. The first UK consignment was resisted by the Russian authorities in Moscow because of fears of the so-called "mad cow disease" in spite of assurances and certificates proving it fit in every respect for human consumption. The consignment, however, ended up in Murmansk. As we go to press, the Commission hopes that further consignments of frozen beef will be on their way shortly by plane and by ship to Moscow and St Petersburg. The UK also expects to be able to ship feed grain for cattle directly to St Petersburg.

Help for Albania and Baltic states. Further food aid for Albania valued at 35m ecus (£24.5m), has been sanctioned by the European Commission. In addition a grant of 45m ecus (£31.5m) has been made for food aid to the Baltic republics of Estonia, Lithuania and Latvia.

EC peacemakers killed in Yugoslavia. Yugoslavia has suspended the Commander of its air force after the Federal army admitted shooting down a European community helicopter, killing five peace monitors. The Commission has condemned the incident in which four Italian soldiers and a French officer died, and called for a full inquiry. The EC said it was "appalled and dismayed" by the incident. The UK and Portugal, current EC President, said it would not be allowed to damage the chances of peace. Lord Carrington, chairman of the EC-sponsored peace talks which resume today (Thursday), described it as a "tragic incident". Lord Carrington will be reporting to EC Foreign Ministers in Brussels as the United Nations deploys the first fifty members of the UN peacekeeping force which the Security Council has decided to send.

Portugal takes over Presidency. Portugal took over the presidency of the European Community from the Netherlands on 1 January and will remain in office until 1 July when the UK takes over. The Presidency will be presenting their programme before Members of the European Parliament in Strasbourg next Thursday. This is likely to centre on the follow-up to the Maastricht summit agreements on European Union, especially the defence and foreign policy aspects; Economic and Monetary Union; the completion of the 1992 programme; prospects for enlargement; the GATT round; the Middle East and Southern Africa, and the international situation generally including the crisis in eastern and central Europe and in Yugoslavia.

New fears for GATT round. The EC has reiterated to the US that there can be no agreement on farm trade within the General Agreement on Tariffs and Trade (GATT) talks unless the direct payments to farmers for the Community's planned subsidy cuts are put in the GATT "green box". This is for subventions allowable under GATT rules because they do not distort trade, and would allow the EC to make the deep cuts in its farm price support system through which it could meet the Uruguay Round targets for dismantling subsidies. Foreign Trade and Agriculture Ministers of the Twelve meet on Friday and Saturday to agree a formal position before the 108 countries involved in the Uruguay Round respond to the proposals put forward by Arthur Dunkel, GATT Secretary-General, on Monday in Geneva. EC Agriculture Commissioner Ray MacSharry is reported to have told Ed Madigan, US Agriculture Secretary, on Monday that the EC "position was likely to strengthen rather than weaken". Vice-President Frans Andriessen, External Affairs Commissioner, met Carla Hills, US special trade representative, last Tuesday in Washington in a further attempt to generate movement on the trade talks. But the Portuguese Foreign Minister Joao Deus Pinheiro said he was "very doubtful" whether the GATT Secretary-General could make sufficient far-reaching changes to his existing proposals to facilitate at least an outline agreement in Geneva next month.

Single European Insurance Market. The Internal Market Council made important progress at its meeting on 19 December in the creation of a single insurance market in Europe. Three separate decisions were taken: general adoption of the Insurance Accounts Directive, final adoption of the Directive establishing an Insurance Committee, and a political agreement on the Third Non-Life Insurance Directive. Commission Vice-President Sir Leon Brittan said he was delighted: "I offer my warmest congratulations to the Dutch Presidency for all they have done to achieve this triple crown". The adoption of the Insurance Accounts Directive cements into place an essential building block in the single insurance market. The Insurance Committee, which will begin its work in the New Year, will impart new impetus to the European market by intensifying the cooperation between national insurance supervisors, and among all of them and the Commission. The Council's political agreement on the Third Non-Life Directive is the first of the two so-called "third generation" insurance Directives which will establish a "European passport" for insurance companies, allowing them to operate throughout the Single market on the basis of authorization, and supervisory control in their country of establishment.

Customs controls from 1 January 1993 there will be no customs checks on baggage belonging to bona-fide travellers who make intra-Community trips by aeroplane or boat. This decision was also taken by the Internal Market Council just before Christmas.

Shipbuilding aid ceiling for 1992. The Commission has decided to set the shipbuilding production aid ceiling for 1992 at a level of 9% (4.5% for ships with a contract value of less than 10m ecus (£7m) and for ship conversion). The levels for 1991 were 13% and 9% respectively. Under the terms of the seventh directive on shipbuilding aid, the Commission sets a ceiling for production aid which is renewed every twelve months or sooner. Since negotiations began in September 1989 the Community has reduced its aid level from 26% to the 9% level now set for 1992.

EIB loans for Spain Tanzania and Papua New Guinea. The European Investment Bank has just announced a series of new loans for Spain, small businesses in Tanzania and new enterprises in Papua New Guinea. The EIB loan for Spain consists of 38.5m ecus (£27m) to the Banco Hipotecario in Spain. The EIB loan of 8m ecus (£5.6) for Tanzania goes to the Tanganyika Development Finance Company Ltd to provide support for small and medium-sized enterprises in the industrial, agricultural and processing sectors in Tanzania. The financing is provided under the fourth Lome convention for 13 years at 2 percent. The Papua New Guinea loan is for 2 million Ecus (£1.4m) for the financing of equity participation in small and medium-sized enterprises in industry, agro-industry, transport and tourism.

EUROPEOPLE by Tony Gray, the Macdonald guide to the nations of the European Community; informal, well-informed, lighthearted with all the essential facts about The Twelve, including us. £12.99 from Booksellers and Macdonald & Co (Publishers) Ltd, 165 Great Dover Street, London SE1 4YA.

Croner's European Business Information Sources. Commission Vice-President Sir Leon Brittan has written the foreword to this £85 loose-leaf guide to the services that can help companies research, get into and operate in other European countries, not only the EC. Contact: Croner Publications, Tel: 081 547 3333. Fax: 081 547 2637.

Conference and Diary Dates

Lobbying and decision-making in Europe. Third Annual Hawksmere Conference, 30 January, 1992, Queen Elizabeth II Conference Centre, Westminster. Speakers: Bryan Cassidy MEP and former Commissioner Lord Clinton-Davis. Details from Hawksmere Ltd, 12-18 Grosvenor Gardens, London SW1W 0DH. Tel: 071 824 8257. Fax: 071 730 4293.

Giving the periphery of Europe a voice at the Centre. A major international conference in Stirling, Scotland, 19-21 February. Further details from conference Office, John Wheatley Centre, 4/1 Brooks Way, Broxburn, West Lothian, EH52 5EU, Scotland. Tel: 0506-856170. Fax 0506-852644.

ECO/FIN Council	13 January	Brussels
Budget Council	14 January	Brussels
Agriculture Council	27-28 January	Brussels
General Affairs Council	3-4 February	Brussels
ECO/FIN Council	10 February	Brussels
Agriculture Council	10-11 February	Brussels
Informal Environment	21-22 February	Brussels
Internal Market Council	25 February	Brussels

Our next briefing will take place on Thursday 16 January at 11.30 am.