



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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WE/30/91
5 September 1991

THE WEEK IN EUROPE

Yugoslav press conference covered. In the face of renewed fighting in Croatia, the European Community on Tuesday increased pressure for a diplomatic solution and announced that the long-awaited Yugoslav peace conference would open on Saturday in the Hague. Lord Carrington, the former UK Foreign Secretary and NATO Secretary-General, has accepted an EC request to chair the negotiations on the Community's behalf. In a declaration on Tuesday the EC Foreign Ministers said the Community and its Member States welcomed the fact that all Yugoslav parties had accepted the goals and instruments for a solution to the crisis as contained in the EC Declaration of 27 August and that "by signing the cease-fire agreement and the Memorandum of Understanding on the extension of the activities of the EC Monitoring Mission, they have demonstrated their commitment to co-operate to that end." At the same time the Community is setting up an arbitration procedure. Acting on the assumption that the parties will respect their obligations under the ceasefire agreement, the Community is now prepared for an immediate further enlargement of the Monitor Mission and for the implementation of its extended mandate in Croatia. This will include participation by a number of other participating States. The Conference will bring together the Federal Presidency of Yugoslavia, the Federal Government and the Presidents of the Republics. The aim of the peace conference is to adopt arrangements to ensure peaceful accommodation of the conflicting aspirations of the Yugoslav peoples, on the basis of the following principles: no unilateral change of borders by force and protection for the rights of all in Yugoslavia. The Community has also announced that, subject to the consent of the Yugoslav parties, it will continue its monitoring activities in Yugoslavia, "as long as will be needed for the Conference to be successful." The EC's special envoy, Dutch Ambassador Henry Wijnaendts, has left for Croatia, hoping to lay the groundwork for a 30-strong contingent of EC monitors. The full Community team will eventually number some 200, including representatives from certain CSCE countries, such as Poland, Sweden, Czechoslovakia and Canada.

EC buys wheat for Albania. The European Commission is to buy 45,000 tonnes of surplus Hungarian wheat, valued at 5m ecus (£3.5m) to give to food-short Albania. This is the first such "triangular" operation, in which Brussels has decided to use the surplus in one Eastern European country to meet the deficit in another. The Commission, which has already undertaken to deliver 50,000 tonnes of wheat to Albania from its own stocks, now envisages doubling this quantity. Past proposals by the Commission to buy Eastern European food to meet the much greater food needs of the Soviet Union have foundered in the Council of Ministers, in which a majority of EC Governments have insisted that 250m ecus (£175m) of EC food aid pledged to the Soviet Union should come out of EC stocks. This will finance about 84,000 tonnes of food, of which some 5,000 tonnes have already been dispatched. EC officials are reported to have said that Albania was desperately short of food, needing some 50,000 tonnes of bread-making wheat a month until the next harvest in mid-1992 to maintain adequate levels of consumption. The Hungarian wheat is being delivered by rail to bypass the already congested Albanian ports which have a limited capacity.

Commission clears computer sale. The Commission has examined an agreement between Digital Equipment International Ltd (DEIL), and Philips Electronics NV, according to which DEIL will acquire the marketing activities of Philips' Information Systems Division and its small and medium-sized multi-user computers, financial workstations, software products and hardware maintenance services. The proposed transaction excludes most of the manufacturing facilities related to the products covered by the agreement as well as the ISD's smart card and dictation equipment activities. The sale means DEC will become the market leader for small multi-user computers within the Community ahead of IBM and Siemens/Nixdorf. But the Commission has concluded that the concentration does not create or strengthen a dominant position that would be incompatible with the common market. On the basis of this, and the examination of other relevant markets, the Commission has decided not to oppose the proposed concentration.

Widening the Community. In the wake of the momentous events in the Soviet Union, the Commission has proposed an important broadening of the EC's relations with Eastern Europe. Its proposals include trade concessions to bring to a speedy conclusion negotiations on association agreements with Poland, Czechoslovakia and Hungary; extension of associate status to Rumania and Bulgaria, and opening trade talks with Albania and the three Soviet Baltic States. Commission Vice-President Frans Andriessen is also backing a request by Poland, Czechoslovakia and Hungary to be admitted to the regular EC foreign policy discussions. Those last three countries have been complaining about protectionism against precisely those agricultural, textile and steel products which Central Europe has the best chance of selling in Western countries. Preliminary discussion with the Baltic States will open next Monday when Andriessen meets their representatives in Tallin.

Tough pre-EMU targets. New Dutch proposals would require European Community members to set tough inflation, budgetary and monetary targets before joining a European currency union. The UK, which has stressed the need for economic convergence to precede monetary union is also reported to have backed the proposals. Its specific concern - that the UK Parliament be allowed to decide later on any eventual British participation - is for the first time explicitly entered to in the draft EMU Treaty. The Dutch draft, which will be discussed by Finance Ministers next Monday, proposes that the transitional stage two (starting 1994) is reviewed by end 1996. It suggests that no stage should be eligible to enter stage three unless, for two years previously, it had met certain economic targets.

Van Miert on EC air control. Speaking at a seminar on air control in the South of France on Monday, Commissioner Karel van Miert said there remained two serious infrastructure problems for air control in an EC context. He said airport capacity was not following traffic development in the principal Community economic centres and the Commission was determined to tackle this. Secondly, the organisation of EC air control was not satisfactory and needed legislative proposals to remedy the situation. At present there existed twelve systems of national air control and an overload of control centres. Furthermore, a lot of the equipment was out of date and modernisation was not being harmonised throughout the Community. Van Miert said he will now aim to concentrate on putting in place a single air control system in the Community which will not be aligned on national frontiers.

"Euro-buy". In July Eurobarometer published the intriguing results of a poll on buying habits in the EC. Europeans shopping at home do buy products originating in other EC countries, especially food where 37% of those polled claimed to have bought items of food from another EC country at least once in the last six months. They also bought clothing and footwear (21%) and wine (19%). Next on the list were electrical household appliances (11%) and, some distance behind cars and motorcycles (5%), cameras (3%), medical services or medicines (3%), package holidays (2%) and furniture (2%). The poll revealed substantial differences between the EC countries. A high proportion of those living in the Community's Northern regions buy clothing, footwear, wine and, in particular, foodstuffs from other EC countries. However, the vast majority of those living in the EC's Southern regions - from 80% to more than 90% of those polled, depending on the product - buy nationally-made products, simply because they make many of the goods bought by their northern neighbours.

Technical assistance for USSR. The Commission has just decided on an initial financing of 10m ecus (£7m) for the creation of a multi-disciplinary technical assistance fund for the Soviet Union. Total credits allocated for the USSR amount to 400m ecus (£280m). Speaking at a press conference yesterday (Wednesday) Commission Vice-President Frans Andriessen said he was leaving on Sunday for a mission to the Baltics, Moscow and Kiev to assess the situations.

Conference and Diary Dates

1992 and Border Controls. The implications of a frontier-free Europe for Customs and Excise, policing and environmental health. 26 September. Venue - Mortimer Suite, Hull City Hall, Hull. Details from Professor J Lodge, ECRU, Hull. Tel: 0482-465844.

Giving the periphery of Europe a voice at the centre. A major international conference in Stirling, Scotland. 19 - 21 February 1992. Organised by the John Wheatley Centre, 4/1 Brocks Way, Broxburn, West Lothian EH52 5EU. Tel: 0506-856170. Fax: 0506-852644.

ECO/FIN Council	9 September	Brussels
European Parliament Session	9-13 September	Strasbourg
Informal Internal Market Council	13-14 September	Amsterdam
Informal ECO/FIN Council	21-22 September	Apeldoorn
Agriculture Council	23-24 September	Brussels
Informal Social Affairs	23-24 September	Ootmarsum

Our next briefing will be on Thursday, 12 September at 11.30am.