



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

Agreement on European Economic Area. The twelve-nation European Community and the seven-nation European Free Trade Association reached agreement to create a new European Economic Area at half past two on Tuesday morning after a final 16 hour negotiating marathon in Luxembourg. The accord will create a market of 380m consumers stretching from the Arctic to the Mediterranean and, once formed in 1993, will account for more than 40% of world trade. Commission President Jacques Delors predicted the deal would provide useful experience for those EFTA states - which include at present Austria and Sweden - seeking EC membership. Vice-President Frans Andriessen, External Affairs Commissioner and chief negotiator for the Community, said the new accord could give the Twelve a breathing space before embarking on enlargement. It took more than two years to be negotiated. Important sticking points, all of which were finally resolved, included EC demands for more EFTA fish, guaranteed road transit rights for its heavy lorries through Swiss and Austrian alpine passes, and "cohesion" money to help the EC's poorer, southern members catch up, and compensate them for permitting EFTA free access to the Single Market. Key points of the EC-EFTA Agreement are: free movement of products in the EEA from 1993; EFTA and the EC must agree a system for classifying which goods will be regarded as originating from within the EEA; special arrangements to cover food, fish, energy and coal and steel; EFTA will assume EC rules on company law, consumer protection, education, the environment, research and development and social policy; EFTA will adopt EC competition rules on anti-trust matters, the abuse of a dominant position, public procurement, mergers and state aid; an independent joint court will deal with EEA-related disputes and all appeals on competition policy; from 1993 individuals should be able to live, work and offer services throughout the trading bloc. There will be mutual recognition of professional qualifications; Switzerland, which has strict limits on immigration, has an extra five years to implement the rules fully; capital movements will be freed but there will be restrictions on investment in some types of EFTA real estate and on some direct investment; EFTA can maintain domestic farm policies, rather than join the EC's Common Agricultural Policy. The EC-EFTA Treaty must be approved by the European parliament and ratified by the Parliament of each EC and EFTA state. In addition, EFTA countries will not be able to vote on EC legislation. The EEA Council of Ministers will decide by consensus whether to extend new EC legislation to EFTA. The Agreement will be reviewed every two years: the first at the end of 1993. EC maintains a healthy trade balance with the EFTA countries (Switzerland, Austria, Liechtenstein, Finland, Sweden, Norway, Iceland). Imports in 1990 amounted to 108.6 billion ecus (some £76b); exports to 111.37 billion ecus (£77.9 b).

Environment Impact Assessment. The Commission has confirmed receipt of a letter from Prime Minister John Major contesting its action in starting infringement proceedings against the UK for allegedly failing to transpose Community legislation correctly into national law. In an official letter to the UK last week signed by Environment Commissioner Carlo Ripa di Meana, the Commission said it had received various complaints that the Government had not properly implemented the environmental impact assessment Directive 85/337/EEC. This should have come into effect in July 1988 and should have been applied in the case of a number of large public works including the Twyford Down extension of the M3, the East London River crossing and the rail link to the Channel Tunnel. Italy and all the other Member States except Greece and Denmark have received similar warnings from the Commission that the Court of Justice in Luxembourg will be asked to adjudicate on the implementation of the Directive unless satisfactory explanations are received.

US and USSR join EC on Yugoslavia. For the first time the United States and the Soviet Union have joined the European Community in issuing a Declaration condemning the continuing violence and bloodshed in Yugoslavia. A statement published simultaneously in Washington, Moscow and The Hague on 18 October said that none of the ceasefire accords agreed over the last three months appeared to have been implemented in full. It called on the President of Yugoslavia to reaffirm commitments to the peace process. Both US and USSR expressed full support for EC efforts to promote peace in the region. The Peace Conference headed by Lord Carrington intends to hold another session tomorrow (Friday).

Europe 2000. Commissioner Bruce Millan presented last week the Commission's report on regional development to the end of the century. The "Europe 2000" document's first objective was to inform those in charge of regional policy and regional planning in the Member States about developments going on in other

parts of the Community. Millan said another purpose was to exploit this information to the full, specifically in terms of the European dimension of regional planning, by encouraging a process of consultation between planners. He added that the Commission is proposing the setting-up of a committee on physical development to discuss issues such as transport links, telecommunications, the sharing of scientific and technological knowledge and planning for the environment, as well as to examine Community inter-relationships and the effects of them in regional planning.

Van Miert on road haulage. Transport Commissioner Karel van Miert has announced that the Commission's proposal for the final system of cabotage operations in road haulage to be applied from 1993 is now almost completed. Speaking at the Pan-European Traffic Congress and Fair in Denmark last week, van Miert said the Council was under the obligation to decide upon the final cabotage arrangement by 1 July next year. He added that a package of further measures considered vital for road safety (speed limits, blood alcohol concentrations for drivers) was still awaiting the Council's approval. A master plan for the "combined transport" projects will be presented by the end of this year.

MacSharry and the CAP. Farm Commissioner Ray MacSharry has denied that EC Agriculture Ministers were divided over prospects for breaking the deadlock over farm subsidies at the Uruguay Round of the GATT talks. Speaking at a press conference on Tuesday after the second day of the farm ministers meeting, he said all agreed there would have to be flexibility on both the EC and the United States if the talks, a year behind schedule, were to end successfully. France and Germany have now both thrown their weight behind reforms of the Common Agricultural Policy, provided they get safeguards on levels of compensation for price cuts and on priority of EC produce.

Nappy news. Procter & Gamble and Finaf of Italy have agreed to make important changes to their joint ventures in the market for sanitary protection products, following a request from the Commission. The Commission will shortly publish its intention to clear the joint ventures. On 27 November 1990 the Commission asked Procter & Gamble and Finaf to suspend agreements concluded between them on 14 September 1990. These involved the creation of joint ventures in Italy, Spain and Portugal and the acquisition by Procter & Gamble of Swaddlers, a Finaf company producing nappies in the UK. According to the agreements, Finaf will transfer its assets to the joint ventures and withdraw from this market as an independent manufacturer.

New European Publications will be presenting "Charlemagne" the first book in their Makers of Europe series at a press conference in the European Commission's London office on 31 October immediately following the regular Thursday briefing at 11.30am. Principal speakers: Sir Richard Body MP with Dr Douglas Pickett, Editor of the series, which is aimed at 12-16 year olds. More information on 071-582 3996.

Coopers & Lybrand Europe and EIS. The Brussels-based EC office of Coopers & Lybrand European and Europe Information Service (EIS), publishers of the "European Report" have joined forces. EIS will now make its news analyses available on Coopers & Lybrand Europe's on-line EUROSCOPE database. Details from Marion Luidens or Anne Randles on 010 322 735 9065 or fax 010 322 733 6618.

"Europe: an ever closer union" by David Martin MEP. Writing with the authority of the European Parliament's main rapporteur on political union, David Martin explains the Parliament's strategy for achieving such a union, while offering crucial insights into the work of the IGCs on EMU and EPU. Published by Spokesman Books. Tel: 0602 708318. Price £6.95 paperback and £20 hardback. ISBN 0851245382.

Conference and Diary Dates.

Commission Briefing. Dieter Frisch, Commission Development Policy Director-General, will brief on "A Common Development Policy in the Context of European Political Union" at 8 Storey's Gate, London on 25 November starting 11.00am as usual.

Press launch of "Continental Shift": The South East and Europe's Single Market at the Commission's London office at 11.00 am on Monday, 28 October. Speakers: Carole Tongue MEP and the Commission's Belinda Pyke. Details from SEEDS office. Tel: 0438 365131 or Stephen Marks 0865 727731.

The new agenda and institutions of European Security Policy. 4 - 5 November. Expert seminar to be held at the Commission's office in London. For invitation contact Judy Keep, Federal Trust for Education and Research on 071-259 9990. Fax: 071-259 9505.

European Political Union Conference. 6 November. Dublin. Address by the Taoiseach Charles Haughey, TD. Details from ICEM, 32 Nassau Street, Dublin 2. Tel: 010 353 1 714300. Fax: 010 353 1 679 8203

Opening the Single Market at Newcastle Moat House on 11 November. Northern regional launch of distance learning programme produced by the Open University for owners and managers of smaller businesses. Keynote speech by Alan Donnelly MEP. Details from PICKUP EUROPE regional centre. Tel: 091-235 8108.

Telecommunications Council 4 November Brussels

General Affairs Council 4 - 5 November Brussels

Internal Market Council 7 November Brussels

Our next briefing will be on Thursday, 31 October at 11.30am