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## THE WEEK IN EUROPE

EC at G7 Summit. The European Community took a full part in this week's London Summit of the seven richest nations in the world and the subsequent talks with Soviet President Mikhail Gorbachev. President of the EC Council Ruud Lubbers, Prime Minister of the Netherlands, and Commission President Jacques Delors afterwards outlined three special achievements of the Summit: personal commitment by the G7 leaders to get an agreement this year on the current Uruguay Round of the talks under the GATT; the definition of the proper relationship between ecology and economic development, and agreement to work together to bring market economies to Central and Eastern Europe and also to the Soviet Union once they put their house in order. It was Delors' seventh appearance at the G7 Summit in which of the twelve Community Member States only four (UK, Germany, France, Italy) are permanently represented. Speaking to reporters after the Summit Delors emphasised the importance of the Commission's plans for reform of the Common Agricultural Policy (CAP) in the context of a successful conclusion of the GATT talks. Although Ministers had criticised aspects of the plan in the Council in Brussels, the Commission's proposals were the only ones on the table. Nobody else had produced such radical plans to reduce agricultural subsidies and to make the industry more responsive to markets at home and less of a threat outside. He believed the proposed reforms had altered the climate of the GATT talks where previously the Community had been under pressure especially from the Americans to go much further. As a result, Delors said, he believed the way to agreement had been smoothed. Lubbers expressed appreciation of the way the G7 leaders had assumed responsibility for the world economy which he said included special responsibility for helping the world's poorest countries.

Climate Change. European Community leaders were also active in calling on the G7 to get agreement on climate change and conservation of tree areas in time for a major environmental conference in Rio de Janeiro next June. The G7 expressed concern about the destruction of tropical forests and promised financial support for a pilot programme to save the Amazon rainforest prepared by the European Community, the Brazilian Government and the World Bank.

Japan and the EC. Japan's Prime Minister Toshiki Kaifu left London for The Hague today (Thursday) for a follow-up meeting with Ruud Lubbers and Jacques Delors. The aim is to strengthen EC-Japan ties and to see what can be done to make trade exchanges more equitable. At present Japan has a chronic and growing trade surplus.

Bush/EC Summit. US President George Bush announced in London that he would be going to The Hague on November 9 to meet Lubbers and Delors for one of the twice-yearly EC/US summits. Last November the EC and the US signed a Transatlantic Declaration systematising relations and calling for two summits a year. First meeting was in April when Delors and Jacques Santer, Prime Minister of Luxembourg which then held the EC Presidency, flew to Washington.

Energy Charter. More than 50 countries and international organisations gathered in Brussels on Monday to hammer out details for a European Energy Charter, aimed at helping the USSR exploit its national resources. The Netherlands Presidency hopes the 35 full participants will be ready to sign a charter by mid-December.

Farm reforms criticised. The radical reshaping of the Common Agricultural Policy announced last week came under attack from several quarters at a meeting of EC farm ministers in Brussels earlier this week. Many countries criticised the size of proposed price cuts; France and Germany called for supply controls while the UK spoke of discrimination against more efficient farmers. However, EC Agricultural Commissioner Ray MacSharry asked ministers to hold their fire until they had properly studied his plan. MacSharry firmly defended the reforms. Maintaining the status quo on agricultural policy was not an option, he said, as to do so would mean further income reduction for farmers, higher stocks, more damage to the environment and continued rural depopulation. The reform package will help redress these undesirable developments and though it will cost more than the present agricultural budget to implement, it will in fact cost less than maintaining the status quo.

Brittan welcomes court ruling. Commission Vice-President Sir Leon Brittan, responsible for competition policy, has welcomed a judgement by the European Court of First Instance which clarifies the relationship between national intellectual property law and Community competition law. The Court in its ruling last week gave a judgement on a case concerning a Commission decision adopted in 1988 finding that RTE, BBC and ITP, publishers respectively of RTE Guide, Radio Times and TV Times, had abused their dominant position by refusing to allow other publications to publish comprehensive television listings and guides. The three publications claimed that their refusal to allow others to use their listings was a matter of protection of their copyright. The Court of First Instance held that the exercise of copyright may involve an abuse of dominant positions. Community rules prevail in such circumstances over national intellectual property law. The Court thus upheld the Commission's decision.

Third air transport package adopted. Acting on a proposal from Commissioner Karel van Miert, responsible for transport policy, the Commission has proposed three regulations that constitute the final phase in the organisation of the Community air transport market in the run-up to the Single Market. If agreed by Ministers, they are scheduled to enter into force on 1 January 1993. The regulations have been proposed as part of the common transport policy and apply to civil air transport. They encompass the criteria established by the national authorities for granting licences to air carriers; the rules giving Community air carriers freedom of access to intra-Community routes (fifth freedom, cabotage, elimination of capacity sharing); and fares. The first package of measures adopted by the Council in December 1987, brought in flexible pricing, abandoned the principle of strict capacity sharing and started liberalising access to the market whilst applying the rules of competition. A second package became law in June 1990 and reinforced those of the first package by further liberalising capacity sharing, facilitating market access and giving operators greater freedom to set their fares.

Canada-Commission meeting. Ministerial consultations between Canada and the Commission took place in Brussels last Friday. They were preceded by the ninth meeting of the Joint Cooperation Committee, set up under the 1976 Framework Agreement for Commercial and Economic Cooperation between the European Communities and Canada. The Commission delegation was led by Commission Vice-President Frans Andriessen, responsible for external relations and trade policy and the Canadian delegation was headed by Barbara McDougall, Secretary of State for external affairs, and by Michael Wilson, Minister for Industry, Science and Technology. Commission President Jacques Delors also had a meeting with the two Canadian ministers.

EC-Poland negotiations. The sixth session of the EC-Poland negotiations aimed at creating a new category of Europe Agreements took place in Brussels last week.

EC team in Yugoslavia. EC observers arrived in Yugoslavia on Monday to monitor a peace accord reached on the island of Brioni on 7 July. They aim to implement the terms of the agreement which seeks a three-month freeze on Slovenia's and Croatia's independence declarations, a ceasefire and a Federal army return to barracks.

Brittan on competition policy. In an address to the Center for European Policy Studies in Brussels on Tuesday, Commission Vice President Sir Leon Brittan concluded that the continuing integration of the Community, and the ever-present need for the protection of the consumer from competitive abuses, ensures that competition policy will always play a vital role in Europe. He said that the policy will continue to encompass prohibitions on conduct, as well as positive measures. We had to resist, he said the temptations to warp competition policy for the sake of imagined gains on other fronts. His address was one of a series Brittan plans for the CEPS.

Transpac Network Services. Transpac, a subsidiary of France Telecom has recently set up a UK-based operation which has already made its first acquisition - the highly sophisticated X-25 network belonging to London Regional Transport. In France, Transpac has more than 5.5 m subscribers making some 7 million calls a day and 86,000 direct live connections.

Action for the unemployed. A European database of nearly 1,700 locally-based projects fighting long-term unemployment across the Community was recently demonstrated in Brussels by the managers of ERGO, the EC Action Programme for the long-term unemployed. For further information on how to access the database contact: Pat Demeulemeester, CEI Consultants Ltd, 205 Rue Belliard, B-1040 Brussels. Tel. 010 32 2 2306068. Fax. 010 32 2 2307176.

Diary Dates

|                          |              |           |
|--------------------------|--------------|-----------|
| General Affairs Council  | 22-23 July   | Brussels  |
| Budget Council           | 25 July      | Brussels  |
| Internal Market Council  | 29 July      | Brussels  |
| ECO/FIN                  | 9 September  | Brussels  |
| Informal Internal Market | 13 September | Amsterdam |

Our next briefing will be on Thursday 25 July at 11.30 am at the European Parliament offices, 2 Queen Anne's Gate, London SW1. PLEASE NOTE CHANGE OF VENUE DUE TO REFURBISHMENT HERE.