



COMMISSION  
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COMMUNITIES

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## THE WEEK IN EUROPE

Diplomatic flurry precedes Luxembourg Summit. A hectic round of diplomatic activity in the run-up to the European Council in Luxembourg on Friday and Saturday has reinforced the impression that the three largest Member States of the European Community are determined to avoid confrontation at the Summit. The Summit agenda includes stocktaking on the two Intergovernmental Conferences on economic and monetary union and on political union, as well as a progress towards completing the internal market, the common agricultural policy and relations with other European countries and with the world at large. The expectation is that the IGCs will not come to a conclusion before the next summit at Maastricht, Holland, in December. An agreement on priorities emerged after a two-hour breakfast meeting in Paris on Tuesday between President Francois Mitterrand of France and Chancellor Helmut Kohl of the FRG. This had been preceded by discussions in Dunkirk between Mitterrand and UK Prime Minister John Major on Monday. Major also had talks in London on Tuesday with Jacques Santer, Prime Minister of Luxembourg and Summit host. The twelve EC leaders are likely to be invited at the weekend Summit to narrow their differences on a common security and defence policy, the co-decision powers of the European Parliament and the requests from poorer EC States for more monetary support.

Standard EC driving licence. EC Transport Ministers, meeting in Luxembourg, agreed on a common, standardised, driving licence throughout the Community from 1996 and agreed to introduce common roadworthiness tests for private cars from 1998. The common driving licence means that all national permits will be recognised throughout the EC without any requirement to get a local licence. The roadworthiness Directive will apply to vehicles registered from 1994. The first test is obligatory after four years and then every two years thereafter, so that the process starts in 1998.

Progress on harmonising taxes. EC Finance Ministers ended their latest meeting on Monday night in Luxembourg with a broad political agreement which smooths the way to removing fiscal frontier checks. However the setting of EC-wide minimum standard rates for Value Added Tax and excise duty has yet to be enshrined in binding Directives which will however be tabled in the Autumn. Although the UK opposes such Directives on the ground that it does not see the need for legal constraints on VAT rates, this week it did accept the principle of binding minimum excise rates on fuel, tobacco and alcohol. The main points of this week's political agreement are a 15% minimum standard VAT rate by 1 January 1993; special VAT rates imposed in some countries on luxury goods will disappear; minimum excise duty on cigarettes will be 59% of the final retail price and on beer it will be 1.87 ecus/100 litres for every one degree of alcohol; wine will be zero-rated; minimum excise on leaded petrol will be 337 ecus per tonne with as much as 50 ecus lower for unleaded.

Van Miert in London. Speaking at the European Commission's London offices on Tuesday, EC Transport Commissioner Karel van Miert said a third package of European air transport liberalisation measures is to be tabled by the Commission next month. The package will include common criteria for airline and route licensing; the introduction of cabotage enabling an airline from one country to offer domestic services in another; the complete phasing out of capacity limits; and the generalisation of fifth freedom rights allowing a carrier from one country to pick up traffic on intermediate routes within the EC. Van Miert also had talks with Sir Alastair Morton, British co-Chairman of Eurotunnel, and with UK Transport Secretary Malcolm Rifkind. He hopes to persuade Rifkind to set up an EC transport infrastructure fund to help finance links in the planned high-speed rail network.

High Definition TV. The European Commission has just adopted a proposed Directive to promote the development of High Definition Television. The basic aim is to maintain progress under the Eureka 95 Project while assuring compatibility with existing TV systems.

Pregnant women package falls apart. An EC package, seen as one of the Social Charter's flagship policies, to protect pregnant women at work failed to get agreement in Luxembourg on Tuesday in the face of opposition from the UK. Disagreement centres on the draft's enshrinement of working women's right to 14 weeks maternity leave on full pay. UK Employment Secretary Michael Howard said he would also oppose separate Commission proposals to set a maximum 48-hour working week averaged over a month.

1990 Competition Report. On Monday Commission Vice-President Sir Leon Brittan held a press conference in Brussels to present the 20th Annual Report on Competition Policy. The report defines some of the priorities for the coming months, notably concerning the deregulation of industrial sectors hitherto shielded from competition. It singles out postal services, energy, telecommunications and the audiovisual sector for special attention. It also assesses the progress so far of the EC merger regulation, repeating the Commission's ultimate desire to have the threshold lowered from 5bn to 2bn ecus turnover for companies falling under the regulation. Sir Leon stressed how Eastern Europe is looking increasingly to Brussels for expertise in competition policy.

Delors in Moscow. Speaking in Moscow last week at the conclusion of a three-day visit to the Soviet Union, Commission President Jacques Delors said he had two meetings with Soviet Prime Minister Valentin Pavlov and a two-hour talk with President Mikhail Gorbachev. Gorbachev told him of his hopes for the G7 Summit in London in July. But the principal aim of the visit was to promote practical co-operation between the EC and the USSR and implement a programme, mapped out by the EC in December last year, to promote reforms being carried out in the Soviet Union.

Insurance Accounts Directive. Commission Vice-President Sir Leon Brittan last week warmly welcomed the Common Position reached in the Internal Market Council on the proposal for an Insurance Accounts Directive. The decision, he said, was a crucial step forward on the way towards a single market in insurance. The Directive will fill an important gap in European accounting. Legislation on accounting in Europe began in 1978 with the adoption of the 4th Company Law Directive on individual company accounts and continued in 1983 with the 7th Company Law Directive on consolidated accounts. These two Directives did not cover banks or insurance companies. The effect of the new Directive will be to ensure a common basic standard of transparency and information in insurance accounts everywhere in the Community. The Directives should be finally adopted before the end of this year, in which case it would be applicable for the first time to the accounts for 1995.

EC-Czechoslovakia negotiations. The 5th round of negotiations on the conclusion of a Europe Agreement, establishing special association between the EC and the Czech and Slovak Federal Republic took place in Brussels from 19 to 21 June. The Commission's Pablo Benavides led for the Community, Deputy Foreign Minister Zdenko Piřek for the Czechoslovaks.

Aid to Philippines. Emergency aid of 300,000 ecus (£200,000) is being sent by the EC to the Philippines following the eruption of the Pinatubo volcano.

Relay Europe. Following on the success of the Europe Weeks which have been held in more than 25 localities in the UK over the past three years, the organisers have established a permanent organisation called Relay Europe. Its inaugural conference is to be held in York on 8/9 July. Those invited include Chief Executives of all local authorities in the UK, Chambers of Commerce, Higher Education Institutions and MEPs. Further information: Secretary, Relay Europe, Mithras House, Lewes Road, Brighton BN2 4AT. Tel: 0273 600900. **The registration fee of £150 + £26.25 VAT includes accommodation at the Royal York Hotel, plus all meals.**

Library closed. The Library at Jean Monnet House (London office of the European Commission) will be closed from 1 July to 30 August while the office is being refurbished. We apologise for any inconvenience.

The Ecu and You. A strictly practical booklet from Stoy Hayward with a first-ever survey of what the banks currently offer in the way of ecu accounts. Available from Ben Coleman, European Business Unit, Stoy Hayward, 8 Baker Street, London W1M 1DA.

#### Conference and Diary Dates

**The Soviet Union.** A one day CBI conference on 1 July at CBI headquarters, Centre Point, London WC1. The latest on the opportunities for trade for UK businessmen in the USSR. Details from Wendy Wadson, CBI conferences on 071-379 7400.

**ITSA's 97th Annual Conference and Exhibition.** Organised by Institute of Trading Standards Administration. 3 - 5 July, de Doelen Centre, Rotterdam. Details Elaine Dawson on 0702-559922.

**EC Structural Funds.** 4 - 5 July at the University of Bradford. Four speakers from the European Commission plus Hugh McMahan MEP. Workshops on the European Social Fund. Details from the Centre for Continuing Education, University of Bradford, Bradford BD7 1DP. Tel: 0274-383217.

**Business Opportunities in France:** the legal implications. a two day conference on 5 - 6 July in Caen, France. First joint venture between the Universities of Caen and Southampton. Details from Jill Elliott, The Law Faculty, Southampton University, Southampton SO9 5NH. Tel: 0703-592376. Fax: 0703-593024.

European Council	28-29 June	Luxembourg
Fisheries Council	8 July	Brussels
ECO/FIN Council	8 July	Brussels
European Parliament Session	8 - 12 July	Strasbourg
Agriculture Council	15 - 16 July	Brussels

Our next briefing will take place on Thursday, 4 July at 11.30am.