



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

Prospects for EMU look brighter. Hopes for an agreement on a single European currency rose over the weekend after Commission President Jacques Delors proposed a special treaty clause which would allow the UK to postpone any final decision on membership. According to the concession proposed in Luxembourg by Delors, the UK could sign a Treaty on Economic and Monetary Union later this year without agreeing on the final goal, to which the UK attaches strong reservations, of a single European currency and a new European Central Bank. That would mean the UK would join the other European Community nations in stage two of EMU but leave open the question of further involvement until the late 1990s. Meanwhile, at the same informal talks between EC Finance Ministers in Luxembourg last weekend, the UK won agreement in principle on its right to retain zero rates of Value Added Tax on items such as food, children's clothing and newspapers. The arrangement comes as a special exemption in a broader package of measures to harmonise VAT and excise duties in preparation for the single market at end 1992. A final decision on the VAT and excise package may come as early as next month.

EC/EFTA negotiations still on course. Negotiations between the EC and the seven countries of the European Free Trade Association remain on course for completion by the end of July, the target date for a deal to create a European Economic Area. Tuesday's joint communique said that "agreement had been achieved on several important elements of the EEA agreement - and that solutions now seemed possible on the remaining open issues". But the central paradox of the EEA negotiations, proposed by the EC to let its neighbours share in the single market without joining the EC club, has been to convince some EFTA members - notably Austria and Sweden - that they would be better off inside the EC, while the immediate pressure on Finland and Norway to apply for EC membership has eased to the extent that they gained satisfaction this week on the EEA's institutional machinery. So far the realities of the negotiations have brought agreement in several important areas. The Commission has agreed to canvas EFTA states' opinions on new legislation and to consult as new laws take their course. Thus, EFTA countries can help shape, though not make, EC decisions. One major difficulty, still unresolved, has been over how such EC rules are interpreted in law. In addition, if and when the EEA Treaty is signed and ratified, EFTA States will adopt some 1,400 existing EC laws on freedom of movement in goods, capital, services and labour amounting to over 10,000 pages of legislation.

Smoking Ads Banned? The European Commission with support from the European Parliament has proposed a total ban on tobacco advertising throughout the Community. If Parliament and the Council of Ministers agree, all advertising in the press and public places will be illegal from January 1993. Some 440,000 people die every year in the Community from diseases related to smoking.

Delors envisages more EC spending. Commission President Jacques Delors has held out the prospect of a big increase in EC spending over the years to 1998 in a move to counter the threat of a veto by poorer EC countries of plans for European political union. He told the Intergovernmental Conference on political union at the weekend that he was preparing proposals for a much bigger EC budget to help the weaker economies of the Twelve. However, Spain, which reiterated its demands at Tuesday's meeting, was told it should wait until the next EC budget negotiations by Denmark's Foreign Minister Uffe Elleman-Jensen. Delors had earlier stated that the annual EC budget, already £35bn, might rise by as much as 50% between 1994 and 1998. A group of the poorer EC countries - notably Spain, Greece, Ireland and Portugal, have said their vote for political union will depend on more vigorous action by the Community to close the wealth gap.

More EC aid for Bangladesh. Bangladesh is to receive a further 60m ecus (£41.6m) of emergency aid from the EC to help its recovery from the recent devastating cyclone. EC Foreign Ministers on Tuesday agreed to the aid proposal put forward by the Commission.

EC warns Yugoslavia. On Monday the EC warned Yugoslavia it could not negotiate privileged association agreements with the Community without evidence of faster moves to democracy and a peaceful resolution of its ethnic crisis. EC Foreign Ministers agreed to send a high-level delegation to Belgrade to relay their concern at the confrontation between Serbia and Croatia. The delegation will be headed by Luxembourg Prime Minister Jacques Santer, current President of the EC Council, and Commission President Jacques Delors.

EC aid to Kurds builds up. More than three quarters of the aid available from the Commission budget or 85m ecus (£59.5m) has so far been committed to helping Kurdish refugees both inside and outside Iraq. Of this sum, 47.3m ecus (£33.1m) has gone to refugees in Iran, 30.4m ecus (£21.3m) to those in Turkey, 7.2m ecus (£5.04m) to refugees inside Iraq, and 100,000 ecus (£70,000) to those in Syria. 302 flights have taken place in the airlift to take supplies to the refugees. Supplies to the Kurdish refugees from the EC include 160,000 pairs of shoes, 65,302 family tents, 1.45m blankets, 29,900 tonnes of food product including 1,975 tonnes of enriched biscuits. Expatriate personnel involved in the operation amount to 468 while local personnel employed total 550.

Brittan on competition in the steel industry. Speaking yesterday (Wednesday) to the Institute of Metals in London, Commission Vice-President Sir Leon Brittan said that although there was a strong case for an early end to the European Coal and Steel Community Treaty and the application of the normal EEC Treaty rules to coal and steel, it had been decided to allow it to expire naturally in 2002. In the meantime, he said, the Community will align as far as possible the Commission's practices under the two Treaties. He added that one of the side effects of the decision to maintain the ECSC Treaty until 2002 was that if a merger falling under the Merger Regulation also involves coal or steel products it had to be authorised under both the Regulation and the coal and steel rules. This was unfortunate but unavoidable.

Delors on employment. Speaking to the Conference of the European Trade Union Confederation in Luxembourg on Tuesday, Commission President Jacques Delors reminded his audience that while the EC growth rate 1982-84 had been 1.6% per year, more recently it had been 3.5%. Since 1985, he said, around 8 million new jobs had been created while before that the EC was losing 600,000 jobs a year. Thus the EC unemployment rate had dropped from 10.8% to 8.5%. More than 60bn ecus (£42bn) is being spent between 1988 and 1992 on regional development and reconversion programmes in the EC.

Commission authorisation. The Commission has authorised the establishment of a joint venture company by Coal Products Ltd and Miller Group Ltd to be named CPL/Miller (Environmental) Ltd. CPL is a wholly owned subsidiary of British Coal Corporation while Miller is a Scottish holding company. The new company will supply and service filtration media, in particular activated carbon and filtracide for use in the treatment of water, industrial effluent and other materials.

Eurojargon. With nine official languages, it was probably inevitable that a tenth has grown up - Eurojargon, a remarkable list of abbreviations, acronyms, sobriquets. Anne Ramsay and Capital Planning Information Ltd has just completed a third edition of their dictionary from A(point) and AA to ZRDI. Call Maggie Ashcroft on 0780 57300 or Fax: 0780 54333.

Conference and Diary Dates.

Finance From Europe. The Rt Hon Bruce Millan, European Commissioner for Regional Policy will be in London on Monday to launch the latest edition of this essential guide to grants and loans from the Community. The publication has been produced in co-operation with the National Westminster Bank who will also be present at the launch in the Commission's London office - 20 May at 2.30pm.

The future of corporate tax in the EC. Seminar, 11 June, organised by the Federal Trust for Education and Research. At the Butcher's Hall, Bartholomew Close, London EC1A 7EB. For details contact 071-839 6625. Fax: 071-839 3120.

Women of Europe Award/Club of Rhodes. First extraordinary meeting: Luxembourg 14, 15 and 16 June. Conference theme: "Women see further, they are building Europe". Further details from Alison Parry, 34 Ailsa Road, Twickenham, Middlesex TW1 1QW. Tel: 081-891 1021. Fax: 081-744 1980.

Advertising in Europe. Freedom to choose. Freedom to trade. A one-day conference organised by Forum Europe. Palais des Congres, Brussels - 20 June. Details: Rosemary Michael on 071-828 2771.

EUW - European Women of Achievement. Luncheon - 2 July at Park Lane Hotel, London. Details from Rosemary Pockley, 21 Anker Lane, Fareham, Herts PO14 3HE. Tel: 0329 663619. Fax: 0329 663307.

Agriculture Council	21-22 May	Brussels
Development Council	27 May	Brussels
ECO/SOC Plenary Session	29-30 May	Brussels
EEC/ASEAN Ministerial Meeting	30-31 May	Luxembourg
Energy Council	31 May	Brussels

Our next briefing will take place on Thursday, 23 May at 11.30am.