



COMMISSION
OF THE EUROPEAN
COMMUNITIES

8 Storey's Gate London SW1P 3AT
Telephone: 01-222 8122
Fax: 01-222 0900

WE/5/89
9 January 1989

THE WEEK IN EUROPE

Scrivener announces withholding tax. Commissioner Christiane Scrivener, responsible for Taxation Policy, yesterday (Wednesday) introduced Commission proposals for a minimum 15% withholding tax on interest income held by EC citizens in Community countries other than their own. Speaking at a press conference in Brussels, Mrs Scrivener said shares would not be liable but bonds -except Eurobonds - would be. The proposed minimum tax-at-source would also be levied on anyone (EC or third country citizen alike) who is resident in an EC states for tax purposes. The Commissioner added that there was no question of challenging bank secrecy laws. The new tax would not apply to residents (whether EC nationals or not) of third countries. Pressed on the status of the Channel Islands and the Isle of Man, Mrs Scrivener said there would be no need for Treaty changes and she felt it was a peripheral question.

Millan sets prospects for regional policy. Commissioner Bruce Millan, since January responsible for Regional Policy, made a keynote speech on the prospects for European Regional Development when he addressed the conference of the Coalfield Communities Campaign at Tynemouth on 3 February. He said that the structural funds, in particular the European Regional Development Fund, were the Community's main instruments for reducing regional disparities. "Following the Single Act, there was agreement to double the resources of the funds by 1993. This will take them to 14bn ecus or £9.1bn sterling." Millan stressed that the reform of the structural funds meant moving funds away from the financing of individual projects to "a more strategic multi-annual programme based approach." He said the reform also decentralised decision-making "by creating a genuine partnership between the Community, national authorities and regional and local agencies and authorities."

Millan also described the process of identifying the areas eligible to receive assistance under Objective 2 (declining industrial areas) as defined by the reform. He said: "The regulation requires the Commission to apply three strictly statistical criteria, which concern unemployment, the degree of industrialisation and the loss of industrial jobs ... We then have to boil the whole thing down so that it covers around 15% of the Community's population." Turning to the problem of coalfield areas, Millan said the contribution made by Community funds under the ECSC Treaty had amounted to 1,260m ecus (£840m) in loans and 600m ecus (£400m) in grants between 1978 and now. He concluded: "Nobody would deny that the coal industry has faced severe problems over a long period. The Community lost over a quarter of a million coal jobs in the decade 1977-87, well over half of them in the UK". On 7 February Anthony Newton, UK Minister responsible for Regional Policy, met Bruce Millan in Brussels to discuss UK eligibility for ERDF funds.

Brittan speaks on water privatisation. On 7 February, Vice-President Sir Leon Brittan said that although no formal complaint has been made to the European Commission concerning the British Government's proposal for the privatisation of water companies, the Commission has looked into the matter and has not found any problems concerning Community law in the fields of competition or company capital structure. However, it was reported in Brussels yesterday (Wednesday) that the Commission has appeared to rule out any exemption for the

UK from the EC's agreed water purity rules. The EC's drinking water directive was unanimously agreed by Member States in 1980, and should have been fully enforced by the beginning of 1985.

Midland Bank joins global loan scheme. The Commission has just signed with Midland Bank their first ECSC Article 56 global loan for £30m.

Commission go-ahead for Carnaud-Metal Box merger. Sir Leon Brittan announced last week the Commission's green light for two recent mergers in the European packaging industry - Carnaud-Metal Box and Pechiney-American Can.

EIB private sector lending up in UK. European Investment Bank financing in the UK in 1988 totalled 1,179m ecus (£790m) of which 99m ecus (£65m) were advanced from New Community Instrument (NCI) resources. Total loans from the EIB in 1988 amounted to 10,175m ecus (£6,784m), representing an increase of 30% over total financing in 1987. Of the principal currencies raised on the capital markets 14.5% was in ecus and 10.1% in pounds sterling.

Appointments of Vice-Presidents. The following Commissioners have been appointed Vice-Presidents of the Commission until 5 January 1991 - Frans Andriessen, Martin Bangemann, Sir Leon Brittan, Henning Christophersen, Manuel Marin and Filippo Maria Pandolfi.

EEC-EFTA meeting. The Spanish Presidency of the Council of Ministers has announced a meeting between the Foreign Ministers of EEC and EFTA countries in Brussels on 20-21 March 1989.

Voting rights. The General Affairs Council has agreed that examination of the Commission proposal for a directive on the subject of voting rights for Community nationals in elections in their EC country of residence should begin as soon as the European Parliament's opinion has been received. It is hoped to discuss the matter at the Council's meeting in May.

UK overfishing. The Commission has decided, under Article 169 of the Treaty of Rome, to begin proceedings against the UK for exceeding its fishing quotas in 1987. Most overfished was mackerel (quota 1,380 tonnes - actual catch 20,469 tonnes). Quotas were also exceeded for many other varieties.

RACE programme moves forward. Launched on 14 December 1987 the EC's RACE (Research in Advanced Communications technologies in Europe) programme has reached its second stage with the signing of a further 40 contracts. These are complimentary to the 48 RACE projects started in January 1988. RACE is contributing to the development of Integrated Broadband Communications (IBC) throughout the EC with 1995 as the target date for commercial start-up.

The European Parliament will hold its next session 13-17 February at which the main item of business will be the presentation on Tuesday by President Jacques Delors of the Commission's 1989 work programme.

Diary Dates

ECO/FIN Council	13 February	Brussels
Informal Transport Ministers	13 February	Murcia
Agriculture Council	13/14 February	Brussels
European Parliament Session	13-17 February	Strasbourg
Political Co-operation	14 February	Madrid
Fishing Council	15 February	Brussels
EC/ACP Ministerial Council	16/17 February	Brazzaville
General Affairs Council	20/21 February	Brussels
Ministerial Meeting San Jose V	27/28 February	Honduras

Our next briefing will take place on Thursday, 16 February at 11.30 am.