

WE/14/89  
20 April 1989

### THE WEEK IN EUROPE

Delors Committee reports on monetary union. The long awaited report from the 17-man Committee, dominated numerically by the 12 Central Bank Governors and headed by the Commission President Jacques Delors, was published on Monday and presented by Jacques Delors himself to a meeting of EC Finance Ministers in Luxembourg on the same day. The report sets out the milestones on the road to a European System of Central Banks (ESCB) and says the first stage of a progressive movement by the EC towards economic and monetary union should start no later than 1 July 1990. The report, which will be debated at the EC Summit in Madrid in June, has already drawn fire from UK Chancellor of the Exchequer Nigel Lawson who said, after listening to Delors that the plan would require "political union, a United States of Europe, which is not on the agenda". Speaking in Luxembourg the Chancellor made clear that the UK would seek to block any proposal for an inter-governmental conference to amend EC Treaties and to allow transfer of economic and monetary sovereignty. However other ministers present broadly endorsed the proposals. Delors made it clear that the first stage would require "a political commitment" from governments and central banks to start making public moves towards economic and monetary convergence.

Broadly, Delors proposes three stages towards convergence. They are, firstly: all currencies inside the European Monetary System with realignments still possible but with the main reliance on other adjustment mechanisms; secondly, a transition period without date but more collective decision-making although ultimate responsibility for economic and monetary policy making would remain with national authorities; lastly, also without date, exchange rates fixed between the Twelve, a single currency preferred, EC council imposing constraints on national budgets, and ESCB acquiring and managing reserves of the Twelve as well as deciding market intervention in third currencies. Implementation of the 3-stage plan would require a change in the Treaty of Rome.

Drinking Water. The Commission has confirmed that it has complained to the UK Government about lack of compliance with the 1980 Directive on drinking water standards. The complaint comes in the form of a "reasoned opinion" on the state of the UK law, part of the process outlined under Article 169 of the Treaty of Rome which could end up with an application to the European Court of Justice.

France backs down on UK Nissan cars. The European Commission has confirmed to UK Trade and Industry Secretary Lord Young that the French Government would not count shipments of UK-built Nissans against the quota imposed unilaterally by France on cars imported from Japan. This means that Nissan should now be able to distribute as many UK-produced cars as it can build throughout the EC. However, it is reported that Italy has decided not to follow France and will continue to consider the Nissan Bluebird as a Japanese product and not a European product until there is a Community-wide accord on what constitutes local content of Japanese cars produced in the EC.

Brittan clarifies second banking directive. Commission Vice-President Sir Leon Brittan has made clarifications to the proposed Second Banking Directive, mainly in order to allay US fears that the EC will use the issue of reciprocity to deny US banks licences for European branches once a single banking market comes into force. Sir Leon said the main problem had been the

definition of reciprocity and he proposed the following amendments: requests for authorisation by non-EEC banks to be notified to Commission by Member States, but no automatic suspension; Commission to examine how Community banks are treated in third countries, with first report before Directive comes into effect; where equivalent treatment not granted, the Commission may propose opening of negotiations with third country concerned; where national treatment not giving effective market access, Commission may in addition to negotiations, seek to limit or suspend new authorisations from third country concerned. Sir Leon stressed this provision was not retrospective and therefore could not be applied against banks already established in the Community.

Millan on the jobless. Speaking to the Scottish TUC in Aberdeen yesterday (Wednesday) Commissioner Bruce Millan, responsible for regional policy, said putting the Community's jobless back to work must be "the basic purpose of all our policies".

Ripa di Meana on nature protection and animal welfare. Commissioner Carlo Ripa di Meana, responsible for the Environment, told the European Parliament last week that action had recently been taken in three areas: on a proposal for an indefinite extension of the ban on imports of baby seal skins; the intention to take stringent measures to control the illegal trade in ivory; and the transmission to Parliament of a proposal relating to the use of leg-hold traps, and to the import of furs from animals caught by such methods.

GEC-Siemens-Plessey. The Commission yesterday (Wednesday) gave its provisional go-ahead for the joint GEC-Siemens bid for the UK electronics group Plessey. But it is giving the parties concerned more time to "make their views known" before announcing a final decision.

Emergency aid for Somalian refugees. The Commission is to give emergency aid worth 650,000 ecus (£446,000) to help Somalian refugees in Ethiopia.

EC-Andorra negotiations. Negotiations took place last week in Brussels over establishing a commercial agreement between the EC and the Principality of Andorra. A second session is likely at the end of May.

Diary and Conference Dates.

European Better Environment Awards are being awarded next Tuesday, 25 April, by HRH The Duke of Gloucester and Environment Commissioner Carlo Ripa di Meana at the RSA, 8 John Adam Street, London starting at 2.00pm.

Media '92 Confernece on the Community's audio-visual initiatives takes place at the National Film Theatre on 4 May. Speakers include Commissioner Jean Dondelinger; the Rt Hon Richard Luce MP, Minister for the Arts; Sir Richard Attenborough. Press contact Wayne Drew or Brian Robinson. Tel 01-255 1444.

"Faltering Leviathan" (National Sovereignty, the regions and Europe), colloquium on the report by Professor David Marquand at Jean Monnet House, 8 Storey's Gate, London SW1 at 12.30 - 17.00 on 15 May. Chairman - Lord Cockfield. Details: Commander Hudson. Tel: 01-673 0656.

English-Speaking Union Conference on "Law and Enforcement of the Single European Market" on 23 May at Dartmouth House, Charles Street, London W1. Details: 01-493 3328.

General Affairs Council	24-25 April	Luxembourg
ECO-SOC Plenary Session	25-27 April	Brussels
Telecommunications Council	27 April	Luxembourg
Internal Market Council	3 May	Brussels
Informal Environment Ministers	5-7 May	Cacares
European Parliament Session	22-26 May	Strasbourg

Our next briefing will take place on Thursday, 27 April at 11.30 am.