



COMMISSION  
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WE/28/89  
27 July 1989

#### THE WEEK IN EUROPE

Government reshuffle. The Prime Minister's reorganisation of her Government team brings some unexpected new faces and talents to the European Community Councils. The major surprise in the shake-up was the departure of Sir Geoffrey Howe from the post of Foreign Secretary which he had graced for the past five years, the longest stint for any Foreign Secretary since Sir Edward Grey in the first two decades of the century. His replacement is John Major, untried in Foreign Policy. His first comments were to praise Sir Geoffrey's stewardship, but at 46 he is a whole generation younger. Major is being supported at the Foreign Office by Francis Maude who is replacing Lynda Chalker as the FCO's number two. It looks as though the debut for the new team will be at the General Affairs Council in the Autumn.

EC Farm Ministers approve food aid for Poland. In advance of the meeting of some 23 industrialised countries in Brussels on 1 August, called by the EC to co-ordinate aid to Poland and Hungary, EC Agriculture Ministers on Monday approved food aid to Poland worth 110m ecus (£74m). The Ministers decided that 500,000 tonnes of bread wheat, 300,000 tonnes of other cereals, 10,000 tonnes of meat, 5,000 tonnes of olive oil and 20,000 tonnes of citrus fruit would be made available to Poland. The cost of this food aid plus another 15-20m ecus (£10-13m) for transport are to be taken out of the 1989 and 1990 EC budgets. The EC was given a co-ordinating role to boost reform in Eastern Europe by the recent Paris Summit of industrialised countries. Now the Commission has started to gather information about the needs of both Poland and Hungary to present to officials of the countries invited to the Brussels meeting next Tuesday. These include the USA, Japan, Canada, the six members of EFTA, New Zealand, Australia as well as the 12 EC Member States. The immediate aim of the meeting is to establish what individual Western countries are already doing for Poland and Hungary and to see how that aid can be increased and better co-ordinated. Longer-term issues such as aid for restructuring industry and agriculture, particularly in Poland, are expected to be tackled at a subsequent meeting in the early Autumn. The EC and Poland reached swift agreement on Tuesday on trade, commercial and economic co-operation. Negotiations started only last March and the agreement is scheduled for signature at the earliest convenient moment.

Record EC aid for refugees. This year like 1988 looks like being a record year for EC aid to refugees and displaced persons. Aid amounted to 195m ecus (about £130m) and in the first six months of this year 125.2m ecus (about £84m) have already been committed. Ethiopia and Somalia are major areas for EC assistance with the Sudan among the largest recipients. Palestinian refugees have been helped through UNRWA and other major recipients were Afghan refugees, Central America, Indo-China and Southern Africa.

Commission's 18th Report on Competition Policy. Sir Leon Brittan, the Commissioner responsible, presented the latest report from the Commission yesterday (Wednesday). He said he had used the report to carry out a major review of policy, especially on state aids. State aids must not be allowed to proliferate. If misused they could present a major threat to the fair trading conditions which were a key feature of 1992, Sir Leon said. On the merger control proposal now being discussed by the Council, Sir Leon said the Commission was duty bound to use existing legal powers to preserve competition where possible. He pledged that the Commission would press ahead with the liberalising of telecommunications and air transport, and would like to extend