



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

Wide-ranging agenda for European Council. With events in Eastern Europe still moving with great rapidity and unpredictability, the European Council Summit in Strasbourg on Friday and Saturday will open with an agenda of major importance to all protagonists. While Eastern Europe provides a dramatic background, President Francois Mitterrand - the Summit Chairman - will no doubt concentrate on economic and monetary union when he invites fellow Community leaders to start treaty-revising negotiations perhaps as early as the Autumn of next year. EC moves towards convergence were encouraged by US President George Bush this week when he reported back to NATO countries on his Malta Summit with Soviet leader Mikhail Gorbachev. Bush told his allies that the changes in Eastern Europe called for "a continued, and perhaps even intensified, effort of the Twelve to integrate". While in Brussels, Bush also had a breakfast meeting with Commission President Jacques Delors. The French Presidency is also to submit a detailed proposal for the creation of a European Development Bank, intended to finance projects in Eastern Europe. Meanwhile, yesterday (Wednesday) President Mitterrand met President Gorbachev in Kiev where he was briefed by the Soviet leader on the Malta Summit. Mitterrand endorsed a Soviet proposal to bring forward to next year a 35 nation conference to hammer out the future shape of Europe. The other main item on the EC Summit agenda is the Social Charter which has won the backing of all EC States with the exception of the UK. But yesterday (Wednesday) a House of Lords Select Committee endorsed the Social Charter as a "basis for negotiation", and warned that outright rejection would "reinforce the impression that the UK is not fully committed to the Community". Earlier in the week the same Committee had called for UK membership of the Exchange Rate Mechanism of the EMS before July 1990. While the Social Charter issue is regarded as symbolically important, the crucial test will come over whether agreement will be reached on EMU which President Delors regards as vital. The Commission President discussed this with UK Prime Minister Margaret Thatcher when they met in London last week in talks which both sides said were useful and friendly. Delors said afterwards that both sides agreed it was very important to confirm the coherence of the EC at Strasbourg in the light of sweeping changes in Eastern Europe.

Cabotage deal agreed. EC Transport Ministers, meeting in Brussels on Monday, agreed a package which opens up the prospect of a fully liberalised EC road haulage market. They made a deal on "cabotage" - by which hauliers based in one country can carry goods within the borders of another Member State - which only the FRG and Greece voted against. The agreement will come with effect from 1 July next year and provide Member States with 15,000 so-called cabotage permits valued for two months (or, if preferred, 30,000 permits valued for one month). Distributed to individual companies by national authorities, the permits will allow hauliers to do business across the Community with the total number of permits increasing by 10% each year. The question of what happens after the end of the experiment - which runs until the end of 1992 - has been left open.

Breakthrough in air transport deregulation. European Transport Ministers this week made important headway in the drive to liberalise the civil aviation market. The adoption of new rules gives airlines greater freedom in setting price levels and removes restrictions on market access, holding out the prospect of substantially lower air fares in Europe after 1992. After that

date no single government can hold up a reduction in fares if one partner approves.

Commission to probe Rover deal. Commission Vice-President Sir Leon Brittan, in charge of Competition Policy, has said he will be looking into the alleged undervaluation of the Rover Group as part of the Commission's inquiries into inducements granted by the UK Government to British Aerospace last year.

Final Lome offer. The EC has offered the 66 developing African, Pacific and Caribbean countries an extra 100m ecus (£73m) in new development aid in an effort to clinch agreement on a new Lome Convention. The new funds bring the total package for the first five years of a new 10 year Lome Convention to 10.8bn ecus of aid plus 1.2bn ecus in cheap loans.

Organic farming. The Commission has adopted a proposal from Ray MacSharry, the Agriculture Commissioner, for a Council Regulation on organic production and indications on agriculture products and foodstuffs. The purpose of the proposal is to create a harmonised framework for the production, inspection and labelling of foodstuffs produced by organic farming methods.

Aid for refugees. The Commission has approved aid in favour of refugees-mainly Indochinese in Hong Kong, Thailand, Philippines, Indonesia and Malaysia - valued at 5.7m ecus (£3.8m).

UK CEE National Conference. The UK Centre for European Education held its annual conference on 7 November at the Institute of Education, University of London. The keynote address was given by Angela Rumbold MP on the theme "The Curriculum and International Experience". Contact: 01-486 5101

European Business Advisory Group. Powerhouse Europe, the PR and government affairs consultancy, has joined forces with property surveyors John D Wood and accountants Jeffcote Dennison to create a multi-disciplinary business consulting service, European Business Advisory Group, with offices in London, Paris and Brussels. Contact : 01-221 3754.

European Affairs. The Winter issue of this magazine has just been published and contains articles on Germany, financing perestroika, and aid for Poland and Hungary. UK subscription £36.00 from Elsevier, PO Box 470, 1000 AL Amsterdam, Holland.

The European Monetary System in transition - a CEPR Report. Policy-relevant research on challenges facing the EMS during the evolution to a single financial area and monetary union. Available for £5 (in advance) from the Centre for Economic Policy Research, 6 Duke of York Street, London SW1Y 6LA.

Conference and Diary Dates

UACES 20th Annual Conference 3-5 January 1990 at Wessex House, University of Bath. Theme: "The People's Europe". Contact: UACES on 01-240 0206.

Design for Europe Conference 15 February 1990 at Queen Elizabeth II Conference Centre, Westminster, London SW1. Registration fee £333.50. Details from Design for Europe Ltd, 8 Cotswold Mews, Battersea High Street, London SW11 3JE - Tel: 01-228 8034.

European Council (Summit)	8/9 December	Strasbourg
Agriculture Council	11/12 December	Brussels
European Parliament Session	11/15 December	Strasbourg
Education Council	14 December	Brussels
ECO/FIN Council	18 December	Brussels
General Affairs Council	19 December	Brussels
ECO/SOC Plenary Session	19/20 December	Brussels
Internal Market Council	21 December	Brussels

Our next briefing will be on Thursday, 14 December at 11.30 am.