



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

European Economic Space set in motion. Foreign Ministers of the EC and the six countries of the European Free Trade Association, plus Liechtenstein, laid the foundations of a pan-European association at a meeting in Brussels on Tuesday. The aim is to create a 19 nation European Economic Space by the end of next year in which virtually all barriers to the free movement of goods, services, capital and people will be removed. However, the EC Commissioner for External Affairs, Frans Andriessen, said that the Community would not compromise its autonomy and the supremacy of its political institutions. Although some political differences of emphasis and content still remain between the EC and EFTA, the EES will tackle common social, environment protection, research and development issues. In order to facilitate agreement between the two organisation - the EC and EFTA, which consists of Austria, Finland, Iceland, Norway, Sweden and Switzerland - the EFTA countries have agreed to give their association greater political authority to negotiate on their behalf as a single unit. Regular talks between the EC and EFTA have been going ever since 1984 when a Declaration of common aims was made in Luxembourg. However, Austria has already made a formal application to join the EEC and Norway and Sweden could follow suit. The present round of talks followed hard on the heels of preparatory work done by the mixed EFTA/EC Commission which published a progress report on 20 October this year. In the long run, the EEC may provide one of the most important means for redesigning the map of Europe with the eventual inclusion of Eastern European countries in a new economic and political order. If the talks continue to go well negotiations could be concluded with an agreed Treaty between the two sides by the end of 1990. This would be ratified by the EC and EFTA during the following year and, after a short transition, come into force in parallel with the completion of the EC's Internal Market at the end of 1992. The EC, however, has long made it very clear that any agreement between the two blocs must not impede in any way the EC's own integration, not involve any rewriting of the Treaty of Rome.

Ten year agreement with USSR. The EC-EFTA meeting was partly overshadowed by the visit to Brussels of the Soviet Foreign Minister, Eduard Shevardnadze, who this week unveiled his plans for a "common European home" based on links between the EC, EFTA and Comecon and signed a ten year trade and co-operation agreement between the EC and the Soviet Union. Shevardnadze described the agreement as a "major economic building block in the foundations of a common European home", and called for the initiative to be pushed forward by the establishment of a tripartite commission of the EC, EFTA and Comecon. The agreement opens the way for collaboration on issues ranging from nuclear safety to technology transfer. Roland Dumas, French Foreign Minister and President of the Council of Ministers, said the EC/USSR agreement allowed for the development of even closer relations and would open the way to a "political dialogue on the many matters of common interest to all in Europe". Shevardnadze later addressed members of the European Parliament and visited NATO headquarters in Brussels. The Commission is also asking for an urgent decision from the Council mandating them to negotiate a similar ten year agreement with East Germany.

Single Market rules in banking agreed. On Monday, EC Finance Ministers adopted a Directive setting minimum capital standards for banks, thus putting into place the last piece of the EC's plans for a single market in banking. Commenting on the passing of the Directive, Commission Vice-President Sir Leon Brittan said its adoption and that of the Second Banking Directive, agreed

last Friday, would create "the largest and most open banking market in the world". Both Directives will come into effect at the beginning of 1993. The banking legislation will form a model for legislation now being drawn up for other parts of the financial services sector. However, the Finance Ministers agreed to postpone, until the end of 1991, the tricky matter of fixing a range for VAT rates, although political progress was achieved towards approximation.

Turkey given cold shoulder. The Commission has advised EC Governments against starting negotiations on Turkey's application for Community membership. The grounds were that the EC's general need to finish its own Single Market and to take the first steps towards monetary union took precedence over the possibility of contemplating any increase in the number of Member States.

EIB loan to UK. The European Investment Bank is lending £10m to United Biscuits UK Ltd for investment to modernise and expand chocolate and snack production at Manchester, Ashby-de-la-Zouch and Grimsby.

Fishing quotas agreed. EC Fisheries Ministers agreed a compromise package of fishing quotas in Brussels on Tuesday. The North Sea cod total allowable catch was agreed at 98,270 tonnes of which the UK gets 46,180 tonnes. The EC share of the North Sea haddock quota for 1990 will be 41,700 tonnes with the UK's share at 36,280 tonnes.

Commission agrees farm prices. Yesterday (Wednesday) the Commission adopted its farm price proposals for 1990/91. They call for a general status quo and no increases.

Community support frameworks adopted. Yesterday, the Commission voted funds for the European Social Fund to help boost employment (Objectives 3 and 4). The UK will receive 1025m ecus (£685m) over the next three years. It also formally adopted Community Support Frameworks with budget allocations of 1289m ecus (£940m) for 9 regions in industrial decline (Objective 2).

£12m allocated to Northern Ireland from the ERDF. The Commission has agreed new payments totalling 17m ecus (£12m) from the European Regional Development Fund to Northern Ireland. Ventures chosen for support in Northern Ireland include infrastructure projects in the electricity and transport industries and a major tourist development in Bangor.

Lome Convention. The new EC/ACP Lome Convention was signed on 15 December.

Research budget set. The EC has set a research budget for the next five years of £4.2bn.

"The Documentation of the European Communities". This new book by Ian Thomson published by Mansell at £35.00 is a guide which describes the current range of printed information which is publicly available from the EC. This book will be of value not only to those librarians and information specialists but also to a much wider group of people. ISBN 0 7201 2022 5.

European Business Journal. Last issue of this quarterly magazine just published contains articles on Political and Economic change in Eastern Europe; on a European dimension for SME's; on working with the European Parliament and on European attitudes to the EEC. Published by Whurr Publishers Ltd, 19b Compton Terrace, London N1 2UN. Tel: 01-359 5979.

Diary Dates

Fisheries	18 January	Brussels
Agriculture Council	22/23 January	Brussels
General Affairs Council	5/6 February	Brussels
ECO/FIN Council	12 February	Brussels
Internal Market	22 February	Brussels

We would like to wish all our readers a very Happy Christmas and a Prosperous New Year. Our next briefing will be on Thursday, 11 January at 11.30 am.