



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

Farm negotiations deadlock. A new meeting of EC Agriculture Ministers has been convened for tomorrow (Friday) in Luxembourg, after hopes that the EC would reach a clear consensus on international farm reform had been dashed at their meeting in Luxembourg on Monday and Tuesday. It became clear that several Member States - in particular France and the FRG - balked at endorsing the Commission's plan for a 30% cut in farm support as part of the EC's proposals for the Uruguay Round of the GATT talks. Last week EC Farm Ministers as well as Industry Ministers also failed to endorse the cuts in farm support and had set this week's meeting in the hope of breaking the deadlock. The fresh delay means that the Community will slip still further behind last Monday's deadline for all the main trading nations to submit final proposals on agriculture to the General Agreement on Tariffs and Trade (GATT) negotiations. Hopes that the Ministers may reach agreement tomorrow centre on an accompanying text, considered by Ministers this week, which would bind the Commission to prepare compensatory measures to offset the subsidy cuts, including "cheque-in-the-post" direct income aids to farmers. Several Ministers announced they wanted to consult with their Governments at home before proceeding any further. The GATT talks, which began in 1986 with 105 participating nations are due to be concluded this December. The main bone of contention over agriculture is between the EC and the US, which has submitted proposals for a far-reaching 75% cut in farm subsidies, coupled with a 90% reduction in export subsidies. The US proposal has been backed by Canada and the 12 nation Cairns Group, led by Australia. The UK, represented by Agriculture Minister John Gummer, has supported the Commission's proposal for 30% reductions. If Ministers still fail to agree on Friday the issue will pass to a meeting of Foreign Ministers in Luxembourg next Monday and possibly from there to the EC special Summit on October 27-28 in Rome.

Italy fails to limit State aid policy. EC Industry Ministers, meeting in Luxembourg this week, debated and then rejected a call by the Italian Industry Minister Adolfo Battaglia to curb the powers of the European Commission to control State aid payments to industry. Only two other countries, Spain and Belgium, backed the Italian position. Under the Treaty of Rome the Commission has wide-ranging powers to vet State subsidies and ban those deemed to jeopardise EC competition. But, in an apparent effort to meet some of the Italian concerns, Commission Vice-President Sir Leon Brittan proposed several measures aimed at keeping national Governments better informed about the Commission's thinking on State aids. From now on the Commission is to hold at least two meetings a year with national experts to discuss State subsidy policy. In addition, Sir Leon said his officials would draw up a compendium of case law on State aids, to include guidelines issued so far by EC competition authorities. Signor Battaglia had contended that EC Governments should have a bigger role in setting State aid policies because Commission decisions tended to be haphazard and to ignore industrial policy considerations.

Italy set to sign Schengen Agreement. After negotiations which took place in Brussels last week, the five countries which signed the Schengen Agreement in June - FRG, France and the Benelux countries - have agreed to accept assurances from Italy on the policing of its coastline and have given their consent to Italy joining the agreement. Italy is expected to become the sixth signatory when the Schengen members meet in Paris on 27 November. The convention, when ratified by its members' Parliaments, will remove all checks on people travelling across borders between the member countries, while establishing far-reaching police and judicial cooperation among them.

Commission to produce EMU cost-benefit analysis. In his intervention in the European Parliament's debate on Economic and Monetary Union (EMU) last week, Commission Vice-President Henning Christophersen said the Commission will make public within a few weeks a comprehensive analysis on costs and benefits of EMU. He added that there is no evidence that EMU will be disadvantageous to less developed regions, and listed four advantages: with EMU these regions will be able to attract more long-term investments due to the fact that there will be no uncertainty as to exchange rates; it is first of all peripheral Member States with a high degree of foreign trade which will benefit from elimination of exchange transaction costs; the creation of a European Central Bank committed to price stability will make it possible to reduce interest rates; EMU will give these regions better access to a well functioning capital market.

The Commission and the USSR. In a statement to the European Parliament last week, Commission Vice-President Frans Andriessen said that he and Commission president Jacques Delors during their visit to Moscow 18-20 July had agreed with Soviet President Mikhail Gorbachev that Commission officials should have the widest possible access to Soviet economic data. Two missions of Commission officials to Moscow have since taken place. According to Andriessen, the immense needs of the Soviet Union require close cooperation with the Community and all industrialised countries. As to the agreements with the countries of Central and Eastern Europe, Andriessen said that negotiations with Czechoslovakia, Hungary and Poland should begin before the end of the year permitting the first Europe Agreements to enter into force by the beginning of 1992.

100,000 Gulf refugees repatriated. Humanitarian aid from the EC to those affected by the Gulf crisis has enabled 100,000 refugees from Iraq and Kuwait to be repatriated to their countries of origin. The EC aid so far amounts to 96m ecus (\$128m, £67m) which has enabled 215 flights to be chartered from a dozen different companies.

Rumanian orphans. The Commission has embarked on a two-pronged operation to help abandoned orphans in Rumania. 3m ecus (£2m) will go on heating installations and fuel for the children's homes. A further 2.7m (£1.8m) will go to four Rumanian orphanages.

Equal opportunities. The Commission has just proposed a third action programme on equal opportunities for men and women. The aims of this medium-term programme, which will run from 1991-95, are to consolidate Community achievement in the area, to develop new schemes to assist women in the field of vocation training and employment, and to strengthen links between the various authorities involved.

EIB loan for Poland. Small and medium-sized investment projects in Poland are to be supported by a 25m ecus (£17.5m) global loan from the European Investment Bank to the Warsaw-based Export Development Bank. This is the third EIB loan in Poland, previous ones being made in July this year: 20m ecus (£14m) for modernisation of the railways and 50m ecus (£35m) to develop the gas industry.

Christians in a new Europe. David Edwards traces the contribution of Christians to the making of Europe in this Fount Original paperback - Price £4.99 available from booksellers.

1992 and All That: Civil liberties in the balance. This new paperback from The Civil Liberties Trust assesses the impact 1992 and the harmonisation of EC laws will have on our civil political rights. Price £4.99. ISBN 0 900137 347. Available from booksellers and The Civil Liberties Trust, Freeport, 21 Tabard Street, London SE1 6BP. Tel: 071-403 3888.

A Guide to EC Abbreviations. The Brussels-based EC services consultancy of Price Waterhouse has compiled their guide to the commonly-used acronyms and abbreviations arising from the EC institutions growing span of activities. Available free of charge from Jane Docherty, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY. Tel: 071-939 3000.

Go Public Information Pack. Following the "Go Public!" Conference, sponsored by the National Economic Development Office and the European Commission, on the new public procurement rules, NEDO has produced a Go Public Information Pack, available from NEDO Books, Millbank Tower, Millbank, London SW1P 4QX. Price £175.00 plus £6.85 for postage and packing.

Conference and Diary Dates

Scotland and Europe. A Conference on the relationship between Scotland and the EC. Saturday, 10 November. Organised by the European Movement. Venue: Boyd-Orr Lecture Theatre, University of Glasgow. Details from Tel: 071-839 6622.

The 7th Annual Irish Corporate Finance Conference. Two-day Conference organised by Business Research International Ltd on 22-23 November at Hotel Conrad, Dublin. Tel: 071-637 4383 ext 4093.

The European Movement. Lord Aldington speaks on the House of Lords report on Political Union at 6.30pm on 26 November at the European Parliament offices, 2 Queen Anne's Gate, London SW1.

Consumers Council	22 October	Luxembourg
General Affairs Council	22-23 October	Luxembourg
European Parliament Session	22-26 October	Strasbourg
European Council	27-28 October	Rome
Environment Council	29 October	Luxembourg
Energy Council	29 October	Luxembourg
Transport Council	30 October	Luxembourg

Our next briefing will be on Thursday, 25 October at 11.30am.