



THE WEEK IN EUROPE

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G-7 Summit. European Commission President Jacques Delors told a press conference on Wednesday at the close of his twelfth G-7 summit that discussions in Munich earlier this week had been conducted in a more relaxed, informal and frank manner than was usual. In a lengthy 50-point final declaration the political leaders from US, UK, France, Germany, Italy, Canada, Japan and the Commission detailed the main issues of the Summit: GATT, the world economy, the environment post-Rio, support to developing nations and eastern Europe. Delors regretted the slow pace of the GATT negotiations but the final declaration from the Summit said agreement should be reached by the end of the year. The Community's recent reform of the Common Agricultural Policy was considered likely to ease settlement of the outstanding issues. The declaration welcomed the Maastricht Treaty as an "historic step" on the way to a European Union which would enhance political stability on the European continent and create new opportunities for cooperation. Delors highlighted the fact that talks had not centred on the plight of Russia only, but on all the new CIS republics. Bilateral action, mainly by the European Community, had supplied humanitarian aid while the International Monetary Fund was charged with boosting eastern economies. Delors said that the Commission had pressed hard for further work on the Energy Charter, which would secure energy supplies and economic stability in the east.

Aid to UK's industrial areas. Regional Development Commissioner Bruce Millan yesterday (Wednesday) announced an allocation of £273m from the EC structural funds budget for UK regions seriously affected by industrial decline. The programmes cover areas in the East Midlands which gets £24.3m, Humberside (£16.7m), Manchester (£55.25m), Merseyside (£80m), Mersey Basin (64.25m), and mid-Yorkshire (£14m) in England as well as the Central Region (£8.5m) and Fife (£9.5m) in Scotland. Matching funds will be provided by the UK government, local authorities (£406m) and the private sector (£102m). Commenting on the decision, Millan said that the new programmes continue the sustained Community effort undertaken since 1989 to provide a better future for the UK's industrial areas. Monies will go to assist business, in particular small and medium-sized enterprises, improve transport infrastructure, support R&D and develop tourism.

EC-Japan summit. A communiqué after the EC-Japan summit in London at the weekend, welcomed the positive steps taken by Japan to open up its markets in "some sectors" to EC exporters. The one-day meeting organised ahead of the G-7 conference was attended by Japan's prime minister Kiichi Miyazawa, Commission President Jacques Delors and hosted by Prime Minister John Major who indicated the thrust of the talks when he commented that trade was the "very core of the EC/Japanese relationship". Japan's trade surplus with the Community rose by 48% to a record \$27.4bn in 1991 after falling for three consecutive years. Major, currently holding the EC Presidency, advocated competition as the basis of world trade and said he looked forward to the removal of the "remaining obstacles" creating trade imbalances with Japan. He acknowledged the great value of Japanese investment in the Community especially in the UK which received by far the largest slice (40%) of total investment. Both parties agreed to encourage cooperation in such areas as scientific research, the environment, telecommunications, energy and competition.

Luxembourg ratifies Maastricht. Luxembourg became the second Member State, after Ireland, to ratify the Maastricht Treaty when its parliament agreed the constitutional procedures this week. President Delors welcomed the decision which he said was a reaffirmation of the country's traditionally strong participation in European union. The ratification process gave each Member State the chance to engage its citizens in the important debate on Europe's future, he said. Denmark said "No" a month ago.

Sunday trading. Advocate-General of the European Court of Justice Walter Van Gerven delivered an opinion on Wednesday indicating that the UK's Sunday trading laws do not contradict EC law. The case had been brought to the Court in Luxembourg by several British DIY firms challenging UK legislation which prohibits some shops from opening on Sunday. The Advocate-General's opinion does not necessarily bind the full court which is due to give its official judgment in the autumn.

Chunnel rail service. The Commission this week supported plans by several European state railways

to form a joint venture to run a luxury night rail service through the Channel Tunnel. The Commission recognises the benefits the service could offer the consumer, particularly business travellers who would otherwise fly. However, in discussions with British Rail, Deutsche Bundesbahn, Nederlandse Spoorwegen, SNCF and SNCB, the Commission has ruled that the state railways' joint venture must make all necessary services available to any public or private contractor wishing to offer a competing service.

EFTA loans to EIB. The seven EFTA countries are to start funding regional and structural development in the EC's cohesion countries, Greece, Ireland, Spain and Portugal, by way of loans to the European Investment Bank. An agreement signed last week for a "financial mechanism", which is provided for in the European Economic Area agreement, arranges for 1.5bn ECUs in EIB loans over the period 1993-1997. The EFTA countries will also fund grants totalling 500m ECUs for projects submitted by Community Member States. EIB priorities include environmental protection, urban regeneration, transport, education, and the encouragement of small and medium-sized enterprises. Contact the EIB in Luxembourg Tel: 010 352 437 91.

Energy conference. Energy Commissioner Antonio Cardoso e Cunha warned that the Community must take measures to stabilise its oil supplies in terms of quantity and price if it is ensure its economy is not jeopardised by "unforeseen political and economic events". Speaking at an international ministerial workshop on energy held in Norway last Friday, the Commissioner emphasised the Community's heavy dependence on oil, which accounts for 45% of total Community energy consumption. He said that the Community was looking at ways of mobilising oil stocks more efficiently. The proposed carbon tax would enhance stability by giving a clear signal to consumers about the need to reduce energy consumption. The tax, he stressed, would not depress industrialised economies as it brought no overall increase in the tax burden. Countries would have to adjust fiscal systems to accommodate the tax.

Aid to ex-Yugoslavia. The Commission has approved 120m ECUs (£85m) of humanitarian aid to the former Yugoslav republics. The decision to grant this further tranche of aid was taken at the Lisbon European Council where Member States expressed themselves as "gravely concerned" about the intolerable situation of the war's 1.7m refugees, whose numbers are estimated to be growing by 10,000 each day. The aid, topping up the 49m ECUs (£34m) given by the Commission in May, will be coordinated by the G-24 countries.

Open Europe. Some 30 measures which restricted the free movement of goods imported from third countries were scrapped last week. Internal Market Commissioner Martin Bangemann called the decision an "important step" towards the creation of the Single Market which dispels the notion that a "Fortress Europe" was being constructed. From 1 January 1993 Member States will no longer be able to monitor or restrict certain third country products in order to protect their own home industries. However, to help Community firms shape up to increased international competition, the Commission has established restructuring programmes: PRISMA to aid firms in regional development areas, particularly those manufacturing footwear, ceramics and consumer electronics; FORCE to assist training projects and RETEX to help textile firms adjust. Through these initiatives the Commission hopes to monitor the social, economic and industrial consequences of abolishing the trade restrictions.

Single Market CD-ROM. The Department of Trade and Industry's database on Single Market legislation, Spearhead, is being published on compact disc-read only memory, or CD-ROM. The disc contains three separate databases covering the Single Market, Info 92 - the EC's own factual database on progress in the Single Market and European Update - indepth analysis of key industry sectors. Spearhead was launched in 1988 under the DTI's "Europe - Open for Business" campaign. Contact Michelle Green, Context Ltd, Tranley House, Tranley Mews, London NW3 2QW. Tel: 071 267 7055, Fax: 071 267 2745.

Telecommunications in Transition. EC Director-General of Telecommunications, Michel Carpentier, is co-author of this book which unravels the future of a liberalised telecoms market. By discussing the US experience, the authors assess how market forces, public service and harmonisation will affect the European telecommunication industry. ISBN 0471 93190X, £19.95 published by John Wiley & Sons Ltd.

Conference & Diary Dates.

European Parliament's foreign affairs and security committee hold a public meeting in the Queen Elizabeth II Conference Centre, London, on 13,14 July, at which Foreign Secretary Douglas Hurd and Chairman of the EC's Yugoslav peace initiative, Lord Carrington, will speak. Details EP 071 222 0411.

President of the European Parliament Dr Egon Klepsch pays an official visit to the UK next week calling on HM the Queen, the Prime Minister, MPs, Peers and the Lord Mayor of London. Press conference at 2, Queen Anne's Gate, London SW1, Thursday, 16 July at 3.45pm. Details EP.

Helping Hand Awards - Nominations are invited by 15 July for the awards presented annually by the Federation of Small Businesses to those supporting small firms in the run up to the Single Market. For information contact Fiona Shipp at the FSB on 071 928 9272.

Council Meetings:

Ecofin	13 July	Brussels
Agriculture	13-14 July	Brussels
Budget	23 July	Brussels

Our next briefing is on Thursday 16 July at 11.30am.