



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

UK EC Presidency Begins Urgent Talks. Prime Minister John Major began an intense round of talks about the Maastricht Treaty in Paris and London yesterday to prepare for the emergency meeting of the European Council (Summit) he has summoned under his Presidency in Birmingham on 16 October. Following his talks with President François Mitterrand at the Élysée Palace on prospects for ratifying the Maastricht Treaty on European Union, Major spoke by telephone to Chancellor Helmut Kohl of Germany before dining in Downing Street with Prime Minister Poul Schlüter of Denmark. Denmark's No vote in a referendum last June sparked off a political controversy over the Treaty's prospects, further fuelled by a storm of speculation in the exchange markets in mid-September which saw Sterling suspending its membership of the Exchange Rate Mechanism along with the Italian Lira, as well as by the narrowness of the vote in favour of the Treaty in the French Referendum on 20 September. A statement issued after the Paris meeting stressed the importance of the European Community developing as Twelve and respecting the interests of each Member State. Both sides said they looked forward to the ratification and entry into force of the Maastricht Treaty.

"No" to two-speed Europe. EC finance ministers meeting in Brussels on Monday firmly rejected the concept of a two-speed Europe. In a joint press conference, UK Chancellor of the Exchequer Norman Lamont and EC Vice-President Henning Christophersen said the object of the Community was to proceed together to fulfil the convergence criteria of the Maastricht Treaty. The four-point Presidency communiqué stressed the priorities set out at the General Affairs Council in New York ten days ago of bringing ratification of the Treaty to a speedy conclusion without reopening discussion on the text. While the Twelve welcomed the return to relative calm in the financial markets within the European Monetary System following joint action by Germany and France, they agreed that the recent turbulence called for reflection and analysis of the development in capital markets. The Commission confirmed that the short-term measures taken last week by Spain, Ireland and Portugal to reduce speculative pressure on their currencies is compatible with Community legislation.

Transport tax. From January 1994, EC road hauliers may have to pay a road tax for using the Community's motorways, under a proposal put forward by the Commission yesterday. The tax disc, paid by lorries according to their tonnage and time on the road, will allow Member States to recoup some costs of the road infrastructure and encourage rail freight. Pressure for an EC-wide road tax increased when the German authorities threatened earlier this year to introduce their own scheme which might have discriminated against other EC hauliers and jeopardised the internal market in transport.

VAT on air travel. Tax Commissioner Christiane Scrivener announced yesterday that the Commission will propose that air and other transport tickets for journeys within the Community's borders should not be subject to VAT. With the start of the Single Market in January, journeys between Member States would otherwise be classed as domestic services and therefore be liable to VAT. The zero VAT rate is designed to help EC carriers stave off increased competition from external airlines and preserve the tourism industry. It will come up for review in 1997.

Dupont/ICI acquisition. The Commission yesterday approved the acquisition by Dupont of ICI's nylon business, a takeover which it previously objected to as damaging to competition in the Community's nylon fibre carpet industry. The decision follows legally binding undertakings by Dupont under which competitors will gain access to a portion of ICI's production capacity and R&D facilities. Competition Commissioner Sir Leon Brittan said that the undertakings would enable a competitor to acquire a substantial part of ICI's nylon fibre business.

EEA on course. The Austrian and Swiss parliaments endorsed membership of the European Economic Area which is due to come into force on 1 January. The EEA, which is widely seen as paving the way to full membership of the Community must still be accepted by the Swiss people in a national referendum scheduled for 6 December. The Austrian upper house has still to scrutinise the agreement.

Freer energy market. Sir Leon Brittan, addressing the Energy Market Symposium in Brussels on Tuesday, warned energy producers that they would not be able to plead they were a "special case" so as to remain monopolies within the internal market. At a time when Eastern Europe was shrugging off

the centrally-planned economy, the energy industry should not apply discredited economic theories, he said. The approach to opening electricity and gas markets would be gradual and cautious to ensure that two conditions were fulfilled: security of supply, alongside the public service obligation of uninterrupted universal provision. Sir Leon acknowledged that the industry had not reacted altogether favourably to liberalisation. The proposals were hardly revolutionary as they adhered to existing Treaty provisions.

Fourth R&D programme. At its weekly meeting on Wednesday, the Commission adopted proposals for its fourth research and technology development programme which aims to concentrate research into the "key technologies", such as information technology, able to stimulate the competitiveness of many industries. The 1994-8 framework will also encourage science and technology projects which improve the quality of European life in areas like healthcare and nuclear safety. Funds for the programme, totalling 14.7bn ECUs (£11.48bn), are subject to agreement on the Delors II Package of Community finance.

Flood victims. Flood victims in the southern France and northern Italy will receive over 1m ECUs (£750,000) of EC aid to help cope with the damage and injury in the aftermath of last week's storms. The aid, to be distributed as money and essential foodstuffs immediately to those directly affected, is viewed by the Commission as evidence of the strength of European solidarity in the face of adversity.

PHARE strengthened. Five new states joined last week's annual conference on the progress of the Community's PHARE programme, which the EC host, Vice-President Frans Andriessen, described as "more crucial than ever" for economic and political development in Eastern Europe. Economic and finance ministers from the ten PHARE members, now including Albania, the three Baltic states and Slovenia which joined just last month, met in Brussels to discuss options and priorities for the next phase of EC assistance spanning the 1993-1997 period. PHARE funds leapt from an initial 300m ECUs in 1989 to the 1bn ECUs committed in 1992 for grants.

TEMPUS success. The EC's TEMPUS scheme, which supports the renewal and transformation of higher education in eastern European, will support some 637 projects in the coming year involving more than 10,000 teachers and 6,400 students from 1,800 institutions in both Community and eastern European states. Funding for TEMPUS, part of the wider PHARE programme, will reach 98.3m ECUs in 1992/3, a 40% rise on last year. A conference on TEMPUS, discussing its success and future contribution to political democracy in eastern Europe, was opened by the EC Commissioner for Social Affairs Vasso Papatandreu in Brussels today (Thursday). Higher education is seen as a key tool towards closer association of Eastern European states with the European Community and towards their "return to Europe". The scheme may be extended to include the republics of the former Soviet Union.

The MacMillan Directory of European Community Industry Information Sources. James Hogan's new and unique guide to industry sources for EC manufacturers gives industry direct access to named contacts throughout the twelve Member States. Price £75. ISBN 0-333-57272-6.

Health & Safety training. To coincide with the European Year of Safety, Hygiene and Health Protection at Work, the University of Exeter is launching a two-year part-time diploma starting in January to increase awareness among multinational and SMEs of health policies and EC and government action in this field. Call Simon Atkinson on 0392 411263 or fax 0392 433735.

Conference & diary dates.

European Community R&D Seminar. - As the EC institutions shape R&D priorities for the mid-90s in the fourth framework, this seminar in Edinburgh on 21 October will look at the importance of the EC's programmes to the UK. Cost £180. Contact Finella Devitt on 0224 273484.

Into Europe Seminar - This free half-day workshop on 14 October, part of Staffordshire Euro Festival, discusses the development of business links through town-twinning. Contact Mr M Sutcliffe, Staffordshire Moorlands District Council, Stockwell St, Leek, Staffs. ST13 6HQ. Tel:0538 399181.

"Women in power" - In conjunction with the EC, the European network, Women in Decision-making with the European Women's Lobby is organising a two-day conference on 2-3 November to promote a balanced participation of women and men in public, business and private life. Contact the Conference Secretariat, Women in Power, 33A rue Mercelis, B-1050 Brussels. Fax: 010 32 2 514 40 28.

European Arts Festival update - Impressions of Venice exhibition opens at National Museum of Wales, Cardiff, 3 October; "Skite" dance from eight countries over four days at The Place, London, 7 October.

Council Meetings:

Foreign Affairs	5 October	Luxembourg
Research	12 October	Luxembourg
Social Affairs	12-13 October	Chepstow
European Council	16 October	Birmingham (Summit)

Our next briefing will be on Thursday, 8 October at 11.30am.