

WE/34/90
4 October 1990

THE WEEK IN EUROPE

United Germany reborn. 41 years of division was ended yesterday (Wednesday) when Germany was reborn as a united country. Vast crowds gathered at the rebuilt Reichstag in the centre of Berlin to watch the hoisting of the black, red and gold German flag. Amongst those attending the celebrations were Commission President Jacques Delors, Vice-President Martin Bangemann and Commissioner Peter Schmidhuber. The combined population of the new Germany is 79 million accounting for 23% of EC population and 28% of EC GNP. In a nationwide television broadcast, Helmut Kohl, who became the first Chancellor of a democratic, unified Germany since Hitler's takeover in 1933 said a "dream" was being realised. "After more than 40 bitter years of division, Germany, our Fatherland, is being united again. This is one of the happiest moments of my life." Earlier, commanders of the Allied Forces which defended West Berlin against Communism handed sovereignty back to the reunited city in a symbolic ceremony. In his speech Kohl underlined the need for "solidarity" to overcome the economic challenge of unity. He was confident that the economic problems could be solved in the foreseeable future, but warned that a difficult path lay ahead. He also thanked Germany's partners, in particular the USA and President George Bush. He extended his thanks to France and the UK for "always supporting us in difficult times" and added his gratitude to the reform movements which swept away communism in Eastern and Central Europe. He added that unity would not have been possible without President Mikhail Gorbachev. In a statement, the European Commission said that German unification would speed political and monetary union in the EC. The 17 Commissioners said they shared the joy of the Germany people at becoming a united nation and welcomed the simultaneous entry of East German territory into the Community. Earlier in the week, Chancellor Kohl had told the first congress of his reunited Christian Democrat Union that for him German unity and European unity were "two sides of the same coin". Germany's future, he declared, could only be European. "In truth we are German patriots and convinced Europeans - Europe is our future, Germany our Fatherland."

East Germany still to benefit from PHARE. The Council of Ministers has agreed to extend the EC's programme of economic assistance to Poland and Hungary to other countries of Central and Eastern Europe. Although the GDR has ceased to exist, it will remain a beneficiary of the programme for this year. The Commission has therefore adopted financing decisions on three programmes worth 35m ecus in the priority sectors of environmental protection, regional economic restructuring and training. The programmes adopted are: an environmental sector programme (20m ecus); the promotion of the regional economic structure and the adaptation of economic statistics (14m ecus) and participation in the Trans-European Mobility Scheme for University Studies (TEMPUS) for the academic year 1990-91 (1m ecus).

Joint EC/USSR statement on the Gulf crisis. The EC and USSR last week issued a joint statement on the Gulf crisis saying it has to be urgently resolved. The invasion of Kuwait "must not be tolerated since it violates fundamental principles of the UN Charter and international law and creates a new, dangerous source of tension in the region". The statement goes on to demand the unconditional withdrawal of Iraqi forces from Kuwait and says both the EC and the USSR "are determined to continue to adhere to the sanctions decided by the Security Council and call on all other States to act in the same way".

Green Paper on European Standards. The Commission issued this week a Green Paper on the need to create new European industrial standards in order to complete the Single Market. The Paper calls for faster methods by standard setters who are drawn from an association largely made up of representatives from national standards bodies. The number of European standards has risen from 56 in 1983 to 870 at the end of 1989 with a further 800 standards to be implemented by the end of 1992.

Farm Support Cuts. Agriculture Commissioner Ray MacSharry finally got unanimous approval from his colleagues for his plan concerning cuts of 30% in farm subsidies by the mid-nineties designed to clinch an overall deal in the GATT negotiations. The plan shows slight amendments from the original which failed to be agreed in Commission two weeks ago. The new proposals are to be studied by Farm Ministers in Luxembourg on Monday and Industry Ministers on Wednesday.

More aid for Gulf crisis countries. EC Foreign Ministers, meeting in New York on Monday, have decided on total aid amounting to \$2bn (1.5bn ecus) for Egypt, Jordan and Turkey - the countries most affected by the embargo on Iraq. The aid, which will be available between now and the end of 1991, will be allocated two thirds from Member States, one third from the Community budget.

Supervision of Credit Institutions. The Commission has just agreed a new proposed Directive to tighten supervision of credit institutions on a consolidated basis. It modifies an existing 1983 Directive and is designed to provide better protection for depositors. It also provides banking supervisory authorities with a clearer view of the solvency of credit institutions belonging to a group. Adoption of the proposal will represent a further step towards the completion of the internal market and an important technical measure for the mutual recognition of supervisory systems set up under the second banking Directive which comes into effect on 1 January 1993.

Brittan on widening and deepening the EC. Speaking at Jean Monnet House in London on Friday, Commission Vice-President Sir Leon Brittan said there had been a tendency to reduce the debate about future membership of the EC to a stark choice of either deepening or widening. But, he said, the choice was a false one. It was absurd to think that further enlargement of the Community could only occur if we abandoned prospects for further integration or, alternatively, that we could only unify further if we pulled up the drawbridge around the Community we already had. The question then was not "deeper or wider". Rather, we had to ask how we would best maintain and strengthen integration in a Community which will also expand in the years ahead. The questions, he said, are of timing; of the obligations of membership; and of institutions.

Commissioner salutes World Tourism Day. Speaking in Helsinki at a special conference to mark World Tourism Day, Tourism Commissioner Antonio Cardoso e Cunha said the day, last Thursday, was an indication of the growing importance of the tourism industry worldwide. The global tourism industry, he said, has an annual growth rate of 7.7% and involves some 350m travellers every year. European tourism represents 60% of this world market; it is growing at 5% per annum and employs 7.5m people.

Eurovision. Speaking before the opening ceremony of the international Festival of Cinema and Television in Rome on 30 September, Commissioner Jean Dondelinger announced a new initiative by the Commission to elaborate a legal framework to enable the realisation and functioning of a real internal market for audio-visual services. He said the Commission intends after full consultation to propose coherent solutions to the problems concerning copyright in the audio-visual market arising from differences between national legislation, the impact of international conventions, and the complexity of technological developments. He hoped the draft Directive would be agreed by the end of the year.

Conference and Diary Dates

European Conference and Exhibition on Craft Businesses and Small Enterprises Avignon, France on 11-14 October. For details contact Joao Vale de Almeida on 010-322-235-2371.

Europe Week. Nottinghamshire 13-21 October. Details from Nottinghamshire Chamber of Commerce, Unit 14, Faraday Building, Highfields Science Park, University Boulevard, Nottingham NG7 2QP. Contact: Penny Huggard. Tel: 0602 222 414.

Social Housing Against Exclusion, a Commission-sponsored seminar concentrating on the role of social housing in furthering economic and social cohesion will be taking place in Brussels on 15/16 October. It is organised by CECODHAS, an organisation comprising representatives of national and regional federations of housing associations throughout the Community, including the UK's National Federation of Housing Associations. Details and registration forms: Andrew Malone, Nottingham Community Housing Association Ltd. Tel: 0602 622531. Fax: 0602 691568.

Opening the Single Market Tuesday, 16 October at 10.30am at the National Westminster Hall, 25 Old Broad Street, London EC2. Launch of the Open University's Distant Learning Programme "Opening the Single Market", a self-help pack aimed at small businesses. The project has received major funding from the European Commission, National Westminster Bank and the Department of Employment. Details from Simon Newton on 0908-653212.

Internal Foreign Ministers	6-7 October	Asolo-Venice
European Parliament Session	8-12 October	Strasbourg
ECO/FIN Council	8 October	Luxembourg
Internal Market Council	9 October	Luxembourg
General Affairs Council	10 October	Luxembourg
Informal Fishing Ministers	12 October	Luxembourg
Industry Council	15 October	Luxembourg
Agriculture Council	15-16 October	Luxembourg
ECO/SOC Plenary Session	17-18 October	Brussels

Our next briefing will be on Thursday, 11 October at 11.30am.