

# EUROMEMO

*Recent Developments in the European Community*

February 1991

**The E.C. Commission insists on tougher agricultural reform...**the E.C. Commission recently adopted new guidelines for fundamental reform of the European Community's Common Agricultural Policy (CAP) in an effort to reduce escalating budgetary costs and new product surpluses despite the E.C.'s restrictive farm price policy. Forwarded to the E.C. Council of Ministers, the **Reflection Paper, entitled Evolution and Future of the CAP**, suggests introducing substantial cuts in price support to severely penalize overproduction without hurting small farmers who are vital to the preservation of rural societies and the environment. The new reform guidelines would also encourage farmers to use methods kinder to the environment, and would provide incentives for those over 55 years of age to withdraw from production. The E.C. began reforming the CAP in 1988 when it introduced strict budgetary ceilings and various mechanisms called "stabilizers" to restore balance in the agricultural sector.

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**A busy year ahead for the European Community...** E.C. Commission President Jacques Delors described 1991 as a "moment of truth" for the European Community when he presented the **Programme for the Commission for 1991** to the European Parliament last month. Referring to the latest **Progress Report on Completion of the Internal Market**, he said the foundations of the 1992 single market are in place, but added "we cannot ease up for one moment if we are to complete preparations for our frontier-free area by the end of the year". Concerning external affairs, the President said that in Europe "we must cut our suit according to our cloth". Although the E.C. is now regarded as a major power, Delors warned that without the necessary legal, political and financial resources Europe will not be able to take an appropriate role in the emerging international order. On this note, he urged the Intergovernmental Conferences (IGCs) on Economic and Monetary Union (EMU) and Political Union, launched in December and scheduled to end later this year, to complete their work on time. The conferences are aimed at revision of the E.C. treaties which currently lack provisions detailing what Political Union might entail.

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**E.C.-U.S. Airbus dispute takes new turn...**the prospect of a solution to the longstanding E.C.-U.S. dispute over Airbus - the five-country European aircraft manufacturing consortium - is receding for the moment following the decision by the United States to suspend bilateral negotiations on the introduction of specific international disciplines governing trade in civil aircraft. The U.S. says it will revive its complaint before the General Agreement on Tariffs and Trade over Germany's introduction of an exchange rate scheme to aid the privatization of its civil aircraft industry. The E.C. Commission has issued a short **reaction statement** and a **Background Memo** which explain the history of the dispute and Community actions in this regard.

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**A strong Europe means a bigger say for the European Parliament....** Enrique Baron Crespo, President of the European Parliament, said in two speeches during an early February visit to Washington D.C. that the situation in the Gulf, the Soviet Union and Eastern Europe highlighted the Community's need to develop structures suitable for a major economic power and partner of United States. President Baron reiterated the concern expressed in recent Resolutions of the Parliament on the Gulf War and the Baltic States, and added that now more than ever the Community needs to maintain the impetus toward European Union. Progress toward this founding objective was difficult given the limits of the current institutional set-up, he said, and urged the IGCs to come up with a new E.C. Treaty giving the European Parliament - the E.C.'s only directly-elected body - new powers to decide Community legislation with national governments. This, together with a switch to across-the-board majority voting rules, would help the Community meet its enormous responsibilities both internally and externally. Highly critical of the "secretive bureaucratic procedures from which the elected representative of the citizens of Europe are excluded", Baron also said that the Parliament should have a say in who is selected to succeed Delors as President of the Commission.

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**Rome Summit charts ambitious course for E.C. through the 1990s....** at their two-day summit in Rome in December, E.C. Heads of State and government set out ambitious new objectives that will occupy the Community for the remainder of the century. Most publicized was the debut of new British Prime Minister John Major and the launching of the IGCs on Economic and Monetary Union and Political Union which by year-end will likely produce changes in the E.C. founding treaties to usher in a more Federal Europe by the year 2000. The Summit's Final Communiqué also announced the E.C.'s \$1.6 billion emergency aid allocation for the USSR (now delayed because of the situation in the Baltics), the lifting of a joint ban on new investments in South Africa, further assistance for Lebanon, and called for new links with Latin America and for a solution to the stalemate in the stalled Uruguay Round. E.C. leaders also renewed their call for an end to the Iraqi occupation of Kuwait and for an International Middle-East Peace Conference "at the appropriate time".

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**European Community and Latin America forge closer ties....** Foreign ministers of the 12 E.C. member states and 11 Latin American countries (in the framework of the Rio Group) met in Rome December 20 for a Ministerial Conference which has added a new dimension to the political and economic ties between the regions. Both sides signed a Declaration on Relations between the European Community and the Rio Group which commits them to annual ministerial-level meetings to promote cooperation in science and technology, investments, debt reduction, development aid, environmental protection, control of drug trafficking and terrorism, and trade. On trade, the E.C. assured that its ties with Latin America would expand following completion of the E.C.'s 1992 internal market, and both sides promised to make the fullest contribution possible toward a successful completion of the Uruguay Round. The Declaration also targets specific areas for promotion of projects and joint initiatives in the areas of finance and investment, scientific research, business education and training of specialized personnel to deal with issues relating to regional integration. The next Ministerial Conference will be held in Luxembourg in April. E.C.-Latin American dialogue via the Rio Group has evolved in the interest of promoting trade and peace and prosperity in the region.

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