

EUROMEMO

Recent Developments in the European Community

May 1991

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Europe after 1992.....having taken "giant steps" towards economic integration, the European Community, according to EC Commission President Jacques Delors, will be forced to "strike a new balance between its economic might and its political status" after 1992. In an address entitled "Europe after 1992: Signposts to Where?", given at the Council on Foreign Relations in New York April 24, President Delors said that the Gulf War had demonstrated the Community's political limitations -- a situation which is incompatible with the Community's growing external responsibilities. Adding that the EC sees itself not only as a central force in the new European architecture, with relations to neighboring Eastern Europe and EFTA (European Free Trade Association) countries, but also as a major international presence with ties to the developing world, he urged the Community to equip itself for the role it must play in the emerging new world order. Referring to the intergovernmental conference on political union which has been meeting since last December, Delors stressed that "if the Community sets itself high ambitions, it also needs the tools to do the job. Our partners can expect little from a Community which is politically impotent...it is now the Community's turn to act; it is up to us to accept and shoulder our obligations."

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Europe after 1992 - the business perspective.... EC Commission Vice President Frans Andriessen, responsible for Trade and External Relations, gave this piece of advice to European businessmen attending the 69th Plenary Assembly of Eurochambers: "If I were a businessman contemplating the European market as it is likely to evolve over the next decade, I would plan investments based on an economic area going considerably beyond the Twelve [EC member states]". Calling business the trail-blazer of political change and development, Andriessen described the EC's 1992 program of market integration, its negotiations with EFTA, and the EC's new Europe Agreements with Czechoslovakia, Hungary and Poland, as a major contribution to the opening of the international trading system. On the future of the Community, Andriessen said that the prospect of further enlargement of the EC now required some creative thinking to see the "widening vs. deepening" issue in a new light. With four applications for EC membership on the table already, Andriessen, in the speech entitled "Towards a Community of Twenty Four", told his audience that another eight could follow. He said a new approach offering affiliate membership could extend the benefits of membership in the Community without weakening its drive for further integration. This would enable applicants to participate from an early date in some aspects of the Community's activities for which they were ready, but not in others.

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External trade a significant factor in EC's economic performance....The European Community is the world's largest importer of agricultural products as well as a major import market for textiles, motor vehicles and clothing. About two-thirds of the EC's Gross Domestic Product (GDP) arises from services, against one-third from industry and only 3 percent from agriculture, fisheries and forestry. These figures appear in the **Community Report for GATT Trade Policy Review Mechanism**, presented mid-April to the Council of the Geneva-based General Agreement on Tariffs and Trade to complement that body's recent report on EC trade policy and decision-making. A **summary of the Community report** gives chapter-by-chapter synopses which explain EC policy and practice against the background of the Community's historic and economic development. The summary also provides statistics confirming the EC's support for multilateral trade and for the GATT, as well as the EC's important role in world trade.

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Basic facts about the EC.....since 1985, the European Community has moved at a faster pace towards reaching the objectives set out in its founding treaties. The dynamism created by the 1992 project has put the Community on the world stage and has placed ambitious objectives such as Economic and Monetary Union (EMU) high on the EC's internal agenda. External events have also challenged the Community and shown that the EC must develop a political dimension matching its economic power and international responsibilities. A new **Guide to the European Community** explains the history, evolution and new challenges facing the EC. Individual chapters describe the origins of the European Community and EC institutions, the EC's unique law-making procedures and budgetary resources, the EC's common policies, and the Community's external relations and special relationship with the United States, formalized in the recently adopted Transatlantic Declaration. The guide is complemented by excellent graphics illustrating, for example, the EC decision-making process, the distribution of political groups in the European Parliament, the EC budget and budget outlays by sector, EC trade and aid to the Third World. This 28-page brochure is published by the EC Commission's Washington Delegation and is available upon written request.

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Economic and Monetary Union: how will it work?....as the intergovernmental conference on EMU proceeds, so does the debate on who should be in charge of coordinating the monetary and economic policies of 12 member states with diverse economic performances and profiles. The question presents two possibilities -- centralization of power at the Community level, or "subsidiarity", which means leaving responsibility for what is best done at national level to the member state governments. **EC Commissioner for Economic and Financial Affairs Henning Christophersen** says that, as far as monetary policy is concerned, centralization of competences in a single institution is the only way to go. Speaking on the subject of **Subsidiarity and Economic and Monetary Union** in Maastricht (Holland) recently, Christophersen said, however, that national central banks could continue to function as arms of the system and may retain certain responsibilities of their own. On the economic side, the Commissioner said that economic union in no way called for a single economic policy, but added that because of the impact on the whole union of poor fiscal management by one member state, fiscal discipline is a vital issue in EMU.

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Promoting human rights and democracy....the EC Commission recently sent to the European Parliament and Council Ministers a **Communication on Human Rights, Democracy and Development Cooperation Policy**. The Communication anticipates the possibility that the EC's development policy will become part of a common external and security policy following the intergovernmental conference on political union, which has been meeting since December 1990. Prepared with the agreement of Commission President Delors, the document states that the time has come to feature human rights and democracy more prominently in cooperation policy

guidelines. It calls for consistency in the approaches taken at Community and member state level to foster democracy, human rights and development in developing countries. Respect for human rights is a high priority in the EC's relations with developing countries, and the Community does its utmost to protect the rights of third-country nationals living in the member states. On democracy, the Communication states that the Community's approach is based on the principle that democracy cannot be imposed from the outside along the lines of a European model, but can be helped along through aid which must be used to benefit the entire population of a given country.

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Getting away from it all.....getting away from it all can be a lot of fun, especially if you also succeed in getting away from overcrowded tourist traps. EUROPE, the magazine of the European Community, gears up for summer by letting you in on some of the lesser-known attractions and out-of-the-way vacation spots in the EC member countries. The cover story of the May issue talks about affordable ways to travel around and see Europe once you get there, and music aficionados will be especially pleased with EUROPE's at-a-glance survey of the major festivals taking place there this summer. On the business side, EUROPE also features a story examining how US large- and medium-sized businesses differ in their strategies for the post-1992 market. 1992 will be a busy year for Spain which is featured in this month's Member State Report. It takes a look at Spain's preparations for completion of the single market in 1992 as it hosts the Summer Olympics in Barcelona, the World Fair in Seville and the Quincentennial of Columbus' arrival in America. EUROPE also profiles internationally known Spanish personalities such as film-director Pedro Almodovar, Prime Minister Felipe Gonzalez and Spain's Commissioners to the EC, Abel Matutes and Manuel Marin. EUROPE is published 10 times a year and is available by annual subscription for \$19.95. Sample copies are available.

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The new technological order.....due to global markets and short product lifetimes, the electronics and information technology (IT) industries of the 12 EC member states will have to make a major structural adjustment effort. The European industry, while occupying an enviable position in the market for software, advanced manufacturing equipment and telecommunications, is still behind the US and Japan in essential areas such as microelectronics chips, computer hardware and consumer electronics. This is the conclusion of an uncompromising analysis recently undertaken by the Commission and reported in a special Communication. According to a summary of that Communication, the European problem has structural roots. The chief culprit is the fragmentation of the market which has prevented the necessary economies of scale that could support the high research and technological development (R&TD) production costs. Designed to stimulate debate in the EC institutions, member states and IT industry itself, the analysis also explains why the EC's main competitors - Japan and the US - have adopted different strategies and attitudes, and outlines five lines of action to improve the situation in the European IT sector. These proposals concern demand, technology, training, relations with the main trading partners, and the business environment.

Press releases published by the Washington Delegation in April 1991:

....EUROPEAN COMMUNITY PRESIDENTS TO MEET WITH PRESIDENT BUSH
....EC RELEASES 1991 US TRADE BARRIERS REPORT
....EC ACTS SWIFTLY TO BOOST RELIEF OPERATION FOR IRAQI KURDS
....EC TO SET UP REFUGEE CAMPS IN IRAQ
....EC FARM COMMISSIONER MACSHARRY TO VISIT U.S.