



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

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Maastricht defended. UK Prime Minister John Major, speaking at Monday's Presidency "Europe and the World after 1992" conference in London, pointed out that even if the French voted against the Maastricht Treaty in ten days time, the issues embedded in the text would remain firmly on the Community's agenda. The "real issues" of economic development, enlargement and a joint EC foreign policy would all require a response, which was best found through collective agreement among the Member States. Maastricht, he said, still provided the means of achieving that. Major laid stress on the EC's role in a changing world and the Community's "bigger agenda" of the Single Market, Yugoslavia, GATT, Eastern and Central Europe and EC enlargement. Commission President Jacques Delors argued that the European Community "experiment" could be transposed to help build a new world order. The EC's four guiding principles; cooperation among peoples; economic interdependence; common laws; and an effective decision-making process had produced a climate of fruitful cooperation in Europe which, modified, could be projected onto the world stage. Delors acknowledged that the voluntary transfer of sovereignty to supranational institutions was an arduous process, but said he was struck by the growing influence of the Community, which he described as a hybrid between an international organisation and a world power. Commission Vice-President Frans Andriessen highlighted the stabilising role the EC had played during the upheavals in Eastern and Central European states. The new states sought Community membership as a way to promote economic reconstruction and dampen excessive nationalism. Andriessen urged Europeans not to be dismayed by the current difficulties facing the Community.

ERM unchanged. EC economic and finance ministers, meeting for informal discussions with central bank governors in Bath on Saturday, confirmed that there would be no realignment in the European Exchange Rate Mechanism (ERM) despite severe strains among European currencies recently. Bank governors indicated their willingness to intervene in the exchange markets but only by exploiting the means open to them. The German Bundesbank issued a statement saying that it did not intend to raise its interest rates further, though it made no mention of when a reduction in the rate could be expected. Ministers emphasised their commitment to the EC's economic convergence programmes and strict control of wage rises. Commission Vice-President Henning Christophersen said that the Commission was revising its economic forecasts downwards to show a growth rate of around 1.25% this year rising to 1.75% next year. He said that while unemployment might rise, on the positive side the Community inflation rate would probably decline to around 3% next year from its present 4.5% level.

Yugoslav crisis. The European Commission's Humanitarian Office has just released figures showing that the total number of people affected by the war in former Yugoslavia has reached 2.7 million with half the number located in Bosnia-Herzegovina. Community aid to the region to help refugees and those displaced by the war amounts to some 333.6m ECUs. Germany's contribution was the biggest at 53.9m ECUs and the UK donated 14.4m ECUs. The rest of the G-24 countries combined have contributed 107.6m ECUs with the USA (40.9m ECUs), Sweden (12.2m ECUs) and Norway (19.8m ECUs) the biggest donors. The combined EC and G-24 contributions amount to 441.2m ECUs.

Border controls agreed. Commission Vice President Martin Bangemann said last week that the Commission had no interest in a legal wrangle with the UK government over the abolition of border controls when the Single Market comes into operation on 1 January. Speaking to the press after discussions in London with Home Secretary Kenneth Clarke, Bangemann said that while he differed with the UK government on the issue, it was time to "come to grips pragmatically" with the general aim of abolishing regular checks on EC citizens. The sticking point remains how to prevent illegal immigration yet avoid unnecessary checks on legitimate EC travellers before the European convention on EC external borders comes into force. The Commission accepts that spot checks inside Member States or at borders to prevent organised crime and drug trafficking will always be possible.

EIB water loans. The European Investment Bank (EIB) is to lend £242m (343m ECUs) to five UK water companies for investment to improve water quality in rivers and on beaches and to upgrade drinking water supplies. The largest tranches go to Severn Trent Water (£100m) for improvements to sewage treatment and to meet increased demand, and North West Water (£70m) for treatment schemes to enhance water quality along the north west coasts including the Mersey estuary. South West Water receives £30m to help it expand its capacity to cope with the greater demand during the tourist season,

while Anglian Water and Northumbrian Water receive £25m and £17 respectively. These loans, bringing EIB lending to the UK water industry to a total of £350m so far this year, meet the bank's objectives to support policies which both protect and improve the environment.

US wheat subsidies. In a swift reaction to the White House announcement last week that US wheat will receive export subsidies, the Commission issued a five-point statement showing concern that traditional EC wheat markets may be threatened. The Commission's strongly-worded response commented that the US declaration was not conducive to promoting fruitful EC/US commercial relations. The Commission is considering the measure's compatibility with the "stand still" accord on agriculture agreed within the Uruguay round of GATT. External Affairs Commissioner Frans Andriessen met US Trade Secretary Carla Hills in Brussels on 1 September to discuss GATT and the newly-negotiated free trade area between the US, Canada and Mexico. They restated the aim of concluding GATT talks by the end of the year as agreed at the G7 Munich Summit in June.

Millan in Scandinavia. Regional Policy Commissioner Bruce Millan has been travelling in Denmark, Norway and Sweden to assess the impact of EC co-financed structural fund projects and to discuss extending Community funds to the wider Scandinavian area. The issue of restructuring the agriculture and fishery industries and granting EC regional assistance for the arctic areas is likely to figure in future accession talks with Scandinavian applicants for EC membership.

Aid to Russia. The Commission has reported a success in marketing last winter's 200m ECUs (£140m) food aid programme to Russia which offered spin-off benefits for the Russian economy. The Commission's decision to sell the aid so as not to distort the local market with free food hand-outs helped bolster Russia's nascent market economy. In Chelyabinsk, one of the five recipient cities, the money raised enabled further food to be purchased and distributed to the most needy groups. So successful was the operation that the third and last tranche of aid was able to be auctioned to wholesalers at local market rates, a totally new conception in Russia.

EC condemns SA killings. The Community and its Member States has issued a strongly-worded condemnation of the latest spate of killings in South Africa, notably the slaughter and wounding of ANC supporters on Monday. The Community was asked by all parties during last week's EC ministerial Troika visit to South Africa led by UK Foreign Secretary Douglas Hurd to send observers to reinforce the National Peace Accord. In offering support for a peaceful transition to a non-racial democracy, the Community stressed that the future lies ultimately in the hands of the South Africans themselves.

Health & Safety films. To boost awareness of the 1992 European Year of Safety, Hygiene and Health Protection at Work, Thames Television has produced a documentary series, co-financed by the European Commission, to reveal some of the high standards pioneered by companies and countries across Europe. The series, which goes on air between 21 September - 1 October, is accompanied by a free booklet available from Thames Help, PO Box 2LP, London W1A 2LP. For additional information, contact Michael Pillinger at the London office of the Commission on 071 973 1911.

European Arts Festival. As part of the European Arts Festival, a symbolic 12-sided tent has been touring those areas of the UK with little or no permanent arts provisions. The idea is to stimulate and develop new audiences to heighten public awareness of the UK Presidency of the EC and to celebrate the richness of local British artistic achievement within the European context. The tent forms the central focus of a small self-contained festival at each location with a combination of professional, amateur, European and local performers. It calls at Castle Douglas, Dumfriesshire on 11 September. The Berlin Philharmonic Choir sings in Salisbury Cathedral on 12 September. For further information contact Mark Eynon, European Arts Festival, on 071 383 5750.

Conference & Diary Dates

Lincolnshire European Programme - The County is holding its Euro-week from 14-20 September. Contact the festival organiser Justin Brown, Lincolnshire T.E.C. on 0522 532266.

The Future of Higher Education in Europe - A one-day conference discussing the EC Memorandum on higher education and the skills needed by graduates in the Single Market takes place in London on 29 September. Cost £90. Contact Rachel Cowie, Humberside Business School on 0482 440550.

European Parliament - resumes plenary sessions on Monday after the summer break. Details, EP London office, Tel: 071 222 0411.

Council Meetings:

Foreign Affairs	12-13 Sept	Brockett Hall
Environment	18-20 Sept	Gleneagles
Agriculture	21-22 Sept	Brussels
Internal Market	22 Sept	Brussels
Ecofin	28 Sept	Brussels

Our next briefing will be on Thursday 17 September at 11.30 am.