



THE WEEK IN EUROPE

WE/30/92
30 July 1992

VAT minimum rates. After lengthy debate, EC Finance Ministers secured a provisional agreement to set a minimum 15% VAT rate for four years from 1 January next year. UK Chancellor Norman Lamont, President of the Economic and Finance Ministers' meeting on Monday, welcomed the accord which, he said, would eliminate customs controls as a last bastion against the free movement of goods. Fears voiced by the UK earlier this month that the Scotch whisky industry would suffer from increased excise duties were allayed when Ministers agreed to introduce a two-tier system favouring UK exports. But Monday's deal is still subject to the UK and Spain settling a dispute over excise duty rates on sherry and a decision being made on France's plans to introduce a nominal levy on wine. However, Taxation Commissioner Christiane Scrivener stressed the progress made on the minimum rate of VAT above other outstanding issues, calling it the political heart of a common fiscal policy.

Budget cutbacks. Community funding for research programmes, social policy and consumer protection initiatives may be scaled down after Budget Ministers agreed last week to reduce the Commission's proposed 1993 Community budget. Ministers want to see next year's budget, which is quite separate from the Delors II package of future Community finance, cut from the present 63.1bn ECUs (£44.17bn) to 62.9bn ECUs (£44.03bn). Member States would then contribute 1.09% of GNP, well below the present ceiling of 1.2%. Despite the political consensus at the Lisbon Summit last month to speed up implementation of a Cohesion Fund, the Council decided to omit it from the 1993 budget proposal because a legal framework establishing the Fund is not yet in place. Consumer Affairs Commissioner Karel Van Miert said that the budget proposals could mean serious cuts in Community consumer policy just as the completion of the Single Market made consumer protection all the more necessary. The proposal must now be discussed by the European Parliament which has power to make substantial amendments. Talking to the press after the Council meeting, Budget Commissioner Peter Schmidhuber said he was concerned about the hasty manner of the Council's decision. He hoped that the 1993 budget would not revive confrontation between Parliament and Council reminiscent of last year's budget debate.

Customs agents. Customs agents who will lose their jobs with the abolition of border controls in the Single Market will receive aid from the Community under a series of measures announced last week by Customs Commissioner Christiane Scrivener. Some 30m ECUs (£21m) will be distributed under the EC's INTERREG programme of aid to border regions to help redeploy the estimated 60,000 customs agents who will be redundant once the Single Market is fully operational. The funds will go to creating business opportunities and jobs, with the Community financing up to 50% of the total costs of eligible initiatives. The Commissioner urged Member States to take up the funds without delay to ensure an easy transition to the Single Market next year.

Yugoslavian refugees. The Group of 24 and international aid agencies meeting in Brussels on Monday prior to the 60-nation conference in Geneva today (Thursday) appealed to potential host countries to urgently accept temporary refugees from the former Yugoslavia. In a bleak opening address, the meeting's Chairman, EC Deputy Director-General for External Affairs Jean-Louis Cadieux, stressed that the refugee crisis could worsen dramatically within the next three months. A considerable number of refugees have already been received by several Member States: 200,000 in Germany and 11,000 in Italy. In addition, numbers in Austria, Sweden, Switzerland, Turkey and Hungary total nearly 500,000. However, the G-24 agreed that aid should go ideally to the areas closest to the refugees' original place of residence and that coordinated action should work for their gradual return to former homelands once hostilities ceased. With the onset of winter and particularly harsh conditions in Bosnia-Herzegovina, the agencies considered the present level of aid insufficient to deal with the continued outpour of refugees. At the meeting, the G-24 members mobilised some \$108m in addition to the \$150m already committed by the EC and its Member States earlier this month.

GATT update. Informal discussions in Ireland on Tuesday between EC Agriculture Commissioner Ray MacSharry and the US Agriculture Secretary Edward Madigan brought a compromise in the EC-US farm subsidy dispute no closer. The issue of EC support for oilseed producers is still blocking progress.

Environment policy. Karel Van Miert, who has taken over the Environment portfolio from Commissioner Carlo Ripa di Meana, took the first opportunity in his new role to discuss

about the impact of subsidiarity on EC environment policy. Speaking at an environmental forum in London on Thursday, the Commissioner stressed that while some Community policies may seem remote from the Community's citizens, environmental policy was the one area which gained a high degree of support. He restated the need for Community-level involvement in the environment on the following grounds: environmental protection had to be transfrontier; the internal market called for uniform environmental product standards and the Treaty of Rome had set as one of its tasks an improvement in the quality of life for its citizens. It was vital, he said, that Community law was implemented properly in all Member States for environmental policy to work effectively.

Buses to Albania. External Affairs Commissioner Frans Andriessen announced on Wednesday that twenty-five buses laden with office equipment and publicly-donated aid will leave Brussels in early August bound for the Albanian capital, Tirana. The EC's PHARE scheme helped finance the sale of the buses to Albania under its Industrial Import Programme which aims to provide badly-needed raw materials and spare parts to eastern Europe's faltering industries. As Albania lacks even the most basic office equipment, the Commission is donating typewriters, computers and calculators to fill the empty buses. With as much as 70-80% of Albania's existing transport in a complete state of disrepair, this first consignment of buses will play a vital role in the economic regeneration of the Albanian capital.

Euronews. Euronews, the Lyon-based multilingual satellite TV news channel, has been given 3m ECUs (£2.1m) under the EC's Mediterranean Protocol to run an Arabic service. Established just last month with EC backing, Euronews is a consortium of 39 members of the European Broadcasting Union of major state and private channels. Its editorial policy is to provide a public service presenting the facts in their economic and political context. In Europe, the channel will cover the pan-European area from Finland to Morocco and Ireland to Turkey, with the Arabic service transmitted unedited by Arabsat to complement the output of Arabic national channels.

Cultural sponsorship. The European Arts Festival, launched by the UK government to run during its Council Presidency, will benefit from arts sponsorship under the Community's KALEIDOSCOPE 1992 programme. KALEIDOSCOPE, running since 1990, has allocated a 1.8m ECUs (£1.2m) budget this year for increasing public access to arts and building cultural cooperation among the Member States. Of the 935 arts projects submitted to the Commission, some 126 merited sponsorship either for their contribution to contemporary arts or for their role in enhancing cultural identity within Member States.

Health & Safety Competition. To highlight the 1992 European Year of Safety, Hygiene and Health Protection at work, the Commission is running a competition in conjunction with the International Social Security Association to reward schools, universities and companies for outstanding contributions to health and safety training. The aim is to bring together and publicise the best training materials in the international community with particular emphasis on agriculture, fishing, construction and civil engineering. It will be run annually to enable the joint sponsors to compile an international databank on training initiatives. Details from Felicity Harte, Health & Safety Executive, Room 439, Baynards House, Chepstow Place, London W2 4TF. Tel 071 243 6912 or fax 071 243 6638. All other enquiries about the EC's Year of Health and Safety may be directed to Michael Pillinger, programme consultant in the European Commission's London office from 10 August.

European School Awards. Over 30 young people from across Europe met Prime Minister John Major as part of a prize awarded to teachers and pupils who have reinforced the European dimension in their studies. This year's winners, gathering for the annual award run by the Central Bureau for Educational Visits and Exchanges, spend a week involved in joint activities aimed at strengthening cultural exchanges and building new friendships. For details contact Rachel Bull at the Bureau on 071 486 5101 ext. 2434.

Social Europe. Social Europe, the Commission's reference work assessing progress in 1991 on the Community's Charter of the Fundamental Social Rights of Workers, has just been published. Three social partners, the European Trade Union Conference (ETUC), the Union of EC Industries (UNICE) and the European Centre of Public Enterprises (CEEP) give their verdict on the 1991 social year as well as the prospects for social dialogue after Maastricht. The report examines the EC's major social policy initiatives including childcare, tobacco advertising, redundancy, fair pay and European works councils.

Journalism prize. In memory of the late Lorenzo Natali, a former Commission Vice-President for Development and Cooperation, the Commission is organising a journalism prize for outstanding articles on development. Articles are accepted from anywhere in the world, but must have been published last year. The jury will pay particular attention to articles in defence of human rights and democracy as vital aspects of economic and social development. Two copies of the article should be sent by 31 October to Commissioner Manuel Marín, Chairman of the Natali Prize, rue de la Loi 200, B-1049 Brussels.

Council Meetings & Diary Dates.

Council Meetings resume on 4 September (Informal Ecofin at Leeds Castle) and the Commission takes its summer recess until Wednesday 1 September. Our next briefing will be on Thursday 10 September.