



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

WE/26/92
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UK Community Presidency. To mark the beginning of the United Kingdom's Presidency of the European Community, the entire Commission, headed by its President, Jacques Delors, travelled to London yesterday for talks in Downing Street with Prime Minister John Major and members of his government. After an hour-long plenary session, individual Commission members went off to meet their counterparts in the Departments of State to discuss the strategy for the next six months. The Prime Minister described the talks as "most useful and worthwhile." Priorities for the UK were to complete the Single Market, get agreement on the future financing of the Community and prepare for enlargement, starting with the EFTA applicants. Both President Delors and the Prime Minister emphasised that Denmark, in spite of the vote against the Maastricht Treaty a month ago, became part of the 'Troika' (past, present and future Presidencies) yesterday and would automatically assume the Presidency on 1 January 1993. Both agreed that Denmark must be given time to sort out its difficulties.

Lisbon summit. The European Council (summit) of Heads of State and Government meeting in Lisbon last Friday and Saturday at the end of the Portuguese Presidency showed that the Community was moving forward despite the adverse Danish vote. The summit reached broad positive agreement on the guidelines governing the Delors 2 package for the future financing of the Community although no figures were discussed. Final decisions are expected in Edinburgh next December. It is likely that the structural funds, including the so-called cohesion funding for Spain, Ireland, Portugal and Greece would be doubled by 1997. Significant increases in other credits for the external actions of the Community were also likely. On enlargement, there was a strong consensus in favour of clearing the ground for negotiations next year with a first group of applicants for community membership including Austria, Sweden, Finland and Switzerland all of whose economies are considered capable of sustaining EC membership. On subsidiarity, the summit recognised the importance of the principle and invited the Commission and Council to work on its practical implementation. The European Council also had a fundamental debate on the situation in Yugoslavia.

EC/Japan Summit. President Delors is due back in London on Saturday (4 July) to take part in the first EC/Japan yearly summit. Prime Minister John Major will host the talks with Japanese Prime Minister Kiichi Miyazawa. The Commission will meet the Japanese bilaterally afterwards.

Delors reconfirmed. The European Council confirmed Jacques Delors as the Commission's President for a further two years from next January. Delors has held the post continuously since January 1985.

Ripa di Meana resigns. EC Environment Commissioner Carlo Ripa di Meana resigned on Monday after being included in the new Italian government to take up the environment portfolio. The Commission will be apportioning responsibility for environmental affairs today (Thursday) until the end of the present Commission's term in December.

Aid to ex-Yugoslavia. Figures just released by the EC's Humanitarian Office show that the Community has donated the lion's share of the G-24 countries' emergency aid to ex-Yugoslavian republics. The Community and its Member States have contributed some \$133.7m to help refugees.

"Single Passport" for share dealers. After three years of intense debate, Economic and Finance Ministers (Ecofin) reached agreement on Monday on two financial services Directives which effectively complete the opening up the Single Market in stock market investments. The Investment Services Directive provides a "single passport" for stockbrokers to deal in shares in another Member State without having to establish local offices. The Directive lays down common rules by which traders must declare their sales. The precise and transparent mechanism of the Directive won over Member States who feared earlier proposals could mean "all things to all men". This Directive accompanies legislation on Capital Adequacy which establishes the minimum capital institutions require to cover exposure to risk. A common position was reached on the capital levels which include last month's Ecofin proposal for a 10-day "window" after which firms investing 25% of capital must put up extra capital. Financial Affairs Commissioner Sir Leon Brittan welcomed the agreement as "good news for the City of London". Both the Investment Services Directive and the Capital Adequacy Directive will enter into force simultaneously next year.

Insurance without borders. The Ecofin Ministers also formally adopted legislation to create a single market in life insurance in which companies can set up branches and provide services anywhere in the Community from 1 July 1994. Insurance companies will be regulated in the "home" state where their headquarters are located, a move which will abolish the current barriers of prior controls and tariffs imposed by Member States in which the products are sold. Sir Leon Brittan heralded the adoption of the Third Life Insurance Directive as the "true Single Insurance Market". Consumers would benefit from increased competition which will encourage wider choice, better prices and better service, he said.

VAT rates agreed. At the same Ecofin meeting, the United Kingdom accepted the principle of the Community setting minimum VAT rates. A minimum EC rate of 15%, well below the UK's present 17.5%, could be set across the Community for the next four years after which it will come up for review. Despite the political agreement, formal adoption of the Directive was delayed by a dispute on excise rates for whisky and sherry. British producers are worried that the proposed increases will jeopardise valuable export markets. Once finalised, the VAT directive will play a significant role in the Single Market by preventing one Member State from undercutting consumer prices in other Member States.

Statement on Algeria. The Commission expressed concern at the assassination of Algerian President Mohammed Boudiaf and urged the Algerian government and people to react with "calm and reason". In a message to the Algerian authorities, Commission President Jacques Delors pledged Commission support to the Algerian nation as it faces the stiff challenge of maintaining peace, liberty and democracy in the aftermath of the tragic event. At the weekend European Council in Lisbon, the Community reaffirmed its strong relations with the Maghreb countries.

CAP reform. EC Agriculture Ministers meeting in Luxembourg took until midnight on Tuesday to adopt texts which will formally enshrine the Common Agricultural Policy reforms. EC Agriculture Commissioner Ray MacSharry described the Council's decision as a "milestone" in the history of the CAP. The Commissioner praised the Portuguese Presidency for its pragmatic approach which had brought consensus. European agriculture was on a safe and competitive footing which would also safeguard farmers' incomes, he said.

Consumers better protected. European consumers will benefit from the all-encompassing General Product Safety Directive which fills in the gaps in existing legislation and formalises safety management in the Member States. The Directive, adopted by Consumer Affairs Ministers in Luxembourg on Monday, represents a genuine safety-net by ensuring all products placed on the market are safe to use. By the 29 June 1994 all manufacturers must ensure that full information is given concerning potential risks and Member States must have procedures in place to cope with emergencies. Consumer Affairs Commissioner Karel van Miert endorsed the new Directive which, he said, would send a strong message to the 340 million Community consumers that their interests were being taken into account.

Whaling shock. EC Fisheries Commissioner Manuel Marin expressed his shock at the decision by Iceland and Norway this week to resume commercial whaling. The two nations made their intentions known at the International Whaling Commission's annual meeting in Glasgow this week at which the Commission has observer status. The Commissioner considered the unilateral decision to be a step backwards after the recent Rio Earth Summit. He hoped that both countries would reconsider their decision. Iceland and Norway argue that stocks of Minke whale have recovered sufficiently over the past seven years of the commercial whaling ban.

Steel trade: "US harassment". Commission Vice-President Frans Andriessen reacted strongly to news of some 38 US anti-dumping and countervailing procedures aimed at EC steel exporters by saying that his "worst fears had been realised". The US action, he said, was a clear attempt to harass normal trade. The Commission is committed to liberalisation of the steel trade in the multi-lateral steel agreement. The US measures cover more than half the EC steel exports to the US.

"1992 Woman of Europe". Juliet Lodge, the UK Woman of Europe, who was elected the 1992 European Woman of the Year by an international jury, will be presented with her award in Madeira on 6 July. For information contact Juliet Lodge on 0482 472672 or Alison Parry on 081 891 1021.

Conference & Diary Dates.

European Heritage Camps - The EC sponsors young volunteers on summer camps throughout Europe on cultural heritage restoration projects. Contact APARE, Maison de l'Europe, 41 cours Jean Jaures, 84 000 Avignon, France. Tel: 010 33 90 85 51 15 or Fax: 010 33 90 86 82 19.

Council Meetings:

European Parliament	6-10 July	Strasbourg
Agriculture	13-14 July	Brussels
Ecofin	13 July	Brussels

Our next briefing will be on Thursday 9 July at 11.30am.