



US steel shock. The Commission expressed shock this week at the high duties, up to 60% in some cases, just imposed by the US Department of Commerce on imports of Community flat-rolled steel. Some 2 million tonnes of Community steel worth around \$1bn will be affected by the US measures imposed because of alleged steel subsidies by six Community countries, including the UK. In a statement, the Commission said it believed that the US steel industry has unduly blamed foreign competitors for what is primarily a domestic problem. The Commission pointed out that Community exporters had adhered strictly to the agreement on voluntary export restraints for a ten year period which expired in March.

EC financing. UK Prime Minister John Major this week continued his pre-summit tour of Community capitals visiting Luxembourg, Madrid, Lisbon and Copenhagen in an effort to seek common agreement on a range of issues, including the Danish problem and the question of the EC's future financing. In Madrid, Major said that while the areas of difficulty were becoming sharper, he did not anticipate failure at Edinburgh. Everyone was determined to reach agreement. At last Friday's conclave of EC economics and foreign ministers in Brussels, Chancellor of the Exchequer Norman Lamont proposed a 7-year "compromise solution" as an alternative to the Delors II Financing Package. Under the UK plan, the own resources ceiling would be pegged at 1.2% of GNP for 3 years before rising to 1.25% by 1999. Foreign Secretary Douglas Hurd resisted calls for a renegotiation of the UK's budget rebate, saying the government would reject any plan detrimental to the UK. Lamont said the UK's "compromise" had been well received, particularly by Germany. He described the proposals as "tight, but realistic". Foreign ministers meet on Monday to narrow their differences before the Summit on 11/12 December.

Growth strategy. The Commission yesterday endorsed a 7.7bn ECUs "growth strategy" for the Community which will also be discussed at the Edinburgh Summit. The main thrust of the plan is a proposed European Investment Fund able to lend 2bn ECUs over four years for infrastructure projects and to SMEs. The European Investment Bank would contribute 40% of the capital with the remainder coming from the Community budget and private financial institutions. Funds would also go to retraining redundant workers and industrial R&D.

Border controls. EC home affairs ministers this week failed to agree a common policy on EC internal border controls despite the single market deadline on 1 January. Ministers were unable to agree to giving up systematic controls on third country travellers at EC internal borders fearing that controls at EC external borders were insufficient to prevent illegal immigrants entering the Community.

Conservation of cities. Two cities in Ireland and two in the UK are to receive Community regional aid under a 1.5m ECUs pilot scheme aimed at conserving the "rich cultural and historic character" of European cities. Waterford and Cork in the Republic of Ireland and Edinburgh and Caernarfon are among the 18 cities announced last week by Regional Policy Commissioner Bruce Millan.

Aid to UK coal and steel. Areas of Yorkshire and Humberside seriously affected by the decline of traditional coal and steel industries are to receive 33m ECUs under the Community's Multifund Operational Programme for 1993. The programme announced by Bruce Millan last week will continue the process of industrial regeneration by enhancing the regions' image for tourism and industrial development. Community support, 27.8m ECUs from the Regional Development Fund and 5m ECUs from the Social Fund, will be matched by 51.2m ECUs from local and central government and 2m ECUs from the private sector.

Loan to Thames Water. The European Investment Bank is lending £25m (31.6m ECUs) to Thames Water to enhance the quality and security of water supplies and waste treatment. Work being supported includes the London ring main to improve the efficiency of water distribution in the Greater London area. Thames Water is the largest of the ten water companies in England and Wales and serves 11.7m people.

Single market in pharmaceuticals. The Commission is to seek ways of establishing a single market in pharmaceuticals, but not by direct harmonisation at Community level. Competition Commissioner Sir Leon Brittan, addressing the Institute of Economic Affairs' health and welfare conference in Brussels on Tuesday, said that widely-divergent price regulation and markets meant consumers were unable to reap the benefits of the free market, a situation which "ran counter to the most basic objectives of the Treaty of Rome". National peculiarities meant that drugs in Portugal, France, Spain and Greece were often half the price of the same products in Denmark, Germany and the Netherlands. Drug prices in the UK are unique in the Community as the Department of Health controls profits made by individual companies.

BA takeover cleared. After a month-long enquiry, the Commission last week cleared British Airways' acquisition of a 49.9% stake in the French regional airline, TAT. The acquisition is subject to a series of binding undertakings which may require BA to relinquish landing slots. The conditions will only apply on the Paris-London Gatwick and Lyons-London Gatwick routes, where BA and TAT flights now overlap, and only if another carrier wishes to start a service on these routes.

EC-Argentine fishing. After eight years of negotiations, the Community and Argentina this week initialled a far-reaching fisheries agreement. The agreement, the first of its kind with a Latin American country, will grant Community fleets substantial access to Argentinean fishing waters, a move which could yield 250,000 tonnes. Some 28m ECUs of Community aid, to be channelled through joint scientific and technical research projects, will boost the Argentinean fishing industry and make a significant impact on the country's economy. The five-year accord also provides for the setting up of joint fishery ventures.

EC humanitarian aid. The European Commission has become the world's largest donor of aid to the United Nations Commission for Refugees (UNHCR), contributing \$205m, some 22%, of the 1992 total. Member States' bi-lateral contributions raise the figure to 41% of UNHCR's total funds. UNHCR's High Commissioner Sadako Ogata noted the Community's contribution on a visit to Brussels last week. Community aid, distributed impartially to all needy groups by special agencies like UNHCR and the Red Cross, includes emergency aid for victims of natural disasters, long-term aid for refugees and food aid.

Partnership with Russia. The European Community opened negotiations on a new and far-reaching partnership agreement with the Russian Federation last week. It is expected that the agreement, which goes beyond the scope of its predecessor signed in 1989, will include important provisions on trade in goods and services, the establishment and operation of companies, labour conditions and capital movements.

International technology centre. The European Community, the United States, the Russian Federation and Japan signed an agreement in Moscow on Friday establishing the International Science and Technology Centre (ISTC) which aims to redirect the talents of weapons scientists from the ex-Soviet states towards peaceful activities. The scientists and engineers will be funded to work on projects such as nuclear safety, environmental protection and energy production, which will support the civil needs of the CIS's nascent market economies. The Community is contributing \$25.4m, the US \$25m and Japan some \$17m to the Moscow-based centre.

Openness. The Commission is proposing a series of measures designed to make the operation of its work easier to understand and influence. They include: preparing the Commission's annual programmes earlier and giving them more publicity; seeking wider advice on key proposals at an early stage in their drafting, using Green Papers; publishing Commission decisions more rapidly; publicising EC databases; and speeding up the work by grouping together Community measures in similar policy areas. The Commission is working on ways of publicising and disseminating EC information to the public at large.

EC interest groups. The Commission has announced plans to place its relations with the 3,000 or so special interest and lobby groups based in Brussels on a more formal footing. The Commission, in collaboration with the European Parliament, intends to set up a single directory and database of European federations and associations; encourage groups to draw up a voluntary code of conduct; and give groups the opportunity to participate more fully in the preparation of proposals.

Report on health & safety. The European Commission has produced a mid-year report on the 1992 Year of Safety, Hygiene and Health Protection at Work. To obtain a free copy, contact Michael Pillinger at the London office of the Commission on 071 973 1992, fax: 071 973 1907.

Economic Aid to Eastern Europe. This guide provides a practical approach to the commercial opportunities from a range of programmes, from the EC, multilateral agencies and the World Bank, set up to revitalise market economies in eastern Europe. A CBI publication, available from Insight International Publishing, 200 Brent Street, London NW4 1BH. Tel: 081 203 1882.

Conference & diary dates.

"Fourth Framework Programme/II Brite/Euram". The Institute of European Trade and Technology is organising a one-day conference on 15 December. Contact Mirjana Herek, IETT, tel: 071 628 9770 or fax: 071 628 7692.

National Consultative Conference is being organised by the UK office of the European Commission on 7/8 January at Stoke Rochford, Lincolnshire. Its purpose is to assess the extent to which a public information service on EC policies can be established on a partnership basis in the UK. Contact London EC office on 071 973 1963.

Council Meetings:

Foreign Affairs	7-8 December	Brussels
Transport	7-8 December	Brussels
Research	9 December	Brussels
European Council	11-12 December	Edinburgh (Summit)

Our next briefing will be on Thursday, 10 December at 11.30am.