



WE/19/92
14 May 1992

THE WEEK IN EUROPE

The Queen in Strasbourg. The Queen, in her address to the European Parliament on Tuesday, praised the achievements of the Community and highlighted the role of the "ever more important Parliament of Europe". In her first official visit to Strasbourg the Queen compared the Community to a family made up of diverse personalities which, in order to strengthen itself, must exercise tolerance and offer mutual support. To the delight of parliamentarians, she remarked that British MEPs had no doubt transported the tradition of enlivened Westminster-style debate to the European chamber, which she added should be a forum for tough talking able to reflect the "rich diversity of European countries". The European Parliament, by contesting decisions, reinforced the work of national parliaments, she said. Echoing the theme of the forthcoming British Council Presidency which will stress the Community's international role, the Queen spoke of the Community becoming a dynamic entity which welcomes new members in the spirit of friendship and cooperation. The Community's founders, she said, had not envisaged a "comfortable club with closed doors". Welcoming the Queen, the current President of the Parliament Dr Egon Klepsch said that the European Parliament was still in its infancy compared to the British "Mother of Parliaments". He said that the Community and its Member States were looking forward to the British Presidency with wide-ranging expectations.

Carbon tax. The Commission adopted on Wednesday a proposal for an energy tax to be levied at \$3 on a barrel of oil or equivalent fuels and rising gradually to reach \$10 a barrel by the year 2000. The EC Member States have already pledged to stabilise carbon dioxide emissions at 1990 levels by the end of the century and the Commission regards this new tax as a highly effective market instrument for reducing energy consumption and preventing further global warming. The tax will be a national tax levied at the point of consumption, similar to excise duties. The tax base is computed as 50% on the cost of the energy source, be it gas, coal, petrol, nuclear fuel or hydro-electricity and 50% on the carbon dioxide content. Member States can adopt more stringent tax levels than those set by the Community and permit national fiscal incentives to reduce emissions and consumption. Renewable energy and energy used as a raw material for the petrochemical industry will be exempt. To preserve the competitiveness of Community industries which consume high energy levels, such as producers of aluminium, glass and paper, the Commission foresees a tax reduction if the firms concerned take steps to reduce their emissions. The Commission feels that the EC should only press ahead with the tax if its main industrial competitors act similarly. Member States who find the tax too high a burden on their industry may suspend or reduce the levy or use EC structural funds to support economic cohesion.

Green paper on postal services. At their weekly meeting on Wednesday, the Commissioners also adopted the Green Paper on postal services which seeks to stimulate debate among users, operators, governments and employees on the development of the services in the Single Market. The Paper, drawn up by the EC directorates for competition and telecommunications, envisages two definite branches of the postal services; a universal service fulfilling an EC-wide public obligation to provide a good postal service for business and individuals; and services, such as bulk direct mailing and express deliveries, which may be opened to free market competition for greater efficiency. To avoid a "two-speed" service, the Green Paper recommends harmonising the rules of access to national networks across all Member States to avoid discrimination against either private or national postal services. Independent regulatory national bodies would ensure impartial treatment of all operators and published tables of performance and tariffs will show the public whether they are getting value for money. Competition Commissioner Sir Leon Brittan said the Green Paper proposed "liberalisation, not privatisation" and that the present national postal services would certainly have the infrastructure to compete effectively.

Aid to Yugoslavia. Commission President Jacques Delors announced at the General Affairs Council on Monday that the EC will be contributing 30m ECUs (£21.3m) to the United Nations relief programme for aid to refugees in Yugoslavia. Latest UN estimates show that some 1.3 million people have been forced to leave their homes since the war started last summer. The United Nations has launched an appeal to the international community for a \$150m aid action programme. In total, the EC has given 19m ECUs (£13.5m) to aid the ex-Yugoslav republics and sent 1.5m ECUs to Bosnian refugees in Croatia only last week. The last EC monitors remaining in Sarajevo withdrew on Tuesday just as the Serbs unilaterally announced another cease-fire in Bosnia-Herzegovina.

UK regions benefit. Regional Commissioner Bruce Millan approved £207 million of EC structural funds to assist areas of the North East and West Midlands which continue to experience severe industrial decline and unemployment. The Commissioner predicted that the monies, from both the regional and social funds, would have a significant impact on the development areas by creating or safeguarding an estimated 32,000 jobs and assisting nearly 10,000 firms. The funding priorities are: to help small business start-ups; improve the transport infrastructure; regenerate derelict sites to enhance the regions' image; provide small workshop units; develop tourism and encourage wider use of technology. The North West was identified by the Commission as a region with unemployment rates 60-70% above the EC average. Bruce Millan welcomed the new arrangements for distributing EC regional aid in Britain which he said would represent "genuinely additional aid" for the regions concerned.

Urban pilot projects. Bruce Millan also announced a 1.9m ECUs (£1.3m) urban pilot project for Paisley which joins 24 other European cities in the EC's network, "Quartiers en Crise", which aims to alleviate urban decay. The idea behind the network, established in 1990, is for cities to exchange experiences in urban projects and transfer know-how. In Paisley, the approach will be to reverse the trend towards outward migration by giving a "heart" back to the district to prevent the newly-trained from seeking employment elsewhere. For information contact David Dickson on: 041 887 7707.

Delors II discussed. Commission President Jacques Delors, speaking on the Commission's budget proposals at the General Affairs Council earlier this week, said that the so-called Delors II was not an "invoice" for the policy decisions taken at Maastricht. The Commission had listened to the four least-prosperous Member States need for funds to assist economic cohesion. He said that while structural funds had reduced regional disparities, no precise "mathematical" macro or micro-economic appraisal of their effect was available in the brief 3-year period since the funds' joint operation. He reminded foreign ministers that the Commission had adopted the budget proposal only after detailed consideration of the budgetary constraints on the Member States. The Council will decide on the Common Agricultural Policy expenditure proposals in Delors II when the CAP reforms are finalised. Agriculture Commissioner Ray MacSharry, addressing the European Parliament this week, repeated calls for urgent CAP reform saying that cereal intervention could reach 28m tonnes this year. Intensifying the stabilising policies without activating reform would lead to a serious reduction in incomes, without compensation.

Eurobarometer on Maastricht. An overwhelming majority of British people (75%) consider the Maastricht summit and the signing of the treaty on European Union important or very important and 63% believe that it will have a positive effect. Two months after its signature and on the eve of the national parliament's debate on the Treaty, only 13% think it will have negative impact on Britain. The Dutch (74%), Greeks (66%), Danes and Irish (both 62%) were the best informed about the Maastricht summit with the Italians (30%) and Spanish (31%) trailing in the awareness league. Across the EC the number saying they would be "very sorry" if the Community were scrapped remained static at 48%.

US trade sanctions. The United States, after identifying the EC as a country operating a "significant and persistent pattern of discrimination" against US products and services, has announced it will impose unilateral trade sanctions against the Community. US President George Bush indicated his intention last month to operate sanctions if the EC brought into force the third country provisions of the Utilities Directive, which is key legislation for the success of the Single Market. The disputed clause provides legal guarantees for public contract bidders which, however, will not apply to third countries whose own markets remain closed to EC products. The EC expressed surprise that the US, whose "Buy American Act" epitomises a discriminatory system, should have any grounds for complaint.

Regional Campaign. Euro Wirral, an awareness campaign lasting until the end of 1992, was officially launched on Monday by Baroness Chalker. Further information from Alan Coutts on 051 638 7070.

Rotary Euro-Walk 1992. The Rotary Club of Colchester Forum is organising a walk from London via Colchester to Brussels and Luxembourg from 15-29 May to raise funds for WaterAid, a charity which helps the Third World obtain safe water and basic sanitation. Contact David Fudge on 0206 549325.

Influencing the European Community. This book guides businesses through the complexities of the EC's political and legal processes and shows them how to influence new EC policies from their inception. Directors' Duties and Responsibilities in the European Community is a user-friendly manual to setting up a business in the EC. Both books are published by Kogan Page: Tel. 071 278 0433.

Conference & Diary Dates.

Council Meetings:

Internal Market	14 May	Brussels
Health	15 May	Brussels
Cultural Affairs	18 May	Brussels
Agriculture	18-19 May	Brussels

Our next briefing will be on Thursday 21 May at 11.30am.