



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

Delors on EC enlargement. Commission President Jacques Delors promises that the Commission's report on admitting new members to be presented at the Lisbon summit in June will be "a political, intellectual and institutional shock" for the twelve Member States. Addressing the European Parliament on Tuesday during a debate on the Maastricht treaty, Delors pointed out that a fundamental contradiction existed between the objective of strengthening European union and future enlargement of the Community. Political events in Europe had made a wider Community of up to 35 states highly probable; a fact, he stressed, which not all Member States had grasped. To ensure that a widening of the Community was not at the expense of what had been achieved, Delors said that it was time for serious reflection on Community structures, a sentiment also expressed this week by External Affairs Commissioner Frans Andriessen. Speaking at the Hanover Industrial Fair, Andriessen emphasised that Maastricht was not the final word on the Community's institutional structure. To prevent the Maastricht treaties creating insuperable barriers to prospective member states, it was necessary to allow for a form of graded and gradual Community membership. This, he said, was not as unacceptable as it may at first seem, since protocols negotiated at Maastricht enable some Member States to adopt degrees of commitment to Union. The European Parliament, having voted to accept the Maastricht treaties, declared it would exercise its right to block accessions to the Community unless it were given more powers in relation to other EC institutions to reduce the so-called "democratic deficit".

Irish abortion dilemma. EC foreign ministers refused on Monday to amend a protocol in the Maastricht treaties which as it stands denies an Irish citizen the right to travel abroad to seek advice on abortion, a proviso which contradicts EC policy on freedom of movement. Ministers are reluctant to reopen debate on any issue in the Maastricht treaties as they fear this would "open a Pandora's box" and create a precedent for other countries seeking changes to the treaties. To demonstrate sympathy with the Irish, the other eleven Member States said they would accept a binding unilateral declaration by Ireland to resolve the issue of freedom of movement.

Tax frontiers. Tax Commissioner Christiane Scrivener announced that the Commission's recent contract awarded to a French-Belgian software company to implement a computerised V.A.T. cooperation system would ensure the abolition of tax frontiers by the single market deadline of 1 January 1993. The system will enable businesses to confirm their customers' VAT identification if they are located in another Member State, thereby sweeping away some 60 million forms currently imposed on exporters. Computerised cooperation has a two-fold function of balancing the need to ease burdens on firms in the barrier-free single market with that of providing an effective anti-fraud network. The system of twelve "gateway" computers in the Member States will be operational from November giving traders time to prepare for the new VAT system in place from 1 January.

Supervision of credit institutions. In welcoming the Council's adoption of the Directive on supervision of credit institutions, Commission Vice-President Sir Leon Brittan said that the BCCI case had made it imperative for the risks taken on by multinational banking and financial services to be placed under proper scrutiny at Community level. The Directive imposes a duty on supervisors of institutions which are part of larger financial groups, either as a parent or subsidiary firm, to calculate the risks which could call on the bank's resources. The Commission, drawing on the lessons from the BCCI closure, is holding discussions with financial services' representatives to propose further measures on the regulation of financial conglomerates.

Oil embargo lifted. EC foreign ministers agreed on Monday to lift a ban on sales of Community oil to South Africa in place since the Rome European Council in December 1990. This means that EC oil companies will be freer to operate in South Africa. The decision also extended to the lifting of bans on cultural, scientific and sporting links. The Community expressed their continued support for positive developments in South Africa to end apartheid and encouraged the formation of an interim government. The only sanctions remaining are those made at UN level which ban the sale of arms to South Africa and exchange of military attachés.

Mail order safeguards. The Commission adopted on Wednesday a draft directive aimed at giving better protection to consumers purchasing goods and services by mail order. The proposal recognises the significant role mail order can play in a fully-functioning internal market by giving consumers wider

access to goods from non-local markets. The proposal will not only give more power to consumers faced with inadequate services or goods but it also encourages a code of conduct among vendors aimed at good practice in sales promotion and financial safeguards.

Recognition for Bosnia. The EC and its Member States decided this week to recognise the Yugoslav republic of Bosnia-Herzegovina. At the same time the EC ended trade sanctions against Serbia after the Serbian president, Slobodan Milosevic, gave a positive response to EC-sponsored peace efforts. Joao de Deus Pinheiro said the EC hoped its even-handed approach would not give arguments to radicals who are against independence. The Serbian third of Bosnia's population refused to participate in last month's elections which overwhelmingly gave a mandate to independence. However, Monday's announcement was marred by further violence. Recognition of Macedonia is still under discussion.

Common fishery policy. EC fishery ministers expressed general agreement with the Commission's common fishery policy which requires an extension of quotas, restrictions on net sizes and cutbacks in fleets, on condition that increased funds promised in the Delors II package are available to help the restructuring. The Commission's aim is to conserve fish stocks in the overfished EC waters while ensuring a livelihood for fisherman whose jobs may be cut. Several ministers had reservations on the Commission's proposal for satellite monitoring of fleets to ensure sea safety and compliance with EC policy on grounds of cost and worries that this would lead to a centralised EC control, contrary to the principal of subsidiarity. Answering accusations from Canada that EC fleets fishing near Canadian waters had reduced fish stocks in the area, Vice-President Manuel Marín, Commissioner for fisheries, said that the EC could not accept that it was responsible. Scientific studies would have to be carried out. He did, however, propose a reduction in EC quotas from Canadian coasts as a political gesture.

"Opportunity East". Medium-sized companies from the group of 24 western industrialised countries meet today in Brussels for a conference on the practical issues of investing and doing business in eastern and central Europe. The two-day conference organised by the Commission and the OECD is divided into working groups targeting key issues of privatisation, financial assistance, employee training and government investment schemes. The outcome of discussions will be vital to planning future coordinated investment by government agencies and renewing impetus for private investment in the East. EC External Affairs Commissioner Frans Andriessen said the conference offered a unique opportunity for companies to confront policy-makers from east and west with their concerns. Details from the EC coordinator in Brussels, Jane Backhurst: Fax 010 322 299 0602 or George Westropp (DRT International) London Fax: 071 936 2346.

Banana splits. After months of debate on a free internal market in bananas, the EC decided on Tuesday to propose import quotas on cheap Latin American "dollar" bananas to protect costlier supplies from the Afro-Caribbean countries. Several Member States, including Britain, favoured bananas from their former colonies whose economies would suffer in competition with cheaper fruit circulating in the single market. Germany's consumers hitherto enjoyed cheap duty-free Latin American bananas. The EC must now negotiate an exemption to GATT. Germany consumes one third of the Community's 3.34 million tonnes consumption, Community-produced bananas making up 21% of the market; ACP countries 19% and the rest are imported from the dollar zone.

GATT saga continues. External Affairs Commissioner Frans Andriessen called for renewed impetus in the Uruguay round this week saying that the critical point of no return had been reached beyond which the political credibility of the world was at stake. He called for a final effort to be made on finding a basis for agreement between the EC and the United States by the GATT summit on 22 April.

R&D policy shift. The Commission adopted on Wednesday a proposal redirecting Community research and development policy to take on board new commitments voiced in the Maastricht treaties to increase the competitiveness of EC industry. The EC invests only 2.1% of GDP in R&D in comparison to 3.5% by Japan. The policy has three key areas: an increase in research in priority technologies such as micro-electronics, which can provide substantial benefits to most industries; greater Community-wide financial support up from £1.7bn this year to £2.9bn in 1992; and EC cooperation in "big science" projects.

Conference & Diary Dates.

The London Europe Society - The Lord Mayor will speak on "The City & Europe" at a luncheon at St Ermin's Hotel, Caxton St., London SW1 on 16 April. Contact Mrs Dora Prag on 043 871 2999.

The Single Market & Further and Secondary Education - A conference for college/university heads and LEA managers examines the mutual recognition of qualifications and challenges facing young people in the single market. Bradford University 29-30 April, contact Pat Rhodes on 0274 733466 Ext. 3820.

Council Meetings:

Consumer Affairs	10 April	Luxembourg
Education	10-11 April	Funchal (Portugal)
Ecofin	13 April	Luxembourg

Our next briefing will be on 16 April at 11.30am