



COMMISSION
OF THE EUROPEAN
COMMUNITIES

Jean Monnet House
8 Storey's Gate London SW1P 3AT
Telephone: 071-973 1992
Fax: 071-973 1900

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THE WEEK IN EUROPE

Hard Road to Maastricht. Dutch Foreign Minister and current President of the Council Hans van den Broek said some progress had been made at the special conclave of EC Foreign Ministers meeting in Nordwijk Tuesday and Wednesday. UK Foreign Secretary Douglas Hurd, however, spoke of "hard pounding" at the meeting which was trying to piece together a final text for the discussions on European Political Union (EPU) to be put before the European Summit in Maastricht 9,10 December. Some of the participants had detected some movement towards consensus on allowing the European Parliament certain extra powers of veto over Community policy but there still exists disagreement in several areas, especially on such matters as Community competence in determining foreign and social policies. Hurd issued a public warning late last (Wednesday) night as the meeting concluded. Any reference in the draft to a federal goal for the Community was "not acceptable", he said. There were some round the table who believed in the integration of Europe under the Community as the only way to progress. "If they insist...there won't be an agreement" in Maastricht, Hurd added. The Dutch Presidency said there would have to be another conclave of foreign ministers in an attempt to reach agreement before the Heads of State and Government are asked to deal with the matter. Prime Minister Ruud Lubbers will visit all Member State capitals in the next week or so, trying to settle outstanding issues. The Commission were meeting today (Thursday) to discuss the results of the conclave.

Hopes of GATT settlement rise. US President George Bush and Community leaders, including Dutch Prime Minister Ruud Lubbers and Commission President Jacques Delors, met in The Hague on Saturday and said the EC and the US had moved closer to agreement on the sensitive issue of agricultural trade subsidies. A joint declaration after the talks was guardedly optimistic that a compromise might now be in sight which could relaunch the stalled GATT talks. "We are willing to show flexibility to bring this (Uruguay) Round to a successful conclusion by the end of this year ... the remaining gaps will not be easy to close but we are both committed to do so," it stated. Delors told a press conference that for the first time he was reasonably optimistic about the possibility of reaching an agreement and that a successful outcome of the talks was a very important signal to the world economy. Commission Vice-President Frans Andriessen added that he believed the chances of agreement had greatly improved. It is reported that the US may be ready to scale down the cuts in farm export subsidies it is seeking from the EC to somewhere near the cuts outlined in the Commission's plan for reform of the Common Agricultural Policy.

Sanctions on Yugoslavia. The EC ordered sanctions against Yugoslavia last Friday and said it will call on the United Nations Security Council to impose an oil embargo. EC Foreign Ministers, in emergency session at the NATO Summit in Rome, stopped short of dissolving the Community's peace conference, chaired by Lord Carrington. They warded off pressure for diplomatic recognition of breakaway Croatia and Slovenia, and refused to concede that the EC's drive for a comprehensive political settlement had failed. From Saturday, the EC's trade and cooperation agreement with Yugoslavia was suspended, Yugoslavia's textile exports to the EC limited and the Yugoslav Federation dropped from the EC's list of beneficiaries from the general system of preferences. As we go to press Lord Carrington was making a last minute bid for peace. In a mission to Belgrade sanctioned by EC Foreign Ministers on Tuesday, he was exploring prospects of intervention by an outside peace-keeping force after both Serbia and Croatia said they wanted one.

Duty-free lives on. Travellers within the EC will continue to be able to buy their duty-frees after 1992 under a plan agreed by Economic and Finance Ministers on Monday. They agreed allowances will not be phased out until July 1999. Differences on duty-free sales were the last obstacles to agreement on a transitional system for levying VAT on goods traded within the EC in the big market after 1992. Under the agreement VAT checks at borders will disappear on 1 January 1993. Ministers approved another measure ensuring that tax administrations continue to cooperate in monitoring intra-Community trade, and agreed that smaller businesses would be exempt from some administrative demands imposed by the transitional system which will last until the end of 1996. Member States still have to harmonise excise duties but they have reached political agreement that the minimum standard rate of VAT will be 15%. Existing zero rates will be maintained.

Loans to Romania and Bulgaria. Finance Ministers have decided to lend Romania and Bulgaria about £523m in balance of payments assistance without waiting for a matching loan from other members of the Group of 24 aid consortium. G24 representatives held their third meeting in Brussels on Monday with Ministers from Albania, Latvia, Lithuania and Estonia attending for the first time.

Animal testing. The EC, Japan and USA have committed themselves to reducing the need to use animals for testing medicinal products by eliminating duplicate testing. This was one of the results of the first International Conference on the Harmonisation of Animal Testing which took place in Brussels 5-7 November. It is calculated that the agreement would reduce tests of pharmaceutical products on animals by 30% with compensatory reductions in the numbers of animals used to test toxic substances in the Community and the USA and Japan.

Trade in wild fauna and flora. A proposed Council Regulation on the possession of and trade in specimens of wild fauna and flora deals not only with the implementation of the Convention on international Trade in Endangered Species of Wild Fauna and Flora (CITES) but contains a comprehensive set of provisions for addressing all aspects of the Community's internal and external wildlife trade. It provides for the possibility to list any species of wild fauna and flora in its Annexes in accordance with its conservation status and allows the Community to regulate and monitor trade in wild animals and plants at a level which corresponds to their protection needs. The new Regulation is to enter into force on 1 January 1993. Environment Commissioner Carlo Ripa di Meana said the proposed measures represented "the most advanced and progressive wildlife trade legislation in the world".

Higher Education after 1992. The Commission has just issued a discussion document, "Memorandum on Higher Education in the European Community", outlining the role which university and other higher education institutions should play in the development of the Community after 1992. It will be presented by Commissioner Vasso Papandreou to the Council of Education Ministers at their meeting on 25 November. The Memorandum forecasts a growing requirement for a European labour force with ever higher levels of knowledge and skills. It also foresees an increasingly important role for the higher education institutions in meeting these needs.

Green light for insurance deal. The Commission has given the go-ahead for a deal which gives joint control of the British Life Insurance Company Sun Life to the French group UAP and the South African Liberty Life who intend to combine their minority shareholding. These two groups will set up a new holding company to which they will each transfer their existing 27.7% shareholding. The planned operation constitutes a concentration which falls under the EC Merger Regulation.

Tobacco and health. EC Health Ministers have adopted a common position on health warnings on cigarette packs which strengthens the first labelling Directive of 1989. The measures include the introduction of a specific health warning as well as a general warning on all tobacco products; packs of rolling tobacco are to carry the same health warnings as cigarettes; cigars and pipe tobacco are to carry one of a common European list of health warnings; there is a new optimal warning - "smoking causes addiction", smokeless tobacco products will carry the general health warning "tobacco seriously damages health" plus the specific warning "causes cancer". The new measures should enter into force, if approved, by 31 December 1993. Ministers put off until a later date any discussion of proposals for a blanket ban on tobacco advertising.

Music in Moscow. Mutual respect and understanding among the peoples of Europe is the goal of a New Year's eve concert to be held in Moscow in the Kremlin and starring Placido Domingo. The concert has the European Commission as its patron.

Aid to the Philippines. The Commission is to open emergency aid credit of up to 500,000 ecus (£350,000) in favour of the victims of typhoon "Thelma" in the Philippines.

Conference and Diary Dates.

The making of monetary union in Europe. Lunchtime meeting to launch second in a series of annual reports by a panel of Research Fellows of the Centre for Economic Policy Research. Venue: Royal Society, 6 Carlton House Terrace, London SW1. Date: 20 November at 1.30pm. Speakers: Luigi Sparenta ("La Sapienza") and Colin Mayer (City University Business School). Details: Jennifer Jones on 071-930 2963.

European Citizenship. European Movement conference, Saturday 23 November at 11.00am, Church House, Dean's Yard, Westminster. Tickets available at the door - details Stephen Woodard 071 824 8388.

European Gala Evening. 26 November at the Cafe Royal (Pompadour & Louis Suite), Regent Street, London W1 organised by the London Europe Society and Le Club Europeen Francais. Guest speaker, the French Ambassador, HE M. Bernard Dorin. Details: Julie Birch on 0438 712999.

The European Ball. 29 November at Grosvenor House, Park Lane, London W1. A Christmas party with a difference. Enquiries to Mrs M G Ogilvie, Draycote House, Leamington, Hastings, Rugby, Warwickshire CV23 8DX. Fax: 0926-633154.

Agriculture Council	18-19 November	Brussels
Industry Council	18 November	Brussels
European Parliament Session	18-22 November	Strasbourg
Regional Policy Ministers, Informal	19 November	The Hague

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