



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

New Era for EC-Japan. Japan and the European Community have opened up a new era in their relations following a successful series of meetings in The Hague and Brussels. These were seen as an important stage in international relations bringing Japan into a more structured relationship with the Community like that established with the United States. Following the London Economic Summit, Japan's Prime Minister Toshiki Kaifu called in on Prime Minister Ruud Lubbers, Prime Minister of the Netherlands which currently holds the Community Presidency and Commission President Jacques Delors. The two sides agreed to inform and consult each other on major international issues and to co-ordinate political positions wherever appropriate. Annual meetings are to be held at Ministerial level and the six-monthly consultations among Foreign Ministers are to be intensified. Lubbers said both sides resolved to pursue their quest for equitable access to each other's markets. As for the question of Japanese car exports to the EC, Delors said contacts on the issue were going on in a good climate.

European Court overrules UK Act of Parliament. As we go to press, it has been reported from Luxembourg that the European Court of Justice has ruled that the UK's Merchant Shipping Act 1988 is in breach of EC laws. The case was referred to Luxembourg by the House of Lords who were considering a case brought against the 1988 Act by Spanish fishing firms. The Act states that 75% of directors and shareholders in companies operating fishing vessels in UK waters must be British.

Emergency aid for Albania. Shocked by evidence of hunger in Albania, the Commission is proposing a multi-million ecu emergency EC fund and medical aid programme plus an immediate 500,000 ecus (£350,000) to get help moving. The plan, which will be put to EC Ministers on Monday, follows a visit to the capital, Tirana, on Monday by Commission Vice-President Frans Andriessen. "This is a real emergency and there is a danger of truly mass hunger in Albania," he said. "Action must be taken very quickly indeed, by ourselves and by the rest of the international community." Andriessen added that he believed the transformation of the former Stalinist regime and progress to full democracy was "in all probability, irreversible now." To get aid to Albania as quickly as possible, the Commission will seek approval for an immediate shipment of 50,000 tonnes of surplus EC wheat. It is hoped another 100,000 tonnes will be provided by other European and Western countries. Although the provision of emergency humanitarian aid will be the immediate priority, the Commission is reported to be ready to begin discussions later this year on a trade and commercial co-operation agreement with Albania.

Tetra-Pak fined. The Commission has fined the Swiss-based packaging company Tetra-Pak 75m ecus (£52.5m) for abusing its dominant position in breach of Article 86 of the EEC Treaty. Following a complaint from Elopak, one of Tetra-Pak's main competitors, the Commission concluded that Tetra-Pak had carried out a deliberate policy aimed at eliminating actual or potential competitors in the aseptic and non-aseptic markets in machinery and cartons. Tetra-Pak's restrictive use of contracts enabled it to segment the European market and thereby charge prices which differed between Member States by up to about 300% for machines and up to about 50% for cartons. Evidence gathered during the Commission's enquiry also showed that, at least in Italy and the UK, Tetra-Pak sold its "Rex" non-aseptic products at a loss for a long time in order to eliminate competitors. Tetra-Pak have denied wrong doing and are reported to be preparing an appeal against the fine.

Transparency in the Public Sector. The European Commission has decided to introduce a new reporting system to identify when aid is present in financial flows between public authorities and publicly owned companies. Public companies in the manufacturing sector with an annual turnover exceeding 250 million ecus (£175m) will be required to submit annual reports to the Commission. Commission Vice-President Sir Leon Brittan, in charge of competition policy, said at a press conference yesterday, Wednesday, that between 100 and 150 of the EC's state owned companies could be involved. Between 1985 and 1990, he said, the Commission had discovered more than £3.5bn of state aid that had not been reported. More was probably given. The new procedure would re-assure companies where aid is eligible and put them straight quickly where it is not set, Sir Leon said.

Decision on Treuhandanstalt. Following discussion between Commission Vice-President Sir Leon Brittan and German Economics Minister Juergen Moellemann agreement in principle has been reached on a procedure which will enable the Commission to monitor the activities of the Treuhandanstalt (agency for privatisation in the former East Germany) and to decide on the compatibility of aid which may be involved in the privatisation process.

Insurance Committee. Welcoming the agreement reached on Monday in the Internal Market Council to establish an Insurance Committee, Sir Leon Brittan said the Banking Advisory Committee had fulfilled a tremendously important role in helping to shape and improve the working of the Community banking market. "My hope is that the Insurance Committee can fulfil a similar function for European insurance."

Aid OK for SABENA. The Commission has given the green light to the Belgian Government to inject up to £570m into the capital funds of the state owned airline SABENA. The Commission's agreement is strictly conditional on the Government's promise not to give any new state aid to the airline, not to give it preferential treatment, to continue with the airline's plans for restructuring and the changes the company's statutes. The aid is intended to restore the airline's viability while the search for a new partner continues after privatisation.

Pharmaceutical rules endorsed. Meeting in Brussels on Monday, EC Ministers approved a package of measures designed to narrow differences between drug labelling and selling practices in EC countries while still protecting consumers. Preliminary approval was given to texts in labelling, distribution and legal clarifications of both prescription and over-the-counter drugs. The proposals await final approval from the European Parliament. The Commission has also proposed a European agency to evaluate new medicines and a centralised system for approving them for the market.

Freight Regulation proposal. Commissioner Karel van Miert yesterday (Wednesday) proposed a draft Regulation to liberalise international road freight traffic in the Community. If adopted by the Council, the Regulation will create a Community transport licence which gives free access to the whole EC.

Isle of Man aid quizzed. The European Commission has asked the UK Government to draw the attention of the Isle of Man authorities to what is considered excessive state aid being given to the construction of fishing boats and the purchase and modernisation of second hand vessels. The Isle of Man is not part of the EC and therefore falls outside the scope of the Rome Treaty.

Beyond the Intergovernmental Conferences. European Union in the 1990s. A 61 page review of the prospects for EMU and EPU by William E. Paterson, Salvesen Professor of European Institutions, University of Edinburgh. Available from The Europa Institute, The University of Edinburgh, Old College, South Bridge, Edinburgh EH8 9YL. Tel: 031-650 2038. Fax: 031-662 0883.

"How the European Community makes law." A 6 page outline by MEP Bryan Cassidy, Conservative Spokesman on Industry in the European Parliament, demystifying Community terminology. Copies available free from The Stables, White Cliff Gardens, Blandford, Dorset DT11 7BU. Tel: 0258-452 420.

Lothian Foundation Press publications catalogue available from the Lothian Foundation, 1 Whitehall Place, London SW1A 2DA. Tel. 071 242 2959.

Conference and Diary Dates.

Second International Congress on Environmental Health organised by the Institute of Environmental Health Officers, Brighton 9-13 September. Details: Hilary King or Amanda Blackburn, 071 928 6006, or 071 928 5586.

General Affairs Council	29-30 July	Brussels
ECO/FIN Council	9 September	Brussels
European Parliament Session	9-13 September	Strasbourg
Informal Internal Market Council	13-14 September	Amsterdam
Informal ECO/FIN Council	21-22 September	Apeldoorn
Agriculture Council	23-24 September	Brussels
Informal Social Affairs	23-24 September	Ootmarsum

We are now taking our customary summer break. The next Briefing and issue of The Week in Europe will be on Thursday, 5 September, at 11.30 a.m.