



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

Gatt on the brink. The Uruguay round of talks in Brussels on renewing the General Agreement on Tariffs and Trade (GATT) were said to be in imminent danger of breaking down as we went to Press. Ministers from more than 100 countries, taking part in the talks which have been going on for four years, reached deadlock yesterday (Wednesday) over the contentious issue of farm subsidies. The European Community is under intense pressure to improve on its commitment to a 30% cut in farm subsidies. Community spokesmen have been emphasising the need for a more global approach to the talks which also include opening up international trade in services and textiles. Emergency meetings of European Farm and Industry Ministers have been held in the past few hours. Hopes of avoiding a complete breakdown of the talks have also centred on the meeting in Paris between President Francois Mitterrand and Chancellor Kohl, who became the first all-German Chancellor for 58 years following his CDU/CSU party's win in the General Elections at the weekend.

EC poised to send USSR emergency aid. EC Finance Ministers are to hold an emergency meeting on Monday to discuss the question of aid to Moscow as the economic situation in the Soviet Union deteriorates. Soviet Deputy Foreign Minister Yuri Kvitsinsky flew to Brussels on Monday for a two hour meeting with Commission President Jacques Delors, in which he appealed directly for emergency assistance, including food and medical supplies, for his country. It is understood that the EC is ready to ship emergency supplies of food to the Soviet Union providing it gets guarantees from the authorities in Moscow that it will be distributed directly to those in greatest need. EC Foreign Ministers, meeting in Brussels on Tuesday, have also given their conditional backing to plans by the Commission which will involve sending food directly to Soviet orphanages, hospitals and organisations looking after the poor and the elderly. Speaking after the meeting Delors revealed that he had discussed an emergency economic aid package for the Soviet Union, with the Director-General of the International Monetary Fund, Michel Camdessus, in Brussels last Monday night. This includes step-by-step convertibility of the Soviet rouble, as well as additional emergency aid for the crisis-hit economies of Central and Eastern Europe. A delegation of IMF, World Bank, and EC officials fly to Moscow this coming weekend for talks with the Soviet authorities before the European Council summit in Rome on 14-15 December. The EC Foreign Ministers also discussed the growing threat of mass immigration to the EC by Russians and migrant workers from Central and Eastern Europe.

UK seeks EMU compromise deal. Making his debut as UK Chancellor on the European stage at an informal meeting of EC Finance Ministers in Italy at the weekend, Norman Lamont signalled the UK's willingness to work as closely as possible with its partners and said he believed a compromise on EMU could be found at the InterGovernmental Conference in Rome in two weeks' time. Meanwhile, the EC Finance Ministers gave a generally warm welcome to a report, drawn up by EC central bankers and presented by Karl-Otto Poehl, Bundesbank President, setting out the detailed constitution of the proposed Central Bank.

Commission proposal on money laundering. EC Finance Ministers have continued their examination of two Commission proposals, on money laundering and on investment services, to which they will return on 17 December. The Money Laundering Directive will introduce into Community law an obligation on banks and other financial institutions to inform the authorities when they suspect that money laundering is taking place. Certain details still have to be ironed out. The Investment Services Directive moved closer to agreement with new proposals from the Commission concerning the issues of regulated markets and reporting of trades in off-market business.

Block exemption for air transport. The Commission has agreed to three group exemptions for air transport under the competition rules of the Treaty of Rome. These cover planning and coordination of capacity, consultations on passenger tariffs and cargo rates, and slot allocations at airports; computer reservation systems; and ground handling. The Commission's aim is to allow air transport companies to work together to improve services to the public while at the same time ensuring competition and access to the market for new entrants.

European Works Councils. The Commission, represented by Vasso Papandreou, has launched its proposals for a Directive to set up European Works Council for companies who operate in more than one Member State and whose staff exceed 1000. The proposal forms part of the action programme of the Community Charter of the Social Rights of Workers adopted in December 1989 by all EC Heads of Government, except UK.

Annual Economic Report 1990. Presenting the report to the press on Wednesday, Commission Vice-President Henning Christophersen said EC GDP was estimated to have increased by about 3% in real terms. Forecasts for 1991 and 1992 are 2.25% and 2.5% respectively. Unemployment might show a slight increase.

EBRD President in Romania. Jacques Attali, President-designate of the European Bank for Reconstruction and Development, paid an official visit this week to Romania where he met President Ion Iliescu, Prime Minister Petre Roman and Foreign Affairs Minister Adrian Nastase.

Commission proposes "ecological label". Commissioner Carlo Ripa di Meana, responsible for environmental matters, last week launched a Commission proposal for an EC-wide "ecological label" for environmentally friendly products. The principles of the proposal had been adopted by the Commission on 28 November. The preparatory work on this proposal was carried out by the new European Environment Agency. Ripa di Meana told journalists that for the moment food and drink products would be excluded from the scheme which, however, would be revised after a five year period.

EIB loan for British Airways. The European Investment Bank is providing \$90m towards the purchase of new aircraft for the re-equipment of British Airways' fleet. The loan is part of an overall \$200m EIB credit facility agreed with BA. The money is for the acquisition of long-range Boeing 747-400 aircraft which form a major component in BA's overall 1990-95 programme to re-equip and expand its fleet. This loan brings to £1bn the total of EIB finance for investment in the UK so far this year.

Channel Tunnel breakthrough. Commenting on the Channel Tunnel breakthrough last week, Transport Commissioner Karel Van Miert said we should recall that such a project would never have seen the light of day without a Community dimension, "even if only because of the technical and financial resources required to complete it". He said the European Investment Bank as well as private banking consortia had contributed. The European Coal and Steel Community was also currently considering practical ways of mobilising financial resources to enable work to continue. Other EC involvement, he added, included Community help with financing the preliminary studies which demonstrated the feasibility and Community interest of the project as early as 1979. The Community had also provided 55m ecus (£38m) to finance road and rail infrastructure works associated with the tunnel in the UK and on the Continent. At the request of the European Parliament a study on the general impact of the tunnel is being conducted under Commission auspices and is expected to report in mid- 1991.

ICI cleared. The Commission has completed its examination of ICI's acquisition of Cookson's 50% shareholding in Tioxide Group PLC. Now the Commission has given the green light to this concentration in the titanium dioxide market. Under the deal, ICI will be acquiring the whole of the share capital of Tioxide. Tioxide is the second largest manufacturer of titanium pigments in the world, and the largest in Europe.

"The European Community 1991/92" is the essential guide to what's what and who's who in the EC. Its raison d'être is to give those with a need to know, an accessible route to all the information they require, in 500 straightforward pages. Third edition. Authors- Brian Morris, Klaus Boehm and Maurice Geller. Price £50.00. ISBN 0-333-39838-6.

A European MBA in International Business is again being offered at Oxford by EAP European School of Management. The current two year part-time course is truly multinational in students, faculty and content. The next starts in September 1991, running for one week every two months. Brochures and application forms from EAP, 12 Merton Street, Oxford. OX1 4JH.

Diary Dates

European Council	14-15 December	Rome
IGC's on EMU and EPU	15 December	Rome
ECO/FIN Council	17 December	Brussels
Transport Council	17-18 December	Brussels
General Affairs Council	18 December	Brussels

Our next briefing will be on Thursday, 13 December at 11.30 am.