



COMMISSION
OF THE EUROPEAN
COMMUNITIES

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THE WEEK IN EUROPE

"New Spirit of compromise" over GATT talks. Hopes that the Uruguay Round of trade liberalisation talks under the auspices of the General Agreement on Tariffs and Trade (GATT) will conclude successfully rose on Tuesday after Commission Vice-President Frans Andriessen, responsible for external affairs, said there was a "new spirit of compromise" surrounding the negotiations. Speaking in Paris at the annual meeting of the Organisation for Economic Cooperation and Development (OECD), Andriessen said the meeting had been marked by a fresh determination to ensure the success of the four-year Uruguay round. "My impression is that it is serious", he said. "We are all convinced there is a very narrow time frame. We have to finish the round before the end of the year." Andriessen added that proposals being drawn up by GATT's Director-General, Arthur Dunkel, would create a new political momentum for the negotiations and that the European Community (EC) was prepared to discuss specific cuts in the three main areas of agricultural protection - export subsidies, support for farmers' incomes and market access. He also said the EC would start work on reforming its Common Agricultural Policy around the same time. Andriessen's comments came as the OECD released new figures showing that the cost of subsidising farmers in its 24 member countries rose by 12% to a record \$299bn. Although Andriessen warned against hopes of a breakthrough in the GATT talks before the Summer break, he did not exclude some political discussion on the GATT round by August. Meanwhile, the OECD has warned that the collapse of the Uruguay Round would have potentially serious consequences and that the cost of farm support would continue to grow unless the market was given a bigger role in setting world prices.

Competition in the banking sector. Commission Vice-President Sir Leon Brittan, responsible for competition and financial services, yesterday (Wednesday) announced a further step to accelerate the application of the Community's competition rules to the banking sector. He said he had instructed the Commission to send formal letters requesting information to each of the national banking associations, and in some cases to other associations of credit institutions, within the Community. These letters request up-to-date information on any existing interbank agreements concerning the setting of interest rates.

EC tobacco ban put in doubt. Meeting in Luxembourg on Tuesday Health Ministers from four EC countries raised doubts about draft legislation which would ban almost all direct and indirect tobacco advertising. Ministers from these four countries - Germany, Denmark, the UK and the Netherlands - told Commissioner Vasso Papandreou they would prefer to restrict publicity from tobacco products by a system of voluntary agreements between governments and industry.

VAT compromise. "Significant progress" in negotiations to reach an outline agreement on minimum VAT rates in the EC was claimed by EC Finance Ministers meeting in Luxembourg on Monday. Although no final agreement on the new tax regime will be reached until next week, there was qualified optimism that a deal might finally be in sight. All the EC Finance Ministers, with the exception of the UK, agreed on a 15% minimum standard rate of Value Added Tax for the Community from 1 January 1993. At present standard VAT rates in the EC vary widely from 12% in Luxembourg and Spain to 22% in Denmark. However, the crucial decision will only come when the Council has to adopt a formal legal regulation giving effect to the agreement on VAT. This is unlikely before next winter.

New HDTV strategy in the offing. Meeting in Luxembourg on Tuesday, EC Telecommunications Ministers were presented outline proposals for a new High Definition Television (HDTV) strategy by Commission Vice-President Filippo Maria Pandolfi, responsible for technology. The eventual objective is a single European HDTV standard, HD-Mac, broadcast to homes with wide-format TV screens. Pandolfi has also allayed satellite operators fears by saying that the Commission would not force existing services to give up currently-used satellite standards in favour of a new HDTV norm. This means British Sky Broadcasting (BSky B) has been granted a reprieve. However, satellite operators will receive incentives to broadcast simultaneously in the old standard and using the preferred intermediate HDTV norm, known as D2-Mac.

Anti-dumping Report. The Commission has just adopted the ninth Anti-dumping and Anti-subsidy Report for 1990. The report produces comparative figures for action taken over the last five years as well as a resumé of activities in the period 1981-90.

Aid for Yugoslavia. After chairing a discussion of EC Foreign Ministers on Monday, Jacques Poos of Luxembourg said support for a programme of aid to Yugoslavia would depend on Yugoslavia's rotating Presidency functioning again; on dialogue between the country's nationalities; an improvement on minorities rights; and backing for Prime Minister Ante Markovic's economic programme. The meeting follows last week's visit to Belgrade by Commission President Jacques Delors. Yugoslavia now conducts 53% of its total trade with the Community.

Finnish markka pegged to ecu. From Friday Finland's currency, the markka, is to be pegged to the ecu. The move is designed to integrate the economy more firmly with Western Europe and follows last month's pegging of the Swedish krona to the ecu and similar action by Norway last October. The decision was welcomed by Commission President Jacques Delors and Commission Vice-President Henning Christophersen.

Brittan on postal services. Commission Vice-President Sir Leon Brittan has pledged to bring competition to international postal services. Addressing the World Express Freight and Distribution Conference in Amsterdam on Tuesday, Sir Leon committed himself to the full liberalisation of international and express postal services. He said: "I believe that the absolute minimum of domestic services should be reserved for monopoly providers". Concerning cross-border mail between Member States, he said this must be consistent with the need for free and competitive circulation of goods and services. "Anything short of full liberalisation would effectively mean approving the extension of local monopoly power to cross-border services", he added.

Commission - Milk Marketing Board. The Commission has very recently despatched a letter of formal notice to the UK Government under Article 169 of the EEC Treaty in which the Commission takes the view that the UK Government has failed to fulfil its Community obligations in relation to the Milk Marketing Boards. The letter alleges that the UK Government has not taken adequate measures to ensure that the Boards do not exceed the exclusive purchase rights granted to them under community regulations. In addition to failing to supervise and control the actions of the Boards it is alleged that the UK Government has in practice failed to prevent the Milk Marketing Boards from restricting the possibilities allowed by Community law for milk producers to legally process their milk and market the milk products made from it, including skimmed and semi-skimmed milk and cream, outside the exclusive rights of the Boards.

Aid for Palestinians. The Commission has decided to grant the Palestinian populations on the West Bank and Gaza Strip a non-reimbursable aid valued at 10m ecus (£7m).

Open UAP European Community Yacht Race. For the fourth time the Open UAP - European Community Yacht Race - will include the UK in its itinerary around the European Community, having Torbay as its stopover on 10, 11 and 12 June. There are seven entries in the multihulls and four in the monohulls yacht race from five different countries. For further information contact Tim Whitehead or Debbie Peers, Torbay Tourist Board on 0803 296296.

Conference and Diary Dates

European Takeovers and Mergers Policy. Seminar at the Senate, Palais de Luxembourg, Paris on 20 June. For more information contact Anthony Pearce, Access, Parliamentary Public Affairs, Queen Elizabeth Conference Centre, Westminster, London SW1P 3EG. Tel: 071-798 4965.

EUW - European Women Achievement Luncheon - 2 July at Park Lane Hotel, London. Speakers include the Rt Hon Christopher Patten MP and Dr Anne Robinson, Institute of Directors. Nominations by 17 June. Further details from Rosemary Pockley, 21 Anker Lane, Fareham, Herts PO14 3HE. Tel: 0329 663619. Fax: 0329-66330.

Social Europe: a Community for People is the title of a national one-day conference on the social dimension of the Single Market, which focuses on employment and training issues. The conference is in Leeds on 5 July and speakers include Christine Crawley MEP, Chair of the Women's Rights Committee of the European Parliament. Further information from Lisa Morris or Carolyn Booth on 0532-355567 or Kathleen Roberts on 0532-474342.

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| ECO/FIN Council | 10 June | Luxembourg |
| European Parliament Session | 10-14 June | Strasbourg |
| Environment Council | 13-14 June | Luxembourg |
| Trevi meeting (Immigration) | 13-14 June | Luxembourg |

Our next briefing will take place on Thursday, 13 June at 11.30am.