



COMMISSION
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COMMUNITIES

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WE/21/91
30 May 1991

THE WEEK IN EUROPE

EC increases famine relief to Africa. Meeting in Brussels on Monday, European Community Development Ministers pledged additional shipments of food to famine-stricken Africa amid growing concern over difficulties in distributing hundreds of thousands of tonnes of EC aid which starts arriving in the next six weeks. In addition, Lynda Chalker, UK Overseas Aid Minister announced Britain was sending an additional 60,000 tonnes in food aid to Africa. When this and pledges by other countries were totalled, the EC said Community countries would have exceeded their target of 200,000 tonnes in bilateral food aid. This is to be granted in addition to 400,000 tonnes of aid decided last month and financed by the EC budget. Commission Vice-President Manuel Marin, responsible for Development, called for a greater effort by EC countries. He expressed fears that the infrastructure in African countries was unable to cope with aid distribution. He also hinted the EC might have to ask for military support to distribute the food. Marin added that distributing the food aid would be a "gigantic operation" to ensure the success of which it might be necessary to have "a force" to assist non-governmental organisations.

Delors urges Japan to open its markets. Speaking in Tokyo at the end of his three day visit to Japan, Commission President Jacques Delors urged his hosts to reform internal barriers to foreign trade and investment. He said the most important thing now was the hard core of the Japanese system: structural barriers - whether it be the distribution system or the closed nature of industrial groupings; barriers stifling the propensity to consume and import; and tight control over the domestic market as a basis for controlling external markets. He went on: "We cannot be satisfied with declarations of good intent in all these areas. The only way of getting to the root of Japanese over-competitiveness is through broadening our approach." Delors also made it clear he expected Japan to cut its surplus with the EC. He suggested that European companies faced being dependent on Japan because they could not enter the Japanese economy as well as Japanese companies could enter Europe, adding that we must not forget that the ratio between Community investment in Japan and Japanese investment in Europe is somewhere in the region of one to 17. Delors reinforced these statements on his return from Japan when he said he would advise Member States not to sign a joint declaration requested by Japan to mark EC acceptance of its trading status unless clear commitments were given.

Food aid terms for USSR agreed. At a meeting of the EC-Soviet joint committee in Brussels last week, terms were finally agreed on the delivery of 250m ecus (£172.5m) worth of free food to the poor and needy in the Soviet Union. The meeting also discussed progress towards economic reforms which Soviet officials hope could unlock further amounts of aid from the West. Ernest Obminsky, Deputy Foreign Minister and leader of the Soviet delegation, said he thought most of the members of the Group of Seven industrialised countries favoured inviting President Mikhail Gorbachev to their July Summit, at which aid to the Soviet Union will be discussed. However, EC officials pressed their Soviet counterparts on the country's payments arrears, including £120m owed to UK companies. For his part Obminsky acknowledged Western aid depended crucially on political stability in the Soviet Union. The EC is to start delivering in July, through charity organisations, a first delivery of 80,000 tonnes of food, worth 215m ecus, to a list of hospitals, orphanages, kindergartens and old people's homes provided by Moscow. A further 12,700 tonnes of food aid, worth 35m ecus, will go later.

Farm Ministers reach pricing agreement. At the eleventh hour last Friday evening in Brussels, EC Agriculture Ministers reached a pricing agreement for this year with which both the Ministers and the Commission could live. The Commission, for its part, upheld its position that this year's price package must stay within the ceiling of 32.5bn ecus (£22.75bn). This insistence had dominated three previous Farm Councils and one EC Finance Ministers meeting. On the other hand, the Commission considerably reduced the cuts it proposed on 27 February. The main concessions were on cereals with the co-responsibility levy to rise from 3% to 5% with farmers, who take 15% of their land out of production for a year, being exempt from this production tax; on beef where the Commission dropped its plan to abolish the "safety net"; on oilseed where prices will be cut by 1.5% instead of 3%; and on tobacco where the average cut in subsidy will be about 6%. These modifications amount to significant concessions to the EC's farm

constituencies and are estimated to cost an extra 800m ecus which will be funded from savings on export subsidies as a result of the strengthening dollar, from slowing down payments and from management economies.

Delors in Yugoslavia. Commission President Jacques Delors and Jacques Santer, Prime Minister of Luxembourg which holds the EC Presidency, yesterday (Wednesday) began a delayed two-day visit to Belgrade. The trip had been postponed because of the complex political situation. Delors and Santer will see members of the Federal Presidency, as well as Ante Markovic, the Prime Minister, and leaders of the country's six Republics. The intention is to ensure that relations between Yugoslavia and the EC continue to develop. A new loan package of 807m ecus (£565m) over five years has been allocated.

EC strategic oil reserves urged. Antonio Cardoso e Cunha, Commissioner responsible for energy, said on Tuesday in Brussels that the EC should consider building up strategic oil stocks to help ensure price stability and security of supply at times of crisis. He believes such stocks should be "similar in size to the strategic petroleum reserve in the US" which stood at 586m barrels at the beginning of this year. Cardoso e Cunha said that the Community needed "a greater and more efficient system" of responding to a crisis consistent with the existing mechanisms of the International Energy Agency. He also said the Community should pursue plans to develop new oil fields, especially in the Soviet Union. Cardoso e Cunha visited the USSR earlier this month to discuss the European Energy Charter, aimed at helping the country exploit its energy resources.

Go-ahead for Tetra Pak. Tetra Pak, the Swiss packaging group, has been given the green light by the Commission for its bid for Alfa-Laval, the Swedish dairy and food processing equipment company. The bid has been in limbo since February. However, formal approval might not come until July. The inquiry into the bid, launched by the EC's merger-control task force in March, was the first investigation of a deal between two groups based outside the EC.

ERASMUS. The 1990 report on the activities of the ERASMUS programme, published by the Commission this week, show 2754 applications for Interuniversity Co-operation Programmes of which 1748 were accepted. There was a rise in the number of students with ERASMUS scholarships from 27,000 in 1989/90 to 44,000 in 1990/91.

Loan to Czechoslovakia. On Tuesday the Community and the Czech and Slovak Federal Republic signed an agreement providing a medium-term Community loan of 375m ecus (£262m) to Czechoslovakia. The contract was signed on behalf of Czechoslovakia by Finance Minister Vaclav Klaus and the President of the National Bank Josef Tosovsky. Vice-President Henning Christophersen and Commissioner Karel van Miert signed on behalf of the Commission.

EIB loan for Scottish factory expansion. The European Investment Bank is financing the expansion of a factory at Livingston producing wafers for the semi-conductor industry with a £6.25m loan. The finance goes to Shin-etsu Handotai Europe Ltd as part of a leasing arrangement through the SG Warburg Group.

EC-ASEAN meeting. The Foreign Minister of the Twelve are meeting their counterparts from the six ASEAN countries (Indonesia, Malaysia, Philippines, Singapore, Thailand and Brunei) in Luxembourg as we go to press. The meeting is the ninth Ministerial meeting between the EC and the ASEAN association. Similar meetings have taken place regularly every 18 months since 1978.

Boosting Europe's telecommunications. The future of Europe's telecommunications industry is a high-profile item on the agenda for a meeting of EC Ministers in Luxembourg on 3 June. The agenda for the Council will include the adaptation of a Directive about common rules for cordless telephones to be implemented by January 1992. The Council is also to approve a proposal by the Commission on moving to the second phase of the TEDIS (Trade Electronic Data Interchange System) programme.

"The ECU report" The Single European currency and what it means for you. By Michael Emerson and Christopher Huhne. Foreword by Commission President Jacques Delors. Price £6.99. Published by Pan Books. ISBN 0-330-32186-2

Conference: The Wealth of Nations 1991: Energy, Environment and Economy. A major conference co-sponsored by Ernst and Young in Edinburgh 13-15 June. Speakers include HE Sheikh Ahmed Zaki Yamani; Dr Subroto, Secretary General OPEC; the Rt Hon Malcolm Rifkind, Secretary of State for Transport, and Dr James Schlesinger, former Defence and Energy Secretary USA. Details from World Business Forum Ltd on 031-225 6979, or Michael Lynch-Bell on 071-931 3896.

Our next briefing will take place on Thursday, 6th June at 11.30am.