



TOGETHER IN EUROPE



EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE EUROPEAN UNION

ENTRY INTO FORCE OF EUROPE AGREEMENTS

1 February marks the entry into force of full Europe Agreements with the Czech Republic, Slovakia, Bulgaria and Romania. The entry into force of the Europe Agreements concluded with Poland and Hungary occurred exactly one year ago. This step has both symbolic and practical meaning. It is a formal confirmation of a process which started with the negotiations on the Europe Association Agreement, and which will eventually culminate in the accession of these countries into the European Union. It enables the parties to fully develop their political and economic cooperation in the context of their future membership.

The entry into force of the agreements allows the first formal meetings of the Association Councils to be held, which in turn will formally establish their own working bodies. This means an upgrading of the existing joint bodies and the establishment of new ones in those areas opened up by the full agreements. It appears that the first Association Council with the Czech Republic will be held in April, and with Slovakia in May. At the same time, meetings with Bulgaria and Romania will also take place.

The Interim Agreements covered trade and trade related matters and had important asymmetric time schedules for the abolishment of tariff and quantitative restrictions. These were improved twice unilaterally by the EU. Formally speaking, both the Czech Republic and Slovakia were to introduce by end of 1994 competition rules and define the position of public undertakings and undertakings with special or exclusive rights. The preparatory and drafting work has significantly advanced in this field in all the associated countries, and will be further strengthened soon by the adoption of the White Paper.

The full Europe Agreements also mean the beginning of specific time-tables. For the four countries it means access to public procurement contracts in the EU in the same way as for EU companies. On the other hand this is also a start of the transition period which will end after the year 2000, at which stage the EU companies will also gain access to public procurement contracts in the four countries. The companies from the four countries may now also establish themselves in the EU under same conditions as EU companies, while EU companies will be able to establish themselves in the four countries under specific time schedules which vary for individual sectors. Cross-border services and transfer of capital will be gradually liberalized. ■

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GOOD FINISH FOR STABILITY PACT CONFERENCE

The Final Conference of Stability Pact will be held in Paris on March 20-21. There are certain indications that the exercise in preventive diplomacy launched by French Premier Balladur in 1993 may meet with success, even if Mr. Lamassoure said in the European Parliament on January 25 that "it is too early to say whether this exercise will be a complete success". Two rounds of regional Round Table discussions have already been held. Significant progress has been reported in discussions between Hungary and Slovakia. This was confirmed during the visit to Brussels of the Slovak Prime Minister Meciar, as well as by his meeting in Budapest. It is expected that these two countries will be able to sign their bilateral agreement around the time of the Final Paris Conference. On the other hand new problems have appeared in the discussions between Hungary and Romania.

Premier Meciar assured the President of the European Parliament, that Slovakia would respect all the obligations incumbent upon candidate countries and offered assurances concerning respect for human rights. The problem of Hungarian minorities in Slovakia would be solved in close cooperation with Hungarian authorities and with the Hungarian minorities themselves. The initial outcome of the Baltic round table discussions was initially rather discouraging, but the Russians changed their attitude in December, and there are now strong hopes for good results from the talks. All these bilateral results would be merged into the single document in Paris. The Commission will also present a report on implementation of the new instrument for regional cooperation and neighborliness. ■

IMPORTANT FUNDS TO DEVELOP BORDER COOPERATION BETWEEN BULGARIA, ALBANIA AND GREECE

The European Commission approved the granting of ECU 310 million under the INTERREG initiative to develop cooperation in border areas between Greece, Bulgaria and Albania. The money will be provided from the EU's Structural Funds (ERDF, ESF, EGF). The program to develop border areas between these three countries is worth a total of over 490 million ECU and extends over the period starting in November 1994 and until December 1999. Actions concerning the projects in Bulgaria and Albania will be financed from the PHARE programme. The three countries have detailed the actions in cross-border cooperation protocols agreed upon by their respective authorities. Greece declared that in addition, it is ready to develop cross-border cooperation with other neighbors (in particular with Macedonia), "as soon as the political situation allows this". The large part of cross-border cooperation concerns the development of transport infrastructure, then telecommunications and energy transport facilities (projects considered under the Trans-European networks proposals). But there shall be also an intensive cooperation in industry, tourism, environment, agriculture, human development, local administration and local development. ■

COMMISSION NOMINATES HEAD OF NEW DELEGATION IN SLOVAKIA

The European Commission appointed on January 9 1995, Mr. Georgis S. Zavvos as the head of the new Commission Delegation in Bratislava (Slovakia). Ambassador G. Zavvos is a former member of the European Parliament (April 1990-June 1994) and was a member of the EP's EPP Group (European People's Party) for Greece. As an MEP, Mr. Zavvos was a member of the European Parliament's Delegation for relations with the newly independent states of the ex-USSR and was also a member of the EPP Group for Central and Eastern Europe.

Before his election to the European Parliament Mr. Zavvos was an official in the European Commission working for the DG XV (Directorate General for Financial Institutions and Company Law). Mr. Zavvos was, among other functions, responsible for drafting the "Second Banking Directive" during the 1980s. Mr. Zavvos is a lawyer by training and was post-graduate student at the College of Europe Bruges, Belgium. In 1988 he was Visiting Scholar at Harvard Law School. He authored a book on "The Banking Policy of the EC for 1992" in 1989 and published a number of articles on various European issues. ■

PRE-ACCESSION AGRICULTURAL POLICIES FOR ASSOCIATED COUNTRIES AND THE EU

The expected high costs of extending the EU common agricultural policy (CAP) to potential new member countries from central and eastern Europe are generally considered to be one of the principal obstacles to the next enlargement. The European Commission has been requested by the Essen Summit to submit during the second half of 1995 a comprehensive study on alternative strategies for the development of relations in the area of agriculture with a view to accession.

On 16 January, the European Commission presented four extensive studies on "pre-accession agricultural policies" which show that previously suggested costs of bringing the associated countries into the CAP were unreasonable, and that the costs could be significantly lower. The studies suggest that the integration of the associated countries into CAP is possible, but that reform is necessary on both sides. The studies draw attention to the need for an additional reform of the EU's CAP in particular in the sense of reducing support prices in the European Union.

The studies were prepared by British, German, French and Italian specialists and each was assisted by several other experts of different nationalities.

The four studies do not really support the principal conclusions of a different study prepared in June 1994 by the former French Agricultural Minister, Mr. Henri Nallet and Dutch Agri-industry executive Mr. van Stolk. This study advocated an early adoption by the associated countries of minimum guaranteed prices, but at a lower level than EU prices, as the way of convergence and also preservation of the associated countries agriculture (see Together in Europe No. 52, pp. 2-4).

Readers need to take into account that:

- the four studies while commissioned by the Commission,

were prepared by independent experts and do not reflect the Commission's position.

- the four studies were commissioned by the DG I of the Commission (external relations under Commissioner Sir Leon Brittan) and not by the DG VI (Agriculture).

- A spokesman for DG VI took a rather skeptical position on the four studies: they have been prepared by academics who do not have a proper "feeling" about the agricultural situation in the associated countries, nor about the real functioning of the CAP. Thus they may perhaps represent an opinion of DG I of the Commission, but certainly not DG VI. The study which will be undertaken by DG VI this year will be different. The spokesman for DG VI then suggested that **one of the points in which the four studies went wrong is that they have over-estimated the costs of integrating the agriculture of the associated countries into CAP.** DG VI preliminary estimation of the costs are considerably lower.

- the comments of DG VI were made recently under the auspices of Commissioner Steichen. The eventual position of the new Commissioner for Agriculture, Mr. Franz Fischler may only be estimated from his declaration to the European Parliament: "agriculture will be an important issue in next enlargement negotiations, the EU must have more realistic expectations on how the agriculture of

CEEC could be integrated into CAP. It is not simply a question of rising their prices to our level, or bringing our prices down".

While the conclusions of each of the study differ, they nevertheless agree that a further CAP reform is necessary.

Evaluation of the costs:

The costs indicated by individual experts differ broadly and are in the range of Ecu13.5bn to Ecu32bn per year. Readers shall note that the current CAP spending for 1995 is some Ecu38bn. The lowest cost estimate was presented by the French expert Mr. L.P. Mahé (Ecu13.5bn).

The spokesman for the DG VI suggested that real costs if the integration of the associated countries into CAP occurred, would be substantially lower. It considers the likely annual costs to be somewhere between Ecu4 to Ecu5bn per year. This is rather marginal when compared to the current CAP and expected future CAP spending. According to the DG VI spokesman, this low estimate reflects the real positive results of the CAP reform and the future impact of the Uruguay Round obligations on both CAP and the agriculture of the associated countries. It seems that the conclusion drawn so far by DG VI is that the scope of the started reform of the CAP is sufficient and that the agriculture of the associated countries could eventually be integrated into the CAP without its further reform and at acceptable costs. It was suggested that the problem of the next enlargement is not likely to be in the field of agriculture, but rather in the area of structural funds.

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EU EXPORTS TO POLAND 1991-June 1994 '000ECUs (expp94)

	1991	1992	1993	I-VI 1994	Growth I-VI-94/ I-VI-93
1 Live animals; animal products	227895	157200	182807	153945	122.2
2 Vegetable products	209925	253543	411452	162896	-41.0
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	43838	77059	76185	49221	52.3
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	514245	436222	414419	208462	4.2
5 Mineral products	343403	498779	454362	157584	-32.7
6 Products of the chemical or allied industries	733925	889851	1088068	591922	3.2
7 Plastics & articles thereof; rubber & articles thereof	306613	416820	565765	337075	21.4
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut	62841	80895	89929	58980	45.5
9 Wood, articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work	17508	22451	31435	17609	17.2
10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof	198808	263983	325792	169172	9.3
11 Textiles & textile articles	773082	943437	1202603	693061	22.9
12 Foot/head wear, umbrellas, walking sticks, whips, riding crops; prepared feathers, articles made therewith; artificial flowers; articles of human hair	87040	51203	51334	30788	12.2
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	114024	14619	182389	97152	12.2
14 Natural or cultured pearls, precious/semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	15177	20541	17929	7618	-3.6
15 Base metals & articles of base metals	365887	452840	557214	277476	-0.9
16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles	1883622	2067281	2400917	1236932	1.7
17 Vehicles, aircraft vessels & associated transport equipment	1278749	721345	1051238	538047	-21.1
18 Optical, photographic, cinematographic, measuring, precision, medical/surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	228671	209056	285413	135933	-14.2
19 Arms & ammunition; parts & accessories thereof	3277	2953	2052	454	-70.7
20 Miscellaneous manufactured articles	176974	182549	196257	108938	13.1
21 Works of art, collectors' pieces & antiques	3413	7711	2554	1538	0.1
22 Not classified elsewhere	286418	382983	282393	132885	-1.4
TOTALS	7875335	8153321	9872507	5167688	0.7

EU IMPORTS FROM POLAND 1990-June 1994 '000ECUs (impp94)

	1991	1992	1993	I-VI 1994	Growth I-VI-94/ I-VI-93
1 Live animals; animal products	456273	436526	358445	179575	24.0
2 Vegetable products	382258	273806	248815	107790	18.0
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	20618	19154	13214	4489	-41.8
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	221151	222108	195120	95363	27.5
5 Mineral products	714271	705416	762750	396424	21.2
6 Products of the chemical or allied industries	436139	397513	315212	194413	11.8
7 Plastics & articles thereof; rubber & articles thereof	166827	184010	189666	110856	22.4
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut	77130	104446	96154	44180	-5.9
9 Wood, articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work	287389	384283	425617	274154	28.2
10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof	67180	98020	92239	62317	33.9
11 Textiles & textile articles	865835	1113607	1382797	759195	20.4
12 Foot/head wear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair	113589	124957	115562	52164	-17.9
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	123292	127847	129532	79123	29.9
14 Natural or cultured pearls, precious/semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	28660	30382	45630	53975	220.7
15 Base metals & articles of base metals	1078156	1338479	1036096	668613	38.3
16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles	433037	483656	583881	371556	35.4
17 Vehicles, aircraft vessels & associated transport equipment	183563	405011	796997	367925	-17.5
18 Optical, photographic, cinematographic, measuring, precision, medical/surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	28876	33379	37236	21165	22.0
19 Arms & ammunition; parts & accessories thereof	593	319	521	303	25.2
20 Miscellaneous manufactured articles	324923	418878	549388	333072	30.9
21 Works of art, collectors' pieces & antiques	1984	3281	5238	1457	-33.1
22 Not classified elsewhere	199950	173383	185933	108070	35.7
TOTALS	6211694	7078461	7566043	4286179	20.8

EU EXPORTS TO HUNGARY 1991-June 1994 '000ECUs (exph94)

	1991	1992	1993	I-VI 1994	Growth I-VI-94/ I-VI-93
1 Live animals; animal products	12832	31691	62129	37851	64.0
2 Vegetable products	52196	64571	88151	69207	38.7
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	7756	10982	12042	6825	3.8
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	79705	121414	176941	105892	26.8
5 Mineral products	46395	27498	29482	25911	64.4
6 Products of the chemical or allied industries	408822	455431	542234	341084	18.3
7 Plastics & articles thereof; rubber & articles thereof	150733	183376	228568	135720	24.0
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut	98172	103076	114291	70949	28.6
9 Wood, articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work	28239	13683	18633	10529	29.5
10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof	94245	111227	133227	84869	37.7
11 Textiles & textile articles	459042	553748	602271	333657	13.8
12 Foot/head wear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair	66569	77514	84179	54507	35.7
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	60482	68425	90822	57687	43.5
14 Natural or cultured pearls, precious/semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	15625	16155	13910	7445	17.8
15 Base metals & articles of base metals	226971	235204	319803	174376	9.5
16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles	989363	1090888	1360572	787917	27.6
17 Vehicles, aircraft vessels & associated transport equipment	341614	490099	616720	397640	37.3
18 Optical, photographic, cinematographic, measuring, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	123891	144424	159372	85542	19.7
19 Arms & ammunition; parts & accessories thereof	605	1006	1968	1233	-2.7
20 Miscellaneous manufactured articles	87271	144430	159948	92787	25.2
21 Works of art, collectors' pieces & antiques	8801	2451	3234	950	-54.5
22 Not classified elsewhere	126042	113154	125935	56463	-8.9
TOTALS	3485371	4060447	4944432	2939041	24.6

EU IMPORTS FROM HUNGARY 1991-June 1994 '000ECUs (imph94)

	1991	1992	1993	I-VI 1994	Growth I-VI-94/ I-VI-93
1 Live animals; animal products	433439	398122	344202	157453	23.3
2 Vegetable products	235581	205530	193285	75500	-1.9
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	16404	13094	10873	5488	36.3
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	234213	213841	166947	84346	6.8
5 Mineral products	92877	70372	72982	31894	-11.7
6 Products of the chemical or allied industries	223132	221242	209621	106851	0.0
7 Plastics & articles thereof; rubber & articles thereof	196734	241073	213348	117443	7.8
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut	68586	76854	63406	36133	26.8
9 Wood, articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work	103869	108957	88346	50216	7.1
10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof	36522	45762	39741	22817	18.1
11 Textiles & textile articles	554441	657397	696337	370783	12.7
12 Foot/head wear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair	133558	171285	166769	83473	6.8
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	83464	91729	97213	47140	-3.3
14 Natural or cultured pearls, precious/semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	10329	6493	5737	3463	103.3
15 Base metals & articles of base metals	358932	412761	383449	264873	53.9
16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles	542660	654713	804170	529530	44.1
17 Vehicles, aircraft vessels & associated transport equipment	81567	128768	125893	68530	5.4
18 Optical, photographic, cinematographic, measuring, precision, medical/surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	24558	35330	36014	21333	33.4
19 Arms & ammunition; parts & accessories thereof	2538	2100	2073	1477	67.3
20 Miscellaneous manufactured articles	131776	161880	157728	91912	16.7
21 Works of art, collectors' pieces & antiques	3596	3978	9337	1889	-6.0
22 Not classified elsewhere	55772	64012	58799	29147	9.9
TOTALS	3624548	3985293	3946270	2201691	20.9

(see page 3)

The following are some of the points made in the four reports:

1. Feasibility of an Agricultural Strategy to Prepare the CEECs for EU Accession by Professor Alan Buckwell, Jos Haynes, Sophia Danidova, Véronique Courboin and Andrzej Kwiecinski. Their report says that membership of the CEECs in the EU is more likely in 2005 than in 2000. Estimates that the CAP will then have a very limited margin of manoeuvre within the Uruguay Round and that, even without the pressure of enlargement, a further reform will be needed to limit production. The fundamental problem of enlargement they argue, is that the Union of 21 countries would not be capable of respecting its commitments relating to GATT. In such a case that the CEECs were given the rights and obligations equal to those of the present 15 members, the CAP should be transformed into a system that *substantially reduces price guarantees, maintaining support for farmers by other "means"*: direct payments calculated on the basis of eligibility criteria *decoupled from production*, part of which would be borne by the national budgets. Such a system would "make superfluous the existence of a far-reaching administrative structure charged with monitoring quotas, the withdrawal system and the very complex subsidy mechanisms, which would be a gain

for the economy". The report recommends more specifically that the EU should i) decide and make public its post-enlargement agricultural policy in the next two years and that this policy should be based on lower farm prices; ii) intensify its technical assistance to the CEECs for the reform of their markets; iii) improve the operation of the agricultural arrangements within the Europe Agreements (gradual elimination of quantitative restrictions for preferential access); iv) put an end to subsidized exports to CEECs.

2. Pre-Accession Agricultural Policies for central Europe and the EU by Stefan Tangermann, Timothy E Josling, with the assistance of Wolfgang Münch, advocate the same fundamental reform of the CAP (lower support prices offset by aid decoupled from production) during the pre-accession period, after noting that for budgetary and trade reasons, the associated countries would be unable to align their prices to those of the present CAP.

3. Strategies for the enlargement of the EU to CEECs by Professor S. Tarditi and S. Senior-Nello, J. Marsh, with the assistance of Gejza Blaas, Laurie I. Kelly, Antonio Nucifora, Holger Thiele and Alberto Bastiani. The report considers it urgent to *set a transition period and a time horizon for convergence* towards a genuinely market-

oriented CAP of 21 by: i) extending the present system of partially decoupled compensation to all sectors of agriculture; ii) reducing border protection; iii) setting a time limit when all payments introduced to compensate EU 15 farmers for the removal of existing market price support would be phased out; iv) introducing by the year 2000 a system of redeemable bonds allowing farmers to choose whether to capitalise their future compensation. This policy, emphasises the report, will have to appropriately reward (or penalise) farmers and other operators for the consequences of their activity (environmental conservation and so on).

4. Agriculture & Enlargement of the EU to CEECs: Transition with a view to Integration or Integration for Transition? by L-P Mahé with the assistance of J Cordier, H. Guyomard, and T. Roe. This report considers that the EU must clearly announce its intentions preferably based on extension of the Structural Funds from the outset and a transitional period for the alignment of prices. A further reform of the CAP would be undertaken in parallel in accordance with the general view advocated by the other experts (especially for milk and sugar) with the CEECs being integrated in the year 2005 (without their being granted the compensation given the 15). ■

STEEL IMPORT MONITORING EXTENDED TO BULGARIAN, ROMANIAN PRODUCTS

A relatively high jump in EU imports of steel products from Romania and Bulgaria in 1994 contributed to the decision to expand the system of monitoring steel imports to exports from the two countries. This system was already accepted by the EU-Romania Joint Committee and has been also accepted in principle by Bulgaria.

The monitoring system will be based on the issue of export licenses by the two east European countries and prior to the issue of

the import licenses by the EU Member States. The monitoring system should not be confused with the introduction of any kind of restrictions on steel imports from these two countries. The provisions of the association agreement which prohibit any quantitative restrictions on imports are fully respected. The licensing system shall serve for the improvement of statistical system of reporting already in the place on steel imports from the central and eastern European countries.

The reason for the introduction of the monitoring system is thus to develop a tool which would prevent a deflection of trade. This is also the reason why the two eastern European countries have accepted the system which should contribute to a bigger transparency of trade and make it more unlikely that some trade defence measures (safe-guard clauses most probably) would be used against Romanian or Bulgarian exporters.

Readers will recall that steel imports from the associated countries of central and eastern Europe have been fully liberalized, except imports of several types of steel products from the Czech and Slovak Republics which are subject to tariff quotas until the end of 1995. Then there are quantitative arrangements applied on steel imports from the ex-Soviet Union. The new separate and increased quantitative arrangements have already been negotiated for 1995 with Russia, and are being finalized with Ukraine and Kazakhstan.

What happened in 1994 was that there was a relatively steep increase in Romanian and Bulgarian steel exports to the EU (especially in flat products) which did not correspond to the situation of the steel industry in the two countries. There have been suggestions that what is apparently taking place is the deflection of trade to the benefit of countries subject

to volume or tariff quotas. Russian, Ukraine and Slovak steel were among those mentioned. Thus the system of export licenses to be issued by Romania and Bulgaria prior to the issue of the EU import licenses will not restrict the volume of imports, but will provide more transparent information on who the exporters are.

The Commission's data indicates a steep decline in steel imports from Bulgaria (by 75%) during 1992-1993 and a 35% decrease in imports from Romania. During the first four months of 1994 however, steel imports from Bulgaria jumped by more than 240% over the same period of 1993, and from Romania, steel imports increased by nearly 130%. Of this, the increase in imports of flat products amounted to 160%. East-West's calculations on EU trade with the associated countries during the first half of 1994 show that imports from Romania of section 15 products (all base metals and articles thereof) were bigger during January-June 1994 than all of 1993. Similarly imports from Bulgaria during the first half of 1994 were greater than 1993 in full. Overall it seems that the export of iron and steel products to the EU from all the associated countries were either the first or second group which enjoyed the biggest rate of growth from all products during 1994. ■

EIB AND EU GROWTH

EIB president and Chairman of the board Sir Brian Unwin, commenting on the body's 1994 activities, spoke of the bank's major contribution to European integration. Having fulfilled the mandates given to it under the 1992 and 1993 Edinburgh and Copenhagen Summits, in the coming year, with the support of the Essen Council in December 1994, the bank will place particular emphasis on "financing priority trans-European transportation, energy and telecommunications networks". He said that the EIB, in 1994, had continued to give substantial support to the Union's external cooperation policies, "not least in central and eastern Europe".

Financing outside the EU, as part of the EU's cooperation policy with non-member states,

totalled over Ecu2.2bn in 1994. Operations in central and eastern Europe accounted for nearly Ecu960m, or 43% of lending outside the EU. In 1993 the region had a 36% share of lending outside the EU. The EIB has approval to lend up to another Ecu3bn for the years 1994-1996. Financing aims to support the development of market economies in these countries, and to link their economies closer to the Union. It will be recalled that lending of Ecu400m focused on transport infrastructure.

In the non-member Mediterranean countries, EIB funding totalled Ecu607m, with emphasis on enhancing regional cooperation projects, environment related investments as well as joint ventures with EU firms.

Examples on a country-by-country basis of the allocation of the Ecu957m in loans is given below:

Poland - Ecu333m: Ecu150m was allocated to improve the telecommunications network, Ecu125m towards the rehabilitation and upgrading of two motorway sections on the A4 motorway, Ecu13m was provided in global loan finance for small and medium scale projects in industry and tourism, Ecu45m for a new sewage treatment plant in Warsaw.

Czech Republic - Ecu255m: Modernisation of the Berlin-Prague-Vienna railway line attracted Ecu125m, Ecu100m helped finance the Czech portion of a new pipeline between Kralupy, near

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Prague and Ingolstadt, Ecu30m for telecom projects.

Hungary - Ecu140m: Ecu100m for telecommunications, Ecu40m for municipal infrastructure investments in various sectors.

Romania - Ecu66m: Ecu50m for modernising the national gas transmission and distribution system, the balance for air traffic control up-grading.

Estonia - Ecu42m: Ecu20m was allocated to improving the air traffic control system, Ecu15m for the construction of a new bulk terminal near Tallinn, Ecu7m for improvements to the district heating system of Pärnu on the Baltic Sea coast.

Slovenia - Ecu41m: Ecu28m for improvements to the eastern Ljubljana by-pass system and corridor, Ecu13m for international rail links.

Slovakia - Ecu35m: Ecu20m for telecommunications, Ecu15m for air traffic control.

Bulgaria - Ecu30m: for the country's air traffic control system.

Lithuania - Ecu10m: for modernising Vilnius International Airport.

Latvia - Ecu5m: for SMEs in industry, tourism and services related to industry, energy saving and environmental schemes. ■

DEVELOPMENTS WITHIN THE EU

NEW COMMISSION

The new European Commission led by Jacques Santer won a comfortable majority on the occasion of the vote of approval in the European Parliament: 416 in favour, 103 against and 59 abstentions. Most of those who voted against or abstained were either at the far left or at the far right of the political spectrum; some of them complained about the lack of commitment by Jacques Santer in certain areas, but the fact is that the new Commission's President, during the January session, was only asked to sketch the main political guidelines of his future action, while he'll be able to explain the detailed Commission's programme for this year at the February session. In fact, now that the unease about the way Santer was eventually designated as Commission's President is almost forgotten, Jacques Delors' successor finds himself, in principle, in a better position than any previous President, since his legitimacy is increased.

Thus, the year began with a new Commission, of course a new Council's Presidency, but also a new Parliament, since 22 Swedish, 21 Austrian and 16 Finnish Members joined their colleagues after the latest enlargement (until now, the fourth). Parliament President Hänsch warmly welcomed them at the January session, telling them that, as far as the vote of approval of the new Commission was concerned, there were no "new" or "old" Members. And he also told his new colleagues (among which there is a considerable number of women, including former Swedish Foreign Minister Ms Af Ugglas and former Finnish Defense Minister Ms Rehn): "Express your identity, your history, your culture. Nobody will ask you to hide

it". The fact that the European Parliament proves each day that MEPs from different countries can work together is "the true European miracle", stressed Klaus Hänsch.

Before getting Parliament's approval, Jacques Santer still had to use his ability of persuasion on a series of issues on which some Members of Parliament were not totally convinced. Thus, he told those who would have liked to see one single Commissioner in charge of Human Rights that he would be personally responsible for that issue, and that he considered this as "an essential element of foreign affairs" (he also added that, "if we want to be credible, we must be irreproachable" in the Union itself). On the geographical structure chosen for external relations, Mr Santer noted that "the Commissioner responsible for a geographical part of the world is responsible for all aspects", but, admitting that close coordination is necessary, he confirmed that he himself would chair the group of Commissioners in charge of external relations, who will frequently meet among themselves. In order to placate Parliament's discontent with Social affairs Commissioner Pdraig Flynn who had been judged totally inadequate as Member of the Commission responsible for women's affairs, Jacques Santer said that, there again, he would chair himself the group of Commissioner on equality which, he stressed, will be an "open" one.

Jacques Santer stressed the priority of social dimension and also made a couple of statements which pleased most MEPs, saying for example that he

thought Parliament should be allowed to give its opinion on any modification of the Treaty, and wondering whether Parliament should not be able to elect his own successor on the basis of a list of names suggested by the Heads of State and government. On the other hand, the new Commission's President admitted that pressure for a multi-speed Europe grows with each enlargement, while absolutely ruling out "exclusion and à la carte Europe", and stressing that "the avant-garde is not closed", and that "the slower Member States must be able to join whenever they fulfil the conditions".

Delors' Message:

For Jacques Delors, the EP January session was an occasion not only to take stock of what has been done in his ten years as President of the European Commission, but also to think about the future. Looking back, Mr Delors, who has been a Member of the European Parliament, stressed the role of the latter as a pioneer in European affairs, quoting several times Altiero Spinelli, author of the Treaty on European Union adopted by Parliament in February 1984, and saying in particular: "Our dear Altiero Spinelli warned us against the risk and the deadlock that would result from the idea of a Europe which is simply a free trade area". Delors' message for the future sounded rather like a warning: the future looks uncertain, he said, noting that the differences which clearly appeared between Member States during the Maastricht negotiations are still there. But the countries who are "ready to commit themselves and to draw conclusions on the political, economic and institutional levels" most not "slow the pace", and should accept in 1996 a "pact without ambiguity" that would allow them to genuinely "share their destiny", he said. The "federal approach in institutional matters" has many virtues, added Jacques Delors, stressing that "this approach alone allows for one to define who does what and who answers to whom". At the same time, he warned against the risk of a "forward leap" which could end up watering down the *acquis communautaire*.

Mitterrand's Europe of Cultures:

A similar warning was launched at the EP January session by President Mitterrand, who, since there is a presidential election in France in Spring where he will not run, will not chair the Cannes European Council on 26-27 June. For that reason, François Mitterrand decided to come to Strasbourg

and explain to Parliament the priorities of the present six months of French Presidency of the Council of the Union. This was a special occasion, and Mitterrand himself stressed it, saying: "This speech is one of my last public acts". Indeed, after having outlined some priorities (with a strong personal emphasis on the social dimension, on European culture identity and on the possibility to respect after all the 1997 deadline for the introduction of a single currency, without waiting for the second possible date, 1999), President Mitterrand recalled, in a moving and convincing tone, his experience as a young man and a as a prisoner of war in Germany, saying, that "nationalism is war" and that, unfortunately, war could happen again. "You are the guardian of our peace", he told MEPs. And his warning was: beware of a forward leap which would destroy the present institutional balance, and don't let the next enlargement, "which is necessary", weaken the Union, because, in that case, "the last Member would join something that no longer exists since it has been ruined from the inside". President Mitterrand also launched an idea which would prove that Central and Eastern Europe is considered as part of the whole European cultural heritage, saying that the Union should start concrete projects in order to help these countries to repair, in the cultural field, the damages caused by the "isolation in which they have lived". This Europe of cultures is a "Europe of nations against that of nationalism", he said.

The public debate on 1996 is well under way:

Jacques Santer, Jacques Delors and François Mitterrand all mentioned in their speeches the 1996 Intergovernmental Conference which will revise certain aspects of the Maastricht Treaty. Speaking before the EP institutional committee, French European Affairs Minister Alain Lamassoure said that the French presidency hoped that the June Cannes summit will be able to go further than a simple stock-taking of the implementation of the Maastricht Treaty so far, and give some indication of the scope and the sense of the reform. By then, he said, we should know whether it will be only a minimalist reform or a real new "founding pact". Anyway, the Maastricht Treaty itself foresees a revision of several articles, including those on the second and third pillar (foreign and security policy, including defence, and justice and Home affairs), and this means that the Fifteen Union Members will not be able to avoid serious discussion on things such as decision-making.

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Speaking about common foreign and security policy, Mr Lamassoure also recalled one of his personal suggestions, the setting up of what he called a "diplomatic, political instrument" which he said does not yet exist for the daily management of foreign policy. Mr Lamassoure thinks such a new body should be placed under the Council's responsibility, but French Socialist Elisabeth Guigou, now a member of the European Parliament having held the same job as Mr Lamassoure in France (and having been one of the Maastricht negotiators), asked whether it would not be a bad thing to exclude the Commission, and whether a joint Centre for the evaluation of risks would be a better solution.

Guigou presents reflection on 1996:

Elisabeth Guigou has also drafted a reflection paper which the Socialist Group of the European Parliament will discuss at a seminar on 1996, at the beginning of February. Pauline Green, leader of the group, stressed that this "provocative" document does not reflect the views of the whole group and that, indeed, the majority would probably not accept suggestions concerning, for example, the phasing out of unanimity. Ms Guigou suggests that unanimity should remain at least temporarily only for a limited number of issues such as decisions on enlargement and on Treaty revisions, international treaties and own resources. But, speaking to the press, she said that, "personally", she would find it a lot better if a Union of 27 would opt for majority voting on practically everything.

Enlargement:

In her paper, Ms Guigou says that enlargement is historically necessary but, at the same time, she stresses that it will be impossible to simply adjust present institutions and policies (in her paper, she emphasizes the need for also changing policies) to a Union enlarged to the East. Therefore she finds that, at the end of the 1996 Conference, it will be necessary to check whether the agreed reforms will be sufficient in order to enlarge the Union without diluting it; otherwise, the enlargement should be postponed until the adoption of the reforms needed. In her paper, Ms Guigou also invites countries which are most eager to enlarge towards the East (she quotes Germany and Britain) to accept the financial costs which are involved, and to say clearly that this would not mean that the Union will turn into a simple free-trade area. Mr Lamassoure, on the other hand, said that, since enlargement is already decided, sooner or later the new Members should be included in the reflection on the future structure of the Union.

Experts' proposal for second pillar:

The European Commission will also have its own report on the implementation of 1996, before making suggestions for further

developments, but a high level study group set up by Commissioner Hans van den Broek and including five former European Commission Director Generals has already made some suggestions, mainly:

- to set up, before 1996, an Analysis Centre covering all aspects of common and foreign policy just, including military matters;

- in 1996, to designate a politician who would be responsible for foreign and security policy just, as the President of the Commission is responsible for Community matters;

- also in 1996, to set up a European intervention force, on the basis of the Eurocorps. ■

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