



TOGETHER IN EUROPE



EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE EUROPEAN UNION

COMMISSION OUTLINES ITS STAND FOR INTER-GOVERNMENTAL CONFERENCE

The European Commission held its seminar on the preparation of the 1996 Intergovernmental Conference on 20 April. The Commission was requested, during the Corfu Summit, to submit to the EU's "Reflection Group" its report on the functioning of the Treaty of Maastricht. The Reflection Group will start its work on 2 June and will submit its report to the EU Madrid Summit in December 1995. This Summit would review the scope of the issues to be dealt with during the IGC and would evaluate the scope of preparation. It is likely that a decision would then be taken on whether the 1996 IGC would start either under the Italian Presidency during the first half of 1996, or under the Irish Presidency during the second half of 1996.

Following its Seminar the Commission continues to work on the final version of its report on the Functioning of the Maastricht Treaty and intends to adopt the final draft on 10 May.

The Commission's report (similarly to the earlier report by the Secretariat of the Council) does not formally deal with the issues of the next enlargement. On the other hand, all the issues dealt with (reform of the institutions, decision making process, budgetary consequences etc) are inevitably influenced by the consideration of the forthcoming enlargement eastward.

The Commission's Seminar, however, raises a one question which is likely to influence the outlook of the time needed for the conclusion of the Intergovernmental Conference, perhaps also the probability of an early enlargement.

Information on the discussion among the Commissioners indicates that they take very seriously the negative tendencies in European debate which appeared among the European public in connection with the approval of the Maastricht Treaty. The Commissioners now recognize the urgent need to plug the gap between citizens and institutions. Thus, as it was summarized by President J. Santer, the Intergovernmental Conference must not be limited to institutional and procedural questions, but must address the issues citizens think are important. The discussion in the Commission resulted in a request that it is essential to organize a public debate on the revision of the Treaty and this public debate shall take place before the IGC is concluded and before the decision on the revised Treaty is taken. The Commission considers that a such

(continued on page 2)

CONTENTS

RELATIONS WITH THE EUROPEAN UNION

<i>COMMISSION STAND FOR IGC</i>	1
<i>EC EXHIBITION</i>	2
<i>CYPRUS & MAASTRICHT CONVERGENCE CRITERIA</i>	2
<i>VIDENOV DISCUSSES EU RELATIONS</i>	3
<i>BUCHAREST CONFIRMS MEMBERSHIP APPLICATION</i>	4
<i>DELEGATION HOPES FOR EARLY RATIFICATION WITH MOLDOVA</i>	5
<i>ZAGREB INCLUSION IN PHARE</i>	5
<i>HAENSCH OUTLINES POLISH ACCESSION</i>	6
<i>LAMASSOURE STRESSES PROGRESS IN CFSP</i>	6

DEVELOPMENTS WITHIN THE EU

<i>IGC: OREJA INSISTS ON DEMOCRACY & TRANSPARENCY</i>	7
<i>TELECOM LIBERALIZATION</i>	8
<i>CAR DISTRIBUTION: CHANGES TO RULES</i>	10
<i>NEWSPRINT INVESTIGATION</i>	11
<i>1996 DRAFT BUDGET</i>	11
<i>SINGLE MARKET GOOD FOR SMEs</i>	12

17
23
27

(see page 1)

public debate is essential because the revision of the Maastricht Treaty will have to be ratified in a number of Member Countries not only by the Parliaments but by referenda.

Thus it is necessary to avoid the IGC bringing only technical and procedural issues to the public's attention, when the public is unable to follow such issues, but that it produces a discussion on such issues as social policy, fundamental rights, citizenship, free movement of people, subsidiarity and above all the economic and social solidarity and cohesion.

There is still no information on the Commission's idea of the format of this public debate before the drafting the final decisions by the IGC, and how it shall be organized. It may be estimated, providing that the IGC will start sometime during 1996, that the crucial stage of the debate within the IGC could be reached in late 1997, early 1998. If we accept the Commission's idea, it would be probably around early

1998, when the public debate would have to take place. Then on the basis of an evaluation of the debate, the final conclusions of the IGC could start to be drafted and the IGC concluded by a special summit meeting of the European Union. Following the Summit the ratification procedure will be able to start, probably requiring at least 1½ years.

The discussions within the Commission dealt with the repercussions of enlargement eastward. The information on this is rather short, but according to the spokesman for President Santer, not only institutional problems were discussed in this regard (voting in the Council, Council presidencies, composition of the Commission) but also the **concrete problems of solidarity with the new members and the budgetary consequences of this solidarity**. Providing that the Commission's idea of a public debate before taking decisions in the IGC prevails, the public debate is likely to give some early indication of how a wider Europe would look like. (JZ) ■

EUROPEAN COMMISSION AT VILNIUS EXHIBITION

The European Commission is participating for the first time in a public exhibition in one of the Baltic States. It will have a stand at the AGROBALT 95 exhibition in Vilnius (25-28 April). This follows the entry into force of the EU's free trade agreements with the Baltic States on January 1 1995, and the initialling of the new Europe Agreements with Estonia, Latvia and Lithuania on April 12 (No.67 p11). These three events, combined with an intensified economic and political cooperation between the EU and the Baltic States, underline the importance of Lithuania and its Baltic neighbors to the EU and the concern of the EU to have good relations with these countries. The stand will contain displays and general information about the EU and about the Phare and Tempus (Trans-European Mobility Scheme for University Studies) programmes. ■

OFFICIALS IN NICOSIA SAY CYPRUS ALREADY MEETS THE MAASTRICHT CONVERGENCE CRITERIA

Apart from inflation, Cyprus already meets the convergence criteria set in the Maastricht Treaty for transition to the final stage of EMU. This was stressed by Cypriot officials, and first and foremost by President Clerides, after government spokesman Yiannakis Cassoulides who said "the problem of inflation will be resolved next year or possibly in two years' time. The other criteria have already been fulfilled. The Cypriot Pound has been unilaterally linked to the ECU since mid 1992 (while a number of current Member States have not yet formed this link). We have a per capita standard of living that is higher than that of Greece and Portugal, close to that of Spain and Ireland. Our task in the coming years is to liberalise the banking system and interest rates, as well as capital movements. Once this is done, before 1997, there will be no further obstacle to our taking part in the single currency".

According to statistics provided by Mr Eteocleus, director for the economy at the Cypriot Minister of Finance, Cyprus would be situated as follows regarding the convergence criteria:

- public deficit: 2.1% (compared to 3% allowed by Maastricht).
- debt: 55% of GNP in 1994, it should reach 55.8% in 1995, that is, below the 60% set by Maastricht;
- inflation: while the Community average was 3.4% in 1994, the rate in Cyprus was 4.7%, a fall compared to 1992 (6.5% because, says Mr Eteocleus, of introduction of VAT). ■

PRIME MINISTER JEAN VIDENOV DISCUSSES RELATIONS WITH THE EU

Mr. Jean Videnov, Prime Minister of Bulgaria told the press after a meeting in Brussels on 25 April with Jacques Santer, President of the European Commission, that preparation of Bulgaria for future membership in the European Union is one of the major priorities of the country's policy. There have been earlier statements by Bulgarian officials that Bulgaria's integration into the European Union may take some 5 to 10 years. The Prime Minister believes that Bulgaria's effort would shorten this to 5 years. Much would however depend on the success of the EU's Intergovernmental Conference. The accession negotiations with all associated countries of central and east Europe shall start simultaneously at the end of the Intergovernmental Conference. Mr Videnov estimated that then negotiations with individual associated countries could require some 3-5 years depending on issues involved with each particular country. The time in which individual associated countries would conclude the accession negotiations could perhaps differ by several months or by a year or two, but in principle all the associated countries seeking membership ought to be joining the EU at approximately the same time.

Prime Minister Mr. Jean Videnov outlined during an exclusive interview with *Together in Europe's* editor Jan Zoubek, several more specific issues regarding Bulgaria's relations with the European Union. The following outlines the main points of the detailed discussion.

Mr. Videnov considers that there are perhaps three specific issues in relations between Bulgaria and the EU that need attention and rapid resolution:

protection of intellectual property, fight against illegal transit and the question of visas for Bulgarian nationals.

Intellectual property: perhaps because of earlier extensive expansion of the electronic industry in Bulgaria there have been problems with violations of intellectual property rights and of copyright in particular. There have been protests from the EU as well as from the USA, or Japan. The Bulgarian Government is well aware that there is a real problem in this field and is ready to solve the problem as early as possible. The provisions of the Europe Agreement and resulting cooperation helps to find solutions. But meanwhile the problem of the abuse of intellectual property rights makes the efficient integration of Bulgaria into the international economy more difficult and discourages foreign investment. The Prime Minister says that Bulgaria seeks an even more efficient and pragmatic assistance from the Union in this field.

Strategic location factor: the geographical location of Bulgaria and the proximity of several problematic countries makes Bulgaria a prime target for criminal transit traffic. For Bulgaria this means an urgent need to build up efficient, well equipped and well trained modern customs controls. The country seeks as close cooperation as possible with the EU under the 3rd Pillar in the fight against organized crime, drugs and other illegal traffic. Bulgaria is developing regional cooperation including building a corresponding cross-border infrastructure and customs. EU's PHARE assistance has been very useful, but the overall volume of funds allocated to Bulgaria in view of urgent needs in many other sectors is insufficient. Some further

possibilities have been offered by accompanying measures to the Stability Pact. The Prime Minister considers it urgent for Bulgaria, the EU and other countries in the region to adopt a specific policy which will assist Bulgaria in dealing efficiently with the problem of criminal transit traffic.

Schengen: concerning visas the European Union has been giving Bulgarian citizens less advantageous treatment than for example those from central European associated countries. The entry into force of the full Europe Agreement on 1 February 1995 has not changed this situation. In addition the entry into force of the Schengen Agreement further worsened difficulties with which Bulgarian citizens obtain visas. On the one hand, Bulgaria is a subject of the EU pre-accession strategy adopted in Essen last December, but on the other hand, Bulgaria now figures on Schengen's negative list as well as for example a number of African countries. Bulgaria's discussions with the EU member states which have competency over the Schengen Agreement have not yet alleviated this situation. Prime Minister Videnov discussed this problem with President of the Commission Jacques Santer, who assured him the Commission will raise the problem of the negative list and visas with the EU Council of Ministers.

White Paper: discussion with Prime Minister Videnov over the White Paper confirmed a somewhat different evaluation by Bulgaria of the role of White Paper in the pre-accession strategy than for example expressed on April 10 during the Council meeting by Poland and some other

(continued on page 4)

(see page 3)

central European countries. This reflects the pattern of the adoption of market economy reform in Bulgaria. The Bulgarian Government primarily sees the White Paper, after it is adopted by the EU, as a practical guideline in progressive preparation for integration into the internal market. The country has already positively evaluated discussions so far with the Commission's specialists over the content of the White paper and considers that the practical preparation of specific country's White Paper would allow Bulgaria to benefit from the Commission's expertise and technical assistance. This would allow Bulgaria to cut down the time needed for preparation of the proper national legislation for each concerned sector of Bulgarian economy. Bulgaria progressed in this field less rapidly than some of the other central European countries and expects that the Commission's expertise and technical assistance would allow an early qualitative jump necessary to catch up with the other candidate countries. Earlier, there were also several internal domestic reasons which slowed the transition process and the White paper, which fits in well with the new Bulgarian government's economic, social and environment protection policy, should have a positive impact to resolve them.

Consequently Bulgaria is not raising the issue of "compensation" from the Union, as some other countries have, considering the implementation of the EU internal market's standards may increase the burden on domestic economic operators, but without giving them, simultaneously, direct access on the EU internal market, but only upon accession. Bulgaria feels it is her priority as well as a fundamental goal of her economic and other policies, to adopt the standards which will be requested by the White Paper.

Trade: Prime Minister Videnov actually positively evaluated recent changes of the EU policy towards Bulgaria. In his opinion, these changes could already be regarded as a some type of "compensation". Trade negotiations between the Commission and Bulgaria during the last two-three weeks on the adoption of the trade provisions to the EU enlargement have been very encouraging and so far give an impression of the EU's will to offset somewhat the delays in the past with the entry into force of the Interim Agreement, as well as the previous lack of concessions concerning the access for Bulgarian goods onto the EU market.

The Prime Minister also stressed the recent change in the EU's use of trade defence measures against Bulgaria. During the discussions in recent weeks with

the Commission, compromises were found and the Commission is dropping several anti-dumping procedures which either started, or threatened to start, on some Bulgarian products.

The Prime Minister hoped that these encouraging signs would be accompanied by a more comprehensive EU policy towards Bulgaria which would help to increase macro-economic stability, speed up structural changes and overall reform. The new Bulgarian Government sees the rapid progress here as an utmost priority. In the past, for example progress in privatization has been slow. But the fundamental legal framework for the privatization has already been adopted, there is now an intensive preparation of the necessary infrastructure and privatization will start in November this year. Mr. Videnov believes that in year time some 20% of all state-owned production assets will be privatized. He accepts that 20% may seem to be quite a small amount, but is rather an indication of the bad situation in which a number of Bulgarian enterprises now find themselves in. From this point of view, privatization without an attempt at prior restructuring of enterprises in difficulty, would only mean that new private owners would immediately be facing considerable financial difficulties undermining trust in the reform. ■

BUCHAREST CONFIRMS THAT IT WILL APPLY FOR EU MEMBERSHIP IN THE COMING MONTHS

Prime Minister Vacarolu confirmed at the constituent meeting of the EU/Romania Joint Parliamentary Committee, on 19 and 20 April in Bucharest, that his country would present its application for membership in the European Union in the coming months.

During its work, chaired by Greek Socialist Mr. Papakyriazis and Mr. Popescu, the Parliamentary Committee approved the pre-accession strategy proposed to the countries of central and eastern Europe, and particularly welcomed the efforts made by EP President Klaus Haensch in giving a parliamentary dimension to the multilateral dialogue set up between the EU and these countries. The Euro-MPs, moreover, hoped that Romania would act in accordance with the Stability Pact signed in Paris on 20 March and sign fundamental

treaties with its neighbors (this concerns in particular the problem of the Hungarian minority in Romania).

Recommendations

As regards preparing the country's accession to the EU, the Parliamentary Committee welcomed the setting up, by the Romanian Government, of a committee responsible for drawing up a "national strategy to prepare Romania's accession to the EU". This national committee will submit an initial report in June, at the same time as the government will introduce the official request for accession to the EU.

The Parliamentary Committee addressed a series of recommendations to the Romanian Parliament, the EU/Romania Association Council, the European Parliament and the other Community institutions, especially: - to begin accession negotiations with Romania "as soon as possible after the end of the 1996 Intergovernmental Conference"; - to step up the political dialogue between the EU and all the Associated countries with a view to including these countries into an appropriate framework of debate of the future architect of the EU (to be considered at the 1996 IGC); - to step up the process of establishing the institutions and mechanisms of the market economy in Romania; - to support the privatisation and restructuring of the Romanian economy in accordance with the demands of an economic and monetary union based on competition; - to make full use of the new opportunities provided by the recent opening to the associated countries of several Community programmes; - to develop an agricultural sector in Romania that conforms to the principles and mechanisms of the EU's CAP; - to take steps to facilitate the harmonization of Romania's environmental legislation with that in force in the EU; - to pay particular attention to the development of Romania's infrastructure in the context of trans-European transport networks; - to create the necessary conditions for abolishing, in a "reasonable amount of time," the visa obligation for all citizens of associated countries; to ensure greater flexibility and more effective mechanisms for the implementation of the PHARE programme, with greater involvement of local consultants and experts; - to reinforce active cooperation in the area of internal affairs and justice, especially in order to take more effective action in fighting drug traffic, organised crime, corruption and illegal immigration; - to take measures to reinforce cultural cooperation. ■

EP DELEGATION HOPES FOR EARLY RATIFICATION OF THE COOPERATION AGREEMENT WITH MOLDOVA

The European Parliament delegation for relations with Moldova, chaired by Elisabeth Schroedter (Greens, D), has held its first Interparliamentary Meeting with members of the Moldovan Parliament, at which time it met the Presidents of Moldova and of the Parliament, and also visited Tiraspol, where discussions were held with Transnistrian authorities and General Lebed of the Russian Army. The European parliamentarians, saying they were convinced that ratification of the agreement between the EU and Moldova would be completed as soon as possible, said they would propose early consideration of an interim agreement and a reinforcement of the TACIS programme in this republic. In addition, they are of the view that the agreement should also cover Transnistria and that the European Union should help build a climate of confidence in Transnistria by providing technical aid to help solve problems such as stockpiles of munitions.

Mrs Schroedter said the talks covered such subjects as minority problems, ties between Moldova and the other republics of the former Soviet Union, energy, the reform of agriculture and the role of SMEs. ■

WIERSMA REPORT RECOMMENDS INCLUSION OF ZAGREB IN PHARE

The EP Committee on External Economic Relations has adopted the report by Dutch Socialist Jan Marins Wiersma calling for the extension of the PHARE programme to Croatia, as this would be the best means of promoting political pluralism, social justice and the market economy. However, notes the rapporteur, PHARE assistance should be suspended or cancelled if hostilities resume in Croatia. Taking into account the reservations expressed by Croat interlocutors (notably the media and NGOs), Mr Wiersma states clearly in his text the fundamental principles of democracy and respect for human rights set out in partnership agreements with central and eastern European countries. ■

MR. HAENSCH REMINDS HIS INTERLOCUTORS THAT BELONGING TO THE EU MEANS GIVING UP PART OF NATIONAL SOVEREIGNTY

On the occasion of his visit to Poland on 19 April, European Parliament President Klaus Haensch spoke of the country's possible accession to the European Parliament before the Foreign Affairs Committees of both houses, in which he recalled that Poland, were it to become a member of the EU, would have to give up part of its national sovereignty. When meeting President Walesa, Mr. Haensch spoke in particular of questions relating to relations with Poland's neighboring countries, whereas with Prime Minister Oleksy, he welcomed the efforts made at adapting Polish legislation these last few months. In talks with Foreign Minister W. Bartoszewski, who was in prison both under nazi occupation and under the Communist regime, Mr. Haensch said, among other things, that Poland's "partial" accession to the EU was not imaginable.

There is no direct link between accession of Poland to Nato and the EU. A long discussion in the Sejm was devoted to the agricultural reform in Poland.

On 20 April, the President of the EP visited Szprotawa (formerly Sprottan) the town in which he was born, and in which he lived until 1945. ■

COUNCIL'S CHAIRMAN ALAIN LAMASSOURE STRESSES PROGRESS MADE BY THE COMMON FOREIGN AND SECURITY POLICY

Alain Lamassoure, Chairman of the Council of the Union, sketched his own assessment of the eighteen months of existence of the Common Foreign and Security Policy which, since the Maastricht Treaty, replaces the traditional "European Political Cooperation" and in which, despite its failings, he sees a real progress in comparison with the experiences of the past. This policy, he said, now deals with the issues which are indeed most crucial for the Union, such as the situation in the former Yugoslavia and relations with Russia (including the war in Chechnya and the dismantling of Chernobyl), and also the peace process in the Middle East, the tragedy of Rwanda or the extension of the Non Proliferation Treaty. Moreover, Lamassoure stressed the clearly increased awareness, among European citizens, of the need to act together, which goes hand in hand with "a real improvement in our ability to do so". At the 49th UN General Assembly, he said, the (then) Twelve voted the same way in more than 90% cases, and last year their votes at the United Nations differed in only three cases.

Mr Lamassoure was speaking during a debate on the report by Abel Matutes, Spanish chairman of the EP Foreign Affairs and Security Committee, on progress made by Foreign policy in recent months. The Council, he declared, agrees with much of what is said in the report; but some of the Matutes proposals are controversial, and Parliament decided to vote on them only in its May session and not in the brief plenary which took place in Brussels between April 25 and 27. Indeed, practically all the Members of Parliament coming from the new neutral member States (Austria, Finland and Sweden) found Matutes' for-

mulations on neutrality unacceptable: some of them, such as Swedish Green Mr Gahrton, accused Mr Matutes of wanting to transform the European Union into a military Alliance, while in a quieter tone, Ms Rehn, former defence minister of Finland, stressed the stabilizing effect of her country's neutrality, given its particular geopolitical situation in the Baltic area.

Stability Pact Experience - Several Members of Parliament, and notably Mr Matutes, agreed with Alain Lamassoure in judging the initiative which led to the Stability Pact in Europe as one of the few successful cases of "preventive diplomacy" launched by the European Union. This, said Mr Lamassoure is a typical example of an initiative which was desirable, but which single Member States would not have been able to conduct on their own. Mr Lamassoure was convinced that the conclusion of the Pact, on March 20 in Paris, would contribute to reduce tensions in Central Europe and will make it easier for concerned countries to get nearer to their goal of becoming members of the European Union.

Addressing MEPS who criticized the inter-governmental nature of the Common Foreign and Security Policy, Mr Lamassoure emphasized that this policy has to do with "identity, and with the defence of fundamental interests of our nations". Therefore, before fully developing into a genuine "common" policy, it will have to go through an "experimental period", said Mr Lamassoure, reminding his audience that, for example, almost twenty years of various attempts and hesitation went by before getting closer

(continued on page 12)

DEVELOPMENTS WITHIN THE EU

IGC: MR OREJA INSISTS ON DEMOCRACY AND TRANSPARENCY

European Commissioner Marcelino Oreja, responsible for institutional questions, reviewed on 25 April the European Commission's work on the IGC before the EP Committee on Institutional Affairs, chaired by Mr. Moran. In this phase of "the definition of the object of the 1996 Intergovernmental Conference", he said, it is essential to avoid losing sight of essential problems and becoming fixated on very specific technical solutions. The analysis of the functioning of the Treaty of Maastricht sets out three avenues of reflection: democracy and transparency, the adaptation of means to goals and further enlargement of the Union and it remains to be seen in what sectors reforms should be envisaged. Stressing that this is still the stage of reflection and not of negotiation, Mr Oreja noted that his fellow Commissioners lent support at a seminar on 20 April to his analysis of the functioning of the Treaty of Maastricht, reflected in his remarks to MEPs. Mr Oreja intends to complete his document by 2 May, so that the Commission can approve it on 10 May. Replying to Mr Brinkhorst (Democracy 66, NL), Mr Oreja said the Commission would try to maintain a high profile in this exercise; responding to Mr Elles (Conservative, UK), who asked how the IGC would take account of future enlargement of the Union, he said that, while it is true that the very notion of Europe implies that "that will never stop", in his view, at this point one shouldn't start thinking that another conference will be necessary. The 1996 IGC will have to address everything, all problems in their totality, said Mr Oreja.

Mr Oreja insisted on the necessity for:

Adjusting means to ambitions. Mr Oreja observed that: - the Treaty's Community provisions have functioned well on the whole, even if there are still some obstacles, the first being "the continuing use of unanimous voting"; - the CFSP, "without adequate means", will not give the hoped-for results, but Maastricht at least has the merit of showing the contrast between the necessity of this policy and the lack of means to achieve it. Mr Oreja was particularly critical of the very cumbersome procedure requiring unanimity and the absence of a "centre of momentum" which "can propose actions to the Member States". As for defence policy, Mr Oreja admitted that a "military reference" is needed if Europe is to have something to say

about peace-keeping on its own soil or elsewhere, but notes that it is "imperative to respect the sensitivity of populations which have based ... their concept of foreign policy on neutrality"; - obstacles to judicial and home affairs, which are even more serious, as Treaty provisions in general have not been implemented sufficiently and, in addition, the Member States have sought cooperation outside the system, in limited formations such as the Schengen Agreement. Answering questions on the pillar structure, Mr Oreja said it may be easier and more useful to place the third pillar under the Community framework, rather than the second, in which improvements are possible simply by showing the necessary political will.

He also emphasised taking the consequences of future enlargement into account. Mr Oreja, who deemed it "unthinkable" to recreate

a split in Europe like that resulting from the Iron Curtain, asked three questions: - Will the existing institutions be able to work effectively?; - Will the cost of enlargement mean that the weakest regions and categories of the Union of fifteen will be sacrificed? (Mr de Giovanni, PDS, Italy raised the problem of the "political" cost of "non-enlargement" and Mr Oreja, who agreed with them, also stressed the absolute need to maintain economic and social cohesion within the Union); - Can one envisage different degrees of integration and still maintain the unity of the institutional and political system or will it be necessary to make do with partial unions that would organise the different areas of cooperation?.

Mr Oreja, both in his speech and in his answers to MEPs, greatly insisted on the unity of the institutional system: "even when a policy only concerns a minority of Member States, institutional unity should not be affected, notably regarding the Parliament's role of political control which should extend to all areas of cooperation".

By way of conclusion, Mr Oreja said he hoped that during the 1996 IGC there would not be repetition of the "Maastricht misunderstandings" in which a "mass of new provisions, perhaps not always indispensable" hid the true importance of the Treaty, that is, the choice of continuing the work of European integration in a profoundly changed world. (On this, Mr de Giovanni said that, although little time has passed since ratification of Maastricht, a great

(continued on page 8)

(see page 7)

deal of "political" time has gone by in Europe: in his view, the 1996 IGC will be a failure if it does not give any answers to these "geopolitical changes"). In addition, Mr Oreja, who affirms that the prerogatives of the national parliaments (and, where appropriate, instruments of direct democracy, namely, the referendum) must be fully respected, stressed that one must also "ensure democratic consensus at Union level through assent from the European Parliament".

Majority vote, Commission responsibility, languages, transparency

Answering MEPs, Mr Oreja also spoke of:

- Majority vote. Mr Oreja (for whom it is now obvious that unanimous vote is a "source of inefficiency ... before even being a guarantee for Member States, which means that the principle of its abolition should be retained") was questioned on this subject mainly by Greek Socialist Mr Tsatsos and by French Communist Mr Herzog. The latter, backed by Mr de Giovanni on this, affirmed that one could only pass on to

majority vote if this were accompanied by guarantees to the States and to national citizens.

According to him, decisions taken through a majority will have legitimacy only in the strengthened framework of rights and obligations, and, if following these decisions "social and civil public order" is not respected, the possibility will have to be envisaged, for a minority, to have the decision suspended or the right to "opt out".

- the responsibility of the Commission to the Council, and not only to the EP. Mr Bourlanges, who made this proposal, recalled that, during the debate in Parliament on the Herman Report on the European Constitution, the then president of the European Commission, Jacques Delors, had found it "normal" that there should be such a responsibility before to the Council, and had even said that this responsibility in fact already existed. Mr. Bourlanges admitted that this idea was fairly well disputed among MEPs, and Mr. Oreja pointed out that he himself had not ruled out this possibility at his hearing as member-designate of the Commission. But

today, he nevertheless added, I would have doubts, and prefer to stick to being responsible to Parliament alone.

- enlargement and official languages. Despite the cost that this would incur, Mr. Oreja told Mr. Elles, I find it "inconceivable" that a new Member State should not be able to join the Union with its own language, which would have to be an official one.

- transparency. Responding to Mr. Bonde (Danish member of the Europe of Nations group), Mr. Oreja said that, according to him, the documents circulating in the Commission but not yet approved by the latter should not be distributed. I receive quite a lot of documents on which I do not agree, and as long as they have not been adopted they are "non-papers", he affirmed.

- "conciliation" provided for by the codecision procedure. Again questioned by Mr. Bonde, Mr. Oreja said that Article 189 b of the Treaty would no doubt have to be altered in order to avoid, in cases of disagreement between the EP and Council, the "distasteful" procedure of Parliament's rejecting the Council position. ■

LIBERALIZATION OF EUROPEAN TELECOMMUNICATIONS MARKET

On 4 April, the European Commission approved a communication to the European Parliament and the Council on "The Status and Implementation of Directive 90/388/EEC on Competition in the markets for Telecommunications Services". This directive was a central element in the process of liberalization of telecommunications services in the European Union and which has to culminate in the liberalization of public voice telephone services by 1 January 1998 as well as by the liberalization of the telecommunications infrastructure. There shall be longer transition periods, however, for member countries with less developed networks and for very small networks. The regulatory framework shall be approved before 1 January 1996.

It seems to us that this is clearly one of the areas which would be a subject of the **White Paper** on integrating the associated countries of central and eastern Europe into the Union's internal market. In addition, the Commission firmly stated in its "communication" that the Directive and its amendments directly apply to the EEA member states (the Directive is applied in EEA states since 1 January 1994), but that also the general principles of the Directive and all its amendments are also of relevance to the associated countries of central and eastern Europe.

The reasoning of the Commission is as follows: "Since the Services Directive (ie No.90/388) specifies the application of Article 90 in conjunction with Articles 59 and 86 of the Treaty and the Europe Agreements

and Interim Agreements which the Union has signed with six central and eastern European countries contain a similar provision, the general principles of this Directive (and any amendments) are also of relevance to these countries”.

The framework:

Commission Directive 90/388 was published in June 1990 and among other functions, set up four target dates for the implementation of individual steps leading to the liberalization:

1. December 31 1990 for the opening up to competition of telecommunications services other than voice telephony and the simple resale of capacities.
2. July 1 1991 for the establishment of an independent body responsible for granting licenses and the surveillance of usage conditions.
3. June 30 1992 for the notification of any licensing or declaration procedures for the provision of packet-or circuit-switched data services for the public.
4. December 31 1992 for the opening up to competition of the simple resale of capacity.

Then in 1993 there was further pressure from the European Parliament to prepare the liberalization of both intra-EU as well domestic voice telephony. The parliament also asked for the possibility to take full advantage of the potential of the existing infrastructure of cable networks. The EP asked for the abolishment of existing restrictions on the use of cable networks for non-reserved services. It also asked for measures which would allow the use, for the cross border telecommunications networks, of railway operators and electricity producers.

This was followed by the Council Resolution (93/C213/01) which set the target date for the liberalization of voice telephony services for the general public on 1 January 1998. The next Council's resolution also set 1 January 1998 as the target date for the liberalization of the telecommunications infrastructure. The member states with less developed telecommunications networks (Spain, Portugal, Greece and Ireland) were given a further five year transition period and Luxembourg (for which it was accepted that it has very small networks) got a two year transition period. Should the directive concern associated countries of central and east Europe it may be presumed that an additional five year transition period would be applied.

Implementation:

The Commission's communication describes in detail the state of the implementation of the Directive in individual member countries. All member

states except for two (Greece and Italy) complied with the notification requirements. It appears that the situation in Greece is more serious because the country has so far failed to adopt and notify measures rendering the independent regulatory authority operational. Another two countries, Germany and Spain, have been applying the directive incorrectly. The Commission has initiated (a rather complicated) formal procedure against the two countries (as well as against Greece and Italy).

One of major implementation problems is the definition of voice telephony. This is not because the Directive would fail to define voice telephony, but because of the interpretations of the definition by several member states. The directive required the member states to ensure the abolition of special and exclusive rights for the provision of telecommunications services other than the voice telephony service.

One of the major arguments which the Commission has developed in its Communication is that a regulatory approach that identifies only a limited set of permissible, non-reserved services does not conform to the Directive and that a voice service may be reserved under national legislation only if it includes all of the elements of voice telephony definition: it must be provided on a commercial basis to the public for the purpose of direct transport and switching of speech in real time between public switched network termination points.

Besides the proper definition of voice telephony services for which exclusive rights may be maintained, the Commission's Communication deals with the issue of maintenance of other exclusive rights, with transparency and openness of approval procedure, with a reasonable delay for open access conditions to public networks and with the establishment of an independent regulatory authority.

As concerns for example the independent regulatory authority, the implementation experience shows that such a body now formally exists in most member states, but the Commission estimates that the effective separation of operation and regulation is not fully clear in at least 5 member states. A good example of the problematic separation is for example the Netherlands. The regulatory function is carried out by the Ministry of Transport and Public Works through its Directorate general for Post and Telecommunications. The problem is that the Ministry is the majority shareholder of KPN which in turn has the exclusive right to instal, maintain and operate the telecommunications infrastructure, and provides the mandatory services to each applicant.

(continued on page 10)

(see page 9)

Future developments:

To arrive at full liberalization of the telecommunications sector by 1998, it is necessary to prepare before January 1996 the regulatory framework. A number of texts are already ready (for example satellite communications, a draft amending regulations concerning the liberalisation and use of cable TV, the Commission proposed the lifting of all special and exclusive rights with regard to mobile services by January 1 1996 etc.). The earlier review of the situation revealed that the effectiveness of liberalization

was questioned by many service providers and users. High tariffs and lack of availability of the basic infrastructure over which liberalized services are operated have delayed the widespread development by various new services and the regulatory restrictions in many member states still prevent the use of alternative infrastructure operated by third parties (cable TV, networks owned by energy or railway companies). The future Europe development and full involvement of Europe in the global information society needs a rapid removal of this continued bottleneck. ■

CHANGE OF THE RULES ON CAR DISTRIBUTION

On 26 April, the European Commission has adopted in principle the new version of a **regulation relating to car sales and distribution**. The Commission will approve the final text of the regulation during June, after a new consultations with producers and customers on the duration of the regulation. The existing regulation expires at the end of June.

"Together in Europe" discussed the preliminary draft regulation over the selective distribution of motor vehicles in the Community in No.56 of 15 October 1994. The new regulation will extend the substantially changed "block exemption" probably for a period of 7 years (car producers still demand 10 years), after which it will be decided whether to continue with a block exemption, or to make car distribution fully subject to the EU competition rules. Readers will recall that "block exemption" means that it is possible for a certain category of products not to fully apply the EU rules of competition.

Commissioner Karel Van Miert responsible for competition policy confirmed to "Together in Europe" that while the changed regulation on car distribution cannot be applied to the associated countries of central and east Europe via implementation of the competition rules of the Associa-

tion agreements, the EU car distribution policy is a fundamental part of the "acquis communautaire" which the countries will have to take over on accession. The commissioner indicated to us that the White Paper under preparation would draw the attention of the candidate countries to the rules of car distribution in the EU to allow them to be fully aware of the policy and of the steps which will have to be taken on accession. The new regulation brings several important changes to the current situation.

The major change that it allows **multidealership** ie allows the dealers to distribute more than one car make. The final draft is even more liberal than the one we discussed in October 1994. It refuses the request by car producers that different types of cars would have to be sold by a dealer in different premises and under separate management. It also allows servicing of various marks of car.

A fundamental change is also that it allows dealers to obtain spare parts other than those of the manufacturer if they are of equivalent quality. This change reflects the situation in which a number of car producers have in fact become assemblers of cars. Thus the dealers could now obtain parts and components directly from their manufacturers and do not need to use car "producer's parts" which

are generally more expensive and often not manufactured in car producer plants.

The new regulation also takes into account the role of independent car service workshops and independent garage owners which gain the right of access to the technical knowledge required for repairing vehicles and this know-how shall be supplied by the car producer.

The new regulation establishes a more equal relationship between car producers and car dealers. This relationship is currently unbalanced in the favour of car producers. The new regulation ensures better protection of dealers' investment for example by extending the minimum duration of agreements between manufacturers and dealers to 5 years. It includes a ban on inclusion of anti-competitive clauses.

The new regulation increases consumer's choice and allows the consumer to profit from the advantages of the single market. The regulation prohibits certain current practices designed to prevent parallel imports (so far manufacturers could maintain differences in the dealers remuneration depending on the place of destination of cars).

The dealer will now be able to advertize outside his allotted territory. ■

INVESTIGATION INTO NEWSPRINT PRICES

Commissioner Van Miert announced, when presenting the new regulations on the car distribution, that his services are engaged in broad investigation into the *price of newsprint*. The Commission is reacting to a number of complaints it has received on unjustified rises in the price of paper for newspapers. These complaints were not only forwarded by the newspaper and journal publishers, but were made as well by several Governments concerned that the steep rises in the price of paper which on average shares at least 20% of the cost of a newspaper, have changed the access of the public to the information.

Commissioner van Miert said that the investigation concerns for the moment 40 companies in the EU in 7 different countries. It is probable that this complex investigation will take a considerable time. The Commissioner said that the current investigation is not formally linked to the last year's case of a paper cartel, but he mentioned that unfortunately there are always certain sectors which have tendencies to non-competitive behavior. ■

COMMISSION APPROVES 1996 DRAFT BUDGET

The Commission approved on 26 April, the draft budget for 1996, which for the first time takes into account the enlargement of the EU to 15 member states. Budget appropriations increase by 8.1% and payments by 8.6% in comparison with the 1995 budget.

The Commission proposes a relatively important increase in the part of the budget which finances external policy actions. The budget for cooperation with central and east European countries (PHARE) is being increased to 1,235 million ECU (by nearly 5.4%). The TACIS budget (cooperation with Russia and CIS) is increased by 4.17% to ECU 528 million. The draft budget as well indicated the earlier announced re-balancing between CEEC and the Mediterranean countries. The budget devoted to cooperation with Mediterranean region is increased to ECU 700 million (a 29.65% increase).

	APB 1995 (1)	BUDGET 1995 (2)	APB 1996 (3)	INCREASED IN %	
				(3/1)	(3/2)
EXTERNAL ACTIONS					
Common external + Security Policy (CESP)	100 000.000	110 000.000	92 000.000	-8.00%	-16.36%
Food aid	591 900.000	591 900.000	540 900.000	-8.62%	-8.62%
Humanitarian aid	261 000.000	266 000.000	319 000.000	22.22%	19.92%
Developing countries	700 500.000	700 500.000	719 500.000	2.71%	2.71%
Cooperation with Mediterranean	542 000.000	539 900.000	700 000.000	29.15%	29.65%
Cooperation with CEEC	1 184 000.000	1 171 910.000	1 235 000.000	4.31%	5.38%
Cooperation with ex-USSR	510 000.000	506 850.000	528 000.000	3.53%	4.17%
Cooperation with ex-Yugoslavia	10 000.000	9 500.000	18 000.000	80.00%	89.47%
Other cooperation actions	547 833.000	592 483.000	595 533.000	8.71%	0.51%
Human Rights & Democracy	71 300.000	75 960.000	80 750.000	13.25%	6.31%
International fishing agreements	290 000.000	280 000.000	290 000.000	0.00%	3.57%
Other selected external actions by political Communities	23 950.000	29 320.000	38 650.000	61.38%	31.82%
TOTAL	4 832 483.000	4 874 323.000	5 157 333.000	6.72%	5.81%
Difference			106 667.000		

SINGLE MARKET MAY BE GOOD FOR SMEs

The European Union's Single Market and its abolishment of border control offers small and medium size companies a possibility of numerous benefits such as a reduction of administrative costs related to cross-border transports, opening of new markets, diversification of sources of supply etc. These were the main conclusions presented this month in a Survey by the Euro-Info Centers and which concerned 140 companies in various member countries. Mr. Mario Monti, Commissioner responsible for the internal market, said that he hopes that the results of the survey would encourage other SMEs to explore the commercial possibilities that the single market has to offer.

However, the survey concerned a relatively limited number of SMEs which were already aware of the functioning of the single market. The Commission pointed out that this is not yet the case of all SMEs in the European Union.

Most of the surveyed SMEs said they have made substantial savings in terms of administrative costs and time involved. A fair number of companies referred to benefits of lower costs and less troubles with the assessments of conformity with standards. The bulk of the companies said that abolishment of border controls means that they now have lower transport costs and delivery time. This in turn allowed for lower stocks, and thus the benefits of considerable cost saving. The companies still consider that the single market has not yet contributed to reduce delays in cross-border payments. They also complained that member states continue to create difficulties with mutual recognition of each other's technical standards and rules. Only a few surveyed companies claimed that the single market had a negative effect on their resale prices because of increased competition. ■

(see page 6)

to Economic and Monetary Union. In this phase, one must expect that the Council will want to play a dominant role, admitted Mr Lamassoure, who also acknowledged, though, that in a Union of fifteen unanimity "condemns to paralysis" as soon as one is confronted with a complex issues. Therefore, while Council must have the "last say", one should seek ways of reducing the number of unanimity votes.

Joint Body? - Mr Lamassoure also regretted the lack of visibility and continuity of action in this field, as well as the lack of a thorough assessment of the "common interest" of Member States. And he said once more that "we need, for the Common Foreign and Security Policy, a body fulfilling the functions fulfilled by the European Commission concerning the traditional community policies". This body could be called Common Diplomatic Executive, or Political Secretariat, or Council's Delegate for Foreign Policy, but it should be placed under the authority of the Council (other institutions, such as Parliament, suggest on the contrary a joint Council/Commission body). Mr Lamassoure would also like to see a greater "unity" of external action of the Union in the political, economic and trade field, which would require a stronger coordination between Commission and Council. Aren't issues such as the implementation of the interim agreement with Russia or the agreement with Ukraine or the expected Customs Union with Turkey real political issues?, asked Lamassoure, who also wishes an agreement between Council and Parliament on the financing of common actions

launched in the frame of the Common Foreign and Security Policy (such as the role played by the Union in the administration of Mostar, in Bosnia).

As far as the use of military means is concerned, Mr Lamassoure mentioned again the former Yugoslavia, noting that, as now, 16 000 Blue Berets coming from eight Union Members States are on the ground, and that those countries have deployed 17 warships and 85 combat aircrafts. But, he stressed, this is the outcome of "national" decisions, taken over a period of three years. What could have happened if the Union could have been able to deploy such a force in three weeks instead of three years, in order to help the implementation of the UN peace plan? he asked. And his answer was: war in Bosnia would have never taken place. ■

Joint Publication
AGENCE EUROPE S.A.
EAST WEST S.P.R.L.

Publisher responsible: *Marina Gazzo*
10, boulevard Saint Lazare
B-1210 Brussels (Belgium)

In cooperation with:
The Information DG, Commission of the
European Communities, contents do not
necessarily represent the view or policies
of the Commission.

Editor-in-chief: *Jan Zoubek*

For all information and subscriptions,
please contact :

AGENCE EUROPE
Subscription Department
10, boulevard Saint Lazare - bte 13
B-1210 BRUSSELS (Belgium)
Tel. : 219.02.56
Fax : 217.65.97
Telex : 21108

Bank : KB-Bruxelles 425-2044961-06

Distributed solely by subscription
Price per issue : BF 750

Printed by:
Imprimerie de l'Europe SA - Brussels

Copyright AGENCE EUROPE / EAST WEST