



TOGETHER IN EUROPE



EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE EUROPEAN UNION

FURTHER ENLARGEMENT OF THE EUROPEAN UNION

Commissioner Hans van den Broek used his visit to Prague on 7 July to re-state the EU's position on the perspectives for the European Union's Enlargement during a luncheon sponsored by the Prague Institute of International Relations and the Konrad Adenauer Foundation. The main reason for the Commissioner's visit to Prague, however, was to sign an ECU 330 million Multi-annual Indicative PHARE Programme for 1995-1996 and to sign an agreement regarding specific measures for cross-border programmes between the Czech Republic and Germany.

The Commissioner understands well that in this phase of the transformation process, the prospect of Union membership is important to those who have to cope with the short-term costs of structural adjustment. The Commissioner also assured his audience that the Union has made an unequivocal commitment to the goal of accession. But in the same way it is important that membership, when it comes, lives up to expectations. Candidate countries must be in a position to derive the full benefits from membership, and to accept all the rights and obligations associated with it.

The Commissioner dealt with the key issue of the pre-accession strategy (White Paper) and made it clear that no negotiations for new membership can be started by the EU as long as the IGC has not been concluded, "but I am confident that the Czech republic will be among the first to sit at the negotiation table afterwards" he said.

He raised the issue of IGC in which he is directly involved: Common Foreign and Security Policy. Here van den Broek insisted that for CFSP the IGC should establish a proper policy planning mechanism drawing on the strength of the Commission, the Secretariat of the EU Council and WEU and "...define procedures, based on qualified majority voting, which will enable member states, to act together on the name of the Union". The Commissioner was clear in saying that if effective action should depend on unanimity, there would never be effective action. It appears that this Commissioner's analysis was not fully shared by the members of the Reflection Group who discussed the same topic on 10-11 July. This is also the reason for publishing a longer article on the discussion on CFSP and WEU in the Reflection Group (see pages 9-11).

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The Commissioner raised the problem of Union's relations with the WEU and NATO and said: "NATO membership for the Czech Republic, and other countries in central and eastern Europe, need not necessarily coincide with their accession to the Union. **But the security and stability of Europe as a whole would probably be served by a greater degree of parallelism in the membership of the EU, WEU and NATO.**"

A similar suggestion was made recently by Chancellor Kohl during his visit to Poland and the idea of "parallelism" causing some problems was then retracted. Once more the discussion in the Reflection Group suggest that the issues of EU, WEU and NATO are a long way from some consensus.

The Commissioner explained the concept of "different speeds of integration" as quite different

from the idea of Europe "à la carte". He considered that in most areas the enlargement will not pose fundamental problems, but that there are certain policy areas (structural funds, CAP and environmental questions and nuclear safety) where profound reflection is needed.

Publicly, for the first time, the Commissioner indicated when the Commission will start to prepare opinions required to start up the process of preparation of accession negotiations. Hans van den Broek said **"In 1997 the Commission will be called upon to issue an opinion on each application for membership"**. Readers will recall that the Council requested the Commission in May 1994 to prepare opinions on the accession of Poland and Hungary, and that the Council has not yet had a time to reflect on applications submitted by Romania and Slovakia last month. ■

ECU 146 MILLION FOR AN "INTERREG" PROGRAMME IN GERMAN REGIONS CLOSE TO POLAND AND THE CZECH REPUBLIC

On a proposal by Commissioner *Monika Wulf-Mathies*, responsible for regional policy, the European Commission has approved funding of Ecu 146 million for an Interreg Programme (trans-border cooperation) in Saxony, in the areas neighbouring Poland and the Czech Republic. The aim is to reduce the structural handicaps of these regions, and overcome the administrative obstacles, as well as promoting contacts in the prospect of accession to the EU by Central and Eastern European countries. The programme has been *coordinated with the measures under the multi-annual PHARE programmes still to be adopted for international cooperation involving Poland and the Czech Republic*, with a view to developing the border area as a whole.

The total cost of the Interreg programme amounts to Ecu 215.7 million: Community support is to come from the European Regional Development Fund (95.2 million), the European Agricultural Guidance and Guarantee Fund (29.3 million) and the European Social Fund (22 million). The programme is to be applied to the four trans-border "Euroregions" of *Neisse, Elbe/Labe, Erzgebirge and Egrensis*. The aid is to be concentrated on infrastructure and the environment (50%), economic development (12%), agriculture (20%), education, training and socio-cultural measures (15%), as well as technical assistance in the framework of the programme (3%). Among the projects are the building of new roads, constructing bridges over the river Neisse, widening road links with the Czech Republic, and also equipping kindergartens used on both sides of the border and creating or restructuring cure or landscape amenities. ■

EUROPE AGREEMENT WITH SLOVENIA

On 12 July, the Commission asked the Council to conclude a Europe Agreement with Slovenia. The Commission initialled the agreement with Slovenia in June. The Council, which will meet on 17 July, will still not approve the signing of the Agreement as Italy maintains its opposition. The signing may occur in October providing Slovenia changes its attitude.

*The Europe agreement broadly follows the pattern of similar agreements with central and east European countries. It establishes a six-year transition period for the establishment of a full free-trade area. The agreement supersedes the current agreement on inland transport which exists between the EU and Slovenia, but the other provisions of different ways of transport are similar to those in other Europe Agreements. It will be recalled that in 1993, Slovenia and the EU concluded a five-year financial protocol allocating ECU 150 million for road and rail infrastructure projects and that the agreement provides for the EU budget to give an interest rate subsidy to these loans. The new Title in the Agreement is on the **Osimo Agreements and on economic cooperation between Italy and Slovenia**. Also important is the Joint Declaration on the movement of workers.* ■

SLOVAK MEMORANDUM ON THE APPLICATION FOR MEMBERSHIP

A Memorandum submitted by the Slovak Government in support of the application for membership in the EU handed over during the Cannes Summit (see No.72) emphasises that the strategic objective is to "become a full-fledged member in the EU within the time horizon around the year 2000". The Memorandum states that Slovakia has substantially advanced in the fulfillment of political and economic preconditions as expressed during the Copenhagen and Essen Summits, to have a right to apply. At the same time, the will to fully respect *acquis communautaire*, is emphasized. Slovakia also considers the establishment of economic and monetary union as a key element in the construction of a united Europe. The Memorandum recalls Slovakia's contribution to stability in Europe by removing the existing problems with Hungary by the signing of the Treaty on Good Neighborhood and Friendly Cooperation with Hungary on 21 March 1995.

Slovakia has set up a proper institutional framework for the implementation of the Europe Agreement. The coordination body for all fields is the Council of Slovak Government for Integration into the EU chaired by Deputy Prime Minister Mr. J. Kalman and with Mr. J. Schenk, Foreign Affairs Minister as deputy Chairman.

Members of this Council are state secretaries or representatives of other central bodies. Slovakia also took a decision to establish special sections devoted to European integration in all central bodies of state administration. Slovakia shall have her comprehensive position to the White Paper ready by the end of September 1995.

The Memorandum gives the impression that Slovakia doesn't consider that agriculture would be a problem area during the accession. It refers to considerable efforts in the preparatory period to reach competitiveness under conditions of the internal market, without increasing state support of this sector. The objective is to build a competitive structure in agriculture. But Slovakia expects that even under the continuing decrease of budget expenses for agriculture, within the framework of additional liberalization of the CAP, it will also be possible to rely, at least partly, on the support of programmes (role of agriculture in preserving and development the rural areas, rural infrastructure) from structural funds of the EU.

Concerning the CFSP, the memorandum advocates an approach which would allow a more efficient functioning of the CFSP, while preserving national sovereignty in foreign policy. Slovakia wants to become a full member of

the WEU being transferred into a defensive component of the EU while preserving strong Atlantic Partnership through NATO and the programme Partnership for Peace.

The Memorandum restates the keen interest in the IGC and Slovakia, as a future member country, wishes to participate in a suitable form in its preparation and its course. Slovakia recognises that the IGC will primarily be an internal affair of the EU, but still would welcome observer status during the Conference. The IGC shall accept principal decisions on enlargement, as well as specification of the list of candidates to whom membership is realistically foreseeable, and also the proposal of a specific model for enlargement. This is also linked to the answer to the question as to what degree the EU member states are willing to assist countries under transformation to carry the burden which is an inevitable consequence of the process of transformation. The enlargement process cannot become too lengthy if the credibility of declarations presented at the Copenhagen Summit are to be preserved. On her side, Slovakia will do everything to fulfil all criteria concerning membership as defined by the Copenhagen Summit by the turn of the century. ■

ROMANIAN POSITION ON ACCESSION

Following Romania's request to join the EU, the Romanian ambassador to the EU, *Constantin Ene* explained to journalists that the request for accession constituted for the Rumanian Government the "natural continuation" of the 1989 revolution "which expressed the will of Romania to return to Europe to which it had always belonged". The formal request for accession was accompanied by two documents which show in what frame of mind Romania made the gesture, said the ambassador: - a statement signed by the government as well as that leaders of the opposition parties (which shows that it is a "national option"); - an action strategy programme by the government explaining the measures and "political commitment" it intends taking to

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prepare the country for accession. "We want this strategy to be implemented in close cooperation with the European Union," just like the White Paper on integration in the internal market that Romania is envisaging implementing by 1999.

The government considers that it was the appropriate moment to ask for accession "as we have arrived at a point of transition where we are beginning to see the end of the tunnel" of the economic reforms; the economic decline of the early 90s has finally stopped, in 1994 growth was 3% ("and we hope it will be even higher this year"), a third of GDP already comes from the private sector, almost half the businesses have already been privatized ("we hope to reach a level of privatization of 50-60% by April or May 1996") and inflation is down from 300% in 1993 to 60% in 1994, the goal being 30% in 1995. Despite these encouraging signs, Romania is aware that, economically, "much work remains to be done" to meet the accession conditions. However, "the democratic institutions are already in place and working well". There is no real problem with the Hungarian minority, said Mr. Ene, affirming that "of all the neighbouring countries, Romania is the one with the best relations with Hungary", and he mentioned examples of cooperation, like in the military field. The only remaining problem to signing the agreement is the definition and "formulation" of the principle of autonomy to grant this minority. The Romanian Government refuses to grant "territorial autonomy on an ethnic base" but there would be problems with a certain amount of cultural autonomy, said the ambassador.

The ambassador stressed that his government's goal was "for Romania to be able to enter the EU around the year 2000. If the EU sets a more precise timetable "it would be a good thing" but not indispensable as, in any case, the Romanian Government is "realistic" and knows full well that negotiations will last quite a long while. Romania would like to take part at the 1996 IGC or would like structured dialogue to be better prepared, more coherent and more effective. But the question is that of knowing whether, by making repeated criticism, one can make things move forward". Romania has always been in favour of cooperation and coordination between CEECs but one must understand that the term "coordination" has in the past been "a frightening word for Central and Eastern European Countries as it always implied external authority". The Romanian ambassador also remarked that the EU seems to have preferential links with some CEECs (he hinted at the four Visegrad countries), to the detriment of Romania and Bulgaria. Mr Ene quoted the example of the Phare budget for Romania which, in his view, does not respect the criteria set for breakdown of funds (population, size of country, etc.). ■

TARIFF QUOTA UTILIZATION REPORT

The European Commission has completed a report entitled the "Tariff Quota Utilisation by Central European Countries under the Europe Agreements". Copies of the report were transferred to the associated countries' authorities in late June. During preparations for the Essen Summit, the Commission was requested to present a report on the reasons why only a few tariff quotas opened by the Union under the Europe Agreements are fully used. The Commission was to provide a specific report by the time of the Cannes Summit and suggest how to improve the existing quotas.

The Commission's report confirms that the utilisation of tariff quotas for agricultural products often falls short of maximum take-up, in some cases by more than 50% of the total quota.

The Commission concluded that a broad variety of factors have been responsible for such a result. The Commission then differentiates between "internal factors" and "external factors".

Internal factors

These factors reflect the situation in individual associated countries. The fact is that agricultural production in associated countries was greater in the years preceding the start of the economic transition process. Governmental policies also tended to favour internal consumption over exports if shortages appeared on the domestic market. The report indicates the case of the Czech Republic and Slovakia which placed emphasis on domestic market balance, with external trade balance and export subsidization being of secondary importance.

In many countries domestic demand has exceeded supply and the domestic process is more attractive for producers.

An important fact also was that when the quotas were negotiated, they were based on historical flows reflecting the previous situation in agriculture, but during transition the production patterns in the associated countries

changed. The concessions given in the Europe Agreements sometimes are of little relevance now. The report says that there is scope for adapting the existing concessions to reflect the production possibilities of the associated countries.

External factors

The report lists an oversupply of agricultural goods on the world market leading to low prices and thus weak incentives for CE producers to export. Weakness in demand on the EU market reflected the economic recession, but some improvements came in 1994. Production in the associated countries was also seriously affected by drought in 1992-1993.

Initial in-quota tariff rates (offering reductions of 20% and 40% on base rate duties) proved to be an insufficient incentive. Thus the real benefit came only on 1 July 1993 (ie after EU unilateral concessions decided during the Copenhagen Summit) when the third level of reduction (60% on base rate duties) was applied. In addition Romania and Bulgaria started to benefit from this reduction only one year later. The report concludes that a further reduction in the in-quota rate would contribute to a fuller utilisation of each under-utilised quota.

The report admits that phytosanitary and veterinary restrictions together with the need to respect seasonal restrictions and minimum import prices caused problems for exports from the associated countries. The report admits that the management of the quotas and the existence of reference prices have also contributed to insufficient quota utilisation.

Trade outside quotas

The report observes that a rather surprising number of exports from the associated countries were carried outside of the quota system, ie at the full tariff rate, even if the quota was available. The examination found that for example exports of fruit and vegetables from Poland have been carried out outside the quota system. This was also sometimes the case of exports from Hungary of frozen beans, apples, apricots), and the case of exports from the Czech Republic of chicken carcasses, or a number of products exported from Romania.

The report attributes this rather unexpected development to a lack of effective communication and information on the quota arrangements and more or less puts the blame on the associated countries' authorities for not taking up the advantages offered by the Europe Agreements.

Suggested improvements

The report says that as the economic and administrative situation stabilizes in the associated countries, the use of quotas will expand. Another favourable development is a recent rise in EU internal demand for agricultural produce.

The report supports a review with the associated countries of the management of licenses and to seek simplification. Aspects to be examined could include an increase in the proportion of quotas available for "newcomers", or an improved system of information regarding the allocation of import licenses.

The Commission says that it is already engaged in the process of reviewing phytosanitary and veterinary arrangements in the framework of negotiations on the Equivalency Agreements. It is also ready to extend more technical assistance to countries who feel the need to remedy weaknesses in the sanitary and phytosanitary control mechanism.

The report suggests that it would make sense to allow greater cross-over use of quotas for related products for products for which exports already exceed quota amounts. This would offer more flexibility to exporters. Small quotas should also be increased. Also quotas with minimal or zero take up could be abolished if it is confirmed that an even greater reduction of the tariffs is not improving exports.

The report admits that within tariff quotas only reference prices have been applied and not minimum import prices and the reference prices have hampered exports from the associated countries. In addition, the reference price system has been "tariffed" in GATT, resulting in high tariff equivalents. The EU is aware of the high level of tariff equivalents and introduced an entry price system allowing importers to avoid paying them if a certain entry price is respected.

The report contains pertinent highlights on difficulties experienced by each associated country. ■

CONSERVATION OF THE EUROPEAN ARCHITECTURAL HERITAGE

In early July, cultural affairs commissioner Mr. Marcelino Oreja presented a list of architectural heritage conservation projects which will benefit from EU financial assistance. The theme for 1995 is the conservation of religious monuments.

The approved list of 100 pilot projects in the EU member countries will get a total subsidy of ECU 4.7 million. The hundred projects were selected from more than 2,000 applications by a panel of 15 international experts in the field of architecture, archeology and conservation.

Associated countries

The Commission has received 211 projects submitted by the associated countries of central and eastern Europe. Commissioner Oreja said these projects are currently under examination and the decision on the selection of the projects will be announced shortly.

Exhibition in Bratislava

In collaboration with the City and University Library of Bratislava, the Commission is opening an exhibition on the preservation of the European Architectural Heritage from 11 July to 8 September 1995. Bratislava is the fourth venue for this exhibition (after Brussels, Santarém, Portugal and Six Fours Les Plages, France). The exhibition will continue throughout Europe during the year.

The main purpose of the exhibition is to raise awareness amongst national, regional and local administrations, educational institutions, architects and restorers, and the general public, of the cultural, social and economic importance of the conservation of Europe's architectural heritage.

One part of the exhibition presents 61 conservation pilot projects which were selected by the Commission within the framework of its annual program for the conservation of European Architectural Heritage. Of these, seven projects are from within central and eastern European countries. The total support in 1994, for all of these projects, was Ecu5.06m. ■

CONSUMER PROTECTION POLICY IN CENTRAL AND EASTERN EUROPE

A major conference on consumer protection policy which was held in Budapest on 7-8 July was the first occasion since the adoption of the White paper to discuss the EU consumer policy implications of the White paper with representatives of the associated countries. The conference was addressed by Mrs. Emma Bonino, Commissioner in charge of EU consumer policy. The conference itself was co-organised by the DGIA and DGXXIV of the European Commission, by the Hungarian Ministry of Industry and Trade and Consumer Superintendence, and by the Centre de Droit de la Consommation of Louvain-la-Neuve University in Belgium which pioneered the earlier the specific study of consumers protection in the Community.

Commissioner Emma Bonino said that the implementation of a consumer protection policy in the associated countries should be considered as one of the priorities in the pre-accession effort. The protection of consumers in the associated countries is remains a considerable challenge because of the past: the State monopoly controlled all aspects of the economy. However, in 1994, PHARE agreed to finance the first program in the field of consumer protection: Consumer Institutions and a Consumer Policy Programme. Six associated countries have now adopted framework legislation in the form of Consumer Protection Acts. The PHARE consumer programme has been expanded for the 1995-1996 period and the

management of the programme has been entrusted to the European Research Centre on Consumer Policy.

White paper

The White Paper underlines that the functioning of the internal market is, at least in part, linked to the approximation of rules in the sector of consumer protection. The second point made is that the recognition of the rights of consumers, ensuring their participation in decision making, is perceived as a contribution to the consolidation of democratic societies in the associated countries. Article 129A of the Maastricht Treaty promotes a separate and autonomous policy towards consumers at Union level.

The Annex to the White Paper draws attention to conditions necessary to operate legislation :

- granting fundamental rights to consumers;
- setting-up an adequate institutional structure;
- setting-up consultative or specific structures ensuring participation of consumers in the decision making process;
- granting consumers an efficient redress mechanism.

However, the proposed key measures only concentrate chiefly on product safety: general product safety; safety of toys; textile names; cosmetics. These are indicated as Stage I measures.

Then key measures in the field of information chiefly concern misleading advertising, consumer credit, unfair terms in consumer contracts and an indication of the prices of foodstuffs.

Commission defines simplified regime

On July 12, the European Commission adopted its proposal aimed at bringing in *simpler and clearer rules* for indicating the unit price for all products sold in retail stores. The directive stipulates that all traders - except for small retailers who have a four-year dispensation - must clearly indicate both the *selling price and the unit price for all products sold to the final consumer*. The latter would thus know the unit

cost of the product he is buying, be able to compare different prices and make the best possible choice. "Our aim is twofold: transparency and simplification. Transparency as the consumer must have references for precise comparison; simplification as the system which had been set out in previous directives proved excessively complicated", said *Emma Bonino*, European Commissioner for consumer policy. "I consider that the unit price is the simplest and most valuable instrument for informing the consumer", she said. If the new proposal is adopted by the Council, the Member States should transpose it into their national law before 6 June 1997. ■

EIB FINANCE IN LITHUANIA

The European Investment Bank (EIB), the EU's financing institution, is providing Ecu 14m for the modernisation and expansion of the Baltic port of Klaipeda. This is another example of the EIB's growing role for financing infrastructure in the central and eastern European countries and for developing TENs for transport, telecommunications and energy. The loan agreement was signed in Vilnius by EIB Vice-President Wolfgang Roth and Reinoldijus Sarkinas, the Lithuanian Finance Minister.

The loan will be made available to Klaipeda State Seaport Administration for the construction of a new container terminal and for upgrading an existing ferry terminal. The Commission is co-financing the project through Phare funds. The present loan brings total EIB financing in Lithuania to Ecu 29m. Previous lending was mainly concerned with the modernisation of Vilnius international airport. ■

NEW EIB LOAN FOR SMALL AND MEDIUM-SCALE VENTURES IN ESTONIA

The European Investment Bank (EIB) has announced that it is providing a second global loan of 5 million Ecus to the Estonian Investment Bank (EstIB) for financing small and medium-size enterprises (SMEs) in industry, tourism and services related to industry, as well as energy savings and environmental protection schemes. The loan agreement was signed in Tallin by EIB Vice President Wolfgang Rosh and Mr Harmo Varko, President of EstIB.

The provision of long-term foreign currency funds helps EstIB to respond to opportunities offered by economic reform in Estonia and contributes to the development of private enterprises, in particular export oriented agro-industry, plastic and wood processing firms, as well as hotels and other tourism ventures.

The new global loan to EstIB is the EIB's fifth operation in Estonia, following the Bank's Board of Governors' decision of July 1993 to extend EIB lending to the three Baltic countries. Loans provided previously were for the district heating system of Paernu and Pylalin, the Muuga port terminal, as well as for the country's air traffic control system. ■

DEVELOPMENTS WITHIN THE EU

AGREEMENT ON PRIORITIES AND OBJECTIVES OF SPANISH PRESIDENCY

Spain intends to use its six-month Presidency of the EU's ministerial bodies to help the EU make "fundamental progress", declared *Felipe Gonzalez* at the press conference he held together with Jacques Santer at a meeting, a tradition at the start of a new Presidency, between the Spanish government and the full European Commission (with the exception of Martin Bangemann, who was ill). The Spanish Council President said this half-year would be "a very full one, both in quantity and quality". The Presidency sees *three priority areas of action*: i) economic and social policy, monetary policy and competitiveness; ii) the EU's "outward projection" (relations with the CEECs, the Mediterranean and Latin America); iii) preparation of the 1996 IGC, "ie the future of the Union". Mr Gonzalez expressed total confidence that his government could count on the support of the Commission in meeting these challenges. *President Santer* stressed the "total convergence" between the Presidency's programme and that of the Commission for the next six months, namely for a "period that will be decisive for the future of the Union" since it will involve preparing its "architecture for the 21st century" (in this regard, he voiced total confidence in Carlos Westendorp, who chairs the Reflection Group preparing the IGC). Mr Santer explained that he expects the Presidency to: a) continue work on the priorities set by the Cannes summit (incentives for a strong, job-creating economy, preparation of the third stage of EMU based on the Commission Green Paper in agreement with the European Monetary

Institute); b) give "new impetus to a strategy of peace and stability in the Mediterranean"; c) strengthen relations with Latin America; d) give a "new quality to transatlantic relations". The Commission President concluded his introductory remarks by stressing that the European commitment of Felipe Gonzalez and his government promises a successful Spanish Presidency.

The Spanish Minister of Foreign Affairs and the President-in-Office of the EU Council Mr. Javier Solana formally presented the priorities of the Spanish Presidency to the European parliament in Strasbourg on 12 July. Speaking on "Europe open to the World" Mr. Solana referred to the need of developing a closer relationship between the WEU and EU (Spain also chairs the WEU until the end of 1995) and said on enlargement that "we have to do it and we have to do it well". It is necessary to develop privileged relations with Russia and a special cooperation relationship with Norway and other EFTA countries.

In Solana's view the debate between the European federal state and intergovernmental Europe is not the true debate. The real dilemma is the choice between integration and disintegration.

In response to questions Mr. Gonzalez said, that the Reflection Group is working very well, but there should be no mistake as to what should be expected from it: "To the extent that it can reasonably narrow the gap in the views of Member States, so much the better. But its objective is not to reach an agreement, only to prepare the way for the IGC. It would be absurd

to assess its work on the basis of the degree of agreement which will come of it. As for Spain, it is not thinking about closing the IGC exercise with a referendum, because it is in any case premature to discuss something that should occur at the earliest in 1997 or even 1998. Speaking on the Euro-Mediterranean Conference Mr. Gonzalez indicated that the Conference was designed in Spain as a platform on the basis of which the Union's external policy was to be built (it was a matter of establishing one of the pillars of the foreign and security policy, he said). As for Mr Santer, he explained that he expected a "new impetus to establish a real partnership" that could lead to an area of free trade in the longer term. We must be aware that our own security and stability depends on theirs.

Timetable of Council Sessions - Two Summits, Euro-Mediterranean Conference

The first informal ministerial session under Spanish Presidency was held in early July (the Ministers for Industry, meeting in Bilbao) and the first formal Council sitting in Brussels (Economy/Finance) was held on 10 July. The six-month Presidency will also feature *two summits*: in addition to the traditional European Council in December (in Madrid), there will be an informal European Council in late September in Majorca on preparation of the 1996 Intergovernmental Conference.

The European Councils will be chaired by Prime Minister *Felipe Gonzalez*; the General Affairs Councils by Foreign Minister

Javier Solana; the Ecofin Council sittings by Economy Minister *Pedro Solbes*; the Agriculture Council by Agriculture Minister *Luis Atienza*, and so on. The Committee of Permanent Representatives will be chaired until the end of the year by Ambassador *Javier Elorza Cavengt*.

The *Euro-Mediterranean Conference* will also be held under Spanish Presidency, in Barcelona, beginning on 27 November.

The timetable of Council sittings (formal sessions in Brussels, and in Luxembourg in October; informal sessions in the Spanish city indicated in each case) is as follows:

July:

- Saturday 8/Sunday 9: Industry (informal, Bilbao) - Monday 10: Ecofin - Saturday 15/Sunday 16: Transport (informal, Majorca) - Monday 17/Tuesday 18: General Affairs - Monday 17/Tuesday 18: Agriculture - Monday 24: Budget.

September:

- Saturday 9/Sunday 10: General Affairs (informal, Santander) -

Sunday 17 to Tuesday 19: Agriculture (informal, Burgos) - Monday 18: Ecofin - Friday 22/Saturday 23: *Informal European Council* (Majorca) - Monday 25/Tuesday 26: Agriculture - Monday 25/Tuesday 26: Justice and Home Affairs (tentative) - Thursday 28: Transport - Friday 29 to Sunday 1 October: Ecofin (informal, Valencia).

October: (formal sessions in Luxembourg)

- Monday 2/Tuesday 3: General Affairs - Thursday 5: Labour and Social Affairs - Friday 6: Environment - Monday 9: Internal Market - Saturday 14/Sunday 15: Justice and Home Affairs (informal, La Gomera) - Tuesday 17/Wednesday 18 (tentative): Agriculture - Thursday 19/Friday 20: Culture (informal, Madrid) - Saturday 21/Sunday 22: Environment (informal, Doñana) - Monday 23: Education - Monday 23: Ecofin - Thursday 26: Fisheries - Friday 27 to Sunday 29: Labour and Social Affairs (informal, Cordoba) - Monday 30/Tuesday 31: General Affairs - Monday 30: Research.

November:

- Monday 6: Industry - Thursday 9: Consumers - Monday 13: Development - Monday 13/Tuesday 14: Agriculture - Wednesday 15: Fisheries - Friday 17: Budget - Monday 20/Tuesday 21: General Affairs - Thursday 23: Internal Market - Thursday 23/Friday 24 (tentative): Justice and Home Affairs - Monday 27: Telecommunications - Monday 27: Ecofin - Thursday 30: Health.

December:

- Monday 4/Tuesday 5: General Affairs - Monday 4/Tuesday 5: Labour and Social Affairs - Thursday 7/Friday 8: Transport - Monday 11: Ecofin (tentative) - Monday 11/Tuesday 12: Agriculture - Tuesday 12: General Affairs (tentative) - Thursday 14: Energy - Friday 15/Saturday 16: *European Council (Madrid)* - Monday 18/Tuesday 19: Environment - Monday 18: Ecofin (tentative) - Thursday 21/Friday 22: Fisheries. ■

REFLECTION GROUP DISCUSSES COMMON FOREIGN AND SECURITY POLICY, WEU

The Reflection Group on the 1996 Intergovernmental Conference, following its formal establishment on 2 June, held another, third meeting on 10-11 July in Strasbourg. The topic of this meeting was the problem of the common foreign and security policy (CFSP) and the related problem of the defence policy.

Readers will recall that the Reflection Group is chaired by the Spanish Secretary of State for European Affairs Carlos Westendorp, and consists of personal representatives of the foreign affairs ministers, Commissioner Marcelino Oreja, and two representatives of the European parliament Mrs. Guigou and Mr. Brok. The task for the Reflection Group is not to get involved in "pre-negotiations", but explore, elaborate and suggest options for negotiations during the IGC.

As was the case during the previous two meetings, the work on 10-11 July concentrated on two lists of questions, one dealing with the CFSP and the second with security and defence.

Concerning the CFSP, questions reflected on reasons why CFSP is not working, and in particular reflected on the institutional side of the problem (improve the current institutional set up or create a new one). The issue is naturally the next enlargement which will contribute to European political stability and security, and will bring new challenges. Taking this into account, what should the objectives be; what kind of change would the enlargement imply - quantitative or also qualitative change in the EU's external dimension; what procedures, instruments could make the CFSP more efficient; what

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should the decision-making process be, how should the CFSP be managed, implemented and financed, and how should democratic control be ensured etc?

A number of questions reflected security, defence and the relationship between the EU and WEU. The principal question was if it is possible to agree that the challenges of security and defence in Europe cannot be met separately by the Member States of the Union. A second principal question was that taking into account that NATO continues to form the cornerstone of collective defence in Europe, do the new challenges to security going beyond traditional dimensions and affecting social, economic, political and environmental stability, need some new action or new concept of security?

The third question was directly linked to the enlargement: what are the consequences of enlargement on security. Traditionally neutral states are now members of the EU and there will be new members from central and eastern Europe. What would be the impact of a great number and greater diversity of member states, how would the enlargement affect the relationship between the EU and WEU, will membership of the EU and the WEU be possible without prior membership of NATO? Who will be doing what in Europe in terms of security, what will be the role of NATO, the WEU, and the EU. Should there be a merger between EU and the WEU after 1998. How should EU decision procedures and institutions be reformed to suit the implementation of security and defence objectives?

The discussion in the Reflection Group clearly confirmed that there is a lack of proportion between the declared aims of CFSP and the means at its disposal. Also that no Member Country wants a continued status quo concerning defence policy. The opinions, however, differ on the ways to improve it.

Certain indications on the discussions were provided to the press by the Group's Chairman Mr. Westendorp and then mostly by both representatives of the EP.

According to Westendorp, it seems that all want to preserve consensus in the field of defence. On the other hand, a number of countries favour a move towards a certain rule of majority voting in the field of CFSP. Also, a number of countries want to preserve consensus even in the CFSP sphere. There have been motions about the possibility of "active abstention" or "constructive abstention". These possibilities need to be considered further and must be viewed especially in a situation that for example one country radically opposes a decision.

Mr. Brok believed that most members of the reflection Group shared the view that nobody should be able to block a decision. Mrs. E. Guigou considered that a single country should not be able to prevent others from moving ahead. The French representative in the Group, Mr. Barnier, said before the meeting on the procedure for CFSP decisions, that "as a general rule, we should keep unanimity, but add some flexibility to it. The countries wishing to go further must be able to do so without the others stopping them".

Mr. Westendorp said that lessons should be drawn from weaknesses of the CFSP and that the Union must get a common instrument for analysis and planning which is lacking today. Thus the foreign policy may be raised to the level of external economic policy.

For this two ideas were proposed:

- strengthened Council Secretariat with an active role from the European Commission;
- a high level representative.

Mr. Barnier said earlier that as the Commission doesn't have the goal of handling of diplomacy and defence, the Council Secretariat must be reinforced.

On the matter of a "high level representative", a sort of Mr. X who would ensure the visibility of external EU representation. Mr. Westendorp said that this idea has got some conditioned support. In particular, providing this will not result in the creation of a new institutions superimposing others. "Mr. X" who would have to get the confidence of the European parliament, the European Council, and the Member States could hardly be somebody other than the President of the European Commission. Mrs. Guigou considered that Mr. X responsible for security could not in terms of proposal replace the Commission or the Council. She accepted that there is the problem of Union's external representation (due to the semi-annual rotating presidency), but any solution which would result in a separation between the first pillar of the EU and its second pillar (ie CFSP) needs to be rejected. Mrs. Guigou was suggesting that Mr. X could be the President of the Commission. Mr. Barnier said on Mr. X (man or woman under the direct authority of the heads of State and Government) that it could be either a President of the Union elected for two or three years, or a Secretary general for CFSP.

Speaking on defence policy, Mr. Westendorp suggested that in the reflection Group there was total agreement on the role of NATO regarding the classical concept of territorial defence. With regard to the

WEU, a majority of member States considered one should not close the door to WEU integration, in the long-term, to the European Union. Mr. Westerdorp suggested that the possibility to adopt a similar programme for this which is adopted for Economic and Monetary Union, has been considered and that this process could possibly start after 2000. Mr. Westerdorp confirmed that the United Kingdom categorically opposes such integration.

It may be recalled that in early July the Political Bureau of the European People's Party approved a preliminary document which will be submitted to the EPP Congress approval in November. This document took a position that the WEU should be integrated into the EU and that all EU members should accept an assistance and solidarity clause (Article 5 of the WEU Treaty). On the CFSP, the position is that the rule of unanimity in the Council shall be dropped. The adoption of diplomatic, humanitarian or military measures as "joint actions" must be possible with particularly a qualified and reinforced majority. No country should be forced to participate in the military joint actions against its will, but a minority of states must not prevent the majority from doing so.

A memorandum by the Luxembourg Government on the IGC, which was presented in early July, stated that the CFSP's concept must be improved. Common forecasting and analytical capacity must be created with the full association of the Commission and help of the WEU, with the General Council

Secretariat. The decision-making procedure must be improved mainly through extension of the majority vote. The memorandum says that the "principle of unanimity less one" would represent considerable progress as a member State could disassociate itself from a joint action without preventing it. On defence, the memorandum said that the EU must ensure its own defence and be able to face up to external crisis, even if NATO has to remain the essential security element in Europe. **In time, all the EU members should belong to NATO.** The WEU should play a bigger role, although it would still remain a separate organisation, but the future treaty should contain an aim of gradually bringing it into the EU, but in the meantime, it should be more closely associated with the work of CFSP and confirmed in its role as the armed wing of the EU. The next meeting of the Reflection Group will be held in Brussels on 24-25 July and will finish the first round of reflection. Following this meeting, the Reflection group will produce a summary report on individual positions for the second round of reflection which will start in September. The Reflection group will not submit a report to the special EU Summit on the IGC which will be held on Majorca on 22/23 September. During this meeting, the Heads of State and Government will only informally discuss ideas explored in the Reflection Group and on the basis of information supplied by the Personal Representatives of Ministers of Foreign Affairs of the member Countries. ■

CONTROLS AT EU INTERNAL FRONTIERS

On 12 July, the European Commission approved proposals to the Council for decisions on abolishing controls of persons at intra-Community borders. It should be recalled that this has nothing to do with the freedom of movement. The complete freedom of movement of persons in the EU has been established for a long time, as well as the freedom for citizens to reside in a member state of his/her choice. However, the authorities have been having the right to conduct checks at borders. These checks were not compatible to Article 7 of the Maastricht Treaty (ie establishment of the internal market which shall comprise an area without

internal frontiers in which the free movement of goods, persons, services and capital is ensured). Only the member countries who participate in the Intergovernmental Schengen Accord have done away with controls at the frontiers within the Schengen Area.

The task for the Commission was to approve the draft proposal for a directive which in concrete form spells the elimination of controls of all people, regardless of their nationality, at intra-EU borders. In fact, there are 3 directives: One on elimination of controls, the second on the right of non-EU nationals to travel within the EU, and thirdly, one amending

secondary legislation on free movement of persons.

Stipulating that internal borders may be crossed at any place (this means the end of approved border crossings). Control of identity papers is to be banned. The authorities could carry out checks, but for other reasons than a simple border crossing. In other words this directive would provide for something similar to Schengen.

The important part of the proposed directive is the right to travel instrument for non-EU nationals. In particular the right for non-EU nationals legally present

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on the territory of a member State to have a possibility of travelling to another Member State for short stays, only on the basis of a "visa" or another document which makes their presence in the first member state legal. This presupposes the principle of reciprocal recognition of "visas" granted by Member States to nationals of third countries. In turn, this at least presupposes harmonization of procedures for granting "visas" and the EU-wide common list of third countries whose nationals must have a visa when crossing external borders. This also foresees a standard type of visa.

It is not likely that the Council will adopt this proposed directive soon. The merit of the recently approved proposal by the Commission is thus that the Council is forced to start discussion.

A big part of the problem is the UK which refuses to renounce its control of people at borders in the context of Schengen. It is also believed that the two UK commissioners (Sir Leon Brittan and Mr. Neil Kinnock) voted against the proposal in the Commission. Commissioner Mario Monti, responsible for the Internal market, said on 12 July that **no opt-out for the UK shall be possible**. Thus the problem is whether 14 countries may move ahead without the United Kingdom. Readers will also recall that France has recently extended the "probationary period for the Schengen Accord" and that Italy and Greece are not yet fully capable of participating in the elimination of internal borders.

Commissioner Monti said that the Commission's proposal recognises that EU citizens seek security and that the elimination of controls must be accompanied by measures clearly increasing security. Thus the Commission would

not push the member countries into abolishing controls unless the necessary accompanying measures were adopted. The accompanying measures include in particular the reinforcement of controls at external EU borders, more efficient cooperation between police in visa matters, several "protection clauses" allowing the reintroduction of controls in the case of serious threat to public policy or public safety (for maximum of 30 days?).

The result of the discussions in the Council is rather difficult to foresee. The proposed directive is legally based on Article 100 of the Maastricht Treaty. Article 100 says that "the Council shall, acting **unanimously** on proposal from the Commission, and after consulting the EU and ESC, issue directives for the approximation of laws, regulations or administrative provisions of the Member Countries as directly affect the establishment or functioning of the common market".

The key word is the **unanimous vote**. Thus the question is the use of the veto by the United Kingdom. The Commission proposes that the Directive is transposed by the Member States by 31 December 1996. ■

BRIEF NEWS

We would like to remind the readers that the Official Journal (L113 of 17 June 1995) published the **implementing regulation concerning the fight against counterfeit and pirated goods**. The Council approved the regulation in December 1994, and the Commission was to adopt provisions concerning practical

implementation. The new Regulation is in force since 1 July 1995. It establishes rules and procedures to consolidate the fight against imported counterfeit and pirated goods.

It bans the release for free circulation, export, re-export or entry of counterfeit goods and substantially tightens rules against the system previously applied. The implementing rules specify who can represent the holders of intellectual property rights, or who may be authorised to use these rights. It is specified what proof of intellectual property rights must, or may, be included in applications for action by the customs' authorities. ■

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*

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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

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