FORTNIGHTLY BUREAU DE DEPOT BRUXELLES "X" 15 June 1994 - N° 51

TOGETHER IN EUROPE

EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE COMMUNITY

GERMAN PRESIDENCY

"Europe cannot be stable and strong if Eastern Europe is weak and poor". These were the words used by the forthcoming President-in-Office of the EC Council during the EU Council meeting in Luxembourg on June 13-14. Mr. Klaus Kinkel, the German Foreign Minister used the this opportunity to describe the main priorities of the German Presidency of the EU which will start on 1 July and will culminate during the Essen Summit in December.

The central and east European countries have put much hope into the German Presidency, in particular as it concerns the process of their accession to the European Union. These hopes probably did not square well with the real short and medium term possibilities of the EU. This was perhaps also the reason for which Mr. Kinkel felt obliged to warn in Luxembourg about excessive expectations and demands of central and eastern Europe on the German Government.

Germany plans to use her term *to carry out a "revitalization" of the six Europe Agreements* already concluded with the central and east European countries. Observers in Brussels do not yet have a clear view what the "revitalization" will mean in concrete terms. Mr. Kinkel recalled that only two of these agreements have been fully ratified, while in the case of the four others it is only the case of Interim Agreements on trade and trade related matters.

The German minister noted that Germany has a "special responsibility" for central and east Europe. In Kinkel's view, Germany will assume this responsibility by acting as their "advocate".

Kinkel promised that "free-trade area" agreements with the three Baltic states will come into force on January 1 1995. The German Presidency will also take special care over the implementation of the Partnership Agreements concluded with Russia, Ukraine and other ex-Soviet Republics.

In reference to 1996 Intergovernmental Conference Mr. Kinkel said the *conference has to assure that the EU is open to new members while ensuring the continuing dynamism and effectiveness of European institutions.*

Mr. Kinkel left no doubt that the German Presidency will carry out pro-European policies:

(continued on page 2)

CONTENTS

(see page 1)

"A reunified Germany is fully aware of its responsibilities with regard to European integration because it owes a tremendous amount to Europe....We plan to confirm during our presidency that European integration is the central plank of German foreign policy. Germany's future is in Europe".

EU Representative outlines policy

In Brussels on June 9 Mr. Dietrich Von Kyaw, the German representative to the EU, outlined Germany's priorities while in its role of president. In trying "to squeeze out as much progress as possible", Von Kyaw conceded that any progress was dependent on other member states and particularly the EC itself. The "common" (to any Presidency) challenges that Germany faces include structural problems, particularly unemployment, implementation of the White Paper and external stability. In all the priorities however, Germany faced certain difficulties. There is a feeling in certain Member States for a need for further reflection; there is also the impending referenda in the four EFTA countries; the new European Parliament will sit for three to four months of Germany's presidency.

For Germany, the importance of stability was stressed. However stability east of Germany's borders was not the only priority. There are plenty of new challenges in South Africa, Asia, the Middle East, and importantly the Mediterranean countries, and south of them. Algeria, he said, was "more of a problem" than the CEECs, and this had to be recognised by all Member States.

Central and eastern Europe

Regarding the CIS and CEECs, Von Kyaw said that the Partnership Agreement with Russia would probably be initialed in Corfu with Mr. Yeltsin; the Free Trade Agreements with the Baltic States would hopefully be completed under the Greek Presidency. A mandate for Association agreements with these countries will be prepared by the German Presidency, but this will require a certain amount of diplomacy, in relation to Russia. Nuclear Safety is seen as a priority in the case of Ukraine, and there will be a "common action" to promote reform and independence in the country.

Another area of priority is harmonization in the area of Ministers of Justice/Interior of all the Member States. There has to be a united front against crime, drugs and immigration. Threats in the east and south must be tackled and a "community approach" assumed. Regarding legislation in the social and environment fields, again a common approach would be maintained.

Regarding the 1996 Intergovernmental Conference, preparation will continue to the extent of ensuring the Conference's success.

A feature of Von Kyaw's ideas was what he termed the "beautiful French tandem". Effectively he means that the Union is a stronger and more eternal process than a Presidency, and whatever Germany may achieve, this will be consolidated by the French Presidency (from January 1995). Europe needs such a tandem, he said and it was a stabilizing factor in the Union. For other Member States, the onus is on them to join this arrangement or balance it with their influences or opinions.

The relationship is more applicable in relation to the CEECs. The demise of the iron curtain has resulted in a bigger Germany and a free central and eastern Europe, but similarly the risks and challenges have increased. In the ambassadors opinion, a Franco-German alliance is logical: there are more opportunities for Germany, a greater need for integration in Europe, and a need for close links with states who regard circumstances in a similar way, just as the French do. Therefore a report was submitted to the Franco-German summit at Mulhouse, which recommends joint action between France and Germany and some Eastern countries, notably Ukraine, Belarus and Moldova. A common position will be sought on the CEECs and the Baltics on the transitional period in these countries until such a day as they may become Union members, on such matters as privatization, energy and industrial research. The paper sent to the Commission could be published by the end of the Greek presidency, and the work continued during the German and French presidencies.

In this respect Von Kyaw was quick to point out that both Germany and France faced domestic elections during their terms in office as President, and there will also be elections in Denmark. The presidency would have to its best under these circumstances but "realities in Europe limit us". ■

STEICHEN VISITS CZECH REPUBLIC

European Commissioner for Agriculture and rural development Mr Rene Steichen visited the Czech Republic in June. The main purpose of his visit was to have an exchange of views and information on the respective agriculture situation and policies as well as to launch a cooperation process with the Czech authorities in the field of agriculture with a view to strengthening the relationship between the EU and the Czech Republic. Steichen met with President Havel, Josef Lux, Czech minister for agriculture, Pavel Bratinka, deputy foreign affairs minister and Miroslav Somol, deputy minister for industry and trade. Both parties agreed on a number of concrete and immediate actions.

- it was decided to accelerate the conclusion by the end of the year of an agreement on mutual recognition of standards and controls in the field of vetinary and sanitary measures.

- it was considered necessary to introduce a cooperation and information process for soft fruits which would include producers and exporters from both sides, and to introduce an early warning system in order to avoid market disruptions.

- the organization of a seminar in Prague in the second half of this year about the functioning of the CAP, which would enable all interested ministries, institutions and businessmen involved in agriculture to have a better understanding of the CAP mechanisms, including the trade related ones.

- both parties agreed to examine the effects of the GATT Uruguay Round conclusions on the Europe Agreement.

Steichen also informed his counterparts of his intention to propose in the near future more ambitious cooperation in agriculture, in all the central and eastern European countries. ■

NEW NEGOTIATIONS WITH BULGARIA AND ROMANIA

The EU Council has authorized European Commission to negotiate with Bulgaria and Romania changed provisions in the Interim Agreements. The result will take a form of exchange of letters whose aim will be to offset the losses suffered by the two countries because of considerable delays in 1993 with the entry into force of the Interim Agreements.

In the case of Bulgaria the negotiations would result in the carry-over of part of the unused quotas in 1993. The council considers that Bulgaria was able to benefit in 1993 from the GSP system, so that the loss was not so important.

In the case of Romania it is expected that the exchange of letters will bring a partial offset of the losses which resulted from delayed entry into effect of agricultural concession and that some of the quotas granted for 1993 and which remained unused will be transferred to the 1994-1996 period.

Steel negotiations

The Council has issued negotiating directives for the Commission to negotiate separate agreements on *steel trade* with Russia, Ukraine and Kazakhstan. Readers will recall that Partnership Agreements which were so far negotiated with these three countries (and also with the Kyrgyz Republic) provided for separate agreements to regulate this complicated issue.

At the same time the Council *extended for the second half of 1994 the regime applicable to steel trade with 12 ex-Soviet states.* Readers will also recall that this regime established export quotas of over 112,000 tons of flat products and over 52,000 tons of sections for each half of 1994.

Free Trade Area negotiations

Commission officials claim they are confident that negotiations with the three *Baltic states on free trade area agreements* will be concluded by the end of June. The only problem is in negotiation with Estonia over *textile products*.

Slovenia

The new Italian government has claimed that Italy has no *border problems with Slovenia* but only several minor problems. However, this still prevented the Council to authorize negotiations on the Europe Agreement with Slovenia. ■

PHARE: CZECH REPUBLIC INDICATIVE PROGRAM 1994 - 1996

In 1994, the Czech Republic will benefit from Ecu60m under the PHARE program, the same amount as the last three years. Within this budget, Ecu25m will finance CROCO, the new initiative for cross-border co-operation (see Together in Europe No. 49, p.4). Seven projects, out of the twenty-one initially presented, have been identified by the Czech authorities in accordance with the German government. The projects, which concern environmental and transport issues, will be submitted for approval to the PHARE Management Committee on 14 July.

In light of the integration of the Czech Republic into the European Union, another important priority for PHARE in the next few years will be support to the approximation of Czech laws to European Union legislation. In general terms, a shift of the PHARE program from direct support actions to the private sector to programs aimed at "developing and strengthening public and semi-public institutions and services in a market environment" is foreseen. Therefore sectors like human resources development, social security and services and public administration reform will assume an increased importance in the future.

As far as the 1994 PHARE activities is concerned, the recently approved Indicative Program takes into consideration four main areas of actions.

Human Resources Development

Between 35% and 40% of the 1994 PHARE budget will be allocated to the development of human resources. Finance will include support for training courses in management, professional preparation and requalification organized within the **National Training Fund**, an independent fund set up to facilitate both public and private sector access to training. Concerning the **labor market**, PHARE will carry on supporting the Pro-Active Labor Market Innovation Fund (PALMIF), considered by the Czech authorities as the main instrument in developing new and flexible labor market measures.

In 1994, PHARE's main objective under **TEMPUS** will be to finance actions stimulating closer links between universities and businesses. A joint evaluation of TEMPUS will be carried out later in the year by the Czech authorities and PHARE. As far as priority areas for TEMPUS activities in 1994, they include: economics, law (European law, commercial law, public law, consumer law), medical sciences and environmental studies and wood sciences.

Infrastructure

In 1994, 10-15% of PHARE funds will be spent on the development of Czech infrastructure. Special attention will be given to the need of incorporating Czech **agriculture** into the EU CAP. In particular, a policy advisory unit will be set up to assist the Czech authorities concerned in the implementation of the agricultural elements of the Europe Agreement. According to the Indicative Program, PHARE will contribute with technical assistance and training to policy development and implementation in some specific sub-sectors such as meat, dairy, cereals, sugar, and horticulture. An agricultural statistics and market information system will be set up. PHARE assistance to Prague in setting up a new system for **land registration** will consist of two main elements:

- assistance to review, design and develop the new system.
- provision of equipment for land surveying and measurement, digital mapping and publication of maps, topographical and geographical measurement on the basis of GPS positioning.

In the field of **environment, transport and energy** PHARE activities will be mainly implemented through the new initiative for cross-border cooperation. In particular, special attention will be given to the environmental aspects of the programs, the objective being to reduce trans-boundary air and water pollution. Another priority will be to support the improvement and extension of Czech road, railway and waterway transport, to facilitate their integration into trans-European infrastructure networks.

Social Sectors

15-20% of PHARE funds will be allocated to contribute to the implementation of the Czech government reform program. Activities will concentrate on:

- the provision of technical assistance and equipment for the installation of a new system of state social support, which should be operative in the second half of 1995.

(continued on page 12)

DEVELOPMENTS WITHIN THE EC

NEW EUROPEAN PARLIAMENT

On June 9 and on June 12, citizens from the twelve Member States of the European Union (on June 9, the British, Irish, Danish and Dutch citizens, and on June 12 all the others) went to the polls to elect the new European Parliament, which will be the fourth Parliament directly elected, after the first election of 1979. The new Parliament is a Parliament with 567 seats, compared to the 518 seats of the previous one, since the numbers were increased in order to reflect the enlargement of the Union following Germany's reunification. Thus, the number of seats by country will be as follows (the previous figure is in brackets): Germany 99 (81), Italy 87, France and Britain 87 (previously 81), Spain 64 (60), the Netherlands 31 (25), Belgium, Greece and Portugal 25 (previously 24), while Denmark keeps its 16, Ireland its 15 and Luxembourg its 6 seats.

This June, the turnout was once again slightly lower than in the previous European election, a steady but not dramatic trend. Thus, an average of 56,5% went to vote, compared to 58,5% in 1989, with a remarkably high turnout in some Member States (and above all, of course, in those where it is compulsory to vote): 90% in Luxemburg, 87% in Belgium, 74,8% in Italy (less, though, than in any previous European election), 71% in Greece, 59,6% in Spain, 58% in Germany, 55% in France and 52% in Germany. It can be noted that in some countries where the whole Maastricht debate has enlivened people's interest for Europe (though often in a negative sense), as Denmark, France or Greece, citizens found it important to cast their vote. At the other end of the spectrum, a minority of people (36,2%) in one of the countries where the debate on Europe is at its liveliest - Britain - went to vote. The lowest turnout was in the Netherlands (one of the founding Six), with 35,6%, and Portugal did not do much better, with 35,7%, while in Ireland the turnout was of 37%.

The results of this fourth European election were in some cases unexpected, introducing new political movements on the political scene, a fact which means for the time being a considerable degree of uncertainty about the shape and weight that political groups will take in the new Parliament elected for the next five years. Indeed, in the case of more than 90 of the people elected, it is impossible now to anticipate exactly in which group they will want or they will be able to sit. In the Parliament elected in 1989, the Socialist group held 198 seats, the European People's Party group 162, the Liberal Democratic and Reformist group 45, the Greens group 28, the European Democratic Alliance group (consisting above all of French gaullists, and of Members of the Irish Fianna Fail) 20, the Rainbow group ("regionalists" from several countries, including the Lega of Northern Italy, and Danish anti-Maastricht Members) 16, the Left Unity group (French, Portuguese and some Greek communists) 13, and the European Right group (mostly from Le Pen's National Front, after the defection of representatives of the far-right German Republikaner) 14. Moreover, 22 Members were unattached, including Italian neo-fascists which quarreled with the Republikaner, the Republikaner who left the group, Spanish communists who were not able to join the Socialist group when the Members of the former Italian Communist Part, the PDS, did it (they used to be in the same political group, with a couple of left-wing Greeks), Italian communist who wanted to remain communists after the split between the PDS and Rifondazione Comunista.

SOCIALISTS

What will happen to all these political groupings now? Will the Socialist group be able to remain the first one ? Of course, it will have quite a few British Labour Members more (they increase from 42 to 62), and also some more Germans (40 instead of 20), but otherwise Socialist parties have not done that well in most countries, and notably in Spain (their number falls from 27 to 22), in France (where they will be 16 instead of 22) and in Italy (the Socialist Party falls from 12 to 2 Members, and the PDS from 22 to 16). Another reason for uncertainty: will the 13 Members elected on the "Energie radicale" list of businessman-politician Bernard Tapie join the Socialist group? Of course, popular Tapie (he is also accused of being "populist", though he ran one of the most "European" campaigns in France, and president Mitterrand is said to secretly favour him) is one of the reasons why Rocard's socialist list lost quite a lot of votes.

EPP

And what about the EPP group ? Chancelor Kohl's victory was one of the surprises (though not totally unexpected) of this poll,

(continued on page 7)

EUROPEAN PARLIAMENT ELECTED IN 1989

(Member States & Party Representation at the European Parliament as at January 1994)

	B	DK	D	GR	S	F	IRL	I	L	NL	P	UK	Total
PES	8	3	31	9	27	21	1	34	2	8	8	46	**198**
EPP	7	4	32	10	17	12	4	27	3	10	3	33	**162**
LDR	4	3	5		5	9	2	3	1	4	9		**45**
GRE	3	1	6		1	8		7		2			**28**
EDA				1	2	11	6						**20**
RBW	1	4	1		3	1	1	3			1	1	**16**
ER	1		3			10							**14**
LU				3		7					3		**13**
IND		1	3	1	5	2	1	7		1		1	**22**
Total	**24**	**16**	**81**	**24**	**60**	**81**	**15**	**81**	**6**	**25**	**24**	**81**	**518**

EUROPEAN PARLIAMENT ELECTED IN JUNE 1994

	B	DK	D	GR	S	F	IRL	I	L	NL	P	UK	Total
PES	6	3	40	10	22	15	1	19	2	8	10	63	**199**
EPP	7	3	47	9	30	7	4	9	2	10	1	19	**148**
LDR	6	5	0	0	2	7	1	1	1	10	8	2	**43**
GRE	2	1	12	0	0	0	2	3	1	1	0	0	**22**
EDA	0	0	0	0	0	14	7	0	0	0	3	0	**24**
RBW	1	4	0	0	1	0	0	0	0	0	0	2	**8**
ER	3	0	0	0	0	11	0	0	0	0	0	0	**14**
LU	0	0	0	3	0	7	0	0	0	0	3	0	**13**
IND	0	0	0	1	9	0	0	24	0	2	0	1	**37**
Others	0	0	0	2	0	26	0	31	0	0	0	0	**59**
Total	**25**	**16**	**99**	**25**	**64**	**87**	**15**	**87**	**6**	**31**	**25**	**87**	**567**

Composition - Abbreviations :

PES: Group of the Party of European Socialists
EPP: Group of the European People's Party (Christian Democratic Group)
LDR: Liberal Democratic and Reformist Group
GRE: Group of the Greens in the European Parliament
EDA: Group of the European Democratic Alliance
RBW: Rainbow Group
ER:Technical Group of the European Right
LU:Left Unity
IND: Non-attached

Socialists: Social Democratic, Socialist and British Labour Parties. **European People's Party:** Christian Democrats, British and Danish Conservatives. **European Democratic Alliance:** French Gaullists, Irish Fianna Fail and other centre right parties. **Technical Group of the Right:** extreme right. **Left Unity:** Communists. **Rainbow Group:** Scottish Nationalist and other regionalist parties.

NB: these groupings are provisionally based on the outgoing parliament. It is not known at this time into which groups the "others" in the above table will attach themselves to.

(see page 5)
with his CDU increasing its Members from 25 to 39, and its Bavarian allied party, the CSU, seeing its own go from 7 to 8 (which is remarkable, since it had feared disappearing completely). Spain's Partito Popular also obtained the success that it had already hoped for at previous elections, with 28 seats compared to 15. In Italy, on the other hand, the former Christian democrats, who previously had 26 seats, collapsed, and the new-born European People's Party only got 8 seats. And in Britain, Tories (who sit in the EPP group) were severely defeated, falling from 32 to 18 seats (they had feared an even worse fate, with a "one-digit" number of MEPs): will these Members want or be able to remain in the European People's Part group, despite the "federalist" stand taken by many of its other Members? And - this is the biggest question - will the 27 Members of Forza Italia join the EPP group ? This is what Prime Minister Berlusconi would like, but will all the components of this group accept it? (some of them might not want to take in a political movement which leads a coalition including neo-fascists ministers, though they insist on defining themselves "post-fascists"). Will Forza Italia, otherwise, join the Liberal Group? (but there too, some of its Members will be against such a move) or maybe will it join the Gaullists of the European Democratic Alliance, if the RPR, despite its electoral promise (since it run the election in the common "majority" list, with the UDF), finally decides, as it is likely to do, to keep its own group? In France, the RPR/UDF list, whose Members should in principle sit in the EPP group, had rather disappointing results, despite the Socialist's fall. The third component of the new Italian coalition, the Lega Nord, will also boost its numbers, getting 6 seats instead of 2, but here too, there is question mark. To which political group will Bossi's party belong in the future? Certainly not to the Rainbow Group.

RAINBOW GROUP

Will the Rainbow Group, which, as its name says, was extremely multifaceted, simply disappear ? It could happen if it loses its Danish anti-Maastricht Members (who had good results in the election, but not the big break they hoped for) to a new anti-Maastricht group set up by French UDF dissident Bernard de Villiers. The latter, during his campaign, advocated at the same time more "protection" and more "transparency" in the European Union, and his list for "another Europe" gained 13 seats. Other anti-European, and more specifically anti-Maastricht, parties or movements, on the contrary, did not get enough votes to be represented in the new Parliament. It is for example the case of the list of former Socialist defence minister Chénèvement in France or of the former chef de cabinet of Commissioner Bangemann, Guido Brunner, staunch advocate of a stark DM and initiator of one of the cases against the constitutionality of the Maastricht Treaty (rejected by the Karlsruhe Court).

LIBERALS

The Liberal group will have reasons to rejoice - the arrival of two British Liberal Democrats (a long enduring anomaly due to the electoral system, the absence of a third British party in the European Parliament, will thus be corrected), the increase in numbers of the Dutch Democracy '66 party (one of them will be former Environment Director General at the European Commission Mr Brinkhorst), the extra seat won by the liberal party of former Danish Foreign Minister Uffe Ellemann-Jensen and the good results of Belgian liberals. But it also has an important reason to grieve, the disappearance of German liberals of the FDP, Foreign Minister Kinkel's party, which did not reach the necessary 5% of the votes (it had already happened in the 1984 election, but not in 1989).

GREENS/LEFT UNITY/ EUROPEAN RIGHT

Another group which will greet parties from new countries is the Greens group, with deputies from Ireland and Luxemburg. Moreover, there will be 12 instead of 8 German Greens in the new Parliament, but the group loses its French Members, 4 of its previous 7 Italian Members and one of its Belgian ones. The situation should not change much in the Left Unity group, the communist vote remaining rather stable (but the Rifondazione comunista Members might join it), nor in the European Right group. As far as the latter is concerned, while the National Front of Jean-Marie Le Pen keeps it 10 seats and there will be for the first time, along the Flemish right-wing Vlaams Blok, also a Belgian Front National MEP, the Italians of Fini's Alleanza Nazionale (who will be 11, compared to the 4 MSI Members) will probably refuse to join an overtly right-wing group, and in this election Germany entirely got rid of its Republikaner.

Who won ?

Did the "center-right" or the "left" win this election? Both claim that they did, and Chancellor Kohl and Silvio Berlusconi are right to say so in the first case, while practically only British Labour can maintain the latter. Was

(continued on page 8)

(see page 7)

the general message of this election a rejection of governments' policies? It certainly was in the case of John Major or Felipe Gonzalez, but parties which form government coalitions in several other countries, such as Ireland, Greece, Portugal, Belgium, Luxemburg, did not do badly at all. Denmark's social-democrats of Prime Minister Rasmussen, it is true, lost some ground, but nos as dramatically as they had expected, and France's government majority did not do as well as it had hoped, but the parties of Luxemburg's coalition had no reason to be disappointed, and Dutch (retiring) Prime Minister Ruud Lubbers Christian-Democrats where even able to keep their seats despite their severe losses at the May general elections.

Many observers complained that the European elections' campaign had been too "national", but in several cases this remark is untrue. In Britain, for example, Europe was very much at the heart of the battle, and it was also in France or in Denmark. Other observers note that these elections were too often considered as a "test" for imminent national polls, but this is only natural and should not be regretted, because it also means that Europe is not something totally separate and unreal, but part of the daily political game.

Seats in the European Parliament

	Seats in 1989	Seats in 1994	Post-enlargement (1995)
Germany	81	99	99
Italy	81	87	87
France	81	87	87
UK	81	87	87
Spain	60	64	64
Holland	25	31	31
Belgium	24	25	25
Greece	24	25	25
Portugal	24	25	25
Denmark	16	16	16
Ireland	15	15	15
Luxembourg	6	6	6
TOTAL	**518**	**567**	
Austria	-	-	20
Finland	-	-	16
Norway	-	-	15
Sweden	-	-	21
TOTAL	**518**	**567**	**639**

ENVIRONMENT COUNCIL

Packaging waste

At the recent Environment Council held in Luxembourg, representatives agreed to continue efforts, within Coreper, to bring the matter of packaging waste to a definitive conclusion, and the matter will now be subject to the consideration procedure with the new European Parliament. The work will now be continued under a Presidency that has been hostile to the draft, Germany. Belgium has not supported the common position on packaging waste, as amended by the European Parliament, and the text is therefore faced with a blocking opposition (Germany, Denmark, Netherlands, UK), and now Luxembourg and Belgium. It could be autumn until a new common position is adopted.

The stumbling block appears to be the controversial EP amendment that "the economic, tax or other instrument a state may use to support its environment policy can be challenged through an appeal which any Member State or individual (or economic entity) can introduce before the Court of Justice". Belgium objects to the inclusion of the amendment, and argues that if it is as "inoffensive" as Community legal experts maintain, then why have it

added, or why mention "the polluter pays" concept. The Belgian Minister pointed out that there is a basic contradiction in the amendment which makes possible the adoption of economic instruments for environmental purposes and stipulates at the same time that in accordance with the above amendment that economic instruments must not distort competition or introduce obstacles to the free movement of goods, or discrimination against imported goods.

Dumping Waste

The Environment Council voiced its agreement in principle to a common position on the dumping of waste. This will now be forwarded to the European Parliament, although France, and Belgium voted against this compromise because they consider that the framework provided is too broad to ensure effective environmental protection. Germany remained reserved in order to examine the technical and practical implications of the text.

The draft directive imposes an authorization procedure on dumps in general and the obligation to comply with common safety criteria with a view to reducing pollution of the soil, air and water, and harmonize environmental and technical standards. The Council provided derogations for dumps located on small islands, in mountain or rural regions and for small facilities; an exemption from some of the directive's provisions for underground facilities; continuation of the practice of mixed dumps for five years under certain conditions. Belgium and France were of the opinion that the flexibility authorized in the draft does not sufficiently emphasize the fact that dumps should be considered a final option, after recovery or waste processing. They also argued that certain criteria were not strict enough, particularly the rate of dilution of hazardous waste in dumps. In a joint statement with Germany, Italy and Luxembourg, Belgium and France stated that "it is absolutely necessary that only waste which has been adequately processed with a view to guaranteeing long-term safety should be allowed to be dumped, including in new small dumps".

Elimination of ozone-depleting substances

A common position was achieved on the draft regulation stepping up the elimination of ozone-depleting substances, essentially hydrochlorofluorocarbons. It will soon be made formal, thus enabling the Union to implement by the end of the year the provisions of the second amendment to the Montreal Protocol of November 1992. The Union confirmed its will to surpass objectives with regard to HCFCs (consumption ceiling of 2.6% from 1 January 1995, and gradual elimination between 2004 and 2015), and methyl bromide (25% reduction for 1998). It was also agreed by way of compromise that *fluorocarbon substances imported from third countries may be monitored by the Community committee and made subject to quantative restrictions, with the exception of methyl bromides earmarked for destruction. Also a licence for the import of regulated substances (new, used or recycled) has been established. These changes reassure Germany which has recently seen an influx of imports from Russia.*

Any decisions made will inevitably have a direct impact on the central and eastern European countries, insofar as the Common Standards in the Association Agreements have regulated the whole area of the environment. ■

EUROPEAN INVESTMENT BANK ANNUAL REPORT

On 6 June in Luxembourg, the European Investment Bank (EIB), presented their 1993 annual report. The Bank's Board of Governors highlighted the EIB's achievement in already committing the bulk of its Ecu7bn temporary lending facility to accelerate the financing of large infrastructure investment in Trans European Networks (TENs) and environmental improvement. The governors also approved the creation of the new European Investment Fund (EIF).

The EIB President and Chairman of the Board of Directors, Sir Brian Unwin, said that Ecu5.8bn in loans will have been committed in sixteen months under the Edinburgh temporary lending facility (totals Ecu8bn to accelerate the financing of major TENs projects in transport telecommunications, energy, environment and SME investment via the EIF), and the remainder will be committed soon. The EIB is engaged in discussions with representatives of the Heads of State or Government on identifying and financing priority TENs projects.

The Governors welcomed the conclusion of an arrangement between the EIB and the EC for the implementation of Ecu1bn financing for job creating investment by SMEs. Loans under the scheme will

(continued on page 11)

	FINANCING TO CENTRAL & EASTERN EUROPE IN 1993 (Ecu Million)					
	Total	**Energy**	**Transport, telecommunications**	**Water, agricultural development.**	**Industry, agriculture, services**	**Global loans**
Hungary	92.0	20.0	72.0	-	-	-
Poland	263.0	-	200.0	13.0	-	50.0
Bulgaria	81.0	-	51.0	-	-	30.0
Slovakia	110.0	55.0	55.0	-	-	-
Czech Rep.	165.0	-	65.0	-	100.0	-
Romania	119.0	-	89.0	-	-	30.0
Estonia	5.0	-	-	-	-	5.0
Slovenia	47.0	-	47.0	-	-	-
TOTAL	**882.0**	**75.0**	**579.0**	**13.0**	**100.0**	**115.0**

Poland: Ecu200m - rehabilitation and modernization of Polish section of the Warsaw-Berlin rail line.

Czech Republic: Ecu100m - modernization of motor vehicle manufacturing facilities in Mlada Boleslav (Skoda).

Romania: Ecu98m - rehabilitation and modernization of trunk roads linking Bucharest to neighbouring countries and main cities; modernization of air traffic control and safety installations.

Bulgaria: Ecu51m - renovation and modernization of air traffic control and safety system; rehabilitation of major transit roads and motorways.

(see page 9)

benefit for five years from a 2% interest subsidy drawn from the EU budget. The Bank will approve such lending in cooperation with financing institutions very soon.

Central and eastern Europe

The Board has also given the Bank clearance to continue its work in central and eastern Europe, authorizing the EIB to lend up to Ecu3bn in the next three years. Loans in the region totalled Ecu882m in 1993. The main thrust of the lending was towards improving basic infrastructure in the transport (469m), telecommunications (110m), and energy supply (75m) sectors. A further Ecu228m in the form of individual and global loans benefitted projects in the productive sector.

CEECs: Geographical breakdown of lending by country (Ecu Million)

	Number of loans	Aggregate loans outstanding	Undisbursed portion	Disbursed portion
Poland	9	563.1	415.4	147.7
Hungary	9	404.7	283.9	120.8
Czech Rep.	3	222.0	222.0	-
Bulgaria	5	196.1	184.0	12.1
Romania	4	144.2	130.0	14.2
Slovakia	4	138.1	132.8	5.3
Slovenia	2	47.0	47.0	-
Estonia	1	5.0	5.0	-
TOTAL	**37**	**1,719.9**	**1,420.1**	**299.8**

ENERGY CHARTER: CONCLUSION OF NEGOTIATIONS FOR FIRST MULTILATERAL TREATY BETWEEN WEST AND EAST

The plenary meeting of the Energy Charter Conference concluded negotiations on the Treaty of the European Energy Charter on June 10. Mr Clive Jones, Secretary General for the Charter Conference (and assistant director general at the European Commission), said that "there was unanimous agreement between the 50 countries and the Community on a joint declaration". There should now be a "clean-up" of the texts approved at the last minute and the different parties must study them in detail from the legal point of view. The text of the Treaty will be officially available over coming weeks.

Thanks to this Treaty, western companies should, in the future, be far more interested in energy investment in the countries of Eastern Europe, as most of these countries are hoping for investment to be made on their territory. Companies must know how they will be treated once they are set up, and the Treaty sets this out.

The following details were announced:

- The Treaty will perhaps be signed in September, and ratification by at least 30 countries (to allow implementation) will no doubt take until the end 1995. In any event, the clause of the Treaty provides for provisional implementation even before ratification.

- The Treaty as a whole is legally binding and, in order to facilitate its enforcement, procedures for the settlement of disputes have been laid out. For example, a company may appeal for arbitration against a government or it may call on its government to do so.

- There are major provisions concerning transit, an area where there could be problems. "The Treaty has teeth" as it gives enterprise the legal security it needs.

The last problems resolved by the Conference concerned:

i) Trade of nuclear products between the Community and Russia. The solution is based on bilateral compromises under the EC/Russia agreement for

(continued on page 12)

(see page 4)

- the introduction of the optical storage of data in order to improve efficiency and automation of data processing in the pension insurance system.

- the setting up of a fund to promote the cooperation and co-financing of municipalities and local NGOs in the field of social services.

- development of social dialogue.

Institutional Development and European Integration, Aid Coordination and General Reserve

35-40% of PHARE funds for 1994 will be allocated to the implementation of this chapter of the 1994 Indicative Program. As far as the **implementation of Europe Agreement** is concerned, PHARE will continue those activities started under the 1993 program, which are: assistance for approximation of Czech legislation, training of public officials in European affairs, public information and education actions. PHARE will also contribute to the elaboration of a strategic study on the prospects and consequences of Czech Republic's membership to the European Union.

In addition to this, PHARE will support the Czech authorities in the introduction of all the measures necessary for facilitating the Czech adoption of standard EC practices (Structural Funds) concerning the use of aid funds.

This means, in particular, the introduction of public procurement and accountability rules in line with EU standards and the setting-up of administrative and control mechanism also corresponding to EU standards. ■

(see page 11)

cooperation and partnership, but until it is signed, its content is not certain, said Mr. Christian Waeterloos, Head of unit at the DG for Energy at the EC. In any event, a safeguard clause will allow measures to be taken when imports run the risk of reaching a dangerous level.

ii) Demands from Norway. The Community had resolved this problem without even discussing it at the conference. The solution retained is the same as that in the accession agreement. Norway only agrees to recourse to case-by-case arbitration but accepts it all the same. With the granting of a number of intervention and sovereign rights to this country, a language was required that did not risk "giving the wrong message" to Eastern European countries, said Mr Waeterloos.

iii) Status of sub-federal authorities. The problem currently facing the United States is that of knowing to what extent the sub-federal states, sometimes active in the energy field, are bound by the provisions of the Treaty - but this problem has not prevented the United States from signing the joint declaration.

European Commissioner for Energy Mr. Marcelino Oreja hoped that all the States party to the negotiations would be able to subscribe to the Treaty on the basis of clarifications to be made to the governments concerned.

The Commissioner paid tribute to the negotiators who made substantial efforts to reach the agreement which opens a new phase in European cooperation, from the Urals to the Atlantic, in a crucial part of the economy. According to Mr. Oreja, the European Energy Charter, made applicable and binding from a legal point of view by the Treaty, constitutes a fundamental stake for the future of Europe, and represents an original solution to enable the countries of the former USSR and Central and Eastern Europe to develop their energy potential, and at the same time contributing in improving the security of supply in the European Union. The Commissioner stressed the central role that the European Union played: having taken the initiative, it is the Union which hosted the negotiating conference and it too which was able to contribute its internal cohesion in the final results. ■

Joint Publication
AGENCE EUROPE S.A.
EAST WEST S.P.R.L.
Publisher responsible: *Emanuele 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*
Editor : *Marina Gazzo*

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 : 21108b

Bank : KB-Bruxelles 425-2044961-06

Distributed solely by subscription
Price per issue : BF 750

Printed by:
Imprimerie de l'Europe SA - Brussels