

PRESS RELEASE

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**Declaration of the European Union on the occasion
of the granting of autonomous trade preferences to the FRY**

The Council has decided to extend autonomous trade preferences to the FRY for the year 1997.

With this measure, the European Union is responding to developments in the FRY. Although no formal dialogue between government and opposition parties has yet started, representatives of both sides have participated in televised debates. The media scene is more diverse than before the November elections.

The Serbian Government has removed a number of the most unwelcome elements from the second draft of its media law and has undertaken to produce a new federal law relating to State television.

At the same time, the European Union has taken note of the difficulties encountered by the FRY economy. Continued economic decline in the FRY affects in particular the population and could therefore also undermine stability across the region.

The decision to extend autonomous trade preferences has been taken against the background of the need to promote economic revival and to reinforce a trend towards democratisation and has been supported by the "Zajedno" opposition. This is the only basis on which the FRY can hope to build internal stability and a productive relationship with the EU. It is clear that there is scope for improvement on both scores.

The EU, therefore, expects the full and speedy implementation of the Gonzalez report. This includes acceptance of the OSCE facilitation of dialogue between government and opposition and the start of a dialogue, a further improvement of the draft media law as well as reform of the electoral law and independent operation of the judicial system. In the absence of progress by the FRY towards meeting these criteria the decision on granting autonomous trade preferences will be reviewed.

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In addition, the EU expects from Belgrade substantial progress on the issue of Kosovo, a continued positive attitude towards Eastern Slavonia and continued implementation of the General Framework Agreement for Peace. This includes the FRY relations with the Republika Srpska.

The Council adopted today conclusions on the application of conditionality for the relations with the countries of the region. Further development of relations with the FRY will be based on these conclusions.
