

EUROMEMO

Recent Developments in the European Community

January 1992

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European Community takes financing decisions on technical assistance program for the former Soviet Union..... In December 1991, the Commission announced that it would be making more than 375 million ECU* available for a major program of technical assistance to the former Soviet Union. The program -- which is the first Western effort of its kind -- will be carried out on a decentralized basis through projects identified by Soviet experts in existing companies, universities, local authorities and associations. The projects cover five sectors, namely, energy, management training, food distribution, transport, and financial services. The Commission has also taken decisions on 3 technical assistance programs to the Baltic States, which gained independence in September 1991. To underpin their economic independence, 15 million ECU will be spent helping to reform form of their agriculture, energy and transport sectors. The programs have been in the pipeline since the EC Summit in Rome in December 1990, but could not be implemented during 1991 due to the political unrest which led to the dissolution of the Soviet Union (now the Commonwealth of Independent States and other Republics). *ECU (European Currency Unit) = \$1.34 on December 31, 1991.

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New Year, New Era.....the Soviet Union passed into history in the closing days of 1991, making former Soviet republics new sovereign states. In a series of Declarations in late December, the EC announced recognition of several republics on the basis of their compliance with the "Guidelines on the Recognition of New States in Eastern Europe and the Soviet Union", drawn up by EC foreign ministers on December 16. Essentially a checklist of good-conduct, these especially stipulate a commitment to democracy, respect for human and minority rights, and for national borders. The European Community also paid tribute to Mikhail Gorbachev, the Soviet Union's last President, following his resignation on December 25. The Statement commended him for his contribution to world peace, ending the Cold War and the division of Europe.

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EC recognition for Croatia and Slovenia.....according to a Declaration on Yugoslavia, issued after an extraordinary meeting of EC foreign ministers on December 16, Yugoslav republics wishing to be independent could be recognized from January 15, if they fulfill the requirements of the December 16 Guidelines on Recognition. In addition, the republics must guarantee that they will support United Nations efforts to promote peace, and refrain from any territorial claims on neighboring Community states.

The EC also released a brief statement on January 7 after an EC helicopter was downed over Croatia, killing 5 members of the EC truce monitoring team.

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European Economic Area (EEA)..... The Luxembourg-based European Court of Justice has said that it does not accept part of the recent accord between the EC and the seven-nation EFTA* to create a huge 19-nation single market in January 1993. In a **December 16 Opinion**, the Court said that the portion of the agreement on setting up an EEA Court of Justice to handle disputes was incompatible with the EC's founding Treaty, and could even interfere with the EC's legal system. Although seen as a temporary hitch, it could mean a renegotiation of this part of the deal, which was struck in October between the Community and EFTA after 16 months of talks. Once the judicial problem is sorted out, the agreement must be signed and ratified by the national and European parliaments before taking effect. **EC Commission President Jacques Delors, in a statement welcoming the October breakthrough**, described it as a major step in the building of the new Europe. The EEA will be the largest single market in the world, comprising 19 countries and 380 million citizens. *EFTA (European Free Trade Association) members are Austria, Finland, Iceland, Liechtenstein, Luxembourg, Sweden and Switzerland.

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1992 is here.....with just eleven months to go until the December 31 deadline for completion of the single market, latest figures show that nearly 80 percent of the program has been adopted and 61.3 percent of the measures are already in force. EC member states have transposed 77.2 percent of these directives into national law. These figures come from a **December 19, 1991 Commission Report on the Implementation of Measures for Completing the Single Market**. The Report focuses mainly on the implementation problems in each of the areas covered by the 1985 White Paper according to a pattern based on the nature of barriers to be removed (physical, technical and fiscal), and discusses other general measures taken to ensure that 1992 legislation is adopted and correctly applied. The Commission has also issued a **Communication on the Abolition of Frontier Controls** which offers an analysis of the variety of controls constituting both physical and technical barriers to free movement of goods as well as a work program for further progress in this area during 1992.

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Economic and Monetary Union after Maastricht.....EMU, which has been a political objective of the Community for more than 20 years, is now comprehensively laid down in the text of the new Treaty, approved by the EC Summit in Maastricht (the Netherlands) last December. The Treaty, which also contains provisions on political union, will enter into force after ratification by the national parliaments. How it will affect the process of EMU is outlined in "**The EMU After Maastricht: Major Elements of the Treaty**", a short document prepared by the Commission's directorate-general for economic and financial affairs. It summarizes the points on which agreement was reached, including the establishment of the legal basis for the creation of new institutions, such as the European Central Bank, as well as for the institution of the ECU as a single currency in the final stage of EMU.

EC NEWS PRESS RELEASES ISSUED IN DECEMBER 1991

ANNUAL ECONOMIC REPORT 1991/1992: FORECASTS FOR 1992/1993

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