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*Recent Developments in the European Union*

**February 1994**

**MEMO**

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**European Union: Outlook for 1994.....** if the accession of Austria, Finland, Norway and Sweden goes as planned, 1994 will be the last year of a European Union of 12 nations, according to Peter Doyle, Director of Press and Public Affairs at the European Commission Delegation in Washington. Other predictable changes include the departure of Jacques Delors as President of the Commission after 10 dynamic years in office, and the arrival of a new generation of MEPs (Members of the European Parliament) with the June 1994 elections. Speaking on the topic **"The European Union and the United States: Partnership for Progress"** at Tulane University Law School on February 4, Mr. Doyle added that combatting unemployment would remain a major issue in the EU and on the transatlantic agenda. Although Europe is worse hit than the US, he said the situation in Europe was still an American concern since the US ships nearly a quarter of its exports to consumers in the European market. In addition, "continued weakness in the European economy would have an adverse effect on European investment in the US which currently accounts for seven million American jobs." In the longer-term, the partnership between the US and Europe, whose ties were cemented during President Clinton's Europe trip, faces formidable tasks, namely, maintaining reform in the former Soviet Union and Eastern Europe, achieving peace in the former Yugoslavia, and ultimately, creating a new world order by the end of the century.

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**Trade after GATT....**"It is of no small importance that the first major strategic decision taken by the European Union should be in favor of lowering barriers and freeing trade", European Commissioner for External Economic Affairs Sir Leon Brittan said in a January 17 speech entitled **"Changing Strategy for the Post-GATT World"**. Although it had occupied trade negotiators for eight years, he said the conclusion of the Uruguay Round was a triumph for European integration and the right tonic for the world economy. The deal struck by the 117 negotiating parties before the mid-December deadline includes binding agreement on reduction of agricultural protection, removal of quotas in textiles trade, strengthening of multilateral dispute settlement, first-time inclusion of new sectors (like services, foreign direct investment and intellectual property), sizeable tariff reductions and the creation of a politically powerful World Trade Organization to succeed GATT. He said the emerging post-Round agenda should include competition, investment and environment policy, and hoped that as soon as the WTO is established later this year, work could begin on the key priorities for further strengthening of world rules.

Sir Leon has also been urging European business to seize the opportunities offered by the GATT deal. In a January 26 speech entitled **"Europe: The Case for Confidence"**, he said that "trade politicians and negotiators can only create opportunities. To use those opportunities, business itself must become fully aware of the changes that are about to take place." He suggested increasing EU business activities aimed at improving EU exporters' cooperation with potential clients, increasing information for small and medium-sized enterprises about purchasing practices in foreign markets, and adding a business side to government-level meetings.

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**EU relations with Central and Eastern Europe...**the EU is the major trader and source of aid for the reforming countries of Central and Eastern Europe. On February 1, far-reaching Europe Agreements with Poland and Hungary took effect, paving the way for their political and economic reintegration in Europe and eventual

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membership in the Union. Similar agreements are being finalized with the Czech Republic, Slovakia, Romania and Bulgaria, whose trade with the EU is already promoted through interim agreements. The latest Background Brief on EU Relations with the Countries of Central and Eastern Europe (January 1994) gives a detailed account of all the agreements, trade and aid flows between the EU and its member states and all of the countries in the region (Poland, Hungary, the Czech Republic, Slovakia, Bulgaria, Romania, Albania, Estonia, Latvia, Lithuania, and the republics of the former Yugoslavia).

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New Europe, new role... a new brochure entitled Europe in a Changing World says one of the guiding principles in the Union's external relations is enlightened self interest. As the world's biggest trader (the EU accounts for 15 percent of world exports), its economic well-being depends on free trade and the welfare of its partners in both the industrialized and developing worlds. The brochure traces the EU's transformation from a purely economic entity into a world trader and source of political stability in the new, wider Europe. Colored charts highlight public opinion in the EU on key issues (e.g. enlargement, defense and security policy), trace the development of the EU's political dimension (from informal coordination in the 1970s to the post-Maastricht common foreign and security policy), and illustrate the EU's aid and trade relationships with former Soviet Union, the countries of Eastern and Central Europe, and the Third World.

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The single market, one year later.....one year after its official launch, the single market is now in a fully operational phase. Within the EU, goods, capital and services now move freely among the member states, and border checks on people should be eliminated in 1994. According to a new brochure, The Single Market, the top priority now is to ensure continued correct implementation while the economy comes out of recession. Aided by color graphics, the text explains the principles underpinning the single market, the vast legislative program that made it a reality, the international dimension of the single market, and the next steps in its development, particularly, the completion of trans-European transport, energy and information networks.

New in the Europe On The Move series:

- The Fight for Jobs - the European Growth Initiative
- The Institutions of the European Community

Other Publications:

- Green Paper on European Social Policy: Options for the Union (Summary)
- CAP Working Notes 1994: Agricultural Prices 1994/95. This document contains the Commission's proposals to continue for the next marketing year the price reductions begun in 1992 with reform of the EU's Common Agricultural Policy.

Press Releases issued in January 1994:

- Transatlantic Presidential Summit with Clinton/Papandreou/Delors, January 5, 1994
- European Union Leaders Meet With Clinton, January 11, 1994
- European Union Companies Pay Their Way in the US, January 14, 1994
- EU 1994/95 Farm Prices Package, January 27, 1994
- Top EU Foreign Affairs Officials To Meet With Warren Christopher, January 27, 1994
- New Europe Agreements With Poland and Hungary Take Effect, January 28, 1994
- European Commission To Boost Competition in Airline Industry, February 2, 1994
- EU Foreign Ministers Call For End To Siege of Sarajevo, February 7, 1994
- EU Council Agrees on Import Regime, February 9, 1994