

EC AND CENTRAL EUROPEAN COUNTRIES TO SIGN MAJOR NEW ACCORDS

Three Central European countries will sign far-reaching trade and cooperation agreements with the European Community in mid-December.

Poland, Hungary, Czechoslovakia and the European Community initialled the agreements on November 22, just one year after the EC Commission opened negotiations with them. The so-called Europe Agreements are the first of their kind since the opening up of Central and Eastern Europe. They include provisions establishing political dialogue, cultural cooperation, and the creation of a free trade area.

Intended to speed up the process of reform in Poland, Hungary and Czechoslovakia, and to pave the way for eventual EC membership, the new accords will significantly broaden the scope of existing bilateral trade and cooperation agreements with the EC which all took effect by June 1990. A similar accord will be negotiated with Bulgaria.

The three new accords, which will be signed on December 16, are identical in structure but vary in content. They will establish cooperation in the following areas:

- **political dialogue** through regular high-level meetings on all matters of common interest. The aim is, where possible, to coordinate foreign policy positions;
- **free movement of goods.** The agreements are preferential and are designed to create eventual free trade. They include trade concessions in favor of the three Central European countries, as well as special protocols on textiles, customs cooperation and rules of origin. Agriculture and fisheries trade will be based on mutual concessions;
- **freedom of movement for people,** aimed initially at improving conditions for nationals of the three countries already living in an EC member state;
- **right of establishment** according to the principle of national treatment, allowing professionals and businesses the same rights as citizens of the host country involved. The three Central European countries will have a transitional period before according this right, while the EC will apply it from the date of entry into force of the agreements;
- **freedom of movement of capital** earned from business, services, investment, repatriation of profits, or movement of personal funds;
- **gradual application of EC law,** notably in the area of competition, to enable the three countries to integrate their economies with that of the EC;

- **economic cooperation in all sectors of common interest**, in particular, industrial cooperation, promotion and protection of investments, standards, science and technology, education and training, statistics, regional development, social policy, transport, telecommunications, money laundering, drug trafficking and the environment;
- **financial cooperation.** Poland, Hungary and Czechoslovakia will be eligible until the end of 1992 for grants from PHARE (the program of Western economic aid for reconstruction of Central and Eastern Europe, being coordinated by the EC Commission), and for loans from the European Investment Bank. The EC will also examine the possibility of giving macroeconomic assistance such as balance of payments support;
- **cultural cooperation.**

A ministerial-level Association Council will meet at least once a year to oversee the implementation of the accords and, if necessary, to take decisions within the scope of the accords which will bind the signatories. A Parliamentary Committee will also be set up and will have a consultative role.

Following ratification by the parliaments of the three, the 12 EC member states and the European Parliament, the agreements may run indefinitely after an initial transitory term of ten years, split into two renewable five-year periods.

Press Contacts: Peter Doyle
(202) 862-9530

Ella Krucoff
(202) 862-9540