



**INFORMATION · INFORMATORISCHE AUFZEICHNUNG · INFORMATION MEMO · NOTE D'INFORMATION
ΠΛΗΡΟΦΟΡΙΑΚΟ ΣΗΜΕΙΩΜΑ · NOTA D'INFORMAZIONE · TER DOCUMENTATIE**

Brussels, 28 November 1990

OPERATION PHARE

The decision to finance seven new projects to assist the countries of Central and Eastern Europe means that the Commission has now committed virtually all the ECU 500 million provided for in the 1990 budget.

The Commission has decided to finance the following projects totalling ECU 87.5 million:¹

Yugoslavia:	Reform of the financial and business sectors	ECU 35 million
Czechoslovakia:	Environmental protection	ECU 30 million
Bulgaria:	Improvement of mother and child care	ECU 5 million
Hungary:	Aid to raise the level of higher education	ECU 3 million
Poland:	Assistance for industrial restructuring	ECU 4 million
	Development of foreign trade infrastructure	ECU 8.5 million
	Support for acquiring holdings in private firms	ECU 2 million

In December 1989, as part of the measures to support the process of economic and social reform under way in Central and Eastern Europe, the Council decided to grant ECU 300 million to assist Poland and Hungary.

In September this year it decided to extend this cooperation to Czechoslovakia, Bulgaria, Yugoslavia and the former German Democratic Republic by committing a further ECU 200 million. Today's decision by the Commission brings the total amount committed to projects and humanitarian aid for these countries to some ECU 480 million.

¹ The Annex lists all the projects financed to date.

The short-term objective of the programme is to supply the hospitals in Bulgaria with new medical equipment (in particular ultra-sound equipment) and spare parts for urgent repairs. The hospital medical staff must also be trained to use this equipment, and the technical staff must be trained to maintain and repair it.

The long-term objective of the programme is to improve the quality of consultations, diagnosis and medical examinations, and this will have an impact on the population's state of health. The emphasis will be placed on the health of mothers and children, this being a priority for Bulgaria.

* Hungary - ECU 3 million - raising of the standard of higher education

The Hungarian Government has undertaken a number of reforms aimed at making optimum use of human resources in higher education and in research in order to increase economic and technological competitiveness. These reforms are financed by a large sectoral loan from the IBRD.

The programme financed by the Community is aimed mainly at giving impetus to the newly created modernization fund ("Catching-up with Europe Fund"), which is to play a decisive role in redirecting Hungarian higher education and preparing its future.

The particular aims of the programme are:

- (a) to supply an initial ECU 2.5 million to help finance the first (pilot) stage of support for the granting of study awards under the Fund;
- (b) to provide technical assistance and the equipment required for setting up the necessary system of administrative and financial management for the Fund and carrying out additional studies.

* Poland - ECU 4 million - aid for industrial restructuring

Under the overall economic reforms, the Polish Government is preparing an industrial restructuring programme which will be operational in 1991 and for which external assistance will be provided, particularly by the World Bank.

The Community programme will finance the preparation of the plan for the restructuring of certain firms and studies of major industrial sectors.

This programme will be implemented, in the immediate future, by the Industrial Restructuring Fund and at a later stage by the Industrial Development Agency, which will take over from the Fund.

* Poland - ECU 8.5 million - development of foreign trade infrastructure

The development of trade between Poland and the western economies, particularly those of the Community Member States, not only requires an effort on the part of Polish firms but also modernization and adjustment of infrastructure and procedures involving customs, standards and measurements, tests (particularly for foodstuffs), packaging, etc.

Annex

List of projects financed under the 1990 budget

* Central and Eastern European countries

Two multidisciplinary technical assistance programmes (ECU 10 million)

* Poland, Hungary, GDR and the Czech and Slovak Federal Republic

Implementation of the Trans-European Mobility Programme for Higher Education - TEMPUS (ECU 25 million)

* Poland and Hungary

Cooperation in the economics field (ACE) (ECU 1.5 million)

* Poland

Sectoral import programme for plant protection products (ECU 50 million)

Environmental protection programme (ECU 22 million)

Basic technical assistance programme for the privatization agency (ECU 9 million)

Sectoral import programme for animal feed and feed additives (ECU 20 million)

Sectoral import programme and technical assistance for small and medium-sized enterprises (ECU 25 million)

Establishment of lines of credit for imports of agricultural equipment and equipment for the food industry (ECU 30 million)

Assistance programme for the development of statistical systems (ECU 1.5 million)

Assistance for industrial restructuring (ECU 4 million)

Development of foreign trade infrastructure (ECU 8.5 million)

Support for acquiring holdings in private firms (ECU 2 million)

* Hungary

Environmental protection programme (ECU 25 million)

Community participation in the Regional Environment Centre in Budapest (ECU 2 million)

Modernization of the financial system (ECU 5 million)

Programme for the development of private farming (ECU 20 million)

Basic technical assistance programme for the privatization agency (ECU 5 million)

Small and medium-sized enterprises support programme (SMEP) (ECU 21 million)

Sectoral modernization programme for research infrastructure (ECU 3 million)

Aid to raise the level of higher education (ECU 4 million)

* German Democratic Republic

Environmental protection programme (ECU 20 million)

Programme for the promotion of the regional economic structure and the adaptation of economic statistics (ECU 14 million)



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* German Democratic Republic

Environmental protection programme (ECU 20 million)

Programme for the promotion of the regional economic structure and the adaptation of economic statistics (ECU 14 million)

Notice of invitation to tender issued by the Government of Hungary for a project financed by the European Economic Community

(90/C 290/10)

44.2154

Project title and No: Library modernization; 90/064/040/001).

1. Participation and origin

Participation is open on equal terms to all natural and legal persons of the Member States of the European Economic Community, and of Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia.

2. Subject

Supply in two lots:

- lot 1: subscription for scientific and technical journals for 1991
- lot 2: complete, turn-key automated serials control system.

3. Invitation to tender dossier

The complete tender dossier may be obtained free of charge from:

- (a) Mr Péter Szántó, Director, National Technical Information Centre and Library (OMIKK),
PO Box 12,
H-1428 Budapest.
Tel. (36 1) 138 4837,
Telex 224944 OMIKK H.

Telefax (36-1) 118-0109;
- (b) Commission of the European Communities,
D.G. I — Operational Service PHARE
200 rue de la Loi,
B-1049 Bruxelles.
Telex 21877.COMEU B.

Telefax 235 53 87, 236 42 51;
- (c) Offices in the Community:
- D-5300 Bonn, Zitelmannstraße 22, 5300 Bonn
(Tel.: (49) 228 53 00 90; Telefax (49) 228 53 09 50),
NL-2513 AB Den Haag, Korte Vijverberg 95 (tel. (31-70) 346 93 26; telefax (31-70) 364 66 19),

L-2920 Luxembourg, Bâtiment Jean Monnet, rue Alcide de Gasperi [tél. (352) 43 01 1; téléfax (352) 43 01 44 33],
F-75007 Paris Cedex 16, 288, boulevard Saint-Germain [tél. (33) 1 45 01 58 85; téléfax (33) 1 45 56 94 17],
I-00187 Roma, via Poli 29 [tel. (39-6) 678 97 22; telefax (39-6) 679 16 58],
DK-1004 København, Højbrohus, Østergade 61 (tlf. (45) 33 14 41 40; telefax (45) 33 11 12 03),
UK-London SW1P 3AT, Jean Monnet House, 8 Storey's Gate (tel. (44) 71 222 81 22; telefax (44) 71 222 09 00),
IRL-Dublin 2, 39 Molesworth Street (tel. (353) 1 71 22 44; telefax (353) 1 71 26 57),
GR-10674 Athens, Vassilissis Sofias 2 [τηλ. (30) 1 724 39 82, τηλεοξ (30) 1 724 46 20],
E-28001 Madrid, calle de Serrano, 41, 5a planta [tel. (34-1) 435 17 00/435 15 28; telefax (34-1) 576 03 87/577 29 23],
P-1200 Lisboa, Centro Europeu Jean Monnet, Largo Jean Monnet 1-10º [tel. (351) 1 154 11 44; telefax (351) 1 155 43 97].

4. Tenders

Should arrive, at the latest, on 17 December 1990 at 11.00 local time, at:

Mr Péter Szántó, Director, National Technical Information Centre and Library (OMIKK),
PO Box 12,
H-1428 Budapest.
Tel. (36-1) 138-4837.
Telex 224944.OMIKK H.

Telefax (36-1) 118-0109.

They will be opened in public session on 17 December 1990 at 15.00 local time at:

Mr Péter Szántó, Director, National Technical Information Centre and Library (OMIKK),
PO Box 12,
H-1428 Budapest.
Tel. (36-1) 138-4837.
Telex 224944 OMIKK H.
Telefax (36-1) 118-0109.

Official Journal

of the European Communities

ISSN 0378-6986

C 287

Volume 33

15 November 1990

English edition

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III

(Notices)

COMMISSION

Notice of invitation to tender

Issued by the Government of Hungary for a project financed by the European Economic Community

(90/C 287/07)

Project title and No: Catalyzer programme (AIR 109)

1. Participation and origin

Participation is open on equal terms to all natural and legal persons of the Member States of the European Economic Community, and of Bulgaria, Hungary, Poland, Romania, Czechoslovakia and Yugoslavia.

Supplies offered must originate in the above States.

2. Subject

Supply in one lot of a complete laboratory equipment for automotive exhaust emissions analysis.

3. Invitation to tender dossier

The tender dossier may be obtained free of charge from:

- (a) Institute for Transport Sciences,
Section of automotive engine and exhaust emission technology
Hungary-1119 Budapest XI. Thán K.u. 3-5
Fax: 1 664-387
Telex: 226443;
- (b) Commission of the European Communities,
DG I — Operational Service PHARE,
200, rue de la Loi,
B-1049 Brussels
(Telex 21877 COMEU B) (Telefax 235 53 87,
236 42 51)
- (c) Offices in the Community:
D-Zitelmannstraße 22, 5300 Bonn
(Tel. 49-228-530090/Fax 5300950)

NL-Korte Vijverberg 5, 2513 AB/Den Haag
(Tel. 31-703-469326/Fax 646619)
L-Bâtiment Jean Monnet, Rue A. de Gasperi,
2920 Luxembourg (Tel. 352-43011/Fax 43014433)
F-Rue des Belles Feuilles, 61, 75782 Paris Cedex 16
(Tel. 33-1-45015885/Fax 45569417)
I-Via Poli, 29 — 00187 Roma
(Tel. 39-6-6789722/Fax 6791658)
DK-Højbrohus — Østergade 61 — 1004 København
(Tel. 45-33144140/Fax 33111203)
UK-Jean Monnet House, 8, Storey's Gate,
London SW1P 3AT (Tel. 44-71-222 8122/
Fax 2220900/2228120)
IRL-39, Molesworth Street, Dublin 2
(Tel. 353-1-712244/Fax 712657)
EL-2, Vassilissis Sofias, 10674 Athens
(Tel. 30-1-7243982/Fax 7244620)
ES-41, Calle Serrano, 5a planta, 28001 Madrid
(Tel. 34-1-4351700/4351528/Fax 5760387/5772923)
PT-Centro Europeu Jean Monnet, Largo Jean
Monnet 1-10, 1200 Lisboa
(Tel. 351-1-1541144/Fax 1554397)

4. Tenders

Tenders should be addressed to:

Dr Tamas Merétei (project manager),
Institute for Transport Sciences,
Section of automotive engine and exhaust emission technology,
H-1119 Budapest Thán Károly u. 3-5 (Hungary),
Telefax: 36-1/1-664-387;

and should arrive at the Institute for Transport Sciences at the latest on the 14 January 1991 at 1.50 p.m. local time and will be opened in public session at the Institute for Transport Sciences on the 14 January 1991 at 2 p.m. local time.

Peter Zwack

Peter Zwack, recently appointed the new Hungarian Ambassador to the United States, speaks out about Hungary's new march to capitalism, its massive economic problems, and its search for foreign investment in an exclusive interview with Europe.

Ambassador Zwack, until recently an American citizen, spoke with Robert J. Guttman at the Hungarian Embassy in Washington, D.C. in September.

Why do you feel you were chosen as the new Ambassador?

The fact that I used to be an American citizen was an important factor. I had to renounce my citizenship because, obviously, you cannot be an American and become a Hungarian Ambassador. I was selected because of my knowledge of the American economic system and my background as an American citizen. Also, I am a businessman: Today, traditional diplomacy is rapidly vanishing, and diplomats have to be a combination of diplomat and businessman.

What type of business were you in?

My family owns the quasi monopoly in Hungary on wine and spirits. We have about 99 percent of Hungarian exports in fine spirits, and we also produce a digestive, Unicum, which is a monopoly in Hungary.

Would you say that one of your overall goals is to become a member of the E.C.?

Yes.

How would that happen?

I think there are two stages. Starting in 1992, we would like to have some kind of associate status. The word "member-

ship" doesn't even apply then, it would be a relationship in the sense of "association." Then, a step further, full membership by the end of the century. This, of course, is difficult because even the Austrians are having a tough time with it. But when Austria gets in, she can help pull us into the E.C.

Prime Minister Jozsef Antall stated that he would like Hungary to become an E.C. member in 1995. What are your comments?

We would like that, but I am not certain whether we will be able to do so. Obviously if the necessary preconditions for membership occur, such as an economic transformation, we are hopeful.

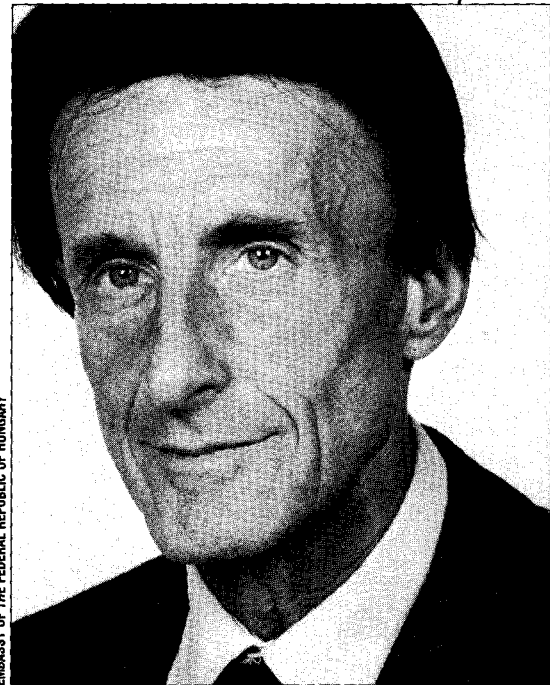
And this is in America's as much as in Hungary's interest. It is important that the United States have a very firm pied-à-terre in the only country in the Eastern European region today that is sound enough to be a bridge between it, the Common Market, and the roughly 400 million Soviets and other Eastern Europeans.

Why Hungary? Geographically, it is perfectly located: It thinks in Western, not Eastern European, terms. We also have a long history of democratic transformation. Our economy is having problems, but it is stable, as are our politics.

What relations do you expect Hungary to have with the Soviet Union in the future?

They will be perfectly correct, equal, on a state-to-state level, and as trading partners.

We have to be careful. We are anti-communist, but it is not in our interest to have bad relations with the Soviet Union, especially now, when America is very strongly supporting President Gorbachev. So our aim is to have stability in the region, be that ethnic, economic, or political.



EMBASSY OF THE FEDERAL REPUBLIC OF HUNGARY

Hungary's Ambassador to the U.S. speaks out about his country's march to free-market economics and the urgent need for foreign investment.

cause of history?

No. The preconditions are different. After World War I, the ground was set for a madman like Hitler. Now an enormously strong country is unifying, which is not looking to expand, and doesn't need to prove a point.

How is the Middle East situation affecting Hungary?

It is a complete disaster for us. We have experienced a loss of about \$400 million due to exports and imports from Kuwait and Iraq. That is nothing in America, but in our country it is very significant. €

Hungary's governing center-right Democratic Forum took a beating in the October 14 local elections. In Budapest, home for 20 percent of Hungary's 10.5 million people, the two major liberal opposition parties together won more than 50 percent of the vote. Democratic Forum, on the other hand, won only 33 percent.

The city's new mayor is likely to be Free Democrat Gabor Demszky, whose party was the clear winner with 34 percent of the vote both in Budapest and nationwide.

The election turnout was remarkably low: Less than 30 percent of eligible voters went to the polls in this, their sixth, election in 10 months.

Questions and Answers on Hard Currency

What is hard currency?

A hard currency is any internationally acceptable means of exchange that is not subject to government controls on its use and is not held up by artificially maintained exchange rates. A hard currency may, nevertheless, still be subject to weakness on world financial markets.

The U.S. dollar, for example, still regarded as the world's most popular unit of transaction and accounting, has lost over 50 percent of its value since the mid-1980s. The German mark-dollar exchange rate fell below 1.50 German marks to \$1 in October 1990, the lowest level in 45 years.

Hard currency is in demand for transactions so that the party receiving payment can be confident of exchanging the funds into his or her own money, without fear of sudden massive devaluation or instability in the financial system of the country issuing the currency.

International investors use hard currencies for the same reason. In addition to the confidence factor in choosing a currency in which to hold their funds, owners of international capital seek a political regime unlikely to replace restrictions on their assets in times of turmoil or confrontation. While every major country monitors money movements across its borders, countries such as Germany, the United Kingdom, Switzerland, and the United States have traditionally been popular hard currency investment locations.

What is convertibility?

First, convertibility exists when the holder of a currency is able to transfer the money in question into a hard currency without restrictions. Second, true convertibility occurs at a single free-market exchange rate, not one imposed by a government or by central banks.

The currencies of most Western countries are convertible, and many of the former Eastern bloc countries are moving toward that goal. In January 1990, Poland made the zloty freely convertible into U.S. dollars as part of a package of economic measures designed to liberalize and restore confidence in its economy.

Other formerly controlled economies are moving in the same direction. Czechoslovakia has announced plans to move to convertibility next year, while Yugoslavia recently tied the dinar to the German mark.

What are unified exchange rates?

When a country moves from a two- (or more) tier system of exchange rates to one single rate for all transactions, as in a number of former communist economies, its exchange rate is said to be unified.

For example, many countries used to charge one rate to tourists and another for commercial transactions. In addition, one or both of these rates was often artificially high in relation to the free-market exchange rate, or what could be obtained on the black market for the currency.

While not necessarily implying convertibility, a unified rate is an important step to establishing credibility on world financial markets.

—Colin Waugh is a freelance writer specializing in financial issues.

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