

Creating the Balkan customs corridor

Phare funds lifeline for Balkan-EU trade

The UN trade sanctions imposed on the former Yugoslavia are proving to be increasingly effective. But the closing of the trans-Yugoslavia highway is a major trade problem for the surrounding European countries. Shipments often wait for days to clear customs, and transit is painfully slow due to poor road conditions.

To help improve this situation, the Phare Programme will provide up to 100 MECU of funding in 1994 to improve road and customs infrastructures for several alternative routes between the European Union and south-eastern Europe - the Balkan Trade Corridor.

To define the exact needs for the Programme, the countries affected - Albania, Bulgaria, Hungary, Romania and Ukraine - are each preparing their list of priorities for help to increase the flow of trade traffic through this area.

Phare funding for this EU 'Balkan Sanctions Assistance Programme' will allow the international community to maintain its pressure on the former Yugoslavia (Serbia and Montenegro), while relieving trade and goods transit problems caused by the sanctions in the surrounding states.

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Latvia telecom goes digital

Essential feasibility studies funded by Phare

The Latvian government has chosen a consortium composed of Cable and Wireless, a British company, together with Telecom Finland as its partner to install and upgrade the Latvian national telecoms infrastructure over the coming decade. The consortium operates under the name of TILTS Communications.

The groundwork for the project was funded by the Phare Programme. This included a series of technical, regulatory and economic feasibility studies, which were completed by two international consulting groups.

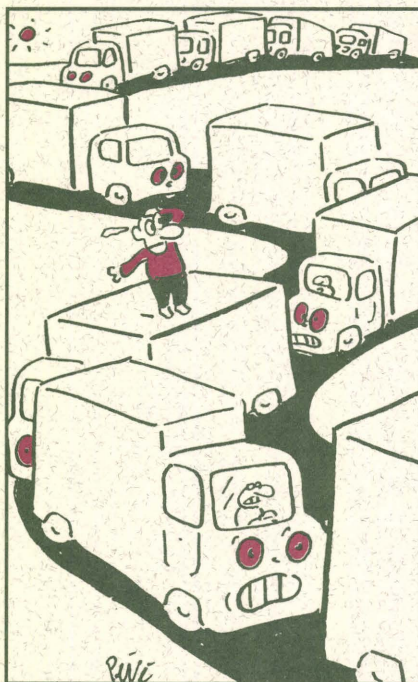
According to the final decision taken by Latvian officials, \$160.3 million will be invested over the next three years in Lattelcom, the local telecoms authority, by TILTS Communications.

Key elements of the TILTS tender which attracted Latvian officials were extensive training and technology transfer programmes and the offer of local manufacturing and job creation possibilities.

Latvia's new telecommunications infrastructure should soon put an end to the 20-year waiting periods and low availability (27 telephones per 100 inhabitants) that have plagued Latvia to date.

The major problem areas are bottlenecks at the border crossings in and around the Balkans; the closing of the trans-Yugoslavia highway; and traffic problems on the Danube river, a vital economic link for this entire area.

Working through Phare, the European Commission aims to improve conditions in both of these key areas. For example...



Special transit lanes

Certain border posts in the Balkan Corridor countries will be reserved only for transit traffic carrying valid clearance documents (TIR carnet). Where sufficient space is available, special fast lanes will be created to speed clearance for TIR carnet holders. Phare Programme officials say that this new structure alone will reduce clearance time for many transit shipments down to one hour.

Two transit corridors

Two corridors will be created - between Austria, and Greece/Turkey, and between Albania, Romania, Bulgaria and Ukraine. Each country will nominate priority border posts.

Eliminating bottlenecks

Phare working with specialists from each local government will identify and work to eliminate the main transit bottlenecks in these areas.

Future "multi-modal" corridors

A series of "multi-modal" corridors was presented at the recent meeting of European transport ministers. These routes will replace the present trans-Yugoslavia highway, yet will remain useful for intra-European road transport should the trans-Yugoslavia route be reopened.

Programme coordinators expect that, if events progress as planned, a first alternative corridor should be in place by the summer.





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Democracy Programme: 52 projects, 5 MECU

The aim of the European Commission's Phare Democracy Programme, based on a European Parliament initiative, is to reinforce the principles of democracy in the societies of eastern and central Europe. In the 11 Phare countries, 52 democracy projects and 5 MECU are now at work.

A boost for democracy

The Phare Democracy Programme is moving steadily forward - all of the 52 projects receiving EC funding are past the half-way point.

The Phare Programme funds the efforts of selected non-governmental bodies which focus on three main goals: to familiarise society about democratic practices, both locally and nationally; to provide help to non-governmental organisations who strive to promote democratic principles; and to transfer technical skills to professional associations and similar organisations.

Total funding for the Democracy Programme is 5 MECU, allocated in grants of up to ECU 150,000 for each project.

Some of the projects are :

East-west parliamentary practice - minority rights

This project brings together members of the parliaments of 15 east and central European countries in three workshops covering the role of parliaments in guaranteeing minority rights.

Two of these workshops: "Parliament and the protection of minority rights in multi-cultural societies" and "A comparative analysis of legislation in 15 countries", have taken place. The third workshop will concentrate on the protection of minority rights at international level.

Centre for research on European women

"Information, a tool for change" is the title of this project, whose aim is to offer training to a group of professional women from the Czech Republic and Poland.

Six Polish and six Czech women were selected to participate in this project. They are working in journalism, the media, women's issues, human rights, sociology, marketing and advertising. The trainees participated in three training sessions.

Partnership for conflict resolution

Working in Hungary, this project is sponsoring four training programmes and preparing two handbooks, all of which cover the subject of conflict resolution.

Two training programmes are aimed at giving conflict resolution skills to teachers and trainers while two other sessions are intended for social workers and community workers. The project aims to promote principles such as : problem-solving through team work; dealing with the problem, not the person; and non-judgmental listening.

Anne Frank travelling exhibition

Through the story of Anne Frank, this exhibition aims to inform both students and the general public about the history of nazism and the dangers of racism, intolerance and extreme nationalism.

Local organisations in eastern Europe and the NIS have been hosting the "Anne Frank in the world" exhibition, reaching thousands of people with its message.

For further information contact the Democracy Programme Coordination office in Brussels, Fax - 322 299 1700

Poland and the EU: a new era

The first quarter of 1994 brought Poland one step closer to the European Union. Two important agreements signed by Poland will change the European landscape significantly over the coming decade: the signing of the Partnership for Peace agreement with NATO and the signing of the Association Agreement with the European Union. The latter is the first step for Poland towards full membership of the EU.



For further information on all Phare programmes in Poland, please contact the Phare Information Office, Fax: +322 299 17 77.



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Focus on Poland

The first question from every interested observer is: "...when?". The common response given by Jacques Delors, Sir Leon Brittan and Poland's Prime Minister Waldemar Pawlak, is: "As soon as the economic and social structures are in place to allow Poland to compete in an open European market."

While it would be premature to discuss dates at this stage, the necessary transformations are likely to take several years before accession to the EU is possible.

This special report examines the Phare Programme's involvement in helping Poland progress toward eligibility for accession.



Prime Minister Pawlak, Poland



President Delors, European Commission

Financial sector reform

The aim of the financial sector development programme is to provide funding which allows the Polish government to reform its banking and financial structure. The projects concentrate on several key areas: banking sector reform; income tax and value-added tax reform; reform of government financial institutions; insurance sector; accounting and auditing.

Several projects are underway at the moment, including :

Bad debt management - Expert advice for the work-out departments in the seven state-owned banks. This project provides training and advice for employees of the work-out departments to help them manage bad debts to these banks. To-date, five man-years of consultant support have been funded by Phare, and further assistance is planned for the future.

Bank audits - At the request of the National Bank of Poland, Phare is paying for experts to work with auditors of the National Bank to audit banks across the country. While the primary aim of this project is to meet the urgent need for competent auditors for the banks involved, an important side-effect is the transfer of knowledge to the Polish banking system and valuable on-the-job training for local auditors.

Finance training - A contract has been awarded by Phare to several Polish training institutions who will choose external specialists to help them train 4,000 officials in the Ministry of Finance.

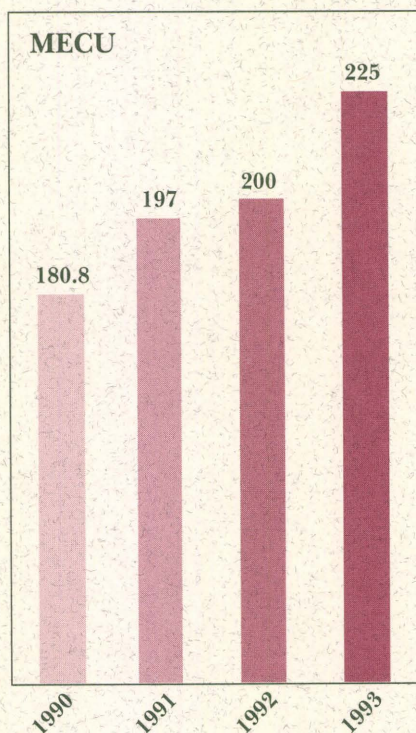
The project aims to help implement new Polish legislation governing the restructuring of the financial system, in the areas of bankruptcy procedures and business plan evaluations.

Phare in Poland

*Five years and ECU 1 billion
of assistance*

*Technical assistance on many social
and economic levels has been provided
to Poland through the Phare
Programme over the past five years.*

*Since 1990, Phare has allocated a
total of MECU 802.8 to programmes
in 13 priority sectors across Poland.*



*Today, 33 separate Phare-
coordinated programmes totalling
more than MECU 500 are in
progress. These programmes cover
areas ranging from financial policy
to agro-food development and
reform, from socio-economic
development and integration to
public administration reform as well
as many other sectors.*

*Through the programmes, which are
implemented by the Polish
authorities, Phare funding touches
most of those economic and social
areas where reforms are needed.*

Regional development

A two-year, MECU 76.7 contract has recently been signed with the Polish Agency for Regional Development to help several Polish regions which are suffering from high unemployment and industrial decline as well as problems in rural communities.

Through the Phare Programme, the Polish Agency will be able to fund regional financial initiatives such as a grant scheme, guarantee scheme and a regional investment fund. Other important areas include small and SME-related infrastructure projects; SME training and advisory services; strengthening the existing regional development agencies and creating new agencies in the rural areas; and establishing and strengthening the Polish Regional Development Agency.

Tax reform and awareness

Phare is supporting local tax reform efforts by developing public information programmes designed to explain the changes.

Awareness campaign - personal income tax

Phare funded a survey and a public information campaign on the key points of income tax reform, eg., what is income tax, how it works, and where to collect the tax forms. The campaign should help to ensure effective tax collection by encouraging taxpayers to complete and return their annual tax returns.

Awareness campaign - value-added tax

This campaign concentrated on explaining to the population that VAT is not an additional tax, but a replacement of an existing sales tax - and a move towards a more "European" approach. Another objective was to avoid the situation of some east European countries, where shopkeepers have drastically increased prices using VAT as an excuse. So far in Poland, the high level of consumer awareness seems to have avoided this problem.

The VAT awareness campaign





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The EIB: Europe's bank

The European Investment Bank works closely with Phare to provide loans for the restructuring of the economies of central and eastern Europe. Its goal is to help these regions prepare for future membership in the European Union.

The European Investment Bank (EIB) acts as Europe's bank. It was established in 1958 by the Treaty of Rome, which created the European Economic Community. Its main role over the past 36 years has been to provide loans for infrastructure and industry projects which help build and strengthen the Community.

Stated simply, the EIB aims to create and maintain a strong European Union. In 1993, the EIB provided a total of ECU 19.6 billion for projects aimed at furthering EU objectives.

While it shares many of Phare's objectives in eastern and central Europe, the EIB gives loans, repayable under favourable terms, whereas Phare funds structural and technical assistance through non-reimbursable grants.

EIB funding of the restructuring process in central and eastern

Europe started immediately after the fall of communism in 1989. By the end of 1993, the bank had lent MECU 1,700 for investment projects in Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia.

Between 1994 and 1996, a further ECU 3 billion are being proposed to fund projects in Albania, Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania and Slovakia.

Today's funding efforts by the EIB in central and eastern Europe are very similar to those carried out in Greece, Portugal, and Spain before these countries joined the EC. The bank provided considerable "pre-adhesion financing" for several years to help them achieve the economic and structural requirements for EC membership.

European financing for eastern and central Europe EIB

- One of the European Institutions.
- Created in 1958 by the Treaty of Rome
- A lending organisation. 60% of projects are in the public/ infrastructure sector. Financing open to all countries planning to join the EU.

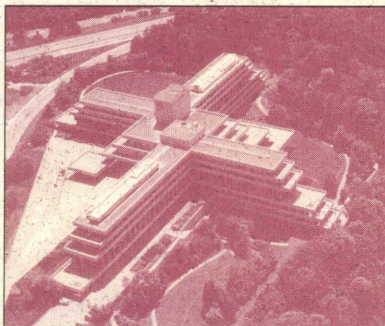
Phare Programme

- A technical assistance programme of the European Union and financing structure created to give technical assistance (grants) to the countries of central and eastern Europe.

European Bank for Reconstruction and Development (EBRD)

- 51% owned by the EC, EC Member States and the EIB. Other major shareholders are EEA countries and Israel, Japan, United States, Australia, New Zealand. The single biggest shareholder is the United States with 10%.
- A lending organisation. 60% of projects are in private sector funding. Funds projects across Europe and in all NIS.

The European Investment Bank





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The European Union is seen as the most important future partner by inhabitants of eastern and central Europe. These are the results of the EC's fourth annual Eurobarometer survey on eastern Europe, published recently.

A view from the east

Key trends highlighted by this research are:

- In favour of market economies. Most respondents from the Phare recipient countries are in favour of market economies. However, this contrasts with the NIS, where the vast majority of those surveyed were not optimistic about market economies.
- Democratic development is too slow. In general, the speed at which democracy is developing is seen as too slow - two out of every three respondents are dissatisfied in the Phare countries, compared with five out of six respondents from western NIS.
- Economic and social rights have not improved. Respondents were unhappy with the little progress made regarding basic economic and social rights supposedly guaranteed to all inhabitants by former Soviet and east European regimes. Many respondents felt that they have less rights than one year ago. These "basic rights" include the right to housing, schooling, basic living necessities at a fair price, and permanent employment. However, the most positive feedback came from respondents in Hungary, and the Czech and Slovak Republics
- Standard of living: unimproved. From answers provided by respondents across the board, it seems that the financial situation of individual households has not improved over the last year.

Bringing eastern researchers online

The European research community will soon be a reality.

In the near future, researchers in the Phare countries will have instant access to research and development data which is shared today by all the EU researchers on the EuropaNet research database.

European researchers in 18 countries of the EU and other locations are already linked into the EuropaNet. EuropaNet provides instant access to a huge range of on-line services such as documentation, information, electronic mail and file transfer. Initial Phare assistance of 2.5 MECU for this programme allows researchers in six Phare countries (Poland, Hungary, Czech Republic, Slovakia, Romania and Bulgaria) to access EuropaNet. A Commission decision broadening support for this programme to the remaining Phare countries is expected in May.

A contract with the French information technology company, Bull, is currently being finalised by the Commission for the supply of hardware and software. Network facilities and management will be supplied by the Netherlands PTT.

Additional support services - such as training, electronic mail coordination, etc. - are supplied by DANTE, the European R&D network support specialists.

Given the increasingly international and collaborative nature of research, this new research link is essential. West European researchers will have access to new scientific information, while their eastern European colleagues will gain essential knowledge and skills which will help them to deal with competitive market economies.

CEETEX 94

The Phare Information Office is working in association with Sterling Exhibitions to host CEETEX '94, the Central and Eastern European Technology and Investment Exhibition in Earls Court, London from 9-12 May. The event is aimed at fostering the development of business contacts, joint-venture and cooperative agreements between entrepreneurs from eastern and western Europe. The initiative will bring together western businessmen and key decision-makers from over 1,000 central and east European enterprises as well as the new independent states.

For more details and registration tickets, please call (44) 203 421213

Publisher : HG Krenzler
Editor: Peter Kalbe
Produced by PHARE Information Unit
Tel : (32 2) 299 1400
Fax : (32 2) 299 1777



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Europartenariat - Gdansk '94

Phare will be taking part in Europartenariat Gdansk, on 9-10 June 1994 in the World Trade Centre in Gdynia, Poland. An initiative of the European Union, Europartenariat is part of the European Commission's policy to stimulate economic growth in less-favoured regions of the EU by encouraging cooperation between small and medium-sized businesses. The event should generate considerable business opportunities for both the 401

Polish host companies and the estimated 1,000 visiting SMEs from Europe, EFTA and beyond.

Held every six months, this is the first time that Europartenariat is taking place outside the EU.



Europartenariat

Forthcoming events

22 April	Institution of European Trade & Technology	London Management Development & Training in the CEEB & FSU
25 April	Car Bro Group	Brussels Training
26 April	Irish Trade Board Seminar	Brussels
6 May	Dagin Environment	Brussels Seminar
10 May	Polish/Brussels Chamber of Commerce	Brussels Seminar
18 May	Euro-Info Centre	Orléans Seminar
2 June	Phare & the Europe Agreements	Groningen University
4 June	Europe Regional Industrial Development Organisation	Durbuy Phare Information
7 June	EU Assistance to CEECs	Helsinki Seminar