

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 27.04.1994

Recommendation for a

COUNCIL DECISION

## **AUTHORIZING THE COMMISSION TO NEGOTIATE A EUROPE AGREEMENT WITH THE REPUBLIC OF SLOVENIA**

(presented by the Commission)

## Explanatory memorandum

### A. BACKGROUND AND CONTEXT

1. Upon being recognized by the Member States of the Community, Slovenia asked, in February 1992, for the negotiation of a "Europe" association agreement. Feeling that the time was not yet ripe for acceding to Slovenia's request, the Community offered to negotiate a series of agreements transposing the substance of those with Yugoslavia: a preferential cooperation agreement, a financial protocol and a transport agreement. Slovenia accepted this offer as a first step enabling it quickly to put relations with the Community on a contractual basis. The agreement included, moreover, a clause providing that "the Contracting Parties shall examine, at the earliest opportunity, the possibility of concluding a "Europe Agreement" establishing an association, with the particular aim of achieving a gradual and reciprocal removal of barriers to the bulk of their trade".

The agreements were signed in Luxembourg on 5 May 1993 and entered into force on 1 September, the only exception being the ECSC agreement, which will enter into force as soon as the Member States complete their ratification procedures. The Slovenian prime minister, Mr Janez Drnovsek, wrote to Mr Delors and the President of the Council, asking for exploratory talks on the negotiation of a Europe agreement to begin shortly. At their informal meeting at Alden Biesen on 11 and 12 September last year, the Union's foreign ministers gave the Commission the go-ahead to start talks with the Slovenian authorities aimed at exploring the scope for such an agreement with the Community.

2. Since 1991 Slovenia has been having to face change on two fronts, namely the change to independence and the switch to democracy and the market economy, and in an extremely difficult environment to boot.

Having been quick to affirm its commitment to Europe and attachment to democratic principles, Slovenia today complies with international standards on human rights and fundamental freedoms.

Owing to the structure and openness of its economy, Slovenia has also made a good start in the area of economic change and stabilization. After less than three years, the results are encouraging; monthly inflation has been held at between 1 and 1.5%, the realignment of foreign trade is well under way and the national bank holds satisfactory reserves of foreign exchange. Slovenia's economy is, however, in crisis: output is substantially down and unemployment has risen considerably. Structural reforms have been delayed by the priority given to stabilization and by the late adoption of legislation, particularly concerning privatization. The economy has also been hit hard by the loss of the former Yugoslavia's market, the shrinking market in the former Soviet Union and the impact of the war in Yugoslavia. The combined effects of independence, the introduction of reforms and the hostile external environment have weakened Slovenia's economy, increasing the country's dependence on help from the Community, its main trading partner.

Political and economic association seems therefore an appropriate framework for bringing the Community and Slovenia closer together and supporting the changes embarked on by that country.

### B. EXPLORATORY TALKS: Slovenia's position

1. The Commission began exploratory talks with Slovenia on 7 and 8 December last year in Ljubljana.

In the course of the talks, the Commission put across the Community position based on the overall framework and main components of the agreements recently negotiated with the countries of Central and Eastern Europe, and the Czech Republic in particular. The Commission pointed out to Slovenia that the agreement would have to be adjusted to take account of the country's particular circumstances, its level of development and the relevant components of the agreements already concluded (the cooperation agreement, textile agreement, financial protocol and transport agreement). These elements had, moreover, already been presented to the Council.<sup>1</sup>

2. Slovenia stated its position on the future association agreement in a memorandum handed over during the exploratory talks.

The Slovenian authorities confirmed that they saw the Europe agreements, and in particular that with the Czech Republic, as the overall framework. Slovenia expressed its agreement with the approach envisaged by the Commission. On the whole, it feels it can accept a shorter transition period than is envisaged by the other Europe Agreements, and thus complete its transition at the same time as the Central and Eastern European countries that signed those first agreements. In exchange it expects the Community to liberalize access to its markets faster.

Slovenia also put forward proposals concerning various chapters of the agreement, which will have to be examined in the course of negotiations.

3. The political side of association is of absolute importance to Slovenia. The Slovenians made it clear that they see association as a first step towards membership of the Union.

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<sup>1</sup> Joint meeting of the old EPC "Eastern Europe" working party and the Council's "former USSR" and "Eastern Europe" working parties on 23 November 1993.

Slovenia considers that the commitment it has expressed to Europe from the very outset is today reflected in a policy characterized by a sustained effort to establish a multiparty democracy, build a state founded on the rule of law and respect for human and minority rights, establish a true market economy and catch up as quickly as possible with the process of European integration.

4. The Slovenian representatives identified the foreseeable increase in unemployment owing to privatization and the restructuring of major undertakings as their government's main area of economic concern. The opening-up of foreign markets is therefore crucial to Slovenia. It has already started negotiating free-trade agreements with the each of the Visegrad countries and the members of EFTA. Slovenia considers that the Europe agreement with the Community would be a major step in the right direction.
5. The negotiating mandate might need to be reviewed in the light of the outcome of the accession negotiations in order to reflect the consequences of enlargement (e.g. transport arrangements with Austria).

#### **C. CONCLUSIONS**

The Commission recommends that the Council authorize it to negotiate a Europe agreement in accordance with the draft directives annexed hereto and in consultation with a special committee appointed by the Council to assist it.

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## DRAFT NEGOTIATING DIRECTIVES

### I. NATURE OF THE AGREEMENT

The aim of the negotiations is to conclude a Europe agreement with Slovenia. It will be a preferential agreement, designed to establish a close, long-term association between the contracting parties.

Previous Europe agreements with the countries of Central and Eastern Europe have been mixed agreements concluded by both the European Communities and the Member States. The entry into force of the Maastricht Treaty has considerably altered the legal framework for the agreement's negotiation and conclusions; the political dialogue (see B below) and crime-prevention cooperation (illegal immigration, drug trafficking, etc.: see H below) instituted by the agreement respectively fall under the common foreign and security policy and cooperation in the fields of justice and home affairs and can trigger the decision-making procedures laid down for those "pillars" by the Union Treaty.

This agreement will replace the Cooperation Agreement between the EEC and Slovenia which entered into force on 1 September 1993 and the soon-to-be-ratified agreement with the ECSC. It will run for an indefinite period.

The agreement will include the usual provisions governing its entry into force, the period required for its revocation and the authenticity of the various language versions.

### II. SCOPE OF THE AGREEMENT

The agreement is intended to govern all economic and commercial relations between the parties. It will include a body of provisions on the financial aspects of cooperation and assistance.

The agreement will be accompanied by provisions on political dialogue, crime prevention (new title) and cultural cooperation with Slovenia.

**III. CONTENT****A. PREAMBLE**

The preamble could mention the following in particular:

1. the traditional links between the parties and the values that they share, their desire to strengthen these links and establish a close and lasting relationship based on reciprocity and mutual interest, which would allow Slovenia to take part in the process of European integration by strengthening and extending the relations established previously, in particular by the Cooperation Agreement;
2. a reference to the prospects offered by the emergence of a new democracy in Slovenia for the establishment of a qualitatively new relationship;
3. the parties' commitment to increasing political and economic freedoms as the very basis of the contract of association;
4. the recognition of the establishment in Slovenia of a new political order which respects the rule of law and human rights, including the rights of members of minorities, and operates a multiparty system with free and democratic elections;
5. the readiness of the Community to contribute to the strengthening of this new democratic order and to support the creation in Slovenia of a new economic order founded upon the principles of a free market economy;
6. the parties' firm commitment to the implementation of all principles and provisions established in the Helsinki Final Act of the CSCE, the concluding documents of the Madrid and Vienna conferences and the Paris Charter for a New Europe;
7. the importance of the Europe agreement in the establishment and consolidation of a stable European order based on cooperation, of which the European Union is a mainstay;
8. the link to be made between, on the one hand, full implementation of association and, on the other, the effective accomplishment of Slovenia's economic and political reforms and genuine rapprochement between the two parties' systems;
9. the desirability of introducing regular political dialogue on bilateral and international issues of mutual interest;
10. the Community's willingness to provide decisive support for the implementation of reform and to help Slovenia cope with the economic and social consequences of structural readjustment;



11. the Community's willingness to employ instruments of cooperation and economic, technical and financial assistance on a comprehensive multiannual basis;
12. the parties' commitment to free trade, and in particular the GATT;
13. the parties' attachment to the European Energy Charter;
14. a reference to the economic and social disparities between the Community and Slovenia and the need to pursue the objectives of association by appropriate means;
15. the parties' firm belief that the Europe agreement will create a new climate for economic relations between them and above all for the development of trade and investment, factors crucial to economic restructuring and modernization;
16. the desire to introduce cultural cooperation and improve the flow of information;
17. a reference to Slovenia's ultimate objective of becoming a member of the Community and the fact that association, in the view of the parties, will help achieve that objective.

### **B POLITICAL DIALOGUE**

1. Political dialogue with Slovenia will be a key element of the agreement, and it is intended that it should be developed and stepped up. It will back up and consolidate the rapprochement between the European Union and Slovenia, support the political and economic changes under way in that country and contribute to the establishment of new ties of solidarity. The agreement will make suitable provisions for political dialogue, which will have two main aims:
  - \* It will facilitate Slovenia's full integration into the community of democratic nations and gradual rapprochement with the Union. A corollary of the economic rapprochement brought about through association is greater political convergence.
  - \* It will bring about increasing convergence in positions on international issues, and in particular on those issues likely to have substantial effects on one or the other party.
2. At ministerial level, political dialogue will take place within the Association Council. The Council will have general responsibility for any issue the parties might wish to put to it.

3. Other procedures and machinery for political dialogue with Slovenia will be set up and evolve from those already in existence. They will take the following forms in particular:
  - \* meetings at senior policy-maker level between Slovenian officials and the Presidency and the Commission;
  - \* full use of diplomatic channels;
  - \* inclusion of Slovenia in the group of countries receiving regular information on the common foreign and security policy;
  - \* any other means which would make a useful contribution to consolidating, developing and stepping up this dialogue.
4. Political dialogue at parliamentary level may take place within the Parliamentary Association Committee.

### **C. GENERAL PRINCIPLES**

1. Respect for democratic principles and human rights, as defined by the Helsinki Final Act and the Charter of Paris for a New Europe, inspire the domestic and external policies of the Community and Slovenia and constitute an essential element of association.
2. Association will be achieved during a transition period lasting no more than seven years and divided into two successive stages, the length of which will be established at the negotiations. The first stage will begin when the agreement enters into force. The Association Council will regularly review the application of the agreement and Slovenia's economic reforms in the light of the principles laid down in the preamble. In the twelve months preceding the expiry of the first stage, the Association Council will meet to decide on the transition to the second stage as well any possible changes in the implementing provisions for that stage. When doing so, it will take account of the results of the above review.
3. The two stages referred to above will not apply to the free movement of goods.

### **D. FREE MOVEMENT OF GOODS**

During a transition period of no more than seven years, the Community and Slovenia will gradually establish a free trade area based on reciprocal and balanced obligations and governed by the provisions of the agreement and the GATT. The

Community will move faster along this path than Slovenia, given that industrial products originating in Slovenia in principle already enjoy free access to the Community market under the EEC-Slovenia Cooperation Agreement.

Slovenia will be asked to use the Combined Nomenclature for the classification of goods in trade between the parties.

The basic duties to which the successive reductions are to be applied shall be those actually applied *erga omnes* on the day of the entry into force of the new tariff adopted by Slovenia in its accession to the GATT. If, after the agreement's entry into force, a tariff reduction is applied *erga omnes*, it will replace the basic duties referred to above.

## **1. TRADE IN INDUSTRIAL PRODUCTS**

### **1.1 Imports into the Community**

The provisions on free trade in industrial products will apply to products originating in the Community and Slovenia listed in Chapters 25 to 97 of the Combined Nomenclature, with the exception of albumin, cork, cotton, flax and hemp.

#### **1.1.1 The following tariff measures will be included:**

- (a) Upon the entry into force of the agreement, the Community will confirm the phasing-out of duties begun under the present Cooperation Agreement.
- (b) Tariff ceilings will be phased out on the following basis:
  - \* Those on the first group of products, including those of which there are no exports of Slovenian origin, will be abolished on the entry into force of the agreement.
  - \* Those on the second, more sensitive group exclusively affecting products originating in Slovenia will generally be raised by 20% a year from the agreement's entry into force throughout the transition period. Ceilings will therefore have been abolished by the end of the transition period and duties completely phased out. Ceilings may be raised by more and abolished sooner in the light of the tariff concessions offered to the Community by Slovenia.
- (c) The Community will retain an agricultural element in the duties applicable to processed agricultural products not covered by Annex II to the EC Treaty, listed in Chapters 25 et seq. of the Combined Nomenclature.

#### **1.1.2 All quantitative restrictions and measures having equivalent effect will be abolished on the date of entry into force of the agreement.**

## **1.2 Imports into Slovenia**

- (a) Customs duties on Slovenian imports of goods originating in the Community will be phased out.
- (b) At the entry into force of the agreement, Slovenia will abolish all customs duties on a list of non-sensitive products to be included in an annex.
- (c) Slovenia will phase out duties applicable to products listed in other annexes to the agreement according to timetables to be negotiated in the light of the products' sensitivity. All customs duties must be abolished by the end of the transition period.
- (d) Slovenia may introduce an agricultural element in the duties applicable to processed agricultural products not covered by Annex II to the EC Treaty, listed in Chapters 25 et seq. of the Combined Nomenclature.

**1.2.2** All quantitative restrictions and measures having equivalent effect will be abolished on the agreement's entry into force.

## **1.3 Reciprocal measures**

**1.3.1** Upon entry into force of the agreement the parties will abolish as between themselves all charges having an effect equivalent to customs duties on imports.

**1.3.2** The parties will abolish on the agreement's entry into force all customs duties on exports and charges having equivalent effect and all quantitative restrictions on exports and measures having equivalent effect.

## **1.4 Special arrangements**

### **1.4.1 Textiles**

Trade in textile products will be governed by an additional protocol to the agreement. This protocol will replace the current textile agreement expiring on 31 December 1995.

The protocol must enable all Community tariff and quantitative measures affecting Slovenia to be abolished. Abolition will be completed by 31 December 1998, provided Slovenia reciprocates by phasing out its tariff barriers to Community textile products in line with an agreed timetable.

The categories for textile products will be the same as in the agreements with the countries of Central and Eastern Europe, i.e. 123 categories instead of the 114 listed in the current agreement.

A specific safeguard clause will cover trade in textile products.

The agreement's general provisions on basic duties and the abolition of quantitative restrictions and measures having an equivalent effect will apply to imports into Slovenia of textile products originating in the Community. If, however, Slovenia increases its customs duties after the agreement on Community textiles has been signed, such increases will not be taken into account for the phasing-out of duties.

#### 1.4.2 ECSC products

##### (a) Imports into the Community

The procedures mentioned in 1.1 will apply to the Community.

##### (b) Imports into Slovenia

Slovenia will dismantle tariffs in such a way that duties are completely eliminated by the end of the transition period, in accordance with timetables to be fixed in the light of the products' sensitivity. Duties on certain non-sensitive products will be abolished on the agreement's entry into force.

##### (c) Reciprocal measures

- Upon the entry into force of the agreement, the parties will abolish, in trade between themselves, charges having an equivalent effect to customs duties, quantitative restrictions affecting imports and measures having equivalent effect.
- Upon the entry into force of the agreement, the parties will abolish export duties and charges having an equivalent effect, quantitative restrictions affecting exports and measures having equivalent effect.

##### (d) Other measures

During the negotiations the Commission will inform Slovenia of the importance attached by the Community to the harmonious development of Slovenia's exports of ECSC products to the Community in order to avoid disrupting the market.

The protocol on ECSC products will include special provisions similar to those of the other Europe agreements regarding state aids and the rules governing competition by enterprises in this sector.

It will stress the exceptional character of aid for restructuring and the fact that such aid cannot extend beyond the first stage of the transition period. It will take account of the fact that in the Community such aid is linked to capacity reductions.

### 1.4.3 Processed agricultural products

Processed agricultural products covered by Chapters 1 to 24, regarded for the purposes of the agreement as "agricultural products", will be dealt with in an additional protocol which will take account of their industrial and agricultural aspects. The Community machinery in force will not be obstructed by the reciprocal concessions made in the agreement regarding processed agricultural products not listed in Annex II to the EEC Treaty.

Concessions granted under the present Cooperation Agreement will be confirmed.

The reciprocal concessions referred to in the additional protocol on processed agricultural products must maintain an overall balance between concessions on processed agricultural products and agricultural concessions.

## 2. TRADE IN AGRICULTURAL PRODUCTS

2.1 The provisions of this heading will apply to agricultural products originating in Slovenia and in the Community. The term "agricultural products" means the products covered by (EEC) No 3687/91 and Chapters 1 to 24 of the Combined Nomenclature and the Slovenian customs tariff and those listed in an annex to the agreement, but excluding fishery products as defined by Regulation

- 2.2 - The approach to concessions on agricultural products will be identical to that found in the other Europe agreements. They will be accorded only for products in which there has been a steady and significant trade in recent years.
- On entry into force of the agreement, the Community will abolish all quantitative restrictions affecting imports of agricultural products originating in Slovenia.
  - The GSP will no longer be applicable, but the advantages accorded under it will be bound. Customs duties and levies on agricultural products originating in Slovenia listed in an annex will benefit on the entry into force of the agreement from a reduction within the limits of the tariff quotas and ceilings set out in that annex.
  - The advantages accorded under the EEC-Slovenia Cooperation Agreement will be maintained in so far as they accurately reflect economic and commercial circumstances.
  - Upon the entry into force of the agreement, Slovenia will abolish quantitative restrictions on imports of agricultural products originating in the Community according to conditions set out in an additional annex.
  - The Community and Slovenia will accord each other concessions on a reciprocal and harmonious basis on the terms laid down in two annexes. The concessions will be calculated using the methods laid down in the other Europe agreements.

- Taking account of the volume of EC-Slovenian trade in agricultural products, its particular sensitivity, the rules of the Community's common agricultural policy, the role of agriculture in the Slovenian economy and the consequences of the multilateral trade negotiations under the General Agreement on Tariffs and Trade, the Community and Slovenia will examine in the Association Council, product by product, the scope for granting each other further concessions on a reciprocal basis.
- The agreement will include a safeguard clause permitting the adoption of arrangements or trade defence measures in the event of serious disturbance to the market of either party as a result of concessions made under the agreements. Should safeguard measures be adopted, account will be taken of the particular sensitivity of the product or products concerned on the markets of individual Member States of the Community.

### **3. FISHERIES**

The principles set out in 2.2 for agricultural products will apply mutatis mutandis to fishery products.

### **4. BACK-UP MEASURES**

In order to ease the process referred to in points 1 to 3, the agreement should provide for the following back-up measures, which will cover all products, save where otherwise provided in the wording of these measures or the protocols on textile or ECSC products.

#### **4.1 Standstill**

Without prejudice to the parties' present or future agricultural policies and save for exceptions agreed by them, no new duty or charge with equivalent effect and no new quantitative restriction or measure with equivalent effect will be introduced in trade between the Community and Slovenia, and those already applied may be neither increased nor made more restrictive from the day before the start of negotiations.

#### **4.2 Non-discrimination**

The parties will refrain from any domestic tax measure or practice which discriminates directly or indirectly between the products of one contracting party and like products originating in the other.

Products exported to the other party's territory may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on them.

Slovenia's trade arrangements with third parties may not result in discrimination against the Community.

### **4.3 Customs unions, free trade areas and arrangements for frontier trade**

The agreement will include a clause similar to that in the other Europe agreements.

### **4.4 Safeguard clauses**

- 4.4.1** Exceptional measures of limited duration which derogate from the general principles may be taken by Slovenia in respect of infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems. Customs duties reestablished on this basis may not exceed an as yet undetermined ad valorem rate and must maintain an element of preference for products originating in the Community. The total value of imports of the products which are subject to these measures may not exceed an as yet undetermined percentage of total imports of industrial products from the Community. These measures may not be applied beyond the end of the first stage of the transition period and will cease to apply at the latest at the expiry of the transition period. No such measures may be introduced in respect of a product if more than 3 years have elapsed since the elimination of all duties and quantitative restrictions concerning that product.

Slovenia will inform the Association Council of any exceptional measures planned and provide it with a schedule for their elimination.

### **4.4.2 Dumping, general safeguard clause, "shortage" clause**

The agreement will include clauses similar to those found in other Europe agreements.

### **4.5 Procedure**

The procedures governing anti-dumping and safeguard measures will be analogous to those of the other Europe agreements.

### **4.6 State monopolies**

As in the other Europe agreements, arrangements will be made for state monopolies of a commercial character.

### **4.7 Preferential rules of origin and administrative cooperation**

A protocol defining the term "originating product" and setting out methods of administrative cooperation will be annexed to the agreement.



The Community will propose the inclusion in this protocol of bilateral cumulation of originating products from the Community and Slovenia. Requests from Slovenia regarding improvements to this arrangement in respect of the cumulation of origin between Slovenia and other countries that have signed Europe agreements with the Community will be examined in terms of the follow-up to the conclusions of the Copenhagen European Council (Annex II(ii)(h)). The agreement will provide for cumulation with the other republics of former Yugoslavia as envisaged in the declaration annexed to the EEC-Slovenia Cooperation Agreement, as soon as the stipulated conditions have been satisfied.

#### **4.8 Restrictions**

The agreement will not preclude the enforcement of prohibitions or restrictions on imports, exports or goods in transit referred to in Articles 36, 223 and 224 of the Treaty of Rome.

### **E. WORKERS, ESTABLISHMENT, SERVICES**

#### **1. MOVEMENT OF WORKERS**

1.1 During the first stage the possibility should be examined of improving the situation of workers legally employed in the Member States of the Community and of the members of their families legally admitted into the territory of the Member States, taking into account the spheres of competence of the Community and the Member States.

During the second stage, assuming economic and social conditions in Slovenia have largely been brought in line with those in the Member States and the employment situation in the Community so permits, the Community and the association bodies should examine methods of improving the free movement of workers.

1.2 The Association Council should also be instructed to set up a suitable system for coordinating the social security systems of Slovenia and the Member States, based in particular on the principles of equal treatment, aggregation of periods of insurance, employment or residence, pro-rata payment and the right to export benefits.

#### **2. ESTABLISHMENT**

An approach to the freedom of establishment similar to that adopted in the other Europe agreements would incorporate the following main components:

- \* The Community and Slovenia would, upon entry into force of the agreement, grant each other national treatment or MFN status, whichever were more advantageous, with regard to the establishment and operation of companies or citizens.

- \* Slovenia would, if necessary, be allowed a transition period in a limited number of sectors.
- \* There would be special safeguard clauses for infant industries, or certain sectors undergoing restructuring or facing serious difficulties in Slovenia, which would be limited in duration to the transition period.
- \* Notwithstanding the general provisions on the free movement of workers, the beneficiaries of the right of establishment accorded by Slovenia and the Community respectively will be entitled, in accordance with the legislation in force in the host country of establishment, to employ, or have employed by one of their establishments there, employees who are nationals of Community Member States and Slovenia respectively, provided that such employees are key personnel.
- \* The provisions of the other Europe agreements concerning land and air transport will be incorporated in the agreement.
- \* Provisions on Community shipping firms identical to those featuring in other Europe agreements will be offered to Slovenia.

### 3. SERVICES

An approach similar to that found in the other Europe agreements could be applied to trade in services between the Community and Slovenia. Account could be taken of the outcome of the Uruguay Round negotiations. It would include the following main components:

- \* Companies not established in the territory of the other party will gradually acquire the right to provide services.
- \* The Association Council will monitor the implementation of this liberalization.
- \* The air transport provisions of the other Europe agreements will be incorporated.
- \* The agreement should incorporate the relevant provisions of the current transport agreement, particularly those on the complete liberalization of transit and road, rail and combined transport, which would make the provisions of the other Europe agreements redundant.
- \* Provisions on Community shipping firms identical to those featuring in other Europe agreements will be proposed to Slovenia.

#### **4. GENERAL PROVISIONS**

The general provisions will be modelled on those of the other Europe agreements.

Tax provisions along the lines of the tax clause of the Partnership and Cooperation Agreement with the Russian Federation will be added to ensure that the tax provisions of treaties and double-taxation agreements are not included in the execution of MFN obligations resulting from the agreement, and to allow account to be taken of the taxpayer's place of residence when such rules are applied.

<p style="text-align: center;"><b>F. PAYMENTS, CAPITAL, COMPETITION, AND OTHER ECONOMIC PROVISIONS, APPROXIMATION OF LAWS</b></p>
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#### **1. CURRENT PAYMENTS AND MOVEMENT OF CAPITAL**

Free movement of capital is an essential feature of the single market, from which Slovenia too will benefit as soon as its competitiveness allows and its currency has become fully convertible. It should be noted that Slovenia has already made considerable progress in this field. As for industrial products and services, the negotiations should provide for a step-by-step approach.

- During the first stage, Slovenia would completely liberalize payments relating to trade in goods and services, including guaranteed access to foreign currencies for undertakings. It would also encourage the development and protection of investments in Slovenia by authorizing capital movements relating to such investments, their liquidation and repatriation. Slovenia would also foster the liberalization of portfolio investments and borrowing and lending, in particular with regard to capital flows from the Community to Slovenia. Some improvements in access to capital markets could be made while the parties were seeking to bring about the conditions necessary for the phasing-in of Community rules on the free movement of capital. At this stage of technical cooperation, training measures and joint ventures could make an important contribution to the establishment of a competitive financial sector in Slovenia.
- During the second stage the Association Council will be instructed to study ways of enabling Community rules on the movement of capital to be applied in full.

All provisions relating to the movement of capital will be based on the principle of reciprocity.

## **2. COMPETITION AND OTHER ECONOMIC PROVISIONS**

**2.1** Provisions on competition will be modelled on those of the other Europe agreements. They will, in particular, include:

- competition rules based on Articles 85, 86 and 92 of the EC Treaty and provisions on public undertakings, and undertakings to which special or exclusive rights have been granted. The Association Council will ensure that these provisions are applied within three years of the agreement's entry into force.
- transparency in the area of state aid;
- the right of a party to take appropriate measures if it feels that practices are incompatible with the terms of the agreement.

**2.2** A safeguard clause modelled on that in the other Europe agreements will be proposed in respect of measures to be taken in the event of balance-of-payments difficulties.

### **2.3 Public undertakings**

Within three years of the agreement's entry into force, Slovenia will apply to public undertakings the principles set out in the EC Treaty, with particular reference to Article 90, and in the concluding document of the 1990 Bonn meeting of the Conference on Security and Cooperation in Europe.

### **2.4 Intellectual, industrial and commercial property**

Slovenia will introduce measures to ensure effective and adequate protection for intellectual, industrial and commercial property rights, including protection against counterfeiting and pirating, so as to guarantee a level of protection comparable to that in the Community by the end of the first stage of the transition period and to accord treatment no less favourable than that afforded to third countries under bilateral agreements from the entry into force of the agreement. Slovenia undertakes to ratify or apply for accession to the multilateral agreements in this field to which it is not yet party, on condition that the Member States of the Community are parties or apply them *de facto*.

### **2.5 Public contracts**

Provisions for access to public contracts will be the same as those in the other Europe agreements, namely:

- From the entry into force of the agreement, the Community will accord any Slovenian company, whether or not established in the Community, access to public contracts on terms no less favourable than those accorded to Community companies.

- From the entry into force of the agreement, Slovenia will accord Community companies established in Slovenia access to public contracts on terms no less favourable than those accorded to Slovenian companies.
- By the end of the transition period, Slovenia will accord Community companies not established in Slovenia access to public contracts on terms no less favourable than those applicable to Slovenian companies.

### 3. APPROXIMATION OF LAWS

The main precondition for Slovenia's economic integration into the Community is the approximation of its existing legislation to that of the Community. Slovenia's future legislation should reflect the same principle.

The Slovenian government has made clear its will to comply, and has already introduced measures to ensure that any rules adopted in the future are compatible with Community legislation.

Efforts to achieve approximation of laws will extend to many sectors and in particular: customs law, company law, company accounts and taxation, health and safety at work, financial services, rules on competition, public procurement, consumer protection, indirect taxation, technical rules and standards, transport and the environment.

Approximation of laws and the assistance that the Community might provide will be dealt with in the context of measures accompanying the free-trade area and of economic and industrial cooperation.

### G. ECONOMIC COOPERATION

Policies designed to bring about economic and social development, especially those concerned with industry, investment, agriculture, energy, transport, regional development and tourism should be guided by the principle of sustainable development. This entails ensuring that environmental considerations are fully incorporated into such policies from the outset.

These policies shall also take into account the requirements of sustainable social development.

Finally, special attention will have to be devoted to measures which can foster cooperation between Slovenia and the countries of Central and Eastern Europe.

## **1. INDUSTRIAL COOPERATION**

Industrial cooperation between the Community and Slovenia is aimed at promoting in particular:

- \* the Community's participation in Slovenia's efforts to modernize and restructure its industry under conditions which ensure that the environment is protected;
- \* the restructuring of individual sectors;
- \* the establishment of new undertakings, particularly in branches of light industry, consumer goods and market services, in areas offering potential for growth.

Industrial cooperation initiatives reflect the priorities determined by Slovenia. The initiatives will seek in particular to establish a suitable framework for undertakings, to improve management know-how and to promote transparency as regards markets and conditions for undertakings.

## **2. INVESTMENT PROMOTION AND PROTECTION**

Cooperation between the parties in the field of investment promotion and protection will aim to bring about a favourable climate for private investment, both domestic and foreign, which is so essential to economic and industrial reconstruction in Slovenia.

The particular aims of cooperation shall be:

- \* establishment by Slovenia of a legal framework conducive to investment, in particular in the form of extension by the parties of agreements for the promotion and protection of investment;
- \* implementation of suitable arrangements for the transfer of capital;
- \* improvement of investment protection;
- \* exchange of information on investment opportunities in the form of trade fairs, exhibitions, trade weeks and other events.

## **3. STANDARDIZATION AND CONFORMITY ASSESSMENT (certification and testing)**

Cooperation will aim in particular:

- \* to reduce differences in standardization and conformity assessment: promoting the use of Community standards, tests and certification procedures, as well as the possibility of concluding mutual recognition agreements in these areas, where appropriate;
- \* to encourage Slovenia's participation in the work of specialized organizations (CEN, CENELEC, ETSI, EOTC).

#### **4. COOPERATION IN SCIENCE AND TECHNOLOGY**

**4.1** The parties will undertake to promote cooperation in research and technological development. The following will be given special attention:

- \* the exchange of information on the parties' policy in the field of science and technology and the organization of joint scientific meetings (seminars and workshops);
- \* joint R&D ventures aimed at encouraging scientific progress and the transfer of technology and know-how;
- \* training activities and mobility programmes for researchers and specialists from both sides;
- \* the development of an environment conducive to research and the application of new technologies.

**4.2** The parties will undertake to draw up procedures appropriate to the development of new technologies.

**4.3** Possible cooperation in specific programmes under the Community's framework programme in the field of research and technological development will require specific arrangements to be negotiated and concluded in accordance with the procedures adopted by each contracting party.

#### **5. EDUCATION AND TRAINING**

To boost the level of public and private sector skills the two parties will strengthen their cooperation in the fields of education and training under the auspices of the European Training Foundation and the TEMPUS programme.

Cooperation will focus in particular on the following areas:

- \* basic training, in-service training and retraining, including the training of management staff for public and private-sector undertakings and the administration, particularly in priority areas to be determined in the course of the negotiations;
- \* inter-university and university-business cooperation, mobility for teachers, students and administrators (TEMPUS).

#### **6. AGRICULTURE AND THE AGRO-INDUSTRIAL SECTOR**

Cooperation in this field will aim at modernizing agriculture and the agro-industrial sector.

To this end the objectives of cooperation will include:

- \* development of private farms and distribution channels, methods of storage, marketing, etc.;

- \* modernization of rural infrastructure (transport, water supply, telecommunications);
- \* town and country planning, including construction and urban planning;
- \* improvement of productivity and quality using appropriate methods and products; training in and monitoring of the use of anti-pollution methods in connection with inputs;
- \* development and modernization of processing firms and their marketing methods;
- \* promotion of complementarity in agriculture;
- \* promotion of industrial cooperation in agriculture and the exchange of know-how, particularly between the private sectors in the Community and Slovenia;
- \* development of cooperation on animal and plant health in the form of assistance for training and the organization of controls with a view to gradual harmonization with Community standards;
- \* promotion of joint ventures, particularly for cooperation on the markets of third countries.

## **7. ENERGY**

Cooperation will reflect the principles of the market economy and the European Energy Charter. It must foster the integration of Europe's energy markets.

Cooperation will focus on the following in particular:

- \* modernization of infrastructure;
- \* improvement and diversification of supply;
- \* formulation and planning of energy policy;
- \* management and training for the energy sector;
- \* the development of energy resources;
- \* the promotion of energy saving and energy efficiency;
- \* the environmental impact of energy production and consumption;
- \* the nuclear energy sector, and in particular nuclear safety;
- \* the electricity and gas sectors;
- \* the formulation of framework conditions for cooperation between undertakings in this sector;
- \* the transfer of technology and know-how;
- \* improvement of access to the energy market, including facilitation of transit.



## 8. NUCLEAR SAFETY

Cooperation in the nuclear field will mainly cover the following topics:

- \* industrial measures to upgrade the operational safety of Slovenian nuclear power plants;
- \* upgrading staff training;
- \* upgrading Slovenia's laws and regulations on nuclear safety and strengthening the supervisory authorities and their resources;
- \* nuclear safety, nuclear emergency preparedness and accident management;
- \* radiation protection, including environmental radiation monitoring;
- \* fuel-cycle problems, safeguarding nuclear materials;
- \* radioactive waste management;
- \* decommissioning and dismantling of nuclear installations;
- \* decontamination.

Cooperation will include the exchange of information and experience and R & D activities in accordance with the provisions on science and technology.

## 9. THE ENVIRONMENT

9.1 The two parties will develop and strengthen their cooperation in the vital task of combating the deterioration of the environment, in particular through the following activities:

- \* the exchange of information and experts, including exchanges involving the transfer of clean technologies and the safe use of environmentally friendly biotechnologies;
- \* programmes of training and study visits;
- \* approximation of laws (EU standards);
- \* cooperation at regional level (including cooperation within the framework of the European Environment Agency) and international level;
- \* development of strategies, particularly with regard to global and climate issues;
- \* education and information on environmental issues;
- \* the execution of environmental impact assessments.

## 9.2 Cooperation will centre on the following priorities:

- \* effective monitoring of pollution levels;
- \* combating local, regional and cross-border air and water (including drinking water) pollution;;
- \* efficient, sustainable and clean energy production and consumption, safety of industrial plants (including nuclear plants);
- \* classification and safe handling of chemicals;
- \* water quality, particularly of cross-border waterways;
- \* waste reduction, recycling and safe disposal, and the implementation of the Basle Convention;
- \* the environmental impact of agriculture; soil erosion and pollution by agricultural chemicals;
- \* the protection of forests;
- \* the protection of the flora and fauna; the conservation of biodiversity;
- \* town and country planning, including construction and urban planning;
- \* use of economic and fiscal instruments;
- \* the management of the coastline and the prevention of marine pollution.

## 10. TRANSPORT

### 10.1 The parties will develop and strengthen cooperation in the transport field, to enable Slovenia to:

- \* restructure and modernize transport;
- \* improve the free movement of passengers and goods and access to the transport market by abolishing administrative, technical and other obstacles;
- \* achieve operating standards comparable to those prevalent in the Community;
- \* develop a transport system compatible with and close to the Community's.

Cooperation will comprise:

- \* economic, legal and technical training programmes;
- \* the provision of technical assistance and advice, and the exchange of information.

### 10.2 Cooperation will be targeted on the following priority areas:

- \* road transport, including taxation and its social and environmental aspects;
- \* combined transport by road and rail;
- \* the management of railways and airports, including cooperation between national authorities;

- \* the development of road, rail, port and airport infrastructure in connection with the main routes of common interest and trans-European links;
- \* the harmonization of international transport statistics;
- \* the upgrading of technical equipment to meet Community standards, particularly in the fields of road-rail transport, multimodal transport and transshipment;
- \* the promotion of joint research and technology programmes in accordance with the procedures laid down;
- \* the establishment of consistent transport policies compatible with the Community's transport policy.

## **11. TELECOMMUNICATIONS**

**11.1** The parties will endeavour to expand and strengthen telecommunications cooperation. This will involve:

- \* the exchange of information on telecommunications policies;
- \* the exchange of technical and other information, the organization of seminars, workshops and conferences for experts of both sides;
- \* training and advisory operations;
- \* transfer of technology;
- \* the execution of joint projects by competent bodies from both sides;
- \* the promotion of European standards, systems of certification and regulatory approaches;
- \* the promotion of new communications facilities, services and installations, particularly those with commercial applications.

**11.2** The above-mentioned operations will focus on the following priority areas:

- \* the modernization of Slovenia's telecommunications network and its integration into European and world networks;
- \* cooperation within the structures of European standardization;
- \* the integration of trans-European systems; the legal and regulatory aspects of telecommunications;
- \* the management of telecommunications in the new economic environment: organizational structures, strategy and planning, purchasing principles.
- \* town and country planning, including construction and urban planning.

## **12. FINANCIAL SERVICES**

Cooperation between the Community and Slovenia in the financial services sector will focus on the adoption of a common language.

Both sides will therefore:

- 12.1 take measures to ensure that company accounting is founded on the basis of international rules and in the spirit of the Community directives in particular;
- 12.2 hold regular discussions, and information meetings on the laws in force or being drafted;
- 12.3 contribute to the preparation of glossaries and the translation of Community laws.

## **13. MONETARY POLICY**

At the request of the Slovenian authorities, the Community will provide technical assistance to support Slovenia's efforts to introduce full convertibility of the tolar and gradually approximate its policies to those of the European Monetary System. This will include the informal exchange of information concerning the principles and functioning of the European Monetary System.

## **14. MONEY LAUNDERING**

The parties will establish a framework for cooperation aimed at preventing the use of their financial systems for laundering of proceeds from criminal activities in general and drug offences in particular.

Cooperation in this area includes administrative and technical assistance aimed at establishing appropriate standards to counter money laundering which are equivalent to those adopted by the Community and other international bodies in this field, in particular the Financial Action Task Force (FATF).

## **15. REGIONAL DEVELOPMENT**

The parties will strengthen regional development cooperation.

The following operations are planned in particular:

joint action by regional and local authorities in the areas of regional planning, economic development, social services, etc.; exchange visits to explore the opportunities for cooperation and assistance; the exchange, in the short and medium term, of civil servants; the provision of technical assistance, etc.

## **16. SOCIAL COOPERATION**

### **16.1 Health and safety**

Both parties will develop their cooperation to bring the standards of health and safety at work up to those of the Community, by means of:

- \* the provision of technical assistance;
- \* the exchange of experts;
- \* cooperation between firms;
- \* information and training operations.

### **16.2 Employment**

Cooperation between the parties will focus on upgrading the job-finding and careers-advisory services, and local development to assist industrial restructuring.

Planned operations include the dispatch of experts and information and training operations.

### **16.3 Social security**

Cooperation between the parties in the field of social security will involve the adjustment of social security systems to the new economic and social situation, primarily by providing the services of experts and information and training.

## **17. TOURISM**

Cooperation between the parties in the field of tourism will be aimed at:

- \* facilitating the tourist trade;
- \* strengthening the flow of information (through international networks, databanks, etc.);
- \* transferring know-how (through training, exchanges, seminars);
- \* studying the opportunities for joint operations (cross-border projects, town-twinning, etc.);
- \* introducing computerized booking and information systems in Slovenia;
- \* consumer protection for tourists.

## **18. SMALL AND MEDIUM-SIZED ENTERPRISES**

Cooperation between the parties will be aimed at developing and strengthening small and medium-sized enterprises (SME).

To this end the parties will encourage the exchange of information and know-how in the following areas:

- \* the establishment of the legal, administrative, tax and financial conditions necessary for the setting-up and expansion of SME and cross-border cooperation;
- \* the provision of the specialized services required by SME (management training, accounting, marketing, quality control, etc.) and the strengthening of agencies providing such services;
- \* the establishment of appropriate links with Community operators to improve the flow of information to SME and promote cross-border cooperation (e.g. the Business Cooperation Network (BC-NET), Euro-Info Centres, conferences, etc.).

## **19. INFORMATION AND AUDIOVISUAL MEDIA**

### **19.1 Information and communication**

The Community and Slovenia will take the measures necessary to stimulate the mutual exchange of information. Priority will be given to programmes aimed at providing the general public with basic information about the Community and professional circles in Slovenia with more specialized information, including, where possible, access to Community databases.

### **19.2 Cooperation in the audiovisual field**

The parties will cooperate to promote the audiovisual industry in Europe. In particular, the audiovisual sector in Slovenia could take part in the activities undertaken by the Community in the framework of the MEDIA programme, in accordance with the procedures laid down by the bodies responsible for the various activities and the Council decision of 21 December 1990 setting up that programme.

The parties will coordinate and, where appropriate, harmonize their policies on the regulation of cross-border broadcasting, paying particular attention to matters relating to the acquisition of intellectual property rights for programmes broadcast by satellite or cable, technical standards in the audiovisual field and the promotion of European audiovisual technology.

Cooperation could include inter alia the exchange of programmes, bursaries and facilities for the training of journalists and other media professionals.

## **20. CONSUMER PROTECTION**

**20.1** The parties will cooperate to achieve compatibility between the systems of consumer protection in Slovenia and the Community. Effective consumer protection is needed to ensure that the market economy functions properly.

**20.2** In view of their common interests, the parties will encourage and ensure:

- \* a policy of active consumer protection, in accordance with Community law and any relevant UN guidelines on consumer protection;
- \* the harmonization of legislation and the alignment of consumer protection in Slovenia on that of the Community;
- \* effective legal protection for consumers in order to improve the quality of consumer goods and maintain appropriate safety standards.

**20.3** Cooperation may include:

- \* the exchange of information on dangerous products;
- \* the training of consumer protection specialists for the government and NGOs;
- \* help with the development of independent organizations intended to increase consumer awareness, particularly by providing information;
- \* the establishment of information and advisory centres for the settlement of disputes and the provision of legal and other advice to consumers; provision will be made for cooperation between Slovenia's centres and those in the Community;
- \* access to Community data banks;
- \* the development of exchanges between consumer representatives.

## **21. CUSTOMS**

The parties will establish cooperation in the customs field with a view to guaranteeing compliance with the provisions to be adopted in the area of trade and fair trading and approximating Slovenia's system to that of the Community, thereby helping pave the way for the liberalization measures planned under this agreement. To this end the parties are planning the following measures:

- \* the exchange of information;

- \* the organization of seminars and placements, and technical assistance;
- \* the development of cross-border infrastructure;
- \* linking up the transit systems of the Community and Slovenia;
- \* the simplification of inspections and formalities in respect of the carriage of goods.

The parties will develop mutual administrative assistance in the customs field under a specific protocol based on that of the other Europe agreements.

## **22. STATISTICAL COOPERATION**

Cooperation will be aimed at establishing a system providing, in due time and form, the reliable statistical data needed to plan and monitor structural reform and assist the development of private enterprise in Slovenia.

### **22.1 Cooperation will be geared to:**

- \* fostering the development of an efficient statistical apparatus and its institutional framework;
- \* harmonization with international methods, standards and classifications (in particular the Community's);
- \* providing the data required to support and monitor the economic reforms;
- \* providing the private sector with suitable macro- and microeconomic data;
- \* ensuring the confidentiality of data;
- \* enabling Slovenia to adopt the principles and standards of the Community's statistical apparatus.

### **22.2 Cooperation will include:**

- \* making available methodological data;
- \* a technical assistance programme, which could involve:
  - the organization of seminars, study visits and consultancy work;
  - the organization of training schemes;
  - the organization of pilot studies;
  - involvement in Community working parties;
- \* the exchange of statistical data.



## 23. ECONOMICS

The Community and Slovenia will facilitate reform and economic integration by means of cooperation aimed at improving understanding of the basic elements of their respective economies and the formulation and application of economic policy in market economies.

To this end, the following activities are planned:

- \* the exchange of information on macroeconomic performance and forecasts and development strategies;
- \* the joint analysis of economic issues of mutual interest, including the formulation of economic policy and the instruments for its application;
- \* the promotion, through the "ACE" programme in particular, of broader cooperation between economists and executives in the Community and Slovenia in order to speed the transfer of know-how for the drafting of economic policies and make widely available research results of relevance to economic policy.

## 24. DRUGS

The parties will set up a cooperation framework to facilitate the task of coping with the health and social consequences of different forms of drug abuse, controlling the trade in drugs and their chemical and pharmaceutical precursors, and introducing and/or reinforcing structures for combating the drugs trade.

Cooperation will take the form inter alia of the exchange of information, the coordination of policies and operations, and financial and technical assistance to Slovenia.

<b>H. COOPERATION IN CRIME PREVENTION</b> (new title)
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1. The parties will establish a framework for cooperation aimed at preventing unlawful activities such as:
  - \* illegal immigration and the unlawful presence of their nationals on the other's territory, while taking account of the principles and the practice of readmission;
  - \* unlawful economic activities, and in particular corruption and unlawful transactions involving goods such as industrial waste and counterfeit products;
  - \* illegal trafficking in drugs and psychotropic substances;

2. Cooperation in the above matters will be the subject of consultations and close coordination between the parties:

There will be technical and administrative assistance for:

- \* the drafting of national legislation;
- \* the establishment of information centres;
- \* enhancing the efficiency of the institutions charged with preventing crime;
- \* staff training and the development of investigative facilities;
- \* the formulation of mutually acceptable measures to prevent crime.

### **I. CULTURAL COOPERATION**

1. The parties undertake to promote cultural cooperation. Cultural cooperation programmes set up by the Community or one or more Member States may be extended to Slovenia and further activities of mutual interest developed.
2. This cooperation could cover:
  - literary translations;
  - exchanges of works of arts and artists;
  - conservation and restoration of monuments and sites (architectural and cultural heritage);
  - training in the arts;
  - cultural events;
  - publicizing significant cultural events.

### **J. FINANCIAL COOPERATION**

1. Community aid will combine fixed-term loans, including EIB loans under Article 18 of its Statute, and grants.
2. **Grants**

Upon signature of the agreement, grants will be made available by the Community either on a multiannual basis under the Phare programme or within a new financial framework to replace Phare, to be established by the Community following consultations with Slovenia.

### 3. EIB loans

Following consultations with Slovenia, the Community will fix the maximum amount and duration of new loans, which will enter into force upon expiry of the current Financial Protocol.

4. The EIB will use the experience gained from Phare to assess Slovenia's priorities and absorption capacity. The estimate of Community aid in the form of macroeconomic loans will also take account of the Slovenia's ability to repay. In addition, aid granted to Slovenia will be geared to observed needs, chosen priorities, the capacity to absorb and repay, and the measures taken to reform the economy and restructure the country.

Aid granted in the form of loans will also depend on the state of the reserve earmarked in the Community budget for guaranteeing loans to third countries.

5. The scope of operations in the chosen priority sectors, the admissibility of proposed projects and the degree of Community intervention will be decided in consultation with the Slovenian government.
6. At Slovenia's request and in cases of special need, the Community, in coordination with international financial institutions and in the light of G-24 guidelines and the funds available, could examine the possibility of granting medium-term additional macroeconomic financial assistance - including the execution of IMF-approved programmes - on terms modelled on those of the other Europe agreements. This article will reproduce the content of its counterpart in other Europe agreements.
7. In order to permit optimum use of the resources available, close coordination will be developed between the parties. It will cover the contributions of the Community and those of other donors, such as the Member States and international financial institutions: the IMF, the IBRD and the EBRD.
8. Slovenia will continue to benefit from the current Financial Protocol until the end of the period prescribed, including the credits referred to in the joint declaration by the contracting parties entered in the minutes of the negotiations for the EC-Slovenia Financial Protocol. In view of the existence of a transport agreement and the Community's interest in continuing to finance transport infrastructure over and above the amount of the Financial Protocol, consideration should be given during the negotiations to continuing specific budget support either by subsidizing EIB loans or directly financing the execution of certain infrastructure projects.

## **K. INSTITUTIONAL, GENERAL AND FINAL PROVISIONS**

### **1. ASSOCIATION COUNCIL**

The Association Council will be the supreme body established under the agreement and will supervise its implementation. It will meet once a year, normally at ministerial level, and call extraordinary meetings when circumstances require. It will examine any major issues arising within the framework of the agreement and any other bilateral or international issues of mutual interest.

The Association Council will be mandated to take decisions binding on the parties and settle disputes between them.

The Association Council may establish subsidiary bodies to assist in the performance of its duties.

As in the agreements with Bulgaria and Romania, provision should be made for a joint declaration by the parties agreeing that the Association Council examine the option of creating an advisory body comprising members of the Community's Economic and Social Committee and their Slovenian counterparts.

### **2. ASSOCIATION COMMITTEE**

The Association Committee will assist the Association Council and prepare for its meetings. It will meet at senior civil servant level at least once a year and when circumstances require. It will ensure continuity between meetings of the Association Council.

The Association Committee will examine any issue relating to the implementation of the agreement and any other matter of mutual interest.

In certain specific subject areas, the Association Committee may hold ad hoc meetings or set up subcommittees.

### **3. PARLIAMENTARY ASSOCIATION COMMITTEE**

The Parliamentary Association Committee will be a forum for members of the Slovenian Parliament and the European Parliament to meet and exchange views. It will meet at as yet undetermined intervals.

The Parliamentary Association Committee may make recommendations to the Association Council.

#### 4. GENERAL AND FINAL PROVISIONS

The parties will adopt provisions based on the other Europe agreements:

- \* to ensure that natural and legal persons have access free of discrimination to the competent courts and administrative tribunals for the defence of their rights;
- \* enabling the parties to take any measures considered necessary for security reasons (national defence, war, etc.);
- \* to ensure non-discrimination in the application of measures taken under the agreement;
- \* setting out the measures to be taken in the event of a failure to fulfil obligations under the agreement;
- \* to allow for the maintenance of rights accorded by existing agreements between Slovenia and one or more Member States, where these are more advantageous to the parties' economic operators;
- \* setting out the duration of the agreement (unlimited, in principle), with the possibility of denunciation after notification, and suspension, with immediate effect, in the event of serious violations of human rights and democratic principles;
- \* including territorial clauses.

## FINANCIAL STATEMENT

1. Title of operation

Draft recommendation for a Council Decision authorizing the Commission to negotiate a Europe Agreement with Slovenia

2. Budget headings involved

See annex

3. Background

An EC-Slovenia financial protocol has been concluded for the period 1993-1997, providing ECU 150 million of EIB own-resources loans for road and rail infrastructure projects and ECU 20 million from the budget for a two-point interest rate subsidy for the transport infrastructure projects listed in an annex to the protocol.

Implementation is proceeding rapidly: an ECU 47 million loan agreement for the "Railways I" project was signed earlier this year, and the Commission has approved an ECU 7 455 million interest-rate subsidy. Two further projects - "Railways II" and a motorway development - are in the pipeline.

Slovenia has been receiving assistance under the Phare programme since 1992.

Various bilateral cooperation programmes are running on the budgets of the Directorates-General concerned.

**OVERVIEW OF OPERATIONS FOR SLOVENIA**

	1992	1993	1994	1995 (estimates)
<b>1. Phare</b>				
Heading B 7.600 (Aid for economic restructuring of central and eastern European countries)	ECU 9m	ECU 10m	ECU 15m	
- of which Tempus	ECU 2.3m	ECU 2.5m	+ ECU 4m (cross-border coop.)	
<b>2. EIB loans (Financial Protocol)</b>		ECU 47m	ECU 103m provided for	
<b>3. Subsidies for EIB loans</b>			ECU 7 455m	
Heading B 7.4091 (Financial Protocols with the Republics formerly part of Yugoslavia)			+ ECU 2.8m provided for	ECU 9.8m
<b>4. Economic cooperation</b>				
- <u>under cooperation agreements</u>		±230 000		
Heading B 7.5020 (Economic and commercial cooperation agreements with third countries)				
- <u>on the environment</u>				
Heading B 7.8100 (LIFE)		173 999		
- <u>on science and technology</u>				
(ex headings B 6.8202 and 6.8203 (headings B 6.8373 and 6.8374))		3 800 000		
- <u>on energy</u>				
Heading B 4.1041 (Synergy)		±200 000		

## ASSESSMENT OF IMPACT ON SME

The proposal would tend to foster the development of SME:

- (a) by encouraging them to participate in trade and cooperation activities;
- (b) by providing for exchange of information and contacts between the two sides' SME;
- (c) by opening up access for SME from the associated countries to Community facilities such as BC-NET, Euro Info Centres etc.