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ΑΝΑΚΟΙΝΩΣΗ ΓΙΑ ΤΟΝ ΤΥΠΟ • PRESS-RELEASE • INFORMATION A LA PRESSE
INFORMAZIONE ALLA STAMPA • MEDEDELING AAN DE PERS • COMUNICADO DE IMPRENSA**

Brussels, 8 April 1992.

**Conclusions of the Group of 24
on coordinated assistance to central and eastern European countries.**

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1. The Group of 24 held their twelfth meeting at Senior Official level today in Brussels under the chairmanship of Mr. Horst G. Krenzler, Director General, Commission of the European Communities. The meeting was also attended by representatives of the IMF, IBRD, EBRD, Paris Club, OECD, BIS and EIB. Representatives of the Council of Europe and the International Labour Organisation attended to give advice on relevant points of the agenda. Senior representatives from Albania, Bulgaria, the CSFR, Estonia, Hungary, Latvia, Lithuania, Poland and Romania participated in the afternoon session.

2. Recent developments

The G-24 confirmed that new challenges to the international community for assistance will not distract the G-24 from support for economic reconstruction in central and eastern Europe.

The establishment and strengthening of democratic institutions and an appropriate legal framework is a condition for the success of the reform process. The G-24 welcomed the initiative of the Council of Europe to assist the development of legal systems and local democracy in the CEEC.

The G-24 welcomed the holding of free and fair elections in Albania and encouraged the new government to consolidate political reform according to CSCE principles and to implement economic reform to overcome the country's critical problems. The G-24 decided to lend its support to the efforts of Albania and the competent international organisations to implement a global restructuring programme. It urged them to develop such a programme with a view to a rapid agreement.

The G-24 noted the strenuous efforts of the UN and the Community to restore peace and stability to the former territory of Yugoslavia and considered extending coordination of the assistance to individual and recognized republics without prejudice to humanitarian assistance to the remaining republics. They recalled the Ministerial conclusions of 11.11.1991 and agreed that a special G-24 meeting will be held as soon as the situation has stabilised. The G-24 urged an early solution to the succession arrangements under discussion within the Yugoslav Conference in order to facilitate the participation of recognized states in the international economy and in particular in the international financial institutions.

Democratisation and economic reform face special problems in Estonia, Latvia, and Lithuania. The interruption of their trade and other economic links with the independent states of the former Soviet Union aggravate the problems of economic reconstruction. The G-24 encouraged the efforts of the three countries to maintain regional trade while diversifying their economies and trade relations.

The G-24 welcomed the commitment of the recently elected Bulgarian government to speedy economic reform. The recent local elections in Romania represent a meaningful step forward in democratisation: this should be reinforced by the forthcoming parliamentary and presidential elections.

3. Macro-economic financial assistance

The G-24 recalled that the international financial institutions play the leading role in this area.

The G-24 recalled that the Paris Club debt restructuring arrangement with Poland had provided substantial balance of payments relief and that the US\$ 1 billion Polish Stabilisation fund, which was set up in 1990, has been again renewed and has helped to avoid short run fluctuations of the zloty.

For the CSFR, Hungary, Bulgaria and Romania, exceptional G-24 balance of payments assistance has supported the adjustment and reform process, especially by increasing their international reserves. Overall, some US\$ 2.8 billion was committed in 1991 to complement funding by the IMF and other multilateral financial institutions of which over US\$ 1.8 billion has been disbursed. The G-24 stressed the need to speed up disbursements of committed amounts.

- The G-24 noted with satisfaction that the external situation of the CSFR and Hungary has improved despite external shocks. Both countries have strengthened their creditworthiness giving them access to the international capital market. As a result, no additional exceptional financing from G-24 sources has been requested for 1992.

- The G-24 noted that Bulgaria and Romania have made considerable progress with economic stabilisation and reform. Nevertheless, in both countries the prospects for 1992 give cause for concern as the external financial situation remains fragile. Both countries will probably require additional exceptional financing from the G-24, although at a much lower level than in 1991.

The G-24 took note of the request of the Bulgarian authorities for complementary financing to meet the shortfall and indicated their willingness to consider this request.

A similar request is expected from Romania. The G-24 agreed to consider such a request for complementary financing on the basis of the agreement reached between the IMF and the Romanian authorities.

- The G-24 took note of the serious economic situation in Albania and of the IMF's support for an early G-24 initiative to help finance industrial inputs.

They also agreed to consider a request for complementary financial assistance, particularly through grants or long-term loans on concessional terms, as soon as the IMF has reached an agreement on a stabilisation and reform programme with the new government.

- The G-24 welcomed the announcement by the IMF and World Bank that the three Baltic states are about to accede to the Bretton Woods Institutions. They confirmed their willingness to consider requests for exceptional complementary financing for the Baltic states, linked to IMF approved reform and stabilisation programmes.

- Considerable efforts and progress in macro economic stabilisation and reform have been achieved by a number of countries. The pace and breadth of complementary structural reforms must be pursued with equal determination.

4. Global commitments and disbursements

Global commitments including food and medical aid, economic restructuring and technical assistance, export credit and investment guarantees, debt relief and balance of payments assistance amount to nearly 42 billion ECU (US \$ 52 billion) to which the G-24 contributed 30.4 billion ECU and the International financial Institutions another 11,4 billion ECU. Export credit and investment guarantees totalling 7.8 billion ECU (US \$ 9.8 billion) are supporting private sector involvement. They noted that G-24 commitments have increased by more than 20 % over the past year.

Out of a total of 19 billion ECU of assistance committed for economic restructuring, including debt relief, 11 billion ECU has been made available in the form of grants. The G-24 called upon donors and recipients to take the necessary steps to improve levels of disbursement.

5. Humanitarian emergency aid

Food supplies provided so far total 1.2 billion ECU (US \$ 1.5 billion). Medical supplies, financed by the G-24 and mainly distributed through non-governmental organisations, remain a high priority. The G-24 recognize the continuing need for humanitarian emergency assistance which they consider should be of a transitional character. Current programmes concentrate on Albania, which will have received more than 200 million ECU of food by this summer, the Baltic states, which are receiving more than 100 million ECU, and Romania.

The G-24 invited the Commission to organize the preparation of an in-depth assessment of the agricultural situation in Albania and the Baltic states in the light of harvest forecasts. Romania is receiving food assistance through triangular deals with the CSFR financed by the European Community in addition to other assistance provided by the G-24.

6. Trade measures

G-24 countries have now taken considerable steps to open their markets through association or trade agreements and other measures. In general, trade flows between the CEEC and the G-24 have increased in the first three quarters of 1991 (last data available) compared with 1990.

For the time being CEEC import growth still surpasses export growth to the G-24 markets, reflecting needs for investment and consumer goods. This situation should be improved by the dismantling of import barriers.

They encouraged the CEEC to abstain from the introduction of new trade barriers among themselves and to develop regional markets on the basis of comparative advantage. They welcomed the initiatives taken by Poland, Hungary and the CSFR, following the Vysegrad declaration, aiming at free trade and the financing of triangular operations by the European Community, Japan and Austria.

7. Regional cooperation

The G-24 gave their support to initiatives aiming at regional cooperation. They noted the recent establishment of the Council of the Baltic Sea States and the initialling of the declaration on the Black Sea Economic Cooperation Zone as fora for intensified cooperation as well as the Central European Initiative. Sectoral meetings are increasingly being held on a regional basis (transport, environment, energy).

8. Investment

The G-24 examined the possibilities to encourage foreign investments, especially private investments, in the CEEC. They noted that investment flows are increasing, notably in Hungary and the CSFR.

The IBRD, EIB and EBRD reported on their lending for investment projects both for the development of infrastructure and in support of the private sector. The G-24 noted that the Nordic countries have adopted a Baltic Investment Programme partly administered by the EBRD, and noted in particular that the Funds were open for contributions by other G-24 members and international organisations.

In order to attract much needed private investment from all areas of the world, the G-24 encouraged the CEEC to introduce adequate investment protection and taxation legislation in accordance with international rules and practices.

The G-24 investment conference on 9 and 10 April, organised by the European Commission in cooperation with the OECD, will inform potential private investors of practical issues involved, examine obstacles to direct investment in the CEEC and make recommendations to overcome them.

9. Nuclear safety

The G-24 underlined the urgency of speeding up assistance in the field of nuclear safety and implementing cooperation projects. Assistance to the nuclear power regulatory authorities and the improvement of safety standards are particularly urgent. As recent incidents have shown, the problems of the CEEC and the CIS in this sector are closely interlinked. For this reason the G-24 agreed that the efficiency of their work would be heightened through the involvement of technical experts from the CIS.

10. Social security

The G-24 noted that increasing negative social effects are accompanying the courageous reform programmes implemented by the CEEC.

They asked the working group on social security and labour relations to consider further possible technical assistance initiatives in the areas of social security, labour markets and industrial relations in co-operation with the ILO.

11. Coordination

The G-24 agreed that assistance programmes should be tailored to the conditions in countries at different stages of the reform process.

The G-24 welcomed the growing involvement of the CEEC authorities in coordination on the spot and noted the important role which their embassies in the recipient countries could play by participating in on-the-spot-coordination and agreed to contribute effectively to this process.

12. Next date

Senior Officials agreed to meet again in the autumn.

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