



COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL

on European Union cooperation with the
Central European Initiative (CEI)

Commission report to the Council on European Union cooperation with the Central European Initiative (CEI)

Summary

The Commission is presenting this report in response to a request by the Florence European Council. The Commission seeks to promote regional cooperation among partner countries, notably, in the present context among those forming part of the Central European Initiative. By fostering good-neighbourly relations, encouraging political stability, strengthening human rights and democracy, inter alia in the social field, and boosting economic and trade cooperation, the Commission wishes not only to forge closer ties between the European Union and the CEI but also to encourage closer relations among those countries.

Support from existing Community programmes such as PHARE, TACIS and INTERREG could be envisaged to complement projects presented and financed in the CEI context. There are a number of fields of particular interest, including activities to strengthen democracy and stability, boost economic development and free trade, underpin the development of the trans-European networks and the protection of the environment, foster closer links between economic operators, in particular SMEs and their representative professional bodies, guarantee individual and collective rights in the social field, enable cooperation to take place on justice and home affairs and extend cross-border cooperation, especially between local and regional institutions in the various countries.

INTRODUCTION

1. In accordance with the conclusions of the Florence European Council, the Commission is presenting a report on appropriate initiatives to take with a view to stepping up cooperation with the Central European Initiative (CEI). In keeping with the spirit of the conclusions of the Essen European Council, the objective of this exercise is to pinpoint areas of common interest between the EU and the CEI to put forward an initial overall analysis of the possible fields of cooperation and to identify the means available to foster practical forms of cooperation.

2. The Commission considers that it will be useful to encourage regional cooperation schemes in this part of Europe as it sees them as a way of bolstering stability between the countries concerned. Through its Baltic initiative drawn up for the summit of Heads of Government of the Council of Baltic Sea States held in Visby in May 1996, the Commission has already proposed measures to strengthen cooperation in this northern part of Europe. The Commission believes that the Black Sea constitutes, in the south of the continent, another strategic area of major importance for the EU and would like to see increased regional cooperation between the Black Sea states.

3. The advantages from the creation of such organizations and from the decisions taken and projects adopted under these regional cooperation instruments should be the main yardstick for gauging the usefulness of any additional action by the EU. The Commission's intends to assess these groupings in terms of the geographical and economic homogeneity of the area concerned, the political support for such cooperation, both within the region and within the EU, and existing or potential achievements. The active involvement of the countries concerned in this machinery, inter alia through financing, is a key factor in demonstrating their commitment to it.

4. The Central European Initiative brings together 16 countries (see map). Some of them belong to the European Union (Austria and Italy), some have signed Europe Agreements and are applicants for accession (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia) while others either have contractual ties with the European Community through varying arrangements (Albania: the trade and cooperation agreement of 1992, the Former Yugoslav Republic of Macedonia: cooperation agreement initialled in June this year, Belarus, Moldavia, Ukraine: partnership and cooperation agreements) or have no agreement at all with the European Community (Bosnia and Herzegovina, Croatia). The European Community thus has multifarious contractual relations with the CEI countries. The Central European countries receive assistance under the PHARE programme while countries belonging to the Commonwealth of Independent States are eligible for TACIS assistance. Some of the countries formerly part of Yugoslavia receive special funding.

The Central European Initiative is a broad-based regional cooperation instrument covering the political, cultural and economic fields. Its activities embrace a variety of sectors (see annex). In the consultation structures, political and institutional aspects are intertwined with issues of a more economic and operational nature. The European Bank for Reconstruction and Development (EBRD) provides a secretariat for the projects. So in the space of a few years the CEI has created a complex regional cooperation structure and put in place arrangements to implement practical operations on the basis of serious proposals in fields such as agriculture, fisheries, forestry, trade, tourism, social and community services, construction, energy, extractive industries, finance, industry, telecommunications, transport and storage.

5. The European Community has no permanent institutional relations with the Central European Initiative. The Commission is invited to take part in meetings that deal with a Community area of competence. A number of regional cooperation projects supported by the Community budget have a purpose akin to those drawn up by CEI working groups.

6. Each year the Central European Initiative holds a summit of heads of government. At the last summit, which took place under the Austrian presidency at Graz on 8-9 November 1996, the heads of government authorised the troika of the Central European Initiative to establish contacts as appropriate with the Federal Republic of Yugoslavia with a view to participating in the Initiative, as one of the successor States of the Socialist Federal Republic of Yugoslavia. The Commission

welcomes this decision which strengthens stability in the region and corresponds with the regional approach that the Union is developing based on specific conditions.

7. The Commission considers the CEI a useful framework to:

- foster good-neighbourly relations,
- encourage political stability,
- strengthen human rights and democracy, in the social field among others,
- boost economic and trade co-operation.

GUIDING PRINCIPLES FOR ACTION

8. The Central European Initiative encompasses a large number of countries spread over a sizeable area of the European continent with around 200 million inhabitants. As the CEI cannot involve the whole population in each project it is not necessary for all member countries to be involved in each type of activity. These sub-regional measures should, however, be approved by the CEI through its customary decision-making machinery. The Commission favours cross-border co-operation schemes and wants special attention to be paid to projects submitted by operators on the ground.

9. In the geographical area covered by the Central European Initiative, the Community budget is already supporting regional projects through the structural funds, multidisciplinary and multi-country funds under the PHARE and TACIS programmes. Co-operation between the European Community and the CEI can therefore be built up using existing means and instruments. The development of this co-operation should not affect Community actions and initiatives which are already underway in the area and should avoid the duplication of effort.

10. With a view to ensuring that the projects put forward are of the highest calibre, any Community funding should supplement the project promoters' own resources. The CEI's operational secretariat (provided by the EBRD) can play an important role in putting together the financial arrangements and ensuring the sustainability of the projects.

FIELDS OF ACTIVITY

11. Certain fields seem to be especially interesting, in particular those concerning activities designed to:

- bolster democracy and stability in the region,
- foster economic development and free trade,
- underpin the development of the trans-European networks,
- promote links between economic operators, in particular SMEs and their representative professional bodies,
- guarantee individual and collective rights in the social field and the rights of consumers,

- ease cooperation in the field of justice and home affairs,
- extend cross-border cooperation, in particular between local and regional institutions in the different countries.

12. Support for democracy and stability in the region and the protection of human rights are essential facets of Community action and the EU's objective should be to strengthen them in this region. Protection of minorities, their economic and social integration, the development of civil society through support for NGOs and their regional and sub-regional groupings, the establishment of direct contact between public and private institutions and dialogue between different levels of the administration in several countries are examples of the kind of policy guidelines the Union could promote.

13. The Commission believes that more trade between the countries of the region will foster economic integration and benefit each individual country, the region as a whole and the European Union itself. Trade between Central European countries in transition fell at an annual average rate of over 20% between 1990 and 1993. This trend now seems to have been reversed, also with the countries of the Commonwealth of Independent States, and there are signs of a resumption of trade relations between countries of the region. Trade has been expanding at over 30% per annum since 1994 in the case of some CEI countries. The positive effects of the economic transition under way in those countries are starting to make themselves felt with renewed growth in several CEI member countries and the resultant upsurge in foreign trade.

14. The trans-European networks are developing in Central Europe. They require close cooperation between different partners and are a key factor in strengthening regional cooperation and fostering the development of the related infrastructure. Given the scale of funding needed to implement projects forming part of the networks, an input from the international financial institutions (IFI) and the private sector is necessary. The Central European Initiative is an important consultation instrument for promoting projects that make up those networks with the support of other partners, first and foremost the IFIs. Protection of the environment is a priority both for the EU and CEI. The regional dimension of these activities is important, as it promotes cross-border cooperation on schemes of common interest.

15. If growth is to be sustained in the long term it needs to be nurtured by concerted action on the part of the authorities - via their economic policy - and by the private sector. A dynamic economy requires, in particular, a sound and active small-business sector. If SMEs are to create jobs and add value they need a stable economic and legal environment plus the support of the administration and their own representative professional bodies. The Commission favours the enactment of economic legislation that is consistent from one CEI country to the next, thus making it easy for businesses to set up and expand and cooperate with each other, affording SMEs access to a banking system geared to their needs, encouraging the dissemination of economic, legal and commercial information and developing commercial links, cross-border partnerships and SME representation.

16. The CEI countries are at different stages of economic and social development. By availing themselves of cooperation schemes designed to strengthen the role of law and social protection they could exchange experience thereby promoting democratization and cohesion in their different societies.

17. Justice and home affairs is an area in which States tend to be reluctant to cooperate among each other as they concern areas of national jurisdiction. The relevant experience acquired by the European Union could, however, be useful for the Central European Initiative countries and promote the emergence of regional cooperation. The Commission believes that the exchange of information and experience on border control, drugs trafficking and organized crime is effective and will keep a watchful eye on developments in this field which will be taken into account in framing cooperation programmes for these countries and in the context of the structured dialogue.

18. Regional cooperation should not be the sole preserve of the central authorities of the participating countries but should involve all decision-making levels within each State. The benefits of such cooperation will be enhanced if regional and local administrations are closely involved in drawing up projects. Special attention should be paid to cross-border cooperation with a view to fostering closer relations between communities separated by frontiers and contacts between individuals in the same region. By easing trade and contacts, by making frontiers easier to cross, by making rules and procedures more transparent and by helping to extend cross-border infrastructure, the Central European Initiative will promote sub-regional cooperation involving different players in the areas concerned. The Commission believes that Community action can only be effective if the CEI can involve the largest possible number of players in its machinery and in its projects.

INSTRUMENTS

19. Community financing comes chiefly from the PHARE and TACIS programmes, in particular the horizontal, cross-border and multi-country programmes. Over and above the funds earmarked for each country under PHARE, TACIS and "Cooperation with former Yugoslavia", the countries eligible for these programmes can thus benefit from significant resources which can be complemented by funding from sectoral Community programmes such as SYNERGY.

As two EU Member States are members of the Central European Initiative, the structural funds, notably the INTERREG programme, cofinance cross-frontier programmes with PHARE. They could participate in transnational cooperation programmes, for instance under the new INTERREG IIC initiative on regional planning. These operations would be instrumental in supporting cooperation schemes between CEI regions as part of an overall plan that the CEI could draw up. The new PHARE programme, CREDO, will finance cross-border projects put forward by Central European countries in regions bordering on another Central European country or a member of the Commonwealth of Independent States. The European Community thus has instruments capable of supporting the various projects drawn up by the CEI.

CONCLUSIONS

20. The Commission seeks to promote regional co-operation as a means to strengthen security and stability and to promote economic growth and development. Good neighbourly relations form an essential part of the wider process of European integration. The Commission is ready to support projects developed in the framework of the Central European Initiative through complementary action under the EU's own financial instruments, notably PHARE, TACIS and INTERREG. The development of such co-operation will provide an opportunity for economic operators in all member states, if they so wish, to participate fully in the co-operation projects undertaken through Community programmes and instruments in the framework of the envisaged action. It is up to the countries participating in the CEI to take the lead by developing concrete forms of co-operation, which could benefit from complementary support by the European Union. By acting together, the CEI and the EU can avoid the duplication of effort and achieve real added value, which should contribute to the overall transition process in the region.

Annex

The Central European Initiative in a nutshell

Constituent instrument	Prime Minister's decision, Vienna, 17 and 18 July 1992
Main bodies	Committees at the level of Prime Ministers (summits) or ministers (in particular foreign ministers) and at technical levels (including national project coordinators); a permanent secretariat for the projects is provided by the EBRD. Working groups meet regularly in a number of fields (agriculture, culture, civil defence, energy, the environment, information and the media, migration, minorities, small businesses, rehabilitation of Bosnia and Herzegovina, science and technology, statistics, telecommunications, tourism and transport). Some working groups may be divided into sub-groups (project or sectoral groups).
Participating states	Albania, Former Yugoslav Republic of Macedonia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Moldova (admitted in November 1996), Poland, the Czech Republic, Romania, Slovakia, Slovenia, Ukraine; from the EU: Austria and Italy, with the German State of Bavaria taking part in the working groups' activities as an observer.
Additional remarks	<p>Italy actively supported the setting up of the "Quadrangone" in November 1989 with Hungary, Austria and Yugoslavia. Extended on several occasions, and in the wake of the war in former Yugoslavia, the "Quadrangone" gave birth to the Central European Initiative in 1992. Austria has been in the chair in 1996. The Commission is regularly invited to meetings.</p> <p>Following recent meetings, the system of working groups should be gradually altered to take the form of project-oriented sessions. The Central European Initiative should assign its label to concrete projects embracing at least three participating countries. These reforms should help maintain only those minimum structures necessary to achieve the objectives and ensure continued flexibility in the working methods of this regional cooperation forum.</p>

Central European Initiative

Member

