



# TOGETHER IN EUROPE



## EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

### RELATIONS WITH THE COMMUNITY

#### *ENLARGED UNION QUESTIONS EUROPE*

"There are two very complex and provocative questions. Firstly, how to reconcile deepening of European integration with future enlargement which will be very different from the previous ones? Secondly, can we agree on objectives which we will follow? These questions have such a force, that Member Countries will have to choose only between two methods: either they will put a cushion against everything at the price of a compromise which will cause the retreat of the European idea; or there will be a crisis, and on the basis of this crisis those who wish to remain faithful to the original ideal, must decide themselves. If I had to choose, I would prefer a crisis to a funeral".

This was the response by President Jacques Delors when interviewed in early January on options for the 1996 Intergovernmental conference which will have to revise Treaty on EU.

The issues of the 1996 Intergovernmental conference (IGC) fully mark the beginning of 1995, despite of fact that the "Think Tank" will be officially set up only in June. The French Presidency of the EU made it clear well before the official presentation of the programme of the Presidency by François Mitterrand to the European Parliament on 17 January, that it intends launching the process of preparing the IGC by drawing up the Council report on the functioning of the Maastricht Treaty. The President-in-Office of the Council, Alain Juppé said he could not imagine the IGC failing: "It has to succeed, because otherwise the European construction would suffer such a blow that further enlargement would no longer be on the agenda".

The issues of the IGC were evident and weighed heavily during the first ever hearings of the members-designate of the European Commission by the Committees of the European Parliament during January 4-10. The European Parliament will vote on the Santer Commission on January 18, and then the Council will officially nominate the Commission which will replace the Delors Commission on January 23. As we go to press, it seems that, though it is not assured, that the European Parliament will endorse the Santer Commission on 18 January. The reports made by the Committees on the hearings and presented by parliament's president Klaus Haensch on 11 January criticized the performances of 5 designated commissioners and were rather hesitant over several others. The Parliament is clearly flexing its muscles in the preparation of the IGC.

(continued on page 2)

### CONTENTS

#### RELATIONS WITH THE COMMUNITY

*ENLARGED UNION  
QUESTIONS EUROPE* 1

*ENTRY INTO FORCE OF  
EUROPE AGREEMENTS* 2

*RAPID RISE IN TRADE WITH  
ASSOCIATED COUNTRIES* 5

#### DEVELOPMENTS WITHIN THE EC

*EU OF FIFTEEN* 6

*AUSTRIAN SCHILLING  
ENTERS EMS* 8

*SINGLE CURRENCY* 9

*EUROPEAN SECURITY  
POLICY* 9

*PARLIAMENTARY HEARINGS  
ON NEW COMMISSION* 10

#### BRIEF NEWS

12

(see page 1)

On 1 January 1995, the European Union of Twelve became a Union of fifteen. The three new Member Countries are expected to contribute very positively to the future Europe, and it is hoped they will strengthen the position of those in the Union who advocate a new model of development based on respect for natural resources. The Scandinavian tradition of democracy, responsibility and transparency in the political area would be important in shaping the future Europe. The three new members will not draw on Community resources, but will contribute to the redistribution in favour of poorer member countries.

Nevertheless the accession of these new countries makes complications and puts stress on the Union's institutional functioning. The institutions and procedures were originally designed for six members and it will be difficult to manage properly the Community of fifteen. But as the editorial in *Agence Europe* pointed out, "Institutional reform has henceforth been entrusted to the Intergovernmental Conference of 1996 and given the uncertainty surrounding this delicate (and dangerous) operation, it is preferable that countries with a lengthy tradition of liberty and democracy participate in it from the inside. Their contribution cannot but be positive".

The accession of central and east European countries is no longer questioned, but "when" and "how" will depend on the results of the 1996 IGC. Alain Juppé said on 10 January that "what is needed is a large Europe which is not a cut-price Europe". The President-in-Office of the Council also believes

that "at the level of the Fifteen there are already certain points of agreement on future architecture: 1. a further enlargement seems to be a historical necessity and is in interest of both candidate States and member States; 2. An enlarged Europe must not dissolve into a free-trade area, it has to remain a Union with its important "acquis communautaire"; 3. In this enlarged Europe those member states who wish to achieve certain items more quickly, must possess this possibility.

This returns us to the outgoing President of the Commission Jacques Delors who questions the "several speeds" concept of Europe. To Jacques Delors there are two concepts - Countries agree on a certain goal, but some believe they require a transition period. This is not new, it is already provided for in the Maastricht Treaty. The second idea is also clear, and one has to imagine two European entities. One is big and its ambition is to achieve a large economic space. At its side there is a more ambitious, smaller Europe, which considers that putting aside part of national sovereignty is today the only means how to survive and even to exist as a country. Delors calls this a "Federation of National States". To Delors the other concepts, such as a multi-speed Europe, Europe à la carte, concentric circles or crossed circles are "only conceptions either hiding a lack of intelligence, or hidden plans of those who propose them". Delors says that to him there are only two concepts which are clear and which pose an honest question: "Do you want, or do you not want?". (JZ) ■

## ENTRY INTO FORCE OF EUROPE AGREEMENTS

The last EU General Affairs Council held under the German Presidency approved on December 19, the entry into force of the full Europe Agreements with the Czech Republic, Slovakia, Bulgaria and Romania on 1 February 1995. Readers will recall that full Europe Agreements with Poland and Hungary entered into force in February 1994. The Council also approved the entry into force of the Free Trade Area Agreements with Estonia, Latvia and Lithuania from 1 January 1995. The entry into force of full association agreements represents an important change in the quality

of relations with the four central and east European countries, and we discuss the major features in a separate article.

While the ratification of the Europe Agreements with the four central and east European countries was fully completed in late 1994, their entry into force and the precise date of the entry were conditional on the approval of the internal EU procedure for taking decisions in the case of trade defence instruments, and more specifically, the decisions on the use of safe-guard clauses. The internal discussion over the problem of competencies of the European

Commission and of the Member Countries in the trade policy measures started as early as in June 1992. In the specific case of the countries of central and eastern Europe and the ex-Soviet states the problem was the vote in the Council: is the blocking minority of member countries, for example, able to uphold, or change the provisional decision by the Commission to impose (or not to impose) safeguard measures on imports from these countries and with which the absolute majority of member countries disagree. This problem caused more than a nine month delay in the entry into force

of the Interim Agreement on trade with Bulgaria in 1993 (and some delays for parts of the Interim Agreement with Romania), and a one month delay in the entry of full Europe Agreements with Poland and Hungary (February 1994 instead of January 1994).

Discussions within COREPER on the eve of the December 19 Council eliminated the remaining reservations and the Council was able to adopt the internal Implementing Regulations for these agreements.

The decision by the Council confirmed the maintenance of the current decision making procedure: ie in the case of the associated countries, procedures based on Article 3(a), and for the three Baltic countries procedure based on Article 3(b).

- Under Article 3(a) the Council may take definitive decision on safeguard measures which is different than the decision proposed by the Commission providing that Council overrules the decision by qualified majority vote. But if the Council fails to overrule the Commission decision by qualified majority vote (ie some member countries succeeded in imposing a blocking minority), the Commission's decision is maintained.

- Under Article 3(b) the Council can maintain, change, or cancel the Commission's decision by qualified majority vote, but if some member countries impose a blocking minority, and the Council is not able to take a compromise decision which would satisfy the blocking minority, the decision taken by the Commission is not applicable. In concrete application this for example means that if the Council fails to take a decision within three months on the safe-guard measures proposed by the Commission, these will

automatically expire. The opposite case is when the Commission proposes to the Council not to make definitive the provisional safe-guard measures. However, when the blocking minority is against this proposal and the Council failed to take a decision within three months, the provisional measures would automatically become definitive.

#### The Implementing Regulations:

The implementing regulations on internal procedure for applying the Europe Agreements deals with the full body of trade protection measures ie with safe-guard measures and with the protection against dumped or subsidized imports. In particular this concerns:

**the use of safeguard clauses, safeguard measures in the agricultural sector, safeguard measures concerning textile products, and in general the protection against dumped or subsidized imports.**

We discuss the specific procedure on the case of application rules for the Europe Agreement concluded with the Czech Republic, Council Regulation No 3296/94 of 19 December 1994. (The Council Regulations on procedure for applying the other Europe Agreements are the same, but the number of Articles in the Europe Agreement may differ, as each Europe Agreement has slightly different numbers of Articles).

#### Article 29 and Article 117(2)

Article 29 refers to the possibility for the Czechs to introduce or temporarily raise protective custom duties when this is needed for protection of infant industries, or to give temporary protection to sectors undergoing restructuring or facing serious difficulties. Article 117(2) refers to the possibility of

taking specific measures if the other Party failed to fulfil obligations under the Europe Agreement.

For this case the Council's Regulation on procedures for applying the Europe Agreement gives Council the power to raise with the Czechs the question of eventual measures within the Association Council. It also gives Council the power to adopt the measures agreed. The Commission has the right to present necessary proposals to this end, either on its own initiative, or at the request of a Member State.

#### Article 30 (dumping)

In principle, Article 30 allows protective actions against dumping to be taken, and Article 34 stipulates the procedure to follow in the introduction of anti-dumping measures. Thus there is either procedure Article 34 (3)(b) ie informing the Association Council that anti-dumping investigations were initiated (and a 30 day period to find a solution); or there is procedure Article 34 (3)(d) ie to apply provisional measures immediately, in exceptional circumstances requiring immediate action, and informing the Association Council only afterwards.

It seems to us that this provision shall be seriously studied by the association countries. The "conclusions" to the Essen Summit particularly the part dealing with the "Strategy for Preparation of Accession" indicated that "in the short term, the EU should offer information to any Europe Agreement country prior to the initiation of any antidumping or safeguard proceeding...". The Council Regulation of December 19 1994 however, indicates that

(continued on page 4)

(see page 3)

still, in the circumstances requiring immediate action, the provisional measures may be taken immediately and only then would the Association Council be informed. This is suggested by Article 4 of the Council Regulation of December 19 1994.

*Safeguard Measures (Article 31 and Article 32 of the Europe Agreement):*

The internal decision making procedure makes a difference depending on (1) if safeguard action is initiated by a Member State, and (2) if safeguard action is initiated by the Commission, or by a member state, and the Commission supports this.

1. The case of safeguard measure taken on the initiative of a member state:

- Member State may ask the Commission to apply safeguard measures (and must supply justifying information).

- Commission must inform the Council and member states within 5 working days if it doesn't want to apply safeguard measures. Then any member state may refer the problem to the Council within 10 days.

- The Council may, by qualified majority, indicate its will to adopt a different decision than that proposed by the Commission (see the above discussion on Article 3(a) procedure). In turn, the Commission is informing the Czechs that it is opening consultations within the Association Council.

- Following the conclusion of consultations within the Association Council, the Council then has 20 working days to approve, by qualified majority, the decision which is different to that proposed by the Commission. If the blocking minority succeeds and the decision doesn't get a 65 vote majority, the

decision of the Commission not to apply safeguard measures is maintained.

2. Case of safeguard measure to be applied on the Commission's initiative, or on a member state initiative and with which the Commission agrees and decides to approve it:

- The Commission informs the member states and consults the appropriate Committee of the EC.

- At the same time the Commission informs the Czechs and provides the Association Council with relevant information.

- There are 30 days to find an arrangement in the Association Council.

- If no acceptable arrangement is possible in the Association Council, the Commission, after consulting the Committee, may take appropriate measures to implement safeguard measures under Articles 31 and 32. The Commission notifies the Council and the Member States and the Association Council, **but the decision to apply safeguard clause is immediately applicable.**

*Article 64 - Competition Policy and State Aids.*

The long text of the Article 64 of the Europe Agreement provides rules on competition and public aids. It stipulates that practice distorting or threatening to distort competition shall be assessed on the basis of criteria arising from the application of Articles 85, 86 and 92 of the Rome Treaty. There are however, provisions allowing a certain transition period for the application as well as exemptions from the provisions.

Article 3 of the Implementing Regulation of 19 December 1994 provides for two situations:

- application by the Community of measures provided for in Article 64 of the Europe Agreement. It is the Commission who proposes that the Council eventually apply safeguard measures.

- a practice that may cause measures to be applied to the Community by the Czechs. Once more it is the Commission who is entitled to take appropriate decisions on the basis of the criteria resulting from the application of Articles 85, 86 and 92 of the Rome Treaty.

*Agricultural products:*

The Implementing Regulation in particular concerns the situation in which protective measures "are taken according to procedures provided for by the rules establishing a common organization of the agricultural markets". This is mostly the case of adoption of **minimum prices**. Readers will remember that this creates regular problems for example with soft-fruit and other agricultural products. The decisions are taken according to the proper rules establishing a common organization of the agricultural markets, or in specific provisions adopted under Article 235 of the Treaty (and applicable to processed agricultural products), providing that the conditions under Article 22, or Article 34(2) AND (3) of Europe Agreement are met.

This complicated language simply means that because of the **particular sensitivity of agricultural products**, if there is a threat of disturbance of the market, the Parties shall immediately start consultations, **but that meanwhile the party concerned may immediately apply measures its considers necessary.** ■

**RAPID RISE IN TRADE WITH ASSOCIATED COUNTRIES**

The first complete data on trade between the European Union and the six associated countries of Central and Eastern Europe during the first half of 1994 indicates a continued rapid expansion of mutual trade and, because of a much rapid rise in EU imports from the associated countries, a significant decrease in the EU trade surplus.

While the EU had a surplus of nearly ECU 3.3 billion during the first half of 1993, this surplus decreased during the first half of 1994 by more than ECU 600 million and amounted to ECU 2.67 billion.

The decrease in the EU surplus was due to a significant increase in imports. Overall imports from the six associated countries increased by nearly 29% in terms of ECUs. This represented the highest increase in EU imports from the associated countries since 1990, and a sign of the favorable impact of the Europe Agreements in boosting exports from the associated countries to the European Union. In absolute terms, EU imports from the associated countries expanded by nearly ECU 2.7 billion (by some \$3.3 billion) during the first half of 1994.

EU exports to the six associated countries expanded during the first half of 1994 by 16.3%. This, on the other hand, represented the lowest increase in exports since 1990. In absolute terms, exports expanded by ECU 2 billion and chiefly due to an ECU 0.93 billion increase in exports to the Czech Republic. The data indicates a strong deceleration in exports to Poland. Exports expanded during the first half of 1994 only by 0.7% following a 21% increase in all of 1993.

Overall trade data calculated by East-West from the data base of the European Commission are presented in the table. East-West also calculated the data on EU trade with each associated countries in the breakdown of each export and imports into 22 main commodity groups. Because of space reasons we will start to publish detailed data in the next issue of Together in Europe.

**EU TRADE WITH ASSOCIATED COUNTRIES JUNE 1994 '000 ECUS**

	I-VI 1993		I-VI 1994		Balance		% Growth	
	Exports	Imports	Exports	Imports	1993	1994	Exports	Imports
Czech Republic	2836604	2272304	3759542	2991425	564300	768117	32.5	31.6
Slovakia	539663	506179	822913	874371	33484	-51458	52.5	72.7
Poland	5130508	3547440	5167688	4286179	1583068	881509	0.7	20.8
Hungary	2358776	1820387	2939041	2201691	538389	737350	24.6	20.9
Romania	1149035	747573	1203515	1051344	401462	152171	4.7	40.6
Bulgaria	608553	445024	784661	600898	163529	183763	28.9	35.0
<b>TOTALS</b>	<b>12623139</b>	<b>9338907</b>	<b>14677360</b>	<b>12005908</b>	<b>3284232</b>	<b>2671452</b>	<b>16.3</b>	<b>28.6</b>

Detailed data indicates the maintenance of the high rate of increase in imports from the associated countries of textiles and clothing articles. Imports of agricultural products also expanded relatively rapidly, with a higher increase in imports from the associated countries of processed food. The principal exception was Bulgaria whose exports of processed food to the EU declined. In general, EU imports of machinery and mechanical appliances from all associated countries increased at a more rapid rate as was the rate of increase in overall imports. The increase in EU imports of iron and steel products was significant and amounted depending on individual associated countries, to between 30 to more than 100%. Even in the case of imports of metals from the Czech Republic and Slovakia (imports of several steel products are restricted by the use of safeguard measures) the increase was significant and amounted to 43% for the Czech Republic and 92% for the Slovak Republic. ■

<b>DEVELOPMENTS WITHIN THE EC</b>
-----------------------------------

**THE EUROPEAN UNION OF 15 MEMBERS**

On 1 January 1995 with the accession of Austria, Finland and Sweden the European Union expanded from twelve to fifteen members. The EU population now exceeds 370 million, the surface area of the Union is now 3.2 million square kilometers and for the first time, the Union has now a 1200 km long border with Russia. The GDP (Gross Domestic product) has increased from over 5.3 trillion ECU to over 5.9 trillion ECU (The US's GDP is now some 90% of the GDP of the EU of 15 members and Japan's GDP is now some 60% of the EU's GDP. The accession of three rich new member countries increased the GDP per inhabitant from 15,840 ECU (EU 12) to ECU 15,951 (EU 15). The accession also slightly enlarged the difference between the EU poor and rich member countries in the terms of GDP per inhabitant. If the GDP per inhabitant of EU 15 is taken as the base (EU 15= 100), the GDP/inhabitant of Austria is 122 and that of Sweden 114 while that of Finland amounts to 88. Currently 7 of 15 member countries have GDP per

inhabitant lower than the EU average: Portugal (46), Greece (46), Spain (65), Ireland (71), United Kingdom (87), Finland (88), Italy (91).

**Impact of enlargement on the institutions and voting procedures:**

The Treaty of Accession which was negotiated between the European Union and the four candidate countries was based on an assumption that all 4 candidate countries would join and the EU would consist from January 1 1995 of 16 member states. The EU of 15 member countries necessitates introducing the necessary adaptations. Not all these adaptations were automatic, but required a political decision by the EU Council (vote in the Council and number of Court of Justice judges).

The European Parliament now has 626 members, the Commission has 20 Commissioners and the 15 member countries have a total of 87 votes in the Council (see details in the table).

Member State	MEPs	Votes at Council	Commissioners
Belgium	25	5	1
Denmark	16	3	1
Germany	99	10	2
Greece	25	5	1
Spain	64	8	2
France	87	10	2
Ireland	15	3	1
Italy	87	10	2
Luxembourg	6	2	1
Netherlands	31	5	1
Portugal	25	5	1
United Kingdom	87	10	2
Austria	21	4	1
Finland	16	3	1
Sweden	22	4	1
<b>TOTAL</b>	<b>626</b>	<b>87</b>	<b>20</b>

**Voting Procedure:**

The voting procedure in the EU is rather complex, giving member states a different number of votes, broadly weighted to reflect their respective populations. The "big" countries have 10 votes each (despite the fact that Germany has a population

some 40% bigger than each of the other 3 big countries.

Decisions by simple majority are rather rare in the Union. The simple majority is now 44 votes of the 87 vote total in the Council.

The key element is **qualified majority**, or from a different viewpoint, **blocking minority**.

In the Community of 12 legislation could have been blocked by 23 votes out of the total number of votes of 76. This was for example the case of a coalition of two large countries and one small country who could build up a blocking minority and thus impose a veto. Readers will recall that during the negotiations on the Treaty of Accession, Britain and Spain (each for different reasons) reduced the mathematical adaptation to the voting procedure for a larger number of member countries and insisted that the blocking minority should remain at 23 votes. The compromise then emerged after the discussions in the Greek town of Ioannina without which the accession of the EFTA countries would not have been possible. The compromise satisfied Spain and the UK, but the compromise is only valid until the Intergovernmental Conference of 1996.

The formal application of the "Ioannina Compromise" to the EU of 15 member countries is as follows:

**The qualified majority of the votes is 62. The blocking minority is 26 votes. However because of the Ioannina compromise, and if the Council has to take a vote on a Commission proposal, the following rule applies: if the minority in the Council representing between 23 to 25 votes indicates its intention to oppose the Council's decision which is to be taken by a qualified majority vote, then in this situation the Council can postpone its vote and do whatever is necessary, and in a reasonable time (some 2-3 months?), to obtain a satisfactory solution which could be adopted by at least 65 votes.**

**In the other cases, the 62 votes of qualified majority shall represent a favorable vote of at least 10 member countries.**

It may be noted that the 62 votes of qualified majority could be reached by the vote of 4 big countries, plus the vote of Spain, and for example by a vote of three small countries (ie by the vote of 8 countries out of the total number of 15 member countries).

This decision making procedure in the Council has considerable importance for example for the associated countries of Central and Eastern Europe. Readers will certainly recall that the entry into force of full Europe Agreements with Hungary and Poland

one year ago was held back and that the decision on the entry into force of Europe Agreements with the Czech Republic, Slovakia, Bulgaria and Romania (as well as of the free trade area arrangement with the Baltic States) had to wait for the Decision by the Council on procedure on decisions concerning the application of safeguard measures. These decisions in the Council are taken by **qualified majority**. The procedure is based on Article 3 (a) which means if the Council fails to overrule the Commission's proposal on trade defence measures by qualified majority (ie that some member countries managed to impose a blocking minority), the Commission's decision is maintained. Theoretically for example, a combination of votes of Portugal, Spain, Greece and Belgium (ie 23 votes), could postpone a vote in the Council and require a compromise solution over a "reasonable period" of time. Also the vote of "southern" member countries amounts to 28 (Greece 5, Italy 10, Spain 8, Portugal 5), ie 2 votes more than the necessary blocking minority. On the other hand, the vote of relatively poor member countries makes a total of 21 (an article dealing with the Council Regulation on procedures for applying the Europe Agreements discusses the implications of the vote procedure in more detail).

#### **Court of Justice:**

A Community of 15 members also required new decisions concerning the number of Court of Justice Judges. With Norway there would have been 17 judges, without Norway the total would become 16 judges. However, this was not possible because an **odd number** is considered necessary to guarantee that decisions are made in all cases, thus the final number of judges was set at **15** (ie increased from 13 for EU 12 to 15 for EU 15) and the number of advocate-generals was increased from 6 to 8.

The EU of 15 members also increased the number of representatives in the Economic and Social Committee and in the Committee of Regions from 189 members to 222 members. The new member countries have the following number of representatives in each committee: Austria (12), Sweden (12), Finland (9).

In the European Parliament which has now 626 members the qualified majority has moved from 284 votes to 314 votes. In the European Parliament the biggest group is that of **socialists (221 members)**, followed by the **EPP (Christian Democrats) with 173 members** and by the **liberals (52 members)**. ■

## AUSTRIAN SCHILLING ENTERS EMS

*The Monetary Committee of the European Union approved on 8 January, the entry by the Austrian Schilling into the ERM (Exchange Rate Mechanism) of the EMS (European Monetary System) as of January 9 1995. Austria's aim was to join the EMS within two weeks of accession. The central rate to the ECU was set at 13.7167 Schillings. The Schilling is able to fluctuate within 15% of its central rate. Readers will recall that this broader margin was fixed by the EU in August 1993 and reconfirmed by ECOFIN in December 1994 (see No. 60).*

The entry of Austria into the EMS exchange rate mechanism has increased the number of participating currencies to 10 out of 15 member states. The currencies of the UK, Italy, Greece and of two new member states, Finland and Sweden, continue to fluctuate freely.

However, Austria made it clear that inspite of the broader fluctuation margin, it will carry out a monetary policy which will make it possible to maintain exchange rate stability and the schilling is going to continue being pegged to the DM.

Actually, the policy towards the schilling over the last 15 years has been to stay in relation to the DM, within a margin of 0.25%. The policy is thus to be a part of the hard core of those EMS currencies which since August 1993 still follow the policy to respect the narrow fluctuation margin of 2.25%, even if this has not been, since August 1993, legally compulsory.

Austria's Central Bank declared that joining the ERM represents the logical progression to the monetary policy pursued up to

now. The Central Bank also stated its believe that joining the ERM means making the commitment to stability official. This brings more security for international investors and makes the schilling more acceptable as an international currency.

Readers may note the difference between the current entry of Austrian schilling into the ERM (Exchange Rate Mechanism) with that of earlier entry of the British Pound which stayed in the ERM for only a short time.

The British Pound entered the exchange rate mechanism in 1990 and the central rate was announced in London well before deliberations within the Community, whose experts mostly considered that the central rate as it was unilaterally set up by the UK authorities, would be difficult to defend over a longer period.

The Austrian Schilling entered the ERM upon the mutual agreement on the terms of Schilling's participation in the ERM, and in common procedure which involved the ministers of finance and central bank governors of the EU Member States, the

Commission, the European Monetary Institute (which was thus associated with the work of the EU Monetary Committee for the first time). Therefore the central rate was set up by a mutual agreement and announced jointly by the Community.

The entry into ERM also means the determination of the bilateral central rates of the schilling against the nine other currencies which participate in ERM (i.e. 100 ATS (Austrian shillings = 293.163 BLF; 54.2170 DKK; 14.2136 DM; 1124.54 PTA; 47.6706 FF; 5.89521 IRL; 293.163 LUX; 16.0149 HFL; 1405.98 ESC). On January 9 the central banks then communicated the compulsory intervention point in the exchange rate mechanism.

### *Sweden:*

The Swedish Central bank said that while it welcomes the entry of Schilling into the ERM, it feels that Sweden needs firstly to reestablish the fundamental balance of economy before considering a similar step. Readers will recall that Sweden, which had earlier established links with the EMS, has suspended them during the monetary crisis in August 1993.

### *Finland:*

It is thought that Finland will also have to make efforts at reestablishing an economic balance before deciding to join the ERM. Their biggest problem is the high level of unemployment. ■