



TOGETHER IN EUROPE



EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE EUROPEAN UNION

INTERGOVERNMENTAL CONFERENCE AND ENLARGEMENT

The preparations for 1996 Intergovernmental Conference are well under way and its results will have a most significant influence on the future position of the associated countries of central and eastern Europe in the future European arrangement. The Essen Summit re-confirmed that the associated countries of CEE will become members when they fulfill the necessary conditions but made it clear that "on the EU side, the institutional conditions for ensuring the proper functioning of the Union must be created at the 1996 Intergovernmental Conference, which for that reason must take place before accession negotiations begin".

This raises at least three questions:

1. What is the outlook for 1996 IGC to achieve sufficient scope of institutional and policy changes to permit the enlargement from the EU of 15 to an EU of 27 and perhaps more member countries?

2. When will the IGC probably be concluded?

3. Following the conclusion of the IGC and taking into account the process of new Treaty ratification, when could the negotiations with the candidate countries start? Also, would there be successive waves of subsequent smaller enlargements, or one big enlargement concerning the current 12 potential candidates (of which Cyprus, Malta, Poland, Hungary have already submitted their applications)?

The current EU discussion allows only very partial answers.

The Maastricht Treaty which transferred the European Community into the European Union left a number of issues unresolved. The 12 Member Countries gave themselves in 1991 a five-year pause for more comprehensive reform: final stage of EMU including the common currency, further reform of the second pillar of the Treaty (common foreign and security policy) and further reform of the third pillar (justice and home affairs). Both the second and third pillars are based on different principles than the bulk of the first pillar ie that of the EC. The intergovernmental cooperation and the necessity to take the decisions by a consensus have fundamentally contributed to the lack of success of the EU under the second pillar. The Maastricht treaty was also adopted by the Community of 12 Member Countries on the basis of the institutional system initially established for 6 member

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DEVELOPMENTS WITHIN THE EU

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countries. One of the tasks of 1991 for the 1996 IGC was to establish an efficient framework for the realization of EU aims at all three Pillars for a Community of 16 member countries and allow mini-enlargement with Cyprus and Malta. The promise of future membership however, concerns, besides Cyprus and Malta, also the six associated countries of central and eastern Europe, the three Baltic countries, Slovenia, and very conditionally also the other ex-Yugoslavia states (but initial negotiations are being prepared with Croatia).

The establishment of an effective framework for the realization of original aims of the EU within an EU of 27 Member Countries, requires not a mini-reform, but a far reaching reform of the institutional and decision making system. The "Reflection" paper prepared by Elisabeth Guigou and already discussed by the Socialist Group in the EP suggested, that if the 1996 IGC results only in mini-reform, the EP shall take a position and refuse the second possibility of two possible scenarios: (1) postpone the enlargement until the adoption of the fundamental reform, (2) there is an enlargement without reform. The point was that the result of the second scenario would be the dissolution of the EU into a big free trade zone in which the common policies will be limited to a minimum, and will disappear entirely soon.

The discussions indicate that the idea of multi-speed Europe is partly gaining ground, on the condition that variable geometry is not decided a priori, but understood as a last possibility and which would allow the EU to still to move ahead.

The French Presidency is preparing for Cannes Summit the list of minimum changes in the Treaty on European Union which could allow a further enlargement. The Reflection Group will start its work on 2 June and will submit a report to the Madrid Summit EU in late 1995. The 1996 IGC may then start either under the Italian Presidency during the first half

of 1996, or under the Irish Presidency during the second half of 1996. It seems therefore that the most difficult discussions would be faced in 1997, in which it is hoped the 1996 IGC would finish.

Early February was marked by the discussions on whether accession negotiations with Cyprus and Malta "may" start six months after the conclusion of the 1996 IGC, or if they "will" start. On the other hand, it seems to be understood, that the accession negotiations with these 2 countries shall not be concluded before the process of the ratification of the new Treaty (probably involving referenda, which could take two years) is concluded. Similarly, there are indications that internal EU discussion on accession negotiations with associated countries of central and eastern Europe indicates the possibility of some waiting period during which the efficiency in which the provisions of the new Treaty are being realized in reality could be evaluated. There have also been suggestions that the accession negotiations with CEEC would start once the process of ratification has been completed.

The associated countries of central and eastern Europe have a direct interest in both the scope of reform the 1996 IGC is going to adopt, and in the speed in which the intergovernmental conference will be concluded. Hungary and Poland have already extended much pressure to be associated in some way in the preparation and proceedings of the 1996 IGC.

The remarks made by Mr. Alain Lamassoure, President-in-office of the EU Council, in the Institutional Affairs Committee of the EP that "it would be a good thing for the IGC to take account of the goals and timetable" of the next enlargement and "if we want to make a founding Treaty, Europe will in some way have to associate the future members in its discussion", probably did not fail to be properly recorded in the associated countries of central and eastern Europe. (JZ) ■

NEGOTIATIONS WITH BALTICS

The first formal round of the negotiations in view of the conclusion of Europe Agreements with the Baltic countries was already held. The second round of negotiations with Estonia is scheduled for February 21, and will be followed by negotiations with Lithuania, while the second round of negotiations with Latvia will take place in early March. The sources at the Commission suggested good progress in the negotiations (in particular with Lithuania) has been made. It is expected that three full formal rounds would be necessary to conclude the agreements (together with possible meetings at "expert level" in the final stages of the negotiations). The negotiations are concentrated on such issues as political dialogue, movement of workers, right of establishment, supply of services, questions concerning payments and financial sector, competition rules, approximation of laws, public procurement, financial cooperation and the whole field of economic and cultural cooperation. In contrast to Europe Agreements negotiated earlier with the six central and east European countries, the Europe Agreements with the Baltic countries will include new provisions related to Justice and Home Affairs. ■

FRENCH PRESIDENCY OUTLINES CALENDAR FOR ASSOCIATED COUNTRIES

The French Presidency of the EU plans to invite representatives from central and eastern European countries to attend a series of ministerial meetings starting next month. The move is part of a drive to prepare these nations for EU membership. Among the meetings covered are those of the EU culture, finance, internal market and foreign ministers. The French Presidency of the EU is to place a high priority to relations between the EU and the associated countries of central Europe. In conforming to the conclusions of the Essen Council, it will ensure that negotiations will be concluded with the Baltic States, that they be opened and improved upon with Slovenia, and that the strategy for the adhesion of the Associated countries be put into practice.

The following programme is envisaged:

1. Signature of Association Agreements with the Baltic States and Slovenia will have to, in accordance with the Essen conclusions, be concluded by June 1995.

2. The dialogue with the Associated countries will take place on two levels:

Bilaterally: Association Councils in April with Romania and the Czech Republic, and in May with Bulgaria and the Slovak Republic.

Joint Parliamentary Committees: The meeting with Poland occurred in Warsaw on at the beginning of this month (see report in this issue). Other meetings include: 13-14 March, Strasbourg, with Slovak Republic; 3-4 April, Strasbourg, with Bulgaria; 19-20 April, Bucharest, with Romania; 22-24 May, Budapest, with Hungary; 29-31 May, Prague, with the Czech Republic.

Mixed Association Committees: 16 February: Slovakia; Association Committee with Poland and Hungary in May; Other States: to be decided.

"Structured" (Multilateral) dialogue:

Economy and Finance: 20 March
Culture: 3-4 April (and invitation to Ministers of State to an informal meeting on 14 February)

General Affairs: 10-11 April

Internal Market: 6 June

Research: 9 June

Interior Affairs and Justice: 20 June

The Spanish Presidency (second half of 1994), has announced that it envisages organizing the following "structured" meetings:

Interior Affairs and Justice: 25 September

Transport: 28 September

Agriculture: 16 October

Education: 23 October

General Affairs: 30 October

Second Pillar:

Under Political Dialogue, and beyond the 10-11 April Council, meetings are foreseen on three levels:

Political Committee: 3-4 April

European Correspondents: 7 February, 3 April

Working Groups: 12 groups will have meetings with experts from the Associated countries.

Third Pillar:

Under Interior Affairs and as well as the 20 June Council, a meeting between the Troika's K4 Committee and the coordinators of the central and eastern European countries took place in Brussels on 19 January.

White Book:

The White Book on the bringing together of the internal

market will be prepared according to the following programme:

March: debate at the time of the informal meeting on the internal market

Beginning of April: debate on the general affairs council of 10-11 April on the basis of a report by the Commission, and discussion with Foreign Affairs Ministers from the Associated Countries (10-11 April) on the White Book

End of April: Passing the White Book on to Council

6 June: meeting of ministers from the associated countries in charge of the internal market

General Affairs Council of 12-13 June: Discussion on the European Council.

Stability Pact:

General Affairs Council of 6 February: a presentation by the Commission on the accompanying measures and of the report on the new programme established under regional cooperation

General Affairs Council of 6 March: discussion on the preparation of the concluding conference, which will take place on 20-21 March.

Phare:

A Commission report will be released in April on improving the transparency and efficiency of the Programme.

Agriculture:

Issues will be discussed from several angles

To account for the consequences of enlargement and of the Uruguay Round, Association Agreements have to be adapted. The Presidency wishes that these negotiations be concluded.

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Commission reports (use of tariffs, effects of subsidized exports) have to be presented by the end of the French Presidency.

Rules of Origin: Concerning cumulation of rules of origin, the Council will have to discuss, on the basis of propositions by the Commission, the implementation of the first phase of the strategy decided by the European Council in this field. ■

GYULA HORN SEEKS ACCESSION BY 2000

Hungarian Premier Minister Gyula Horn restated Hungary's aim to become a full member of the European Union by year 2000 during his address to the European Parliament in Brussels on 9 February. The Prime Minister met with members of the EP's Committees on External Relations Security and on External Economic Relations. The Prime Minister also met separately with the President of the EP Mr. Hänsch.

Meeting with Santer:

Prime Minister Horn recalled the Memorandum submitted by Hungary to the Essen Summit and outlined the major guidelines of a three year programme Hungary is implementing with a view to accession. President Santer recalled the importance of the White paper to be presented before Cannes Summit. The 1996 IGC shall firstly reform the EU institutional structures, then the EU would assess progress reached in the pre-accession stage. The negotiations for which no date may be given will be undertaken separately and each applicant will be judged on its own merits.

Meeting with EP:

The Prime Minister hopes that the Intergovernmental Conference will take decisions on the principles of the enlargement negotiations and on a precise date. Hungary then foresees a 3 year period of negotiations including the process of ratification. Mr. Horn called for a differentiated approach to the countries of central and eastern Europe seeking accession. The situation is different in each central European country and each country must be assessed separately, said the Prime Minister. He is convinced that Hungary is a vanguard in the process of transformation and modernization.

The timetable for the start of the accession negotiations is important. A fixed date would allow

the whole modernization process to acquire a focus and it would have a very important meaning for the inflow of foreign investment. This in turn would further speed up the process of the adoption.

Answering a question from Mr. Hindley on the differentiated approach and the timetable, Premier Horn pointed out that the Visegrad countries cooperate in clarification of their attitudes on European matters, but this allows them to have different views and different aims in Europe. The Prime Minister noted for example, that the Czech Republic has not yet decided to submit its application for membership. Hungary is preparing herself for membership and is the only country in central and east Europe which has a comprehensive plan for this. This includes a plan of a radical restructuring of agriculture. One of the main priorities is the country's integration to the European Infrastructure networks. Without this integration central and eastern Europe would continue to be separated from the EU.

Regarding the 1996 Intergovernmental Conference the Prime Minister said that it would be set back for the EU and Europe if the EU diluted to nothing more than a free-trade area.

Hungary hopes to be able to sign a bilateral agreement with Slovakia on the eve of the Stability Pact Conference in March. The Prime Minister recalled that the Hungarian parliament already approved a far reaching bill on minorities which meets not only the Council of Europe's provisions, but also sets down the obligations. It allows no discrimination against any minority.

In fact it rather seeks a positive discrimination in favour of minorities. The Prime minister believed that it would be possible to reach an agreement with Romania even if the Romanian authorities are not cooperative. Mr. Horn recalled the traditionally good relations with Serbs. ■

EU-POLAND JOINT PARLIAMENTARY COMMITTEE REQUESTS THAT 1996 IGC INCLUDES ASSOCIATED COUNTRIES

On the first anniversary of the entry into force of the EU-Poland Europe Agreement, the Joint Parliamentary Committee, which met in Poland, requested that Poland and the other associated countries seeking accession are in an appropriate included in the 1996 Intergovernmental Conference proceedings on the future shape of the European Union.

The Joint Parliamentary Committee co-chaired by Mr. W.G. van Velzen (EPP- Netherlands) and Mr. J. Borkowski (PSL, Poland) also noted the need for Polish Government do develop relevant policies which will facilitate the major economic and social changes necessary for the accession. In the field of environmental policy a major effort would be necessary to bring the Polish legislation to the EU standards.

Recommendations were approved to :

continue multilateral and political dialogue between the

EU, Poland and the other Associated countries of CEE which permits the Associated countries to align their positions with certain Common Foreign and Security Policy activities of the Union;

follow up on the meeting of Ministers of Justice and Home Affairs of the EU and the six Associated countries to ensure wider and more intense cooperation in these fields;

include Poland and the other Associated countries in an appropriate framework in the debate on the future shape of the EU to be considered at the 1996 Intergovernmental Conference;

continue with the elimination of the constraints on the access of Polish goods to the internal market of the EU in accordance with the process for speeding up the dismantling of trade restrictions agreed by the European Council in Copenhagen;

avoid the adoption of legislative, commercial or technical measures which lead to limiting the move-

ment of goods and services between the EU and Poland.

ensure Poland's participation in appropriate Union programmes and to increase the funds available through the Phare programme and, in particular, to assist projects for investment and infrastructure development, as agreed by the Essen European Council;

encourage careful analysis of the feasibility of the integration of Polish agriculture with that of the EU in order that the Polish Government will be in a position to draw up relevant proposals and programmes of action.

provide comprehensive material, technical and organizational support for the process of adapting Polish legislation to that of the EU and to take steps to intensify cooperation between the legislative services of the parties to the Europe Agreement;

begin negotiations on Poland's accession to the EU as soon as possible after the 1996 Conference. ■

MEPs CALL FOR LOANS TO MOCHOVCE (SLOVAKIA) NUCLEAR POWER PLANT TO BE SUSPENDED

The members of the EP Committee on Research and Energy have sent a letter to President Hänsch inviting him to call on the European Commission and the EBRD to suspend loans for completion of work at the nuclear power station in Mochovce, in Slovakia, pending the results of a debate at the EP plenary session (an emergency resolution could be presented at next week's sitting). MEPs are concerned about the safety factor at this power plant which is about one hundred kilometers from the Austrian border. Construction had been interrupted in 1991 because of financial difficulties and Euratom and EBRD loans were requested so that work might be resumed, to be conducted by the French company, EDF. ■

EU DISCUSSES STEEL INDUSTRY COOPERATION WITH CEEC

As we go to press the European Commission is organizing an information meeting on 15 February concentrating on industrial cooperation with the steel industry in central and east European countries. The Commission invited representatives of the ministries of economic affairs of the fifteen Member States, Eurofer and national steel federations to the meeting, as well as some steel firms having individually undertaken cooperation operations with the East.

The idea is to look at the results of cooperation which, as regards the CEECs, has led to individual studies and diagnostics, notably undertaken in the framework of PHARE, of each of these countries, or through information exchange and management-training exchanges, training courses for company managers, the study of social and regional problems linked to restructuring, etc.

As for the CIS countries (former USSR), a broad SOFRES study concerning Russian steel has just begun, and another is being prepared for Ukraine. The information meeting is also intended to adapt industrial cooperation measures to the present situation and future prospects, especially given the fact that with the CEECs there are now association relations leave open the prospect of their applying to join the Community.

Following this meeting which is reserved to EU bodies dealing with the steel industry and to EU steel industry professional organizations, the bilateral

contacts with individual central and east European countries will be held with the purpose to outline the possible steps of intensified cooperation for which the basic framework shall be agreed on February 15.

Monitoring of Bulgarian/Romanian Steel Starts in March

From 1 March the import of steel products of Bulgarian and Rumanian origin will be subjected to a dual-control system comprising export licenses to be issued by the administrations of the exporting countries, then complemented by import licenses issued by Member states. The two decisions (see Together In Europe 62, pp8-9) were taken by the ECSC-Romania and ECSC-Bulgaria Contact Groups which, with a concern for transparency and monitoring, intending thereby to strengthen the statistical system as regards the steel trade between the partners.

Readers will recall the reason for the introduction of the monitoring system was to develop a tool which would prevent a deflection of trade. In 1994 there was a relatively steep increase in Romanian and Bulgarian steel exports to the EU (especially in flat products) which did not correspond to the situation of the steel industry in the two countries. There have been suggestions that what is apparently taking place is the deflection of trade to the benefit of countries subject to volume or tariff quotas. Russian, Ukraine and Slovak steel were among those mentioned. ■

BULGARIAN MINISTER UNDERLINES EU LINK

Bulgarian Foreign Minister Mr. Georgi Pirinski, on his first official visit abroad, was in Brussels in early February to re-confirm the priority given to the European Union by the new Bulgarian Government formed in late January. During his visit, which coincided with the EU Council meeting, Mr. G. Pirinski met with the President-in-office of the EU Council Mr Alain Lamassoure, with Commissioners Hans van den Broek and Leon Brittan, and the president of the European parliament Mr. Klaus Hänsch. Mr. Pirinski presented the policies to be followed by the new Bulgarian Government

and the policy towards the EU based on the continuity, together with a deepening of the economic reform, privatization and encouragement for foreign investment. The Europe Agreement with Bulgaria entered into force on 1 February. Bulgaria is now drafting the memorandum of application, and the Government will decide later this year when the application will be submitted. Bulgarian diplomatic sources suggested this may happen by late 1995, or eventually in early 1996.

Foreign Minister Pirinski raised the question of lifting visa requirements for Bulgarian

citizens in the EU. At the same time, the Minister underlined Bulgaria's will to cooperate in the third pillar of the Maastricht Treaty (Justice and Home Affairs). In visa policy Bulgaria is treated differently than the central European countries. The Bulgarian authorities consider that the entry into force of the Europe Agreement and active pre-accession strategy could be a good opportunity for dropping Bulgaria from the negative list of countries in visa requirements. However, this is not formally the responsibility of the EU but of "Schengen".

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EU EXPORTS TO BULGARIA 1991-June 1994 '000ECUs (expb94)

| | 1991 | 1992 | 1993 | I-VI 1994 | Growth I-VI-94/ I-VI-93 |
|--|---------|---------|---------|--------------|-------------------------------|
| 1 Live animals; animal products | 61657 | 8197 | 29277 | 8801 | -25.0 |
| 2 Vegetable products | 39469 | 13348 | 36412 | 56832 | 311.7 |
| 3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes | 2715 | 5519 | 8025 | 3926 | 73.3 |
| 4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes | 51355 | 97906 | 150367 | 64909 | -3.7 |
| 5 Mineral products | 18813 | 57985 | 80336 | 36238 | -1.7 |
| 6 Products of the chemical or allied industries | 92655 | 112596 | 131788 | 76314 | 15.1 |
| 7 Plastics & articles thereof; rubber & articles thereof | 34657 | 36804 | 46440 | 29018 | 37.9 |
| 8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut | 6334 | 11551 | 14846 | 9081 | 19.9 |
| 9 Wood & articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work | 4244 | 3091 | 5563 | 3697 | 71.2 |
| 10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof | 30222 | 24624 | 25574 | 15607 | 19.4 |
| 11 Textiles & textile articles | 91870 | 135912 | 155509 | 94927 | 30.6 |
| 12 Foot/headwear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair | 10107 | 25496 | 33615 | 19589 | 23.7 |
| 13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware | 11462 | 11686 | 16821 | 10705 | 51.7 |
| 14 Natural or cultured pearls, precious/semi-precious stones, precious metals & articles thereof; imitation jewelry; coins | 4157 | 9226 | 9539 | 2596 | -38.9 |
| 15 Base metals & articles of base metals | 44060 | 37416 | 45028 | 27852 | 42.3 |
| 16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles | 262462 | 219626 | 283441 | 190664 | 43.9 |
| 17 Vehicles, aircraft vessels & associated transport equipment | 181567 | 217064 | 129026 | 75051 | 36.0 |
| 18 Optical, photographic, cinematographic, measuring, precision, medical/surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof | 27147 | 33357 | 40798 | 25394 | 17.9 |
| 19 Arms & ammunition; parts & accessories thereof | 65 | 74 | 1472 | 581 | 28.3 |
| 20 Miscellaneous manufactured articles | 11400 | 21239 | 63821 | 18644 | 14.0 |
| 21 Works of art, collectors' pieces & antiques | 1178 | 184 | 319 | 34 | -5.6 |
| 22 Not classified elsewhere | 42402 | 28753 | 36623 | 14201 | -31.9 |
| TOTALS | 1029998 | 1111654 | 1344640 | 784661 | 28.9 |

EU IMPORTS FROM BULGARIA 1991-June 1994 '000ECUs (impb94)

| | 1991 | 1992 | 1993 | I-VI 1994 | Growth I-VI-94/ I-VI-93 |
|--|--------|--------|--------|--------------|-------------------------------|
| 1 Live animals; animal products | 45154 | 45252 | 47866 | 31024 | 105.0 |
| 2 Vegetable products | 62547 | 56749 | 38209 | 11201 | -37.8 |
| 3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes | 621 | 2731 | 1494 | 1389 | 361.5 |
| 4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes | 83427 | 79245 | 87885 | 38373 | -9.6 |
| 5 Mineral products | 27750 | 12303 | 51268 | 28725 | 22.1 |
| 6 Products of the chemical or allied industries | 72240 | 69035 | 81605 | 58601 | 32.5 |
| 7 Plastics & articles thereof; rubber & articles thereof | 21823 | 31064 | 29880 | 19021 | 42.5 |
| 8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut | 11593 | 17518 | 21532 | 15039 | 64.6 |
| 9 Wood & articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work | 19876 | 20040 | 18588 | 11526 | 26.1 |
| 10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof | 12552 | 15498 | 12657 | 7115 | 43.7 |
| 11 Textiles & textile articles | 112734 | 197813 | 213098 | 108472 | 10.7 |
| 12 Foot/headwear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair | 15653 | 44266 | 52668 | 25272 | 3.0 |
| 13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware | 8255 | 19232 | 25264 | 12873 | 1.7 |
| 14 Natural or cultured pearls, precious/semi-precious stones, precious metals & articles thereof; imitation jewelry; coins | 11288 | 17113 | 25081 | 5945 | -17.5 |
| 15 Base metals & articles of base metals | 106277 | 135519 | 102513 | 112993 | 104.5 |
| 16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles | 82411 | 89124 | 93893 | 72562 | 62.3 |
| 17 Vehicles, aircraft vessels & associated transport equipment | 25025 | 7944 | 5591 | 22731 | 559.4 |
| 18 Optical, photographic, cinematographic, measuring, checking, precision, medical/surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof | 2614 | 4883 | 7067 | 4124 | 60.8 |
| 19 Arms & ammunition; parts & accessories thereof | 175 | 101 | 124 | 67 | -18.3 |
| 20 Miscellaneous manufactured articles | 16039 | 21503 | 21384 | 9206 | -7.7 |
| 21 Works of art, collectors' pieces & antiques | 822 | 951 | 699 | 300 | -1.6 |
| 22 Not classified elsewhere | 12954 | 9830 | 11600 | 4339 | -28.4 |
| TOTALS | 751830 | 897714 | 949966 | 600898 | 35.0 |

(see page 6)

The entry into force of the Europe Agreement was preceded by the signature, at the end of 1994, of a second additional Protocol to the Interim Agreement. This protocol speeded up by two years the complete elimination on the EU side of duties on a number of sensitive products such as footwear, leather, fertilizers and some chemical products. These products are important in Bulgarian exports to the EU. On 1 January 1995 Bulgaria also reduced its customs duties on some the EU products (cheese, potatoes, tobacco, coffee, tea and some vegetable fats, some

meat and poultry and several processed food products).

The second additional protocol (which aligns provisions of the Interim Agreements concluded with Bulgaria and Romania to the agreements concluded much earlier with the four central European countries) advances the complete elimination of the EU import duties on Bulgarian textiles and clothing articles at the beginning of 1997. It also shortens the application of quantitative restrictions to 4 years instead of 5. The alignment of the Bulgarian Interim Agreement with that of Visegrad countries also

meant the application on the EU side of zero duty to Bulgarian industrial products.

Bulgarian statistical data confirms the dynamic expansion of the EU's share in Bulgaria's exports. The EU data on trade in Bulgaria (see enclosed tables) indicated 35% growth in imports in Bulgaria during the first half of 1994 and possibly 60% increase in value in EU imports from Bulgaria between 1994 and 1991 when the EU extended advantages of its GSP system to Bulgaria. The rise in EU exports to Bulgaria was somewhat slower. ■

DEVELOPMENTS WITHIN THE EU

1996 : THE SPANISH CHAIRMAN OF THE REFLECTION GROUP AND THE PORTUGUESE PARLIAMENT ACCEPT THE IDEA OF "VARIABLE GEOMETRY" IN THE FUTURE

The idea of "variable geometry" or of a "multi-speed" Europe in an even larger Union, having provoked last year negative and sometimes indignant reactions, seems to have become more acceptable even to some countries which had initially bitterly complained about their exclusion from the "hard core" of European integration.

Thus, in a preliminary paper on Spain's ideas for the 1996 Intergovernmental Conference, Spanish Secretary for European Affairs Carlos Westendorp, who will chair the Reflection Group which will be in charge of the IGC's preparation, reckons that the Conference will end up admitting this notion, with a series of guarantees and qualifications (for example, no discrimination, no irreversible exclusion of any Member State). The paper also anticipates that the final outcome of the Conference should not be a repetition of the obscure Maastricht Treaty, but a text of quasi-constitutional nature, which the public could find relatively easy to understand. But such an outcome seems rather difficult to get at, if one looks at the abundance of suggestions which have been already made from different sides in anticipation of 1996 (and they are mostly suggestions on institutional changes, and not yet on changes on policies, which will be also necessary in order to accommodate Eastern Europe in the Union). The Spanish paper stresses the

importance of the public and of European citizenship (a notion that Spain was the first to introduce in the Maastricht debate) also by another suggestion, already made during the Maastricht negotiations but finally discarded - namely the drawing up of a Charter of fundamental rights and liberties. Spain also points at an issue which other "big" Member States are getting more and more aware of: the problem of the influence that these countries will be able to keep in a Union of up to almost thirty Members. The Spanish paper, which counts Poland among this some group of "big" countries, along with Spain itself, Italy, France, Germany and Britain, finds it necessary to change in the future voting procedures within the Council, in order to reflect more adequately the weight of the respective populations.

The idea of variable geometry or of an open "hard-core" is not totally rejected by the Portuguese either. Thus, in a first contribution to the discussion, the Assembly's Committee for European Affairs, while stressing the need to stick to the principle of equality among Member States, also accepts that in a larger Union there would be room for a "positive" variable geometry depending on the ability and willingness of Member States to participate, without exclusion. In a motion adopted in February, the Committee also stressed the need to enhance the role of national Parliaments and to

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protect all the languages of the Union, including of course Portuguese (the motion reminds that it is spoken by around 200 million people in the world).

Will the IGC last longer?

Meanwhile, with new suggestions for the IGC piling up almost daily, Germany does not now rule out the possibility for the IGC to go on in 1997. The Treaty of Maastricht explicitly speaks of a revision in 1996; until now it has been assumed that the Conference would begin in the first half of the year, under the Italian presidency,

but of course, the Conference could still be launched in the second half, under the Irish presidency. If the Conference goes on in 1997, Britain could then have a different government, since general elections have to take place by 1997 at the latest.

German diplomatic sources intimated to us that the suggestion did not question the actual beginning of the 1996 IGC which may eventually start without any formal problem towards the end of 1996, but rather it is indicated that the 1996 IGC would have its principal discussions concentrated into 1997 and that it could continue even afterwards for such a time which would be considered necessary. ■

THE WEU COUNCIL'S PRESIDENT AND SECRETARY GENERAL STRESS THAT THE "ASSOCIATE PARTNERS" WILL BE PART OF THE PREPARATION OF THE WEU PAPER ON EUROPEAN SECURITY

Portuguese Ambassador Antonio Martins da Cruz, presenting his country's programme for its six months as president of the Council of Western European Union, stressed that the presidency had the intention to explore all the possibilities offered by the new "Associate Partner" status which is now enjoyed by six countries of the former Soviet empire: the Czech and Slovak republic, Hungary, Poland, Bulgaria, Romania, Lithuania, Latvia and Estonia. "We'll make suggestions in order to have these countries participate in different WEU groups, such as those on the Mediterranean, Open Skies or verification", said Mr Martins da Cruz. And he also noted that all 27 WEU countries - its ten Member States (members of the European Union as well as of NATO), five Observers (Denmark, and the neutral members of European Union: Ireland, Austria, Finland and Sweden), three Associate Members (Norway, Iceland and Turkey, members of NATO but not of the European Union), and the nine Associate Partners - will participate in the common

reflection on European security which is WEU was asked to conduct by the ministerial Council, in Noordwijk at the end of last year. Non Member countries should be part of the exercise given the "wide implications" that this reflection will have for the whole of Europe, said Mr Martins da Cruz, adding that the ministerial meeting of 15 May in Lisbon will discuss a first report on these issues.

In a recent speech, the new WEU Secretary General, José Cutileiro (who is also Portuguese) noted that the present composition of WEU "reflects with almost graphic precision" with its different "circles", the different "shades and nuances of security policy in a Europe in transition". But, while noting the role that members of all the circles will play in the reflection on future European security, he also said that he could not prejudge what the 1996 Intergovernmental Conference will decide about the role of WEU in future institutional arrangements, and that he could not even "predict at this stage what the specific WEU contribution to the debate will recommend". At the same time, Mr Cutileiro

admitted that one thing "is clear", namely the fact that "the European Union has become and will remain the main decision-making body for a whole range of issues affecting Europe", among which "issues of foreign policy and security which have a direct bearing on WEU". Mr Cutileiro, who warned against the dangers of rhetoric as far as the "European security identity" is concerned, also said that "perhaps the greatest merit of what the WEU does and of what is done ... in its name, is the intergovernmental web thus cast" and that "WEU's intergovernmental mechanisms will foster much needed cooperation and keep national rivalries at manageable levels".

Mr Martines da Cruz, on the other hand, said that the Council had decided not to address for the time being the "very sensitive and complex institutional matters" that will have to be raised in the IGC about the relationship between the Western European Union and the European Union, and that a senior officials seminar will concentrate on these issues in Portugal in early June. ■

SEVERAL EUROPEAN LEADERS SAY EMU AS SOON AS 1997 SHOULD NOT BE RULED OUT

It will be difficult to get, as soon as January 1997, a sufficient number of countries meeting convergence criteria and to then start the third phase of Economic and Monetary Union, but Member States should declare their willingness to try and do everything in order to meet this first date, instead of the second possible foreseen by the EMU Treaty at the beginning of 1999.

There are not yet many Central bankers who really believe that (excepts at least one former Central Banker, Dr Schlesinger of the Bundesbank), but several European leaders have recently said that the 1997 goal should not be discarded as of now. François Mitterrand did that, followed by several members of the French presidency, such as Mr Alphandéry, the Ecofin Council's president, or Mr Lamassoure, European Affairs minister. Lately, Belgian Finance minister Philippe Maystadt added his voice to those claiming that EMU is possible and desirable in 1997.

One of the other voices was that of Yves-Thibault de Silguy, the new European Commissioner in charge of monetary affairs, who told an EP

Committee that "additional efforts will be necessary in order to improve.. economic convergence", and that, if this is done, "conditions for passage to the third stage of EMU could be met by 1997". This opportunity should not be missed, said Mr de Silguy, pointing to the danger that the present favorable business climate would weaken efforts to reduce structural deficits.

Mr de Silguy also said something which pleased many Members of Parliament, when he stressed that nominal convergence must go hand in hand with "social" convergence. Mr de Silguy refused to go as far as accepting new "social" criteria for EMU (many MEPs have rejected this too, including Elisabeth Guigou who saw there a danger of making EMU fragile and more difficult to reach), but he admitted that Member States convergence programmes should include more thorough "Employment" chapters. And he also showed a certain openness to discussion on these issues with the European Parliament, which is something that the EP has always demanded, saying that EMU, otherwise, would inevitably suffer from the "democratic deficit" which the 1996 claims it wants to reduce. ■

THE MEDIA II PROGRAMME

On 8 February, the European Commission approved its proposal for the Media II Programme, with an allocation of ECU 400 million for the 1996/2000 period. Like its predecessor, this programme is intended to encourage and develop the European programmes industry in Europe: the Commission proposes that increased resources be concentrated on three priority sectors:

a) supporting vocational training (ECU 58 million). The Community action would aim at complementing and reinforcing management training in the audiovisual sector, and encouraging access for professionals to the new production technologies. Some hundred or so training centres and institutions could be interested in

taking part, which could involve two to three thousand students and professionals annually;

b) developing programmes of a European dimension (77 million). The Community would intervene in favour of cinema and television productions with a European ambition, able to take a significant market-share;

c) trans-national distribution of European programmes (265 million). As for the cinema, the goal would be to encourage the distribution on the European market of some one hundred films a year, encouraging distributors from different European countries to intervene simultaneously in the funding of these productions and to structure themselves into

networks. As for television, the aim is to increase the circulation of European works broadcast, by encouraging stations to co-produce among themselves and with other independent producers.

As for Media I, aid will be granted in forms of loans not exceeding 50% of the cost of the actions being supported, except for training, which could benefit from grants which could reach 75% of the cost. Support for dubbing and sub-titling would be granted without return. With a concern for complementarity, the Commission intends associating the intervention mechanisms at regional, national and Community level.

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The new proposal will be handed to the Council and Parliament. The legal base is different according to the programme's chapter, said a Commission source: for training, it will be the EP/Council codecision procedure, and for programme development and distribution, the cooperation procedure.

At a press conference, the Commissioner responsible Marcelino Oreja stressed that the amount proposed represented a doubling of resources attributed (at the outset) to the previous programme. It is true that Media I had been the brunt of criticisms, he admitted, due to the wasting of resources and the inadequacy of the budget, given the size of the problems the sector is confronted with; the new proposal responds to these criticisms, the intention is to assure the broadcast and distribution of European programmes "at single market level and beyond".

In debating the audiovisual policy more generally, the Commission has also examined the advisability of using other incentive measures to complement the Media programme. European professionals are calling for the creation of a European guarantee and investment fund equivalent to 1% of the Community Structural Funds. Commissioner Pinheiro, charged with audiovisual policy in the Delors Commission, had announced the intention of consulting the banking sector on possibilities. Asked about this, Mr Oreja said it might be possible to create a guarantee fund or to introduce a system of taxes, but that in any event further discussion was needed. These are avenues to be explored, he said.

COMMISSION PROPOSAL TO CONTROL EXPORTS OF RECYCLABLE WASTE

On 8 February, the Commission agreed on a proposal on the shipment of waste destined for recycling outside the EU. The aim of the proposal is to ensure that third countries have a greater say over waste imported from the EU without interfering in legitimate trade in recyclable products. The draft regulation only deals with so-called "green" waste, which presents no environmental hazard and which can be recycled by third countries with suitable recycling facilities. It does not cover hazardous waste, nor does it cover waste destined for stock-piling or other forms of disposal. The following are included in the "green" waste list:

textiles, agro-food products, iron and steel, non-ferrous metals, rubber and used tyres, paper, plastics, leather, wood and cork, glass, and ships for shipbreaking. All of these products can circulate freely between EU countries. They can also currently be exported to all third countries free of restrictions.

BRIEF NEWS

EUROPEAN PUBLIC AFFAIRS DIRECTORY 1995

Readers engaged in EU affairs may find that the "European Public Affairs Directory" with over 6,000 entries of key-decision makers and organizations will facilitate their work and understanding of EU institutions. Its 1995 edition, supplemented with new information on the new Commission and composition of the Joint Committees and delegations of the European

Parliament following the accession of new 3 countries, contains more than 300 pages names, addresses, telephone and fax numbers of key people and institutions.

The entries are divided in 7 chapters dealing not only with the EU institutions, but also with professional lists of European and Professional Associations, Interest groups, Law firms, Consultants, diplomatic missions, journalists and agencies reporting on Europe etc. The Directory is published annually by Landmarks SA, Boulevard St. Michel 78, 1040 Brussels (fax: 32 2 735 50 09) and costs BF 3,850 for non-EU clients (BF 3,450 for Belgium based clients).

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