



# TOGETHER IN EUROPE



## EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

### RELATIONS WITH THE EUROPEAN UNION

#### **STRONG POLITICAL MESSAGE BY JACQUES SANTER ON ENLARGEMENT TO THE EAST**

The European Union has a "historical urgency": its relations to Central and Eastern Europe. This is perhaps the major event of this half century, and the developments in the next century will depend heavily on the way this issue will be settled. If this is not done with the "generosity and precision" which are needed, there is a risk of jeopardizing irreparably the difficult balance which Europe attained with so much effort over the last fifty years.

This was the gist of Jacques Santer's message on the future relations between the European Union and the countries of Central and Eastern Europe, a message given to the European Parliament meeting for its March session in Brussels, in the first speech that new President of the European Commission entirely devoted to the Union's enlargement to the East.

If we succeed in integrating Central and Eastern Europe in the Union, this will open an "immense field of action" for the "Greater Europe", said Santer, who, while stressing the political "urgency" of enlargement to the East, also emphasized, repeatedly, the need to prepare this enlargement very thoroughly and very seriously, and to improve the way the Union itself works before opening its doors to the new Members. The principle is accepted: Europe is not conceivable without these countries, stated Santer. But he also immediately added: we must not allow our Union to dilute, and we have not made such efforts for so long only to offer our neighbours a powerless area without any political substance.

Therefore, in the more sober part of his speech, Jacques Santer declared that "we must be like the friend who tells the truth", the truth being that a lot of progress still has to be made in the countries concerned before their accession to the Union is possible. After the Intergovernmental Conference, we will negotiate with these countries on a "case by case" basis, with each on its own merits, said Santer, who refused to answer questions on timing, but was responsive to those who stressed the security needs of Eastern Europe. These countries have not yet found a new collective security structure, but we "will need time in order to imagine solutions" to this problem, for example through their possible accession to Western European Union, he said. As far as economic integration is concerned, Santer reminded Parliament that the Commission is working on details like the cost of enlargement for

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**COOPERATION WITH CENTRAL AND EAST EUROPE IN STEEL SECTOR**

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The meeting of representatives of Member State industry ministers, EUROFER and national steel federations which were invited by the Commission to discuss in Brussels in mid-February industrial cooperation with central and east European steel industries (see No 63,p.6) indicated the need for redirection of the cooperation.

The cooperation needs to be strengthened over the next 5 years and shall address the steel companies in central and eastern Europe more directly.

EUROFER has suggested a large series of steps to be taken over the next five years in preparation for the accession of the associated countries. The aim is that close cooperation in the restructuring process of central and east European steel industries prevents a repetition of difficulties in trade which appeared during the early 1990s.

Steps proposed by Eurofer include:

- progressive introduction in central and eastern Europe of rules which are observed by steel operators in the EU internal market.

- extension of double import licensing to all CEEC. Readers will recall that on 1 March the import of steel of Bulgarian and Romanian origin becomes a subject to a dual control system comprising export licenses issued by administrations of the exporting countries, then complemented by import licenses issued by EU Member States (cf No 63, p.6 and No 62). It is proposed that the system also covers the full ECSC products range (and not only products subject to tariff-quota arrangements, as it is for example the case of imports from the Czech Republic and Slovakia).

EUROFER's position is that this system is not a reintroduction of quotas (it is done only for statistical purposes), that it improves transparency of trade and that it will contribute towards preventing upheavals likely to be caused in the EU market by the high regional concentration of exports. The situation is that exports of very narrow range of products are concentrated to a narrow market of one or few countries. The system shall also prevent a deflection of trade.

- strengthening of price monitoring. EUROFER demands that when the European Commission is certain that prices of steel products exported to the EU market are well below the current market prices, that it then starts without delay consultations with the steel producers concerned and their governments. Should there be no response, the provisions concerning safe-guard measures contained in the Europe Agreements shall be used.

- EUROFER considers that anti-dumping investigations shall be free of any political considerations. It also demands that the investigations are carried out in an objective way, and are speeded up.

- EUROFER proposes that the EU extends full information to CEE countries on the development of steel markets. This will help central and eastern European countries to adjust in time their steel policies so that they fully take into account the real situation on the steel market. It would also allow a prevention against wasting resources.

- Contact Groups on Steel established under the framework of the application of Interim Agreements shall be expanded, so that they include participants di-

rectly from the steel industry of both parties.

- Industrial Associations shall cooperate more closely with their partners in eastern Europe in elaboration of forecasts and statistical data systems. Such closer cooperation would allow a more precise analysis of the future developments of market balance in each of partner country.

The discussion was also concentrated on several other important issues such as the possibilities for financing of regional and accompanying social measures during the process of restructuring, and how the various cooperation programmes may be coordinated at the EU level. There was also discussion on the legal protection of operator and investor interests.

EU steel output data for 1994 in full confirms the earlier reports on the upturn in production. EU output of crude steel expanded in 1994 by 5% and amounted to 138.9 million tons. An important change took place in Germany, the EU biggest steel producer. Output increased in 1994 by nearly 8.6% and reached a volume of 40.8 million tons. Italy, the second biggest EU steel producer saw output rise by 1.36% (26 million tons). In France crude steel production increased to 18 million tons (by 5.3%), while in the UK output grew by 3.9% to 17.3 million tons.

**Trade liberalization and steel scrap problem:**

EISA, the body of Community independent steel producers (European \* Independent Steel-makers Association) during its meeting on 16 February, discussed the question of liberalization of access on the EU market and certain distortion of competition.

admitted that two types of problems can arise, within the Union namely those of "not being able" and of "not wanting to" do certain things, and he said that, for a country which is temporarily "not able", transitional periods would not be a drama (but why call it "several speed"? he asked), while for the unwilling the solution could be variable geometry "with a solid common base". Jacques Delors sees as members of the "Wider Europe" the six Central European associated countries plus Slovenia, the three Baltic States, Cyprus and Malta (and says that one should not forget Norway, Switzerland, Turkey and the former Yugoslavia). As far as Russia is concerned, he finds that it is not a country which "belongs naturally to Europe", but he favours with Russia, as well as with Belarus and Ukraine, an "intense partnership of high quality". Concerning the conditions that Members of the wider Europe should fulfil, Mr Delors mentioned European identity, human rights, pluralist democracy, open economy (he stressed that he didn't mean "market economy", since the two notions are not identical), acceptance of the *acquis communautaire*. All this will be possible, said Delors, only if countries which want to be part of the Union

enthusiastically agree as to why they are acting together; otherwise, the best and most sophisticated institutional system will be useless.

Jacques Delors also stressed a concern which often arises in the present discussion, which is the need to have a stronger and more personalized EU presidency, saying that a longer-term presidency might be necessary possibly accompanied by a Troika with a revolving presidency. And, on Economic and Monetary Union, he repeated an idea which he firmly believes in, saying: "I do not see how there can be an independent European Central bank without an economic counterpart which I would call a European economic government; that is to say, a Council of Economy and Finance Ministers which truly plays its role". Without such an a political and accountable counterpart, public opinion would end up rejecting EMU, he said.

Another EP committee which has been particularly active on the IGC was the committee on foreign affairs and security, since the revision of the Treaty's articles concerning these policies is foreseen by the Treaty itself. Enrique Baron Crespo, author of the report on these issues, stressed that majority vote should

become the general rule also for common foreign and security policy, if one wants to ensure "effective action in the world by the European Union". There should be no "opting out" in this field, said Mr Baron, who thinks that Western European Union's competences should ultimately be "absorbed" by the Union. This opinion, though, is not shared by everybody, particularly in the WEU structure, and the British government, among others, has recently hinted at the need to make WEU more effective. The Portuguese presidency of the WEU Council has expressed itself along the same lines, and hopes that the 15 May Lisbon Council will make concrete progress on proposals which should allow WEU to become more operational. The WEU "must no longer be a supplies office for a phantom army", said a Portuguese senior official taking up the expression used by a French Member of Parliament. The WEU will go on being the European pillar of the Atlantic Alliance, but it should have the means to carry out its responsibilities, for example in the field of peace-keeping and humanitarian operations, he said. ■

## G7 INFORMATION SOCIETY SUMMIT

The G7 Ministerial Summit on the information society took place in Brussels on February 25/26 in Brussels, involving round table discussions of business leaders and three ministerial sessions. Commission Presidency Jacques Santer said in advance that the summit "was truly important and historical". It was the first occasion that a summit was dedicated to the subject, and also the first time that the Commission had organised a G7 ministerial conference.

The basis of the "information society" is that the EU has to give its citizens adequate answers concerning issues such as cultural diversity,

unemployment, or avoiding the gulf between developed and developing countries. The conference concluded that countries in transition and developing countries must be provided with the chance to fully participate in the process of "carrying mankind forward into the information age", although developing countries did not take part in the conference.

Commissioner Martin Bangemann stressed that the results and conclusions of the conference would be "immediately open to less developed countries". In addition, the EU envisages the same type of conference with its neighboring countries, and a

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meeting with central and eastern European countries was being scheduled for the end of March.

The seven, and the European Commission voiced unanimous support for the promotion and development of the information society. Eleven pilot projects were approved that will benefit from international cooperation, designed to demonstrate the potential of the information society and to stimulate its development. The projects concern a global inventory of information regarding major projects and studies for the development of the global information society; cross-cultural training and education; electronic libraries, museums and galleries; environment and natural resources management; healthcare applications, on-line government; global

marketplace for SMEs and maritime information systems.

Under the chairmanship of Jacques Delors, some forty American, Canadian, European and Japanese business leaders had discussions on the Saturday morning of the conference, with an advisory role to the official delegations. The main demand of the business leaders was the creation of international rules to guarantee fair competition and intellectual property rights. Delors stressed that each country would continue in their own way, as relations between public and private sectors for example, are not the same in all countries. Concerning the cultural and linguistic aspects, "we are not at the end of this discussion" he said. ■

### TEXTILE SECTOR POLICY

*EURATEX, the new organisation grouping EU professional organisations in the textile and clothing sector sent a memorandum to the European Commission requesting the introduction of secretarial industrial policy which will take into account "the sector's structure in which companies evolve and the nature of external competition confronting it". EURATEX refuses the traditional notion of horizontal industrial policy. Instead it proposes "Partnership Agreements" introducing an environment in favour of the industry, reducing social charges, bringing in flexibility in working conditions, encouraging investment and fight against the clandestine labour. EURATEX's main priority is the EU's external policy which "needs to be offensive". The memorandum urges the Commission to ensure that the WTO strictly monitors the undertaking made by signatory countries, so that there is a truly fair competition and access to all markets.*

*References are made to the application of minimum social and trade union standards and to the strict application of trade defence instruments, fight against fraud, piracy and other unfair practices.* ■

### ECHO AID MORE VISIBLE

Presenting the 1994 annual report on the activity of the European Community's Humanitarian Office (ECHO), Mrs Bonino, commissioner responsible for this sector, did not limit herself to past activity. This activity is important: the volume of Community emergency aid is constantly expanding. This aid acts in a large number of countries (63 countries in 1994) because the EU is present not only in the crises conveyed by the media but also in the "forgotten crises". It is increasingly efficient because of the structural cooperation links established with the bodies of the United Nations (after the frame-

work agreement with the UNHCR, other similar agreements are going to be concluded with Unicef and WFP) and with non-governmental organizations.

At her press conference, Mrs Bonino particularly insisted on her directions and plans for the future, stressing the following aspects:

1. **Prevention of crises.** It is obviously becoming more and more important to prevent disasters and conflicts rather than intervene after the fact. But this is not ECHO's role, and the notion itself of prevention is not always clear. The early warnings and pre-crisis

information are more and more numerous, but European preventive action is not possible under CFSP (common foreign and security policy). It is in this context that one can work effectively.

2. **Visibility of ECHO action.** Europe is by far the first supplier of aid in dramatic cases such as Rwanda or Bosnia, and more recently in Chechnya. Its action, however, is not well-known as ECHO does not work directly on the ground (except in the case of Mostar), but finances operations conducted either by the United Nations or by NGOs. An opinion

**NEGOTIATIONS WITH CROATIA**

Commissioner Hans van den Broek said, following his visit to Zagreb, that the time has come not only to include Croatia among the countries which benefit from the PHARE technical assistance programme, but also to start negotiations aiming to conclude a Cooperation and Trade Agreement with Croatia. This means that the Commission is now moving ahead with the transfer of the draft negotiating mandate to the EU Council, which in turn will have the first opportunity to approve the mandate and issue a negotiating deadline to the Commission during its next meeting scheduled for March 6.

Readers will recall that the Council has already been pressing the Commission to submit the draft proposal for negotiations with Croatia.

While in Zagreb, Commissioner Hans van den Broek met with President Tudjman, with Prime Minister Valentic and Foreign Minister Granic.

A spokesman for Commissioner van den Broek said that provisions on human rights will have a significant weight in the Cooperation and Trade Agreement with Croatia. The situation concerning

human rights has considerably improved in Croatia, but the Agreement which stipulates the respect of human rights as one of the essential principles of the cooperation, would allow an extension of the pressure in future. Also a delegation of the Council of Europe will go to Croatia to discuss and underline the importance of full respect of human rights.

The Commissioner discussed Croatia's decision to request UNPROFOR withdrawal, which the EU regrets strongly (although it understands the reasons for Croatia taking such an attitude). The spokesman for Mr. van den Broek said that Croatia agreed to allow more time for finding solution for Kraina.

**Slovenia:**

Commissioner van den Broek will visit Slovenia in early March. The EU feels that the negotiations with Slovenia on a Europe Agreement should start without delay. It is hoped that bilateral problems between Slovenia and Italy would be resolved soon so that the negotiation with Slovenia can still be concluded before the end of the French presidency. ■

**SECOND ADDITIONAL PROTOCOLS TO THE EUROPE AGREEMENTS WITH BULGARIA AND ROMANIA PUBLISHED**

*The official Journal of the European Communities (No. L378 of 31 December 1994) published this month the Second Additional Protocols to the Europe Agreements with Bulgaria and Romania. These additional protocols formally align the provisions of the Interim and Europe Agreements of the two countries with those of the four central European countries. So from the 1 January 1995 the same trade and related liberalization procedures apply to the two countries as to the 4 central European countries whose interim agreements entered into force well before those of Bulgaria and Romania.*

*Thus for example in the case of Bulgaria Article 10 (3) of the Europe Agreement said that products listed in Annex III (carbonates, ethylene glycol, urea, ammonia sulphate, mineral and chemical fertilizers, footwear, tableware, kitchenware) shall benefit from a suspension of custom duties within the limits of annual Community tariff quotas or ceilings increasing progressively, so as to arrive at a complete abolition of custom duties by the end of the fifth year at the latest. The Second additional protocol provided for a complete abolition of customs duties by the end of the second year. At the same time customs duties on imports in excess of the quotas or ceiling are also abolished by the end of the second year. Concerning textiles, the complete elimination of import duties which was to be achieved at the end of a five year period was advanced by one year. The number of years after which the final rate of duty on processed agricultural products is applicable was changed from 4 to 3 years for a number of products. Similarly quantities set originally out for 1997 onwards are now applicable from 1996 onwards etc. The Second Additional Protocol with Romania in Article 5 (concerning steel products) replaces the original text by the new text:*

*further reductions to 60, 40 and 0% of the basic duty shall be made at the beginning of the second, third and fourth years respectively (ie full elimination at the beginning of 1996).* ■

## EU EXPORTS TO ROMANIA 1991-June 1994 '000ECUs (expr94)

	1991	1992	1993	1-VI 1994	Growth 1-VI-94/ 1-VI-93
1 Live animals; animal products	41965	23095	15141	7729	-20.3
2 Vegetable products	88984	150024	181340	16725	-84.8
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	16120	24706	12932	5634	-17.8
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	95917	126624	107729	57097	23.1
5 Mineral products	81663	69524	88027	37136	-31.7
6 Products of the chemical or allied industries	127233	124154	154513	87276	0.7
7 Plastics & articles thereof; rubber & articles thereof	38738	44330	63533	38249	25.4
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut	23692	38319	62997	42248	46.2
9 Wood, articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work	16287	9931	8798	4928	11.5
10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof	17669	25899	29081	22547	64.7
11 Textiles & textile articles	220858	324162	450245	274859	27.4
12 Foot/head wear, umbrellas, walking sticks, whips, riding crops; prepared feathers, articles made therewith; artificial flowers; articles of human hair	16553	26815	48955	40214	87.8
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	15639	18867	22378	12890	24.2
14 Natural or cultured pearls, precious/semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	3863	5216	4911	2263	-19.8
15 Base metals & articles of base metals	70307	72016	81765	54949	54.3
16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles	279705	401640	604781	348801	29.2
17 Vehicles, aircraft vessels & associated transport equipment	55082	237996	183030	57013	-52.0
18 Optical, photographic, cinematographic, measuring, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	36943	44273	60734	21630	-9.2
19 Arms & ammunition; parts & accessories thereof	310	48	129	185	496.8
20 Miscellaneous manufactured articles	20045	27842	53230	34419	52.9
21 Works of art, collectors' pieces & antiques	90	978	336	124	103.3
22 Not classified elsewhere	62464	57343	66097	36599	0.5
TOTALS	1330127	1853802	2300682	1203515	4.7

## EU IMPORTS FROM ROMANIA 1991-June 1994 '000ECUs (impr94)

	1991	1992	1993	1-VI 1994	Growth 1-VI-94/ 1-VI-93
1 Live animals; animal products	29629	30250	21925	17329	100.3
2 Vegetable products	27571	22623	30722	11431	34.3
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	1796	1642	3163	2779	144.8
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	17269	23465	25998	12269	-2.2
5 Mineral products	263248	43522	73614	34531	-18.2
6 Products of the chemical or allied industries	57369	57209	53228	46656	65.0
7 Plastics & articles thereof; rubber & articles thereof	24400	32355	25027	17030	29.8
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness, travel goods, handbags, animal gut	10160	12919	19052	12977	166.0
9 Wood, articles of wood; wood charcoal; cork & articles of; manufactures of straw, esparto or other plaiting materials; basketware & wicker work	36722	40249	35594	20091	17.5
10 Pulp of wood or other cellulosic material; waste of paper/paperboard; paper & paperboard & articles thereof	5383	3774	4783	3147	18.6
11 Textiles & textile articles	375068	493764	643912	361639	38.4
12 Foot/head wear, umbrellas, walking sticks, whips, riding crops; prepared feathers, articles made therewith; artificial flowers; articles of human hair	56154	74262	142569	94000	61.5
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	37456	42777	44807	31618	41.9
14 Natural or cultured pearls, precious or semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	2664	1556	3167	911	-41.1
15 Base metals & articles of base metals	128881	150298	133377	133910	124.4
16 Machinery & mechanical appliances; electrical eq., parts thereof; sound recorders/producers, TV image/sound recorders & reproducers, parts & accessories of such articles	102534	84418	104559	76266	68.6
17 Vehicles, aircraft vessels & associated transport equipment	28705	34094	41534	19570	-24.9
18 Optical, photographic, cinematographic, measuring, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	4073	4490	6930	3099	8.2
19 Arms & ammunition; parts & accessories thereof	210	134	609	1214	1090.2
20 Miscellaneous manufactured articles	239405	230586	247812	137971	13.3
21 Works of art, collectors' pieces & antiques	179	335	406	138	-13.2
22 Not classified elsewhere	17909	17577	21623	12768	37.1
TOTALS	1466785	1402299	1684411	1051344	40.6

## DEVELOPMENTS WITHIN THE EU

### **IGC : MORE MEMBER STATES CHOOSE THEIR REPRESENTATIVES IN THE REFLECTION GROUP - THE EUROPEAN PARLIAMENT SPEEDS UP ITS WORK - WHICH ROLE FOR THE WEU ?**

The Foreign Ministers of Ireland and the Netherlands have chosen their personal representatives in the Reflection Group which, starting next June, will prepare the 1996 Intergovernmental Conference convened to revise the Maastricht Treaty. Irish Minister Spring chose Gay Mitchell, Minister of State for European affairs, and Dutch Minister Van Mierlo picked Michel Patijn, Secretary for Foreign Affairs, actually in charge of European Affairs. Thus, practically all Member States which have already chosen their representative in the Reflection Group, starting with Spain (Carlos Westendorp will chair the Group) decided that the Secretary for European Affairs would be the right person to prepare the ground work for the 1996 Conference, which will be a very difficult exercise indeed. One of the persons designated, Livio Caputo, number two to former Italian Foreign Minister Antonio Martino, finally gave up the job, because of strong criticism (especially from Italian federalists) against his anti-European statements (which he, though, denied having made). Carlos Westendorp recently said that the Reflection group will try to define the "large stakes" that the IGC will have to face, setting up a sort of "inventory" as well as "different possible options". He hopes, though, to reach consensus at least on some basic elements such as the single institutional structure of the Union and the respect for the "acquis communautaire". The main question will be of course to know whether the Conference

should have limited or very ambitious aims. A majority of people (at least, those who have expressed themselves so far) seem to think that the reform must be ambitious, since it has to take into account of the Union's enlargement to the East, but British Foreign secretary Douglas Hurd confirmed in Berlin his governments' views, saying that the Conference would not be the "definitive event of the 1990s".

At the same time, preparatory work in view of the June Cannes summit is going on in the Council, and a Council's paper on the IGC should be ready for the informal Foreign Affairs Ministers meeting in Carcassonne, on March 18 and 19. The European Commission is also working on two papers on the reform, and the European Parliament is heavily involved in the pre-1996 work, both at its institutional committee's level and within political groups. Thus, the socialist group will discuss these issues at its Barcelona congress in the next few days (representatives from Hungary, the Czech and Slovak Republics, Slovenia as well as from other countries of the region will also participate as observers), while the European People's Party will organise in Brussels, from 29 to 31 March, a parliamentary conference on the IGC including representatives from Parliaments from Central and Eastern Europe.

The EP institutional committee, in the meantime, has heard its rapporteurs on the IGC, French EPP member Jean-Louis Bourlanges who is the author of the report on the implementation of the Maastricht Treaty, and British

Labour Member David Martin, whose report deals with future developments after Maastricht. The views that both expressed at a recent committee meeting indeed seemed to differ on the general approach, since Mr Bourlanges said that potential enlargement up to a 30 Member Union would demand a thorough revision of policies and institutions, while Mr Martin said the IGC should, naturally, have a wide scope, but certainly not be aimed at writing a kind of new Constitution. At the same time, all committees (regional policies, agriculture, women's rights, environment and so on) all prepare their contribution to Parliament's work, and tend in general to require more powers for the Parliament, each in their own field, wanting codecision and sometimes the inclusion in the Treaty of new rights.

#### **Jacques Delors "Wider Europe", or the "single whole with an avant-garde"**

The institutional committee also had a hearing with former European Commission's President Jacques Delors, who was able to express himself more freely than in his previous function, and very openly said that he was personally in favour of what he called "the two Europes: a "Greater Europe" with 28 to 30 countries, with minimalist but solid objectives, and another strongly motivated Europe". Aware of the fact that such an idea is difficult to accept, Mr Delors put forward another option, the possibility of "a single whole with an avant-garde within the Community institutions". Jacques Delors



EISA's position is that the opening and liberalization of the EU market must go hand in hand with the opening of the markets of major trade partners. However, in view of EISA, there is the problem that some central and eastern European countries continue to limit exports of steel scrap. This distorts the competition. The argument is, that by limiting exports of scrap, central and eastern European countries maintain this raw material at home at artificially low prices. At the same time the European Union imports from several central and east European countries large volumes of finished steel products.

EISA therefore demands that the European Union establishes a direct link between the prohibition of steel scrap export and the negotiations with the concerned countries on imports of finished steel products on the EU market.

During the same meeting EISA took a strong position against state aid: there should be no longer aid or subsidies on the EU steel market, but the strict application of the ECSC Treaty. State companies which are being privatized shall be subject to the same constraints as private companies, and in particular shall not benefit from tax breaks and postponement in the repayment of debt.

EU "steel territories":

In February, the European Union launched an interesting initiative called "Caster", Conference and Association of Steel Territories. Its task is to contribute to an efficient implementation of the RESIDER II programme. "Caster" is a regional cooperation programme establishing a network of steel areas at a European level which could allow an elaboration of policies ensuring economic and social well-being of the steel areas. Most of them are victims of closure of plants and job losses. The network's pressure may favor actions in job creation and bring aid to the regions. ■

### PHARE IN POLAND

*Mr. Klaus Schmidt of the EU delegation to Poland and the Polish Minister of Finance Mr. G. Kolodko signed 13 additional financial protocols within the framework of PHARE assistance.*

*PHARE is extending grants of Ecu20m to the Polish financial sector. Ecu35m has been allocated towards transport infrastructure, in particular towards modernization of highways. Ecu5m will finance work necessary for harmonization of labour legislation. Ecu12m shall be used for forestry protection. Under the programmes seeking to restructure Polish industry, Ecu9m is directed to the energy sector and to other industry (training of managers, restructuring programmes for fuels and energy, ferrous metallurgy etc.).* ■

### ECOFIN MEETING WITH ASSOCIATED COUNTRIES

The ECOFIN COUNCIL which met in Brussels on February 20 had on its agenda the preparation of the meeting with the ministers of finance from the associated countries of central and eastern Europe. This meeting was scheduled to be held on March 20 under the original programme of the meetings prepared earlier by the French Presidency (see calendar of the meetings in No 63, p3).

Instead however, the joint meeting will held only on May 20.

The EU ministers agreed that this meeting will essentially give rise to a debate on aligning legislation. By that time the ministers would already have in their hands the White Paper prepared by the Commission.

Commissioner de Silguy, who is in charge of the monetary affairs, said that the Commission proposed to the ECOFIN that joint meetings with

ministers of finance from the associated countries should concentrate during the Spring on macro-economic affairs, while the Autumn meeting would concentrate on structural aspects.

ECOFIN approved in principle granting Belarus a Community loan of up to Ecu75m in macroeconomic assistance (balance of payments support) proposed by the Commission. The Commission in its proposal said it hopes that ECOFIN would be able to give final approval for the loan by the end of March, before the IMF approves a new Stand-by Arrangement for Belarus. The Partnership and Cooperation Agreement between the EU and Belarus will be signed in Brussels on March 6.

It appears that the loan to Belarus will be approved only when ECOFIN agrees on new criteria, on a geographical basis, for the macroeconomic

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assistance. Readers will recall that during the Belgian Presidency of the EU during Autumn 1993, the informal ECOFIN meeting in Genval agreed on criteria under which EU macroeconomic assistance shall be extended only to countries that intend to become members. However, since macroeconomic assistance has been approved for Moldova and in late 1994, in principle, for Ukraine also, to countries which will not become EU members in the future,

the EU is under the pressure to reconsider the Genval criteria.

The discussions within ECOFIN also indicated the awareness of the need to establish a balance between aid to the East and to the Mediterranean.

President of the Commission, Mr. Jacques Santer, who addressed the meeting noted that the common reflection on macro-financial assistance to "countries close to us" needs to be continued. ■

### DISCUSSION OVER SLOVAK NUCLEAR PLANT COMPLETION

The European Parliament is extending considerable pressure on the EBRD and the EU Institutions in the question of completion of the MOCHOVCE nuclear plant in Slovakia. The construction of the plant was stopped in 1991, because of financial difficulties. The project was re-launched, in particular in association with the French EDF, which shall be responsible for its completion.

Loans have been requested from the EU's EURATOM and from the EBRD. Slovakia claims that the nuclear station will have corresponding safety features and equal to those required in the EU. It will also permit to definitely close two blocks of the Bohunice nuclear plant.

It was pointed out in the last issue (No 63, p.5) that the EU Committee sent a letter to the Parliament's President inviting him to call on the European Commission and the EBRD to suspend loans. The emergency debate during the plenary session of the EU adopted an emergency resolution in favor of loan suspension.

The joint resolution came from 7 political groups (Socialists, Christian democrats, Liberals, Greens, Radicals, Left and from

Forza Europe). The point of the resolution is that **safety is not a problem which may be negotiated.**

The resolution demands that the Commission and the EBRD together make public the file on the Mochovce nuclear plant, including the economic, ecological and safety studies and the least costly financial programme. EBRD credits shall not be released until the security problems have been resolved. The Parliament said it will hold a **public hearing on Mochovce** on 1 March and said it is sending an ad hoc delegation to Slovakia.

During the urgent Parliamentary debate, French Gaullist Mr. Alain Pompidou took a different view and asked that Parliament waits to hear experts and considered that it would be better not to make steps which will leave the way open to Russian investment replacing Community financing.

Indeed, during the visit to Slovakia in February, the Russian Prime Minister offered loans of \$150m to complete the Mochovce nuclear plant in cooperation with Russia. Commissioner Hans van den Broek accepted the organization

of the hearing and asserted that abandoning the Mochovce project would result in the unsafe dismantling of two nuclear power plants and maintaining the operation of two other reactors.

#### EBRD will decide in late March:

Later on in February the EBRD refused to extend public consultation on the project. This consultation was requested by the Austrian Government. The EBRD said that its Board of Directors will give its position on financing at the end of March.

Greenpeace published a report by the German Oeko-Institut which says that the other power stations equipped with the same kind of reactor have been closed down because of safety risks (Griefswald in Germany).

The report questions the soundness of the feasibility study ordered by the EBRD: it has chosen gas prices which are too high in order to boost the profitability of nuclear energy; on the other hand costs of the future dismantling of the nuclear station were grossly underestimated. ■

poll has shown that most European citizens do not even know that ECHO exists, and yet, if the EU can intervene, it is "through the commitment and generosity of the European citizen" who pays even though he is not aware he is doing so. This situation must change, said Mrs Bonino. The United Nations devotes about 25% of its aid to measures to make itself known. The result is that, when the ECHO contribution is paid directly to UN bodies, one part of this European contribution serves... as advertising for these bodies.

**3. Partnership, cooperation, direct action.** Nearly 60% of the citizens questioned in the opinion poll consider that the European Union should not only contribute to the operations of other organisations but should also act in the field. Mrs Bonino is not opposed to this in principle, but she feels that this is not the top priority. The primary concern should be that of efficiency: today it is not a new actor in the field we need above all but coordination between the different actors. ECHO has obtained that the United Nations should recognise its right to "follow through" the use of its resources, not only in the agreement already concluded with the UNHCR but also in the forthcoming agreements with UNICEF and PAM. The aim of efficiency must remain top priority.

**4. Link between emergency aid and economic rehabilitation of zones affected by crises.** The Commission has carried out a study to assess whether ECHO interventions have any limited use in immediate rescue operations or whether they are effective for preparing the next phase, namely economic rehabilitation. In most cases, this utility has been proved. Mrs Bonino plans to intensify efforts along these lines

but she says she is aware of the fact that there is a "grey zone" between emergency rescue and rehabilitation. In her view, this "grey zone" should come under ECHO activity and it is in this direction that the report requested by the Council will be drafted.

**5. Importance of racket to detriment of assistance.** Mrs Bonino admitted that this racket does exist in that, in areas hit by crises, all those who have the possibility of doing so hold ECHO convoys to ransom and only let them continue their way after confiscating part of the goods transported. This part is between 20 and 30% of everything carried by the convoys depending upon the areas and the periods. Mrs Bonino insisted upon the fact that the racket is not exclusively carried out by any one force on the terrain but concerns everyone, both in Africa and in former Yugoslavia. The response and the solution can only be political, stressed the commissioner.

Mrs Bonino has already been "on the field" in former Yugoslavia. She will be in Africa from 9 to 13 March (Rwanda and Burundi) and later in the Caucasus (Chechnya, in particular).

The 1994 report shows that: aid distributed by ECHO in 1994 was MECU 760 which went to 63 countries in four continents. Forty-two percent of aid was for ACP countries (mainly Rwanda and Burundi), about 35% went to the former Yugoslav states, 11.3% to the republics of the ex-USSR. This breakdown proves that ECHO action is exclusively humanitarian and is not influenced by politics, stressed Mrs Bonino.

The report includes:

**The States of former Yugoslavia** received 35.3% of humanitarian aid in 1994. Since the beginning of the conflict in the region, in 1991, the European Union has contributed Ecu 954 million in aid. In 1994, Ecu 269 million was granted, down from 1993's 395 million. However, if bilateral aid from Member States is added to this figure, total European contribution amounts to Ecu 1.5 billion, or 70% of all international aid.

**Aid to the countries of the former USSR** amounted to 11.9% of the total, with a little over Ecu 90 million. Humanitarian actions were essentially concentrated in the Southern Caucasus (Armenia, Azerbaijan, Georgia), and yet it is difficult getting the aid there. ECHO was also present in Belarus, the Russian Federation and Ukraine, where the European Union contributed, among other things, in caring for the victims of the after-effects of the Chernobyl disaster.

**Project coordination and cooperation between those implementing the projects:** "Echo's role is to coordinate and not to intervene on the ground, except for the cases of Croatia and Montenegro," Emma Bonino recalled. ECHO has signed framework-agreements with 150 partners managing 85% of the humanitarian projects. Non-Governmental Organizations have at their disposal around 42% of the aid and United Nations agencies around 37.2% (two thirds of this percentage is allocated to UNHCR). In the framework of these partnerships, ECHO has assessed 30 projects, mainly during on-going operations. The report considers that "on the whole, the assessments made so far have been positive". ■

(see page 1)

the Common Agricultural Policy, regional policy and social cohesion. We want our work to be serious and reliable, he added, emphasizing that the estimated of the cost of CAP in a Union enlarged to the East recently given in a study of independent experts "are not the figures of the Commission". At the same time, Jacques Santer vehemently said: whichever conclusions we come to as far as the costs of enlargement to the East are concerned, we must never, ever forget the advantages that will derive, to us and to them, from the economic development and European integration of these countries.

#### **NO AGREEMENT ON EUROPEAN DEVELOPMENT FUND**

The General Affairs Council meeting in Brussels in February ended in stalemate. No common ground could be found on the financial allocation for the eighth European Development Fund (EDF). At the end of the evening meeting, the French minister for foreign affairs, Alain Juppé, president-in-office of the Council, noted that at this stage, it would be impossible to give the ACP (African, Caribbean and Pacific) countries more than Ecu11.8bn, or perhaps 12bn, which is less than the 14.3bn considered as a minimum by the Commission, and even further from the 14.6bn recommended by France. Juppé concluded that such an offer could not be put to ACP partners, explaining that "we are in a situation where, with fifteen members, we are not even able to make the same effort, in real terms, as that made by the Twelve", because of the British determination to substantially reduce its contribution, and from the

desire expressed by Germany, Italy and the Netherlands to maintain at the very most their contribution in nominal terms compared to the 7th EDF. The eleven other States are willing to make the effort required to reach the minimum objective considered necessary by the Commission and the Presidency, but only Luxembourg and Denmark agreed to their relative share being increased.

Juppé considered that it would be difficult to overcome the "crisis" because the attitude of the London authorities was dictated by the choice of developing bilateral, not multilateral, cooperation with a number of privileged partners. Juppé responded to claims of inefficiency in the use of EDF funds by using Phare as an example. That program had come under considerable criticism, but no reduction had occurred. Juppé said that the situation should not be dramatized or made to represent an overall trend. "We made considerable and justified efforts in favour of the Eastern European countries and will do the same for the Mediterranean countries". President Haensch warned the Council that the European Parliament would be unable to ratify a decision which meant a "reduction in Europe's commitment".

Haensch stressed that his institution had always given one of "its main priorities" to cooperation with developing countries. Haensch considered that the 8th EDF should be determined in relation to objective data such as: EU enlargement, the increase in population in the ACP countries, inflation, the economic constraints of ACP countries linked to structural adjustment and the Uruguay Round, and the weight of refunding the debt. The EP

president concluded that he understood the concerns of the ACP as regards to several European countries reducing the value of the EDF at a time when aid to Eastern Europe has been increased by 50%.

The following day's ACP/EU ministerial session took place in a mood of disenchantment. The lack of agreement by the EU Fifteen on the appropriation for the second protocol led both parties to decide to adjourn to a later date. Juppé emphasized the necessity of pursuing work by the Fifteen in order to come up with a presentable offer, and that this turn of events did not lessen his determination to move forward in order to attain the initial objective of signing the new Lomé Convention in early May.

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For all information and subscriptions,  
please contact :

AGENCE EUROPE  
Subscription Department  
10, boulevard Saint Lazare - bte 13  
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