



TOGETHER IN EUROPE



EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE EUROPEAN UNION

STRUCTURED DIALOGUE

The "structured dialogue" between the associated countries of central and eastern Europe and the Union, in preparing for their accession, has really taken-off. During the week of September 25-29, the new Council's "Justus Lipsius" building in Brussels hosted no less than three joint Council's meetings with ministers from the associated countries: Justice and Home Affairs, Agriculture, and Transport. In that same week the president of the Commission made an official visit to Poland, and the Commission adopted a draft strategy for the reconstruction and economic rehabilitation of the countries of former Yugoslavia. The General Affairs Council will tackle this problem on October 2. In the preceding week, the Commissioner responsible for Environment held the first ever informal meeting with all the environment ministers from the associated countries. These are only the main events. Most of the hard, very concrete, pre-accession work attracts lesser publicity.

The major question, however, still remains "Enlargement-when and how?" Thus, the informal summit in Formentor on 22-23 September between the heads of State and Government of the Fifteen attracted the most attention. In Majorca, Jacques Santer warned the heads of state against the tendency to adopt a too minimalist approach to the revision of the Treaty as "the 1996 IGC is our last chance to prepare the Union for enlargement". The President also expressed the wish for the intensification of the pre-accession stage and promised that the Madrid Summit in December will have at its disposal a report on progress achieved on adjusting candidate countries to the internal market. Furthermore, the first analysis concerning the impact that enlargement will have on EU policies together with the "White paper" on the delicate subject of agriculture will be available.

The discussions during the informal summit in Majorca seem to broadly confirm suggestions expressed in the leading article on "Intergovernmental Conference and Enlargement" published in the last issue of Together in Europe. We devoted a large part of this issue to the discussions in Formentor. While this discussion may sometimes appear contradictory, it is increasingly clear that the final outcome of the IGC will be a political decision reflecting the will to give a proper response to the main aim of the next century: political stability and proper economic development

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and social solidarity for the "Greater Europe". This task stands above considerations of possible impact of the enlargement on EU policies or considerations of the costs of enlargement.

Last week's first ever joint meeting of the Agricultural Council was an important indicator. The key problem is the agricultural costs of the enlargement. However, the fact that the Commission's report on the pre-accession strategy in the agricultural sector would only be ready in late October and officially presented to the Council in November, allowed discussions of the costs to be avoided. Commissioner Fischler insisted that there would be no radical reform

of the CAP; on the other hand he said that it is impossible to speak about the costs of integrating the associated countries agriculture, because it would depend in part on the way the CEEC agriculture develops and the CAP progresses in the years ahead. An official who participated in the ministers' discussion suggested to us that the most striking conclusion of the meeting could be the absence of any notion about what direction the CAP may eventually take. Could this be because there is already a realization of subordination of the CAP's future to the principal political task and possibly also the fact that Germany finances some 70% of the agricultural budget? ■

EUROPEAN ARCHITECTURAL HERITAGE EXHIBITION IN PRAGUE

The European Commission together with the Ministry of Culture of the Czech Republic is presently hosting an exhibition on the preservation of the European Architectural Heritage at the premises of the Gallery ULUV in Prague. The main objective of the exhibition, which will run until the 8 October 1995, is to raise public awareness of the cultural, social and economic importance of the conservation and enhancement of Europe's architectural heritage. Sixty one pilot projects were selected by the Commission, 54 of which were from within the regions of the EU and seven of which were from within central and eastern European countries. (Poland, Hungary, Slovakia, Czech Republic, Romania and Bulgaria). The total support for all these projects amounts to ECU 3.8m. ■

HELP IN RECONSTRUCTION OF FORMER YUGOSLAVIA

As we go to press the EU General Affairs Council is starting the debate on help in the reconstruction and economic rehabilitation of the countries of former Yugoslavia. The Council will take a decision on the base of proposals from the Commission as stipulated under the EU Treaty. To this end the Commission approved on 27 September "general guidelines" for the meeting of Foreign Ministers on October 2 in Luxembourg.

Since the beginning of the conflict the EU has in fact contributed already ECU1.6bn in short-term measures (essentially food and humanitarian aid) and continues to contribute in association with other international organiza-

The Commission sees that it is now necessary to consider alternative action in order to create essential economic conditions for stable and lasting peace in the region.

However, it is evident that this essentially long-term assistance in reconstruction would have to carry with it strict conditions. Furthermore, it would be necessary that the international community at large, including all the major world powers, contributed.

The Commission's proposal to the ministers leaves open the question which ex-Yugoslav republics shall benefit. Earlier in September, Commissioner Hans van den Broek mentioned Croatia and Bosnia as the two probable

exclusive targets of the assistance.

On the other hand, the proposal is clear in linking assistance to the fulfillment of basic criteria: respect of human rights, minority rights, fundamental liberties, dismantling of armament industries and arms destruction, full cooperation of beneficiary republics with International War Crimes Tribunal for Former Yugoslavia set up in The Hague, establishment of political, economic and cultural relations among all the countries of the region.

The Commission said it is prepared to convene an International Conference with the aim to ensure good coordination of

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SANTER IN POLAND

Jacques Santer, President of the European Commission made an official visit to Poland on 25-26 September. The President met with the Polish President Lech Walesa, with Prime Minister Jozef Oleksy, Foreign Minister Mr. W. Bartoszewski, with the Primate of Poland, Cardinal Glemp and other members of the Government. Mr. Santer participated in the joint meeting of the Committee on Foreign Affairs and the Committee for the Europe Agreement of the Polish parliament.

The President of the Commission emphasized the EU's political determination to proceed with the accession of the associated countries of central and eastern Europe. The pre-accession strategy reflects this strong will. Mr Santer welcomed the progress achieved to date in the reform process and encouraged Poland to stay on track. A good deal remains to be done for restructuring the economy, agriculture, industry and internal legislation.

The President of the Commission reacted strongly to certain restrictive measures introduced in Poland (in particular to the certification system). These measures may create serious barriers to trade. But the President hoped that a solution would be found quickly when the experts of the two parties meet in October.

Accession negotiations:

The Polish officials reiterated their demands for dates for both the beginning of negotiations on accession and for accession itself. Jacques Santer recalled that the Intergovernmental Conference must first be concluded before any date could be set. However, he believed that the accession negotiations

should start soon after the conclusion of the IGC, which he expects to be concluded in the first half of 1997.

The progress in the accession negotiations will depend essentially upon the Poles. In this statement the President of the Commission took a different attitude to that of the Current President of the European Council Felipe Gonzalez. The Spanish Premier was reported to have said, during the informal Majorca Summit, that the accession negotiations would have to wait till the ratification of the new Treaty by all Member States. This declaration has caused some concern in Poland and other associated countries.

Polish officials underlined the effort made by Poland in preparation for their accession. They also reacted to a certain criticism contained in the last 1994 PHARE annual report (see other article in this issue). This chiefly concerned slow progress in the privatization process. Mr. Santer took the view, that this criticism concerned 1994, and he acknowledged that since then the pace of privatization has accelerated.

In conjunction with Mr. Santer's visit, the contract for

EU financing (PHARE) of border cooperation with Germany was signed. The funding amounts to ECU49m. The programme will last three years and will concentrate on improving the infrastructure of border crossings, transport infrastructure and will improve environmental protection in four Polish provinces.

College of Europe in Natolin:

On 26 September the President of the Commission delivered a keynote speech during the opening ceremony of 1995-1996 academic year of the branch of College of Europe, which is based at Natolin Castle. The president developed three fundamental topics: national and European identity, independence, solidarity and recalled Jean Monnet's phrase "We are not building up coalitions between the states, we are uniting the people".

He made the point that Europe had no right to fail to fulfil its promise to share with central and eastern Europe its political, moral and spiritual values on which the western societies are based. But also that Europe had no right to engage central and eastern Europe into a badly negotiated and badly prepared adventure which would result in a collective failure and total paralysis. Thus the EU has to make the IGC successful and central and eastern Europe has to progress in those reforms already undertaken. ■

JOINT MEETING OF INTERIOR AND JUSTICE MINISTERS

The EU's Justice and Interior Affairs Ministers met with their counterparts from nine associated countries of central and eastern Europe within the "structured dialogue" meeting held in Brussels on 25 September. The meeting took place during lunch and part of the afternoon. The meeting resulted in the establishment of a **joint action programme on matters of legal cooperation in the fight against crime**. This meeting was a direct follow up of the first ever joint meeting, held in Berlin in September 1994, between EU Justice and Home Affairs ministers and the ministers from the then only six associated countries of central and eastern Europe. That time a joint **Berlin Declaration** on cooperation in the fight against organized crime was approved expressing the will to enlarge and reinforce cooperation. In Berlin, the cooperation in five fields was agreed upon : **drugs, nuclear products, traffic in human beings, illegal migrants, car theft**.

In June this year's "third pillar structured dialogue", already involving the three Baltic countries, continued under the French Presidency. The main points of the discussion were problems of visas, re-entry and false papers. The CEEC ministers used this opportunity to complain about tough controls at the external borders of the Schengen area. Police training needs and the Police Academy in Budapest were discussed together with a view to enhancing judicial cooperation.

The joint action programme, approved on Monday 25 September, seeks improved legal cooperation via the following measures :

1. practical aspects of legal cooperation (in the fight against international organized crime)

- a) the establishment of a list of services or authorities responsible for the exchange of information in matters of legal assistance, extradition and more generally criminal legal cooperation;

- b) the implementation of contact networks of magistrates and authorities as well as, if necessary, the appointment of liaison judges or authorities in another State, in compliance with bilateral arrangements which help in the execution of requests for legal cooperation;

- c) the search for practical means at the level of legal cooperation in order to enable better fighting of organized crime in general, and in particular, for the forms of crime calling for specific measures, particularly with regard to the illegal trade in drugs, works of art and organs as well as stolen cars, including if need be the approximation of legislation

for the return of vehicles.

2. Training - in 1996: hold seminars in order to facilitate and simplify legal cooperation in criminal matters; develop exchange programmes for legal authorities in order to increase the mutual knowledge of the different legal systems of Member States; develop training projects in concrete areas for the judicial authorities.

3. Legislative measures: the answer to the phenomenon of organized crime requires improved international legal cooperation through the signature and ratification, according to the States, of the following Conventions: - the 1957 European Extradition Convention and its second protocol; the 1959 European Convention on Legal Assistance in Criminal Matters and its additional protocol of 1978; the 1990 Convention on the laundering, detection, seizure and confiscation of crime products; the 1961 Single Convention on Drugs as amended by the 1972 protocol; the 1971 Convention on Psychotropic Substances; the 1988 Convention against the illegal trafficking of drugs; the Convention on the physical protection of nuclear matters concluded in the framework of the International Atomic Energy Agency of 3 March 1980.

In addition, the theft and illegal trafficking of radioactive and nuclear products involving matter not referred to in the 1980 Convention on the Physical Protection of Nuclear Matter should also be attacked.

4. Accompanying measures. By the end of 1996, the state of development of measures established on points 1, 2 and 3 referred to above must also be examined.

Third Pillar Meeting :

The EU Council of Justice and Home Affairs Ministers had a very full agenda on 25 September. France tabled the problem of **terrorism** at the meeting. French Minister of Home Affairs Jean-Louis Debre informed (within a restricted framework) of measures to be taken by France following the recent terrorist attacks. The debate resulted in the adoption of "Conclusions" drafted by the Spanish presidency : it was said this represents a "radical change" in the way the EU will be addressing the problem of terrorism which is now considered a **European Problem**. Detailed discussion of the new policy will be held during the informal Justice/Home Council on October 14-15. Their drive will be the "reinforcement of the mechanism of solidarity" involving harmonization of legislation, activating Europol, and investigating

networks.

The Convention on Insolvency Procedures was initiated during the meeting and shall be formally signed in late November. Then the process of convention's ratification will start.

This convention is of the utmost importance for facilitating the completion of the Internal market. So far the Member States do not have an appropriate instrument to deal with cross-border bankruptcies and the objective of the Convention is to assure that **an insolvency procedure against a debtor initiated in one Member State will have effects in another Member State.** The Commission submitted a draft directive on this matter to the Council already in 1982. This draft advocated a universal approach which was resisted by the Member States. Only in the early 1990s did the approach based on the principle of **lessened universality** start to be considered. This approach resulted in the initialled convention. The principle is as follows :

- the principal procedure is initiated in the state in which the debtor's principal interests are located
- this procedure is recognized in other contracting parties and represent an insolvency procedure in the broad sense.
- secondary procedures maybe be opened in other states providing the debtor possesses an establishment or other assets in that country.

Negative list approved, Bulgarian ministers protest:

The Council gave a formal approval (apparently without a discussion) in the form of adoption of the regulation to a political agreement reached by the EU Council of Foreign Affairs Ministers on 17 July. **This determines which third countries require visas for their nationals when they cross the external borders of the European Union.** This famous negative list lists 98 countries. To this list must be added territories which are not recognised as states by all EU members : i.e, Taiwan, the Federal Republic of Yugoslavia (Serbia and Montenegro) and FYROM (Former Yugoslav Republic of Macedonia).

The negative list includes **Bulgaria and Romania.** Bulgaria and Romania are the only associated countries of central and eastern Europe, subject to the pre-accession strategy, to find themselves on the list. The nationals of other associated countries (including the three Baltic States as well as nationals of Croatia, Slovenia or Bosnia) do not need a visa.

Furthermore the negative list includes Russia and other CIS states:

As the visa decision falls under the "third pillar" based on the inter-governmental cooperation, little is known about the reasons for the Council's decision. The proposal for a visa regulation requested that the "third countries shall be classified according to their political and economic situation and according to their relations with the Community and the Member States".

The European Parliament's plenary session is also about to adopt resolution approved in June by the EP's Committee on Civil Liberties and Internal Affairs. This resolution asks to make public the reasons why residents of Bulgaria and Romania are required to obtain visas. The resolution calls on the Council to reconsider the inclusion of maintenance of Bulgaria and Romania on the negative list.

Statement of the ministers of Justice and Interior of the Republic of Bulgaria

On behalf of the Bulgarian Government we express our deep discontent by the decision of the Council of Ministers to include Bulgaria in the negative list of countries whose nationals must be in possession of a visa when crossing the external frontiers of the EU Member States.

Being unaware of the grounds and the reasons for the adoption of such a decision by the EU Member States we feel obliged to stress that it undoubtedly contradicts the declared EU policy for equal treatment and "equal starting opportunities" for the associated States. No European institution or Member State has formulated criteria according to which countries with equal status could be differentiated with regard to visa regulations.

We are deeply concerned that our country is being isolated from the Pan-European migration order. It is hardly understandable why the EU Member States fail to take into consideration the progress made by Bulgaria in its visa and immigration policy that guarantees the reduction of the immigration pressure on EU to a much greater extent compared to a number of other States. It is paradoxical to discuss between the EU Member States and the associated countries from Central and Eastern Europe in the "third pillar" framework while at the same time an associated country is groundlessly treated as a "high risk" country and placed on the same list as those countries subject to coordinated efforts aimed at curbing illegal immigration.

We strongly insist on the exclusion of Bulgaria from the negative list. For Bulgaria this is not a technical matter but rather an issue of major political importance with far reaching consequences, which may hinder the assumption of a greater share of regional responsibilities for efficient border controls in Europe. ■

ASSOCIATED COUNTRIES' MINISTERS OF ENVIRONMENT MEET WITH COMMISSIONER BJERREGAARD

Mr. Ritt Bjerregaard, Commissioner responsible for Environment, Nuclear Safety and Civil Protection held the first ever informal Commission's meeting with the Environment Ministers from nine associated countries of central and eastern Europe. The meeting was held in Brussels on 18 September. Ms. Narbona, Spanish Secretary of State participated on the behalf of the Spanish Presidency of the Union. Commissioner Hans van den Broek made an opening statement.

There were two principal reasons to hold this informal meeting:

- a preparation of the pan-European Conference of the Environment Ministers which will be held on 23-25 October in Sofia;
- pre-accession strategy and approximation of laws in the field of environment as outlined in the Union's White Paper.

One year ago (on 6-7 October 1994), during the Council of the Environment Ministers a joint group of experts was charged with examining draft Conclusions concerning a "structured dialogue" with associated countries. At that time the German Presidency of the Council underlined the importance that the structured dialogue starts with environment. The common aim is to ensure sustainable development in Europe, preserve the natural heritage and prevent accidents on industrial sites. The conclusions adopted at the Joint Meeting amounted to a total 15 points.

The forthcoming Sofia Ministerial Conference shall mark the beginning of a new era of cooperation in environment between the EU and central and eastern Europe. After four years of preparation the European Environment Agency has issued the "Dobris Assessment" which will be discussed in Sofia. Commissioner Bjerregaard said, following the publication of the Dobris Report that central and eastern Europe

faces serious environmental problems and cooperation between the EU and CEEC needs to be enhanced. For this, she said, the following measures were envisaged during her meeting with the Ministers of Environment :

- the establishment of a sub-committee for the environment in each of the central and eastern European countries. This sub-committee would meet at regular intervals between two annual ministerial meetings
- annual or semi-annual meeting of the directors general of Environment Ministries on the concrete process of the approximation of legislation
- she, as the commissioner for environment would visit all associated countries of central and eastern Europe
- The PHARE programme would allocate more funds to environment programmes to allow increased technical assistance
- a close link shall be established between all associated countries and the European Environment Agency

PHARE pledged more than ECU 330 million for the funding of environmental programmes over the past 4 years. In a way, the decline in output in central and eastern Europe since 1990 has helped to reduce air and water pollution. Also the situation in agriculture has not permitted the broader use of agricultural chemicals. However the signs of renewed

economic growth underline the urgency for the adoption of a proper legislative base supporting new sustainable economic development. Hence the importance of the forthcoming Ministerial Meeting in Sofia.

The Lucerne conference held in April 1993 launched the preparation of the Environmental Programme for Europe and Sofia shall indicate what has been achieved so far.

"The Dobris Assessment":

This comprehensive report on Europe's Environment (nearly 700 pages) was released in Brussels in September. The report was prepared by the European Environment Agency Task Force, DGXI of the European Commission and Phare, who have been involved together with a number of international organizations and individual European countries. The report got its name from the first pan-European Conference of Environment Ministers which took place at Dobris Castle near Prague in June 1991. This conference called for the preparation of a State of the Europe's Environment Report. The report is appropriately dedicated to Mr. Josef Vavrousek, former Czechoslovak Minister of Environment who died in March this year in a mountain climbing accident. It was he who suggested holding the first pan-European environment ministers conference and paved the way for the "Environment for Europe".

Bjerregaard satisfied with ban on hazardous waste exports :

Mrs. R. Bjerregaard, Commissioner responsible for environment policy said she is satisfied that

her appeal, on behalf of the European Union to all parties at the Basel Convention, was heard. The result was that on 22 September the participants reached a compromise which will take the form of an amendment to the Basel Convention. The amendment provides for a ban on all exports of hazardous waste for storage, recycling and

recovery towards non OECD countries. This provision must be enforced at the latest by 31 December 1997.

The Commission will now prepare for the ratification of the amendment by the European Union. It will be recalled that the EU already bans exports of waste to ACP countries (70 African, Caribbean and Pacific countries).

The working group was charged to prepare a formal list of waste considered as hazardous. The USA and Australia have succeeded to negotiate some concessions allowing certain exemptions for the exchange of dangerous substances between industrialized and other countries for reprocessing. ■

REGIONAL PLANNING IN GREATER EUROPE

A second joint conference is being organised by the Council of Europe and the European Commission with the regional planning of Greater Europe in cooperation with the countries of Central and Eastern Europe as its theme. The conference, which is scheduled to take place in Prague on the 16-17 October, will examine the implementation of the provisions of the European agreements dealing with co-operation on issues dealing with spatial planning, with specific consideration to the problems of industrial conversion. The following will be discussed:

- the exchange of information by national authorities on regional and spatial planning policies
- the exchange of civil servants
- the provision of technical assistance with special attention to the development of disadvantaged areas
- the establishment of programmes for the exchange of information and experience, by methods including seminars.

The aim of the conference is to continue discussions among all those involved in European regional planning with a view to proposing European strategies capable of ensuring equitable and sustainable development throughout Europe in a climate of peace.

The meeting, which will be attended by senior civil servants from forty or so countries, will be addressed by, amongst others, Mrs Monika Wulf-Mathies, Member of the European Commission in charge of Regional Policy and Cohesion, Mr Daniel Tarschys, Secretary General of the Council of Europe, and Mr Karel Dyba, Minister of Economics of the Czech Republic. (For further information on the conference contact Christine Moulet at the European Commission DG XVI-F2 at Tel: (32 2) 512.09.19 or Fax: (32 2) 512.41.20). ■

PHARE ANNUAL REPORT 1994

Phare is not only the largest assistance programme of its kind, it is the Community's main instrument for preparing the integration of the countries of central Europe in the EU, according to Commissioner Hans van den Broek on the publication of the 1994 Phare Report on 21 September.

The Commissioner pointed out that Phare, in order to help the Central European countries to align their policies to those of the internal market of the EU and thereby ensuring successful integration, will support a Technical Assistance Information Exchange which will house an internal market know-how, and will open participation to central European officials, in Community exchange schemes for public administrators in internal-market subjects.

The Commissioner also voiced continuing support for the agricultural sector, a matter which is proving to be very complex for the accession of the central European countries. Phare has already spent some ECU400m and will continue to support the sector.

Another important aspect of preparing for the integration of these countries is the actual physical integration of the creation of trans-European networks. For this reason 25% of Phare funds are now used on direct investment in infrastructure and further investment is planned for cross-border cooperation.

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The Phare financial assistance programme can assist the integration of the Central European countries but it cannot stand alone. Phare is adamant that foreign investment in these countries is imperative for their success. Therefore, together with the respective countries, Phare's third main task will be attracting foreign investment and promoting exports. Mr Van den Broek in his address drew a comparison with Hungary's direct foreign investment, which is reportedly the highest in the region (\$370 per capita) and Portugals. Portugal is reported to have almost double that of Hungary. It is vital that this figure be improved upon throughout the central European countries.

Yet another area, which Phare has identified as problematic to a smooth accession, is the environment. This area needs large investments. The Commission has, however, acknowledged that it will prove difficult to attract investment in this field but it has accepted the task to lure investors. By the year 1999 Phare will have contributed almost ECU1bn to the sector and plans to launch new initiatives such as the **Environmental Accession Facility** and a **Green Equity scheme** will be put into operation.

The 1994 Annual Report clearly illustrates a dramatic increase in the level of contracting (as soon as a tender has been successfully completed and a contract signed, the relevant funds are said to have been contracted) since the launch of the Phare Programme. Looking to the cumulative funds it can be observed in 1990, that only ECU155m was contracted, this increased to ECU297m in 1991, ECU542m in 1992, ECU572m in 1993 and now it has reached a staggering ECU660m in 1994. The level of contracting has now reached fourteen times the level of contracting in 1990. (Contracting is the most important measure of the implementation of the Programme. This is because it is this that unlocks Phare funds and marks the start of real implementation on the ground. Other funding procedures are commitments and payment). Of the budget which had been set for 1994, more than 99% was actually paid. ■

FIRST JOINT AGRICULTURAL COUNCIL

The Ministers of Agriculture of the EU and of the associated countries met for the first time in Brussels on 26 September. There were two themes dealt with at the meeting: the evolution of the agricultural sector in the associated countries and the prospects envisaged, and secondly, the outlook for the Common Agricultural Policy in the Union. At lunch the ministers seized the opportunity to discuss current agricultural trade questions on a more informal level.

Agricultural Commissioner Fischler tabled the discussion on the first topic. The discussion was broadly based on a detailed analysis of the agricultural situation of the associated countries contained in individual country reports and a summary report, both issued by the Commission in July (see details in issue No74). The Commissioner used slides of the main tables from the summary report to underline the likely impact enlargement will have on the future of the agricul-

tural sector; the impact which the transition to a market economy has had on agricultural production in the CEEC, and finally slides that projected the supply balances situation, which the Commission expects to prevail in the associated countries by the end of the decade. By that time it is expected that the agricultural sector will have adjusted to the shock of transition.

Franz Fischler's main conclusion (resulting from the reports) was that the associated countries are less in need of a high level of price and income support for farmers, than of targeted assistance to restructure and diversify the production potential, including the downstream sectors. He also recognised the need to improve rural infrastructure.

The agricultural ministers from the nine associated countries broadly supported the results of the Commission's analysis of their agricultural situation. The discussion, however, also suggested how

it would be difficult to multilateralize the agricultural dialogue in "Greater Europe". The point raised by all the associated countries was the impact of the transition to market economy, from which agriculture is only beginning to recover. Furthermore they placed stress on privatization of agricultural land. Most of the delegations also underlined the priority given to structural improvements and the effort to create a competitive agricultural sector. However, taking into account the medium term, the contributions were mostly nine separate dialogues.

Associated countries' agricultural policies:

Estonia's policy, for example is based on free trade, comparative advantage, the efficient use of resources and no product based support. The minister asked for the abolition of subsidies, the opening of the EU market and fundamental reform of the CAP which otherwise

is prejudicial to his country's interests.

Romania's policy underlines increased productivity of agriculture, realistic price levels allowing the producers to earn reasonable incomes. The policy does not subsidise exports, as Romania seeks to promote exports of surplus production to both the EU and third markets in the longer term in order to rectify the existing trade imbalance.

Bulgaria's current export restrictions are temporary to prevent supply shortages. The country's main aim, however, is to increase production of high quality agricultural products to allow the country to remain a net exporter. The price gap would be progressively eliminated. Subsidies and investment credits would be used to improve the production, processing and marketing and Bulgaria will, after a transition period, align itself to the EU instruments of the CAP.

The Czech minister underlined the country's favourable economic development, pointing to the fact that agriculture shares are only 3% of GDP and that privatization is practically completed. The agricultural policy reflects the strong market reform. There is no will to subsidise agricultural prices. Instead there is determination to stimulate structural change while supporting farmers in less-favoured areas. The country will soon start to encourage the non-agricultural use of land. Internationally the aim is to create conditions for Czech agriculture to be able to compete on equal terms. The minister also considered that further reform of CAP would be beneficial to the current EU farmers and said that the EU's animal and plant health legislation was creating new barriers in Europe.

Mr. Jagielinski, the Polish agricultural minister stressed that,

together with Hungary, his country did not share the far-reaching free trade views expressed by the Baltic states. However, Poland's goal is not to restore the production to past levels, but rather to improve efficiency and competitiveness. The agricultural trade provisions of the Europe Agreement are not popular with Poland. More far reaching trade liberalization is needed and the removal of export subsidies will help. The EU technical assistance is appreciated but not sufficient. Therefore Poland seeks access to EU structural funds to accelerate the necessary structural reforms prior to accession.

Hungary's aim is to develop environmental-friendly agriculture based on the principles of the market economy and international competitiveness. The policy is to develop a high level of processing rather than a quantitative increase in production. Hungary cannot expand the scope of subsidies for budgetary reasons. The minister drew attention to EU restrictive trade measures and Hungary's loss of traditional markets because of competition from subsidized EU exports.

CAP reform:

The second topic (CAP in the EU) was developed by the current president of the EU Agricultural Council, Mr. Atienza of Spain. The president outlined the developments in CAP policies and went into detail, describing the reasons which led to the political agreement in May 1992 on fundamental changes in the CAP, as well to more recent features of the CAP reform not covered by the first measures adopted in 1992.

The President explained the reduction of prices for agricultural products, cuts in the intervention price for cereals, abolition of guaranteed prices for protein crops and

oilseeds and a reduction in the intervention price for beef and veal, set-aside and limitations on the density of animals per hectare etc. The president emphasized that the new approach to CAP essentially involves a transition from a policy based on maintaining the prices of agricultural products at the time of marketing to a policy where direct aid to producers replaces a significant proportion of the former guaranteed prices, together with the requirement to withdraw part of the land from production. The next point was that the CAP is undergoing process of adjustment to GATT - this means the opening of the EU agricultural market, decrease of subsidized exports. The principal task now is to consolidate and complete the reform of the CAP in order to achieve a certain stability for farmers affected by international commitments accepted by the EU

Speaking to the press after the meeting, Commissioner Fischler stressed that there would be no radical reform of the CAP prior to the enlargement and that new members would require long transition periods. At this moment it is not yet possible to speak about the costs of enlargement. The discussions we had with several of the agricultural ministers of the associated countries following the meeting suggested that one of their conclusions from the meeting was that the EU's emphasis on the move towards more radical reform of CAP confirms a good orientation of their own policies. It also seems to us that at least several ministers took into serious consideration the relatively new point of view made by Mr. Pinxten, the Belgian agricultural minister, during the lunch. The minister invited associated

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DEVELOPMENTS WITHIN THE EU

THE FORMENTOR EU INFORMAL SUMMIT TRIES TO CONVEY A MESSAGE OF CONFIDENCE AND SOLIDARITY, BUT LEADERS FAIL TO HIDE THEIR DIFFERENCES

One of the main goals of the informal summit of the Heads of State or Government of the European Union, with European Commission's President Jacques Santer, in Formentor on 22 and 23 September was to recapture the "family spirit" between European leaders, and to allow them to discuss freely, without any obligation to make decisions, the formidable challenges of the years ahead. The reform of the Maastricht Treaty, the launching of the European common currency, the next enlargement of the EU to East and South with all the adjustments which it implies for the Union's main policies, all came under discussion. Felipe Gonzalez had actually envisaged to convene such a genuinely informal summit already in December 1994, when chancellor Kohl, pleased with the free discussion on the future of Europe which had just taken place during the Essen European Council, had suggested to have a similar open discussion ahead of the Madrid European Council of December 1995. The Spanish Prime Minister reminded the press that no less than seventeen reports will be on the table of the Madrid summit, and that leaders badly need to meet without an agenda and without pressure to decide (indeed, for many years, European Councils have become much too often a kind of "last resort", an occasion to unblock unsolved issues). The experiment was positive, and it will certainly be repeated in the future, said Gonzalez and other European leaders. (In fact, a couple of similar meetings have already taken place,

but their were more limited in their scope: the Elysée informal summit just ahead of German reunification, and the Elysée dinner after Chirac's election as French President).

The message on the "family spirit", though, was less clear than the participants would have wished, because differences inevitably emerged - and, actually, this is probably what made the Formentor meeting more useful. Several heads of Government, such as Ireland's John Bruton, stressed that, in a time of deep changes as the present one, one should not forget what European integration has actually achieved in the last forty years. And Jacques Santer put the question clearly: We must ask ourselves "which Europe do we want", adding that this apparently simple question is "crucial" precisely at a time when the international environment has so radically changed, and when "enlargement magnifies our differences", and, when the European Union is preparing to negotiate its next enlargement, the Central and Eastern Europe and to Malta.

Which timetable for enlargement?

The timetable of the next enlargement negotiations was one of the main issues discussed at Formentor, linked with another of the major challenges ahead, the revision of the Maastricht Treaty by the Intergovernmental Conference. The timing was, in general, one of the controversial issues at the summit. Thus, while everybody agreed that the Conference should begin in the first half of 1996, under the Italian presidency (Italian

Prime Minister Lamberto Dini was obviously pleased about that), opinions still diverge on the appropriate time for it to end. Jacques Chirac spoke in favour of a shorter IGC, ending in 1996, while Chancellor Kohl (and others, such as Belgian Prime Minister Jean-Luc Dehaene) confirmed that they expected the Conference to complete its work in the second half of 1997, under the Dutch presidency (but some leaders recoil from the idea of having the conclusions endorsed in a "Maastricht two" meeting, given the difficulty of the "Maastricht" Treaty ratification in several Member States).

The opening of the next enlargement negotiations will depend on the timing of the IGC conclusion, and in Formentor leaders agreed that negotiations with Central and Eastern Europe should begin at the same time as those with Cyprus and Malta. John Major made a particular strong point on this, and Felipe Gonzalez said that it would be "inimaginable" to proceed otherwise. Thus, since it has been agreed that the EU would start negotiating with Cyprus and Malta six months after the signature of the revised Treaty, the same should happen also with the other candidates. Felipe Gonzalez, though, expressed some doubts about the opportunity of starting negotiating at all before not only the signature, but also the ratification of the new Treaty (which can take quite a long time, as the Maastricht experience proved). This is my personal opinion, but others share it, stressed the President of the European Council, who finds it somewhat risky to embark on a

negotiation based on new rules before being absolutely sure that these rules will be indeed approved by everybody. We will negotiate on the basis of the revised Treaty, reminded Gonzalez. (But a few days later Jacques Santer, during a visit to Poland, confirmed his view that negotiations should already start six months after the signature of the Treaty).

The problem of EU financing must be dealt with on time

Another link which will be crucial for the future shaping of Europe was made in Formentor by Chancellor Kohl, who threw his whole weight in favour of an ambitious Intergovernmental Conference, saying that he committed his whole "political existence" in the negotiation on the Maastricht revision, with the aim of being "a political Union worthy of such a name". And, he said, if the outcome of the IGC is short of that, it will be very difficult to agree on how to finance the European Union on the eve of its next enlargement. (Jacques Santer also spoke against a "minimalist approach" of the IGC, saying that "this is our last chance to prepare the Union for enlargement", and that, otherwise, "we risk either making enlargement impossible, or paralyzing the enlarged Union").

The financing issue was raised by several participants, such as Dutch Prime Minister Wim Kok (whose country has become in the meantime the first net contributor to the Union's budget, replacing Germany), and also Jacques Santer. The IGC should not be burdened with questions on the future financing of the EU, said the Commission's President, but he added these issues should be dealt with "immediately after". The Commission is in favour of an intensification of the pre-accession phase launched in Essen and

Cannes, stressed Mr Santer, warning that "if we really want this enlargement, then we must be prepared to pay the price: it will not be zero!". The Commission is aware of the fact that the opening of accession negotiations "without a clear vision of the financial implications" would cause "serious trouble". Mr Santer announced as a result that a communication on these issues will be prepared as soon as the new Treaty is signed, and will prepare, therefore, a communication on these issues as soon as the new Treaty is signed, announced Mr Santer.

The way of involving candidate countries in the work of the IGC was not a big issue in Formentor, but obviously a method should be found in order to inform them on the Maastricht revision, since they will negotiate their accession on the basis of the new Treaty, and not the old one. Carlos Westendorp, Chairman of the Reflection Group on the IGC, recently answering questions, said that observers are not usually allowed at an "intergovernmental" negotiation, but that he was open to suggestions. Anyway, he said, even if the candidates will not be "physically" present at the table, they will be informed on what happens there (and there is no lack of channels there, with the structured dialogue going on at several levels, about the international UE discussions on the policy adjustments which enlargement will require -CAP, structural funds etc.-, discussions will take place in the appropriate instances, such as the Councils deciding and the Commission proposing).

Doubts about the speed of EMU

Another "timing" issue caused some disarray in the first hours of the Formentor meeting (and is causing more now). It is,

obviously, the issue of the launching of the single European currency, raised by statements of German Finance Minister Theo Waigel about the inability of Italy to be in the first group of countries for the single currency. In Formentor, Chancellor Kohl had to intervene in order to reassure Lamberto Dini about the confidence he has in the stability efforts made by the Italian Prime Minister (at the same time Finance Minister, a job for which he is well prepared after many years at the Banca d'Italia). Despite the message conveyed by the unusual appearance of both heads of government, together, on Italian television, the question of the speed of monetary union was raised again, in Formentor, by John Major. I would be "dumbfounded" if a majority of Member States were in a position to participate in the third EMU phase in 1999, he said, stressing that the launching of a single currency in a very limited number of countries would cause serious problems. And Dini himself, while repeating that convergence criteria should be firmly respected, noted that, if in 1999 the group of countries which are ready to go ahead is really very small, it might be better to wait until others are able to join them. Don't open the Pandora's box! warned President Santer again. But the discussion on the speed of monetary union has in fact been reopened.

Two other problems somewhat darkened the atmosphere in Formentor, both involving France. One was raised at the margins of the summit, in two bilateral meetings between Jacques Chirac and Jean-Luc Dehaene and Wim Kok. The subject was the same: freedom of movement at the inner borders of the countries which have subscribed to the

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Schengen Convention. France has suspended some provisions of the Convention (this is provided for in the Convention itself) after the recent wave of terrorist attacks on its soil, and because it is preoccupied with drug traffic coming from the Netherlands. This is obviously a very delicate issue, since even countries which take very much at heart the principle of freedom of movement also want to reassure their citizens about internal security and the fight against terrorism, crime and drugs.

European security identity: "where we come from"

The other issue - the resumption of French nuclear tests - was discussed in the context of a broader exchange of views on the European security identity. In this context, Felipe Gonzalez told the press, the meaning of the nuclear deterrent has been looked at in rather "historical" terms, rather than as a new offer (from France, about sharing its deterrence with its European partners). Jacques Chirac tried to dismiss the criticism from several of his partners - not only, which was expected, the Scandinavians and Austria, but also Italy's Dini - and thanked those who had shown their understanding for his decision, quoting Kohl, Major and Portuguese Prime Minister Anibal Cavaco Silva.

With all these rather immediate problems coming up, the leaders in Formentor did not have so much time to discuss in depth the future European security identity, as they had initially hoped to do. Mr Gonzalez told the press that the discussion had been introduced by an "extremely lucid" speech by John Major, "recalling where we come from and where we are" now, since the end of the Cold War. Jacques Chirac said once again that

foreign and security common policy should be represented by "an identifiable personality" (while remaining intergovernmental, he stressed), but this idea of having a "Mr or Mrs X" representing "the face" and "the voice" of Europe abroad was met with considerable scepticism. Mr Chirac also noted that "a Europe with 25 or 30 members must be able to include countries which want to go faster towards common goals", thus admitting the need of a multi-speed Europe.

The situation in Russia was also touched upon, with concern, in Formentor, and the summit (though it was not supposed to decide anything) also reached consensus on the fact that no observers should be invited to the Euro-Mediterranean conference of 27 and 28 November in Barcelona. ■

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international assistance. It also indicated that all major powers including USA, Russia, Japan, the Islamic countries and including the international financial institutions will have to join in with the effort. ■

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countries to look at their agricultural policies in long-term perspective and take into consideration that GATT rules provide for the engagements of contracting parties. This means that all the future increases of the agricultural production of the partner countries will have to be sold on the internal EU market unless of course the cases arises (and he strongly doubts it), that their products will be competitive on the world-scale. ■

SECRETARIAT OF ENERGY CHARTER CONFERENCE TO REMAIN IN BRUSSELS

The Conference of the Energy Charter agreed on the definitive location of the administrative headquarters and secretariat of the Charter Conference in Brussels. Other cities vying for the Conference were Vienna, Geneva and Paris. It will be recalled that until now, the secretariat was temporary and was operating from the European Commission until a formal decision was reached on its seat. In the forthcoming weeks, the Conference on the Energy Charter and the Belgian Government will sign an agreement on the practical and legal details of the secretariat's headquarters in Brussels. ■

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