



TOGETHER IN EUROPE



EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE EUROPEAN UNION

IS THE EU GETTING COLD FEET ON ENLARGEMENT?

"The EU goes cold on enlargement" claimed The Economist on 28 October, while a Financial Times' article published a few days before said that "the European Commission has ruled out a significant increase in the European Union budget to cope with enlargement eastward". Why this sudden pessimism?

One of the reasons is that a confidential Commission draft paper dated 27 September (and which we were able to start examining at the very beginning of October) on the "Impact of the Enlargement on the Structural Policy" was leaked-out. To a certain degree the data and the conclusions of the confidential draft paper were mis-quoted. The Economist, for example, wrote that "the Commission says it would cost the Union budget an extra ECU 38bn a year if current EU policies were extended to the five that have applied for membership and five who are likely to do so (the Czech Republic, Slovenia, Bulgaria, Estonia and Lithuania). This is higher than most previous estimates and will be cause enough for current Union members to slow down the applications".

The draft paper indeed mentions ECU 38bn/year, but accompanied by many "if" and other assumptions in order to conclude: "The expected enlargement of the Union by central European countries, by Cyprus, Malta and by the Baltic countries makes it even more necessary to maintain the principle of the cohesion as the principal pillar necessary for the success of the European integration via involving these countries in the single internal market and finally in the Economic and Monetary Union". Thus, the principal conclusion is that the EU structural policy needs to be strengthened, adapted to the needs of the new countries of the enlarged Union and made more complex as well.

The leaked-out confidential draft paper on the impact of enlargement on the Union structural policy is a part of a series of papers drafted by the Commission which has been charged in Essen to analyse the effects of enlargement on various Community policies. The emphasis is on agricultural and structural policies and their budgetary consequences. The results will be submitted to the EU Summit in Madrid in December.

So far most of the attention has concentrated on agriculture. The CAP and its financial consequences were thought

(continued on page 2)

CONTENTS

RELATIONS WITH THE EUROPEAN UNION

IS THE EU GETTING COLD FEET ON ENLARGEMENT? 1

EU EXPRESSES CONCERN OVER SLOVAK DOMESTIC POLICY 3

FIRST MEETING OF EU/ROMANIA ASSOCIATION COMMITTEE 4

SCHENGEN VISA PROBLEMS 5

PARTICIPATION IN EU EDUCATION AND TRAINING PROGRAMMES 6

PAN-EUROPEAN ENVIRONMENTAL CONFERENCE 7

DEVELOPMENTS WITHIN THE EU

REQUEST TO SIMPLIFY THE TREATY 9

STRUCTURAL POLICIES IN EU 10

COMMUNITY EXPENDITURE 1994-1996 11

LATVIA APPLIES FOR EU MEMBERSHIP 12

ESC REPORT ON PHARE 12

COLIPA IN PRAGUE 12

14/11-22

(see page 1)

by many analysts from the candidate countries to represent the main potential obstacle to the rapid enlargement. However, those more familiar with the EU policies, felt from the very beginning that structural policies could present an even more formidable budgetary challenge. This was also the reason why the preliminary report, by the chairman of the "Reflection Group" Mr. Carlos Westendorp, drew importance to "Context and Timetable"

In particular, 1998 shall start the renegotiation of the EU's own resources and the financial perspectives for 1999 and beyond. The report considered that to link these renegotiations with considerations of the costs of enlargement and the impact on EU policies would be politically explosive and could postpone the enlargement for a number of years. Mr. Westendorp concluded that it may be politically more acceptable to start negotiations on resources and financial perspectives only after the beginning of enlargement negotiations.

Where is the problem?

The fact is that spending on structural policies amounts to over 30% of the current EU budget and will reach around 36% by 1996.

The argument goes that enlargement towards the East would result in a sharp increase in the regional disparities within the Union. However, the creation of a "second center of regional problems in the east" will not result in the regional disparities in the southern and western periphery of the Union being dismissed. Providing that the criterium for to qualify for support from structural funds is maintained (i.e. per capita GDP less than 75 % of the EU average) the next enlargement would mean that all new member countries would qualify for Objective 1 support (see page 10 for individual Objectives of structural policies). On the other hand, the new member countries would diminish the reference value of the GDP per capita, consequently nearly half of the regions in the current EU which now qualify, would be excluded. Still if all candidate countries join, about one 1/3 of the enlarged EU population would live in regions subject to Objective 1 support. In absolute terms it may mean a population in excess of 150 million.

GDP per capita is nearly 7 times lower than in the EU 15. Even if purchasing power parity (PPP) is used, this still represents on average 1/3 of the EU's GDP per capita in central Europe. However in terms of PPP, Greece GDP per capita is only slightly

over 50% of the EU average, while Slovenia's is approaching to 50% and the Czech would be some 46-47%. Some projections of GDP per capita in PPP terms show that these two candidate countries could reach 75% of the current EU average around 2003-2005, providing that annual growth speeds up somewhat against the current level.

The transfers via Structural Funds in the EU 15 represent now some ECU 27bn and would amount to some ECU 33bn in 1999. As two central European countries slowly approach GDP per capita in PPP terms to that of Greece and taking into account that Greece shall qualify in the coming years for an annual transfer from the structural funds amounting to some ECU 400 per capita, various rough calculations are possible.

In the hypothesis that the candidate countries would get the assistance per capita similar to that of Greece, for example the Czech Republic would have a right to assistance of nearly 14,000 Czech Koruna per capita compared with the average monthly gross industrial wage which is currently some Koruna 8,200. A total transfer to the Czech Republic within structural funds would amount to nearly Koruna 140bn (some ECU 4bn). In 1994 the Czech State Budget total expenditures were some Koruna 485bn.

The leaked out Commission paper works with the hypothesis that if the per capita assistance similar to that given to Greece were granted to all new potential member countries, it would represent costs of ECU 38bn. Thus the enlarged EU budgetary costs could potentially be ECU 71bn if the 1999 scheduled EU-15 transfers are taken into account.

This is, however, a very theoretical figure. The Commission paper itself points out that :

- there is no question that all 12 candidates countries will join at the same time
- this calculation foresees that the current system and the current approved level of support is maintained for all regions of EU 15 which qualify now
- that the maximum levels of assistance intensity will be applied to all 12 "new members".

Huge dependence on external assistance:

Currently, the EU assistance transfer to candidate members for central and eastern Europe amounts to some ECU 1.2bn in the form of PHARE grants. The Commission draft paper indicates that the annual transfer of ECU 38bn would equal on average to 17 % of the GDP of associated countries (some 7% in the case of Slovenia, but 34% in the case

(continued on page 8)

EU EXPRESSES CONCERN OVER SLOVAK DOMESTIC POLICY

The EU Troika approached the Slovak authorities in Bratislava on 25 October to express the concern of the Union over recent institutional tensions in Slovakia, which according to the EU, may question the common democratic principles and could harm the Slovak Constitution. These concerns rise from certain measures and actions being taken against the Slovak President, Mr. Kovac.

The EU Troika was composed of the Spanish, French and Italian ambassadors (holders of the current, past and future EU Presidency respectively). The Head of the Delegation of the European Commission in Bratislava, Mr. G. Zavvos, also participated.

This is already the second "demarche" by the EU in Bratislava. The first took place one year ago concerning the treatment of the Hungarian minority.

The EU took this formal step due to the failure of the earlier informal and bilateral approaches to the Slovak authorities (by the UK and Germany in particular) to bring about some response.

On 25 October the EU Presidency issued the following press statement :

"The Troika of EU ambassadors today approached the Slovak Authorities. It expressed its deep concern at the current institutional tensions in Slovakia. Concerning this, it recalls: - that it observes with concern the possibility of measures being taken against the President of the Republic which could harm the constitution and the EU's common democratic practices; - that it stresses the importance of the process towards a democratic society which allows for the free expression of different political points of view. The EU attaches great importance to mutual tolerance and respect between the different sources of authority in a democratic society; - that Slovakia is an associated country in a pre-accession period and the

criteria approved at the Copenhagen Summit are applicable to it. The European Union reminded the Slovak Authorities of the importance of these criteria and that Slovakia had still to make efforts to conform to these criteria". (unofficial trans.).

In Brussels, a spokesperson for the Commission stipulated that the Commission fully supported the Troika's demarche stressing that the respect for human rights was an "essential" part of the European Agreement that exists with Slovakia. EUROPE recalls that the EU Troika had already made a similar approach in November 1994, especially in order to express its concern over the respect of the rights of the Hungarian minority in Slovakia. Commissioner Hans van den Broek also spoke on this subject last week in New York, in a short exchange of views with the Slovak authorities on the fringe of the ceremonies for the fiftieth anniversary of the United Nations.

It seems that the Slovak authorities were not expecting the EU to make this step. It also appears that the Slovak authorities were not prepared for the EU to inform the European press in Brussels about the demarche so quickly. The Slovak Ministry of Foreign Affairs only took a preliminary position on the meeting with the EU Troika on 27 October and it was suggested to us that it is likely that the Slovak Minister of Foreign Affairs will take a more substantial attitude to the EU "demarche" on 31 October in Luxembourg during the joint meet-

ing of the EU General Affairs Council with the associated countries of central and eastern Europe.

The "Position" by the Slovak Foreign Affairs Ministry on 27 October firstly expressed the satisfaction with a series of initiatives being taken by Slovakia which is bringing Slovakia nearer and nearer to the Union even before accession. It endorsed the intensification of the dialogue between the EU and Slovakia, but remarked that "it is not only the Slovak public who has noticed that many countries, as well as some institutions, have been keeping a certain stereotype, they do not prefer a direct contact with a possibility to learn about questions of the transformation of the Slovak society with the complete comprehension".

Slovak diplomats suggested that the possibility to hold a referendum is written in the Slovak constitution, therefore an attempt to organize a referendum to dismiss the Slovak president is not harming the constitution.

The Slovak Premier Minister, Mr. Vladimir Meciar, said at his HZDS Party meeting in Kosice on 26 October that:

a) the EU only issued a communique in which concern was expressed whether the question of the post of the Slovak President could be solved democratically;

b) it was not a formal "demarche" but rather only a press release from Brussels;

c) Mr Meciar himself told the EU ambassadors that it is necessary to give to the other party the possibility to express its position before deciding to issue a "communique". The

(continued on page 4)

(see page 3)

Prime Minister also told the ambassadors that there are problems with democracy in other countries, but still nobody questions these countries as "democratic", citing examples of Italy, Spain and the recent dismissal of the General Secretary of NATO Mr. W. Claes. The Premier Minister said that the same criteria should be used for all countries.

That same day, the Chairman of the Slovak national party Mr. Slota requested the other parties comprising

the Governmental coalition to set up a special commission in November, which would investigate the positions taken by the Slovak President and which, according to Mr. Slota, may amount to state treason.

Official language in Slovakia :

The Slovak Government approved on 24 October the draft text of the new "language law" which would, if approved by the parliament establish as of 1 January 1996, the Slovak language as the official language at practically all

levels. Thus, for example, the Czech language would be prohibited to be used on TV and radio broadcasting. All Czech films would have to be either sub-titled or doubled into Slovak language. Local stations would have to broadcast any foreign language program firstly in the Slovak language (this concerns mainly local stations broadcasting for the Hungarian minority). The failure to comply with the new law could be punished by fines up to SK100,000 for physical persons and up to SK1m for legal persons. ■

PRINCIPAL RESULTS OF FIRST MEETING OF EU/ROMANIA ASSOCIATION COMMITTEE

The EU/Romania Association Committee (not to be confused with the Association Council, which held its inaugural meeting at Foreign Minister level on 10 April in Luxembourg, Ed.) held its first meeting on 12 and 13 October in Bucharest. The session was co-chaired by Romanian State Secretary for European Integration, Mr Prisacaru, and by the Director for Relations with Central and Eastern Europe, Mr Brouwer, of the European Commission's Directorate General I. The Committee addressed the following issues.

i) Implementation of the pre-accession strategy. Both sides welcomed the "national consensus" in Romania on the issue of accession to the EU, enabling the government of Romania to develop an "irreversible" national strategy for the country's integration into Europe and to submit its accession request on 22 June. The Committee examined the technical assistance programme for the approximation of legislation and the first stages of implementation of the EU White Paper.

ii) Application of the Europe Agreement and the development of bilateral trade. The Committee noted the progress achieved since the entry into force of the Europe Agreement (1 February 1995). It was observed in general that bilateral trade is showing a marked rise in Romanian exports to the EU. Operational actions in the area of economic cooperation should be intensified and European investment in Romania promoted vigorously, even if this is in large measure dependent upon the process of privatisation and reforms now in progress. Regarding trade in

industrial goods, the two sides discussed in detail the introduction of certain import and export restrictions. The Committee instructed the experts to pursue work on this subject. Regarding Romania's participation in Community programmes, the Committee decided to pursue its contacts and reflections with a view to determining priorities and finding additional sources of financing to make such participation possible.

iii) Application of the Phare programme.

iv) The visa requirement for Romanian citizens entering the Community. The Committee noted that both sides intend to analyze the situation in Romania and to explore possible solutions in order to determine a line of action in conformity with the principles of the Europe Agreement.

v) Rebuilding of the countries of former Yugoslavia. Romania expressed an interest in being closely involved in the EU initiative in this area.

Joint Parliamentary Committee:

The EP/Romania Joint Parliamentary Committee held its second meeting on 16 and 17 October in Brussels, chaired by Mrs D'Ancona (Socialist, NL) and Mr Popescu. The Committee adopted a declaration stating that Romania's national strategy for accession to the European Union (which has the support of all the parliamentary parties) "represents a political programme which will enable Romania to come closer to and finally become a full member of the European Union". The European and Romanian parliamentarians also noted their appreciation of the identification in the European Commission's White

Paper on the integration of Central and Eastern European countries in the EU of "the key measures in each sector of the internal market and the sequence proposed for the approximation of legislation".

Visas:

The Joint Committee also adopted recommendations for the institutions of the EU and the Romanian government, including that of "taking appropriate measures on visa policy with a view to ensuring equal treatment for all citizens of the associated countries of Central and Eastern Europe". In the political sphere, the recommendations insist upon: - the conclusion of bilateral treaties between Romania and its neighbors "in order to improve the stability of the region" (the text refers to the "historical reconciliation" between Romania and Hungary); - respect for human rights and the rights of national minorities.

The deputies also recommend: - better use of EU technical assistance for the approximation of laws, especially assistance provided under the Phare programme; - the development of training of Romanian specialists to ensure the attainment of the objectives of integration; - a larger Phare contribution to foreign investment projects in Romania; - special attention to the development of transport infrastructure in Romania in the context of the Trans-European Networks; - measures to ensure Romania's access to cross-border cooperation programmes, eventually by the inclusion of programmes involving an EU

Member State and two associate countries (and through Phare and Tacis multicountry programmes); - acceleration and extension of the cumulation of rules of origin to all countries of the region and the accession of Romania to the Central European Free Trade Area; - the adoption of the required preparatory measures to ensure Romania's full participation in the Socrates, Leonardo and Youth for Europe programmes, with special attention to projects aimed at increasing awareness and understanding of the process of European integration; - action to strengthen cultural dialogue; - the promotion of active cooperation in fighting drug abuse, organized crime, corruption and illegal immigration; - the development of civil society and the promotion of tolerance in all its dimensions. Lastly, the deputies emphasize the need to help countries like Romania which have suffered losses as a result of observing the economic embargo against Serbia and Montenegro.

Penal code:

On the occasion of the meeting of the EU/Romania Joint Parliamentary Committee on 16 October, in Brussels, Amnesty International urged the Rumanian MPs to reject the revision of the penal code on which their Parliament has to vote on. Amnesty, which has always wanted a revision of this code, considers that in fact several amendments being proposed would impose even more restrictions on the freedom of expression. The Joint Committee is chaired on the European side by Mrs. Ancona, and for Romania by Mr. Popescu. ■

SCHENGEN-VISA PROBLEMS

During the debate in the European Parliament on the restrictive policy applied to Bulgarian and Romanian nationals concerning visa requirements, the EU's Spanish Presidency stated that the list of the third countries in which nationals require a visa, when they cross external borders of the EU "will be revised depending on how the situation develops". In issue No. 75 pp4-5, Together in Europe reported the approval of the negative list and published the Bulgarian minister of justice and the interior's statement, which protested against the

blatant practiced. The discussion in the EP's plenary session also centered around the resolution approved in July by the EP's Committee on Civil Liberties, which requested that the Council state publicly the reasons why Bulgarians and Romanians must have a visa. A call the Council to reconsider its decision was voiced.

Mrs Zimmermann and Mr. Lehne raised the issue in the EP on 25 October, when they questioned the restrictive policy. It was felt that the obligation to have a visa and to possess the status of an associated country is contradictory. The case

should be really serious, to impose the visa obligation on nationals of an associated country. However, the German MEP said there is no proof of any migratory pressure from Bulgaria mentioning that there are only 30,000 Bulgarians in Germany.

Commissioner P. Flynn, speaking on behalf of the Commission said, that the Commission is willing to propose an amendment to the negative list "as soon as circumstances allow it". He suggested that EU member States ask the Commission to table such a

(continued on page 6)

(see page 5)

proposal to the Council.

In reality, the situation with a **common visa list** is more complicated. According to "Statewatch", an NGO committed to monitoring civil liberties in Europe, the decision by the Council on 25 September creates two separate lists: the EU common list of 101 countries we referred to in No75 and the Schengen list of 129 countries. "Statewatch" published in addition the so-called "white list" of 17 countries exempt from having to obtain visas under the Schengen list. This list contains the Czech Republic, Slovakia, Hungary. However, Poland, Croatia, Slovenia and Bosnia are listed among the 28 countries which are not on the EU list, the Schengen list, or the "white list" but which may need a visa to enter some EU states. This is a special category of third countries (including Canada and Israel) whose nationals need a visa to a specific EU country. For example, Canadian nationals need a visa for Spain, but can travel freely in the rest of the EU.

Schengen's expansion :

The Belgian Presidency of the Schengen Group said, after the Executive Committee meeting on 24 October, that negotiations will soon open with the three Nordic countries - **Denmark, Sweden and Finland** with a view to their full accession to the Schengen Group (Denmark already has observer status). These countries already **accepted the Schengen acquis**. The Presidency also has a mandate to assure that **Norway and Iceland** accept the entire Schengen acquis. The reason is that these two countries are not EU-member countries, but they are parties to the Nordic Passport Union and the joining of the three EU member countries of the Schengen Group would build up a wall within the Nordic passport Union.

The Schengen Group ministerial meeting also endorsed the proposal from Germany to create a **mixed cross-border** bilateral or multilateral patrols. There is a tendency anyway to replace fixed

control points by mixed mobile controls.

GREECE-FYROM: The European Commission has withdrawn its case from the European Court of Justice in which the Commission wanted Court to declare the Greece embargo on FYROM illegal. The Commission said it is satisfied with the positive developments in relations between the two countries. However, it is unclear whether the Court of Justice would have been at all willing to take a stand on the substance of the difference between Greece and Fyrom. Greece lifted the economic embargo on FYROM on 13 October. This was linked to the understanding on the change of the FYROM flag, but the problem of the country's name is not yet settled.

Meanwhile, the Greek delegation left the pan-European Conference on Environment in Sofia at the beginning because the presence of Macedonia delegation bearing the name Macedonia and not FYROM. ■

PARTICIPATION IN EU EDUCATION AND TRAINING PROGRAMMES

The participation of the associated countries in certain EU education and training programmes was the main topic of the "structured dialogue" meeting between the EU Education Council and the education ministers from nine associated countries of central and eastern Europe in Luxembourg on 23 October.

The aim of the meeting was to identify the interest of the association countries in participation in EU programmes such as SOKRATES, LEONARDO and YOUTH III programmes, providing the associated countries co-finance their participation.

Actually, the Commission organized already this summer an "Information Day" for the nine countries explaining the programmes. This was followed by bilateral discussions.

Commissioner Edith Cresson explained that the Commission would prepare a plan allowing the associated countries to start participating in certain

parts of the EU programmes from 1996. Financing of this participation could initially be provided by the PHARE Programme. Up to 10% of PHARE funds allocated to each associated country in a national indicative programme could be used for such co-financing. However, the associated country would eventually have to participate in the financing of its own participation. The 10% limit applies to the assembly of all programmes, and it will be up to each associated country to use it according to its own priorities.

In practical terms, this means that this 10% could already be added to the funds allocated to TEMPUS. The calculation of each associated country's participation in the financing of the participation will be subject to the same criteria as it is in the case of the EU member countries (GDP level, size of population, target -groups, distance covered etc). For example, the Czech Republic currently benefits from

some ECU 60 million/year in PHARE grants and its 1995 TEMPUS budget amounts to ECU 8 million (ECU 5.5 million in 1994)

The concrete conditions for participation will be determined by the individual Associations Councils in 1996 and integration into the programmes shall start in late 1996. Global integration into SOCRATES, for example, would come in 1997 via a selection of ERASMUS projects and would reflect the evolution of each country within the TEMPUS programme.

The TEMPUS programme is carried out within the framework of the PHARE programme and runs till 1998. Its aim is to contribute to the restructuring of university and higher level education. Under the first phase of TEMPUS (1990-1994) some 15,000 students from the associated countries were brought to the EU and some 20,000 bourses were allocated to teachers from the associated countries. Since the beginning of this year, the Turin-based European Foundation for Training is in charge of the TEMPUS Technical Assistance. It has been allocated ECU50m for assistance to the reform of university education in the associated countries.

The TEMPUS budget during the last four years amounted to 12% of the total PHARE budget and in absolute terms it represented nearly ECU420m. TEMPUS funding (grants) is naturally more favourable for the associated countries than Erasmus would be. In 1996, the Commission shall present a plan about what to do with TEMPUS after 1998, when the program officially ends.

It is clear that each country's participation would be conditioned by its ability to provide sufficient funding for the creation of necessary national structures required by the three programmes, and for co-financing of projects undertaken.

SOCRATES is the EU programme in the educational sphere and could be accessible to the associated countries from 1996 in its part **Eurdice** (network for dissemination of information) and in **Arion** (study visits for educational officials). Initially "National Eurdice Units" would be set up. Then participation in **Comenius** (school partnership) may come and in certain parts of **Lingua** programme. Then, from 1997, the full integration via ERASMUS.

LEONARDO is the EU programme in vocational training and is carried out by the Turin-based European Foundation.

The implementation of YOUTH III (a special programme for youths) would start with the establishment of national agencies which could benefit from experience gained in the organization of exchanges within TEMPUS.

In principle, 1996 shall be the year of the establishment of appropriate national structures in each associated country and for the determination of national priorities and of the will to participate in the financing, probably from 1997.

Mr. Ivan Pilip, the Czech Minister of Education, told *Together in Europe* in Luxembourg about his satisfaction with the meeting and the EU proposal offering important new possibilities for the Czech education sector. His ministry will soon present the Government with more precise ideas about the issue of co-financing. The financing of the start up shall not be difficult due to the possibility to use up to 10% of PHARE funds, then the state budget for 1997 would have to take the funding into the account. The Minister's impression from the discussion in the joint Council was that, unlike the Czech Republic, some associated countries may have difficulties to come up with financing above the PHARE funds later on. ■

PAN-EUROPEAN ENVIRONMENTAL CONFERENCE

Environment ministers from 55 European countries and leading industrial countries met in Sofia on 23 October for a three day conference in an attempt to try to sustain the flow of western aid to clean up east and central Europe. Others that attended are bankers, financiers and leading business men, who have been invited to participate in selected sessions.

A draft set of priorities prepared by officials puts the col-

lation of information on the state of Europe's environment, and the integration of environmental considerations into decision-making at the top of the list. Other recommendations include action to raise energy efficiency, combat global warming, reduce transport pollution and improve water resources.

The fate of Bulgaria's controversial nuclear power plant at Kozloduy was a major issue at the conference. Bulgaria has for some

time now come under serious pressure from the Group of Seven leading countries not to restart the oldest of its six reactors at Kozloduy on the river Danube. 630 officials who attended the conference visited the plant. Some local environmental groups are lending their support to the western NGOs which have appealed to the west for funds to shut the plant down.

(continued on page 8)