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TOGETHER IN EUROPE

EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE COMMUNITY

SEEKING THE VISION OF EUROPE

The entry into force of the full Europe Agreements between the EU and Poland and Hungary on 1 February 1994 will not fail to increase the pressure on the EU to make its policy towards the future accession of the associated countries of central and east Europe not only more clear, but also accompanied with a reasonable timetable.

There is a growing feeling, particularly in central Europe, on the need to move beyond statements made last June during the European Council in Copenhagen. The accession negotiations with the four EFTA countries are approaching an end, and the European Union's inter-governmental conference scheduled for 1996 should look into further enlargements and the inevitable institutional reform. The associated countries of central and eastern Europe want to be sure that the discussions on institutional reform fully account for their accession to the European Union.

A similar feeling is appearing within the EU's institutions. Commissioner Leon Brittan said on January 14, in his speech on Eastern Europe and Russia "What should the European Union do next?", that "for our nearest neighbors this common future lies in their membership of the Union". He also said that "the future of the European Community itself depends on integrating east European countries into a prosperous and stable common future".

Commissioner Brittan used similar words in another speech given in the Hague on January 26. Speaking on the integration of associated countries into the EU he said "to make it a reality we need to see further economic progress in these countries, the consolidation of democracy and the assurance of stability. **For this to be realised, however, we also need to look further east and to develop our relations with the countries of the former Soviet Union, and in particular with Russia and Ukraine, where stability is vital, and depends upon the reintegration of these countries into the global political and economic system".**

Sir Leon said, that the establishment of a free trade area stretching from the Atlantic to the Black Sea, embracing 475 million people, is not the final aim. "We cannot stop here. Our relationship with these countries must develop in a way that brings them even closer to us. **We need a vision of Europe in the 21st Century** which will guide our policy during what remains of this one".

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"This vision must be based on membership of the European Union for those with whom we have Association Agreements. It must be based on a close and fruitful cooperation with the countries of the former Soviet Union"

It is indeed this "**vision of new Europe**" which is needed urgently, and a very concrete plan of its realization.

The Czech President Vaclav Havel says in an article soon to be published in the first issue of "Europe magazine" that "Developments over the last two years have confirmed my belief that European integration cannot proceed on the basis of the familiar, well-rehearsed formulae of time gone by ... Europe needs a thorough overhaul of its aspirations and aims; it needs to get back in touch with its own roots and ensure that it is not sowing the seeds of its own destruction. Although the path ahead is clear, **there is often a lack of resolve to actually set off on it**"

President Delors when presenting his New Year Greetings to the press accredited to the European institutions last week, chose to reflect also about a "**Greater Europe**". President Delors underlined that he believes that the remaining year of his Commission shall be used for intensive discussions over "Greater Europe" to "**put forthcoming enlargement into perspective**", because from his experience he clearly sees that "**the perspective is not clear... and we must know where we are heading**".

President Delors made it clear that it is not enough to extend the European Union to the four EFTA countries, or to "give a friendly signal to Cyprus and Malta" and at the same time to be "more and more encouraging towards Visegrad countries".

Actually President Delors has been following the same line of thinking as President Vaclav Havel and demanded that: "**we need to try to plunge into the historic roots of Europe and show that Vienna, Budapest and Warsaw are European poles as much as Brussels, Amsterdam and other towns in Western Europe**".

President Delors said that European Commission now needs to carry out a self-analysis and self-criticism of what it is doing. To this end he announced that **discussions on Greater Europe** will take place within the framework of seminars organized by the Commission, whose aim will be **to put the whole enlargement into perspective as soon as possible.** ■

BALTIC COUNTRIES ASK FOR ASSOCIATION AGREEMENTS

Mr. Januska, Foreign Affairs Minister of Lithuania sent a letter earlier in January to the Greek Presidency of the European Union. It requests that the EU Council's mandate for the European Commission to negotiate with Lithuania allows direct negotiation on the association agreement, and not just the free-trade area agreement. The minister said that this will increase the security in the Baltic region and ensure future prosperity.

It is expected that the EU General Council which is to meet on February 7-8 shall again discuss the new negotiating mandate for the Commission to negotiate free-trade/association agreements with Lithuania, Estonia and Latvia (cf No 41,pp2-3).

On February 2, three foreign ministers of the Baltic countries made a statement addressed to the EU foreign ministers which underlined the political will to start negotiations on the association agreements as soon as possible.

It is believed in Brussels, that the negotiations on the "free-trade agreements" between the EU and the Baltic states will start soon, and that the new agreements could be initiated around the summer and formally concluded towards the end of this year. This should allow their entry into force on January 1 1995 ie the expected date of accession to the European Union of Finland, Sweden and Norway. Readers will recall that the Scandinavian countries have concluded free-trade agreements with the Baltic states and intend to maintain them following the accession to the EU. Thus similar free-trade agreements with the EU are inevitable. At such a stage, negotiations on upgrading free-trade agreements into much more comprehensive association agreements could start without delay. ■

CASE OF HEMATITE PIG IRON DUMPING

On January 12 the European Commission introduced provisional anti-dumping duties on imports of hematite pig iron imported from Russia, Ukraine, Poland and Brazil (see our brief report in the last issue No41, p.5 & 12).

This is the first case of an anti-dumping procedure initiated against an associated country of central and eastern Europe (ie Poland), in which part of the investigation period extends over the period after the entry into force of the Interim Agreements. Thus for the first time an associated country is not subject of an anti-dumping procedure as a state-trading country, but as a market economy country. This has important consequences for the determination of "normal value" and thus of the dumping margin.

We presume that this case would attract the attention of the exporters and authorities in the associated countries of central and eastern Europe, and bring therefore somewhat more detailed discussion of this case.

Readers will recall the cases of anti-dumping procedure against imports of seamless steel pipes in 1992 from Poland, Hungary and former Czechoslovakia. The authorities of these countries protested against the use by the Community of the anti-dumping procedure applied to the state-trading countries (determination of the "normal value " by assessing normal value in the "analogue country" (preferably third country) on the basis of the domestic selling price, the export price to third countries or constructed value).

The principal argument used was that since Poland, Czechoslovakia and Hungary are associated countries, and the association agreements treat them as market economy countries, "normal value" had to be established on the basis of domestic production costs. These costs are low. If the European Commission took this step, it would have to conclude that no dumping is taking place.

The point made by the European Commission was that it had to use the anti-dumping procedure provided for the state-trading countries, because the investigation of the dumping covered imports over a period which ended before the entry into force of the Interim Agreements of the Europe Agreements (Interim Agreements entered into force on 1 March 1992).

Hematite pig iron case :

The anti-dumping case on hematite pig iron started in June 1991 against imports from the USSR and Turkey. The complaint against imports from Poland (and Brazil), was made in July 1992. The investigation period covered imports between November 1991 and the end of October 1992).

Normal value :

Readers will recall, that normal anti-dumping procedure requires the establishment of normal value preferably on the basis of the "comparable price actually paid or payable in the ordinary course of trade for the like product intended for consumption in the exporting country or country of origin".

The Commission's investigations in Poland showed, that sales of the product on the domestic market were made at loss. This means, in terms of specific language used in dumping procedure, that they cannot be considered to "have been made in the ordinary course of trade". But this also means, that one has to use for the establishment of **"normal value", not the domestic selling price, but as a base, a constructed value determined by adding the costs of production and a reasonable margin of profit.**

The Commission said that costs calculations were based on available accounting data. But it concluded that **"available accounting data did not always reflect the costs normally born by companies that produce in a market economy".**

According to the Commission, to arrive at a **constructed value** which would reflect **full costs under a market economy,** a number of adjustments to the available accounting data would have to be made. The Commission in particular signaled : **financing and depreciation costs.**

The Commission refrained from making such adjustments. It justified this by the difficulties in obtaining accurate information in the circumstances of a transition economy. But chiefly it based this justification by stating that dumping margins found when using the available data were already higher than the level of injury caused by dumped imports. The Commission was also careful not to establish a precedent and stated that "this is a specific case" and that it refrains from making adjustments "without prejudice to future anti-dumping proceedings".

The export prices established were then those actually paid for the product sold for export to the Community, net of all taxes, rebates etc., and adjustments to the export prices were made to take into account the costs incurred from ex-factory level to the Polish frontier.

Dumping margins were calculated "as being the total

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amount by which the normal values exceeded the prices of the exports to the EC".

Injury:

To determine the changes in the market shares of dumped imports, the Commission took into consideration total imports from the four countries ie Brazil, Russia, Ukraine and Poland. These imports increased from some 242,000 tons in 1987 to about 370,000 tons in 1991, and to 414,000 tons in 1992. Their market share increased from 30 % in 1987 to over 50 % in 1992. The Commission also established individual market shares. That of Poland was 5.32% in 1992.

It was said that cif. Community frontier prices of imports declined between 1987 and 1992. In the case of Poland it was from ECU 177 per ton to ECU 127 per ton. In the case of Russia and Ukraine it was from ECU 143 per ton to ECU 110 per ton.

Price **under-cutting was established on the basis of a comparison of adjusted prices of the Community producers with dumped imports.** In the case of Poland this was relatively small ie ECU 7.94 per ton or 5.4 %. In comparison, in the case of Russia and Ukraine, this was nearly ECU 30 per ton ie over 20 %.

Another element was the situation of the EC industry whose production fell from over 591,000 tons in 1987 to some 435,000 ton in 1992 and utilization of capacities decreased, while stocks increased and sales fell by over 100,000 tons. The Community sales prices decreased marginally, while production costs increased. The profitability declining since 1987 further declined and the loss increased.

These elements were considered sufficient to establish the "**material injury**".

Community Interest:

Several considerations expressed during the evaluation of the **Community interest** may be of an interest to central and eastern European companies and authorities.

A technical part is that hematite pig iron is used by foundries for casting a variety of iron products, used mostly in the automotive industry. Because of its characteristics, there is only a limited possibility for substitution by other types of pig iron or by high quality scrap. Foundries therefore need a steady and sufficient supply of hematite pig iron. Existing world wide capacities are diminishing (environmental and economic policy changes).

Then it was stated that privatization plans in Poland and the ex-USSR "have fundamentally changed the economics of their iron and steel plants" (closure of plants and reduction in capacities).

Thus for the Community it is important, in view of such a reduction in sources of supply, to maintain a viable Community foundry pig iron industry. Consequently, if no action is taken against dumped imports, the continued existence of the Community industry would threaten the long-term supply requirements of Community purchasers of pig iron.

Provisional duty:

We have pointed out in the last issue that the Commission considered that the introduction of a **minimum price** would be, in this particular case, more appropriate. Before that it tried to establish the price level at which the imports cease to cause material injury to the Community industry (costs of production in the EC, excluding least efficient companies, and a profit margin of 5 % on turnover). Consequently as a provisional measure a variable duty was introduced equal to the difference between the price of ECU 149 per ton (cif duty unpaid), and the declared customs value (if that is lower than the minimum price).

This would probably not create many problems to Polish exporters as their price under-cutting was relatively marginal and their price in 1992 was said to amount to ECU 138 per ton, while the average price of EC producers at the same time was some ECU 174 per ton.

This provisional measure is applied over four months unless the Commission adopts the definitive measures before the expiry. The parties concerned have one month (from January 12 1994) to state their views in writing or to apply to be heard.

The case against Russia and Ukraine was traditional anti-dumping procedure against state-trading countries (weighted average dumping margin found on the basis of comparison with Brazil's market was established at some 104%). The reaction of both their companies and authorities, on the notification and questionnaires delivered by the Commission was however interesting. This documents well the situation in the two countries. The Commission did not receive any reply to questionnaires from Russia, except from Promsyrioimport which has marginal role in export since the creation of CIS. But the Russian authorities claimed that the quantity imported from Russia was not higher than 30 % of the total imports from Russia and Ukraine. The Ministry of Foreign Economic Relations of Ukraine confirmed that it received the questionnaires and promised to distribute them to the relevant companies. Then no reply from Ukraine was received. ∎

BALKAN CUSTOMS CORRIDOR

The establishment of a customs corridor has been proposed by the European Commission to the CSCE, to help those Balkan countries where the transport networks, and in particular cross-border transport, have been severely hit by sanctions against Serbia and Montenegro.

This is part of a wider initiative, which on the whole, could benefit from a budget between Ecu80m and Ecu100m in 1994, under the PHARE program. The exact amount to be committed will depend, according to Brussels, on the priority that countries interested give to transport infrastructure within the normal PHARE programming.

The Balkan customs corridor should be in place next summer. The Commission, which suggests that an international technical meeting should tackle this proposal, recalls that many bottlenecks occur due to the fact that vehicles with the documents required are delayed by queues at customs caused by those without the necessary documentation.

To solve this problem, Brussels is proposing to set up selected border posts where the transit is reserved to those having valid clearance documents (the T.I.R. carnet); at other posts, where there is enough space, special "fast lanes" should be created for the same vehicles; in addition to this, the Commission proposes that two priority corridor border points should be nominated by the countries concerned: the first one should be created between Austria and Greece/Turkey, and the second one between Albania, Bulgaria, Romania and Ukraine.

According to the Commission, the setting up of these measures will allow heavy vehicles to cross the different borders in one hour at most.

The working paper presented by the European Commission in Vienna also submits two other proposals:

- the preparation of a short-term plan, aimed at finding solutions to the most urgent bottlenecks in the Balkans. The plan will be presented to the G-24, which could examine the plan at a special meeting of the Transport Working Group, to be held in mid-April.

- the approval of a plan providing for the creation of a multi-modal network of corridors identified by the countries concerned as an alternative to the trans-Yugoslavian route. The plan has been identified in the framework of the "Pan-European plan for transport infrastructure development", in which the countries of the region also participate. The plan will be presented at the pan-European Conference on transport to be held in Crete on 14-16 March. In addition, Brussels will launch a study, financed under the PHARE program, to find a place to build a new bridge on the Danube between Bulgaria and Romania (the project has been held up because of disagreement between the two countries).

The European Commission is already contributing through the PHARE regional program to facilitating communications in the region. Under this initiative, projects of Ecu14m have been prepared or are being prepared since 1992. These include the development in Calafat (Romania) of a ferry terminal linking Romania and Bulgaria, rehabilitation works on Romanian roads, improvement of customs procedures between Hungary and Romania at Nagylak/Nadlac, the upgrading of the road from Vidin to Sofia and of that from Tirana to Dures and Rogozhine. ▪

EUROPE AGREEMENTS WITH POLAND AND HUNGARY

On 1 February 1994 the full Europe agreements between the European Union (EU) and Poland and Hungary entered into force. Readers will recall that the Interim Agreements which applied the trade and some economic provisions of these Europe "Association" Agreements had already entered into force on 1 March 1992.

In the last issue (cf No 4, pp 4-5) we indicated which parts of the Europe Agreements had so far applied via the Interim Agreement, and which new Titles of the Europe Agreements are entering into force on 1 February 1994.

Readers will recall that the Association Agreements aim in their commercial element to establish a free-trade area between the associated countries and the EU in several steps with asymmetry in favour of the associated countries of central and eastern Europe. In June 1993, the EU took a unilateral decision to speed up the opening of the EU Member Countries for products from the associated countries.

With the entry into force of the full Europe Agreements we would like to remind our readers of several target dates important for the establishment of a full free trade area between the two associated countries and the EU.

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Concerning the Czech Republic and Slovakia their separate Interim Agreements are being applied, but entry into force of the full Europe Agreements is not likely before the end of this year. In principle, most of these target dates apply also to the Czech and Slovak Republics, but however, some are conditional by the entry into force of the full association agreements. A good case of this is "public procurement" regulations, or the provisions concerning the "right of establishment and "national treatment".

1. **Free trade with industrial goods:**

This trade has been already liberalized to a great degree from the European Union's point-of-view, and by the end of 1994, the EU will abolish **remaining import duties** for practically all industrial goods.

The main exceptions are textiles for which the associated countries will gain zero import duty status by the end of 1996, and the remaining quantitative restrictions on the textiles (imported at zero duty from January 1 1997), will be abolished at the end of 1997.

Concerning steel, remaining and progressively diminished import duties will be abolished fully at the end of 1995. **There are already no quantitative restrictions.**

EU products **will gain free trade access** in Poland and Hungary later on. In the case of Poland for most industrial products by the end of 1998 and in Hungary for most of products by the end of 2000.

2. **Agricultural goods :**

The associated countries benefit from the consolidation of GSP advantages (zero or reduced import duty, but within the limits of tariff quotas/ceilings). There is a timetable for accelerated liberalization. There is a principle of reciprocity, but still there are asymmetric advantages for Poland and Hungary. Three steps in the liberalization of trade with agricultural products have been already taken and the next two steps are scheduled for 1 July 1994 and for 1 July 1995.

3. **Trade with Services :**

There is a progressive liberalization of supply of services and specific provisions for transport services. This progressive liberalization starts with the date of entry of Europe Agreements into force ie February 1 1994.

4. **Right of Establishment :**

National treatment is provided to enterprises establishing themselves in the territory of the other party.

For Polish and Hungarian companies this right of establishment in the EU starts on February 1 1994. The same date is applied for EU companies establishing themselves in the two countries, however, although this is gradual and the concrete schedule depends on the sector of the economy (much later in the area of banking for example).

5. **Public Procurement :**

With the entry into force of the Europe Agreement (**ie February 1 1994**), both Poland and Hungary gained access to contract awards procedures in the European Union in the same way as the Community companies.

Poland and Hungary shall offer the same treatment to the EU companies on their territories at a later stage. The valid timetable provides that Poland and Hungary will allow the EU companies full access to their public contract awards only by February 2004.

6. **Capital Transfers and payments:**

Payments for goods, services and persons between the parties in free convertible currency. Regarding capital transfers in respect of direct investments, repatriation of these investments and of profits therefrom must be authorised.

There is a stipulation that by 1999 the EU shall review with Poland and Hungary the way in which these two countries shall apply in full the Community rules on movement of capital.

7. **Competition rules :**

More or less acceptance of the same competition rules as those stipulated in the Rome Treaty.

Poland and Hungary shall introduce the EU competition rules by the end of 1994 and at the same time they shall define the position of public undertakings and undertakings with special rights.

By the end of 1997 they shall introduce EU rules concerning monopolies of commercial nature.

The first meetings of the Association Councils between the EU and Poland and Hungary will be held in March at ministerial level. It is possible that some speeding up of the timetable will be discussed there.

Joint Committee Poland/EU

The Meeting of the EU/Poland Joint Committee (under the provisions of the Interim Agreement), was held on January 26. Poland drew attention to the growing trade deficit with the EU, but accepted this was mainly due to steep increase in imports from EU **of investment goods.**

However, it appears that Poland wants to raise some import duties. The meeting discussed the

Polish proposal to hit the import of telecommunication equipment **with 13 % import duty** (today zero duty applies). The Poles propose to reduce this to 10 % after 2 years, and after another 2 years to 5 %.

Poland also wants to use the possibility of **applying safeguard clauses for protection of the Polish truck market, by increasing import duty for 5 types of vehicles from zero to 35 %.** **Poland also wants to prohibit the import of trucks older than 3 years.**

These proposals are likely to be discussed again in early March 1994. ∎

EAST EUROPE INVOLVED IN EU STEEL MERGER

The European Commission took a position, when approving the joint venture between MANNESMANN, VALTUBES and DALMINE for the production of advanced seamless stainless steel tubes, that it would permit the merger. It would probably lead to the joint venture acquiring a "dominant position", but because of possible competition which is likely to come from East European suppliers (and from Japan), the merger gained approval.

The European Commission concluded, among other, that it would be reasonable to allow certain number of producers from eastern Europe to enter the European market in the near future.

The Commission's task was to approve, under its powers over Community-scale mergers, the joint venture between the three indicated companies. The joint venture is called "DMW Stainless" and shall produce special tubes for nuclear, chemical and oil industries. Valtubes is a part of the Vallourec concern, and Dalmine a part of ILVA. DMW together with SANDVIK will dominate the European market and could, in this position display un-competitive behavior.

The Commission, however, said that several east European companies could soon be able to offer comparable products, especially as several western producers negotiate with possible east European partners. Their future exports could provide sufficient competition to DMW and Sandvik.

Similar Argument Used for Lamp Tubing:

The European Commission is about to approve a joint venture between PHILIPS International and OSRAM (Germany) for production of lead-glass tubing for fluorescent and other lamps. One of the arguments which favors the approval of the venture is that there are numerous suppliers to the EU market from central Europe : TUNGSRAM (Hungary), KROSNO (Poland), ZADORY (Slovakia) and a "potential" supplier TESLA of the Czech Republic. ∎

DEMOCRACY PROGRAM

An Ecu 10m budget has been created for the second Democracy Program, launched by the Commission to support, in the words of Mr. Leon Brittan, "the development of democratic institutions and practices in central and eastern Europe". The initiative mainly covers the PHARE countries (Ecu8m), but is also open to projects concerning TACIS countries (Ecu2m).

The PHARE Democracy Program was launched by the European Commission on a pilot basis in July 1992 as part of the European Democracy Initiative of the European Parliament. The objective of the program is "to contribute to the introduction of pluralistic democratic procedures and practices and the rule of law, in accordance with CSCE standards, with the ultimate goal of supporting the process of economic and political reform in the central and eastern European countries".

This purpose will be reached through the PHARE co-financing of projects based "on cooperation between formally constituted non-government bodies in the countries concerned and similar partner bodies" in the EU. Until now, 52 projects have been supported by the Commission in all the recipient countries; they concern six main themes, including parliamentary practice, promoting and monitoring human rights, independent media, development of non-governmental organizations (NGOs) and representative structures, local democracy and participation, and education and analysis.

EU financing can not be used to support political party

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DEVELOPMENTS WITHIN THE EC

A MARATHON AT THE END OF FEBRUARY WILL TRY TO CONCLUDE ENLARGEMENT NEGOTIATIONS - PARLIAMENT STRESSES THAT ITS ASSENT IS POSSIBLE ONLY AFTER EXAMINATION OF THE FULL TEXTS

As the March deadline set by the European Council for the conclusion of accession negotiations between the European Union and Austria, Finland, Sweden and Norway draws near, and while several issues such as regional policy, are far from being settled, the Council's Greek Presidency has decided to attempt concluding these negotiations in a series of "marathon" ministerial meetings at the end of February. Two such meetings are scheduled, on 21 and 22 February and from 25 to 28 February, with a possibility of "stopping the clock" if necessary, and to come to an agreement perhaps a few days later than the agreed deadline. This technique has been used during other Community negotiations, in order to maintain the pressure deriving from a self-imposed deadline, while actually concluding negotiations with a slight delay.

At the Foreign Affairs Council's first meeting this year, on 7 February, the European Commission will submit Ministers a package including, among other things, proposals on agriculture, but not, at this stage, the budgetary aspects of enlargement. Regarding the progress of negotiations, Greek General Secretary for European Affairs Mr Kranidiotis and European Commissioner Mr van den Broek admitted that Norway was still behind. Up to now, it was agreed to keep as much parallelism as possible, but, as Hans van den Broek pointed out, candidate countries themselves can decide, in the last stages of negotiations, to give this up.

Last week, Hans van den Broek debated with Members of the European Parliament not only the substance of the negotiations, but also the manner in which Parliament will be giving its opinion on enlargement. Many MEPs are worried that Parliament might be consulted without knowing the details of such complex and long agreements, mostly because of lack of time, since the general wish is that the present Parliament gives its assent, instead of waiting for the Parliament which will be elected next June (and which would only be able to vote later in the year, since it would need some time to examine the relevant texts). Hans van den Broek told two Parliamentary committees that, even if the agreed deadline is kept, the full texts of the agreement (about 10,000 pages, in nine languages, he said) would not be available before the beginning of May. Therefore, he hoped Parliament would accept, as soon as negotiations are over, a start in discussing the basis of comprehensive reports by Commission and Council. The European Parliament, stressed Hans van den Broek, will of course be asked to give its formal "assent" only when all the texts are available.

All four rapporteurs on enlargement seemed to agree on such a course, insisting on the need that Parliament should examine the full texts before its final vote. "We want all the documents before saying yes", said Giorgio Rossetti, rapporteur on Sweden, while Marie Jepsen, rapporteur on Norway, pointed out that Parliament would need "all the technical and legal details" before taking a formal decision. At the same time, she was pleased with the suggested procedure, which would speed up parliamentary discussions, as was Jannis Sakellariou, rapporteur on Austria. Gary Titley, rapporteur on Finland, was also willing to accept the Commission's suggestion, while repeating, like his collegues, that Parliament would need to know the details in time if it wants to give its assent at its last plenary session (from 2 to 7 May).

Commission President Jacques Delors, recently speaking with the press in Brussels, also briefly touched on the enlargement problem. "We are working hard in order to keep the deadline, but our task is made easier by the negotiations we already had on the European Economic Area, he said. Mr Delors also hinted at the "institutional" problem, which has not been dealt with in depth during the negotiations, saying that "as soon as you talk about enlargement with a Member of the European Parliament, a head of government or a Foreign Affairs Minister, their minds turn to institutions". Jacques Delors, recalling that 1994 will be the last year his chairmanship of the European Commission, also announced that he suggested, for the next months, a "reflection" by the Commission on a "greater Europe". It is not enough, he said, to give "encouraging" signs to the countries of Visegrad; we must know "where we are going", and this "reflection" is needed in order to "put the next enlargement in perspective" (today we have to admit that the "perspective" is not