



TOGETHER IN EUROPE



EC NEWSLETTER FOR CENTRAL AND EASTERN EUROPE

RELATIONS WITH THE COMMUNITY

EU STARTS TO DEVELOP STRATEGY FOR ACCESSION OF CENTRAL AND EAST EUROPEAN COUNTRIES

The EU Council of Foreign Ministers will hold, during its meeting on 18 July, the first discussion over the Commission's draft proposal on the "Strategy for Central and East European Countries's Accession to the European Union". As we go to press, the European Commission has not yet finalized the 7 page draft paper to be discussed by the Council on July 18. The days which preceded the Commission's formal discussion over the "Strategy Paper" on 13 July, were occupied by efforts to adopt contributions and positions of individual Commissioners to be able to produce a single political draft paper to be handed over to the Council, possibly on July 14-15. The formulations from the paper discussed by the Commission on 13 July are still, as we go to press, being refined and for the foreign ministers. Then there is an extensive "annex" produced mostly under the responsibility of Commissioner Leon Brittan. This "annex" believed to contain some more concrete proposals, will continue to be processed by the Commission's specialists at least until the end of July and then it will be transferred (probably in early September) to the Council's working group. The "annex" as such will not be discussed by the foreign ministers on July 18.

Following the Council's discussion, the working group will continue work on the basic political document as well as annexes, with the aim of finalizing the work for a substantial discussion within the EU Council of Foreign Ministers in October. Then the political document and the annexes will be adopted for final decision to be made by the EU Heads of State and Government during their Essen Summit in early December.

It is likely that following the Council's discussions of Monday 18 July, comments could indicate certain disappointment that the EU under the German Presidency is not moving far enough in presenting a somewhat more precise plan and timetable for the future accession of the associated countries of central and eastern Europe into the EU. However, this is not the aim of the "Strategy Paper" and it was clearly said in Brussels, that the scope of the institutional problems linked to the next enlargement of the EU is so well known, and the way in which this would be resolved so unpredictable, that it is unrealistic to expect that during the

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German presidency some indications concerning timetable and accession negotiations, could be provided.

In principle the **“Strategy for Central and East Europe Accession to the EU”** aims to establish guidelines for the process under which the structural relationship between the European Union and the associated countries could be expanded and deepened, guidelines on how to gradually build up the enlargement process, and in particular it shall, via the **“White Paper”** which will later be drafted by the European Commission, set up concrete guidelines on **“Pan-European Convergence”**.

In a way, it will be the **“White Paper”** which will determine the process of enlargement. Its aim will be, probably later this year and after consultations with associated countries of central and eastern Europe, to set forward ideas on **how to jointly meet the obligations of the Single market for each associated country of central and eastern Europe**. The key word is **“jointly”**. This means a common plan for the necessary changes to be made in accession candidate countries of the CEEC in order to operate fairly in the EU's expanded Single market. But it also means, the necessary adoption of EU individual policies to facilitate the involvement of the associated countries in the Single market.

The Commission says that the White Paper and other points of the **“Strategy”** do not mean that the process of accession means firstly to develop something similar to the EEA (European Economic Area) between the EU and EFTA countries. The EEA indeed established a framework for the expansion of the Single market to EFTA countries and facilitated enlargement negotiations with Austria, Finland, Sweden and Norway. According to the Commission the process with associated CEEC countries will not mean a building up of an **“anti-chamber”** to the accession, but may mean a part of the direct accession process. There are as yet no proposals for the construction of common **“Single market”** institutions for the EU and central and eastern Europe. This, it is said, indicates clearly that the accession of CEEC into the EU is the aim, and not the building up of other structures. On the other hand the **“Strategy Paper”** may, as it will be indicated below in the discussion of its main point, seriously question the likelihood that the accession negotiations could eventually start as early as in 1997 following the EU's intergovernmental conference. The implications also are that accession by 2000 is strongly unlikely.

Strategy paper :

The paper re-confirms the objective adopted during the Copenhagen Summit that the associated countries will eventually become members of the EU, as well as the conclusions of the June 1994 Corfu Summit. **The strategy to be followed is that of fulfilling the two major conditions adopted during Copenhagen Summit :**

--- the existence in the candidate countries of the ability to **cope with competitive pressure and market forces within the Union**.

--- the ability to absorb new members while maintaining the momentum of European integration.

Thus the strategy which will be formulated by Essen Summit in final form, is that of an active joint work of the two partners on establishing the conditions on both sides, which will allow central and east European countries to take full participation in the Single Market.

Political and institutional aspects :

The **“strategy”** aims at intensification of political and institutional cooperation in the sense of the proposal adopted in March this year : **“Reinforced political and Security Dialogue”** (cf details in No.45, pp3-5). This means a broad involvement of the CEEC in the second pillar of the Maastricht as well as intensified and formalized cooperation with the EU in the **“third pillar”** of Maastricht, ie cooperation in justice/home affairs.

In this framework there have been only joint meetings on the margins of the Transport Council, and one meeting on the perimeter of the ECOFIN Council. This shall be expanded to other fields and transferred into true cooperation and not only discussions over dinner.

Trade aspects :

The **“Strategy”** doesn't contain **any new proposals, except bringing the Interim Agreements with Bulgaria and Romania to the level of the four central European countries**. In this way the timetable and the scope of trade liberalization will be made uniform throughout all the associated countries of central and eastern Europe and the situation of **“free market area”** will be reached at the same time.

The position of the Commission which will be also adopted on 18 July by the Council is that **Association agreements following the improvement adopted in Copenhagen have practically established a free-trade area in industrial products**.

In fact trade in industrial products will be fully liberalized as of 1 January 1995 with the exception of

textiles, when the liberalization will be completed by 1998, and with exception of steel products, where the limits shall cease by the end of 1995. Then there is the problem of agricultural products.

The "Strategy" doesn't directly answer the problem of trade imbalances (See our article below which brings the latest trade results indicating a steep rise in the EU surplus in trade with the CEEC and the fact that EU now has a significant trade surplus also in food and agricultural products).

But the "Strategy" sets the guidelines for what must be done to substantially broaden trade liberalization and expand market access. It also establishes guidelines for the way the EU could phase out the use of trade defence instruments.

In concrete terms this means that associated countries of central and eastern Europe shall speed up implementation of **major structural changes** which will help them to start to cope with the Single Market :

--- it would be necessary to carry out cuts in steel industry and heavy industry as such.

--- there will have to be reform of agricultural policies in the sense of approaching agricultural policies carried out by CEEC to the reformed CAP (see our discussion in No 52).

--- more effort shall be made in support of SMEs and private sector.

--- there shall be more rapid progress in the reform of the banking sector, financial services and infrastructure as such.

"Strategy's" part Towards the Wider Market aims at concrete steps for integrating CEEC into the Single market : **this is in the establishment and adoption of proper a legal and related system: ie steps already established by the fulfillment of provisions of the association agreements.**

--- development of corresponding competition policy.

--- fulfillment of the rules concerning state aid, subsidies.

--- legal and procedural transparency.

--- protection of intellectual property.

In short this means an accelerated implementation of all the provisions from the association agreements which will help the CEEC to come close to the Single Market provisions.

The "Strategy" aims at the development of "flanking policies" giving assistance to individual moves.

Trade defence measures :

The "Strategy" establishes a link between the dismantling of EU trade defence instruments and progress of CEEC towards fulfilling Single Market conditions. Trade defence instruments (anti-dumping, anti-subsidy and safe-guard measures) will have to continue, but only as far as the CEEC will not further fully adopt to the Single market conditions and mutual trust is built up, making it clear that dumping is not broadly used, that the similar subsidy code and practice are being carried out etc. To this are also linked ideas on the "Social dimension".

Financial Assistance :

"Strategy" advocates a qualitative change in PHARE assistance in favour of more PHARE involvement in investment rather than in technical assistance as such, which in turn shall be more adopted to support the major structural changes indicated above. The figure of increasing the next PHARE budget to ECU 7 billion over five-years is not included in the paper which will be presented to the Council on 18 July, but it is believed that this figure will be re-installed before the Essen Summit as the EU will make an effort to assure that the budgetary authorities have made the necessary moves. ■

EU INITIALS FREE TRADE AGREEMENT WITH ESTONIA

A free trade agreement has now been initialled by the EU and Estonia. The Agreement foresees the creation of a free trade zone for industrial goods. This is the first time that the EU has concluded an agreement on immediate free-trade on a reciprocal basis with a country from central and eastern Europe. This is due to the very liberal trade regime Estonia practices already. Concessions on behalf of the EU have also been agreed for agricultural, processed agricultural and fisheries products. Besides the general regime, trade in textiles products will be ruled by specific provisions, with all tariffs being dismantled upon entry into force of the agreement. Estonia will be able to apply an "infants industries" clause, while the agreement also contains provisions on payments, competition rules, monopolies, customs cooperation and approximation of laws covering trade and customs matters. ■

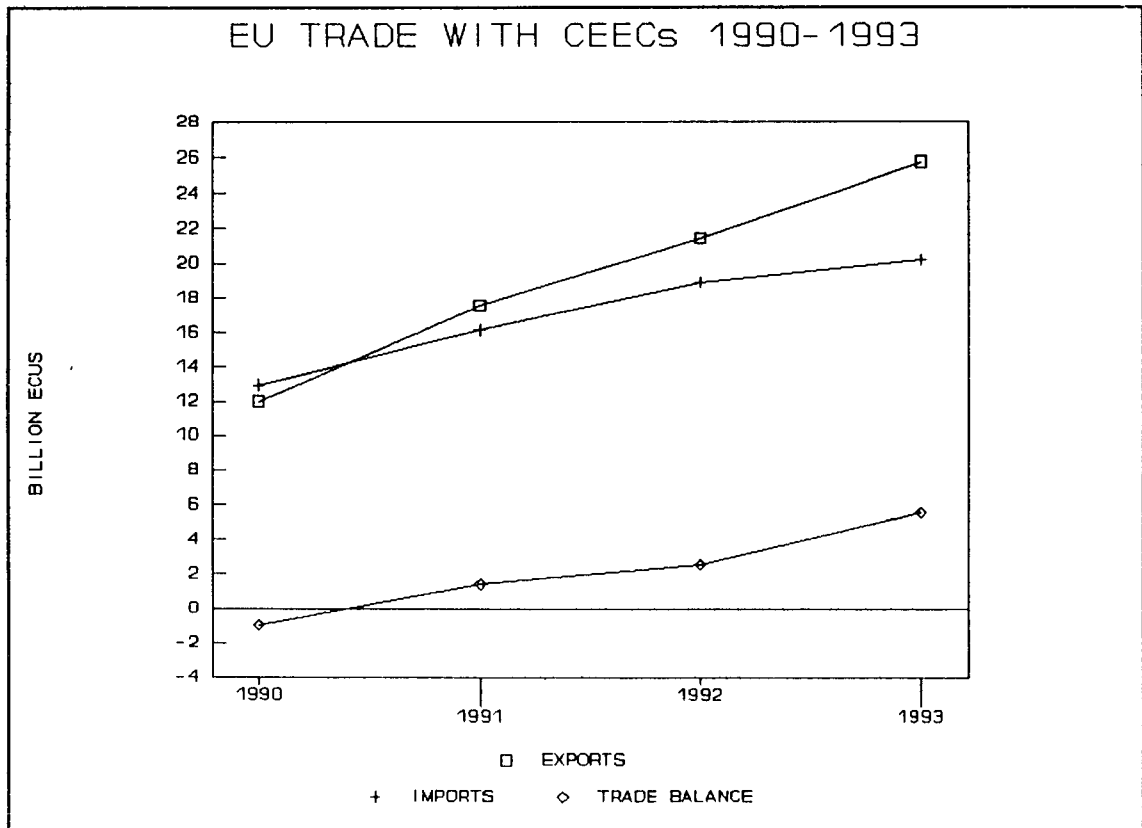
EUROPE UNION'S TRADE WITH ASSOCIATED COUNTRIES OF CENTRAL AND EASTERN EUROPE

The European Union's trade surplus with the six associated countries of central and eastern Europe increased in 1993 by over ECU 3 billion and reached a record value of ECU 5.56 billion. The EU increased its trade surplus with all central and eastern European associated countries. The trade surplus with Poland jumped by ECU 1.3 billion, the surplus with Hungary increased by over ECU 900 million. The surplus in trade with the Czech Republic and Slovakia increased to ECU 1.24 billion in 1993 as compared to ECU 730 million in 1992. Of this the trade surplus with the Czech Republic amounted in 1993 to ECU 1.19 billion.

This picture results from the calculations by East-West and Together in Europe from the statistical data bases of the European Commission. Eurostat has not yet produced official trade statistic for the full year 1993, and its release in early July on the EU's trade with the associated countries of central and eastern Europe referred to the trade flows during the first half of the last year.

The steep increase in the EU trade surplus with the six associated countries in 1993 results from the fact that EU exports grew by 20%, while the increase in imports from the associated countries was much smaller and amounted to only 6.7%. The decrease in EU imports from the associated countries last year was expected, because of the lower demand due to the continued EU economic recession. In absolute terms, EU imports from the associated countries increased by ECU 1.27 billion in 1993. On the other hand the absolute increase in EU exports to the associated countries was quite substantial and amounted to ECU 4.29 billion.

Some of this increase was due to higher exports of machinery and equipment needed for the modernization of economies of central and eastern Europe. However, the bulk of the increase resulted from exports of products intended for consumption in the associated countries. It also confirmed the impact of the trade liberalization which resulted from the Europe Agreements.



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EU EXPORTS TO POLAND 1990-1993

'000ECUs (expolf)

	1990	1991	1992	1993
1 Live animals; animal products	73638	227895	157200	182807
2 Vegetable products	272089	209925	253543	411452
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	33472	43838	77059	76185
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	235773	514245	436222	414419
5 Mineral products	141680	343403	498779	454362
6 Products of the chemical or allied industries	423702	733925	889851	1088068
7 Plastics & articles thereof; rubber & articles thereof	164929	306613	416820	565765
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness; travel goods, handbags etc.; animal gut	45229	62841	80895	89929
9 Wood & articles of wood; wood charcoal; cork & articles of; manufactures of straw, of esparto or of other plaiting materials; basketware & wicker work	5547	17508	22451	31435
10 Pulp of wood or other cellulosic material; waste & scrap of paper/paperboard; paper & paperboard & articles thereof	71430	198808	263983	325792
11 Textiles & textile articles	504570	773082	943437	1202603
12 Footwear, headgear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair	46762	87040	51203	51334
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	52746	114024	14619	182389
14 Natural or cultured pearls, precious or semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	5919	15177	20541	17929
15 Base metals & articles of base metals	263128	365887	452840	557214
16 Machinery & mechanical appliances; electrical equipment, parts thereof; sound recorders/producers, TV image & sound recorders & reproducers, parts & accessories of such articles	1374083	1883622	2067281	2400917
17 Vehicles, aircraft vessels & associated transport equipment	258683	1278749	721345	1051238
18 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	146120	228671	209056	285413
19 Arms & ammunition; parts & accessories thereof	3910	3277	2953	2052
20 Miscellaneous manufactured articles	80151	176974	182549	196257
21 Works of art, collectors' pieces & antiques	7824	3413	7711	2554
22 Not classified elsewhere	181932	286418	382983	282393
TOTALS	4393317	7875335	8153321	9872507

EU IMPORTS FROM POLAND 1990-1993

'000ECUs (impolf)

	1990	1991	1992	1993
1 Live animals; animal products	530056	456273	436526	358445
2 Vegetable products	374218	382258	273806	248815
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	9801	20618	19154	13214
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	192378	221151	222108	195120
5 Mineral products	626313	714271	705416	762750
6 Products of the chemical or allied industries	344822	436139	397513	315212
7 Plastics & articles thereof; rubber & articles thereof	148776	166827	184010	189666
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness; travel goods, handbags etc.; animal gut	66479	77130	104446	96154
9 Wood & articles of wood; wood charcoal; cork & articles of; manufactures of straw, of esparto or of other plaiting materials; basketware & wicker work	235481	287389	384283	425617
10 Pulp of wood or other cellulosic material; waste & scrap of paper/paperboard; paper & paperboard & articles thereof	44918	67180	98020	92239
11 Textiles & textile articles	592860	865835	1113607	1382797
12 Footwear, headgear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair	84851	113589	124957	115562
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	80160	123292	127847	129532
14 Natural or cultured pearls, precious or semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	36868	28660	30382	45630
15 Base metals & articles of base metals	858521	1078156	1338479	1036096
16 Machinery & mechanical appliances; electrical equipment, parts thereof; sound recorders/producers, TV image & sound recorders & reproducers, parts & accessories of such articles	416302	433037	483656	583881
17 Vehicles, aircraft vessels & associated transport equipment	159677	183563	405011	796997
18 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	22452	28876	33379	37236
19 Arms & ammunition; parts & accessories thereof	539	593	319	521
20 Miscellaneous manufactured articles	205425	324923	418878	549388
21 Works of art, collectors' pieces & antiques	2879	1984	3281	5238
22 Not classified elsewhere	122668	199950	173383	185933
TOTALS	5156444	6211694	7078461	7566043

EU EXPORTS TO HUNGARY 1990-1993
 '000ECUs (exhurf)

	1990	1991	1992	1993
1 Live animals; animal products	10498	12832	31691	62129
2 Vegetable products	40679	52196	64571	88151
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	7015	7756	10982	12042
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	60918	79705	121414	176941
5 Mineral products	11427	46395	27498	29482
6 Products of the chemical or allied industries	358172	408822	455431	542234
7 Plastics & articles thereof; rubber & articles thereof	133557	150733	183376	228568
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness; travel goods, handbags etc.; animal gut	93475	98172	103076	114291
9 Wood & articles of wood; wood charcoal; cork & articles of; manufactures of straw, of esparto or of other plaiting materials; basketware & wicker work	22420	28239	13683	18633
10 Pulp of wood or other cellulosic material; waste & scrap of paper/paperboard; paper & paperboard & articles thereof	73898	94245	111227	133227
11 Textiles & textile articles	383700	459042	553748	602271
12 Footwear, headgear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair	48316	66569	77514	84179
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	58078	60482	68425	90822
14 Natural or cultured pearls, precious or semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	14643	15625	16155	13910
15 Base metals & articles of base metals	183099	226971	235204	319803
16 Machinery & mechanical appliances; electrical equipment, parts thereof; sound recorders/producers, TV image & sound recorders & reproducers, parts & accessories of such articles	909070	989363	1090888	1360572
17 Vehicles, aircraft vessels & associated transport equipment	182828	341614	490099	616720
18 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	107523	123891	144424	159372
19 Arms & ammunition; parts & accessories thereof	222	605	1006	1968
20 Miscellaneous manufactured articles	45547	87271	144430	159948
21 Works of art, collectors' pieces & antiques	6613	8801	2451	3234
22 Not classified elsewhere	123449	126042	113154	125935
TOTALS	2875147	3485371	4060447	4944432

EU IMPORTS FROM HUNGARY 1990-1993

'000ECUs (imhuf)

	1990	1991	1992	1993
1 Live animals; animal products	380358	433439	398122	344202
2 Vegetable products	166620	235581	205530	193285
3 Animal or vegetable fats & oils, products of; prepared edible fats; animal/vegetable waxes	11440	16404	13094	10873
4 Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	155332	234213	213841	166947
5 Mineral products	94862	92877	70372	72982
6 Products of the chemical or allied industries	200117	223132	221242	209621
7 Plastics & articles thereof; rubber & articles thereof	137554	196734	241073	213348
8 Raw hides/skins, leather, furskins & articles thereof; saddlery & harness; travel goods, handbags etc.; animal gut	55833	68586	76854	63406
9 Wood & articles of wood; wood charcoal; cork & articles of; manufactures of straw, of esparto or of other plaiting materials; basketware & wicker work	87416	103869	108957	88346
10 Pulp of wood or other cellulosic material; waste & scrap of paper/paperboard; paper & paperboard & articles thereof	30861	36522	45762	39741
11 Textiles & textile articles	464684	554441	657397	696337
12 Footwear, headgear, umbrellas, walking sticks, whips, riding crops; prepared feathers and articles made therewith; artificial flowers; articles of human hair	99945	133558	171285	166769
13 Articles of stone, plaster, cement, asbestos, mica, similar materials; ceramics, glass & glassware	53635	83464	91729	97213
14 Natural or cultured pearls, precious or semi-precious stones, precious metals & articles thereof; imitation jewelry; coins	7872	10329	6493	5737
15 Base metals & articles of base metals	390118	358932	412761	383449
16 Machinery & mechanical appliances; electrical equipment, parts thereof; sound recorders/producers, TV image & sound recorders & reproducers, parts & accessories of such articles	412130	542660	654713	804170
17 Vehicles, aircraft vessels & associated transport equipment	35251	81567	128768	125893
18 Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts thereof	15353	24558	35330	36014
19 Arms & ammunition; parts & accessories thereof	2150	2538	2100	2073
20 Miscellaneous manufactured articles	83995	131776	161880	157728
21 Works of art, collectors' pieces & antiques	3856	3596	3978	9337
22 Not classified elsewhere	44486	55772	64012	58799
TOTALS	2933868	3624548	3985293	3946270

(see page 4)

In the area of machinery and equipment, (excluding transport equipment and vehicles), the biggest market for EC exports is that of the former Czechoslovakia. In 1993 the EU exported to the Czech Republic, machinery & equipment worth ECU 2.2 billion and to Slovakia worth ECU 0.4 billion. These exports expanded by 10%. The second biggest market is the Polish one which took machinery products worth ECU 2.4 billion last year. This was more than ECU 300 million against 1992. Altogether the increase in EU exports of machinery and equipment in 1993 to the six associated countries of central and eastern Europe amounted to ECU 1.1 billion. This, however, means that higher exports of machinery and equipment to the associated countries shared only 25% of the total rise in EU exports.

In the field of vehicles and related transport equipment the trade more or less stagnated last year following a strong upward trend in previous years. Nevertheless the EU's surplus with the six associated countries in this field amounted to ECU 1.15 billion. During the 1990-1993 period, EU exports of vehicles and other transport equipment jumped by 320%. In absolute terms this means a jump from exports worth ECU 630 million in 1990 to ECU 2.65 billion in 1993.

Agricultural products and food :

Data on 1993 agricultural and food trade between the EU and six associated countries confirm the conclusion made by Mr. H. Nallet and Mr. Van Stolk in their report submitted in June to Mr. Steichen, Commissioner in charge of agriculture. The conclusions said it is more likely that the EU agricultural products will disturb farming in the CEEC rather than the reverse. They also concluded that the Association agreements had not had a positive effect in this field. (see.No52, pp2-3).

In 1993 EU exports of agricultural products and food to the six associated countries increased by 23.8%, while imports from the six central and eastern European countries fell by 14.9%. The European Union has managed to improve its trade balance in agriculture and food with the associated countries by some ECU 825 million in 1993. In 1993 the EU still had a trade deficit of ECU 300 million but this turned in 1993 to an ECU 525 million trade surplus.

Hungary is now the only associated country which has a trade surplus in food and agricultural products with the EU. This surplus was, however, reduced to ECU 376 million as EU agricultural exports to Hungary increased by 48% last year, while imports from Hungary declined by 14%. EU agricul-

tural exports to Poland were only worth in 1990 ECU 235 million while in 1993 they amounted to nearly ECU 1.1 billion. During the same time agricultural imports from Poland fell from ECU 1.1 billion in 1990 to ECU 815 million last year. The EU's traditional deficit in agricultural trade with Bulgaria turned into an ECU 50 million surplus last year. In particular EU exports to Bulgaria of prepared foodstuffs, beverages and related products increased in 1992 by 90 % and by 54 % in 1993. In 1993 EU supplied Bulgaria with twice as much foodstuffs than vice-versa.

Textiles :

Trade liberalization between the EU and the six associated countries gave an especially strong boost to trade in textiles and textiles articles. These now represent, depending on each associated country, either the second or sometimes third most important trade flow in mutual trade. The EU trade deficit in 1993 declined marginally from ECU 750 million in 1992 to slightly over ECU 700 million last year. Trade in textiles was the field in which trade most expanded since 1990 with the exception of trade with Hungary.

EU textile exports to the six associated countries were worth ECU 3 billion in 1993. This represents 12 % of total EU exports to the six countries. Imports from the associated countries were worth ECU 3.7 billion, ie they shared 18.4 % of total imports from the associated countries.

Steel products :

The early 1990s saw a strong expansion in EU imports of steel and steel products from the associated countries of central and eastern Europe. In 1993 the EU effectively arrested the continuation of this trend. Steel imports for the Czech Republic and Slovakia declined by 1.3%, from Poland they fell by 22.6%, from Hungary imports declined by 7%. Imports from Bulgaria were down by 25% and from Romania by over 11%. The expansion of steel exports from the EU to associated countries continued last year. Total EU imports of iron and steel from the six associated countries were last year worth slightly over ECU 2.6 billion, while EU exports to the associated CEE countries increased to ECU 1.5 billion.

Note :

The enclosed tables (pp5-8) bring details of 1990-1993 trade with Poland and Hungary. The trade is broken-down into 22 main categories. Data was calculated by East-West from the European

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Commission's statistical data base. Because of space reasons we are unable to publish similar data for the Czech Republic, Slovakia, Bulgaria and Romania as well as more detailed breakdowns for Poland and Hungary.

We would like to inform our readers that in late June, East-West produced a 57 page detailed statistical report on EU trade with the six associated countries of central and eastern Europe which covers trade developments in full 1993 and the trade since 1990. Data published on pp.5-8 is taken

from this report, which in addition brings more detailed breakdowns for number of key types of products. "Together in Europe" is now able to offer the East-West's statistical report to its readers in associated countries of central and eastern Europe at a specially reduced price of BF 4,400 (ECU 110) as against normal price of BF 7,500. Anyone interested in receiving the full statistical report, please place your order with : **Together in Europe/East-West, 10 blvd. St. Lazare, 1210 Brussels. Fax (32-2) 218 19 85.** ■

ECOFIN SUPPORTS BALANCE OF PAYMENTS ASSISTANCE TO SLOVAKIA, PROBLEMS OVER AID TO ALBANIA

The first meeting of the ECOFIN Council under the German Presidency (with an active participation of "observers" from the four EFTA countries joining the EU) mainly discussed recommendations on economic policy and other follow up to the Corfu European Council, but the ministers were also able to make some first steps which will, later on this year, lead to granting macroeconomic financial assistance to Slovakia and Albania.

Assistance to Slovakia :

The first discussions within the ECOFIN over the balance of payments assistance package to Slovakia passed without difficulties. Slovakia has agreed with the IMF a macroeconomic program which, however, leaves a financing gap of ECU 260 million which the G-24 Countries are requested to cover.

The portion of the EU and its member states will be ECU 130 million. Half of it covered by the EU and the other half by member states.

ECOFIN has favorably received a presentation by

Vice-President of the Commission Mr. H. Christophersen as well as an oral report by Commission President Delors. The ministers agreed to send a positive signal to other G-24 members and it was decided that the Commission will prepare a formal proposal to the Council for a decision later on. In principle the funds will be disbursed in two tranches.

As the meeting of the ECOFIN Council was convened, former Slovak Premier Minister and now the head of the Slovak Christian Democratic Party (KDH) Mr. Carnogursky was having discussions with Commissioners Leon Brittan and van den Broek. This visit was organized by the European Commission under a special programme of informal discussions with leading personalities from the associated countries over the shaping of the policy towards a wider Europe.

Assistance to Albania :

The discussions over financial assistance in the form of grant to Albania were hampered by the attitude taken by Greece. The ECOFIN accepted

in principle an ECU 35 million grant to Albania to be disbursed in two tranches : the first one of ECU 15 million, the second ECU 20 million. The principle of providing the grant was agreed, but the matter was transferred for the decision to the next EU General Council. The foreign ministers who will meet on July 18 will have to establish the conditions for the release of the second tranche. This, it is expected, will allow Greece reservations to be overcome. This political conditionality will be related to the respect of human rights and minorities in Albania and further progress in democratization.

PHARE assistance to Albania :

In 1994 Albania is benefiting from ECU 20 million under the PHARE assistance programme. This grant assistance goes mainly to sectorial restructuring, development of infrastructure, development of human resources and towards reform of the institutions.

Financing Proposals under 1994 programme are likely to be approved by September by the PHARE Managing Committee. ■