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*Recent Developments in the European Community*

July 1993

**MEMO**

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### **EC SUMMIT IN COPENHAGEN RESTORES MOMENTUM**

EC leaders meeting in Copenhagen June 21-22 for the traditional end-of-Presidency European Council welcomed host-country Denmark's ratification of the Maastricht Treaty on European Union in a second referendum on May 18. According to a **final communique** released after the summit, Denmark's "yes" should "mark the end of a prolonged period of uncertainty about the Community's direction". The United Kingdom and Germany are the only two member states still to complete ratification procedures.

On the economic front within the Community, the Council was generally satisfied with the working of the single market for goods and services, an achievement which has been overshadowed by record unemployment figures in many EC member states. The task of identifying the reasons and remedies for this has fallen to EC Commission President Jacques Delors, who presented EC leaders with an eight-point growth outline entitled "**Entering the 21st Century: Orientations for Economic Renewal in Europe**" (contained in the Communique). For the short term, the summit agreed an increase of 3 billion ECU to the European Investment Bank's 5 billion ECU lending facility for trans-European infrastructure projects and for initiatives promoting the competitiveness of small and medium-sized enterprises. Multilaterally, the Council emphasized the need to get the GATT (General Agreement on Tariffs and Trade) process moving in order to achieve "a durable and balanced agreement before the end of the year."

On the situation in the Balkans, the Council expressed its confidence in EC negotiator Lord David Owen and said it would insist on the territorial integrity of Bosnia and not tolerate "the acquisition of territory by force". Sanctions will remain in place until conditions for removing them are met. The Council also strongly condemned the recent attacks on immigrants and refugees in EC member states and asked member states to do their utmost to protect foreign minorities.

On enlargement, the summit confirmed January 1, 1995 as the target date for enlargement of the EC to include Sweden, Austria, Finland and Norway. In effect, they will be joining the European Union which comes into being, possibly later this year, with ratification of the Maastricht Treaty. Opinions on the accession of Cyprus and Malta will be presented shortly.

Without setting a date, the summit also promised eventual membership to Eastern European countries associated with the EC through Europe accords (i.e. Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria). It welcomed the progress toward conclusion in negotiations for an EC-Russia partnership and cooperation agreement. The EC hopes to start similar negotiations with the Ukraine.

Declarations on the situation in Africa, Central America, Cambodia and the Middle East are also included in the communique.

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**EC Relations with Eastern Europe....**the Community's relations with the countries of Central and Eastern Europe have developed rapidly since the collapse of Communism in the late 1980s. A June 1993 **Background Brief on European Community Relations with the Countries of Central and Eastern Europe** examines the growth of these ties through bilateral agreements, assistance, trade and political dialogue. The Brief, which covers 12 Eastern European countries as well as some states originating from the break-up of Yugoslavia, also describes the main features of and differences between traditional trade and cooperation agreements and the new generation of Europe Accords, and gives a chronology of the EC's involvement in the peace-making process in the former Yugoslavia. Annexes include tables outlining EC trade, aid and financial operations in favor of the reforming countries for the period 1990-1992.

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**NAFTA and the European Community....**the North American Free Trade Agreement, which was concluded between the US, Canada and Mexico in August 1992, is described in a **May 12 EC Information Note** as "globally positive", although EC exports are expected to face tougher competition on the US and Canadian markets when the agreement enters into force. The Note predicts the impact will be felt most in sectors where North American tariffs are high and names financial services, investment, rules of origin, customer users fees and agriculture as areas of potential concern. EC-Mexico relations in particular are certain to undergo change as that country, through its involvement in the pact, gradually reaches a standard of development similar to that of the US and Canada, and therefore, more equality in its relationship with the Community. The Note examines the free trade arrangement in terms of its relationship to the ongoing Uruguay Round of trade liberalizing talks and from the perspective of the individual participants (US, Canada and Mexico) and their main trading partners (other Latin American and Caribbean countries, Asia, Europe and Australia). The NAFTA Note concludes with a chapter-by-chapter summary of the agreement.

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**EC and US strengthen cooperation in education and research....** a new initiative that gives a European dimension to academic exchanges between EC and US universities will be launched on a trial basis at the start of the 1993/94 academic year. The Commission has asked about 600 higher education establishments with experience in EC-sponsored exchange programs to bid for selection. The program was announced in Washington on May 20 after a first meeting between US Secretary for Education Richard Riley and EC Commissioner for Science, Research and Education Antonio Ruberti (see press releases below). Earlier in May, Commissioner Ruberti opened the debate on the future of EC education and training programs after they expire in 1994. He is proposing a two-pronged approach to replace six existing programs which have benefitted 100,000 students and enjoyed enormous success to date. The next generation of programs will involve universities and other institutes of higher education on the one hand, and training and qualifications on the other. This would provide citizens across the Community with more flexible permanent education and training opportunities and make a single market for employment a meaningful reality.

While in Washington, Commissioner Ruberti spoke on **The Future of Community Research and Transatlantic Cooperation** to a May 20 luncheon organized by the European Institute. In his speech, Commissioner Ruberti said that, particularly with the change of US Administration, US and EC research policies are coming closer together in advocating actions aimed at relaunching economic growth and promoting employment. Solid foundations for further EC-US scientific cooperation have been laid in a series of agreements signed in recent years. Regarding intra-EC cooperation, Mr. Ruberti said that the **Fourth Community RTD Framework Program** proposed for 1994-1998 (described in a separate document "A Research Policy for Growth") would take a new approach designed to create a genuine EC research community, to enable industry to become more competitive, and to improve the quality of life.

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Speeches and public statements by EC Commissioners during May-June 1993

"Europe Revisited: The New Europe and the Lessons of History" by EC Commissioner for External Political Relations Hans van den Broek on June 4 in Tilburg, Holland

"Europe: The Next Steps", the Konrad Adenauer Foundation lecture by EC Commissioner for External Economic Affairs Sir Leon Brittan on May 27 in Bonn

"Competition Policy in the 1990s" by EC Commissioner for Competition Karel van Miert, at the Royal Institute of International Affairs (Chatham House), London on May 11, 1993

Comments by Social Affairs Commissioner Padraig Flynn during a press conference on the directive on the organization of working time, on June 2, in Brussels

EC NEWS Press Releases for May/June, 1993

- EC COMMISSION CONCERNED BY US GOVERNMENT RETREAT FROM SUPREME COURT CASE ON UNITARY TAXATION, May 3, 1993
- EC ESTABLISHES EQUITY LINE WITH IFC TO BOOST INVESTMENT IN SMALL AND MEDIUM-SIZED ENTERPRISES IN DEVELOPING COUNTRIES, May 6, 1993
- EC/US PUBLIC PROCUREMENT ACCORD PRESENTED TO EC MINISTERS, May 5, 1993
- EC COMMISSION CALLS FOR COMMON SOLUTIONS TO INTERNATIONAL TAX PROBLEMS, May 11, 1993
- MAY 13 COMMUNIQUE OF THE EC MONETARY COMMITTEE, May 14, 1993
- COMMISSIONER RUBERTI TO VISIT U.S. FOR FIRST MEETINGS WITH SCIENCE, EDUCATION OFFICIALS, May 17, 1993
- EC AND U.S. BOOST COOPERATION IN HIGHER EDUCATION, May 20, 1993
- EC RESPONDS TO U.S. SANCTIONS ON TELECOMMUNICATIONS, May 26, 1993
- EC ASKS FOR A GATT PANEL ON U.S. STEEL CVD CASES, May 27, 1993
- EC COMMISSION WARNING ON U.S./ GERMAN TELECOMMUNICATIONS AGREEMENT, June 11, 1993
- GLOOMY ECONOMIC FORECASTS, June 16, 1993
- EC COMMISSION WELCOMES GATT WORKING PARTY ON RUSSIAN MEMBERSHIP, June 16, 1993
- EC COUNCIL GIVES GREENLIGHT FOR ADVANCED TV AND HDTV, June 17, 1993
- EC COMMISSION REACTS TO DEFINITIVE DUTIES ON EC STEEL EXPORTS TO THE U.S., June 22, 1993
- EUROPEAN PARLIAMENTARIANS TO HOLD BIENNIAL MEETING WITH MEMBERS OF CONGRESS AND U.S. ADMINISTRATION, June 24, 1993