

European

Dialogue

THE MAGAZINE FOR EUROPEAN INTEGRATION

NOVEMBER-DECEMBER 1996/6

Taking advantage
of the single market

Helping applicants
get ready

EMU: what happens
to the "outs"

Friendly advice
from Sweden

Women face
the transition

What Europeans expect

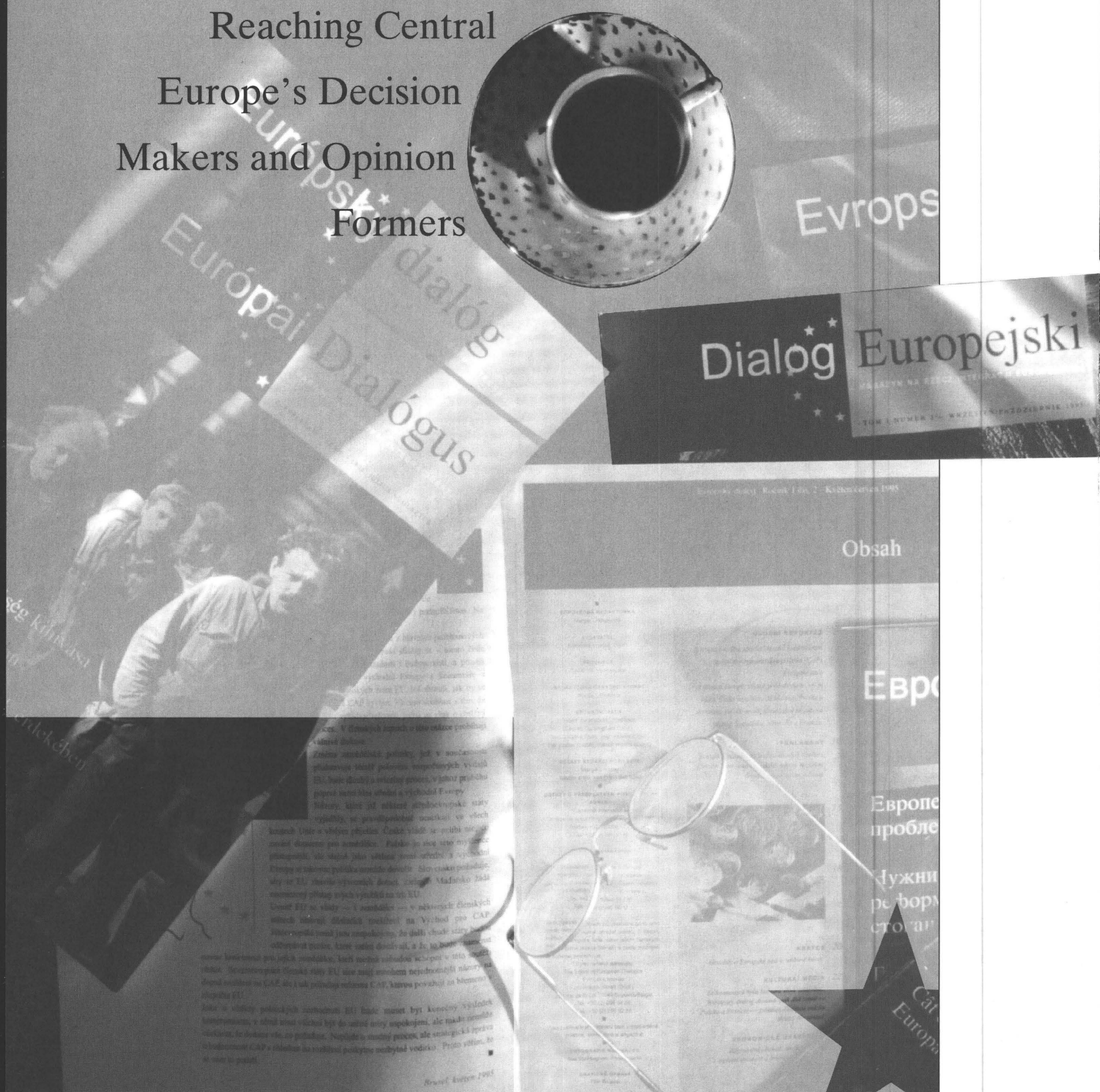
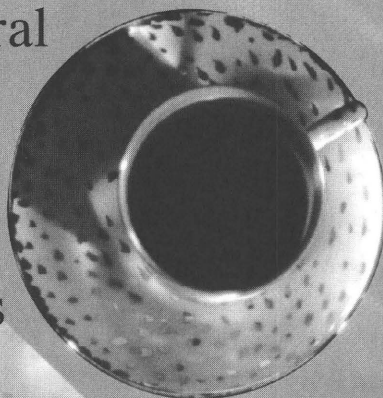


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European Dialogue

THE MAGAZINE FOR EUROPEAN INTEGRATION

Reaching Central
Europe's Decision
Makers and Opinion
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SINGLE MARKET 2

Gearing up for the single market will take time, but should give companies significant advantages. European Dialogue looks at how companies and governments in the candidate countries are moving towards the single market and what the EU is doing to help speed up the process.

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How can applicant countries become EU members as soon as is reasonably possible? That issue poses several operational questions. European Dialogue looks at how the candidate countries together with the EU can help speed up both the transition and integration process.



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WOMEN IN TRANSITION

Equality between men and women is a vexed problem with which the EU has been battling with for years. Candidate countries must also start to tackle this issue. European Dialogue examines the current position and talks to women throughout the candidate countries about their own personal experiences and perceptions of the transition so far.

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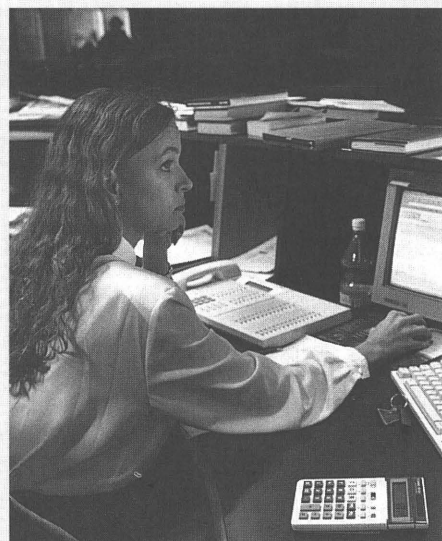


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Candidates need time to assimilate EU single market laws

Gearing up for the single market will take time, but should give companies significant advantages.

European Dialogue looks at how companies and governments in the candidate countries are moving towards the single market and what the EU is doing to help speed up the process.

The considerable opportunities the single market is generally perceived to have brought to businesses around

Europe cannot easily be quantified, as experts explain. In the eyes of some, initial predictions about a major boost of growth and employment have failed to materialise as Europe slid into dire recession in the first years following the single market's start.

But Commission officials point to the period of impressive growth rates achieved in the late 1980s and early 1990s, which they argue should at least partly be traced back to European

The sometimes arcane manoeuvrings and behind-the-scenes negotiations characterising the elaboration of European directives and regulations, where every comma can be the object of fierce inter-governmental haggling, does often produce awkward and complicated formulations — a characteristic of much European law.

businesses' intense preparation for the advent of the single market in 1993.

However, senior industry spokesmen such as the president of UNICE, the European employers federation, François Perigot, like to point out that many of the single market's benefits are still to be reaped.

Delays in fiscal harmonisation such as the long-promised introduction of a common VAT system, in conjunction with the persistent danger of exchange rate fluctuation within the EU means that many small- and medium-sized enterprises are still reluctant to engage in intense cross-border activity.

With perhaps only a year to go before the European Union (EU) launches its accession negotiations with the associated countries, preparations for enlargement on both sides of the Union's eastern borders are moving ahead at full speed.

In this complex and politically sensitive process, a key role falls to a smallish group of 24 Commission officials and experts detached from the administration of the member states committed to help with the daunting task of adapting the membership candidates' economic legislation to the ever-growing requirements of the EU's single market.

All in all, the Union's *acquis communautaire* (EU laws) — which new members are expected to transpose into

their national legislation — now encompasses around 20,000 measures.

Of these, over 1,290 have been singled out by the European Commission in its White Paper of May 1995 as being of crucial importance in regulating the single market, which notwithstanding the ambitious plans for monetary union, will for a long time remain the economic backbone of the EU.

The 24 staff working in the Technical Assistance Information Exchange Office (known by its acronym TAIEX), has been entrusted with the crucial task of providing the applicant governments with much-needed guidance through the maze of Community law.

Recruited for or detached to the TAIEX office for their expertise and, in many cases, for their unusual language skills, these Commission officials and experts from member states advise ministerial departments of Europe agreement countries



Sue Cunningham Photographie

on how to redraft or develop their national legislation so as to make it conform to the growing body of single market law.

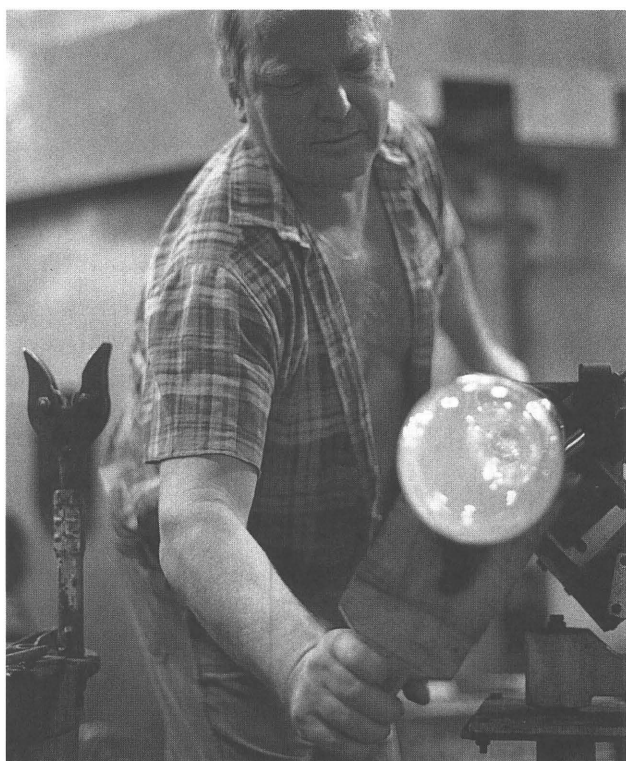
Although this unique exercise is, strictly speaking, no formal precondition for future accession, it is widely seen as a key prerequisite for a positive Commission opinion (also known by the French name *a is*) on a member candidate's suitability for early inclusion into the Union.

With perhaps only a year to go before the EU launches its accession negotiations, preparations for enlargement on both sides of the Union's eastern borders are moving ahead at full speed.

Because of the large number of measures involved, TAIEX has been given the possibility of drawing on the resources of the Commission's other services, as well as on the help and expertise of member states' national ministries.

A number of framework agreements have been concluded ensuring that TAIEX officials can request the advice and, in some cases, the manpower of national civil administrations, who will send their own officials to the candidate countries to advise the authorities on how best to integrate community legislation into the post-communist legal framework.

As Bridget Czarnota, in charge of TAIEX, explains, this requires a keen awareness of the widely varying legal philosophies within each candidate country. These have grown from traditions as different as Austrian, German, French or English law. "We offer the associated countries help wherever it is appropriate," says Ms Czarnota. "We offer them documentation, information and the explanation of legal texts." In many cases officials from the candidate countries will be seeking inspiration from a specific legal text enacted in one of the Union's member states, which they feel is most suitable for adaptation to their own body of law.



Sue Cunningham Photograph

The sometimes arcane manoeuvrings and behind-the-scenes negotiations characterising the elaboration of European directives and regulations, where every comma can be the object of fierce inter-governmental haggling, does often produce awkward and complicated formulations — a characteristic of much European law which does not make the task of officials in the candidate countries and their TAIEX helpers any easier.

"We cannot hope to be experts on everything ourselves. But sometimes there will be only one or two Commission officials who really remember why a text has been agreed the way it has," Ms Czarnota explains. "That is really the thing that is most difficult to get across."

The complexity of the task means much business is best dealt with through direct personal contact. "We send them our experts and they send us theirs," says Ms Czarnota. She stresses that the officials from candidate countries are aware of the considerable importance of a swift adaptation of their national legislation to community law.

An area of collaboration which has been less in the focus of cooperation with the EU, however, is that of the applicant states' national parliaments, which have to enact the legislation submitted by ministerial departments.

"It is an area which we should not neglect," says Ms Czarnota. The danger is always that national parliaments, not sufficiently aware of the intricacies of the single market law, amend their legislation to such an extent that it no longer fits the Union's *acquis*. Another much underrated problem lies in the sometimes dramatic shortage of qualified manpower in the applicant countries themselves.

With lawyers generally scarce in countries where the former political system did not encourage or allow a great number of students to opt for legal professions, there is an "enormous legal brain drain towards the private sector," Ms Czarnota explains. With many officials lured away from government by bigger salaries, the remaining civil servants have to work flat out to meet the enormous challenge of their country's future EU accession.

The crisis is particularly acute in the smaller candidate countries such as the Baltic states, where the small size of ministries alone makes formal preparations for membership in the EU and its single market a major headache. Moreover, the considerable and continuous expansion of community law means the amount of work to be dealt with in the present enlargement process far exceeds previous enlargement rounds.

"In technical terms, every enlargement so far has been more complex than its predecessors," says Ms Czarnota.

The pending giant step in integration, monetary union, is likely to complicate that task even further, by bringing a whole new area of jurisdiction into the scope of community integration.

However, providing information to the candidate countries is not the only task of TAIEX officials.

Of almost equal importance is a less publicised role of the "White Paper" unit. TAIEX acts as a monitoring post, informing the Commission of the progress achieved by the candidate countries in their march towards juridical preparation for the single market.



"We act as a broker of information between the administrations, and that goes both ways," says Ms Czarnota. The TAIEX office also serves as a tool in the Commission's own preparations for accession. The work carried out by its officials gives them a first hand knowledge of the biggest potential formal stumbling blocks on the associated countries' route towards accession.

TAIEX does not publish data revealing which countries have moved furthest ahead on the road to legal preparation for the single market.

TAIEX officials deal exclusively with their counterparts in the public sector. Businesses and private individuals have no access to TAIEX experts, and can hope at best to interest their governments in procuring the information for them.

But a more detailed and wider-ranging assessment of the likely impact of enlargement on businesses in the EU and in the candidate countries is still waiting to be carried out.

Business leaders such as the President of the European employers' federation, Mr François Perigot, readily acknowledge the need to help candidate countries prepare for and later sustain competition within the single market — with full trade liberalisation planned for the year 2000.

But no major European organisation has yet submitted a study on the economic impact of the next enlargement on the Union's single market.

When pressed, industry sources cite a number of reasons, related partly to the inevitable focus on the internal challenge of monetary union, and partly to the wish to avoid spelling out possibly premature conclusions in a politically highly sensitive field.

"It is quite natural that, in a time of rapid change, people focus on examining the most immediate challenges and do not look further beyond," says one expert. "When you talk about assessing the implications of enlargement, what do you do? Do you consider the consequences of taking in all 10 candidate countries at once, which would not be realistic, or do you evaluate only three or five? But then, where do you draw the line? We are still waiting for politicians to take decisions." ■

Thomas Klau, Brussels

INFORMATION CENTRES HELP SMALL BUSINESSES

Whereas big companies can afford specialists providing them with the necessary information about the EU's working, coping with the ever-changing legal foundations for corporate activity in Europe amounts to a daunting task for many small- and medium-sized enterprises (SMEs). In response to these companies' search for information, the Commission has launched a network of over 250 Euro Info Centres (EICs).

The task of these units is both proactive — to spread targeted information about the single market to businesses in their region — and reactive — on request, the EIC provides companies with information about European regulations, including those which are still under discussion, or which have not yet completed all the stages of the legislative process.

"This means the latest information will be available to SMEs," says one EIC official in Brussels. "The aim is to reduce the competitive advantage SMEs have to cope with when they want to make use of the single market."

EICs will encourage companies to participate in and make use of various Community-funded programmes, getting in touch with the appropriate authorities in countries targeted as actual or potential export destinations and ease smaller companies' access to national and European public procurement markets.

Thanks to its network, EICs can pursue a grassroots approach, enabling them to bypass centralised, national bureaucracies and direct their customers towards those local bodies most likely to come up with precise information.

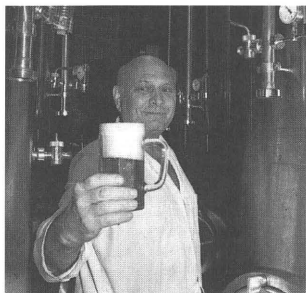
This information strategy is facilitated by the approach chosen in establishing the EICs in the member states. The Euro Info Centres were grafted onto a variety of existing administrations such as local authorities, business organisations, ministries, banks and chambers of commerce. This concept has yielded a wide array of benefits ranging from lower costs, easier information access to closer involvement with local business life. Funding is shared with the host country and the agents working in the EICs are often recruited locally or seconded from local administrations. In 1990 the network was opened to countries outside the then EU, in response to numerous requests from companies eager to access the EU market.

Today 14 Euro Info Correspondent Centres (EICC) operate in priority areas such as the candidate countries of central Europe and the Baltic states as well as the countries around the Mediterranean. In 1994 five EICCs in member countries of the European Economic Area were upgraded to full EIC status.

Fundamentally, the EICCs mission and structure is the same as that of the EIC model. There is, however, one significant difference: in the associated countries of central Europe and the Baltic states each EICC employs at least three agents and is systematically attached to the ministry or other government agency responsible for dealing with preparations for EU membership. ■

Thomas Klau, Brussels

Bass finds little cheer in single market



Sue Cunningham Photographic

Bass, Britain's number one beer exporter with business activities spread across a variety of sectors such as hotels, leisure retail and pubs, has experienced the single market mostly as the source of "a strong increase in paperwork," as a company spokeswoman

explains.

European regulations on issues such as storage temperature for perishable foodstuffs like cheese, the standardisation of electrical appliances and health and safety measures have imposed a variety of new constraints on a business which gives work to 62,000 employees in Britain and a further 13,000 abroad. Single market projects which would clearly facilitate Bass's activities on the European continent,

such as harmonisation of value-added tax (VAT) and excise duties have still failed to materialise, the spokeswoman explained.

"This impacts negatively on our beer exports, and also leads to large cross-Channel illegal imports." A further problem Bass has encountered is the sometimes divergent implementation of European legislation in the Union's member states.

"Many problems don't come from the European level of decision-making, but from the way decisions are being implemented at the national level."

Bass's investment projects in central Europe were not necessarily linked to the speed of the enlargement process, the spokeswoman said. "We have to take our decisions independently from the political decision-making in Brussels." ■

Thomas Klau, Brussels

Marketing strategy more important

At their debut at the international music trade fair in Frankfurt in 1995, the Hiis Piano Factory from Tallinn realised it had a name recognition problem.

"They took one look at our trademark — Estonia spelled out in a 1960s stylised script — and thought of the sinking ferry," recalls Kalev Salupuu, marketing director of the company.

A new design followed — classic lettering, a lyre and a banner proclaiming Tallinn 1893, the year when Ernst Hiis first founded his piano factory.

For many Baltic exporters, breaking into the EU's single market is primarily a battle for name and quality recognition. Estonia has had a free trade agreement with the EU since 1994, the year the piano factory was privatised. But in terms of bureaucracy and tariffs, little will change with Estonia's eventual membership.

The economic advantages of a single market make no difference for products like hand-made pianos. Finding a market and targeting potential buyers remains a country-by-country exercise.

Until 1991 the Tallinn Piano Factory was the only manufacturer of concert pianos in the Soviet Union. Its reputation in Russia remains high, although outside some private buyers few can afford the price. Of this year's production of 150 concert, parlour and baby-grand pianos, about half are exported to the US. Germany is the strongest market in the EU, followed by Austria, France, Finland and Sweden. Single market or no, varying economic situations in individual EU member states impact on the market for luxury goods more than common regulations and few barriers to trade. ■

Caroline Smrstik, Tallinn

Hungarians see only advantages in joining EU market



Sue Cunningham Photographic

European integration is proving good business for the Hungarian economy. Since the collapse of communism in 1989, Hungary has become the premier destination in central Europe for foreign investment, attracting over \$11bn since 1988, more than all of its immediate neighbours put together.

European Union membership should encourage even more investment, as the country's laws will be aligned with the Union. Previous enlargements show that once a new state enters, investors are even more confident. For countries like Hungary, this would be an added boost to an economy still hungry for cash.

Another benefit of membership for business would come from trouble-free movement of goods. Since Austria joined the EU, the Hungarian-Austrian border is the farthest eastern edge of the united side of the continent. Some benefits of Austria's membership have filtered through to Hungary. Drivers from Budapest to Vienna are not checked by Hungarian border guards and customs officers when leaving the country, as the Hungarians leave that to their Austrian counterparts. This speeds up movement at the border and simplifies paper work, saving companies time and money.

This trouble-free travel has helped encourage more business between the two countries as well as helping to make Hungary a transit country for goods moving between the EU market and others on the continent. European integration is seen as good news for companies. ■

Simon Evans, Budapest



Opinion of European enterprises on the impact of the single market programme

(percentage of enterprises reporting the effect of the European single market as:)

	Positive	No effect	Negative	No opinion
Elimination of customs documentation	60	30	5	5
Elimination of delays at frontiers	56	35	2	7
Deregulation of freight transport	43	43	3	12
Change in VAT procedures for intra-EU sales	32	41	15	11
Mutual recognition of technical regulations and/or standards	32	49	7	12
Harmonisation of technical regulations and/or standards	31	51	9	9
Conformity assessment procedures	23	56	5	15
Liberalisation of capital movements	23	61	2	14
Double taxation agreements	17	60	2	21
Simplified patenting procedures	13	64	2	21
Opening up of public procurement	9	71	4	16

Opinion of enterprises on the impact of the single market on EU sales

(percentage of enterprises aware of an impact of the single market on their intra-community sales)

	Manufacturing sectors				Service sector excluding distributive trades			
	Positive impact	No impact	Negative impact	Don't know	Positive impact	No impact	Negative impact	Don't know
Number of persons employed in enterprise								
20-49 (manufacturing)	25	63	4	7	12	76	2	9
5-49 (services)								
50-199	32	58	4	6	16	76	1	6
200-499	34	58	4	4	16	78	0	6
500-999	27	63	7	3	19	73	1	7
Over 1,000	33	59	3	4	25	69	1	4
Total	28	61	4	6	12	76	2	9

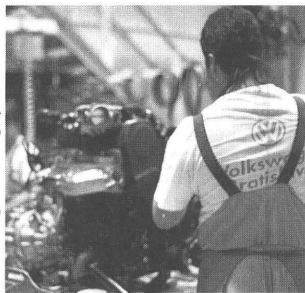
Enterprises agreeing or disagreeing with the statement that the single market programme has been a success for their company

	Manufacturing sectors				Service sector excluding distributive trades			
	Agree	No opinion	Disagree	Weighting*	Agree	No opinion	Disagree	Weighting*
Number of persons employed in enterprise								
20-49 (manufacturing)	30	42	28	60	16	63	21	91.9
5-49 (services)								
50-199	36	37	27	30	18	61	21	5.8
200-499	40	35	25	7	17	61	22	1.5
500-999	38	38	24	2	21	54	25	0.5
Over 1,000	46	31	23	1	35	46	19	0.3
Total	33	40	27	100	16	63	21	100.0

Notes: Around 13,500 enterprises answered the survey which was conducted in the first half of 1995. The survey was designed to find out the opinions of companies on the various types of measures adopted in implementing the single market and their impact on sales, competition and strategy. The survey covered enterprises employing more than 20 persons in manufacturing and more than five persons in services. In manufacturing all activities were covered except the extractive industries and water and electricity production. The questionnaire was comprised of 61 questions for manufacturing and 44 for service enterprises. The survey also covered the impact on costs, productivity, profitability, employment and strategy. Percentages given have been rounded and the total may, therefore, be more or less than 100 per cent. For more information and details on the main results of the survey, contact Eurostat (Tel: +352 (4301) 34926; Fax: +352 (4301) 34149).

* proportion of enterprises in each class in the European total. Source: Eurostat.

Single market has little impact on German car giant



Site Cunningham Photographic

Huge international companies, such as the German car giant Volkswagen, found that the single market had no major impact on business operations. For example, Volkswagen's acquisition of the Spanish car company Seat in 1986 "clearly

preceded the single market," a company spokesman in Wolfsburg, VW headquarters, told *European Dialogue*. "Our strategy of penetration of the European continent started well before the single market was even being talked about."

A far more significant impact, the spokesman says, is expected from

monetary union. The drastic devaluations of the Italian lira and the Spanish peseta in 1993-95 cost the VW corporation an estimated DM 500m (Ecu 250m). "The end of exchange rate fluctuations means that within EMU we will be able to base our profit calculation on a much more stable set of data," says the spokesman. "This will have a significant impact whereas the impact of the single market on a business of our size has clearly been rather marginal."

The acquisition of Czech car-maker Skoda in 1991-92 was decided long before EU leaders had charted the path to enlargement. In a policy typical for its position as a global corporate player, VW appears to have acted as a trailblazer, taking major strategic investment decisions well before governments responded by creating a new regulatory environment or political framework. ■

Thomas Klau, Brussels

Slovaks see single market levelling the trading arena

"The European single market would allow us to enter into the one-to-one position where we would be able to plan in a much more long-term way and expand with less risks."

Tibor Bucek, Technocop company secretary.

Technocop is a Slovak holding company that originally broke away from one of Slovakia's most famous foreign trade companies, Technopol. Technocop has developed into a holding company with two subsidiaries, Technobor (a manufacturer of

wooden boards, mainly exported to Italy, France and Germany) and Technoambau (a joint venture with a German company to manufacture steel constructions, mainly for export to Germany).

When asked about the benefits expected from the European Union's single market, Tibor Bucek, Technocop company secretary, told *European Dialogue*: "The European single market would allow us to enter into the one-to-one position where we would be able to plan in a much more long-term way and expand with less risks."

Mr Bucek says the negative experiences he has had so far with EU customers lay in their failure to pay on time. He believes the real barriers to trade are not the commodities or regulations surrounding them, but normal business problems that can only be worked out between companies. ■

Lucia Faltin, Bratislava

Single market not all sweetness



Site Cunningham Photographic

Belgium luxury chocolate goods maker Godiva sees the single market as an important step in the ongoing process of European economic integration. "The first important move was the abolition of all customs barriers," says David Johnston, the Brussels-

based company's director general.

The regulatory changes brought about by single market legislation further facilitated Godiva's business forays beyond Belgium's borders enabling to "submit one invoice for all our European business from Brussels".

Yet for a small company, such as Godiva, which employs a workforce

of 280 in Belgium and 20 in other European countries, the single market still-less-than-complete harmonisation and integration continue to cause "significant operating problems".

One of the main difficulties arises from the widely differing value-added tax (VAT) rates. In France alone VAT for Godiva products can vary from six per cent for chocolate bars considered as a basic foodstuff to 22.6 per cent for pralines taxed as luxury goods. "You can imagine what sort of problems we have to deal with," says Mr Johnston. "Harmonisation of VAT would make our life much easier." Echoing Volkswagen's expectations for the future (see separate article), the Godiva chief executive sees monetary union as one of the most important decisions the EU can take to provide businesses with a stable working environment. "Fixing currency rates would further minimise our risks," he says. ■

Thomas Klau, Brussels

Common customs union may help speed EU entry for candidate countries

How can applicant countries become European Union (EU) members as soon as is reasonably possible? That issue poses several operational questions. Per Magnus Wijkman, from the Federation of Swedish Industries, looks at how the candidate countries together with the EU can help speed up both the transition and integration process.

What can the applicant countries do themselves? What can the Union do? What can

be done individually and what is best done jointly, either among the applicant countries or among them and the EU? What is reasonably possible? My personal belief is that accession as a rule may take longer than is widely believed. For this reason measures must first and foremost be taken to speed up transition to a market economy and to accession.

An important way to do this is to participate in market economy institutions aimed at liberalising trade and ensuring a competitive market economy. In the interval prior to accession, assistance by the EU to the applicant countries should be stepped up and focused on putting in place European infrastructures.

This means helping to modernise transport and communications in the applicant countries and re-linking them to the West. It also means establishing a common legal basis for a single market in Europe.

In order to achieve these aims, it is necessary for the applicant countries to participate in European institutional structures prior to accession. Anchoring the applicant countries more securely in European institutions until membership in the EU is achieved will increase political stability and security and speed up economic growth.

As a new member on the eastern border of the EU, eastward enlargement is a priority issue for Sweden. However, it is important to be clear at the outset about the difficulties involved in achieving EU membership as soon as is reasonably possible. These difficulties lie both on



the EU side and in the applicant countries, albeit to varying degrees.

Problems exist on the EU side which could delay accession and which it would be unwise to disregard.

Launching economic and monetary union (EMU) is a complex project which, because of its importance, will absorb resources in Brussels and in the member state capitals. In several countries a referendum may have to be held and the need to rally public opinion will preoccupy governments. The Commission and some member states will be heavily involved in this issue until 2002.

"A number of problems exist on the EU side which could delay accession and which it would be unwise to disregard. There is likely to be a systems overload in the European Commission and Council of Ministers for several years," says Mr Wijkman.

The Inter-Governmental Conference (IGC) also contributes to overloading the Commission and Council of Ministers well into 1997. A number of extremely complex issues are involved, such as structural funds and decision-making in Community institutions. These have a direct bearing on the prospects for eastward enlargement of the EU. The search for solutions will either be unsuccessful or prolong the IGC. Neither outcome favours early accession.

The prospect of economic stagnation within the EU may reduce the capacity of the EU to assist applicants and to

absorb new members easily. The current recession in western Europe together with emerging structural problems in major economies such as France and Germany combine to render it more difficult to make the changes necessary to enlarge the EU.

Differing political priorities within the EU may well contribute to making eastern enlargement a protracted process. What ministers think in the Council is as important as what the Commission writes in its opinions on the applicant countries.

Member states are driven by self-interest and their interests differ. For example, different members view the Mediterranean region and the Baltic region differently. These differences will make an inherently difficult process of enlargement take longer than the economic complexities

alone justify.

These difficulties do not mainly stem from agriculture, free movement of labour or structural funds. On these issues a compromise can be found at the end of the day, although the economic aspects of the compromise viewed in isolation may not favour the applicant states.

The major difficulty stems from the distance that remains to be travelled in the transition to a market economy. Here no compromise is possible. There can be no lowering of the degree of transition to a functioning market economy that is necessary for

membership. The earliest year an applicant country can enter the Union is basically determined by the pace of its transition to a market economy.

Indeed, some applicant countries may soon be more of a market economy than some countries that are already EU members. But the vagueness in the definition of a functioning market economy is likely to work against the outsiders.

The demands on outsiders will always be greater than expectations of insiders. Unfair as that may seem, it does make sense. It is better to err on the side of caution rather than of excessive haste. To let countries in before they are ready and then solve problems as they arise inside the system is to invite trouble.

The difficulties on both sides suggest that accession of new applicants will take time.

It took 5 1/2 years for the Efta applicants to progress from the start of negotiations to accession. The European Economic Area (EEA) negotiations with Efta countries started in 1989 and three of them became EU members in January 1995.

The EEA negotiations were an important part of accession negotiations, in substance if not in form. One should not be misled by the extremely rapid pace of the formal EU accession negotiations.

Combined EEA and EU accession negotiations might have taken less time if they had started directly as accession negotiations and if the negotiators had not been distracted by other events. But political life is full of distractions.

The author believes the accession of the first applicant countries will occur in or around 2006. This is later than current official thinking. It might occur sooner for some and later for others.

Given this perspective the applicant countries will no doubt wish to speed up the process and consider interim arrangements prior to accession.

A functioning market economy is a prerequisite for free trade and thus for membership in the EU. Some countries have made rapid progress in this transition. But serious problems of implementation have also appeared. In those cases special assistance is necessary to speed up the transition

process. There are several key areas where assistance efforts should be concentrated.

Successful privatisation is essential to establishing a functioning market economy. The pace of privatisation and the scope of market determined pricing are good measures of how much progress a country has made in the transition. Completing privatisation is a necessary first step. But the emergence of monopolies could be a problem. While most countries have enacted competition laws, several lack an experienced and strong competition authority to implement laws and regulations. The lack of competition policy is especially serious when the monopolies are state-owned. An institutional framework for fair competition is also essential for EU membership.

The customs authority's control of national borders is insufficient in many



Sue Cunningham Photographic

"Differing political priorities within the EU may well contribute to making eastern enlargement a protracted process. What ministers think in the Council is as important as what the Commission writes in its opinions on the applicant countries," says Mr Wijkman.

countries. Casual empiricism provides evidence that should be of serious concern in both EU member states and in the applicant countries. Smuggling and other criminal activities appear to be extensive in several countries.

Smuggling distorts competition, nullifies obligations under free trade agreements, falsifies trade statistics on which policy decisions are based, deprives governments of revenue and undermines respect for laws and regulations. Controlling the border against third countries and facilitating trade with EU countries is essential for the Europe Agreements, and for EU membership. Administrative systems for reporting incomes and collecting taxes are often insufficient in practice. Companies are allowed to run up tax arrears, without bankruptcy procedures being initiated even when that legal possibility exists. Such involuntary government lending to inefficient companies distorts competition, thwarts privatisation, deprives the government of revenue and undermines respect for government institutions. An effective tax administration to ensure a level playing field, efficient bankruptcy procedures and prudential supervision of financial institutions are essential and related components of a functioning market economy.

Completion of privatisation, effective customs and fiscal administrations and a strong competition policy are essential for EU membership.

Participation in market economy institutions prior to EU membership can greatly speed up the process of institution-building in these key areas. But it is also clear that assistance by the EU is natural in those fields where the applicant countries will take over Community rules, sooner or later.

The OECD, too, constitutes a key forum for policy dialogue and policy-related research. It can provide a training school for civil servants in practical market economics. OECD country reviews have been carried out for a number of applicant countries and proved to be a valuable contribution to the policy debate.

The OECD's partners-in-transition programme provides participants with observer status in most OECD



committee meetings and working parties and additional special services. The partners-in-transition programme is an

"It is necessary for the applicant countries to participate in European institutional structures prior to accession. Anchoring the applicant countries more securely in European institutions until membership in the EU is achieved will increase political stability and security and speed up economic growth."

efficient vehicle for speeding up progress in the non-member emerging market economies.

Participation in the World Trade Organisation (WTO) is also an important step to integration in the international economy. It provides the opportunity to lock in liberalisation of merchandise trade, to increase the predictability, transparency and credibility of a trade policy regime and to exploit institutional momentum for liberalisation and a rule-based dispute settlement mechanism. Applicant countries that are not yet members should make early accession to the WTO a priority.

It would be natural for the EU to assist in a major way in the training and institution-building required to make the transition. In particular it is necessary to build up national institutions for customs administrations, competition policy and statistical systems. The assistance that has been provided to applicant states in these areas by Eurostat and Eurocustoms, various Phare programmes and by individual EU states needs to be expanded and intensified.

In addition it is important to increase the capacity for economic and statistical analysis of the personnel in finance ministries. They must analyse the macroeconomic situation and outlook regularly as a basis for economic policy decisions. All of these tasks would appear to be natural activities for the Phare programme.

Trade and integration depend on infrastructure — on pipelines, railways, motorways, airports and telecommunications networks. Connecting these

networks between the formerly separated parts of Europe can generate large gains from trade. History shows, and economic theory predicts, that European countries — both in and outside the EU — are natural trading partners.

However, networks east of the EU remain fragmented and producer-oriented rather than consumer-oriented. Motorways and railways in the east are more sparse than in the west. They need to be modernised and need to be linked up with those in the west.

The emerging economies lack modern handling equipment and intermodal facilities. Harbours, airports and



Sue Cunningham Photographic

terminals are antiquated and insufficient. The investment task is immense, but so is the potential return to society.

The vehicle for achieving this integration exists in the EU's trans-European network (TENs) programme.

This is open to non-EU members but so far full use is not being made of this aid vehicle.

The applicant countries should be included in appropriate institutions for inter-governmental co-ordination and financing of European infrastructure networks. Regional groupings of

applicant states and EU states should utilise the TENs network facilities to co-ordinate and finance major, economically viable projects in railroads, motorways, pipelines, electricity grids and intermodal facilities linking Europe together once again. Here is a concrete task awaiting a solution.

The *acquis communautaire* (EU laws) constitutes the common legal system which the applicant states will adopt on accession at the latest. The Efta applicant states adopted large parts of it before accession through the EEA agreement. It makes sense for the applicant countries to combine their transition to a market economy with adoption of the *acquis*. For them unilateral adoption of EU rules can in fact be part and parcel of the transition to a market economy.

The Essen pre-accession strategy foresees the gradual adoption of the internal market rules. However, consideration needs to be given to whether this process is proceeding satisfactorily or needs to be speeded up. Unilateral adoption of important parts of the *acquis* would no doubt shorten the pre-accession period.

The application of the internal market *acquis* by the applicant countries could be speeded up by:

- creating a structured, multilateral relationship for examining the *acquis* and identifying and overcoming difficulties
- creating an institution for ensuring implementation, surveillance and enforcement of the *acquis*.

The EEA negotiations provided a model for a structured relationship for examining the internal market rules. The process of examination in national

"My personal view is that accession as a rule may take longer than is widely believed. For this reason measures must first and foremost be taken to speed up transition to a market economy and to accession."

administrations took about three years. The institutional framework was the high level working group during the

exploratory phase of the talks, which was transformed into a high level negotiating group once the formal negotiations started.

The committee structure represented by this exercise consisted of five working groups under the high level group. Under each negotiating group a large number of subcommittees existed. This three-level committee structure went from the highest officials in the foreign ministry to the relevant experts in the relevant ministries.

The committees met both on the Efta side alone and jointly with the EU. On the Efta side the committee structure was reflected in each country in an extensive structure of experts in national administrations.

The task of sitting down jointly and examining the *acquis* directive by directive, regulation by regulation, proved to be a major educational experience for most Efta countries. In each administration the experts were forced to examine the *acquis* and compare it to existing legislation at home with a view to identifying any serious objections the Efta country might have to taking over the EU rule. After this two-year exercise, the national experts in the Efta country administrations had become thoroughly familiar with the *acquis*.

It may now be the time for the EU to set up a similar high level examination group with the applicant countries. This joint group would provide a structured relationship where the applicant countries could examine the internal market rules together with the Commission. The purpose of the examination would be to determine which countries can adopt which rules, to identify where individual countries might have difficulties in adopting the *acquis* and to provide assistance to overcome these difficulties. This would provide a process for the gradual adoption of the *acquis* by the applicant countries prior to accession. These examinations should be conducted jointly with a group consisting of all applicant countries.

In this process of adapting to community

rules, the common commercial policy is often mentioned as an example for early unilateral adoption. Given that on becoming a member, the applicant country will adopt the tariff rates of the Union and its free trade agreements with other applicant countries, it has been suggested that the applicant countries form a customs union ahead of EU membership, based on the EU's common tariff rates.

Unilaterally adopting the Union's common tariff rates would send a strong signal to the EU. But taking the additional step of doing this together as a group and providing for free trade within central Europe and the Baltic states would send other strong signals, in this complex situation much depends on how the EU reciprocates.

Interest would certainly be greater and benefits larger if this were done in the form of an agreement with the Union providing for common rules of origin than if it were done as a stand-alone customs union among the applicant countries only.

The structured relationship must also provide modalities for implementation and for surveillance and enforcement. The massive number of rules that would be adopted over a period of time by a large number of countries with a view to accession suggests the need for a systematic approach.

It would probably be useful to set up tables of concordance listing the domestic legislation corresponding to internal market legislation in each country. This procedure was followed by Efta EEA countries prior to their EU accession. The procedures developed in that connection could usefully be used by today's applicant countries in the pre-accession context.

Since accession will take time, in the interim the applicant countries and the Union need to establish structured, multi-layered relations. They should set up a high-level examination group in which the applicant countries and the EU side jointly examine the *acquis*. The aims would be for the applicant states gradually to adopt the internal market *acquis*, identify difficulties in adopting

the *acquis*, and to provide assistance to overcome these difficulties.

At the same time institutional structures should be activated or set up whereby the Union and the applicant countries can develop and restructure TENs so as to realise the large potential for trade between the previously separated parts of Europe.

These measures are important to prepare the accession of the applicant countries. They also provide an institutional anchoring for the applicant countries and reconfirm concretely the political commitment of the EU to accession of the applicant countries. ■

Per Magnus Wijkman, Federation of Swedish Industries, Stockholm



Sue Cunningham Photographic

EMU looms and questions still remain unanswered

As Europe moves closer to economic and monetary union and the introduction of a single currency, questions still remain as to how those countries left out will be treated. This is of particular importance to the applicant countries which will join a Union after a single currency has been introduced.

In less than 900 days economic and monetary union (EMU) is expected to arrive in Europe. Few people dispute that now. The decisions taken at the European Council in Florence have given a new momentum to the technical work for the preparation of EMU. For politicians, businessmen and ordinary people, this has given rise to a series of questions: How can we make sure governments, once inside EMU, stick to their budgetary promises and how do we defend EMU against EU members who opt to stay outside the single currency area and wish to devalue? Current work on the stability pact and on the future relationships between the member states participating in the euro area and the other member states aims to address these issues.

For the candidate countries the questions are wholly different. The European Commission has just begun its investigations into the readiness of these countries to join the EU and has promised to publish its opinion on each applicant as soon as possible after the IGC ends.

The earliest date for negotiations to begin is six months after the end of the IGC and even if the candidate countries were to begin negotiations, say at the start of 1998, there is no way they could join EMU by the start in 1999. Even with the best will in the world, no candidate country is likely to join the Union before the year 2002. So the candidate countries are starting to show a particular interest in the status of the single currency's non-participating countries. All member states — whether they are inside or outside EMU — should "conduct their economic policies with a view to contributing to the achievement of the objectives of the Community" set out in Article 2 of the treaty. This commits all signatories to aim for "sustainable and non-inflationary growth respecting the environment" and a "high degree of convergence of economic performance".

In more concrete terms any candidate country wanting to join the EU will have to fulfil certain obligations in the area of economic and monetary policy. One requirement is that the applicant member state should have abolished all restrictions on the free movement of capital between it and members of the EU. The capital and financial markets in the candidate country should also be made as free as those in all other member states.

The most vexed question of the moment — how non-participating member states should conduct their exchange rate policies — has still to be answered.

Central Europe and Baltic states will also have to begin the process of making central banks independent from political control and end discrimination in favour of the public sector in the financial markets. This means overdrafts and credit facilities provided by the central bank to the government will have to end and no public sector institution will be allowed to oblige any bank to take on its debt.

On the institutional side, once stage three is up and running, any candidate countries which eventually become members will be entitled to have two economic policy

officials sit on the successor to the EU's advisory Monetary Committee (the Economic and Financial Committee). This will review the monetary and financial situation of the member states and the EU's payments system as well as advise the Council of Economic and Finance Ministers (EcoFin).

Much will be expected of the non-participating countries. They are supposed to cap consumer prices, rein in their budget deficits and



Sue Cunningham Photographic

Once the single currency zone has been created, the door will always be open to the "member states with derogation". At least once every two years, the Commission and the European Central Bank will report to EcoFin on the "degree of sustainable convergence" achieved by a member state which has been left outside EMU.

hack away at the cumulative debt their public sectors have built up over the years and make their currencies "hard" — a process which has become known as "convergence". However, the convergence criteria are not accession criteria.

"Member states shall regard their economic policies as a matter of common concern and shall co-ordinate them within the Council," says Article 103 of the Treaty on European Union. Every year EcoFin adopts by a qualified majority vote a series of broad economic guidelines and reports these proposals to a summit.

The Commission then uses these guidelines as a basis for its monitoring of the performance of member states in meeting their convergence requirements. A new member will be obliged, under this so-called "multilateral surveillance" procedure, to keep the Commission updated about major economic policy initiatives. If EcoFin feels the member state is going off the rails and that this is jeopardising the EU, it can make policy recommendations to the member state.

It has become common practice over the past five years for member states to draft "convergence programmes". These set out economic targets and how they are to be met. The Commission usually reviews these and passes them onto EcoFin which, in turn, normally endorses them.

Under its plans to reinforce the convergence process, the Commission has come up with a series of suggestions to beef-up these programmes.

It is envisaged that when stage three begins, these plans will be renamed "stability programmes" for the countries participating in the single monetary policy. They will have to include a statement of key policy targets and deadlines for achieving them, well-argued assumptions regarding the macroeconomic environment, automatic self-correcting contingency measures if targets are missed and regular updating of forecasts and policy adjustments.

The Commission will carry out vigilant surveillance and has suggested that extra legislation will be required if it is to demand regular monitoring and recommendations from EcoFin, and insert country-specific recommendations into the broad guidelines.

The treaty drafters realised early on that the most virtuous policy-maker can be blown off course by economic shocks outside their control (be it an oil price rise, natural disaster or even a beef scare). So they left open the possibility for helping a crisis-torn member state outside EMU.

Under Articles 109H and 109I of the treaty, a country which runs into major balance of payments problems can appeal to the Commission for help. The Commission can recommend help for the country by appealing to international organisations and even allow it to take action to prevent a further haemorrhaging of foreign currency earnings. If this is not enough or the measures are rejected by EcoFin, the Commission can authorise the member state to take protective measures, although again these can be revoked or amended by EcoFin.

Any measures taken must cause the least possible disturbance to the workings of the single market and should not be wider in scope than is absolutely necessary to remedy the specific problem. The member state must inform the Commission and other member states of these measures at the latest when they take effect. The measures under Article 109H are not available to the member

states participating in the single monetary policy.

Once the single currency zone has been created, the door will always be open to the "member states with derogation". At least once every two years, the Commission and the European Central Bank will report to EcoFin on the "degree of sustainable convergence" achieved by a member state which has been left outside EMU.

This means new member states, if they are keen to join EMU, will have to meet the robust convergence criteria early on. Inflation will have to be kept within 1.5 percentage points of the average of the three lowest inflation countries, long bond yields should be kept within two points of those in those same three countries and the exchange rate should be stable.

Most importantly of all, certain budgetary targets need to be met. The budget deficit should not exceed three per cent of GDP. This can only be excused if the ratio has fallen "substantially and continuously" and is now "close to" three per cent again, or if the excess is "exceptional and temporary" and is still "close to" three per cent. Moreover, the accumulated stock of public sector debt should not surpass 60 per cent of GDP unless this ratio is "sufficiently diminishing and approaching the reference value at a satisfactory pace".

These criteria although essential for EMU membership are not, however, EU membership criteria.

Twice a year the Commission will judge whether member states, in or out of EMU, have fulfilled these budgetary targets. Missing them will result in censure and the provision of recommendations to the member state to put it right. All other penalties which could apply to members of EMU — fines, suspension of European Investment Bank lending or the forced publication of unfavourable information before public debt is issued — cannot apply to non-participating member states.

The most vexed question of the moment — how non-participating member states should conduct their exchange rate policies — has still to be answered. The informal meeting of EcoFin in Dublin in September decided the broad outlines and said all countries outside the euro bloc should tie their currencies to the euro and keep within wide bands, although the system will be voluntary. The Dublin summit in December will take the final decision. ■

James Gwynn, Brussels

"Member states shall regard their economic policies as a matter of common concern and shall co-ordinate them within the Council," says Article 103 of the Treaty on European Union. Every year EcoFin adopts by a qualified majority vote a series of broad economic guidelines and reports these findings to a summit.

Fresh advice based on Sweden's negotiation experience

Enlargement of the European Union (EU) to include central Europe and the Baltic states may seem an event more in the future than the present. Sweden's chief negotiator for membership offers some friendly advice to the applicant countries.

Until only recently Sweden, Austria and Finland were also knocking at the EU's door. While those applicant countries had living standards and market economies closer to those in the richer northern states of the EU, their experience in negotiating entry into the EU may help future members plan their strategy and avoid some pitfalls. Sweden's experience shows how vital national interests can be maintained, even when concessions are made. "We got a very fair treatment," Sweden's present ambassador to the EU and formerly his country's chief negotiator in EU negotiations, Frank Belfrage, told *European Dialogue*.

Most aspects of the negotiations were conducted from Stockholm, but there were fortnightly visits to Brussels as well as an EU capital-tour to make clear Sweden's position on key issues.

"We devoted considerably more time convincing and explaining back home about the accession than negotiating here in Brussels," he says. His team's efforts were almost in vain. Sweden's membership referendum was a close run thing — a relatively narrow 53 per cent were in favour of EU membership. After almost two years of membership, the average Swede has a rather negative image of the EU. "People are disappointed," he says, adding, "They associate the bad economic period for Sweden with EU accession. On the other hand investments have increased significantly. That is because we joined the EU."

Sweden — which was already highly integrated with the EU mainly through the European Economic Area — wanted to become part of the EU in order to defend its interests. It wanted to take part in the decision-making processes.

The 1994 EEA agreement, negotiated between the Nordic countries, Austria, Iceland and the EU, obliged Sweden to apply all the EU's single market legislation, but did not give Sweden a

"If there is one piece of advice I can give, it is to work very closely with the Commission. It is the candidate countries' closest friend".

place at the table where rules were formulated and enforced.

"You are closely integrated, but when push comes to shove, you are on the outside and different views or conflicts of interest —



like being subjected to EU protectionist policies in our forestry sector — had to be resolved through negotiations. Now, we can go to the independent institutions, to the Commission, the Court of Justice, and get fair treatment. That is the big difference with

The opinion was an important feature in Sweden's preparations. There was a dialogue between the applicant country and the Commission. Countries could also use this period to start adapting legislation and make the run up to negotiations smoother. The opinion can be used to prepare public opinion and political parties, telling them what enlargement is all about.

being a member," Mr Belfrage notes.

Accession negotiations, however, were fast — completed in 13 months, mainly because the EEA agreement was already in place.

"When negotiations started on January 1 1993 we had already completed at least half of the journey. We had negotiated the single market, prepared for it and assimilated it," he says.

But before that was possible, as will be the case with the new applicants, the way to the accession negotiations was paved by the Commission's opinion (also known by its French term, *avis*). This enabled both sides to identify problems at an early stage.

"The opinion was a very important feature in our preparations. There was a dialogue between the applicant country and the Commission, so it's a good way of coming closer to each other.

Countries could also use this period to start adapting legislation and make the run up to negotiations smoother. Moreover, the *avis* can be used to prepare public opinion and political parties, telling them what it is all going to be about," Mr Belfrage says.

"If there is one piece of advice I can give, it is to work very closely with the Commission. It is the candidate countries' closest friend," he adds. "If we could not agree on certain parts of the *acquis communautaire* [all the EU's laws] the Commission put forward a solution and saw whether we could live with that. In fact the actual negotiating took place between the meetings. During the formal meetings you register the progress made."

Like every other country which negotiates with the EU, Sweden wanted to safeguard its traditions and national interests, some of

which it shares with its Nordic neighbours. "Contacts between the Nordic countries were very close. When three states say exactly the same thing, you have leverage and it has an impact." The new applicant states could use this tactic in order to, for example, create a new category for structural spending, suggests Mr Belfrage.

Sweden also wanted to have a fair share in structural funds once it entered the Union and to maintain its high level of support for farmers as well as regional aid to large areas in the far north which are sparsely populated. "It was also in that context that we could continue agricultural support in the north. After all you need incentives paid by the government to make crops grow very close to the Arctic circle," Mr Belfrage explains.

During Swedish accession negotiations, beginning with an introductory presentation by the country, there was a political consensus between Prime Minister Carl Bildt's centre right government and the main opposition party, the Social Democrats. Sweden's negotiators maintained a bipartisan political approach.

"We devoted a lot of time to the introductory speech, which contained a summary of our demands and which was carefully negotiated with the then opposition in Sweden. When negotiations were over, we could go back to the speech, tick off the things we had demanded and present a result — which is also important for public opinion. Having a national platform is

also important for the next enlargement. The EU must be totally aware there is a national consensus," he notes.

Before Christmas 1993 both government and opposition claimed victory in the accession negotiations with Brussels. Sweden was allowed to keep its tough environmental regulations for four years, while the EU promised to move closer to Sweden's higher environmental standards over the same transitional period. Sweden was also allowed to keep its state monopoly in the sale of alcohol and to defer permanently an EU tobacco directive prohibiting the sale of snuff. According to Mr Belfrage the snuff had quite a symbolic value. "It was Brussels meddling in the affairs of citizens. If I have one regret it is that we could not solve that straight away. In retrospect it was harmful from the point of view of public opinion."

Marathon negotiations followed in February 1994 to enable the new countries to join on January 1 1995. "It was quite dramatic. On the morning of the last day, there were voices among the member states and the presidency, saying: we can't make it, they are so tough, let's have a cooling-off period. But we managed to revive the process and by noon we had actually broken the back of the negotiations," Mr Belfrage remembers.

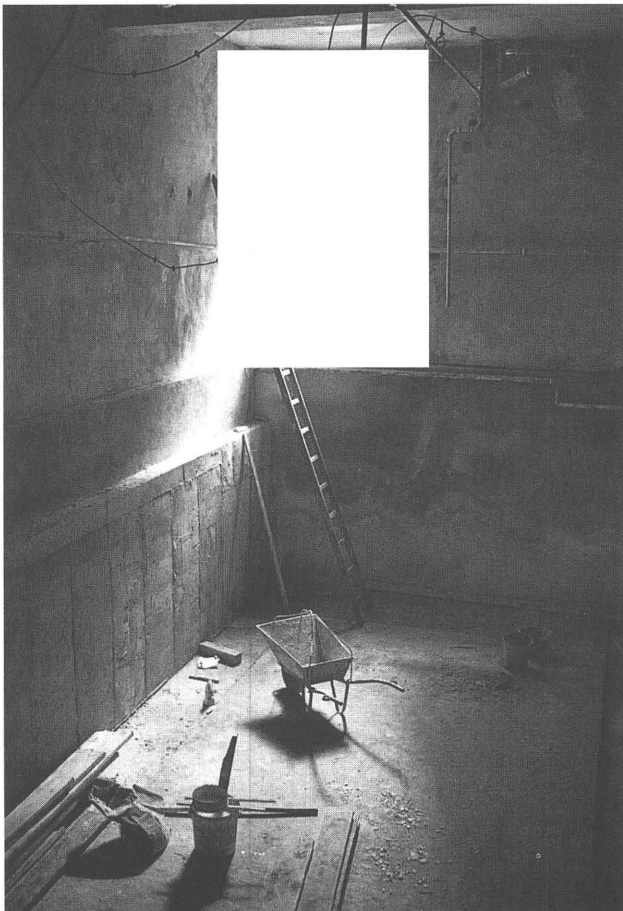
At that time the Union was still reeling from the process of ratification of the Maastricht Treaty. The Danes needed two referenda before they made up their minds while the French population's hesitant attitude did not inspire a positive attitude to EU membership in the still-applicant countries.

According to Mr Belfrage from the Swedish viewpoint this was probably a good thing. "Everyone knew that at the end of the day we would face a referendum. If we lost it would be a setback. There was sensitivity among our partners to try and understand our points. Of course we had to make our concessions as well. We did not get quite the budget deal we had hoped for."

Sweden, facing an economic recession while at the same time substantially increasing its budget deficit, was set to become a high net contributor to the EU budget. "The idea of a 'staircase' was developed: we got a rebate for the first four years, so we would gradually climb up and strengthen our economy," he says. In 1999 Sweden will pay its full net EU budget contribution.

Public opinion was taken into consideration. Despite the considerable amount of time and money devoted to inform the public and raise its understanding of the EU and the accession process, Swedish popular support for the Union dwindled. "This might come up again during the next accession negotiations. People then have a greater awareness of the individual problems and they become sceptical," Mr Belfrage cautions. ■

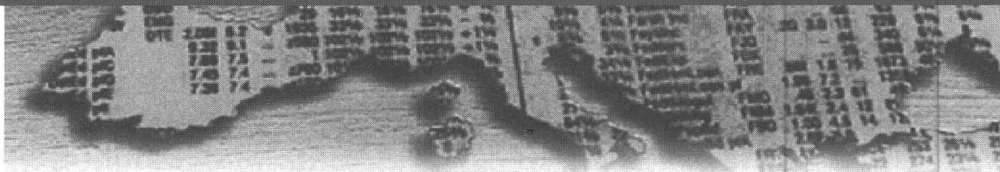
Caroline Jacobs, Brussels



Sue Cunningham Photographic

"When push comes to shove, you are on the outside and different views or conflicts of interest — like being subjected to EU protectionist policies in our forestry sector — had to be resolved through negotiations. Now, we can go to the independent institutions, to the Commission, the Court of Justice, and get fair treatment. That is the big difference with being a member".

in brief



WEU welcomes Slovenia

Slovenia has become the tenth Western European Union (WEU) associate partner following the signing of the Europe agreement between Slovenia and the European Union (EU) (ED 1996/5, page 16). Slovenia's ambassador to Brussels, Boris Cizelj attended his first WEU council in Brussels in July.

All 10 candidate countries are now able to participate in council meetings and will be regularly informed of the activities of the council's working groups. They may also be invited to participate in working groups, on a case-by-case basis, and may sometimes take part in the Petersberg tasks (humanitarian and evacuation tasks, peacekeeping missions, tasks of combat forces in crisis management and peace-making).

Hungary and Romania sign long-awaited treaty

Hungary and Romania have signed a treaty guaranteeing the borders of the two countries and clarifying the position of Romania's 1.6m ethnic Hungarians. The accord has laid the groundwork for a reconciliation between the two countries which should help make entrance into both the EU and Nato easier. Despite opposition from nationalists in both countries,

Bucharest and Budapest agreed to sign the treaty text which side-steps some of the most sensitive issues between the two countries, such as language and education rights.

Agriculture and enlargement issues tackled

The 10 candidate countries together with the Agriculture Ministers of the EU have begun discussions on the competitiveness of central Europe's and the Baltic states' agriculture and on rural development.

The meeting, under the structured dialogue, focused on two areas which the Commission's paper on a strategy for the year 2000 has highlighted. These include maintaining and strengthening both the rural sector and agricultural competitiveness of the candidate countries.

The candidate countries intend to look at price support in the framework of agricultural policies, develop the competitiveness of products on the world market and study the difficulties they expect to face in the context of developing a

competitive system of production, including the requirements of the EU's internal market.

The agricultural sector in the candidate countries accounts for 25 per cent of total manpower. To improve productivity and develop non-agricultural rural activities, the EU wants to study the political impact of rural development on production structures in the candidate countries, the effects of structural changes on rural areas and other problems, including improvements to infrastructure and widening employment prospects for those who live in the countryside.

The next meeting of the EU agricultural ministers together with their counterparts from the candidate countries took place in Ireland in November. According to Franz Fischler, Agriculture Commissioner, the meeting was "an important event and, I hope, a key element in preparing a new rural development policy fully integrated in the horizon of the next century." The candidate countries farm ministers complained that the Europe agreements mostly benefit EU farmers.

EU worried by Polish protection

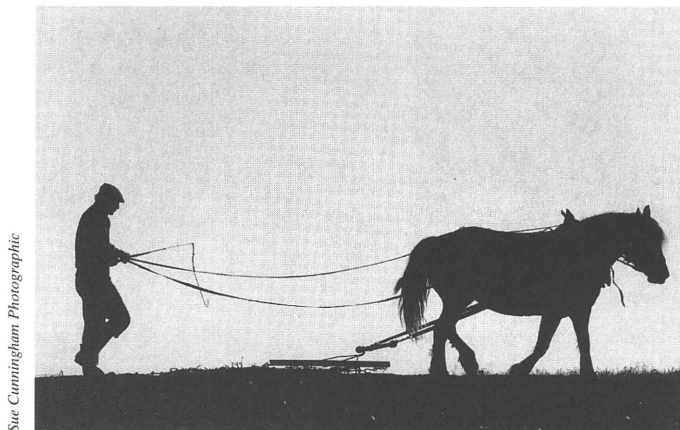
The EU has warned Poland about unilateral measures the candidate country has adopted to protect its market. The EU is particularly worried by measures protecting Poland's oil sector which were adopted without prior consultations with the EU.

The EU also wants to see more transparency regarding state aids, specifically aid for General Motors and Daewoo which the EU thinks can distort competition in this sector. Poland rejects the accusations and says its actions are aimed at protecting sensitive sectors and only affect two or three per cent of EU exports to Poland.

Hans van den Broek, External Affairs Commissioner, used a meeting with Polish Foreign Minister Dariusz Rosati, to deliver a list of complaints about Polish protectionism. He cited import surcharges and lengthy border crossings as well as other measures.

The EU is also annoyed by Polish plans to increase fuel tariffs in place for the next two years to allow for a \$3bn restructuring of the oil industry.

"The EU deeply regrets the unilateral actions taken by Poland and reiterates its opinion that the Polish oil sector cannot be viewed as undergoing restructuring in terms of the EU's criteria," says Mr van den Broek.



Sue Cunningham Photographic

Czechs cool on EU membership

Less than half of those entitled to vote in a referendum would approve the Czech Republic's membership of the European Union, according to an opinion poll in August by STEM institute: 46 per cent of those asked said they would vote for EU membership while 13 per cent said they would vote against and 41 per cent were undecided. Only 13 per cent think membership of the Czech Republic in Nato is more important than that of the EU.

The majority of those polled (72 per cent) want the Czech Republic to work towards EU membership independently of the other candidate countries in central Europe. Most people (54 per cent) believe their country will be prepared for EU membership over the next three years and 49 per cent think the Czech republic will be accepted as an EU member within the same time-frame.

Draft calendar of the Dutch presidency of the EU (January-June 1997)

JANUARY

- 20-21 General Affairs and Agricultural Councils
- 27 Economic and Finance Council
- 31 Transport Council, Amsterdam

FEBRUARY

- 5-6 Justice and Home Affairs Council, Noordwijk
- 14-15 Social Affairs Council, Rotterdam
- 17 Economic and Finance Council
- 17-18 Agriculture Council
- 24-25 General Affairs Council (including Accession Councils with Slovakia and Bulgaria)
- 28 Development Council, Amsterdam

MARCH

- 1-2 Development Council, Amsterdam
- 3-4 Environment Council, Rotterdam
- 6 Telecommunications Council
- 10 Internal Market Council
- 11-12 Transport Council
- 17 Economic and Finance Council and Agriculture Council
- 18-19 Agriculture and Justice and Home Affairs Councils
- 24-25 General Affairs Council (including Accession Council with Romania)

APRIL

- 4-5 Economic and Finance Council
- 17 Social Affairs Council
- 18-20 Environment Council, Amsterdam
- 21-22 Agriculture Council
- 24 Industry Council
- 24-25 ACP-EU meeting
- 29 General Affairs Council

MAY

- 12 Economic and Finance Council
- 12-13 Agriculture Council
- 14-15 Research Council
- 20 Internal Market Council
- 25-27 Agriculture Council
- 29 Telecommunications Council

JUNE

- 2-3 General Affairs Council
- 5 Health and Development Councils
- 9 Economic and Finance Council
- 9-10 Agriculture Council
- 12 Social Affairs Council
- 16-17 European Council
- 17-18 Transport Council
- 19 Fisheries Council
- 23-24 Environment Council
- 30 Culture Council and General Affairs Council (including Accession Councils with Hungary and Poland)

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The Economic and Social Committee (ESC) has launched a database containing the full text of the committee's opinions and bulletins. The database contains opinions in all EU working languages since January 1995. The bulletin is available in English and French only. The database can be accessed using CCL and Watch ECHO. Key documents will also be available on the World-Wide Web: <http://www.echo.lu/ces/ceshome.html>.

The Commission under the Interreg programme is funding seven cross-border programmes involving Finland and Sweden as well as Russia, Norway and Estonia. Total funding for the programmes is Ecu 63m. The South Finland Coastal Zone covers Finland and Estonia and is intended to improve transport, tourism and co-operation among small- and medium-sized businesses. The EU contribution to this

project is Ecu 6.1m, with a total investment expected of Ecu 22.7m. The projects in Estonia may be funded through the EU Phare programme.

The regional policy committee of the European Parliament has approved a report calling for a Cohesion Fund to be set up for the candidate countries. The report says the fund will be needed in order to avoid having to share present

cohesion resources. This is the first official document on structural funds and enlargement and was presented at a conference organised by the parliament, Committee of the Regions and the EU's regions and cities in October. Both German and Dutch MEPs criticised the document. They argue it will cost their countries more.

EU struggles with question of equality between men and women

Equality between men and women, particularly in the workplace, is a vexed problem which the European Union has been battling with for several years. With enlargement to the east looming, candidate countries must also start to bring their legislation in line with the evolving requirements of EU law.

The European Union (EU) has been struggling for the past 15 years to tackle the question of equality between

men and women in the workplace. The fight has been long and hard, and not always successful. Even today one member country, Britain, still stands apart from Union debates on equality and other social issues. Britain successfully won an



will conduct membership negotiations with the candidates on behalf of EU governments, is to keep women's equality in mind as each sector is being discussed. The concept is known in Brussels as "mainstreaming".

"We're trying to sensitise all the policy areas to those needs," an official in Directorate General V (DGV), the department of the Commission responsible for employment, industrial relations and social affairs, told *European Dialogue*. The Commission is now engaged in studying national policies in the candidate countries, and evaluating the answers to a questionnaire it sent to the applicant states. The questionnaire contains a chapter on equality of treatment for women and men (ED 1996/5, page 13).

It asks prospective members whether their national legislation ensures equal pay for equal work done by men and women, and asks whether the government or unions and employers' leagues have addressed the issue of sex discrimination in classifying jobs or evaluating the work done by employees. The respondent is asked to describe the government-social partners dialogue on these subjects.

Moving on to the subjects of access to employment and training, promotion opportunities and working conditions, it asks if laws in the country expressly forbid discrimination, defining both indirect and direct discrimination.

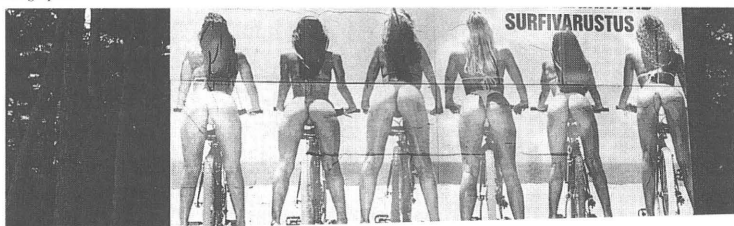
For self-employed workers, it asks whether a female self-employed worker can give her husband the same social protection and rights that a male self-employed worker can give his wife.

A new twist to the efforts of the European Commission, which will conduct membership negotiations with the candidates on behalf of EU governments, is to keep women's equality in mind as each sector is being discussed. The concept is known in Brussels as "mainstreaming".

Parental leave for childbearing takes up nearly a page of the questionnaire, which asks applicants to describe the length and conditions of maternity leave required by law and whether pregnant women are protected against losing their jobs during



Sue Cunningham Photographic



Pirita Purjespordikeskuses • E-R 10-19 L-P 10-16

NÜÜD KÕIK RATTAD -10%

Exploitation of women in advertising has been heavily stamped on in most EU member states. Advertisements like this one would come in for severe criticism in the EU by both the women's movements and the general public.

opt-out from the social chapter proposed by its partner nations to the Maastricht Treaty on European Union and in doing so had the chapter relegated to an annex at the back of the treaty. Now Union members must try to extend their hard won victories on workers' rights and women's rights to the applicant states hoping to join the EU.

The aim is to extend across the European continent rules which would allow women to compete for full- and part-time jobs on an equal footing with their male counterparts, receive as much compensation for their work as men, win job security if they leave work temporarily to have children and be free from sexual harassment in the office.

As plans to bring the applicant countries into the Union proceed, every facet of government policy — from farming to telecommunications — is being looked at for ways to bring the practices and laws of members and non-members into line.

A new twist to the efforts of the European Commission, which

pregnancy and maternity leave. It also asks if fathers may take parental leave and whether both fathers and mothers are free to return to their previous jobs or to equivalent jobs.

The questionnaire also asks whether national law or collective agreements in the applicant states forbid the exposure of pregnant or breast-feeding women to certain agents and health hazards at work.

The Commission has asked the applicant governments to provide statistics on activity and unemployment rates for men and women.

It also wants information on laws or proposed laws which would ensure that men and women have equal social security benefits and similar retirement privileges.

Despite these efforts to codify, if not enshrine, equal rights treatment in Europe, it is debatable whether the EU is really the role model that the applicant countries should look up to.

Women's unemployment across the 15-nation group has hovered at about 12.6 per cent for the past three years, while male unemployment has dropped to 9.6 per cent this year from 10.2 per cent in 1994. Women are still paid between 15 per cent and 33 per cent less on average than their male counterparts, and women constitute 70 per cent of those in the Union living below average living standards.

Moreover, the EU's own treaty has no chapter on equal rights for women.

The Brussels-based European Women's Lobby is calling for such a chapter to be introduced into the treaty following the conclusion of the Inter-Governmental Conference (IGC). Social Affairs Commissioner Pdraig Flynn is also pushing for insertion



Sue Cunningham Photographic

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Sue Cunningham Photographic

into the treaty of more explicit references to positive employment action in favour of women.

While the Commission asks applicant governments if their laws define direct and indirect sexual discrimination, the European Trade Union Confederation (ETUC) says EU legislation does not even have a definition of indirect discrimination.

Recent events in the EU have also been less than inspiring for women's causes. A judgement last October by the European Court of Justice in the Kalanke case threatened to undermine

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positive action programmes all over the Union which encourage the recruitment of women. The Kalanke case looked at positive discrimination — efforts to help women and ethnic groups. It found that this practice could in some cases go against EU law. For example, if a company sets a quota that must be filled by women, that would be considered illegal under existing EU rules. While the judgement does not ban all cases where a female job applicant might be given preferential treatment, it bans rigid quota systems for women. Already Austria, Sweden and the Netherlands have to see how their positive action programmes gel with the Kalanke judgement.

In another blow for women last year, EU social affairs ministers decided to cut the budget of the fourth action programme on equality from the proposed Ecu 60m to just Ecu 30m.

Another thought to keep in mind — most of the EU officials reading and evaluating the answers from applicant countries to the EU's questionnaire will be men. Although 44 per cent of all Commission officials are women, only 14 per cent are in the top ranks. ■

Bartholomew Dandridge, Brussels

ORGANISED CRIME AND PROSTITUTION ARE A MAJOR PROBLEM FOR EUROPE'S LAW ENFORCERS

Prostitution may be considered the world's oldest profession, but it is causing new headaches for Europe's law enforcement agencies. Prostitution in Europe is now dominated by organised crime. Penalties for trafficking in women are less heavy than those for the illegal trading in drugs or weapons.

The European Commissioner responsible for immigration policy, Anita Gradin, is so concerned about the abuse of foreign women that she called a seminar in Vienna to discuss trafficking in women. Participants were drawn from both EU and applicant countries as well as the US and Canada.

The applicant countries represent a specific problem. After decades of travel restrictions under communism, women are now free to travel. Prostitution and the sex industry is booming in the candidate countries, too, and traffickers in women have no problem finding recruits for the sex industry in the EU, where earnings are much higher. In Berlin, for example, police estimate that a foreign woman in a brothel typically earns DM 500 a day, but is allowed to keep only DM 20 of that. Criminal groups from the candidate countries now dominate the business. Police say it

is easier to import women from the eastern part of Europe — and to find new recruits.

A Commission report indicates that in the case of Russia, women are bought rather than recruited. Since they need visas to enter the EU (which are difficult to obtain), Russian women sell themselves to international gangs which arrange the travel.

Russian mafia are said to control markets in Poland and Germany. Ukrainian gangs are reported to control Hungary and Austria.

The aim of Commissioner Gradin's conference was to encourage more co-operation between central and western Europe in stopping this illegal trade. Simply deporting women back to their country of origin only pushes them further into the arms of the traffickers. The European Parliament wants to grant victims temporary residence permits. The Commission would like to see candidate countries take a more pro-active attitude towards prostitution, giving women victims some support and helping to establish non-governmental organisations which can help these women. ■

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EU LEGISLATION ON WOMEN AND EQUALITY

Equal pay

Article 119 of the Maastricht Treaty obliges EU member states to apply the principle of equal pay for equal work. Directive 75/117/EEC of 1975 reinforces this principle and extends it to the principle of equal pay for work of equal value for men and women. It forbids all discrimination on grounds of sex with regard to all aspects and conditions of remuneration, be it in the law, collective agreements or individual contracts.

Equal access to employment

The 1976 directive 76/207 concerns the equality of treatment between women and men in access to employment, training, promotion and working conditions. The European Court of Justice has developed this principle of non-discrimination to include cases of indirect discrimination by which a measure which appears gender neutral in formulation might be incompatible with the directive if it affects women to a greater extent than it affects men.

Equal treatment for self-employed workers

Directive 86/613 aims to end sex discrimination by reference to marital or family status.

Maternity leave and pregnant workers

Directive 92/85 agreed in 1992 stipulates a maternity leave of 14 weeks. It also obliges employers to assess any risks to the health of pregnant women in working conditions, adjust those conditions or post the worker to another working place or give her leave. The directive also says pregnant women and young mothers should not be obliged to work at night.

Parental leave

The Commission has adopted a draft directive on parental leave which would allow workers a minimum parental leave of three months with a guarantee to return to their previous job or an equivalent job.

Equal treatment in social security schemes

Council directive 79/7/EEC, which came into force in 1979, aims to end direct or indirect discrimination between men and women in schemes providing protection against sickness, invalidity, old age, accidents at work, occupational diseases and unemployment. Survivors' benefits and family benefits are not included, however. The directive also allows member states to delay implementing the equal treatment principle for the age qualification for retirement pensions.

Sexual harassment in the workplace

In July the European Commission decided to consult labour unions and employers' groups on the issue of taking further action against sexual harassment. The Commission believes its five-year old code of practice has not led EU member states to adopt sufficient measures in their own national legislation. The Commission is now suggesting a binding instrument, with a common plan adapted to each member country's situation, which would force change.

Sexual discrimination

The Commission is proposing modifying laws on the burden of proof in sexual discrimination cases. While current laws require the worker to prove he or she has been discriminated against, the European trade unions want employers to prove the contrary. The Commission plan would place the burden in between, requiring both employee and employer to fight their case. ■



Sue Cunningham Photograph

Employers prefer women in Hungary

Throughout the candidate countries women are facing similar hardships and challenges as these emerging economies grapple with the demands of a market economy and democracy. While communism may have paid lip-service to equal rights, the harsh economic realities of post-communism leave little room, too, for equality between the sexes. Life was hard before 1989 and looks set to remain difficult for women in the 1990s and beyond.

European Dialogue has talked with women from the candidate countries. The following are their thoughts and feelings about how life post 1989 affects themselves and other women. While it is difficult to generalise about life for women in the transition, this selection of individual experiences are a valid reflection of the difficulties all women are facing in these emerging economies.

Dora Szalai typifies the new generation of Hungarian women who are taking advantage of the fresh opportunities created by the change to a market economy. At 27 years of age, Ms Szalai is marketing director of Corvo Bianco, a medium-sized footwear importer and distributor.

As effective number two in the company, she co-ordinates nation-wide sales and promotions campaigns. It is a position of

responsibility few women would have reached at her age during the communist system.

Ms Szalai says she benefited from the new attitude that foreign companies brought into Hungary following the change of system. "I graduated in 1992, a time when multinational companies were just entering the Hungarian market and looking for young people with language skills. They didn't care if you were male or female or what kind of background you had, so long as you had language skills and were willing to work hard and learn fast."

In the 1990s women have found new avenues open to them in the burgeoning service industries. "Women, and young women in particular, are doing really well in finance, marketing, sales, public relations and the media," says Ms Szalai.

But women have long been present in the Hungarian

Women have long been present in the Hungarian workforce. During communism they were brought in as supplementary labour in heavy industry. Yet despite the rhetoric of equal opportunities for women, few found their way into top jobs — the big communist directors of the 1950s and 1960s were invariably male with only a token presence of women at the top, and then only in industries which were "suitable" to women.

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Sue Cunningham Photographic



The role changes are having an effect on society. There is a tendency for women to start families later as a result of their new career demands, and young women with high salaries have independence not only from their parents but from their husbands as well.

women at the top, and then only in industries which were "suitable" to women.

As one businesswoman puts it, "In those days you got on through party contacts, and party contacts were made at the weekend, either shooting or at the football match, hardly places

where women felt comfortable."

But, says Ms Szalai, by the 1980s things had begun to change. "It was difficult for women who had to prove themselves much more than men. But in the last decade of the old system, women began to emerge both in the state administration and in light industry."

Today things may even have gone the other way. "My boss, for example, says he will only hire women for major positions as he trusts them much more than men," says Ms Szalai. "The roles are changing. Women are seen as reliable, precise and hardworking. Whereas in the past these were all acknowledged there was a belief that women couldn't manage — that has changed."

The role changes are having an effect on society. There is a tendency for women to start families later as a result of their new career demands, and young women with high salaries have independence not only from their parents but from their husbands as well.

But, says Ms Szalai, some old attitudes remain. "I am sure my looks helped me get a start and made things a little easier for me," she says with a smile. ■

Simon Evans, Budapest

Women still take a back-seat in Poland

Women do not appear to be that much better off in Poland now than they were before the advent of market reforms in 1989 says Henryka Bochniarz, an energetic forty-something top consultant who was briefly industry minister in 1991.

"When I go to professional gatherings, I see very few women around the room," she says, noting that at least the communists paid lip service to equal rights for women and tried to maintain a balance of sorts between men and women when making

public appointments.

Now there are few women in top jobs, she says, adding that exceptions such as Hanna Suchocka, a former prime minister and Hanna Gronkiewicz Waltz, the present head of the central bank, made it when the men could not agree on a candidate and accepted a woman as a stop gap who they thought would not threaten their position.

The situation is anomalous. Nearly 50 per cent of the employed population are women — one of the highest figures in Europe. There is no affirmative action such as in the US to raise the "glass ceiling", a term which describes discriminative practices by men which stop women from getting promoted.

Indeed with foreign investors who come into Poland rarely appointing women to top posts, it may well be that part of the reason why the glass ceiling is coming back is due to multinationals doing in Poland what they cannot get away with back at home.

Also the foreign-owned glossy women's magazines which have flooded into Poland since 1989 see their readers as homemakers whose main concern is how to cook well and appear attractive to the opposite sex. "When they come and interview me they never ask me about my views on the economy or politics, they always ask me on what I'm wearing, what I drive or where I went on holiday," she says.

Part of the fault lies with women themselves, says Ms Bochniarz who heads and owns Nicom, a major consulting company. She was also recently elected the head of the Polish Business

Sue Cunningham Photographic



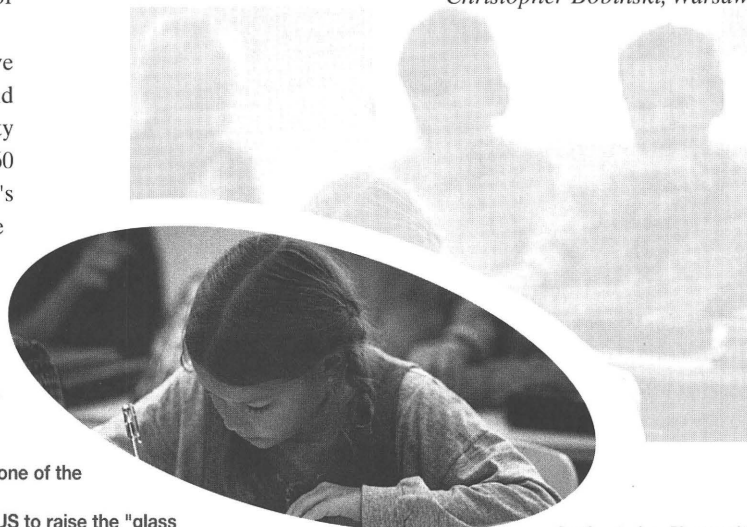
Council, an elite group of local and foreign chief executives. "Women tend to bring their own children up in traditional ways assuming a domestic role for the girls. They don't push for themselves hard enough either." A major study on women done in 1993 for Cambridge University by CBOS polling organisation bears this out. Then 74 per cent of women said that "cooking, ironing and cleaning were women's natural duties". Also 68 per cent said men were more responsible for maintaining the family than women.

But that does not mean women in Poland do not have aspirations. As many as 54 per cent think that marriages should be partnerships. At the same time even though the vast majority say they go to work only to supplement the family income, 60 per cent would go on working even though their husband's wages increased by enough to keep the family. This is because women relish the financial independence a job gives them. As a rule the better educated women are, the more likely they are to want to forge a career for themselves. This is also true more of women in the major cities, rather than in the small towns and rural areas. That pressure can be seen in

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the significant presence of women entrepreneurs in the small- and medium-sized private business sector. This shows that wherever women have had the space to create their own careers independently of men they have gone ahead and done it. That marks a major difference to the years before 1989. ■

Christopher Bobinski, Warsaw



Sue Cunningham Photographic

Special problems confront women in Slovenia

Even before Slovenia became an independent state, women played a greater role there than elsewhere in former Yugoslavia — and most other European countries. Their share in the population was around 52 per cent in the 1981 census, a little higher than the Yugoslav average. Women represented close to 46 per cent of the economically active population and among persons with their own income, they accounted for 57 per cent.

While women worked in most areas, they were poorly represented only in the construction, transport and communications industries.

Since independence in 1991 Slovenia has been going through a transition, complicated by the break-up of former Yugoslavia. Former social networks have fallen apart, with new ones emerging slowly, if at all. Many things which were free or cheap because of state subsidies are now beyond the budget

of many. There is unemployment and real falls in both wages and living standards. While everyone has been touched by the transition, women have been

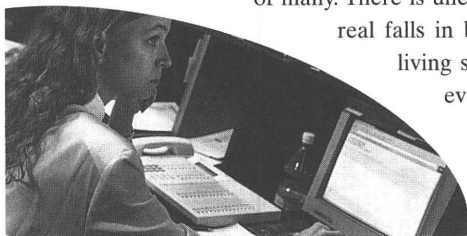
hit harder than men as regards both jobs and wages and their lives at home and in the family.

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Ljudmila Kafol was one of the women who decided to try their luck at starting their own business.

After working for a quarter of a century in various socially-owned institutions and organisations, she decided to establish her own institute. The main reason prompting her was the economic crisis in Slovenia. When her last employer went bankrupt, instead of looking for a new job, she plunged into private business.

In 1992 Ms Kafol founded the Institute for Quality of Services and Human Communication in Ljubljana. Ms Kafol, a graduate in psychology and various other fields, had little money to spare for the new business as she had just bought a flat which she shared with her son, a university student.



Sue Cunningham Photographic



While the first year was tough, the institute (a non-profit organisation), is now thriving.

But how does Ms Kafol feel about what she and other Slovenian women have had to go through over the past years? "In principle the possibilities and opportunities are now much bigger and better than in the past. On the other hand, the transition is a very exhausting thing at both the personal and business level. There has been little or no support from the government or quasi-government structures which have been too preoccupied with themselves. They have been

concentrating on big and very important other issues and neglecting small things, like small businesses," says Ms Kafol. Ms Kafol likes to compare the early stages of the transition to the process of wine making. "First stage: garbage rises to the surface, once the grapes have been put in a vessel. Second stage: it stays there and stirs. Third stage: when all the garbage has come to the top, it is poured off and pure and noble wine remains in the vessel. At the moment garbage and ruffians are still at the top," she concludes. ■

Aleksandar Lebl, Ljubljana

Times are tough for everyone in Romania

Like most Romanians since the fall of communism in 1989, Christina Petreanu (36) a general practitioner at a state clinic in Bucharest, is feeling the pinch. Despite soaring prices and growing consumer pressure as the country struggles towards a market economy, salaries in the state sector remain unrealistically low.

Under the communist regime there was no discrimination, in fact.

More women than men went to university and entered professional fields. As a result women are now more highly qualified than men.

"Doctors, male and female, make between Lei 200,000 and Lei 400,000 (\$65-\$130) a month," Ms Petreanu says. "Obviously, with inflation above 30 per cent, and prices as high as they are, we can't live on this — everyone I know has at least one extra job."

Ms Petreanu herself works part-time for a pharmaceutical company. Her husband, also a doctor, takes private patients and carries out research for a drugs company to make ends meet.

Times are tough for everyone. In a society where unreconstructed man is alive and well, there is an additional burden on women. "For women it's very difficult now," Ms Petreanu says. "Not only do they have to do several jobs, but they also have to maintain their homes and look after their children. A lot of Romanian men are still very macho and traditional about gender roles, and the cooking and cleaning are very definitely the responsibility of women."

Despite the extra burdens, Ms Petreanu believes women are faring better than men in the new climate of competition and growth.

"Under the communist regime there was no discrimination, in fact. More women than men went to university and entered professional fields. As a result women are now more highly qualified than men and, I think, willing to work harder. At least 70 per cent of doctors in this country are women and the same goes for pharmacists and chemists."

If anything, she says, men may be suffering more from the pressure to compete in the new cut-throat economic area. Let's face it, they have bigger egos," she laughs. "They see all this stuff

— houses, cars, expensive things — and they want it now. They're like children. They don't have the emotional mechanisms to deal with it."

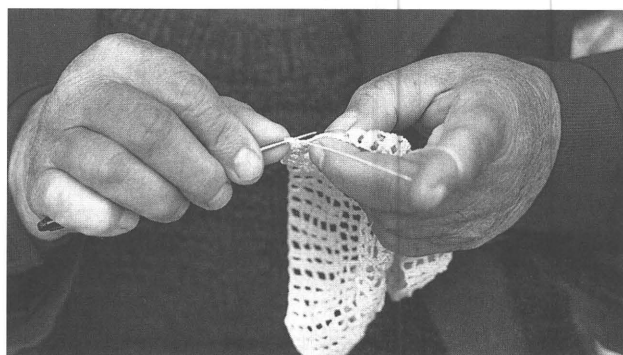
The downside of this for women is that often men become destructive. "I think domestic violence is becoming more widespread. Men can't cope. They turn to drink. They beat up their wives. They drive too fast. There's been an increase in the number of women requesting tranquillisers," says Ms Petreanu.

However, Ms Petreanu is quick to point out that despite the apparent equality, on the surface at least of communism, equal pay, voting rights and social status was afforded to women. The collapse of dictator Nicolae Ceaucescu's regime was an overwhelming relief. Intoxicated by the vision of Romania as an industrial superpower, the Ceaucescu administration attempted to swell the population by decreeing (in 1968) that every woman should have four children. In 1982 this figure was upped to five.

"People couldn't afford that many children. They were starving. There was no milk. Contraception and abortion were illegal and many, many women suffered at the hands of amateur abortionists. A lot of them got septicaemia, became sterile, or, very often, died. It was horrible," explains Ms Petreanu.

Whatever the future holds for Romanian women now, it seems that the horror years of Ceaucescu cannot be equalled, although the transition to a market economy and democracy will not be an easy task. ■

Keith Henderson, Bucharest



Sue Cunningham Photographic

Lithuania's Women's Party tries to take a lead in equal rights

One day a woman with a handicapped child wandered into the offices of the Lithuanian-European Institute in Vilnius, looking for the professor. She needed special care for her child, could not afford the help and had nowhere to turn. Although the institute's main tasks are organising international political and economic conferences and academic exchange, Kazimiera Prunskiene used her connections to find housing, medical care and a sponsor for the desperate woman.

The public visibility of Dr Prunskiene, gained as



Lithuania's first post-Soviet prime minister in 1990, draws the helpless to the organ-

isation's doors. "I've become the grandmother to everyone — my family has no limits," sighs Dr Prunskiene with a smile.

The brisk, bright-eyed 53-year-old seems anything but grandmotherly. As if running the institute and her own consulting business were not enough, she founded the Lithuanian Women's Party in 1995. In a crowd of 30-odd political parties, the Women's Party hovers around fifth place in opinion polls, surpassing some in parliament. Dr Prunskiene easily cleared the five per cent hurdle needed to gain seats in the Seimas (parliament) in the October elections.

The astonishing resonance of the young party is due in part to its leader. "A lot of people believe that my experience with leadership is easy to rally behind," Dr Prunskiene says. Lithuania's first government is still perceived as the best and least corrupt of the seven since independence, she adds.

There is no shortage of issues for the Women's Party (whose candidate list includes some men). As in other post-communist countries, the removal of hiring quotas for women was not

compensated for in other ways. Women have been especially hurt by the right-left seesaw politics in Lithuania since they carry the economic burdens, something that independence did not change.

"In Lithuania we have a saying: 'the women carry three corners' — household maintenance, family finances and work," says Dr Prunskiene.

Engaging Lithuania's over-burdened women has taken time. Since 1992 a number of non-political women's organisations were active organising conferences and seminars. According to Dr Prunskiene these women finally decided that they could no longer be outside observers of the political scene, wringing their hands and sighing at every development.

There were offers from established parties to take on the galvanised females, but they feared losing their influence in what Dr Prunskiene calls the patriarchal culture of Lithuanian politics. The Women's Party is benefiting from the outsider status, free from blame for the mistakes and chaos of the last five years. With plans to support small business opportunities for women, training and further education, the centrist party offers more than just symbolic hope.

"There is a growing confidence that women can do things on their own," Dr Prunskiene says. The mother of three and grandmother of six, leading by example, is encouraging more women to become politically and socially active and vote independently. But she cautions that politics cannot solve everything. "We have to support the ideas that come from the grass roots — both sides need each other." ■

Caroline Smrstik, Vilnius

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Searching for a meaning in post-1989 Bulgaria

Confusing and painful. This is how one woman in Bulgaria has found the transition. In a frank and emotional account, one woman tries to explain the problems and frustrations facing her since 1989.

What am I? Who am I? Am I doing the right things for my family and for myself? Could I have done anything different or better? Hamlet-like questions wake me at night and I can find no answers.

I am 49 years old, divorced with one daughter (aged 25). I am well educated (two university doctorates). I know several languages, own my own small flat. I am practically the head of a family of four as both my parents are retired.

I welcomed the changes at the end of 1989 with interest, hope, enthusiasm and *naï eté*. The latter I realised only later.

What are we living through — a tragedy, an operetta, a revolution? Future generations will see more clearly.

None of the people of my circle could judge how quickly democracy would establish itself in the minds of the people and in economic, political, social, cultural life.

We thought it would be a rapid process. We were greatly mistaken. What we face instead is a new reality — unemployment, growing poverty, beggars, crime, terrorism, primitive behaviour, painfully frank individual and group economic and political interests, corruption, a destroyed system of values, fear, instability, apathy, alienation. Some friends are no longer friends. New ones have come, the real ones have stayed.

Personal life has had to be sacrificed. I have known what loneliness is.

Today, more than six years after the overthrow of communism, I look back at the years with amazement. It seems ages have passed. This must be a natural protective function of the brain against living constantly in a state of stress.

I have changed — four different occupations before I found my present job. First I was a freelance journalist and translator, then an English teacher, a personal assistant to an aristocratic businessman, a secretary in a Greek bank (which never received a licence).

Chance would have it that for the first time, after over 20 years of working, I joined a giant multinational and find pleasure in what I am doing. I work hard in an atmosphere of challenge and novelty. But my work is appreciated and my remuneration is decent.



Only a few months ago I thought for the first time, "there, I have made it". I could put a small sum aside. My daughter had found a good job.

But the level of economic

crisis did away with all this.

What has been the most difficult during these years has been the psychological experience. It is enormous, different and difficult to grasp.

I have gone for the first time in life through the experience of looking for a job, asking for a pay rise. My flat was broken into — yet another, more difficult experience. I have tried to understand the failure of a society in which I have spent so many years of my life: the lies, the blind belief, the outrageous discrepancy between the official picture of an intelligent and well-educated people while the reality was to see humiliation, to see young people who do not care about anything, chew

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Future generations will see more clearly.

None of the people of my circle could judge how quickly democracy would establish itself in the minds of the people and in economic, political, social, cultural life.

popcorn or gum in your face. The empty eyes of teenagers — this is dreadful, for there is no future in those eyes. Another humiliation is not to be able to afford to buy a book — one for which you have looked for years.

There have been economies: no concert and theatre nor trips. While this was not everyone's main concern, it hurt. Still books were cheap, education accessible to all, going to the opera was not a luxury. People were poor but did not seem to be hungry. Do not mistake this for nostalgia for the past. I work hard and what I treasure most is my independence.

Now the economic abyss seems deeper than ever. The absurdity of our present life more prominent than ever before. What keeps me alive is my responsibilities to my family, my work, friendship and hope. ■



Sue Cunningham Photographic

Statistics

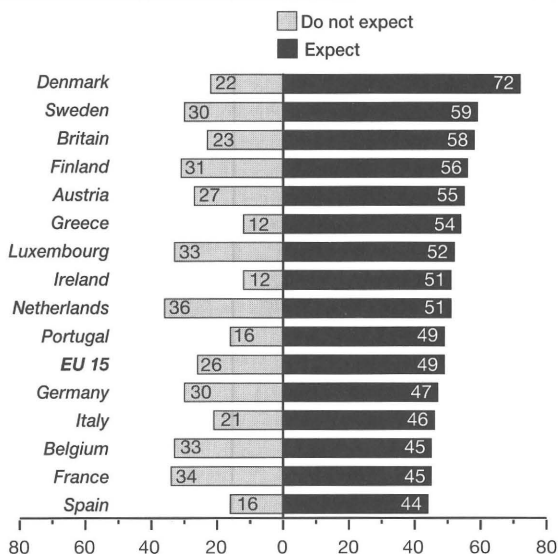
Since the European Union enlarged to encompass Austria, Finland and Sweden, people's expectations of the next enlargement are less optimistic. Just under half (49 per cent) of those interviewed for *Eurobarometer* in November-December 1995 believed "other European countries, such as Hungary, Poland, the Czech Republic or Slovakia will have become members of the EU" by the year 2010. Nevertheless, people are two-to-one of the opinion the EU will enlarge by then.

This represents a fall of seven per cent from six months ago. The biggest drops were recorded in the three new member states: Sweden (down 10 percentage points), Finland (down 16) and Austria (down 10). Among the former EU 12, Germany showed the greatest decline — down 11 percentage points.

Overall EU citizens remain cautious about enlargement. Only 14 per cent believe enlargement should happen within the next five years. Around 31 per cent believe it is feasible in five to 10 years and a further 20 per cent see it taking at least 10 years. However, 14 per cent spontaneously reply that "these countries should not become members".

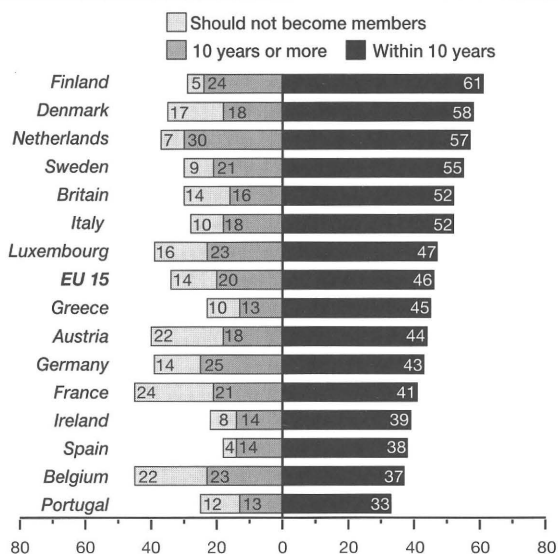
Widening the EU within in the next 10 years is most strongly supported in Finland (61 per cent), Denmark (58 per cent), the Netherlands (57 per cent), Sweden (55 per cent), Britain and Italy (both 52 per cent). Portugal (33 per cent), Belgium (37 per cent) and Ireland (39 per cent) record lower levels of agreement, but in Spain, Ireland and Portugal the number holding no opinion was high — 40 per cent or more in all three countries.

Expectations of enlargement for Europe in 2010 (in per cent)



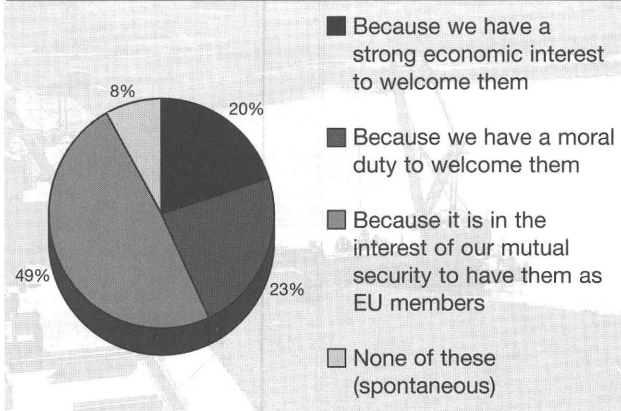
* percentage "don't know" not shown. Standard Eurobarometer 44
Source: Survey No 44.1, Fieldwork November-December 1995

When countries of central Europe should become members of the EU (in per cent)



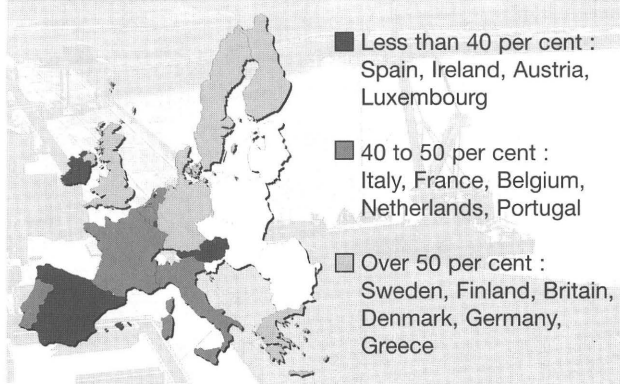
Source: Survey No 44.1, fieldwork November-December 1995. Standard Eurobarometer 44.
* percentage "don't know" not shown.

Reasons for admitting candidate countries to the EU (in per cent)

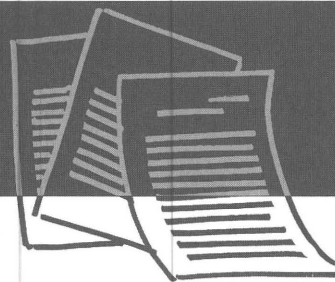


Source: Survey No 44.1, fieldwork November-December 1995. Standard Eurobarometer 44

Importance of "mutual security" as chief reason for admitting candidate countries (in per cent)



Source: Survey No 44.1, fieldwork November-December 1995. Standard Eurobarometer 44.



TO THE EDITOR

Along with my political commitments and interests I am interested in Europe's health and health insurance systems. The health policies of European governments and the problems of and trends in European health care are questions which those in charge of the Bulgarian health service need to be aware of. It is even more essential that we be kept continuously informed now that we have decided to bring our conditions and standards into line with those in Europe. This is one of the surest ways of ensuring not only that we feel a part of but also so that we take part in European society. No one could say the Health Ministry [in Bulgaria] is doing everything possible in order to be successful and conform to European standards. Unfortunately this concern is not generally recognised. Only a small group of professors, assistant professors and other specialists who know about health service management are enthusiasts for new knowledge [in this area]. I hope the magazine and European Commission can become conduits for future links and contacts between the Public Health Faculty of Velikotrnovo University and similar educational establishments in Europe. I would be happy if I were to find articles on this subject in European Dialogue.

Emil Stoyanov
Trgovishte, Bulgaria

TO THE EDITOR

As someone who has a fair knowledge about the EU, I would like to see European Dialogue a more technical and more critical magazine. But I realise that it is not intended for experts, so the general public might have a different point of view. For example, concerning the Phare programme, I would like to see some data concerning the criteria of distribution of funds among countries and their outcome (on a per capita basis). I also found that unknown officials are a little bit too often quoted and say what they usually do — that is, nothing. The structure of the magazine is, in my opinion, focused on the countries that want to accede to the EU, but I found almost nothing on the EU itself and its actions and attitude (and those of the member states) in the respect of the integration process.

Dan Popescu
Parliamentary Expert,
Romanian Chamber of Deputies
International Relations Department
Bucharest

TO THE EDITOR

Following on from the July/August 1996/4 article on Austria and its regional ties, I would like to point out that the region of Upper Austria receives funds from the EU's Interreg II programme. Upper Austria has more than a 100 km border with the Czech Republic and we participate in the Interreg II programme Austria-Czech Republic. The project, reconstruction of the nineteenth century Schwarzenberg log-floating canal, also described in the same issue, is one of many projects in Upper Austria. In total we expect around Ecu 1.8bn from the European Commission in this programme period and have realised a lot with South Bohemia on Interreg and Phare cross-border projects.

Robert Schrötter
Main Co-ordinator, Interreg
programme, Upper Austria



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