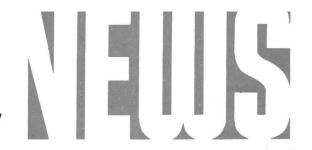
European Community



No. 5/90 February 20, 1990

441,2(3)

## CONCLUSIONS OF THE GROUP OF 24 FEBRUARY MEETING

1. "The Group of 24" held their fifth high-level meeting in Brussels on February 16, also attended by representatives from international economic and financial institutions. The 24 reviewed the implementation of their programs to assist economic reform in Poland and Hungary.

In accordance with the willingness expressed by the Foreign Ministers on December 13 last year to respond positively to other countries in Central and Eastern Europe at the time they put into place the necessary political and economic reforms, the 24 examined the memoranda presented by the German Democratic Republic, Czechoslovakia, Bulgaria, Yugoslavia and Romania.

They heard a progress report in the negotiations for the setting-up of a European Bank for Reconstruction and Development.

They also welcomed the report by the representative of the Club of Paris who informed them of the conclusion of the fifth agreement on the consolidation of the public external debt of Poland.

- 2. Regarding the implementation of the Poland and Hungary Assistance for Economic Restructuring (PHARE) program, they noted that:
- food aid to Poland totalling ECU 380 million<sup>2</sup> had mostly been delivered and that, following new requests from the Polish authorities, further deliveries totalling 786,000 metric tons of wheat were under way or envisaged: from the European Community (600,000 metric tons), Japan (130,000 metric tons), Austria (38,000 metric tons) and Australia (18,000 metric tons); the United States intends to provide 200,000 metric tons of maize;
- an initial sectoral program for the provision of plant protection products worth up to ECU 50 million is under active preparation in the Community;

1

<sup>&</sup>lt;sup>1</sup> The Group of 24 are the 12 E.C. member states (Belgium, Denmark, France, F.R. Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom), the 6 member states of the European Free Trade Association (Austria, Finland, Iceland, Norway, Sweden, Switzerland), Canada, the United States, Japan, Australia, New Zealand and Turkey.

<sup>&</sup>lt;sup>2</sup> 1 ECU (European Currency Unit) = \$1.23 on February 7.

- an initial sectoral program for the provision of plant protection products worth up to ECU 50 million is under active preparation in the Community;
- the Community's counterpart fund derived from sales of Community food supplies on the Polish market is now in operation and agricultural projects in Poland will, from now on, be financed through that fund. Other countries of the 24 noted the role of their own counterpart funds as well as additional governmental and private sector activities in the sphere of agricultural assistance;
- the measures facilitating access to markets of the 24 took full effect on January 1 this year. They are to be added to previous measures taken by the 24;
- Poland has begun implementing a strong reform program supported by a stand-by credit of the International Monetary Fund (IMF). Negotiations between the IMF and Hungary have progressed considerably and should result in an agreement shortly;
- the stabilization fund for Poland of \$1 billion, to which many of the 24 countries are contributing, has become operational;
- the Community has granted to Hungary a \$1 billion medium term structural adjustment loan. The other countries of the 24 are invited to associate themselves with this facility. A first tranche, amounting to the equivalent in ECUs of \$400 million, will be made available to Hungary as soon as a standy-by arrangement has been agreed with the IMF. The modalities and release of the following tranches will be decided at a later stage. Other participants of the 24 pointed to the possibility of assisting the structural adjustment effort in Hungary by other financial means;
- operational implementation of lending by the European Investment Bank is under way, and first loans could be ready for signature by the middle of this year;
- the Community envisages making loans from the European Coal and Steel Community available to Poland and Hungary for a total of ECU 200 million;
- the Community has made considerable progress in setting up a European Training Foundation and in launching a Transeuropean Mobility Scheme for University Studies (TEMPUS) with Central and Eastern European countries, in which any of the 24 countries which so wished could be actively involved;
- progress is being made in the selection of projects in the other priority sectors; investment, environment and training; particular attention was given to the 24's participation in joint projects. Various suggestions were agreed on to increase and strengthen coordination in these sectors;
- the progress in the implementation of the financial and economic assistance measures in favor of Poland and Hungary taken so far by the 24.
- 3. The 24 confirmed their readiness to coordinate assistance to the German Democratic Republic, Czechoslovakia, Bulgaria, Yugoslavia and Romania adapted to each country's own situation and on the basis of commitments from the countries concerned to political and economic reforms. The 24 examined the memoranda submitted by the countries in the light of progress towards the implementation of political and economic

objectives including the rule of law, respect for human rights, the establishment of a multi-party system, free elections and the establishment of a market economy. They expressed their encouragement and their support for the measures already taken or envisaged by each of these countries in their pursuit of political and economic reform.

It was agreed that the present direction of reform policy in these countries would in general allow the consideration of initiatives aimed at defining priorities as well as setting up some specific activities which could begin in the coming months. With regard to Romania, the 24 welcome changes which have taken place since the ministerial meeting of December 13, 1989 and stressed that it is important that the reform policy be pursued with all necessary determination.

The E.C. Commission will be sending fact-finding missions very shortly to supplement the information contained in the memoranda received from these countries and to clarify the needs and priorities set out therein. The Commission will provide regard reports on these visits to the Brussels network of the 24 so that a coherent action plan can be drawn up to be presented to the ministers at their next meeting.

- 4. The 24 noted that contacts would be stepped up between the Commission and the international economic and financial organizations participating in the coordination effort and most directly concerned with the macro-economic, financial and structural adjustment aspects of the reform process in these countries with a view to strengthening coordination.
- 5. The 24 decided to meet again at high level on May 22, 1990 to prepare for a second ministerial meeting to be held in Brussels at the beginning of June.

Contact:

Ella Krucoff (202) 862-9540