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REPORT

drawn up on behalf of the Political Affairs Committee

on relations between the European Community and the
countries of Central and Eastern Europe

Rapporteur: Mr V. BETTIZA

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Resolution adopted at the Sitting of October 24, 1985
is annexed.

WG(VS)/1687E

PE 95.691/fin.

By letter of 8 November 1984, the Political Affairs Committee requested authorization to draw up a report on political relations between the European Community and the countries of Eastern Europe.

At its meeting of 19 and 20 December 1984 the committee appointed Mr V. Bettiza rapporteur.

At the sitting of 14 January 1985 the European Parliament authorized the committee to draw up the report.

The Political Affairs Committee considered this report at its meetings of 20-22 March 1985, 24-26 April 1985, 22-24 May 1985, 19-20 June 1985 and 24-26 September 1985.

At the last meeting the committee approved the motion for a resolution as a whole by 18 votes to 1 with 11 abstentions.

The following took part in the vote: Mr FORMIGONI, chairman; Mr HANSCH, first vice-chairman; Lord DOURO, second vice-chairman; Mr BETTIZA, rapporteur; Mr BALFE (deputizing for Mr Lomas), Lord BETHELL, MR BOUTOS, Mr CHRISTIANSEN (deputizing for Mr Charzat), Mr COSTE-FLORET, Mr DALSSASS (deputizing for Mr Poettering), Lady ELLES, Mr EPHREMIDIS, Mr ERCINI, Mr FILINIS (deputizing for Mr Cervetti), Mr B. FRIEDRICH, Mr GAWRONSKI, Mr HABSBURG, Mrs van den HEUVEL, Mr KLEPSCH, Mr LEMMER (deputizing for Mr Blumenfeld), Mrs LENZ, Mr MALLET (deputizing for Mr Antoniozzi), Mr NEWENS, Mr PANNELLA (deputizing for Mr Paisley), Mr PELIKAN (deputizing for Mr Amadei), Mr PENDERS, Mr SEEFELD, Mr SEGRE, Mr SPATH (deputizing for Mr Croux), Mr VANDEMEULEBROUCKE (deputizing for Mrs Piermont) and Mr VGENOPOULOS (deputizing for Mr Plaskovitis).

The report was tabled on 27 September 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Political Affairs Committee hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on relations between the European Community and the countries of Central and Eastern Europe

The European Parliament,

- having regard to its resolutions on relations between the European Community and the East European state-trading countries and COMECON¹,
 - having regard to its report on COMECON and the US restrictions on the international transfer of technology²,
 - having regard to the report of its Political Affairs Committee (Doc. A 2-111/85),
- A. whereas, in the light of the work of the CSCE in Stockholm and Ottawa, the respect for and implementation of all three baskets of the Helsinki Agreements, with special reference to the strengthening of peace and the defence of human rights in the whole of Europe, remain one of the fixed points of Community policy at international level,
 - B. stressing the position adopted by the leaders of Poland and the USSR who have shown their readiness to recognize the European Community 'as a political entity' and in their recent actions have indicated their intention of respecting the Community's areas of competence and procedures,
 - C. whereas, for its part, the European Parliament has already given proof of its openness and good will by establishing a permanent delegation in 1979 for contacts and relations with the countries of Central and Eastern Europe,
 - D. whereas the Community has been seeking opportunities for bilateral relations with Central and Eastern Europe other than at purely economic level since 1972, at the time of the first summit of Heads of State in Paris and subsequently in the concrete proposals of 1974 inviting the countries of Central and Eastern Europe to establish bilateral relations with the EEC and in successive declarations by the Council of Ministers and the Commission,
 - E. whereas the historical, geographical and cultural unity of Europe transcends the political division of the continent, and the creative contribution of the countries of Central and Eastern Europe to European history and the cultural heritage has been and remains particularly significant,

¹OJ No. C 292, 8.11.1982, p. 15

²Toussaint report (Doc.)

- F. calling for the development of bilateral relations with the countries of Central and Eastern Europe at political, economic, cultural and human level, and for the improvement of existing agreements and the promotion of new ones,
- G. convinced that it is in the vital interests of the Community to cooperate with the countries of Central and Eastern Europe in certain areas of concern to the whole of Europe, such as environmental protection and the protection of natural resources,
- H. conscious, furthermore, that closer contacts and agreements between the EEC and the countries of Central and Eastern Europe are desirable in view of the existence of a series of specific bilateral economic problems, notably in the fields of transport and standardization,
- I. convinced that cooperation with the countries of Central and Eastern Europe also contributes to detente with the aim of establishing a lasting peace in Europe,
- J. whereas ties between the Community and Romania were formalized by the industrial cooperation agreement of 1980 and the setting up of an EEC-Romania Joint Committee,
- K. whereas new economic, political and human factors offer grounds for extending relations and trade with Hungary,
- L. desiring by the promotion of relations with Poland to assist that country, which has made a major contribution to European civilization, to find its own way to domestic peace and greater prosperity,
- M. convinced that it is in the interests of the Community as a whole to establish closer relations with the GDR, notwithstanding the special relations existing between one Member State and that country,
- N. continuing to nurture the hope that the barriers which today prevent the establishment of a united democratic Europe within its historical, geographical and cultural borders will one day be eliminated,
- O. whereas the establishment of more open relations with Czechoslovakia is still hampered by the particular conditions prevailing in that country following military intervention by the Soviet Union and other Warsaw Pact countries in 1968,
- P. whereas in the case of Bulgaria the stepping up of bilateral trade relations would seem to offer the most viable and favourable approach at the present time,
- 1. Calls on the countries of Central and Eastern Europe in their turn to give proof of their openness and good will by officially recognizing the European Community, which has long been recognized by other socialist countries from Yugoslavia to China;

2. Hopes that normal relations will be established between the Community and the COMECON countries and that this will lead to an arrangement which takes account of the differences in the powers and structure of these two organizations, yet reaffirms the principle of concluding trade agreements following bilateral negotiations between the Community and each of the countries of Central and Eastern Europe;
3. Calls on the Community to establish with immediate effect increasingly more coordinated and constructive relations with the countries of Central and Eastern Europe on a fruitful bilateral basis;
4. Reaffirms the letter and spirit of the mandate conferred in 1979 on the European Parliament's permanent Delegation for relations with the countries of Eastern Europe;
5. Approves the recent declaration of 12 February 1985 by the Foreign Ministers meeting in political cooperation, aimed at positively developing the dialogue with the countries of Central and Eastern Europe and welcomes the various political contacts at the highest level which have since taken place between the Member States and the countries of Central and Eastern Europe;
6. Urges the Commission to intensify negotiations on the cooperation agreement with Romania, along the lines of the agreements already concluded with Yugoslavia and pending ratification of the agreement with China, and to explore all favourable opportunities for reaching bilateral agreements with Hungary and Poland and with the other Central and Eastern European countries concerned;
7. Calls furthermore on the Commission to promote specific measures, notably study grants, meetings and historical and cultural itineraries, so as to increase the possibility of cultural exchanges between the Community and the countries of Central and Eastern Europe;
8. Instructs its President to forward this resolution to the Council, the Foreign Ministers meeting in political cooperation, the Commission of the European Communities and the governments of Bulgaria, Czechoslovakia, Poland, the German Democratic Republic, Romania and Hungary.

EXPLANATORY STATEMENTA. INTRODUCTION

1. When discussing relations between the Community and the planned economy countries of Central and Eastern Europe, two preliminary questions must be asked.

- (a) Should the Community seek to stabilize relations with COMECON¹ as a whole, or should it seek to initiate separate or bilateral relations with the various countries of Central and Eastern Europe?
- (b) To what extent can the Community play a political role in allowing these countries to develop as extensively as possible their relations with the Community countries and the countries of the West as a whole?

Before answering these two points, it must first be remembered that the Community countries belong to the political and economic sphere of the western democracies and to their particular system of alliances. As a result, they have freely assumed commitments and undertakings which inevitably have a bearing on the questions under consideration.

2. The Community countries belong to a system of international agreements and alliances, which also include countries outside the EEC, such as the United States, Canada or Norway. However, it is the relationship with the United States which is the most important and the most critical. To what extent do the relations between Europe and America as a whole influence the relations between the countries of the West and the countries of Eastern Europe? Given that the principle of the sovereignty and complete right to self-determination of each Member State holds good within NATO and the other western alliances, the question seems insignificant and barely relevant at a political level. With regard to the economic aspect of the problem, however, it is clear that the vast productive resources possessed by countries such as the United States and Japan with their ability to open up or close off trade with Central and Eastern Europe, are bound to exert a strong influence on our relations with the countries of this region. The situation of the countries of Central and Eastern Europe is very different, since Moscow exerts a decisive political influence over them, an influence which we must constantly take into consideration when developing our relations with the other Europe. It is also, indeed mainly, the predominant influence exerted on the organizational, economic and political structures of COMECON by an industrial and military superpower such as the Soviet Union which makes it difficult if not impossible to establish balanced relations between the Community and the COMECON countries. The Community, as a supranational European body which is completely independent and self-sufficient has no structural links of any kind with the United States and indeed is a commercial competitor of that country at world level. COMECON, on the other hand, is a transnational organization which can exist and act only if the Soviet Union assents to the decisions which it takes.

¹Council for Mutual Economic Aid

However, these are not the only important differences between COMECON and the European Community. COMECON, which for many years existed only in Tass communiqués, has no trade policy and no instruments for applying one. It has no common market, no common trade legislation and no common tariff or customs policies. In fact, because of the trend towards production specialization in each of its Member States, the economic barriers between them have grown more rigid. For the Community, which possesses instruments for united action and management at supranational level, it is therefore technically impossible to conduct economic negotiations with the COMECON group as a whole.

There are other fundamental imbalances which make the two economic blocks even less symmetrical. COMECON stretches over three continents, having incorporated, in addition to the major countries of Central and Eastern Europe, Mongolia in 1962, Cuba in 1972 and Vietnam in 1978. Within the vast area covered by this organization of 'equals', some members are more equal than others. One of them, the Soviet Union, dominates the others and controls their trade. The trade structure within COMECON is unequal, and also crude. For instance, the Soviet Union exports raw materials in return for manufactured goods from Central and Eastern Europe. Finally, it should be borne in mind that, while the Community is an association of states with a more or less balanced level of economic development, COMECON, which covers a vast geographical area with 450 million inhabitants (about 180 million more than the Community), groups together three underdeveloped countries (Mongolia, Cuba and Vietnam) and some of the most industrialized countries in the world. Further differences exist at the level of decision-making procedures. Unlike the EEC, COMECON is not a supranational body (it would be more accurate to describe it as transnational than supranational), with powers to take decisions and act upon them. Finally, it should be borne in mind that the unity and efficiency of COMECON which the Soviet Union has sought to consolidate, have always, with some success, been curbed, if not altogether thwarted, by the countries of Central and Eastern Europe, particularly Romania, which believed and continues to believe that the excessive strengthening of COMECON's structures desired by the Soviet Union would be a threat to its own national sovereignty. That is why COMECON can only act, as the Economist has written, 'as an international talking shop and civil service'.

It is clear from this analysis of the differences between the EEC and COMECON that the Community as such can establish relations mainly on a bilateral footing with individual countries of Central and Eastern Europe. It is the only approach which can be realistically recommended to the Community at a strictly economic level.

However, it would be both futile and ill-advised to confine ourselves to these observations. Although trade links between the two blocks are made practically impossible by the structural differences between the EEC and COMECON, that is no reason why we should renounce the attempt to establish, within a more general framework, contacts aimed at promoting dialogue and the exchange of ideas and information with COMECON as a whole. In this less specific and broader context, discussions could be held, for example, on an inter-European plane, ecological problems, statistics or the technological training of young people; conventions could be held in the field of research and scientific information, business weeks involving parallel events (like the Leipzig Fair in the German Democratic Republic or the Milan Fair in Italy) could be sponsored along the lines already successfully attempted by Community

specialists in collaboration with Yugoslavia. These business weeks could serve to promote a greater awareness among businessmen and traders from both sides of the economic, technological and financial practices followed in the different countries. The creation of a more general and less specialized framework of this kind, which would serve to strengthen human relations between those concerned in the EEC and COMECON could prove useful in the long run as regards bilateral contacts between the Community and the individual countries of Central and Eastern Europe.

3. Another delicate matter is the question of whether the European Community ought to develop purely economic relations with the other Europe, without seeking to place them in a wider context. In other words, the European Community cannot think only in narrow economic terms. It must raise its sights and, by placing its economic relations with the other Europe in a broader perspective, help to strengthen the international balance while at the same time calling on these countries to show greater respect for individual freedom in accordance with the Helsinki Agreements. The Helsinki Conference attempted to resolve this difficult problem by means of a so-called 'linkage' between the various 'baskets' of the final agreement. Nevertheless, despite the agreements which were signed, various countries of Central and Eastern Europe, and the Soviet Union more forcefully than anyone, have always refused to apply consistently the basket concerning human rights, rejecting all proposals from the West on this matter as 'unjustified interference'. The reopening of the work of the ESCE, which has progressed through two new and important phases in May in Ottawa and Stockholm and which is due to continue in Vienna in November 1986, should be used to keep open a serious discussion on the respect of civil and human rights in all the countries of Europe. The question therefore remains open.

Although an East-West trade blockade in response to the failure of one side to respect this section of the Helsinki Agreements is unthinkable for a great many reasons, it nevertheless seems advisable when developing economic relations to pay careful attention to the willingness and ability of the individual governments of Central and Eastern Europe to respect, at least in part, the universal principles of human and civil rights as far as of both individuals and national minorities are concerned. There have in fact been differences in the implementation of the human rights sections of the Helsinki Agreement. Some countries such as Hungary appear relatively more open to our proposals on this subject. One of the problems which the Community must tackle is the selective use of the instrument of economic cooperation to create more favourable conditions for the protection of human rights. It is well known that the use of restrictive practices (sanctions) often has limited effects and in some cases is counterproductive. On the other hand, however, the Community should seek by means of a more selective policy of differential treatment, to make the countries of Central and Eastern Europe aware that a more acceptable standard of behaviour in the field of human rights is an objective factor in the improvement of their overall relations with the Community, at both economic and political level.

4. In addition to these delicate and complex problems, each of which needs to be considered carefully, there are also other questions of a more specific economic character. First, there is the progress made by the economic reforms launched in his time by Khrushchev in the USSR and subsequently followed by other governments in the countries of Central and Eastern Europe. Not all these reforms have proved unsuccessful, but there is no doubt that in most

cases they have invariably been disappointing or inadequate. It is also certain that the internal crisis affecting the economic systems of these countries has been partly responsible for reducing the scope for trade with them. The exceptions to this rule should be stressed and welcomed with cautious optimism. It would be wrong, for example, to overlook the fact that in some countries, particularly present-day Hungary, attempts at innovation have already produced noteworthy results. We should not underestimate the fact that these attempts at reform could be further assisted by the extent to which the Hungarian economy becomes integrated in the world economy and by cooperation between Hungary and the Western industrialized countries. The success which the Hungarian economic and industrial sectors could achieve in this direction could become a model for other countries of Central and Eastern Europe.

Second the development of trade between the two Europes would be made easier if there were greater economic transparency and if the official statistics published by the member countries of COMECON were more reliable. Greater emphasis on marketing will be vital, since these countries generally attempt to sell what they produce instead of adapting their production to the real requirements of the international market. Another factor which should be more carefully considered is the problem of the solvency of these countries in their trade transactions. To a lesser or greater extent, all the countries of Central and Eastern Europe, where the principle and practice of a state monopoly of foreign trade prevail, impose extensive restrictions on international transactions and have considerable exchange problems made worse by balance of payments situations which are often seriously in deficit.¹

5. Nevertheless, these critical and cautious remarks of an economic nature should not constitute a barrier to the development of our overall relations with the countries of Central and Eastern Europe. Even if trade and politics should be kept separate, the development of reciprocal economic relations cannot but help take account of other considerations of a political, cultural and human nature, with a view to strengthening the solidarity and civil unity of our continent.

We should not forget that the Danube Basin, stretching from Vienna to Budapest, from Prague to Zagreb, from Bucharest to Cracow, has in cultural terms been one of the most fertile and creative areas of the continent which binds us together in a common civilization.

The best fruits of that civilization, in the field of science, the arts, literature and philosophy, would be unthinkable without the rich and fervent creative activity of a whole range of countries, which had its historical roots in the so-called 'Middle European community'. Although the major centres which have been the driving force of the development of our civilization over the millenia have been located in great cities, such as

¹Net external debt (1983), in billion dollars: Bulgaria, 1.5; Czechoslovakia, 3; German Democratic Republic, 9.3; Poland, 25; Romania, 8; Hungary, 6.2

Athens, Rome, Florence, Madrid, Amsterdam and Paris, steeped in history and overflowing with creative genius, it should not be forgotten that Europe and the world which has evolved in the 20th century owe a great deal to the particular contribution made to our culture at the turn of the century by cities such as Vienna, Budapest and Prague. It was the intermingling of these various ethnic groups, of national cultures which were open and receptive to change in ways that were both contrasting and complementary at the same time, that led to the creation of a climate of cultural and civil cooperation which was unique. From psychology to medicine, from architecture to the figurative arts, from philosophical speculation to the narrower field of politics and ideology, continental Europe as a whole would not have been what it is without the stimulating and generous contribution made by the peoples of the Danube basin.

Indeed, it can be said that in a certain sense a prototype for Europe evolved in the regional cultures of Central and Eastern Europe. These are regions, therefore, which, because of their essential and profoundly European roots, form an integral part of Europe and are able to understand and appreciate the spirit of inter-European solidarity which today in particular inspires a great many of the citizens of our Community.

It is against the background of these ancient ties, which link our peoples to those of Central and Eastern Europe, that the Community has long been seeking to give a European dimension to the relations between the two parts of the continent, and would like to achieve more concrete results in this field in the future. Adding a European dimension to our relations with the other Europe does not mean only in the field of trade, but also, and most importantly, of all, normalizing these relations, making them richer and more fruitful on a human level, and more harmonious in the context of a shared culture and civilization.

One of the great anomalies in the contemporary world is that there is very little or no dialogue between the two Europes. In a planet brought increasingly closer together by the speed of communications, the ease of travel and contacts, it is absurd that the relations between Eastern and Western Europeans should continue to be confined to essentially official or semi-official channels. It is time our people recognized each other, became better acquainted, met, talked and joined together.

The field of trade undoubtedly offers material advantages to all Europeans; political cooperation can undoubtedly help them to live in a climate of peace and progress; but it is through their cultural unity that they can find together the roots which link them to a single past and a single destiny.

Aware that all this cannot be achieved overnight, the Community should seek to give a European dimension to the human relations between the two Europes through concrete and pragmatic measures, by proposing and promoting student exchanges, study grants, equivalence between certain academic diplomas, meetings between leading figures from both sides in the world of the arts, literature and science, and grants for travel in both directions. The scope for increasing study grants and for stepping up exchanges between students is

still vast. Great efforts should be made in this sector, which is the one which best expresses European cultural unity, in order to revive the dialogue and spirit of fraternal solidarity on both sides of the Danube and the Elba.

B. THE COUNTRIES OF CENTRAL AND EASTERN EUROPE

Let us now move on to a rapid analysis and assessment of the individual countries of Central and Eastern Europe.

1. Inevitably, our attention must turn first to the Soviet Union. The Political Affairs Committee has decided that this subject merits a separate report - undoubtedly a wise decision given that the relations between the Community and the USSR are both independent and specific in nature, and different from the relations which the Community maintains with the countries of Central and Eastern Europe which are members of COMECON. It should also be stressed that, with regard to economic exchange, it is Moscow itself which has always sought to keep its relations with the Community on a strictly bilateral and national footing, attaching different conditions to them, according to the partner with which it is dealing. To cite just a few examples, Moscow trades mostly in industrial goods with the Federal Republic of Germany, in oil with Italy, in agricultural and industrial products with France, and almost exclusively in agricultural products with non-Community countries like Canada, Argentina and Australia.

Another consideration which must again be stressed is that the structures of the Community and COMECON are profoundly different and almost antithetically opposed. Closer analysis of the exact structure of the organization will reveal more clearly that, if there are differences between COMECON and the Community, this is due to the predominant influence exerted within COMECON by the Eastern nuclear and industrial superpower of the East. Established 36 years ago, in January 1949, COMECON was created with no statutes and no structures and held only one meeting between the winter of 1950 and the spring of 1954. The European member countries complied strictly with Soviet instructions and together followed a parallel course of centralized industrialization, planned from above. It was only after Stalin's death, and the changes which this brought about in Soviet foreign policy, that the waste caused by aimless policies and the duplication of effort throughout the entire region eventually became apparent. It was decided that COMECON should become a transnational grouping, in which resources would be allocated in the common interest. As was mentioned above, specialization was the cornerstone of this whole construction, and on the foundations of specialization, protectionism and bureaucratization, a close-knit network was soon established. Today, COMECON is almost paralyzed by the fearful bureaucratic complexity of its organization. At the highest level is the meeting of its Council, usually held annually, when the prime ministers of the member countries meet to discuss matters of a mainly political nature. Lower down, there are an executive committee which meets on a quarterly basis; committees for planning, technology, research, etc.; a permanent secretariat housed in a Moscow skyscraper; a further twenty committees responsible for the coordination of individual industrial sectors or regional problems. If one remembers that, in addition to this, there is also the labyrinth of affiliated organizations and

a further sixty research coordination centres, it is easy to gain an idea of the vast bureaucratic structure of COMECON. It is also easy to see the extent to which the structures of this monolithic transnational organization very nearly duplicate those of the planned Soviet economy. Centralized planning, multiplied by ten (the number of member countries) is COMECON's real stumbling block and the factor which basically makes it most dissimilar to the Community, which is based on the market economy and the creative contribution of individual, national undertakings to the development of a economy which is both free and integrated at the same time. It is a fact that, although the member countries of COMECON have a higher population and a theoretically larger collective economy than the European Community, the trade between these countries is barely a third of that between the members of the EEC.

It should also be stressed that, if the Community can be seen as a group of states with a broadly similar level of economic and industrial potential, within COMECON, on the other hand, there is a massive imbalance between countries with hardly any economic and industrial apparatus and the Soviet colossus around which they are grouped. It is therefore clear that, if the USSR were also taken into consideration, the ensuing report would be unbalanced and different in all of its elements.

2. At the opposite end of the spectrum from the Soviet Union is another country, Yugoslavia, which we have decided to exclude from the present report. Yugoslavia does not belong to the Warsaw Pact or to COMECON, in whose work it participates only as an observer. In addition, it has already embarked on fruitful cooperation with the Community, which has produced significant results. In 1980, the Community and Yugoslavia signed a cooperation agreement of unlimited duration, which takes account of the specific and original international status of Yugoslavia as a non-aligned, European, Mediterranean state and a member of the 77 developing countries. Yugoslavia has given diplomatic recognition to the existence of the Community, has an active embassy for relations with the Community institutions in Brussels, and in all its official attitudes (government, parliament, press) has always shown that it considers the existence of the Europe of Ten to be a factor contributing to political balance and economic progress throughout the continent.

A similarly open and cooperative attitude has also been adopted by the People's Republic of China which recently signed a cooperation agreement with the Community, which it sees as contributing to the stability of the international situation and as a model for cooperation between states worthy of encouragement. Our Parliament, through the work of its respective delegations, has for some time maintained extremely good relations with the parliaments of Peking and Belgrade. Our economic, political and institutional relations with China and Yugoslavia, countries both governed by a Communist party, undoubtedly offer an appropriate model for improving the development of our relations with other countries governed by Communist parties.

3. It seemed premature to include Albania in this report, with which most Member States of the Community do not even maintain diplomatic relations. In addition, like China and Yugoslavia, Albania is a case apart in the Communist world. It participates in neither the military nor economic organization of the Eastern Bloc. It withdrew officially from the Warsaw Pact in 1968 and for a long time has remained, of its own volition, in a situation of almost total isolation. Given these circumstances, it would be rather rash to envisage any

form of normal cooperation between Albania and the Community as a whole. Recently there have been signs of a thaw by Tirana, and it may be that Albania will move gradually towards more visible forms of cooperation with the West, particularly after the death of Enver Hodja, who was the main inspiration behind Albania's proud but unproductive isolation.

The two Community countries best placed to attempt to put relations with Tirana on a new footing are Greece and Italy. There have already been some interesting developments, such as the reopening of the frontier pass at Kakavia, the only road linking Greece and Albania which had remained closed for more than 40 years, the signing of a navigation agreement between Italy and Albania establishing a shipping lane between Trieste and Durazzo or the visit by the Italian Minister for Foreign Trade to Tirana in March 1984, which was intended to promote an expansion of trade between the two countries.

4. When discussing Bulgaria, account must be taken of its special loyalty to the Soviet Union, of which it is the most faithfully ally in South-Eastern Europe. Sofia has never really encouraged a climate of dialogue in the Balkan region. Indeed, its repeated belligerent claims to Yugoslavian Macedonia have frequently helped to create tension and conflict in the area. However, despite the cloud of suspicion hanging over the Bulgarian secret services after the attempted assassination of Pope Jean-Paul, individual Western undertakings continue to maintain limited though very fruitful relations with Bulgarian undertakings, which have shown a considerable degree of dynamism and business skills. At the present time, bilateral economic relations with Bulgaria seem to offer the most feasible and realistic approach¹.

5. Romania presents a very different case. Having industrialized itself along Western technological lines in the 1960s, Romania is the East European country which more than any other has asserted its specific national identity in the economic and political field. Bucharest already has special links with the EEC and in many ways is very close to the Yugoslavian position as regards the de facto and diplomatic recognition of the existence of the Community.

In 1980 the Community and Romania concluded an agreement on industrial products (not including textiles, iron and steel) and another agreement which led to the establishment of an EEC - Romania Joint Committee which meets at the highest level and has wide-ranging terms of reference. The respective delegations to the Joint Committee not only have the opportunity to deal with any problems which may arise in trade and economic relations between Bucharest and the Community, but they can also make recommendations to each other designed to extend trade between them.

Together with Hungary, Romania is a member of the International Monetary Fund. At the present time, however, Romania's economy is not developing favourably and it has a foreign debt of 8 Bn dollars.

There is reason to believe that, if international circumstances so permitted, Romania would establish its own diplomatic representation to the Community. That said, it is impossible to ignore the illiberal aspects of the Romanian

¹The balance of trade between the EEC and Bulgaria shows a surplus in favour of the Community countries of 566.1 million ECU. See Table III in the Annex.

regime, which frequently impinge on the liberties of its citizens and of the Swabian and Saxon ethnic minorities and also on the large Hungarian minority in Transylvania.

6. The case of Hungary is quite atypical. Faithful to Moscow in terms of foreign policy, the Kadar regime has nevertheless managed to pursue a domestic policy among the most open in terms of minor personal freedoms and among the most successful in terms of economic achievement. The partial reintroduction of the market was an important stage in this more liberal approach. It is highly significant that the 13th Congress of the Hungarian Communist Party sought to emphasize the importance and permanency of the reforms which have allowed the country to modernize its economic management, and stressed the positive role played by the private sector, although noting the modest position it occupies in the economy as a whole (4% of national income). At the same time, political pressures and controls have been slackened, leaving Hungarian citizens in a superior even privileged position by comparison with their counterparts elsewhere in Central and Eastern Europe.

In Hungary, therefore, both economic and political factors argue in favour of and expansion of trade. Hungary itself has proposed a trade agreement and the Community should now undertake to proceed with the negotiations so that they can serve as a model and a key element in the overall development of relations between the two Europes.

7. COMECON's other front is made up of three countries - the German Democratic Republic, Czechoslovakia and Poland - in which the economic and political conditions are very different. The German Democratic Republic's loyalty to Moscow must be stressed, as well as its ideological narrow-mindedness at domestic level. At the same time, the GDR is the most advanced of the COMECON countries and this undoubtedly provides considerable encouragement for trade with the West. The existing economic and trade agreements between the GDR and the Federal Republic of Germany are already wide-ranging and comprehensive¹. When discussing the two Germanys, which, within a national framework, offer a starker reflection of the division of continental Europe, it should not be forgotten that the preamble to the Basic Law of the Federal Republic of Germany states that 'the whole of the German nation shall be urged to attain the unity and freedom of Germany, by means of self-determination' - a clear expression of the desire for reunification. These considerations of national interest, together with social, human and, of course, economic factors make the Bonn Government the Community's leading spokesman and, as it were its pacesetter in developing relations with the other Germany.

8. With regard to Czechoslovakia, it is clear that the development of political relations between this country and the Community is still faced with the obstacle of the particular conditions with which Czechs and Slovaks are confronted following the Soviet military intervention of 1968. Nevertheless,

¹The protocol on German internal trade of the EEC Treaty stipulates that 'since trade between the German territories subject to Basic Law for the Federal Republic of Germany, and the German territories in which the Basic Law does not apply is a part of German internal trade, the application of this Treaty in Germany requires no change in the treatment currently accorded this trade' (para. 1)

from an economic standpoint, Czechoslovakia remains interesting for a number of reasons. After the German Democratic Republic, it is the country with the highest per capita income in the COMECON region. The country's manufacturing industry is the main part of its economy, of which it represents 62%. Czechoslovakia's production range is wide, extending from light engineering to motor vehicles, weapons and heavy industry. In its relations with the EEC, which could certainly be improved, Prague complains of Community protectionism which takes the form of quotas on glass, ceramics, furniture, shoes and iron alloys. Nevertheless, rather than seeking a trade agreement with the Community, Czechoslovakia, like Hungary, prefers to act through GATT of which it is a founder member.

9. Let us now turn our attention to Poland. It would be fair to say that this country, which stands out as an exception among other countries of Central and Eastern Europe, exhibits signs of economic and social pluralism. One need only think of the size of the private sector in agriculture and of the non-state sector in the retail trade. At political level, there is no need to mention the role of the Catholic Church and the cohesive force of spontaneous social movements such as Solidarity, whose vitality has not been broken despite its being outlawed by the Jaruzelsky regime. Whether the same can be said of Jaruzelsky four years after the military coup d'état, is a hazier and more problematic question. For instance, it is certainly not by chance that in his appeals to the Polish people Jaruzelsky prefers to invoke patriotic values more often than ideological dogma. His decision to hold the Torun trial of the murderers of Father Popieluzko, despite the leniency of the final verdict, is a noteworthy innovation.

These and many other circumstances seem to indicate that Jaruzelsky intends to pursue a policy which is both authoritarian and national, within the limits imposed on Poland by its highly precarious geographical position. The Community and each of its individual Member States, while reserving the right in future to adjust its own position in response to changes in the Polish situation, have no other choice for the moment but to help Poland to consolidate its economic prosperity. Clearly the Community must take care to ensure that its approach to Poland should not be seen as rashly conferring full and unreserved legitimacy on the regime. We must remain open, but with reservations.

C. CONCLUSIONS

In view of the considerations set out above, the European Community must seek to establish increasingly extensive bilateral relations with all those countries of Central and Eastern Europe which show themselves to be sensitive and receptive to the wide-ranging continental dialogue we are proposing. We believe that giving a European dimension to the relations between the two Europes, overcoming the divisions and the psychological and ideological barriers which still exist forty years after the Yalta agreements, could be an important step towards consolidating peace at a time when the two nuclear superpowers are preparing to discuss disarmament in greater depth. Dialogue and détente between the two Europes are bound to foster a climate for calm and realistic negotiations on the thorny question of missile stocks on both sides. Let it be stressed again that the official recognition of the Community by all the countries in the COMECON region is a vital precondition for the reopening and extension of inter-European dialogue, and for overcoming the divisions which are a legacy of the Second World War.

While acknowledging the potential importance of disarmament negotiations for the destiny of Europe as a whole and all of its citizens, the present report has deliberately avoided examining this subject in depth since it is too specific to be dealt with here, and, from other points of view, not an exclusively European issue. The question of disarmament, even though it appears to be a European one, is a global issue and therefore too wide for Europeans to think they can resolve it by their own independent and isolated initiatives. What they can do however is to help to bring tranquillity and goodwill to the overall international climate by promoting the establishment of the atmosphere of solidarity, cooperation and mutual understanding which is the political goal envisaged in this report.

Finally, above and beyond the various positive or negative factors described above, we should never forget the great stabilizing force represented by European unity, the historical and cultural standpoint on which this report is based, and which inevitably influences our decisions and, it is to be hoped, those of our partners in Central and Eastern Europe. The economy counts for a lot in relations between nations but not for everything. In concluding, therefore, your rapporteur would like to stress once again that we in the European Community must seek in every way and at all times to ensure that our relations with the other Europe are not confined merely to the economic level.

Thursday, 24 October 1985

6. Relations between the European Community and the countries of Central and Eastern Europe

— Doc. A2-111/85

RESOLUTION

on relations between the European Community and the countries of Central and Eastern Europe

The European Parliament,

- having regard to its resolution of 11 October 1982 on relations between the European Community and the East European state-trading countries and COMECON ⁽¹⁾,
 - having regard to the report of its Political Affairs Committee (Doc. A2-111/85),
- A. whereas, in the light of the work of the CSCE meeting in Stockholm, Ottawa and elsewhere, the respect for and implementation of all three baskets of the Helsinki Agreements, with special reference to the strengthening of peace and the defence of human rights in the whole of Europe, remain one of the fixed points of Community policy at international level,
 - B. stressing the position adopted by the leaders of Poland and the USSR who have shown their readiness to recognize the European Community 'as a political entity' and in their recent actions have indicated their intention of respecting the Community's areas of competence and procedures,
 - C. whereas the cause of the defence of human rights and the rights of peoples and minorities, which are often violated by the regimes in a number of these countries, must continue to be a permanent component of Community policy towards third countries,
 - D. whereas the Community has been seeking opportunities for bilateral relations with Central and Eastern Europe other than at purely economic level since 1972, at the time of the first summit of Heads of State or Government in Paris and subsequently in the concrete proposals of 1974 inviting the countries of Central and Eastern Europe to establish bilateral relations with the EEC and in successive declarations by the Council of Ministers and the Commission,
 - E. whereas the historical, geographical and cultural unity of Europe transcends the political division of the continent, and the creative contribution of the countries of Central and Eastern Europe to European history and the cultural heritage has been and remains particularly significant,
 - F. calling for the development of bilateral relations with the countries of Central and Eastern Europe at political, economic, cultural and human level, and for the improvement of existing agreements and the promotion of new ones,
 - G. convinced that it is in the vital interests of the Community to cooperate with the countries of Central and Eastern Europe in certain areas of concern to the whole of Europe, such as environment protection and the protection of natural resources,
 - H. conscious, furthermore, that closer contacts and agreements between the EEC and the countries of Central and Eastern Europe are desirable in view of the existence of a series of specific bilateral economic problems, notably in the fields of transport and standardization,
 - I. convinced that cooperation with the countries of Central and Eastern Europe also contributes to détente with the aim of establishing a lasting peace in Europe and in the world,
 - J. whereas ties between the Community and Romania were formalized by the Agreement on trade in industrial products of 1980 and the setting up of an EEC-Romania Joint Committee,

⁽¹⁾ OJ No C 292, 8. 11. 1982, p. 15.

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- K. whereas new economic, political and human factors offer grounds for extending relations and trade with Hungary,
- L. desiring by the promotion of relations with Poland to assist that country, which has made a major contribution to European civilization, to find its own way to domestic peace and greater prosperity,
- M. convinced that it is in the interests of the Community as a whole to establish closer relations with the GDR, notwithstanding the special relations existing between one Member State and that country,
- N. continuing to nurture the hope that the barriers which today prevent the establishment of a united democratic Europe within its historical, geographical and cultural borders will one day be eliminated,
- O. whereas the establishment of more open relations with Czechoslovakia is still hampered by the particular conditions prevailing in that country following military intervention by the Soviet Union and other Warsaw Pact countries in 1968,
- P. whereas nevertheless in the case of Czechoslovakia and Bulgaria the stepping-up of bilateral trade relations would seem to offer the most viable and favourable approach at the present time,
1. Calls on the countries of Central and Eastern Europe in their turn to give proof of their openness and goodwill by officially recognizing the European Community, which has long been recognized by other socialist countries from Yugoslavia to China;
 2. Hopes that normal relations will be established between the Community and the COMECON countries and that this will lead to an arrangement which takes account of the differences in the powers and structure of these two organizations, yet reaffirms the principle of concluding trade agreements following bilateral negotiations between the Community and each of the countries of Central and Eastern Europe;
 3. Calls on the Community to work for more comprehensive relations with the countries of Central and Eastern Europe;
 4. Reaffirms the letter and spirit of the mandate conferred in 1979 on the European Parliament's permanent Delegation for relations with the countries of Eastern Europe;
 5. Approves the recent declaration of 12 February 1985 by the Foreign Ministers meeting in Political Cooperation, aimed at positively developing the dialogue with the countries of Central and Eastern Europe and welcomes the various political contacts at the highest level which have since taken place between the Member States and the countries of Central and Eastern Europe;
 6. Urges the Commission to intensify negotiations on a cooperation agreement with Romania, along the lines of the agreements already concluded with Yugoslavia and China, and to explore all favourable opportunities for reaching bilateral agreements with Hungary and Poland and with the other Central and Eastern European countries concerned;
 7. Calls furthermore on the Commission to promote specific measures, notably study grants, meetings and historical and cultural itineraries, so as to increase the possibility of cultural exchanges between the Community and the countries of Central and Eastern Europe;
 8. Instructs its President to forward this resolution to the Council, the Foreign Ministers meeting in Political Cooperation, the Commission of the European Communities and the governments of Bulgaria, Czechoslovakia, Poland, the German Democratic Republic, Romania and Hungary.