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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

THE EUROPE AGREEMENTS AND BEYOND: A STRATEGY TO PREPARE THE
COUNTRIES OF CENTRAL AND EASTERN EUROPE FOR ACCESSION

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1. Introduction

The European Council meeting in Corfu invited "the Commission to make specific proposals as soon as possible for the further implementation of the Europe agreements and the decisions taken by the European Council in Copenhagen. The European Council also asks the Presidency and the Commission to report to it for its next meeting on progress made on this basis, on the process of alignment since the Copenhagen European Council, and on the strategy to be followed with a view to preparing for accession." The present Communication is a first response to this request.

The Copenhagen European Council concluded that "the associated countries in Central and Eastern Europe that so desire shall become members of the European Union. Accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required." The conditions specified by the European Council are:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy;
- capacity to cope with competitive pressure and market forces within the Union;
- ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The European Council also concluded that "the Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries".

The goal for the period before accession should be the progressive integration of the political and economic systems, as well as the foreign and security policies of the associated countries and the Union, together with increasing cooperation in the fields of justice and home affairs, so as to create an increasingly unified area. The needs and capacities of each partner will determine the pace of their progress towards membership.

The main instruments for promoting integration already exist. They are the structured relationship with the institutions of the Union, provided for in the Copenhagen conclusions, but still in its early stages, and the Europe agreements. These agreements provide a common framework for diverse forms of cooperation. This framework is flexible and dynamic, permitting the intensification of co-operation and integration. It is, therefore, the appropriate framework for developing a strategy with a view to preparing for accession. As negotiations for Europe Agreements are concluded with additional countries these countries could be included in the structured relationship discussed in this Communication.

As far as the Union itself is concerned, its capacity to absorb new members will depend on

the decisions to be taken on institutional questions by the 1996 inter-governmental conference, after which the enlargement calendar should be assessed. The Union will also need to consider its common policies, notably the common agricultural and structural policies and their budgetary implications. As far as the associated countries are concerned it is clear that they will also need to prepare themselves and make the necessary efforts to take on the obligations of membership which would notably include the adaptation of their agricultural and structural policies.

Accordingly, this Communication sets out a strategy covering the following inter-related areas:

- the full implementation of the structured relationship between the associated countries and the institutions of the Union;
- building on the basis of the Europe agreements to promote integration and regional cooperation.

As requested by the Corfu European Council further specific proposals will be transmitted to the Council shortly.

2. The structured relationship with the institutions of the Union

The Copenhagen European Council concluded that "the Community proposes that the associated countries enter into a structured relationship with the institutions of the Union within the framework of a reinforced and extended multilateral dialogue and concertation on matters of common interest. The arrangements.... include dialogue and concertation on a broad range of topics and in several fora"

The structured relationship was viewed by the European Council as a means progressively to involve the associated countries in the European Union's work in areas of common interest, through joint meetings of an advisory nature with the Union's institutions. The European Council concluded that the structured relationship would apply to all three areas ("pillars") of the Union's activities. Thus joint meetings in areas covered by Community policies, especially with a trans-European dimension, the common foreign and security policy, as well as justice and home affairs, should all be included in the structured relationship. In order that these meetings should be effective, they should be announced well in advance to enable the necessary preparations to be made at joint meetings with COREPER, the political committee and the relevant working groups level.

The relationship will bring a double benefit. At the level of procedure, it will establish a close working relationship and habits of co-operation. At the level of substance, it will encourage the Union and the associated countries to work together in areas where solutions for pressing problems require action at the European level.

Unfortunately, during the past twelve months, the structured relationship at ministerial level has been limited to two informal meetings (transport and ecofin). As part of political dialogue two troika meetings have been held on foreign affairs as well as a joint meeting of the political directors.

There is no reason why the structured relationship should be confined to joint meetings with

the Council. As has been suggested in a number of public statements, the European Parliament, too, should be encouraged to hold joint meetings on particular points of common interest with the associated countries.

More than a year after the Copenhagen European Council, it is vital that the structured relationship provided for by the Council should gain credibility and that joint meetings with the associated countries should deepen co-operation so that the latter begin to feel part of the process of European integration. This will contribute to the stability of Europe as a whole.

It is suggested that the Presidency and the Commission report to a joint meeting of the Essen European Council, with the participation of the associated countries, on progress made in the structured relationship and that, on that occasion, a provisional schedule be agreed of joint meetings in 1995.

Community areas

The structured relationship should be developed in Community areas especially those with a trans-European dimension such as transport, energy, telecommunications and research. These are areas in which efforts at the European level are necessary to ensure success. It is therefore in the interest both of the Union and the associated countries to work together in these areas. Other Community areas of common interest, which are discussed by the general affairs and ecofin councils, should also be included in the structured relationship.

The Commission will be providing the Council with an indicative list of forthcoming Council meetings whose provisional agendas include items of common interest which could be the subject of joint meetings. Detailed work on common activities in these areas should be taken up within the framework of the Europe agreements.

On this basis, the Commission invites the Presidency to draw up a schedule of joint meetings in 1994. It is also desirable to coordinate with future presidencies in order to establish an indicative work programme over a longer period.

Common foreign and security policy

This part of the structured relationship is especially important as a means for overcoming the widespread sense of insecurity in central and eastern Europe. It can reinforce efforts in the framework of the Western European Union, NATO and the Partnership for Peace, the Conference on Security and Cooperation in Europe and the stability pact, to increase security and stability throughout Europe. The Union and the associated countries have a common interest in preventing conflict related to issues such as borders and frontiers, and should consult frequently on foreign and security policy issues of mutual concern.

In this area, the Copenhagen conclusions have been supplemented by the conclusions of the General Affairs Council of 7 March. Nonetheless, the existing political dialogue, which has so far mainly taken place in troika format, has not sufficiently addressed key foreign policy and security policy issues. The associated countries have expressed interest in this part of the structured relationship and have, for example, set up a network of shadow European correspondents as suggested by the Council.

Above all the measures should be practical rather than formalistic and should tackle priority issues of mutual concern. Gradually joint meetings of the Union and the associated countries should replace the present troika format, as these provide a far greater opportunity for participation and a feeling of belonging. Joint meetings should take place on the occasion of regular Council meetings and, where appropriate, through coordination meetings in the framework of relevant multilateral fora (the United Nations General Assembly, the OSCE Budapest review conference and summit, the stability pact and other fora).

The Commission recommends that all practical steps be taken to implement effectively the arrangements agreed by the Council on 7 March 1994 and that a calendar be drawn up of joint meetings on substantial CFSP issues of mutual concern.

Justice and home affairs

Cooperation between the Union and the associated countries is indispensable if action at the European level in the fields of justice and home affairs is to be fully effective. For this reason, it is important for the Union to develop the structured relationship in this area by bringing to an early conclusion the current examination by Justice and Interior Ministries of the most appropriate procedure for consulting and informing the countries of central and eastern Europe on justice and home affairs issues.

This will also help to prepare these countries for the obligations of the "acquis" in justice and home affairs which membership would entail. The experience already gained in this area can serve as a useful guide in developing the structured relationship with the countries of central and eastern Europe. A first important step in this direction will be taken in September 1994 with the invitation extended to the relevant Ministers from these countries to meet Ministers on the Union's side on the occasion of their planned informal meeting in Berlin. This could also provide the opportunity for a concrete follow-up to the Corfu European Council's conclusion which called on the German Presidency "to arrange a conference with the central and east European states on drugs and organised crime".

3. Building on the Europe Agreements to promote integration and to prepare for enlargement

The associated countries have made considerable progress in the reform and restructuring of their economies and in macro-economic adjustment. But major structural changes still lie ahead, including capacity reductions in heavy industry, promoting new industry and further developing small and medium sized enterprises, agricultural reform, modernisation of the banking sector, infrastructure and other areas. Above all, continued reform and sustainable economic growth are the key to successful integration with the Union.

All the main areas for reform and reconstruction, including cooperation on macro-economic policies, are covered by the Europe agreements. These agreements also provide instruments for the promotion of regional cooperation among the associated countries, a process which has begun with the Central European Free Trade Area (CEFTA), the Baltic free trade agreement and other initiatives. Regional co-operation will help to foster trade and investment and improve growth prospects in the region. It is, therefore, crucial to exploit the full potential of the Europe agreements and to build on them in preparation for enlargement.

Towards a wider European market

To enable the associated countries to integrate progressively in a wider European market, as provided for by the Europe agreements, an appropriate legal and institutional framework is needed. To achieve this, each associated country should draw up a programme of priorities and a timetable in fields such as the approximation of legislation, and the implementation of competition and state aids policies which are transparent and compatible with those of the Union.

After consultation with the associated countries, the Commission will prepare a White Paper, setting out a programme for meeting the obligations of the internal market which can be followed by each associated country and monitored by the Union. This could be accompanied by a study programme on the impact of further enlargement on the Union's common policies. The White Paper will outline ways to achieve a wider European market, including the enlarged Union, the EEA and the associated countries, with a total population of 450 million.

Once satisfactory implementation of competition and state aids policies has been achieved, together with the application of other parts of Community law linked to the wider market, the Union could decide to progressively reduce the application of commercial defence instruments for industrial products for the countries concerned, since it would have a level of guarantee against unfair competition comparable to that existing inside the internal market.

Social dimension

It is also a clear objective of Union policy that economic and social policy should go hand in hand. For this reason the Copenhagen conclusions underlined, in the context of accession and to avoid distortion of competition, the importance of approximation of laws with regard to protection of workers in the associated countries to those applicable in the Community. The Union is, moreover, prepared to help the associated countries to formulate responses to the serious social problems emerging during the transition to a market economy including high levels of unemployment, poverty and social exclusion.

Trade

Free trade in industrial goods has now virtually been achieved. In these conditions, restraint should be shown by both sides in the use of commercial defence instruments. In the short term the Union should offer information to any associated country before the initiation of any anti-dumping or safeguard proceeding.

To encourage integration and regional cooperation, further progress should be made towards full cumulation of rules of origin in trade between the Union and the associated countries. In addition, an initiative should be taken to promote regional trade and to foster cross-border co-operation throughout the region.

Agriculture

In view of the importance of agriculture to the Union and to the associated countries the Commission will prepare a review of options for future agriculture policies in a wider Europe.

Other forms of co-operation

The European Union and the associated countries should also intensify their co-operation in other fields covered in the Europe Agreements, such as culture. The decision to open up Community programmes to the associated countries will also promote co-operation in a wide range of Community policy areas.

Alignment

In order to promote regional cooperation and convergence and to stimulate trade, the trade provisions of the Europe agreements with Bulgaria and Romania should be brought into line with those of the agreements with the Visegrad countries. This alignment should apply to the timetable for all categories of products and to the specific provisions relating to agriculture.

Financial Assistance

Phare's emphasis should continue to shift towards support for investment and the private sector and the provision of assistance directly to end-users in beneficiary countries. Phare's programmes in support of democracy and civil society need to be strengthened in order to consolidate political reform and to strengthen stability. The Commission will shortly propose ways of increasing Phare's efficiency and effectiveness. The EIB and EBRD will also have a role to play and new forms of macro-financial assistance will be required notably to support the implementation of structural reforms.

4. Conclusion

The Commission invites the Council to approve the strategy outlined in this communication, further details of which will be transmitted shortly, with a view to its endorsement by the Essen European Council in December 1994.