

PRESIDENCY CONCLUSIONS

Copenhagen European Council - 21-22 June 1993

7. Relations with the Countries of Central and Eastern Europe

A. The Associated Countries

i) The European Council held a thorough discussion on the relations between the Community and the countries of Central and Eastern Europe with which the Community has concluded or plans to conclude Europe agreements ("associated countries"), on the basis of the Commission's communication prepared at the invitation of the Edinburgh European Council.

ii) The European Council welcomed the courageous efforts undertaken by the associated countries to modernize their economies, which have been weakened by 40 years of central planning, and to ensure a rapid transition to a market economy. The Community and its Member States pledge their support to this reform process. Peace and security in Europe depend on the success of those efforts.

iii) The European Council today agreed 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.

Membership requires that the candidate country has achieved 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 as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

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 European Council will continue to follow closely progress in each associated country towards fulfilling the conditions of accession to the Union and draw the appropriate conclusions.

iv) The European Council agreed that the future cooperation with the associated countries shall be geared to the objective of membership which has now been established. In this context the European Council approved the following:

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 a concentration on matters of common interest. The arrangements, which are set out in Annex II to these conclusions, include both dialogue and a concentration on a broad range of topics and in several fora. Where appropriate - in addition to regular meetings between the President of the European Council and the President of the Commission with their counterparts from the associated countries - joint meetings of all the Heads of State and Government can be held to discuss specific predetermined issues.

The European Council, recognizing the crucial importance of trade in the transition to a market economy, agreed to accelerate the Community's efforts to open up its markets. It expected this step forward to go hand in hand with further development of trade between those countries themselves and between them and their traditional trading partners. It approved the trade concessions established by the Council (General Affairs) at its meeting on 8 June. It invited the Council to adopt on a proposal from the Commission the necessary legal texts before the summer holidays.

The Community will continue to devote a considerable part of the budgetary resources foreseen for external action to the Central and Eastern European Countries, in particular through the PHARE programme. The Community will also make full use of the possibility foreseen under the temporary lending facility of the EIB to finance transeuropean network projects involving the countries of Central and Eastern Europe. Where appropriate, part of the resources under the PHARE programme may be used for major infrastructural improvements, in accordance with the arrangements agreed by the General Affairs Council on 8 June.

The European Council, welcoming the possibility offered to the associated countries to participate in Community programmes under the Europe Agreements, invited the Commission to make proposals before the end of the year for opening up further programmes to the associated countries, taking as a point of departure those programmes which are already open for participation by the EFTA-countries.

The European Council underlined the importance of approximation of laws in the associated countries to those applicable in the Community, in the first instance with regard to distortion of competition and, in addition, - in the perspective of accession - to protection of workers, the environment and consumers.

It agreed that officials from the associated countries should be offered training in Community law and practice and decided that a task force composed of representatives of the Member States and the Commission shall be established to coordinate and direct this work.

The precise modalities regarding the above matters are set out in Annex II.

B. Other Central and Eastern European Countries

The European Council discussed the economic situation in Albania. It welcomed the conclusions of the Council (ECO/FIN) on 7 June and the recognition by the Community of the need to ensure adequate support, through grants, loans or both to Albania. The European Council also underlined the importance of making full use of the provisions relating to political dialogue foreseen under the present agreement with Albania.

In order to strengthen the trade and commercial links between the three Baltic States and the Community, the European Council invited the Commission to submit proposals for developing the existing trade agreements with the Baltic States into free-trade agreements. It remains the objective of the Community to conclude Europe Agreements with the Baltic States as soon as the necessary conditions have been met.

COOPERATION WITH THE ASSOCIATED COUNTRIES GEARED TO THE OBJECTIVE OF MEMBERSHIP

Annex II to the Conclusions of the Copenhagen European Council

i) A structured relationship with the Institutions of the European Union

With a view to accession and the relevant preparations - and alongside the bilateral structure of the Europe Agreements - there will be set up, with the countries of Central and Eastern Europe linked to the Community by Europe Agreements, a multilateral framework for a strengthened dialogue and consultation on matters of common interest.

The framework will involve the holding of meetings between, on the one hand, the Council of the Union and, on the other, all the associated CCEE on matters of common interest, decided in advance, arising in the Union's areas of competence, i.e.:

- Community areas, especially with a trans-European dimension, including energy, environment, transport, science and technology, etc.;
- Common foreign and security policy;
- Home and judicial affairs.

These meetings will be of an advisory nature. No decisions would be taken. If conclusions requiring operational implementation were to emerge, they will be implemented in the appropriate institutional framework (ordinary Community

procedure of Association Council with each of the associated states).

The meetings will be prepared for internally by the usual procedures, with the particular aim of establishing, according to the subjects discussed, the position to be taken. They will also be the subject of preparatory contacts with the CCEE.

In addition to the application of the general structure for dialogue set out above, dialogue relating to foreign and security policy matters will also include the following arrangements:

- holding of a Troika meeting at the level of Foreign Ministers and a meeting at the level of political directors during each Presidency;
- briefing at Secretariat level after each General Affairs Council and each meeting of the political directors;
- holding one Troika meeting at Working Group level per Presidency for relevant working groups.

In addition regular Troika consultations with the associated countries will be held in advance of important meetings in the UN-General Assembly and the CSCE.

ii) **Improving Market Access**

(a) Customs duties on imports to the Community of sensitive basic industrial products originating in associated countries (Annex IIb to the Interim Agreements) will be abolished at the end of the second year after the entry into force of the Agreement (instead of the end of the fourth year).

(b) Customs duties on the imports of the industrial products concerned by the consolidation of GSP (Annex III to the Interim Agreements) will be abolished at the end of the third year (instead of the end of the fifth year).

(c) The amounts of the quotas and the ceilings of the above Annex III (consolidation of GSP) to be increased by 30% (Poland, the Czech and Slovak Republics, Bulgaria, Romania), 25% (Hungary) per year starting from the second half of the second year after the entry in force of the Agreement (instead of 20% for Poland, Czechoslovakia, Bulgaria, Romania and 15% for Hungary).

(d) Levies/duties with the quotas for agricultural products will be reduced by 60% six months earlier than foreseen in the Agreements. The 10% increase in the quotas, foreseen from third year onwards, will be applied six months

earlier than foreseen.

(e) The exemption from customs duties as from the beginning of 1994 for products concerned by outward processing operations and covered by Regulation No 636/82 will be extended in conformity with this Regulation, duly modified for this purpose.

(f) Customs duties on imports into the Community of textile products will be reduced in order to arrive at their elimination at the end of a period of five years starting from the entry into force of the Agreement (Instead of six years).

(g) Customs duties on imports applicable in the Community on ECSC steel products originating in associated countries will be abolished at the latest at the end of the fourth year after the entry into force of the Agreement (instead of the end of the fifth year), subject to compliance with specific decisions relating to trade in steel products.

(h) The Council invites the Commission to effect a study of the feasibility and impact of cumulation of rules of origin for products from the associated countries of Central and Eastern Europe and the EFTA countries and, in the light of the findings, to submit to it appropriate proposals.

(iii) Making assistance more effective

(a) The Community will support the development of infrastructure networks in Central and Eastern Europe, as decided at its meeting in Edinburgh. The EIB, the EBRD and the other international financial institutions will take the leading role in this process.

(b) The Community will offer technical assistance through the PHARE programme to prepare and facilitate major infrastructure improvements in the countries of Central and Eastern Europe. Within existing budgetary limits, and without distorting the essential character of PHARE, the Community will also be willing, in response to requests from Central and Eastern European partners, to provide from PHARE limited additional funds for capital expenditure resulting from these technical assistance activities, in specific cases where it is established that such additional funds are essential, and a necessary component of projects

- which are jointly financed by EIB and/or international financial institutions and beneficiary countries,

- which cannot be privately financed,

- which are of Community interest in particular as defined in relevant Community texts.

(c) These additional funds shall not exceed 15% of total annual PHARE commitments.

(d) The Commission will review the use of PHARE resources as a means of supporting infrastructure development in Central and Eastern Europe on a case by case basis. It will take into account the financial situation of the beneficiary country on the basis of available analyses; the financial institutions making loans to projects will carry out their own assessments in the normal way. In each case the Commission will ensure that there is an adequate local contribution to project financing to ensure the commitment of the beneficiary Government to the project.

The Commission will avoid undue concentration of the available PHARE funds for this purpose on individual recipient countries and will therefore avoid an unduly large proportion of national programmes being devoted to this purpose.

Proposals will be submitted to the PHARE management committee in the normal way.

iv) Furthering economic integration

Approximation of laws: the countries of Central and Eastern Europe undertook through the Europe Agreements to implement within three years from their entry into force rules parallel to those in the Treaty of Rome and to ban restrictive practices, abuse of dominant positions and public aid which distort or threaten to distort conditions of competition. In addition, it is particularly important, from the point of view of accession, that progress should be made in the other areas covered by the Europe Agreements, including those relating to the protection of workers, of the environment and of consumers.

Preparations for accession will also be helped if officials from the associated countries receive training in Community law and procedure.

The Commission and the relevant administrations in the Member States will be mobilized to further the approximation of legislation, including technical assistance for training officials. A task force of representatives of the Member States and the Commission will be set up to coordinate and direct the work. The Commission will consider which Community programmes could be opened to participation by the countries of Central and Eastern Europe and will submit its proposals to the Council by the end of 1993.