



**Instituto Juan March**

Centro de Estudios Avanzados en Ciencias Sociales (CEACS)

**Juan March Institute**

Center for Advanced Study in the Social Sciences (CEACS)

## **The European Community and Central Eastern Europe, 1989-1993 : foreign policy and decision-making**

Author(s): Torreblanca, José I.

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Abstract: Una versión en castellano de esta obra se presentó como tesis doctoral en la Facultad de Ciencias Políticas y Sociología de la Universidad Complutense de Madrid el día 17 de junio de 1997. El Tribunal, compuesto por los profesores doctores Santiago Petschen (Presidente), Felipe Sahagún, José Antonio Herce, Gustavo Palomares y José Ramón Montero, le otorgó por unanimidad la calificación de Apto "cum laude". Director de Tesis: Karl Kaiser. La tesis doctoral examina los problemas encontrados por la Comunidad Europea a la hora de poner en práctica su estrategia de aproximación a los países de Europa Central y Oriental durante el período comprendido entre 1989 y 1993. El análisis se centra en dos dimensiones específicas: por un lado, el diseño de una estructura política e institucional en la que enmarcar dicho proceso de aproximación y, por otro, el marco económico que garantizaría la viabilidad de tal aproximación. La investigación ha contado con el apoyo de la Célula de Prospectiva y la Dirección General de Relaciones Económicas Exteriores de la Comisión Europea y se ha basado en el análisis de documentación inédita de carácter interno así como en la realización de entrevistas con los principales responsables de las política examinadas. Desde un punto de vista empírico, la investigación aporta un sinnúmero de datos tanto sobre las negociaciones internas, dentro de la propia Comunidad, como externas, entre la Comunidad y los países de Europa Central y Oriental, en torno a los acuerdos de asociación, también llamados "Acuerdos Europeos", firmados en 1991. Desde un punto de vista teórico, la investigación pretende realizar una contribución al debate sobre las razones de la inconsistencia entre las acciones políticas y económicas exteriores de la Comunidad Europea/Unión Europea. El argumento principal de la tesis se puede resumir del siguiente modo. A pesar de la existencia de dos pilares diferenciados para la conducción de la política exterior y de las relaciones económicas exteriores, la falta de consistencia no puede ser atribuida a la separación entre una fase de decisión, en manos de los Estados miembros, y una fase de implementación, en manos de la Comunidad/Unión. En su lugar, las explicaciones deben centrarse en el hecho de que la naturaleza descentralizada y consensual del proceso de decisiones predetermina que los conflictos entre intereses de política exterior e intereses internos se resuelvan en favor de estos últimos.

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JOSÉ IGNACIO TORREBLANCA PAYÁ

**THE EUROPEAN COMMUNITY AND  
CENTRAL EASTERN EUROPE (1989-1993):  
FOREIGN POLICY AND DECISION-MAKING**

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Centro de Estudios Avanzados en Ciencias Sociales



Castelló, 77. 28006 Madrid

*Una versión en castellano de esta obra se presentó como tesis doctoral en la Facultad de Ciencias Políticas y Sociología de la Universidad Complutense de Madrid en junio de 1997. El Tribunal, compuesto por los profesores doctores Santiago Petschen (Presidente), Felipe Sahagún, José Antonio Herce, Gustavo Palomares y José Ramón Montero, le otorgó por unanimidad la calificación de Apto "cum laude".*

*José Ignacio Torreblanca Payá es licenciado en Ciencias Políticas y Sociología (Relaciones Internacionales) por la Universidad Complutense de Madrid y Doctor en Ciencias Políticas y Sociología por la misma universidad. Formó parte de la quinta promoción de estudiantes del Centro de Estudios Avanzados en Ciencias Sociales del Instituto Juan March de Estudios e Investigaciones, donde obtuvo el título de Master en 1994. En el propio Centro elaboró su tesis doctoral, bajo la dirección del Profesor Karl Kaiser.*

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## ABBREVIATIONS

AA Association Agreements.  
ACP African, Caribbean, and Pacific States  
BECU billion of Ecu  
Bull.EC Official Bulletin of the European Communities  
CAG *Conseil Affaires Générales*  
CAP Common Agricultural Policy  
CCOO *Comisiones Obreras*  
CCP Common Commercial Policy  
CDU *Christlich Demokratische Union*  
CEC Commission of the European Communities / European Commission  
CECC Central European Cooperation Committee  
CEECs Central Eastern European Countries  
CEFTA Central European Free Trade Area  
CES *Comité Económico y Social de las Comunidades Europeas*  
CET Common External Tariff  
CFP Common Fisheries Policy  
CIS Commonwealth of Independent States  
CMEA Council for Mutual Economic Assistance (also COMECON)  
CN Combined Nomenclature  
CNJA *Centre National des Jeunes Agriculteurs*  
COCOM Coordinating Committee for Multilateral Export Controls  
COMITEXIL Coordinating Committee for European Clothing and Textile Industries  
COPA Confederation of Professional Agricultural Organizations  
COREPER I Committee of Assistant Permanent Representatives  
COREPER II Committee of Permanent Representatives  
CSCE Conference for Security and Cooperation in Europe  
CSFP Common Security and Foreign Policy  
CSFR Czech and Slovak Federative Republic (also RFTS)  
DAI *Documents d'Actualité Internationale*  
DG I Directorate General for External Relations

DG I-D Division for Sectorial commercial questions at the  
 Directorate General for External Economic Relations  
 DG I-E Division for Eastern Europe in DG I (later DG I-L)  
 DG I-L Division for Central Eastern Europe in DG I (former DG  
 I-E)  
 DG IA Directorate General for External Political Relations  
 DG II Directorate General for Economic and Financial Affairs  
 DG III Directorate General for Internal Market and Industrial Affairs  
 DG IV Directorate General for Competition  
 DG V Directorate General for Employment, Social Affairs and  
 Education  
 DG VI Directorate General for Agriculture  
 DG VI H Division for International Affairs at DG VI  
 DG VII Directorate General for Transport  
 DG XIV Directorate General for Fisheries  
 DG XIX Directorate General for Budgets  
 DG XV Directorate General for Financial Institutions and Company  
 Law  
 DG XVI Directorate General for Regional Policy  
 DG XVII Directorate General for Energy  
 DG XXI Directorate General for Customs Union and Indirect  
 Taxation  
 EAGGF European Agricultural Guidance and Guarantee Fund  
 EBRD European Bank for Reconstruction and Development  
 EC European Community  
 ECOFIN Council of Ministers of Economic and Financial Affairs  
 ECSC European Coal and Steel Community  
 ECU European Currency Unit  
 EDC European Defence Community  
 EEA European Economic Area  
 EEC European Economic Community  
 EEWG Eastern Europe EPC Working Group  
 EFTA European Free Trade Association  
 EIB European Investment Bank  
 EMS European Monetary System  
 EMU Economic and Monetary Union  
 EP European Parliament

EPA European Political Area  
 EPC European Political Cooperation  
 EPU European Political Union  
 ERDF European Regional Development Fund  
 ERT European Round Table of Industrialists  
 ESC Economic and Social Committee  
 ESF European Social Fund  
 EU European Union  
 EUROFER European Confederation of Iron and Steel Industries  
 FBIS-EEU Foreign Broadcasts Information Service. Eastern Europe  
     Section  
 FBIS-WEU Foreign Broadcasts Information Service. Western  
     Europe Section  
 FCO Foreign and Commonwealth Office  
 FDP *Freiheit Demokratische Partei*  
 FMD Foot and Mouth Disease (*fièvre aftosa*)  
 FNSEA *Fédération National d'Syndicats du Exploitants Agricoles*  
 FRG Federal Republic of Germany  
 FTA Free Trade Area  
 G-7 Group of Seven Most Industrialized Nations  
 GAC General Affairs Council  
 GATT General Agreements on Tariffs and Trade  
 GDP Gross Domestic Product  
 GDR German Democratic Republic  
 GEO Council's Group on Eastern Europe (also "Restricted Group of  
     Ambassadors Advisers")  
 GSP Generalised System of Preferences  
 IA Interim Agreements  
 IEA International Energy Agency  
 IFIs International Finance Institutions  
 IGC Intergovernmental Conference  
 IMF International Monetary Fund  
 MECU million of Ecu  
 MFA Multi-Fibre Agreements  
 MFN Most Favoured Nation  
 NAA North Atlantic Assembly  
 NACC North Atlantic Cooperation Council



NATO North Atlantic Treaty Organization  
 NICs Newly Industrialized Countries of East Asia  
 NQ National Quotas  
 NTB Non-Tariff Barrier  
 OECD Organization for Economic Cooperation and Development  
 OJ-C Official Journal of the European Communities  
     -Communications  
 OJ-L Official Journal of the European Communities -Legislation  
 OPT Outward Processing Trade  
 OSCE Organization for Security and Cooperation in Europe  
 PAT *Produits Agricoles Transformés*  
 PCA Partnership and Cooperation Agreements  
 PECOS *Pays d'Europe Centrale et Orientale*  
 PFP Partnership for Peace  
 PHARE *Pologne et Hongrie Assistance à la Restructuration  
     Económique*  
 PNV *Partido Nacionalista Vasco*  
 PoCo EPC's Political Committee  
 PSOE *Partido Socialista Obrero Español*  
 PV *Procès-verbal*  
 QR Quantitative Restrictions  
 RFE/RL Radio Free Europe/Radio Liberty  
 RPR *Rassemblement pour la République*  
 SBE Spongiform Bovine Encephalitis ("mad cows" disease)  
 SCA Special Committee on Agriculture  
 SEA Single European Act  
 SED *Sozialische Einheitsparte Deutschlands*  
 SG Secretary General  
 SP Spokesman Service  
 SPD *Sozialdemokratische Partei Deutschlands*  
 SVC Standing Veterinary Committee  
 TACIS Technical Assistance to the Commonwealth of Independent  
     States  
 TCA Trade and Economic Cooperation Agreements  
 TENs Trans European Networks  
 TEU Treaty on European Union  
 TPP *Trafic du Perfectionnement Passif*

TTF Traditional Trade Flows  
TUC Trade Union Confederation  
UGT *Unión General de Trabajadores*  
UN United Nations  
UNECE United Nations Economic Commission for Europe  
UNICE Union of Industries of the European Communities  
VAT Value Added Tax  
VER Voluntary Export Restriction  
VRA Voluntary Restrain Agreement  
V-3 Visegrad Three (Poland, Hungary and Czechoslovakia)  
V-4 Visegrad Four (Poland, Hungary, Czech Republic and Slovak  
Republic)  
WEU Western European Union

## INTRODUCTION

Recent European Community policies towards Central Eastern Europe, specially those resulting in the 1991 Association Agreements with Hungary, Poland and Czechoslovakia, have been periodically subject to criticisms concerning the supposed emergence and subsequent widening of a deep gap between the original ambitions and the practical outcomes of those policies. The study of this gap or lack or correspondence between "Sunday speeches" and "daily actions", as President Delors himself would put it<sup>1</sup>, in EC relations with Central Eastern Europe during the period between 1989 and 1993 is the subject of this thesis. However, the goals of the research are two-fold.

On the one hand, from the analysis of the large collection of internal EC documents which I have been able to consult, I will give an extensive and detailed account of the process by which the Commission and the member states designed, negotiated, implemented, and, later, revised these association agreements. Hopefully, this descriptive task will in itself contribute to our understanding of the general problems encountered by the Twelve and the Commission in their dealings with these three Central Eastern European countries, as well as some of the most polemical chapters and episodes in this relationship in this period.

However, departing from description and taking into account that the problems concerning the raising and management of policies

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<sup>1</sup> In a letter to President Jacques Delors written in February 1994, Commissioner Sir Leon Brittan, in charge of the External Economic Relations of the European Commission, wrote: "I was particularly struck by your comments at the last Commission meeting on the differences between our Sunday speeches and our daily actions with respect to the PECOS" - "Pays de l'Europe Centrale et Orientale" (CEC. Office of Vicepresident Sir Leon Brittan. Illegible day, February 1994).

encountered by the EC in its relations with Central Eastern Europe are in fact not exclusive and are not likely to remain confined to this area of foreign policy, I set out to extract some general and generalizable conclusions in respect to the European Community/European Union foreign policy decision-making system and, more particularly, on the reasons and conditions under which *policy gaps* or *policy slippages*, understood as problems of coherence between ambitions and policies, may emerge<sup>2</sup>.

The importance of this more ambitious task finds its justifications in the fact that policy gaps or policy slippages in EC/EU foreign policy have alternatively received scarce academic attention or when they have been the subject of research, explanations have tended to be misled either by confusing theoretical assumptions, by problems of academic boundaries between international relations and political science or by merely descriptive empirical accounts.

In this sense, the general argument of the research can be summarized as follows: in spite of the fact that the existence at the EC/EU of two different institutional settings, or "pillars", for the handling of external relations (one dealing with external economic relations and another dealing with more traditional diplomacy matters) should intuitively be the starting point for any research concerned with policy gaps on EC/EU's foreign policy, the severe blurring of the distinctions between these two pillars in practice does not allow for an explanation of policy gaps as a discrepancy between the agreements reached in one institutional setting and the results achieved in the other. Rather, I will argue, foreign policy gaps will emerge through successive and mutually reinforcing breakdowns *within* and *between* different levels and stages of the decision-making process.

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<sup>2</sup> I write in present because neither the Maastricht Treaty nor the current IGC negotiations seem to have altered the main features responsible of this problem. However, as the Maastricht Treaty entered into force in September 1993 and this study ends at the Copenhagen European Council of June 1993, I will refer to the "European Community" rather than to the "European Union" except when generalizing where I will use the "EC/EU" term.

In terms of theory, I have selected a case of foreign policy where diplomacy as well as EC/EU's "domestic" politics are constantly, deeply and confusingly entangled. In the particular institutional setting of the EC/EU, dominated by a permanent and puzzling interaction between decision-making levels, pillars, sectors, and policy areas, there is a growing academic consensus that the resulting structural and procedural complexity of the EC decision-making system cannot easily be captured by a single theoretical approach. This means that the research will have theoretical implications, but that I will not systematically attempt to test theories which I believe can provide only partial explanations. Rather, I will use my case to defend the need for a more pragmatic, interdisciplinary, and eclectic mix of theories of international relations and comparative politics.

In order to clarify these points, I will first present the empirical evidence concerning the mismatch between ambitions and outcomes in EC policies towards Central Eastern Europe. Then, by looking at the particular institutional evolution of the EC/EU foreign policy machinery, I will introduce the problematic in which this evidence can be framed. I will go on to discuss the different theoretical approaches which might explain this problematic. Finally, I will address some questions concerning the design of the research and introduce the concepts around which I will structure the thesis<sup>3</sup>.

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<sup>3</sup> The question of terminology is not easy to resolve because the political geography of the area has been characterized by exceptional dynamism; in fact, the EC itself has suffered similar problems with labels and groupings. During the Cold War, "Eastern Europe" used to include the Soviet Union. Then, in the late eighties, "Eastern Europe" ceased to include the Soviet Union, but as the Eastern bloc collapsed in 1989-1990, very different situations emerged in the region, and the need to distinguish the three "who would make it" (Poland, Hungary and Czechoslovakia) led to the use of the term "Central Eastern Europe" to refer to these three countries. Thus, the term "Central Europe" was rejected due to its association with pre II World War memories of "Mitteleuropa" and German domination. Then, as these three countries began to consider themselves a natural grouping, if only because of their level of relations with the West rather than their institutional linkages, labels such as the "Visegrad Triangle" or the "Visegrad Three" emerged. Then, when in 1992-1993, the EC's strategy of association was extended first to Bulgaria and Romania and later to the three Baltic countries, and Czechoslovakia split, labels varied from the

## 1. A mismatch between ambitions and outcomes

As is well known, after the Yalta Agreement and the II World War, an Iron Curtain was drawn across Europe and the Eastern European countries fell under strict Soviet control. In such circumstances, although Western rhetoric concerning the "captive nations of Eastern Europe" or the "common European civilization" would always ring loud, the consolidation of the status quo in Europe meant a *de facto* abdication from any strategy openly attempting to destabilize Soviet domination of Eastern Europe. This was exemplified by the very cautious and pragmatic response of the West to the successive intra-bloc crises in Yugoslavia, Hungary, East Germany, Czechoslovakia and Poland.

During this Cold War period, the role the European Economic Community (EEC) played in East-West relations was extremely limited. In the West, during the fifties and part of the sixties, West Germany dictated a policy of international isolation towards Eastern Europe, justified on grounds of the "illegal" nature of the East German state. At the same time, the Soviet Union, depicting the EEC as the "economic arm of NATO", refused to establish relations with Brussels out of fear that this would loosen its grip on Eastern Europe.

Later, at the time of detente in the 70s which followed the new German *Ostpolitik*, the EEC Six, later Nine, attempted to use trade relations to weaken Soviet control over Eastern Europe. However, instead of taking advantage of Eastern Europe and Soviet Union's need for Western trade, credits and technology to obtain political concessions, the EEC countries ended up, at a time of economic recession, competing with each other for the attractive industrial contracts offered by the East. Thus, when detente came to a halt, as a result of the Soviet invasion of Afghanistan in 1979 and the imposition of the martial law in Poland in 1981, the first attempts by

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"Visegrad Four", to "CEEC" (meaning Central Eastern European Countries, either in a "CEEC 6" or in a "CEEC 10" format) or even to the French "PECOS" (Pays d'Europe Centrale et Orientale). Thus, labels have also had more to do with politics than with geography (just note that Vienna lies East of Prague) and, accordingly I have decided to follow this evolution of terms rather than betting on a single geographical term.

the EEC member states to build a common *Ostpolitik* had proved rather divisive.

In these circumstances, when Gorbachev came to power in the USSR in March 1985, his appeals for a "Common European Home" were immediately understood as a typical Soviet device to hamper the European integration process. Consequently, Western responses were essentially sceptical. However, as Soviet encouragement of the reforms being carried out in Hungary and Poland became apparent, the Twelve decided at the European Council meetings of Hannover and Rhodes of 1988 to elaborate and stick to a policy of prudent encouragement of change in Eastern Europe.

Then, with the permission of the USSR, which finally withdrew its veto over the establishment of relations between the EC and the Eastern European countries, first Hungary, and then Poland, were offered EC trade and cooperation agreements which included Most Favoured Nation (MFN) status and a limited, though important, improvement in market access.

After the September 1988 Trade and Cooperation Agreement (TCA) with Hungary, the EC had apparently embarked on a process of normalization of relations with the East which would certainly be protracted. Overlooking its possible ultimate objective of overcoming the division of Europe, what the EC sought in the short and the medium term was to make this division more bearable, to lessen Soviet control over Eastern Europe (so as to allow Eastern European countries to engage more freely in domestic reforms), and to reap the benefits of expanded trade relations.

However, in what was to unleash the so-called "acceleration of history", during 1989 reforms led to the victory of Solidarity in Poland and the subsequent appointment of Mazowiecki as Prime Minister, whilst in Hungary the decision to dismantle the alarm systems along the Austrian border led to a massive exodus of Eastern Germans into West Germany and the subsequent collapse of the East German regime. By 31 December 1989 and with Soviet consent, the communist rule in Eastern Europe had collapsed like a set of dominos. Then, during 1990 and the beginning of 1991 Germany unified, the Council for Mutual Economic Assistance (CMEA) dissolved itself, the Warsaw Pact was disbanded, and Soviet troops

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began to pull out of Eastern Europe. In Hungary, Poland and Czechoslovakia, the free elections held in 1990 brought to power a series of governments fully committed to democratic institutions, free market economies, and determined to join all the Western institutions which best represented the common values they now claimed to believe in<sup>4</sup>.

As an immediate result of the events in Eastern Europe, and irrespective of whether such radical changes were expected or whether the EC was prepared to digest them, the change of scenario made obvious that the design of relations with these group of countries would be one of the greatest challenges ever faced by the EC<sup>5</sup>.

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<sup>4</sup> The fact that the situation in Romania and Bulgaria was not so clear-cut, the specificity of the East German case, together with the problems faced by the Yugoslav Federation, gave rise to a clear distinction between Poland, Hungary and Czechoslovakia and the rest of Eastern Europe. These three countries were considered as a natural grouping, both by the EC and also by themselves, presenting the best historical, political and economic credentials to succeed in their transition processes. Accordingly, they were the target of identical policies by the EC, and hence the negotiations as well as the signing of association agreements were carried out simultaneously. Thus, these three countries were pioneers both in time and in the scope of their relations with the EC, since other Eastern European countries were drawn into the EC policy of association after this first wave had consolidated association agreements with the EC.

<sup>5</sup> See, for example, the following assertion: "Historians will judge the Community's political performance in the nineties by its ability to associate Eastern Europe and to establish a cooperative relationship with the Soviet Union. This is the greatest challenge that has ever been put before the European Community. It will require immense efforts in the form of financial and technical assistance, the opening up of the Community market to Eastern Europe and, last but not least, a very intense political dialogue with the Eastern European neighbours. In the long term, it will require a Community position on the question of if and when to admit those East European countries which want to join [...] To put it more boldly, the Community's major responsibility during the nineties is to redefine the governance of the whole of Europe" (E.Rhein. 1992. "The Community's External Reach", in R.Rummel (ed) *Toward Political Union: Planning a Common Foreign and Security Policy in the European Community*. Baden-Baden: Nomos, p.44).



Accordingly, in the G-7 Summit of July 1989 held in Paris, then in the Paris Informal European Council of November, and in the Strasbourg European Council meetings of December 1989, as well as the European Council held in Dublin in April 1990, the Twelve set out to assure a successful outcome of the processes of transition in Eastern Europe.

The assumption behind this goal was the result of a convergence of pressures, interests, principles and opportunities. First, geopolitical interests stimulated a wish to recover the immense Eastern European space from the Soviet Union, a move which was also supported by the economic opportunities created by the opening of a new and immense market for Western goods, services and capital. Second, the Wall had fallen for good but also for bad, and the EC was forced to consider the terrible effects for its own stability of the spread of political, social, ethnic and economic unrest across Eastern Europe which would surely occur if reforms failed: massive migration, ecological risks and ethnic conflict were all widely cited as potential outcomes. Last, but not least, the Central Eastern European countries demanded that the EC played an active role in securing and rendering irreversible their political, economic and geopolitical transitions. The EC could not simply cynically ignore these demands, invalidating all its Cold War rhetoric and refusing engagement. In short, the EC seemed to have been freed by the new situation of all the constraints which in the past had precluded a positive, successful and non-divisive commitment<sup>6</sup>.

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<sup>6</sup> "It is crucial for security in Europe that the political and economic transformation in Eastern Europe be a success [...] it is absolutely necessary that the Western European countries establish close ties with the East Europeans [...] make their best possible contribution to their economic build up. It is only in this fashion that the division of Europe can be overcome by allowing them to return to the family of the European nations" (G.Wettig. 1992. "Security in Europe: a challenging task", *Aussenpolitik*, Vol.43, No.1, p.11). On this combination of challenges and interests, see CEPR. 1990. *Monitoring European Integration: Eastern Europe*. London: CEPR; J.Elles. 1991. "The European Community: the Foundation for the Future", in A.Clesse and R.Vernon (eds) *The European Community after 1992: A New Role in World Politics?*. Baden-Baden: Nomos, pp.134-140; S.Haggard, M.Levy, A.Moravcsik and K.Nicolaïdis. 1993. "Integrating the Two Halves of Europe:

In these circumstances, apart from a strategy of financial and technical assistance which would be progressively developed by Western states and Western multilateral institutions, the EC decided that the best instrument to support the democratic and economic transition processes in Eastern Europe was the negotiation and signing of "Association Agreements". These agreements, regulated under article 238 of the Rome Treaty and conceived as instruments for managing the EC's "special relationships" were, in this case, called "Europe Agreements" to highlight their political significance and distinguish them from other association agreements signed by the EC. They would include: first, an intensive political dialogue aimed at facilitating the political rapprochement between both parties and the progressive convergence of views on foreign policy and security matters; second, the establishment over a ten year period, of a free trade area which would serve to provide opportunities for economic growth to both sides and further the integration of both sets of economies; and, third, an important framework for economic cooperation through which the EC would assist the economic transformation of these countries from central commanded to market economies<sup>7</sup>.

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Theories of Interests, Bargainings and Institutions", in R.Keohane, J.Nye and S.Hoffmann (eds) *After the Cold War: International Institutions and State Strategies in Europe 1998-1991*. Cambridge, Mass.: Harvard U.P., pp.173-195; H.Kramer. 1993. "EC Responses to the New Eastern Europe". *Journal of Common Market Studies*, Vol.31, No.2, June, pp.213-244; J.Nötzold. 1993. "The Eastern Part of Europe -Peripheral or Essential Component of European Integration". *Aussenpolitik*, Vol.44, No.4, pp.326-334; J.Rollo. 1991. *The New Eastern Europe: Western Responses*. London: Pinter; W.Ungerer. 1990. "The Development of the EC and its Relationship to Central and Eastern Europe". *Aussenpolitik*, Vol.41, No.3, pp.225-235.

<sup>7</sup> For a description of the agreements see: CEC. DG III. 1993. "EC trade with Central and Eastern Europe: a new relationship". *European Economy*, No.52, pp.27-45; CEC. DG III. 1994. "The Economic interpenetration between the European Union and Eastern Europe". *European Economy*, Reports and Studies, No.6; F.Dehousse, K.Ghemar and L.Nyssen. 1993. *L'Accord européen entre la Communauté et la Pologne*. Bruges: College d'Europe/Peco; G.Hedri. 1993. "Die EG und die Staaten des Visegrader Dreiecks". *Osteuropa*, 43 Jahrgang, Heft 2,

These three elements of the association package were not only intimately linked to wider security or economic goals, as stated above, but were also deeply interrelated among them. As much as the prospect of "returning to Europe" would make the inevitable hazards of economic transitions more bearable to the people of Hungary, Poland and Czechoslovakia, the politics of international financial assistance and of trade liberalization would, together with domestic reforms, help the political regimes to deliver the goods and create the conditions in which this return to the West would be possible<sup>8</sup>.

Thus, together with the European Economic Area (EEA) being offered to the members of the European Free Trade Association (EFTA), the offer of association agreements to Central Eastern Europe indicated the emergence of a continental policy of economic integration (though in fact this was the substitute for a policy of continental enlargement which the Twelve wanted to avoid), as well as

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Februar, pp.154-166; I.Lirola. 1995. "Las relaciones entre la Unión Europea y los Países de Europa Central y Oriental: los Acuerdos Europeos en el marco de la ampliación de la Unión Europea". *Revista de Instituciones Europeas*, Vol.22, núm.1, pp.71-100; J.Jaks. 1993. "The EC and Central Eastern Europe", in S.Andersen and K.Elliasen (eds) *Making Policy in Europe: The Europeanification of National Policy-making*. London: Sage, pp.244-254; K.Jezek. 1995. "Reaching the Optimal Compromise: the European Agreement between the CSFR and the Community", in B.Lippert and H.Schneider (eds) *Monitoring Association and Beyond: The European Union and the Visegrád States*. Bonn: Europa Union Verlag, pp.203-216; M.Maresceau. 1992. "The European Community, Eastern Europe and the USSR", in J.Redmond (ed) *The External Relations of the European Community: The International Response to 1992*. New York: St.Martin's Press, pp.104-109; A.Murphy and M.Wilke. 1992. "The EC and Central Eastern Europe", in P.Ludlow, J.Mortensen and J.Pelkmans (eds) *The Annual Review of the European Community Affairs 1991*. London: Brassey's, pp.317-328; S.Wysokinska. 1994. "Das Assoziierungsabkommen zwischen Polen und der Europäischen Gemeinschaft - Richtungen der Liberalisierung der Handelsumsatz". *Osteuropa Wirtschaft*, 39 Jahrgang, Heft 1, März, pp.55-70.

<sup>8</sup> As the own Commission recognized: "their successful integration into the world economy will depend upon two complementary factors: their capacity to transform their economies and improved access to foreign markets" (CEC. DG III. "EC trade with Central and Eastern Europe...", p.27).

the existence of an evident will to act decisively in the international environment. As opposed to the gloomy predictions of the toughest neorealist school, who at the beginning of the nineties had warned that only the nuclearization of Germany and its Eastern neighbours could secure peace on the continent, the Twelve recognized that the success of the European integration process was now not only dependent on the internal dynamics or negotiations among the Twelve, but also on the extent to which the EC could be turned into a pole and anchor of wealth, stability and security for all Europe<sup>9</sup>.

However, the success of this strategy has often been questioned over the years. In terms of political relations, criticisms have centered on the reluctance the Twelve has shown when forced to design the path of approximation for Central Eastern Europe<sup>10</sup>.

In Strasbourg in December 1989, the Chiefs of State and Heads of Government of the Community declared: "The Community and the Member States are entirely conscious of the common responsibility they face in this crucial moment in the history of Europe". They went on assuring that "far from trying to obtain unilateral advantages from the situation, the Community and the

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<sup>9</sup> J.Mearsheimer. 1990. "Back to the Future: Instability in Europe after the Cold War". *International Security*. Vol.15, No.1 pp.5-56.

<sup>10</sup> See, among others: R.Biedeleux. 1996. "Bringing the East back in", in R.Biedeleux and R.Taylor (eds) *European Integration and Disintegration: East and West*. London: Routledge, pp.225-251; G.Boncinini. 1991. "The Broader Policy Framework", in G.Boncinini et al, *The Community and the Emerging European Democracies. A Joint Policy Report*. London: Chatham House, pp.67-78; D.Kennedy and D.Webb. 1993. "The Limits of Integration: Eastern Europe and the European Communities". *Common Market Law Review*, Vol.30, No.6, December, pp.1095-1117; H.Kramer. 1992. "The EC and the Stabilization of Eastern Europe". *Aussenpolitik*, Vol.43, No.1, pp.12-22; B.Lippert. 1995. "Shaping and Evaluating the Europe Agreements: The Community Side", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.217-248; D.Moisi. 1991. "A reunited Europe?", in Boncinini et al, *The Community and the Emerging European Democracies*, pp.7-12; H.Wallace. 1992. "What Europe for Which Europeans?", in G.Treverton (ed) *The Shape of the New Europe*. New York: Council on Foreign Relations, pp.15-34; J.Weydenthal. 1993. "EC Keeps Central Europe at Arm's Length". *RFE/RL Research Report*, Vol.2, No.5, January, pp.29-31.

member states intend to support the democratizing countries. In these circumstances all must prove their sense of responsibility<sup>11</sup>. In successive European Council meetings the rhetoric was even upgraded to refer to the future "reunification of Europe". In the meantime, the European Commission opened exploratory talks with these countries in order to establish the ways in which support could be provided in practice<sup>12</sup>.

However, during 1991 the negotiations on the Maastricht Treaty did not suggest that the Twelve were contemplating the changes which would be necessary to respond adequately to these challenges: the discussion of the future model of continental integration was sidelined as soon as it started to prove divisive. This reluctance was not only seen in the Maastricht Treaty negotiations. It was also quite visible during the 1991 negotiations for the association agreements with Poland, Hungary and Czechoslovakia. Here, the Twelve refused first to include any reference to the future membership of the EC of the Visegrad countries, and then admitted it only as far as it represented only their own particular wish, not a goal shared by the EC.

Hence, the negotiations of Maastricht Treaty gave no practical indications as to how the relationship between deepening and widening could possibly work, nor to the place of the Visegrad Three in EC designs for the future. Thus, the EC refused to share the membership aspirations of the Visegrad Three at the same time as it did not set up any alternative design. Furthermore, instead of tackling these contradictions, EC leaders encouraged Eastern European expectations<sup>13</sup>.

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<sup>11</sup> Consejo Europeo de Estrasburgo. "Comunicado Final. Conclusiones de la Presidencia". Estrasburgo, 8-9 de diciembre de 1989. SN 441/2/89, Part IV: "Una Comunidad Europea responsable y solidaria"pp.10-11).

<sup>12</sup> Consejo Europeo Extraordinario de Dublín. "Comunicado Final. Conclusiones de la Presidencia". 28 de abril de 1990. SN 46/3/90, point I.

<sup>13</sup> F.Andriessen. 1991. "The Integration of Europe: It's Now or Never". *European Affairs*, December, No.6, pp.6-11; J.Rollo and H.Wallace. 1991. "New Patterns of Partnership", in Boncivini et al, *The Community and the Emerging European Democracies*, pp.53-66.

After the signing of the European Agreements and the Maastricht Treaty expectations on membership kept on being encouraged and upgraded<sup>14</sup>. The conclusions of the Lisbon Council celebrated in June 1992 unambiguously stated that "the integration of these new democracies presents a historic opportunity [...] the Community cannot now refuse the historic challenge to assume its continental responsibilities and contribute to the development of a political and economic order for the whole of Europe [...] The chance to share more fully in the benefits of access to the European markets and the prospects of membership, can help to bring prosperity and peace to a region where unrest still threatens to erupt as a result of poverty, nationalism and fear"<sup>15</sup>.

However, at the same time these statements were being made, the European integration process entered, after the Danish "No" and the close-run French "Yes" in the Maastricht referenda, a dark political and economic tunnel which again revealed a predominantly inward-looking EC with little time, will or energy to match its rhetoric with practical achievements. After a long, protracted and divisive debate within the EC, and after the European integration process was again brought back on track, in the European Council of June 1993 in Copenhagen, the Twelve finally came to share Eastern European countries desire for membership. Nevertheless, the conditions set

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<sup>14</sup> Hans-Dietrich Genscher, the German Foreign Affairs Minister, would dramatically commit himself to the cause of Eastern European membership. Visiting Warsaw in January 1992 he demanded membership to be agreed "as soon as possible", as did his British counterpart, Douglas Hurd, who would also unequivocally support membership in the House of Commons Committee on Foreign Affairs. One month later, on welcoming President Walesa to Bonn, Chancellor Kohl said that Poland would enter the EC before the end of the century (*Financial Times* 1992/02/05 "Genscher proposes states to join EC"; *El País* 1992/03/31 "Bonn apoya el ingreso de Polonia en la CE antes de fin de siglo", p.5; *Financial Times* 1992/01/15 "EC must embrace Eastern states: Hurd says").

<sup>15</sup> Lisbon. European Council. "Conclusions of the Presidency". Part II: "Europe and the Challenge of Enlargement", SN 3321/1/92 of 26 June 1992.

were so generic that they did little to calm these countries' growing anxieties about the practical implications of such a commitment<sup>16</sup>.

In 1993, with the continent shattered by the civil war in Yugoslavia, economic chaos in Eastern Europe and the recession in Western Europe, fears increased that the Twelve would be tempted to shut themselves off from Eastern Europe. Worried by the spread of ethnic instability, in June 1993, the Twelve embarked on a Program for Stability and Security in Europe, the so-called "Plan Balladur", according to which aspirants had to solve their differences rather than bringing them to the EC. To many, the Pact was at most, another device of the Twelve to buy time, and at least further irritant proof of the EC's overcautious approach. In short, as President Delors recognized: "the perspective of the next enlargement is not clear [...] it is not enough to send encouraging signals to the Eastern European Countries"<sup>17</sup>. To many, it was evident that the EC/EU was highly reluctant to engage in discussion on the changes required to satisfy the external agenda<sup>18</sup>.

Later on, the Strategy of pre-accession for Central and Eastern Europe which the German Presidency obtained in December 1994 in Essen became also widely questioned. With the negotiations on the accession of Austria, Norway, Finland and Sweden on the verge of

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<sup>16</sup> Mainly due to the absence of timetables and the generic conditions established. These were: "the existence of stable institutions which guarantee democracy, the rule of law, human and minority rights", "the existence of an operating market economy", "to be prepared to resist the pressure of Union's market forces", "to be prepared to accept the 'acquis communautaire' including the economic monetary and political union" and "that the Community be prepared to accept new members while maintaining the rhythm of European integration" (Consejo Europeo de Copenhague. "Comunicado Final. Conclusiones de la Presidencia". SN 180/93, 26-27 de junio de 1993. Part A, p.7).

<sup>17</sup> *Europe* 1994/01/29. "Delors reconoce que la perspectiva de la próxima ampliación no está clara". No. 3247, p.3.

<sup>18</sup> Kurt Biedenkopf, the Minister-Präsident of Saxony, would also declare that: "Our contemporary external policy as regards Russia and the former Eastern bloc suffers from the confusion which arises when old answers cannot reply to the new questions" (K.Biedenkopf. 1994. "Problems of German and European Policy towards the East". *Perspectives*, No.3, Summer, p.19).

being concluded, the internal quarrel on member states' veto powers anticipated the institutional problems an Eastern enlargement would have to face. Also, the discussion over the level of EC's financial commitment to Eastern Europe in relation to the Mediterranean Area pointed at the different sensibilities of member states concerning Central Eastern Europe. Finally, the first pessimistic forecasts on the financial implications of an Eastern enlargement pictured a nightmarish budgetary scenario. Thus, the wish of the Central Eastern Europeans had been accepted in 1991, the principle endorsed in 1993, and the strategy sketched in 1994. But as the European Council meeting of Madrid in December 1995 showed, whereas in 1991 the Community was dealing with three countries (Poland, Hungary and Czechoslovakia), the fact that the strategy of association had been expanded to Romania and Bulgaria, and later to include the three Baltic countries and Slovenia, the challenge of enlargement had increased not only quantitatively, but also qualitatively<sup>19</sup>.

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<sup>19</sup> See the following analyses on the post-Copenhagen scenario: A.Inotai. 1993. "Une Vision Stratégique des Accords d'Association entre la CE et les Pays d'Europe Centrale", *Revue du Marché Commun et de l'Union Européenne*, No.369, pp.520-526; T.Kiss. 1995. "Prospects of the Political Dialogue After the Copenhagen Summit: A Hungarian Perspective", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.275-284; P.Maillet. 1993. "La CEE et la Transition en Europe Centrale: Inventaire de problèmes, esquisse de réponses". *Revue du Marché Commun et de l'Union Européenne*, No.369, pp.490-496; A.Smith, P.Holmes, U.Sedelmeier, E.Smith, H.Wallace and A.Young. 1994. "The European Union and Central Eastern Europe: Pre-accession Strategies". *SEI Working Papers in Contemporary European Studies*, No.15; T.Palankai. 1994. "La Hongrie dans une union européenne élargie. Des accords européens à une 'Europe à géométrie variable': aspects financiers et budgétaires", in P.Maillet and D.Velo (eds) *L'Europe à Géométrie Variable*. Paris: L'Harmattan, pp.185-206; C.Preston. 1995. "Obstacles to EU Enlargement: The Classical Community Method and the Prospects for a Wider Europe". *Journal of Common Market Studies*, Vol.33, No.3, September, pp.451-478; H.Schneider. 1995. "The Changing Pan-European Scene for Association Policy with East and Central Europe: The European Union's Enlargement to the East", in Lippert and Schneider(eds) *Monitoring Association and Beyond*, pp.49-68; K.Szymkiewicz. 1993. "Le Difficile 'Retour à l'Europe' des Pays de l'Est". *Revue du Marché Commun et de l'Union Européenne*, No.369, pp.527-531; G.Tebbe. 1994.



Thus, the mismatch between rhetoric and reality in the evolution of political relations between the EC and Central Eastern Europe seems evident. However, the mismatch between "Sunday speeches" and "daily actions" would be equally worrying with respect to trade relations.

Chancellor Kohl had affirmed in Davos in 1990 that "the Community cannot stop at the Elbe. It has to develop a program for closing the economic and social gap between Western and Eastern Europe"<sup>20</sup>. At that time, trade liberalization was considered not only more effective than aid (given the wish not to raise the already high levels of foreign debt) but also as essential to attract foreign investment, contain migration pressures, and thus sustain economic and political reforms<sup>21</sup>. Behind the rhetoric of political statements, it was said that trade liberalization was the "the real test of Western European commitment"<sup>22</sup>. Resistance to the pressures for protectionism which EC leaders would come to face was seen as "the essential policy challenge in relation to the East"<sup>23</sup>. This reflected the widespread consensus which emerged over the fact that, at least in the

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"Wunsch und Wirklichkeit: Das Problem der Osterweiterung". *Europa-Archiv*, 49 Jahr, 13-14 Folge, 15 Juli, pp.389-396; W.Wessels. 1993. "Erweiterung, Vertiefung, Verkleinerung: Vitale Fragen für die Europäische Union". *Europa-Archiv*, 10 Folge, pp.308-316; W.Wessels. 1995. "How to mix transformation and integration: strategies, options and scenarios", in Lippert and Schneider, *Association and Beyond*, pp.383-404; P.Van den Bempt. 1993. "L'Adhésion des Pays d'Europe Centrale et Orientale à l'Union Européenne: Espoirs et Problèmes". *Revue du Marché Commun et de l'Union Européenne*, No.369, Juin, pp.579-586.

<sup>20</sup> *Financial Times* 1990/02/05 "Kohl elaborates his grand design for the new Europe".

<sup>21</sup> "The more restrictions on East-West trade the EC imposes, the larger is the incentive to migrate to the West. Factor price equalization will occur one way or another, via the movement of commodities, via the movement of people (H.W.Sinn. 1993. Discussion of J.Rollo and A.Smith's "The political economy of Eastern European trade with the European Community: why so sensitive?" *Economic Policy*, No.16. April, p.169).

<sup>22</sup> M.Andersen and M.Skak. 1993. "The New Western *Ostpolitik*, Challenges, current state and issues". ECPR, Leiden, April 2-7, p.14.

<sup>23</sup> CEPR, *Monitoring European Integration: Eastern Europe*, p.27.

particular case of EC relations with Central Eastern Europe, "trade barriers run contrary to the essential foreign policy interests of the Twelve"<sup>24</sup>.

Against this background, during the negotiations of the European Agreements, already in 1991 six European international relations research institutes had denounced the "total insufficiency" of trade liberalization measures and urged the Twelve to comprehensively revise the whole philosophy of trade concessions<sup>25</sup>.

Then, after the signing of the agreements, a wealth of reports, articles, and data pointed to the existence of an important gulf between policy challenges and the realities of Community trade liberalization. According to them, the EC had not in fact resisted protectionist temptations and had ultimately favoured short-term economic rather than the EC's broader foreign policy goals<sup>26</sup>. Even within the EC, this became a widespread view<sup>27</sup>.

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<sup>24</sup> Kramer, "EC Responses to the New Eastern Europe", p.236.

<sup>25</sup> Boncivini et al, *The Community and the Emerging European Democracies*, p.81. Richard Blackhurst, Director of Economic Research at the GATT, had written during the negotiations of the association agreements: "it is difficult to understand (or forgive) EC's reluctance to give its neighbours what they so evidently need: free access to EC markets [...] The consequences of that are likely to be far more uncomfortable for Western Europe than any adjustment required by free trade" (Cited in *Financial Times* 1991/10/21 "The non-existent threat of Eastern European trade") and even the Economic and Social Committee of the European Communities had wondered "whether the Community needs five years to open its markets to Central and Eastern European industrial goods" (CES. 1991. "Dictamen Adicional sobre las Relaciones de la CE con los Países de Europa Central y Oriental", CES 1119/91 EXT/81 of 26 June 1991, p.5).

<sup>26</sup> See, e.g. CEPR. 1992. "The Association Process: Making it Work". *CEPR Occasional Paper*, No.11; C.Hamilton and A.Winters. 1992. "Opening up International Trade with Eastern Europe". *Economic Policy*, No.15, April, pp.78-115; H.Kramer and F.Müller. 1991. "The economic requirements for successful association", in Boncivini et al, *The Community and the Emerging European Democracies*, pp.27-42; M.Maresceau. 1993. "Les Accords Européens: Analyse Générale". *Revue du Marché Commun et de l'Union Européenne*, No.369, pp.507-515; North Atlantic Assembly. 1995. Sub-Committee on East-West Economic Cooperation and Convergence. *The Reality of EU Enlargement: Larger and*

With the implementation of the trade provisions of the agreements, the real impact of trade concessions could be measured with more precision. After examining the effects for the EC of trade liberalization with the East region by region and sector by sector, one of the most detailed studies on this issue concluded: "it is true that the targeted products are important to the EC economy. Yet, trade with Eastern Europe only amounts to a very small proportion of the size of these sectors. Thus, 'contingent protection', which may seriously deter foreign investment may simply be protectionism in any sector in which Eastern Europe is successful"<sup>28</sup>.

Thus, EC trade policies with respect to Eastern Europe were subject to intense and varied criticisms. These mainly wondered how the association agreements could in fact advance the goals of supporting the economic reforms in Eastern Europe, the success of which the Twelve had publicly and repeatedly considered crucial to assure peace and stability in Europe, when the Twelve themselves had showed such reluctance to give better market access to the associates.

The figures were revealing. A glance at the main EC-Eastern Europe trade statistics is sufficient to see why the European agreements have come under such wide criticism. The Visegrad Four's (Poland, Czech and Slovak Republic and Hungary) trade balance with the EC changed from a surplus of 300 million ecu in

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*Shallower?* Draft Interim Report, AM 285 EC/EW (95) 7, October; U.Sedelmeier. 1994. "The European Union's Association Policy Towards Central Eastern Europe: Political and Economic Rationales in Conflict". *SEI Working Papers in Contemporary European Studies*, No.7; A.Winters and Z.Kun Wang, 1994. *Eastern Europe's International Trade*. Manchester: Manchester U.P.

<sup>27</sup> See the following statements of Commissioner Andriessen, in charge of relations with Central Eastern Europe: "We must not only affirm our commitment but also deliver, despite the short-term sacrifices which this may involve. This is the lesson of our negotiations for Europe Agreements with Czechoslovakia, Hungary and Poland, in which the Commission has had repeatedly to remind those most susceptible to sectoral interests that there exists also a wider European interest" (Andriessen, "The Integration of Europe: It's Now or Never", p.11).

<sup>28</sup> J.Rollo and A.Smith. 1993. "The political economy of Eastern European trade with the European Community: why so sensitive?" *Economic Policy*. No.16, April, p.139.

1989 to a deficit of 4,500 millions of ecu in 1993. If Bulgaria and Romania are added (CEEC 6) the figures are: a 600 millions surplus in 1989, and 5,600 million ecu deficit in 1993 (Table I).

**TABLE I. EC trade with Central Eastern Europe (1989-1993)**

	1989	1990	1991	1992	1993
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CEEC 6					
EU exports	11.5	12.0	17.5	21.4	25.7
EU imports	12.1	13.0	18.9	18.9	20.1
balance	-0.6	-1.0	+2.5	+2.5	+5.6
<hr/>					
Visegrad 4					
EU exports	9.3	9.9	15.2	18.5	22.0
EU imports	9.0	10.8	13.9	16.6	17.5
balance	-0.3	-0.9	+1.3	+1.9	+4.5
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Poland					
EU exports	3.9	4.4	7.9	8.1	9.9
EU imports	3.9	5.2	6.2	7.1	7.6
balance	-0.1	-0.8	+1.7	+1.1	+2.3
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Hungary					
EU exports	3.0	2.9	3.5	4.1	4.9
EU imports	2.6	2.9	3.6	4.0	3.9
balance	+0.4	-0.1	-0.1	+0.1	+1.0
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Czech + Slovakia					
EU exports	2.4	2.6	3.8	6.3	7.3
EU imports	2.6	2.7	4.1	5.5	6.0
balance	-0.2	-0.1	-0.2	+0.7	+1.3
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Share of CEEC 6 in EU external trade					
EU exports	2.8	2.9	4.1	4.9	5.3
EU imports	2.7	2.8	3.3	3.9	4.2

*Source:* Eurostat (COMEXT), in CEC, DGI-L-1, 1994/06/10 "EU Trade with 6 CEEC". Figures in billion ecu.

Such a drastic change from surpluses to deficits was all the more frustrating for the Eastern countries and all the more embarrassing for the EC when one remembers that the whole philosophy of the European Agreements was to construct *asymmetrically* a free trade area with Central Eastern Europe in such a way that during the first

five years of the agreements the Community would dismantle its trade barriers faster than the Visegrad three, who would catch up in the last five years. But evidence from the first two years suggested the reverse, i.e. that the free trade area was being asymmetrically built, but to the advantage of the EC<sup>29</sup>.

There is, therefore, considerable evidence for the existence of a significant gap between ambitions and outcomes in EC relations with Central Eastern Europe on these two dimensions. Over the course of this thesis, I will show that this mismatch can be explained by an analysis of EC policies and the EC policy-process rather than by other factors. With respect to political relations, I will show that this gap cannot be explained in terms of rhetoric or cynicism. In other words, it is not that the EC did not really mean what it said, but rather that it found more problems than expected in constructing and managing policies to secure the array of generic goals which it had truly assumed. In the same way, with regard to trade relations, one could easily argue that agreements do not create *per se* goods which can compete in the market, i.e. that there is an economic, or purely market determined explanation for this mismatch between the policies of asymmetric liberalization and the realities revealed by trade statistics. In this sense, throughout this research, I will provide substantial evidence that it is possible to explain this mismatch by looking at the policy process in the area of trade liberalization<sup>30</sup>.

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<sup>29</sup> In agriculture, whereas in 1989, the Visegrad Four enjoyed a surplus of 823 million ecu, in 1993 this had turned into a deficit of 167 million ecu. From 1992 to 1993, EC's agricultural exports to the CEEC 6 rose by 24 points while imports decreased 12 points. Statistics for the period 1990-1993 show a 103% EC exports increase against a 3% imports decrease. Similar figures were viewed in other "sensitive" sectors: base metals and related articles exports to CEEC 6 grew by 31% while imports decreased 12% (CEC. DG I-L-1. "Evolution du Commerce Agricole de l'Union Européenne avec les PECO". Bruxelles, 13 juin 1994; CEC. DG I-L-1. "EC Trade with 6 CEEC: Most important sectors". Brussels, 13 June 1994).

<sup>30</sup> For those more interested in these matters, I suggest the two volumes published by the Center of European Policy Research (CEPR). These are: R.Faini and R.Portes (eds). 1995. *European Union Trade with Eastern Europe: Adjustments and Opportunities*. London, CEPR; A.Winters (ed). 1995. *Foundations of an Open Economy: Trade Laws and Institutions for Eastern Europe*. London: CEPR.

Thus this case study will be presented as one of defective policies rather than one in which outcomes deviated from policies. In other words, outcomes matched policies to a great extent. In fact, trade statistics very accurately reflected the EC's reluctance to open its markets to Central Eastern European products. Hence, it were these later policies which did not correspond to the EC's original goals. The explanation, therefore, will be located in the policy-making process and in a particular decision-making style. However, before examining how these problems may be accounted for, it is necessary to present the context in which the external relations of the EC have to be framed.

## 2. The two pillars of the EC's foreign relations

The EC/EU's external dimension has traditionally received scant or inadequate academic attention. This is true both in relation to the theoretical study of the European integration process as well as with respect to the volume of case studies dealing with particular policies. This neglect is, it is argued here, deeply rooted in the peculiarities of the historical path followed by the European integration process.

Neither the founding fathers of the EEC, whether Monnet or Schuman, nor the theoretical founders of the EEC, whether Haas or Lindberg, paid much attention to the external dimension of the European integration process. During the fifties, the European integration process was approached in a top-down fashion, and failed. When in 1954 the French National Assembly refused to ratify the European Defence Community (EDC), which sought to use the U.S.-induced German rearmament as a catalyst for the political integration of Western Europe, Western European leaders acknowledged that security and foreign policy matters were to be the final frontier of European integration<sup>31</sup>.

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<sup>31</sup> "The need of German rearmament interrupted Monnet step-by-step functionalist approach to European integration: to proceed with the ECSC and let a German independent army was impossible but in order to permit an integrated army it was necessary a political integration (E. Fursdon, 1980, *The European Defence*

The subsequent birth of the European Economic Community (EEC) clearly marked the preference for a pragmatic, incrementalist, bottom-up, and predominantly economic integration process under the defence umbrella provided by the United States and NATO. If some envisaged that this process would eventually lead to the political integration of Europe, the fact was that the so-called *finalité politique* was sufficiently open, distant and ambiguous as to allow the EEC of the Six to proceed for the first years<sup>32</sup>.

The text of the Treaty of Rome clearly shows that the member states were only willing to transfer to the EEC those external competencies which were required for the process of economic integration they had embarked on. The customs union between the Six inevitably required a Common External Tariff (CET) and a Common Commercial Policy (CCP) through which the EEC would manage the external trade relations of the Six (EEC Treaty art. 113). Thus, besides the very general commitment of the founding fathers to a liberal international economic order (EEC Treaty art. 110), the supranationalization of external trade competencies responded more to the demands of economic integration than to the desire to develop a common foreign policy<sup>33</sup>.

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*Community: A History*. London: Macmillan, p.84). "The first phase of the EDC story was an attempt to apply the Schuman Plan method to the settlement of the problems brought up by the American demand for German rearmament. The European idea was popular. Its popularity could bring about the acceptance of the obviously unpopular remilitarization of Germany. But it was obvious, too, that this possibility was marked by the risk of the opposite result; the unpopularity of German rearmament might be carried over to the European idea" (R.Aron and D.Lerner. 1957. *France Defeats EDC*. New York: Praeger, p.4).

<sup>32</sup> P.Taylor. 1979. *When Europe Speaks with One Voice: The External Relations of the European Community*. Westport, Connecticut: Greenwood Press, pp.3-26.

<sup>33</sup> (Rhein. "The Community's External Reach", pp.37-38). Proof of how reluctantly the member states would surrender their prerogative to sign international trade agreements came in the time, some twenty years, it took member states to completely transfer to Brussels their trade competencies and renounce bilateral trade treaties, as well in the resistance shown to renouncing the capacity to give export credits, other trade promotion instruments, and national trade quotas. Here, as in other fields of the European integration process, the role of the European Court of Justice (ECJ)

As a result, after a transitional period which ended in 1973, trade policy was integrated in the EC framework under the typical approach of the Commission enjoying the exclusive right to initiate policy, and, most visibly, to negotiate agreements in the name of the member states, the Council had the right to approve or reject proposals by majority voting, and the Court was empowered to resolve conflicts or settle disputes<sup>34</sup>.

However, this did not mean that member states had renounced to the control of foreign trade. Besides its formal role, the Council set up a special and powerful Committee, the so-called 113 Committee, which did more than merely supervise the Commission very closely. In practice, the Committee turned the Commission into a mere spokesman of the Council and the member states in international negotiations. The first problems created by this committee management style were seen very early, during the negotiations of the Kennedy Round of the GATT<sup>35</sup>.

Another important deviation from the Community method was highly revealing. It was only with the Stuttgart's Solemn Declaration of

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was as crucial as it has been unnoticed (M.Maresceau. 1989. "A general survey of the current legal framework of trade relations between the European Community and Eastern Europe", in M.Maresceau (ed) *The Political and Legal Framework of Trade Relations between the European Community and Eastern Europe*. London: Martinus Nijhoff, pp.12-14).

<sup>34</sup> On EC trade policy decision-making system see: R.Barrass and S.Madhavan. 1996. *European Economic Integration and Sustainable Development: Institutions, Issues and Policies*. London: McGraw-Hill, pp.48-105, 271-299; CEC. DG III. 1993. "A concise overview of the EC trade policy". *European Economy*, No.52, pp.187-212; GATT. 1991. *Trade Policy Review: The European Communities* (Vol. I). Geneva: GATT; L.Schuknecht. 1992. *Trade Protection in the EC*. Reading: Harwood Academic Publishers; K.Twitchett. 1976. "External Relations or Foreign Policy", in K.Twitchett (ed) *Europe and the World: The External Relations of the Common Market*. London: Europa Publications, pp.14-24; S.Woolcock. 1993. "Trade diplomacy and the European Community", in J.Story (ed) *The New Europe: Politics, Government and Economy since 1945*. Cambridge: Blackwell, pp.292-296.

<sup>35</sup> J.Lodge. 1989. "European Political Cooperation: towards the 1990's", in J.Lodge (ed), *The European Community and the Challenge of the Future*. London: Pinter, pp.225-227.



1983, that is, not formally under the Rome Treaty, that the European Parliament was given the prerogative to approve international trade agreements signed under article 113. Moreover, it was only under the Single European Act (SEA) that the European Parliament had to give its assent to the accession of new members to the EC (article 237)<sup>36</sup>.

To go back to the early years of the EEC, besides the member states' resistance in the field of external economic relations, the clear wish of member states was to retain the core competencies of diplomacy and defence, i.e. the so-called "hard-shell" of nation-states' sovereignty. This was confirmed on numerous occasions. First, in the failure of the 1961 "Fouchet Plan" which envisaged the creation of a political community. Then, with the "empty chair" crisis provoked by De Gaulle's opposition to the introduction of majority voting at the EEC. And later, with the "Luxembourg compromise" which permitted member states to invoke national interests at any point in the process so as to avoid being outvoted in the Council. These events, in turn, opened the way for the view of the European integration process as a matter of exclusively "low" politics. It also presented a very gloomy scenario for federalists as well as for those who had relied on the logic of spill-over and functional linkages as the basis of a self-sustaining and inherently expansive process of European integration<sup>37</sup>.

However, the neglect of politics could not last long, if only because the inward-looking process of European integration was beginning to have important international consequences. First, these

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<sup>36</sup> On the European Parliament powers see: M. Westlake, 1994. *A Modern Guide to the European Parliament*. London: Pinter, pp.115-162. Before 1983, the consent of the Parliament was required by the EEC treaty only in the case of the so-called association agreements (article 238), because they normally included financial commitments and common institutions to manage joint free trade areas with other countries, such as the Yaoundé and Lomé agreements with the former colonies, or the association agreements with Greece (1961), Turkey (1963), Malta (1970), Cyprus (1972) or the Northern Mediterranean (1969-1975), all areas of special interests for the EEC (J. Siotis, 1974. "The European Community and Its Emerging Mediterranean Policy", in F. Alting von Gesau (ed). *The External Relations of the European Community*. Westmead: Saxon House, pp.69-83.

<sup>37</sup> S. Hoffmann, 1966. "Obstinate or Obsolete? The Fate of the Nation-State and the case of Western Europe". *Daedalus*, No.124, pp.862-915.

came with the Common Agriculture Policy (CAP) and the Common Customs Tariff (CCT). Subsequently, the Yaoundé conventions of 1963 and 1969 signed between the EEC Six and their former colonies, and the Kennedy Round of the GATT talks, where the EEC was represented by the Commission, the EEC was seen to have a major impact on international trade. To deny a political dimension in international affairs to an entity which, with the next enlargement to Nine members, accounted for 40% of world trade, seemed impossible, if only because such an entity would have to defend particular options on how the international trading system should be shaped<sup>38</sup>.

Analysts called this process one of "externalization", meaning that no matter how much a group denied an external dimension to their common actions, the mere fact of getting together was likely to force others to react and this in turn would force the first group to respond to these reactions by adopting a collective position. With respect to trade matters, this process was specially facilitated by the GATT rules envisaging that countries establishing free trade areas had to compensate third countries for trade diversion effects<sup>39</sup>.

But besides the effects of this so-called "logic of integration", the Six also faced situations where external events forced them to react, but in which the adequate instruments for action lay in the hands of the EEC<sup>40</sup>. Thus, in the early seventies, the Six were considering, in the context of the opportunities opened for an European foreign policy identity by the detente in East-West relations, the benefits of acting with a single voice in international affairs. A further push was derived from the perspective of the end of the transitional period for

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<sup>38</sup> Twitchett, "External Relations or Foreign Policy", pp.6-7.

<sup>39</sup> Taylor, *When Europe Speaks with One Voice*, pp.16-17.

<sup>40</sup> Such was the case of the trade and economic sanctions adopted towards Greece after the Colonel's Coup of 1967, a country with which the EEC had signed in 1962 an association agreement providing for the progressive constitution of a custom union, accompanied by five-year financial assistance protocols, and establishing the possibility of a future accession, whenever economic conditions allowed for. The term "logic of integration" is used by R.Ginsberg. 1989. *Foreign Policy Actions of the European Community: The Politics of Scale*. London: Adamantine, p.9.

the integration of their trade policies, as well as the prospect of the enlargement to the United Kingdom, Denmark and Ireland. At the same summit of The Hague on December 1969 where the French President, Georges Pompidou, accepted British membership, the Six approved the examination of the possibilities for establishing foreign policy coordination procedures. The so-called "Davignon" or "Luxembourg Report", approved by the Six in October 1970, represented the birth of the European Political Cooperation (EPC).

The solution adopted in the EPC framework was a pragmatic one. It recognized the need and advantages of a common foreign policy but, at the same time, resisted its supranationalization. Thus, EPC was to be exclusively a mechanism to facilitate a regular exchange of views and information between the Six, later Nine, in order to help them identify points of convergence which could be the base for common actions. The EPC functioned, below the foreign ministers of the EEC, through a variety of channels: a regular consultation body formed around the so-called Political Committee, or *PoCo*, which was the name of the regular meeting of the Political Directors of each countries' Foreign Ministry (and who, not incidentally, formed also the Political Committee of NATO); a set of specialized working groups; a group of national correspondents; and a ciphered telex system, the *Coreu*, to allow the exchange of views between the parties.

All in all, the members of the EPC were national-based, except for member states' ambassadors in third countries, and there were no institutional structures other than the *ad hoc* meetings of its members. There was no obligation to agree, to act jointly, or even to attend the meetings. The only duty EPC members imposed on themselves was the confidentiality of consultation. This pure intergovernmental approach would mean that the European Commission would be involved in the process of consultation on a case-by-case basis, usually when trade competencies were at stake, at the wish of member states, and in a passive way, given that it would only receive the information member states esteemed necessary.

Furthermore, though the same foreign ministers were at the top of the EPC and EEC systems, they maintained a strict separation of agendas between the two pillars in their main bodies, the *PoCo* and

the COREPER, always distinguishing the format (EPC or EEC) in which they were meeting, and stressing the EPC's intergovernmentalism by holding EPC meetings in the country holding the presidency of the Council<sup>41</sup>.

Thus, the Six had established a strictly intergovernmental and non-legally binding framework to deal with foreign policy, whilst maintaining the "Community method" to deal with their external economic relations. From then on, the tasks ahead were to be dominated by the precarious equilibrium between two contradictory principles. A logic of sovereignty and national interests dictated that the two pillars were to remain "watertight compartments", whilst an integration logic ruled that coherence, consistency, and communication between the two pillars was unavoidable for the pursuit of "European" interests<sup>42</sup>.

The logic of sovereignty was clearly seen in November 1973, when the EEC foreign ministers met in Copenhagen in the EPC framework in the morning and later flew to Brussels to hold an EEC Council meeting in the evening. Similarly, later that year, when the EEC decided to recognize Bangladesh, the French government announced its recognition one day before its partners, so as not to give the impression that this was a Community decision. However, the intergovernmental jealousy would soon exact its price. An EPC working group spent months designing a new strategy for the Nine's

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<sup>41</sup> On the birth, structure and functions of the EPC, I have followed G.Boncinini. 1988. "Mechanisms and procedures of EPC: more than traditional diplomacy?", in A.Pijpers, E.Regelsberger and W.Wessels (eds) *European Political Cooperation in the 1980's: a Common Foreign Policy for Western Europe?*. The Netherlands; Martinus Nijhoff, pp 49-70; M.Lak. 1992. "The Constitutional Foundation", in R.Rummel, *Toward Political Union*, pp.47-60; S.George. 1991. *Politics and Policy in the European Community*. Oxford: Oxford U.P., pp.218-234; M.Holland. 1993. *European Community Integration*. New York: St.Martin's Press, pp.118-131; Lodge, "European Political Cooperation: towards the 1990's", pp.225-239; S.Nuttall. 1992. "The Institutional Network and the Instruments for Action", in Rummel, *Toward Political Union*, pp.61-82; Twitchett, "External Relations or Foreign Policy", pp.1-34.

<sup>42</sup> It is often overlooked that already the Luxembourg (1970) and the Copenhagen Reports (1973) openly recognized that the EEC dimension was raising specifically "European" interests (Holland, *European Community Integration*, pp.118-120).

relations with the countries of ASEAN (East Asia) despite the fact that the EEC had already devised an economic and commercial strategy. This proved that it was inevitably necessary for the Commission to be connected to the *Coreu* and to be given observer status in the EPC. More importantly, at the time of the first oil crisis, when the Arab oil producers punished the Netherlands with an oil embargo, the big four (France, Germany, the United Kingdom, and Italy) dispatched their foreign ministers to secure bilateral solutions for each country and ignored the rest of their partners<sup>43</sup>.

The logic of integration was visible when the Nine finally acknowledged that the oil crisis affected them collectively and had to be managed in a collective fashion, thus forcing member states to redefine their national interests in a European context. The Arab countries played a fundamental role in raising awareness of this fact. They ignored the "watertight compartments" and called for a combination of political and trade and economic measures in their relations with the EEC. Thus, the Euro-Arab Dialogue was co-chaired by the Presidents of the Council and of the Commission. Then, throughout the seventies, specially in the context of the CSCE negotiations, the Commission acquired an unquestioned role of much more significance than the mere observer status formally granted to it within the EPC. The results of these two processes were that by the mid-seventies the EEC had developed, at least on paper, views which suggested the incipient emergence of a European foreign policy identity, if only because in their relations with the Soviet Union and the Middle East they held different views from the United States<sup>44</sup>.

Apart from these two logic, convergence was important. Whereas for the smallest member states, the EPC gave them a "voice" opportunity in matters where they would otherwise surely be marginalised, to others, specially France and Germany, the EPC was

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<sup>43</sup> George, *Politics and Policy in the European Community*, p.219; Ginsberg, *Foreign Policy Actions of the European Community*, p.13; Taylor, *When Europe Speaks with One Voice*, p.93.

<sup>44</sup> Within this second logic, as the British Prime Minister, Edward Heath, would state: "a foreign policy is not a luxury for our Community but a plain necessity" (cited in Twitchett, "External Relations or Foreign Policy", p.12).

soon seen as the ideal instrument for strengthening both their bilateral relationship as well as their leading role in the EEC. At the same time, it seemed to serve particularly well their respective national preferences for multilateralism, in the German case, and European leadership, in the French one<sup>45</sup>.

However, neither the emerging community of views nor the first signs of a collective identity were likely *per se* to grant the EEC and the Nine foreign policy capacity. The logic of intergovernmental bargaining under the EPC was usually dominated by a marked inability to agree on substantive matters and an excess of rhetorical statements on secondary issues not backed up by particular actions, the so-called *demarchés*, which soon became the "low politics" of the EPC pillar. In contrast, the Kennedy Round of the GATT talks, as well as the association agreements of the sixties and early seventies, showed that EEC's "low" politics, i.e. trade, was considered as true "high" politics by third parties. But as these events also revealed, placing the trade policy-making process and international trade negotiations under the Community method meant a special exposure to all kinds of national, regional, sectorial and private interests. In contrast to the secrecy, discretion, and concentration of authority of the European Political Cooperation foreign policy machinery, the process of foreign economic policy-making would become extremely vulnerable to inward-looking dynamics and problems of coherence *within* that pillar. All this added further strains and, as a consequence, leading analysts in the seventies were very critical of the record of the EEC in dealing with the external economic relations of the Six, later Nine<sup>46</sup>.

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<sup>45</sup> E.Barbé. 1993. "European Values and National Interests: The Twelve (Eleven plus Spain) in the World Arena". ECPR, Madrid, 17-22 April.

<sup>46</sup> "Foreign policy is characterized by a clear sense of direction and purpose, by a wish to influence the external environment rather than merely react to it and by an effective machinery for establishing priorities between different objectives and ensuring compatibility between different lines of policy. The external relations whose conduct member states have handed over to the EEC are in contrast characterized by the miscellaneous and unpurposive quality, by their passive nature and by frequent cases of incoherence or even incompatibility between their component parts"

With the end of the detente and the onset of the eighties, member states faced three additional pressures which revealed the weaknesses of their approach to foreign policy. Both in Afghanistan (1979) and in Poland (1981), the member states' capacity of reaction was put into question. The increasingly complex dynamics of the international political economy as well as the U.S.-European divergences on East-West relations during the Reagan Presidency created further pressures and opportunities for asserting a European foreign policy identity. Meanwhile, the incorporation of Greece (1981) and the prospect of the enlargement to Portugal and Spain, as well as the Single Market process, opened the debate on how to improve the decision-making mechanisms of both the EEC and the EPC. Previously, the Copenhagen Report of 1973 had suggested ways to improve the communication between the COREPER of the EEC and the *PoCo* of the EPC. The London Report of 1981 codified the association of the Commission at all levels of the EPC machinery and the Stuttgart Solemn Declaration of 1983 entrusted the European Council with the task of assuring the consistency of the actions of the foreign ministers within the two pillars.

However, the intergovernmental jealousies were still clearly visible. The debates in the eighties quite closely resembled those of the sixties and seventies. Nor would they differ very much from those that took place around the Intergovernmental Conferences leading up to and following the Maastricht Treaty. After the Rome Treaty, it had taken member states thirteen years to acknowledge the need to coordinate their foreign policies. Later, after the birth of the EPC in 1970, it would take them a further fifteen years to codify their practices and commit themselves to consistency between the two pillars.

Again, the provisions on foreign policy contained in the Single European Act were the result of a compromise between the more

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(A.Shlaim. 1976. "The Community and the Mediterranean Basin", in Twitchett, *Europe and the World*, p.119). To Twitchett, the "EEC has external relations rather than foreign policy and their political elements are poorly geared, fortuitous or even negative". He went on to conclude that: "foreign policy is a matter for the distant future" (Twitchett, "External Relations or Foreign Policy", p.14)

integrationist and intergovernmentalist member states. The British had wanted to leave things as they were, and neutral Ireland shared such reluctance. In contrast, the Franco-German proposal and the Draft Treaty on the European Union formulated by the European Parliament pointed explicitly towards political union. The half-way point between Mitterrand's and Kohl's wishes to merge the EPC and the EEC in at the General Secretariat of the Union and Thatcher's proposal of maintaining the status quo was finally found. A separate Secretariat for the EPC was created with the task of assuring the transition between the rotating presidencies. Also, the SEA entrusted the Presidents of the Council and the Commission the responsibility to assure the consistency between the two pillars. However, foreign ministers were still forced to distinguish between the format, EPC or EC, in which they were meeting; the separation of the agendas of the COREPER and the PoCo was maintained; the Court was still marginalised from the process; and the European Parliament was only given the right to be kept informed<sup>47</sup>.

Compared to the former system, the new EPC represented a general improvement of the coordination procedures. However, its shortcomings became evident when it faced the challenge of the sudden and unforeseen events of 1989-1990. Once again, external pressures helped to overcome resistance. What the diplomats describe as the "coordinative reflex" created by the EPC had not actually worked that well when confronted by the major breakdown of the European order provoked by German unification and the events in Eastern Europe. The tensions and misgivings which dominated the Franco-German-British triangle during the end of 1989 and the beginning of 1990, together with the demands of the new European

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<sup>47</sup> Lak, "The Constitutional Foundation", pp.61-66; Holland, *European Community Integration*, pp.121-122; E.Regelsberger. 1988. "EPC in the 1980's: reaching another plateau", in Pijpers, Regelsberger and Wessels, *European Political Cooperation in the 1980's*, pp.3-48; P.Sanchez da Costa. 1988. "The use of a Secretariat", in Pijpers, Regelsberger and Wessels, *European Political Cooperation in the 1980's*, pp.85-103; P.Schoutheete. 1988. "The Presidency and the management of political cooperation", in Pijpers, Regelsberger and Wessels, *European Political Cooperation in the 1980's*, pp.71-84.



and international context, gave the EC a completely new role as the anchor of European stability and convinced again the Twelve of their scant foreign policy preparedness.

Once again, events cast doubt on the artificial distinctions between foreign policy and external relations, as well as on the sustainability of the two pillar approach<sup>48</sup>. Five years earlier, the Italian proposals for the suppression of the separation between the EPC and the EC at the level of foreign ministers had not been endorsed. Then, during the Irish presidency, in the first part of 1990, this move met no opposition<sup>49</sup>.

Significantly, the new impetus for political integration stemming from the Kohl-Mitterrand agreement of April 1990 focused very specifically on the need to move towards a common foreign and security policy. Hence a parallel Intergovernmental Conference (IGC) on Political Union was added to the already scheduled IGC on Economic and Monetary Union (EMU). However, the Maastricht Treaty again preserved the intergovernmental approach. And whilst the new Common Security and Foreign Policy (CSFP) represented a major improvement in respect to the former EPC, the basic structure of separate but communicating pillars was maintained. Thus, the previous threats to coherence which the institutional dispersion, the weakness of the available instruments, and the lack of authority or

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<sup>48</sup> As the Spanish President, Felipe González, stated: "I do not want to exaggerate, but we are facing a very sharp acceleration, which will require an enormous effort ... with an extraordinary tight, very tough timetable, in which the overlappings are very numerous. Security questions are already being discussed ... sometimes a speaker asks the President of the Council, in his capacity as the Irish Prime Minister, to cover his ears, as we are going to talk about problems of security which go beyond the provisions of the Single Act ... the timetable is tight and it is difficult to avoid discussing among the Twelve security questions such as East-West relations or the preparation of the CSCE " (F.González. 1991. "Sesión informativa acerca del Consejo de Dublín. Comparecencia del Presidente del Gobierno D. Felipe González Márquez ante el Congreso de los Diputados". Madrid, 27 de junio de 1991. Madrid: Ministerio del Portavoz del Gobierno, p.16).

<sup>49</sup> G.Jannuzzi. 1992. "Scope and Structure of the Community's Future Foreign Policy", in Rummel, *Toward Political Union*, p.290.

central institutions which the EPC had represented in the past, had not been removed once and for all<sup>50</sup>.

### 3. Foreign policy as a theoretical and empirical challenge

The existence of such a complex system for the handling of foreign policy and external relations has persistently defied theoretical as well as empirical studies. It has been said that the "EPC has been poorly served by theory"<sup>51</sup>. However, the reverse proposition is also true: nor have studies on the external dimension of the European integration process served theories about European integration very well.

Analysts of this evolution have been puzzled by the ability of the EPC, and later, the CSFP, to resist integration pressures. Over the years, the EPC would have maintained, and even stressed its intergovernmental features, both through the role played by the European Council as well as through the dominant role played by the foreign ministers. Even after the Maastricht Treaty, observers could point at new avenues for member states' dominance. Though the Commission was granted a shared right of initiative, the merging of EPC's and EC Council's secretariats and the unanimity required for

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<sup>50</sup> On the new CSFP, see, e.g.: R.M.Alonso Terme. 1992. "From the Draft Treaty of 1984 to the Intergovernmental Conferences of 1991", in Rummel, *Toward Political Union*, pp.269-288; R.Dehouste. 1994. "From Community to Union", in R.Dehouste (ed) *Europe After Maastricht: An Ever Closer Union?* München: Law Books on Europe, pp.5-15; Holland, *European Community Integration*, pp.123-127; P.Keating. 1991. *Political Union*. Dublin: Institute of European Affairs, pp.121-129; P.Ludlow. 1992. "Reshaping Europe: the origins of the intergovernmental conferences and the emergence of a new European political architecture", in P.Ludlow, J.Mortensen and J.Pelkmans, *The Annual Review of the European Community Affairs 1991*, pp.395-447; Rhein, "The Community's External Reach", pp.42-44; R.Rummel. 1992. "Beyond Maastricht: Alternative Futures for a Political Union", in Rummel, *Toward Political Union*, pp.297-322.

<sup>51</sup> M.Holland. 1991. "EPC Theory and Empiricism", in M.Holland (ed) *The Future of European Political Cooperation: Essays on Theory and Practice*. London: Macmillan, p.1.

the definition of "joint actions", meant that consistency was likely to be achieved through the practical renationalization of some strongholds of Commission's competencies in external economic relations<sup>52</sup>.

In consequence, many have considered that the EPC would have to be understood in terms of coordination of both national interests as well as state's adaption to the international environment rather than as a process of integration. In other words, the name of the game would still be "national" rather than "European" interests<sup>53</sup>.

However, this approach seems to ignore the fact that European foreign policy has been more that the agreements of member states on the existence of common national interests. In fact, the integration process has led to the appearance of "European" interests, both in the political and economic spheres. The demands and challenges of the international environment, whether from the dynamics of global economic interdependence or the rising disorder following the end of the Cold War, has required "European" and not just national actions. At the same time, the external impact of the EC has provided for opportunities for joint action which member states would not have otherwise had. Whether the relationship between national and European interests is one of symbiosis or, a less optimistically one of conflictive accommodation, neofunctionalists have convincingly argued the case for the intimate connection and mutually reinforcing pressures derived from internal and external processes<sup>54</sup>.

It is worth emphasizing how the EPC, over time, has become so intimately linked to the wider debate between intergovernmentalists

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<sup>52</sup> See. L.Hamlet. 1992. "The Core of Decision-Making", in Rummel, *Toward Political Union*, pp.83-104; R.Morgan. 1994. "How Common Will Foreign and Security Policies be?", in Dehousse, *Europe After Maastricht: An Ever Closer Union?*, pp.189-199.

<sup>53</sup> W.Feld. 1976. *The European Community in World Affairs: Economic Power and Political Influence*. Port Washington, New York: Alfred; A.Pijpers. 1988. "The Twelve out-of-area: a civilian power in an uncivil world", in Pijpers, Regelsberger and Wessels, *European Political Cooperation in the 1980's*, pp.143-165.

<sup>54</sup> Ginsberg, *Foreign Policy Actions of the European Community*, p.22-28; Taylor, *When Europe Speaks with One Voice*, pp.201-210; Holland, *European Community Integration*, pp.118-131.

and neofunctionalists. As William Wallace pointed out as early as the beginning of the eighties: "political cooperation presents a mass of paradoxes for the student of European integration. For the growing number of Europeans who despaired of the inefficiencies of the Commission and the intricate procedures of Community policy-making, political cooperation offered an alternative model -less formal, more flexible, more attentive to the changing needs and interests of member governments"<sup>55</sup>.

At least in appearance, intergovernmentalists had found a stronghold in the EPC. They could always explain the failures of the EPC machinery by pointing either to the existence of divergent national interests or by stressing that the EC was not a nation-state, hence it lacked most of the constitutional powers and instruments which endow nation-states both with "actorness" and "presence". In these circumstances, the gap was to be found in the sheer, but unjustified, scale of the expectations deposited in the EC, which were not matched by adequate capabilities. To the extent that the EPC was a community, it was only a community of information to help the identification of common views and the facilitation of common actions when these common views were present<sup>56</sup>.

This complacent vision also manifested itself in their explanations for those cases where the EPC had helped both to identify common interests as well as to sketch strategies for their pursuit, but in which policies had later collapsed or suffered from the intermingling of, apparently, narrow economic interests in the Community pillar. In this sense, the blame for the lack of consistency was always placed on the Community pillar, responsible for implementation. These

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<sup>55</sup> W.Wallace. 1983. "Political Cooperation: Integration through Intergovernmentalism" in H.Wallace, W.Wallace and C.Webb (eds), *Policy-Making in the European Community*. New York: John Wiley and Sons, p.373.

<sup>56</sup> C.Hill. 1991. "The Capability-Expectations Gap, or Conceptualizing Europe's International Role". *Journal of Common Market Studies*, Vol.31, No.3, September, pp.305-328; E.Regelsberger 1991. "The Twelve's Dialogue with Third Countries - Progress Towards a 'Communauté d'action'?" in Holland, *The Future of European Political Cooperation*, pp.161-179; E.Regelsberger. 1993. "European Political Cooperation", in Story, *The New Europe*, pp.270-291.

analyses did not ignore the fact that the same member states' foreign ministers which had approved actions in the EPC were the ones who had later looked aside when the Council of the EC twisted the resulting policies. However, this served precisely to strengthen the arguments concerning the breakdown which foreign policy could suffer if placed fully under, or polluted by, the Community method.

Thus, analyses of EC foreign policy have tended to contrast agreements reached by member states around the intergovernmental EPC/CSFP against the implementation carried out under the Community method at the EC pillar. This, in turn, has led research to identify the "consistency" between agreements reached in one pillar and results achieved in the other as the main item in the research agenda<sup>57</sup>.

The main problem of such an approach is that it has perpetuated a division between "high" and "low" politics which is difficult to sustain in practice. Accordingly, it is not unusual to find the opposition of the EPC and EC depicted as involving, within the EC pillar, "ridiculous" sectorial or narrow economic interests. As a result, foreign policy analysts have often be irritated by the ease with which the EC pillar could come to link, and even prioritize, "ridiculous" interests, such as tonnes of beef, with or over wider interests, such as European stability<sup>58</sup>.

Empirical evidence has often supported such views. Leah Haus was puzzled by how easily the EC failed to live up to its strategy and policies concerning the inclusion of the East European countries into

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<sup>57</sup> See, for example, V.Coignez. 1992. "A Test Case for Consistency: The San José Dialogue", in Rummel, *Toward Political Union*, pp.105-118.

<sup>58</sup> As Rhein generalized, the EC was particularly prone to engage in a rather anomalous balancing of conflicting interests: "Whenever the Community wants to take actions that are considered politically important by the Commission and by the majority of foreign ministers, specific regional, sectorial and national interests may block implementation for a long time. Community foreign policy strategies may be thwarted by often ridiculous sectorial or technical obstacles in one or two member states" (Rhein. "The Community's External Reach", p.42).

the GATT<sup>59</sup>. In another case study of external trade, this time concerning textiles, Chris Farrands had concluded: "by the standards of the values the Community itself desires, the EC is a poor performer"<sup>60</sup>. More recently, attention could be called to the way in which recent negotiations with the European Union and Morocco on the Euro-Mediterranean association agreements stalled when the Dutch government blocked ratification of the agreement due to differences involving a few tonnes of tomatoes and cut flowers. These concessions, estimated by the Commission in 20 million ecu, contrasted sharply with the declared aims of EC policies, i.e. to preserve the political stability of the Maghreb in light of the links between poverty, Islamic fundamentalism and illegal migration to Europe<sup>61</sup>.

One may also see how, during the recent negotiations of an EU-Israel association agreement, which was seen as crucial for the Middle East policy of the EU, eighteen months of negotiations were on the verge of collapse because of the Spanish position on the market access prices of Israeli oranges. The media loudly echoed the Israeli negotiators irritation at the lack of correspondence between the agreements reached at the foreign ministers level and the failure of the

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<sup>59</sup> L.Haus 1991. "The East European Countries and the GATT: the role of realism, mercantilism and regime theory in explaining East-West negotiations". *International Organization*. Vol.45, No.2, Spring, pp.163-182.

<sup>60</sup> C.Farrands. 1983. "External Relations: Textile Politics and the Multi-Fibre Arrangement" in Wallace, Wallace and Webb, *Policy-Making in the European Community*; p.314.

<sup>61</sup> According to the Dutch Minister of Foreign Affairs, the 2,500 tonnes of cut flowers in dispute represented a deviation of 300% from the mandate given to the Commission by the Council. To the Commission, these tonnes were part of a global package agreed at the negotiation table which could not be touched. In any case, tensions contrasted strikingly with the Euro-Mediterranean Conference which the EU was going to open in the following months as proof of its new commitment to its Southern periphery (*El País* 1995/10/03 "Holanda, Alemania y Bélgica paralizan el acuerdo UE-Marruecos por 3.200 millones", p.51).

"petty bureaucrats" (sic) at the Commission to translate these into corresponding positions at the negotiating table<sup>62</sup>.

Similarly, the closure of the accession negotiations between the EC and Norway was threatened at the last minute when Spanish-Norwegian divergences on cod quotas appeared as a stumbling block<sup>63</sup>. Finally, it is difficult not to mention here how the whole success of the Uruguay Round was held hostage for years by the French government due to an agricultural package whose economic importance stood in sharp contrast to the benefits to be earned by a new round of world trade liberalization<sup>64</sup>.

The 1991 negotiations of the association agreements between the EC and Poland, Hungary, and Czechoslovakia saw similar episodes. In spite of the favourable political atmosphere in which they were opened, and notwithstanding the fact that negotiations concerning how best accommodate the complex and interrelated dimensions of EC goals would necessarily be difficult, negotiation of the association agreements between the Community and the Visegrad Three led to some of the worst episodes of internal division and external tension ever seen in the EC's external dealings. In one way or another, tensions, crises, vetoes, protracted deadlocks and bitter disputes showed that the EC had lost the political vision which originally inspired the policy of association. Accusations of shortsightedness, of an inability to resist protectionist pressures from interests groups and, in general terms, of foreign policy incapacity were a recurrent theme during and after the negotiations of the association agreements.

In September 1991, the French government vetoed the upgrading of the EC's association offer to the Visegrad Three which the EC had agreed on in light of the new situation provoked by the failed coup d'état in Moscow. The veto was merely based on the

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<sup>62</sup> *El País* 1995/06/04 "Israel acusa a España y a Marín de torpedear su negociación con Bruselas", p.5.

<sup>63</sup> *El País* 1994/03/04 "España amenaza con vetar el ingreso de Noruega en la Unión Europea", pp.1,5-7.

<sup>64</sup> I.Sánchez-Cuenca. 1995. *Las Negociaciones Agrícolas entre la Comunidad Europea y los Estados Unidos en la Ronda Uruguay*. Madrid: Instituto Juan March de Estudios e Investigaciones.

quantities of beef trade which would be liberalized. Later, at the very moment of the signing the association agreements, the Spanish government threatened to veto the agreements on grounds on a very minor issue concerning when and how an internal Council declaration on steel trade should be communicated to the associates. These sporadic outbursts called public attention over the fact that the EC was having more problems than expected in endorsing its own previously agreed policy line<sup>65</sup>.

In short, rather than negotiating agreements with the Visegrad Three, the EC seemed to be engaged in an all-against-all internal battle which left little margin for addressing the original goals of the policy of association. As a result, the agreements, instead of instilling confidence in EC relations with the Visegrad Three, actually contributed to extend the suspicions and doubts over the EC's real will and/or capacity to fulfil its commitments. Rather, they revealed how EC foreign ministers could be totally unable to handle minor issues concerning the distribution of the costs of the agreed policies<sup>66</sup>.

If one carries out research on these episodes, he or she is likely to confirm that these problems derived from quite narrow economic interests. As I will show in this thesis, a very specific combination of

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<sup>65</sup> The French government blocked the association agreements for one month because of an extra 500 tonnes of beef and 900 tonnes of lamb a year (from an EC consumption of 7 million tonnes of lamb and beef a year). Whereas the French Minister of Foreign Affairs, Roland Dumas, had promised in Warsaw in September 1989 that "France will act as a lawyer and as a spokesman of Poland vis-à-vis the EC" (*FBIS-EEU* 89-183, 22 September), now President Mitterrand simply stated: "We must protect our producers" (*Time* 1991/09/23 "The Mirror Cracks", p.14).

<sup>66</sup> See *Financial Times* 1991/09/09 "With friends like these"; *Time* 1991/09/11 "The Mirror Cracks"; *Wall Street Journal* 1994/02/23 "EC experts still fly to improve Polish Cherries while Western Duties kill Polish cherry exports". Between 1991 and 1993, positive views about the EC fell 12 points (from 49% to 37%) precisely in Poland, Hungary, and the Czech and Slovak Republics, the countries which first signed association agreements and were first promised membership. The survey clearly showed that the most satisfied public opinions in the East were those where relations with the EC were at a lower level CEC (*Central and Eastern Eurobarometer*, No.2 of January 1992, field work of October 91; CEC. *Central and Eastern Eurobarometer*, No.4 of March 1994, field work of November 1993).



domestic pressures and governmental weakness explained the French veto in September 1991. In the Spanish case, a largely tactical position aimed at achieving Brussels' approval for a plan on state aids to the domestic steel sector was widely mismanaged because of the differences between the Spanish ministries of Foreign Affairs and Industry.

However, whether these type of interpretations exhaust the explanation of the cases of policy breakdowns they deal with, and notwithstanding the fact that more empirical evidence on these matters is needed, they are largely destined to be a collection of ad hoc accounts, based, for example, on factors such as elections, government weakness, interests group activities, administrative mismatch, tactical positions concerning linkages to other policy areas, or to other issues within the same policy area, symbolic issues etc. (the list not attempting to be exhaustive and possibly counting with as many explanatory factors as cases). In any event, such explanations are likely to confirm the anomalous balancing of interests at the Community pillar and do suggest that research should focus on exploring "consistency" between the two pillars or decision-making settings.

However, one of main goals of this thesis is to demonstrate that the search for "consistency" is based on the widespread neglect of the complexity of the policy process at the EC/EU system. This, in turn, has a lot to do with the fact that "high"/"low" politics distinctions are still maintained as a result of the EC/EU still being the disputed object of competition between the disciplines of international relations and comparative politics. Most often, the result of the adherence to such formal distinctions has been empirical failure, given that case-studies have shown themselves unable to extract generalizable conclusions about the cases of lack of consistency they were considering. Moreover, this has led to a theoretical failure as well, since the attempts to establish a general theory of the relationship between the EPC/CSFP and the EC/EU have yielded meagre results<sup>67</sup>.

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<sup>67</sup> For a sample of these criticisms see: R.Dehousse and J.Weiler. 1991. "EPC and the Single Act: From Soft Law to Hard Law?", in Holland, *The Future of European Political Cooperation*, pp.121-142; K.E.Jorgensen. 1993. "EC External Relations as a

In this sense, here it will be argued that studies of EC/EU "external policies" (so as to avoid the loaded terms of either "foreign policy" or "external relations") must pay more attention to the ongoing debates on the best ways of theorizing on the EC/EU. Thus, through the case study presented here, I will show that foreign policy gaps cannot be explained in terms of the lack of consistency between agreements reached in one pillar (EPC) and the implementation decisions taken at the other (EC). Rather, I will argue that it is time to go beyond the distinctions between pillars, to pay more attention to elements of substance rather than procedure, and to analyze and establish the different policy-making phases or stages according to their particular features and dynamics.

It would be misleading to argue that the shortcomings of the "consistency" approach and the need to depart from it have not been noted by theorists or stressed by empirical studies. However, largely because these require an a priori departure from both an exclusivist international relations or comparative approach, these have been scarce. In short, the case for integrating the two pillars has often been advocated but it has very seldom successfully been put into practice<sup>68</sup>.

William Wallace already noted when examining the EPC that "enthusiasts saw this as the framework from which a common foreign policy might grow, while sceptics noted that its methods were entirely inappropriate to those dimensions which touch upon defence and upon economic and financial interests" and, he concluded, "so far political cooperation has failed to provide an adequate model for European integration"<sup>69</sup>. Later on, other analyses broke new ground when they argued that the constitutionalization of the EPC in the

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Theoretical Challenge: Theories, Concepts and Trends", in F.R.Pfetsch (ed), *International Relations and Pan-Europe: Theoretical Approaches and Empirical findings*. Hamburg: Lit Verlag, pp.211-234; Holland, "EPC Theory and Empiricism", pp.1-7.

<sup>68</sup> S.Bulmer. 1991. "Analysing European Political Cooperation: The Case for Two-tier Analysis", in Holland, *The Future of European Political Cooperation*, pp.70-91; Holland, *European Community Integration*, pp.128-141.

<sup>69</sup> Wallace, "Political Cooperation: Integration through Intergovernmentalism", p.373, 400.

Single European Act, together with the role exercised by the European Council at the top of both systems, the presence of the Commission at all levels of the EPC machinery, and the end of the rigidities of the agenda of the foreign ministers, had completely altered the system. They suggested that it was no longer possible to focus on the formal distinctions between pillars, but rather, that analyses should concentrate on the fluidity and practical confusion between them. Then, complementary analysis showed that the intense pattern of exchanges both between and within pillars had led to an intermeshing which suggested a process of "fusion", or "hybridation". As a result, the Council had to be seen as something more than a mere forum for strict intergovernmental bargaining around national preferences, and more as a complex two-tiered system in which it was possible that the Commission would find ways of becoming not only an equal partner, but even *a primus inter pares*<sup>70</sup>.

Thus, I will argue, the study of foreign policy gaps has to be framed within the current theoretical debate which considers the EC/EU as an "an emerging political disorder" where "instead of a neat two-sided process involving member states and the Community institutions, one finds a complex, multilayered, decision-making process stretching beneath the state as well as above it [...] the EC seems to be part of a new political (dis)order that is multilayered, constitutionally open-ended and programmatically diverse"<sup>71</sup>. In this

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<sup>70</sup> Bulmer, "Analysing European Political Cooperation", pp.70-91; Dehousse and Weiler, "EPC and the Single Act: From Soft Law to Hard Law?", pp.121-142; M.Holland. 1995. "Bridging the Capability-Expectations Gap: A Case Study of the CSFP Joint Action on South Africa". *Journal of Common Market Studies*, Vol.33, No.4, December, pp.554-572; J.Weiler and W.Wessels. 1988. "The EPC and the challenge of theory", in Pijpers, Regelsberger and Wessels, *European Political Cooperation in the 1980's*, pp.229-258; Wessels. 1991. "EPC After the Single European Act", in Holland, *The Future of European Political Cooperation*, pp.143-160.

<sup>71</sup> G.Marks. 1992. "Structural Policy in the European Community", in A.Sbragia (ed) *European Politics: Institutions and Policy-Making in the European Community*. Washington DC: Brookings Institution, p.221. Or "multicausal, disjointed, sporadic, uncoordinated and unpredictable", in the view of V.Wright. 1991. "Explaining relance: European Integration as Model, Myth and Instrument", in Clesse and

system, each policy area reflects more its own logic and the particular distribution of powers among its members rather than its constitutional structures. Complexity, in turn, has led observers to conclude that the "Community process has features and structures which constitute intrinsic obstacles to the smooth formulation and implementation of policies"<sup>72</sup>.

As both the latest theoretical endeavours and empirical research have stressed, once the debate between intergovernmentalism and neofunctionalism has shown its limitations in dealing with the new dynamics of European integration, it seems evident that both the dialogue between theories and disciplines as well as fruitful case studies are impossible as long as approaches, either from international relations or comparative politics, continue to look at diametrically opposed events with mutually exclusive lenses. In this context, integrative claims have proliferated<sup>73</sup>.

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Vernon, *The European Community after 1992: A New Role in World Politics?*, p.81.

<sup>72</sup> H.Wallace. 1983. "Negotiation, Conflict and Compromise: The Elusive Pursuit of Common Policies", in Wallace, Wallace and Webb, *Policy Making in the European Communities*, p.44.

<sup>73</sup> See, e.g. J.Anderson. 1995. "The State of the (European) Union: From the Single Market to Maastricht, From Singular Events to General Theories". *World Politics*, Vol.47, No.3, April, pp.445-465; T.Christiansen. 1994. "European Integration between Political Science and International Relations Theory: the End of Sovereignty", *EU/RSC Working Papers*, No.4; G.Fuchs. 1994. "Policy-making in a system of multi-level governance -the Commission of the European Communities and the restructuring of the telecommunications sector". *Journal of European Public Policy*, Vol.1, No.2, Autumn, pp.178-194; A.Hurrell and A.Menon. 1996. "Politics Like Any Other? Comparative Politics, International Relations and the Study of the EU". *West European Politics*, Vol.19, No.2, April, pp.386-401; H.Kassim. 1994. "Policy Networks, Networks and European Union Policy Making: A Sceptical View". *West European Politics*, Vol.17, No.4, October, pp.15-27; G.Peters. 1992. "Bureaucratic Politics and the Institutions of the European Community", in Sbagria, *European Politics: Institutions and Policy-Making in the European Community*, pp.75-122; T.Risse-Kappen. 1996. "Exploring the Nature of the Beast: International Relations Theory and Comparative Policy Analysis Meet the European Union". *Journal of Common Market Studies*, Vol.34, No.1, March, pp.53-80; F.Scharpf.

However, the net balance of this opening up of the field has had contradictory results. On the one hand, empirical research has been considerably enriched by new approaches. With the exception of those models which have comfortably reproduced the "high"/"low" politics division, such as the new neorealist agenda, which still focuses on states as unitary actors, or the policy networks approach, openly unconcerned with the "big decisions" of the integration process, the remaining approaches have shared a broad consensus on the importance of institutional factors and processes as well as on the fluid and complex relationship between domestic and European actors, institutions and processes<sup>74</sup>.

This break up of the state and governments, no longer considered as autonomous unitary actors, has been particularly relevant in intergovernmental accounts, which have not doubted to add the label of "liberal" to their intergovernmental approach<sup>75</sup>. Hence, they have opened the way for deeper convergence with those "interdependence" or "regime" theorists who had already acknowledged, despite the centrality still assigned to member states, the merits of the

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1994. "Community and Autonomy: Multi-level Policy-Making in the European Union". *EU/RSC Working Papers*, No.1.

<sup>74</sup> Latest "neorealist" views can be seen in M.Baum. 1996. *An Imperfect Union: The Maastricht Treaty and the New Politics of European Integration*. Boulder, Colorado: Westview; J.Grieco. 1995. "The Maastricht Treaty, Economic and Monetary Union and the neo-realist research programme". *Review of International Studies*, Vol.21, No.1, January, pp.21-40; P.Van Ham. 1993. *The EC, Eastern Europe and European Unity: Discord, Collaboration and Integration since 1947*. London: Pinter. The claims of the comparativists can be seen in S.Hix. 1994. "The Study of the European Community: The Challenge to Comparative Politics". *West European Politics*, Vol.17, No.1, January, pp.1-30. On the "policy networks approach", see J.Peterson. 1995. "Decision-Making in the European Union: towards a framework for analysis". *Journal of European Public Policy*, Vol.2, No.1, March, pp.69-94; J.Peterson. 1995. "Policy Networks and European Union Policy-Making: A Reply to Kassim". *West European Politics*, Vol.18, No.2, April, pp.389-407.

<sup>75</sup> A.Moravcsik. 1995. "Liberal Intergovernmentalism and Integration: A Rejoinder". *Journal of Common Market Studies*, Vol.33, No.4, December, pp.610-628.

neofunctionalist approach and the distinctiveness of the supranational method or policy-making style<sup>76</sup>.

For its part, neofunctionalism, a good deal of which has renounced its federalist connotations and has subsequently gone through a new phase of self-criticism from which its claims could be properly restated<sup>77</sup>, has been substantially enriched both by the theories of cooperative federalism focusing on joint rather than separate policy-making<sup>78</sup> as well by the new institutionalism<sup>79</sup>. These approaches, as applied to the EC policy process, have stressed a complexity with which all the variants of the liberal tradition of international relations, whether neofunctionalists, neoliberals or regime theorists, have always felt comfortable with.

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<sup>76</sup> R.Keohane and S.Hoffmann. 1991. "Institutional Change in Europe in the 1980's" in R.Keohane and S.Hoffmann (eds) *The New European Community: Decision-making and Institutional Change*, Boulder, Colorado: Westview, pp.1-40.

<sup>77</sup> A.Burley and W.Mattli. 1993. "Europe Before the Court: A Political Theory of Legal Integration". *International Organization*, Vol.41, No.1, Spring, pp.41-76; D.Cameron. 1992. "The 1992 Initiative: Causes and Consequences", in Sbragia, *European Politics...*, pp.23-74; P.Schmitter. 1995. "Second Thoughts on Neo-Functionalism and European Integration". Harvard Talk, March. Mimeo; J.Tranholm-Mikkelsen. 1991. "Neofunctionalism: Obstinate or Obsolete?" *Millennium*, Vol.20, No.1, pp.1-22.

<sup>78</sup> E.Kirchner. 1992. *Decision-making in the European Community: the Council Presidency and European Integration*. Manchester: Manchester U.P; A.Sbragia. 1992. "Thinking about the European Future: The uses of Comparison", in Sbragia, *European Politics...*, pp.257-291; F.Scharpf. 1988. "The Joint-Decision Trap: Lessons from German Federalism and European Integration". *Public Administration*, Vol.66, No.3, pp.239-278.

<sup>79</sup> On these new institutionalist approaches see: S.Bulmer. 1994. "The Governance of the European Union: A New Institutional Approach". *Journal of Public Policy*, Vol.13, No.4, pp.351-380; S.Bulmer. 1994. "Institutions and Policy Change in the European Communities: The Case of Merger Control". *Public Administration*, Vol.72, Autumn, pp.423-444; G.Garret and G.Tsebelis. 1996. "An institutional critique of intergovernmentalism". *International Organization*, Vol.50, No.2, Spring, pp.269-300; P.Ludlow. 1991. "The European Commission", in Keohane and Hoffmann, *The New European Community*, pp.85-132; Peters, "Bureaucratic Politics and the Institutions of the European Community", pp.75-122.

On the other hand, theoretical integration has proved particularly difficult to achieve and the new insights show an equally wide lack of agreement on how to carry out this task. Even when the debate over the Single European Act was still not exhausted, observers such as William Wallace could conclude that "we are prisoners of our concepts" and that it was difficult to elucidate "whether 'integration' pushes 'politics' or whether the latter shapes the former". To many, the EC was substantially more than an international organization, yet at the same time, it was not, and it was not likely to be a state<sup>80</sup>. Then, when the Maastricht Treaty recasted again the integration process, Pentland's 1973 assertion that "events in Europe continue to outpace theory" appeared frustratingly opportune<sup>81</sup>. Even if theory still tried to catch up, it was difficult to disagree with the argument that the excess rather than shortage of theory was the key problem<sup>82</sup>. "Gloomy theory and rosy reality" was likely to remain the best characterization of the state of European integration theories<sup>83</sup>.

Turning back to the case this research is concerned with, it appears obvious that there are good grounds for an appeal for eclecticism. However, there is one eclectic path which I will not follow: namely, that specifically targeted at avoiding theory. Against this option, testing hypotheses derived from existing theories in order to refine or discard theories, no matter how limited we believe them to be, will always be a superior alternative. As Keohane and Hoffmann have warned: "it seems unfortunate to us that many of the accounts of EC politics have discarded old theories, without putting anything in their place [...] Attempts to avoid theory not only miss interesting questions but rely implicitly on a framework for analysis

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<sup>80</sup> W.Wallace. 1990. "Introduction: the dynamics of European Integration", in W.Wallace, *The Dynamics of European Integration*. London: Pinter, pp.1-12.

<sup>81</sup> C.Pentland. 1973. *International Theory and European Integration*, London: Faber, p.146, cited in Holland, *European Community Integration*, p.18.

<sup>82</sup> Jorgensen, "EC External Relations as a Theoretical Challenge", p.230.

<sup>83</sup> D.Smith and J.Ray. 1993. "European Integration: Gloomy Theory versus Rosy Reality", in D.Smith and J.Ray (eds) *The 1992 Project and the Future of Integration in Europe*. London: M.E. Sharpe, pp. 19-44.

that remains unexamined precisely because it is implicit"<sup>84</sup>. In contrast, if eclecticism is theoretically informed and deliberately speculative, case-studies may be particularly useful to extract general and relevant theoretical conclusions<sup>85</sup>. Thus, theoretical pluralism or attempts to synthesize, as long as they do not ignore method or end in "a theoretical 'post hoc'ery' where anything goes", can be notably useful<sup>86</sup>.

In this sense, I attempt to contrast the concept of *slippage*, stressing a much more complex and dynamic process based on the mutually reinforcing relationship between particular breakdowns *within* and *between* each policy stage, with the concepts of *policy gap* or *consistency*, which, I believe, give a too formal, simplistic and static vision of EC/EU foreign policy-making process. In other words, we may still talk of consistency, but only insofar as we do not refer only to a relationship between two pillars and place the emphasis on the practical intermeshing of pillars, decision-making stages, and policy areas. I will clarify this point in the next section, where I address questions dealing with the design of the research.

#### 4. The research design

In presenting the particular features of the research design, that is, in specifying *what* and *how* research has been carried out, I think it may be useful first to make clear what I will *not* be doing.

To start with, the EC/EU's problems in its dealings with Central Eastern Europe have to be understood in the wider context of East-West relations in the post-Cold War era, characterized by the existence of a broad bargaining space containing various and interrelated debates along dimensions of security, migration, foreign investment, financial and technical assistance, environment,

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<sup>84</sup> Keohane and Hoffmann. 1990. "Community Politics and Institutional Change", in Wallace, *The Dynamics of European Integration*, pp.276-300.

<sup>85</sup> C.Webb. 1983. "Theoretical Perspectives and Problems", Wallace, Wallace and Webb, *Policy Making in the European Community*; pp.37-38.

<sup>86</sup> Jorgensen, "EC External Relations as a Theoretical Challenge", p.213.



membership of Western multilateral institutions and economic integration<sup>87</sup>.

The speed and content of Western moves along all these dimensions has been widely analyzed. Research has constantly portrayed the emergence of a wide gap between the "sense of urgency" noted by Eastern and Western parties<sup>88</sup>. Expressions such as "a new welfare curtain"; "security vacuum" or "veil of indifference" have been popularized both in the media as well as in the academia in the East and West, and even among the political leaders of Eastern countries and other members of the Western political establishment. One need only look at the statements of the Czech President, Vaclav Havel concerning [Western] "shortsighted reticence"<sup>89</sup> or read *The Economist* articles such as "One Wall Replaces Another" (13 March 1993) to note a state of affairs characterized by bitter accusations and reproaches concerning Western responses to the processes of change taking place in Eastern Europe<sup>90</sup>.

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<sup>87</sup> A sample of case studies all along these dimensions can be seen in Keohane, Nye and Hoffmann, *After the Cold War: International Institutions and State Strategies in Europe 1998-1991*.

<sup>88</sup> S.Haggard, M.Levy, A.Moravcsik and K.Nikolaïdis. 1993. "Integrating the Two Halves of Europe: Theories of Interests, Bargainings and Institutions", in Keohane, Nye and Hoffmann, *After the Cold War*, p.197.

<sup>89</sup> V.Havel. 1994. "A Call for Sacrifice". *Foreign Affairs*, Vol.73, No.2, March-April, p.2.

<sup>90</sup> See also V.Havel. 1994. "Interview by Jacques Rupnik". *Perspectives*, No.3, Summer, p.9; L.Walesa. 1992. "Speech at the European Parliament, February 4, 1992", in *RFE/RL Research Report*, February 28, 1992; G.Jeszensky. 1993. "Introductory Remarks on the Status of the reform process in Central and Eastern Europe and evaluation of the Western Assistance". Conference on the Economic Development in Central and Eastern Europe. Copenhagen, April 13-14, 1993. Mimeo; F.Cameron. 1992. "The European Community and Eastern Europe", in A.Clesse and R.Tökes (eds) *Preventing a New East-West Divide: The Economic and Social Imperatives of the Future Europe*. Baden-Baden: Nomos, pp.318-326; F.Gazdag. 1992. "Does the West understand Central and Eastern Europe?". *NATO Review*, Vol.40, No.6, December; O.Harries. 1991. "The Collapse of the West". *Foreign Affairs*, Vol.72, No.4, pp.41-53; R.Linden. 1994. "The Price of a Bleacher Seat: East Europe's Entry into the World Political Economy". IPSA Congress, Berlin.

Thus, accusations of "not doing enough" or of "doing enough but slower than needed" have not been confined exclusively to the EC/EU. NATO, for example, has undergone a similar process of being held up against its own promises<sup>91</sup>. Manfred Wörner, NATO Secretary General, wrote in 1989: "We must do our utmost to help ensure the success of democratic reform and economic restructuring in Central and Eastern Europe [...] Reform will not fail through a lack of Western responsiveness"<sup>92</sup>. Then, as the Warsaw Pact was being dismantled, Soviet troops pulled out of Eastern Europe, the CMEA was dissolved, and democratic regimes consolidated in Central Eastern Europe, the promise of NATO membership, conditional on the success of domestic reforms, was placed on the table. I will not consider in detail the problems faced by the West in giving satisfaction to these promises and aspirations. However, it is evident that declaring that "NATO expansion is an historical as well as moral duty"<sup>93</sup> has proved infinitely easier than designing the ways and shaping the contexts in which this could be done and has given rise to a similar degree of frustration.

Similar comments could be made about the general question of aid, whether in the form of financial aid, export credits, debt rescheduling, foreign investment and trade liberalization. If the security dimension has been an integral part of Western "Grand Strategy" towards the East, international financial support, together with trade and investment, have also been the outstanding elements of the economic dimension. Different studies have drawn comparisons between international support for Eastern Europe and the Marshall Plan, or the level of EC support to other regions of the world, analyzing in detail the politics of Western aid. All have pointed to the

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<sup>91</sup> M.Mihalka. 1994. "Squaring the Circle: NATO's Offer to the East". *RFE/RL Research Report*, Vol.3, No.12, March 25, pp. 1-9.

<sup>92</sup> M.Wörner. 1989. "A time of accelerating change". *NATO Review*, Vol.37, No.6, December, pp.2-3.

<sup>93</sup> Again Manfred Wörner (cited in *El País* 1993/12/03. "Rusia propone encargar la seguridad del Este a la CSCE en vez de a la Alianza", p.9). President Walesa accused the West of signing a new Yalta pact with Russia (Interviewed in *El País* 1993/10/25 p.6).

existence of very acute Western problems in achieving consensus over the scope and extent of financial commitments<sup>94</sup>.

Finally, the human dimension has also been subject to particular criticisms, with Western European fears of massive migration resulting in a situation in which "it is indeed ironic that just as the East should start letting its peoples out, the West should stop letting them in"<sup>95</sup>.

Thus, in the wider framework of Western relations with Eastern Europe since 1990, and apart from the many dimensions involved, a large number of institutions have played important roles. NATO, the Council of Europe, the IMF or the World Bank, the OCDE, the European Bank for Reconstruction and Development (EBRD), the G-7, the G-24, the Paris or the London Clubs (dealing with foreign indebtedness), the International Energy Agency etc., have all played their part in the global negotiation concerning the adaptation to the new international context and, more specifically, to the reform processes of transitions in Eastern Europe. Also, individual countries

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<sup>94</sup> See, e.g., Biedeleux, "Bringing the East back in", pp.225-251; B.Eichengreen and M.Uzan. 1992. "The Marshall Plan: economic effects and implication for Eastern Europe and the former USSR". *Economic Policy*, No.14, April, pp.13-76; Haggard and Moravcsik. 1993. "The Political Economy of Financial Assistance to Eastern Europe 1989-1991", in Keohane, Nye and Hoffmann, *After the Cold War*, pp.246-285; B.Geremek. 1990. "Aid to East Europe: the West's waiting game". *European Affairs*, No.2, Summer, pp.39-43; P.Miurin and A.Sommariva. 1994. "Financial and Technical Assistance to Central and Eastern Europe: A Critical Appraisal of the Role of International Institutions". *Washington Quarterly*, Vol.17, No.3, pp.91-105; R.Linden. 1991. "The Political Economy of the New East Europe". IPSA Congress, Buenos Aires; K.Ners. 1993. "Post-Communist Transformation and Western Support". *Polish Quarterly of International Affairs*, Vol.2, No.2, Spring, pp.73-90; D.Spar. 1993. "Foreign Direct Investment in Eastern Europe", in Keohane, Nye and Hoffmann, *After the Cold War*, pp.286-309.

<sup>95</sup> D.Buchan. 1991. "The European Community and Eastern Europe: Beware the Backlash", in Clesse and Vernon, *The European Community after 1992: A New Role in World Politics?*, p.297. See also: B.Ghosh. 1991. "The Immigrant Tide". *European Affairs*, Vol.5, No.6, pp.78-81; P.Ireland. 1991. "Facing the True 'Fortress Europe': Immigrants and politics in the EC". *Journal of Common Market Studies*, Vol.39, No.5, September, pp.457-480.

have played important roles, as is the case of German or Austrian investment or public aid.

But, in contrast to the competing approaches which both this institutional dispersion and the multi-dimensional nature of East-West bargainings would permit, the object of this research is the EC's foreign policy capacity, problems, and decision-making procedures. Hence, though the interrelation between all these dimensions and actors is evident, the selection of the dimensions of the case has been carried out with special care to isolate the EC as the most relevant actor.

Thus, matters which evade EC competencies, either upstream, i.e. to other international institutions, or downstream, i.e. to member states, have been discarded. The two dimensions selected, that is, trade liberalization and political relations, combine the distinct characteristic that member states had to deal with exclusively within the EC framework (in contrast to aid, migration, or foreign investment, where competencies were split or only indirect)<sup>96</sup>.

Moreover, besides these features, apparently ideal for testing hypotheses on EC policy process, there are practical considerations, since these two dimensions, as seen in section one, are those which have attracted most of the criticism of EC policies and actions. Within the selected dimensions, given the number of actors involved in such a wide policy process as the one analyzed in this research, it is inevitably necessary to place a special emphasis on core actors, and

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<sup>96</sup> In the case of aid, 80-85% of EC global disbursements are in the hands of member states (Rhein, "The External Reach", pp.42-43) and EC budget amounts for only 1.2 of the member states GDP (Biedeleux, "Bringing the East Back in", p.244. On the politics of EC aid, see: E.Beaume. 1992. *La Commission des C.E. et la Coordination de l'assistance occidentales aux Pays d'Europe Centrale et Orientale*. Memoire de D.E.A.: Université de Rennes I, Faculté de Droit et des Sciences Politiques, mimeo; CEC. DG III. 1994. "Report on the implementation of macro-financial assistance to third countries - Communication from the Commission to the Council and the European Parliament". *European Economy*, No.58, pp.31-105; C.Ehlermann. 1989. "Aid to Poland and Hungary". *European Affairs*, No.4, Winter, pp.23-27; M.Raacz. 1995. "Economic Aspects of Hungarian EC-Association: Improvements in Trade but Little Assistance to Transformation", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.177-176.

pay less attention to those whose role was more secondary, if only in the sense that they did not deal with the policy as a whole, that is, in that they only sought to influence particular elements of the policy package.

Clearly, a complete sketch of the policy process would demand more specific accounts of the processes of policy-making within each of the twelve member states, including intragovernmental relations as well as domestic politics. Also, readers more concerned with the particular dynamics of specific policy sectors, such as agriculture, textile or competition policy, may miss more comprehensive explanations of the policy processes in those areas, including, naturally, the role of transnational actors and interest groups, considering that the latter have been treated too superficially<sup>97</sup>. In contrast, those more interested in bargaining in the wider areas on which I focus might find the explanations too detailed and technical or largely irrelevant.

For similar reasons, it may be considered that the positions of Poland, Hungary, and Czechoslovakia, have not been sufficiently related to the influence of domestic politics in the preference formation process, and are too static in this account. Similar concerns could be expressed over the absence of the European Parliament and its Committees, whose specific role is another challenge for future research<sup>98</sup>.

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<sup>97</sup> See M.Tracy (ed). 1994. *East-West Trade and EU Agricultural Trade: The Impact of the Association Agreements*. La Huute, Belgium: Agricultural Policy Studies.

<sup>98</sup> In respect to the Parliament, both its fragmentation and its consensual approach to policy has resulted in a marked attention for the maintenance of the carefully built internal rearrangements, specially in respect to the politics of aid, given EP powers concerning EC budget, when not an open bias towards protectionism -with the single exception of the Political Committee, holding a more comprehensive vision-. The role of the Parliament is treated with some depth in B.Lippert. 1995. "EC-Ostpolitik Revisited: Continuity and New Approaches", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.49-68; the impact of the association policy on EC budget in N.Bohan. 1992. "EC public finance", in Ludlow, Mortensen and Pelkmans, *The Annual Review of the European Community Affairs 1991*, pp.266-275; how the EP can be particularly protectionist in trade matters in C.Brewin and R.McAllister. 1992.

As for the time span of the research (1989-1993), some could also argue that it forces an artificial breakdown of the case which could deprive the analysis of a comprehensive vision. In this respect, I would like to stress that though these criticisms may be well grounded, the Copenhagen Council of 1993 marked a change of scenario characterized by the translation of EC relations with Eastern Europe from the area of foreign policy to the area of enlargement. Accordingly, policies and problems since 1993 would necessarily require a completely different framework from the one chosen here. Despite all the associated costs and risks, I have chosen intensity across one period rather than extension across two.

In all, I hope that these exclusions may be seen as pointing to tasks for future researchers rather than shortcomings of my own research. I expect to have covered both well and in depth the Council-Commission relationship, more specifically concerning the problems encountered by those in charge of foreign policy, i.e. the Ministers of Foreign Affairs and the Directorate General for External Economic Relations (DG I), in managing a complex foreign policy package such as that of the association agreements.

This goal has been made possible by the opportunity I had to work at the archives of the Directorate for Central Eastern Europe of DG I from October to December of 1994. The documents consulted cover most of the written history of EC relations with Eastern Europe. At the Council, these were: the minutes of the meetings of the Council of General Affairs as well as of the COREPER; the proposals presented by the Commission to the Council, either in a "non-paper" (discussion only) format, or in the official format of Commission proposals; the subsequent Reports of the Council Group on Eastern Europe (GEO) or the COREPER II after their examination; the directives for negotiations of the European agreements and their subsequent modifications, including the internal Council and/or Commission declarations; the particular contributions of member states, either at the Council's GEO or COREPER, as well as at the

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"Annual Review of the Activities of the European Community in 1991". *Journal of Common Market Studies*, Vol.30, No.3, September, p.335.

EPC Eastern Europe Working Group (EEWG), PoCo, or *Coreu* level.

At the Commission, documents included: the successive versions of Commission proposals as they passed through the inter-service consultation procedure; the minutes of the meetings of the Commissioners, as well as of their Chiefs of Cabinet; internal mail between Cabinet, directorates, and units within DG I; the correspondence between DG I and other DGs, as well as correspondence with the Polish, Hungarian, and Czechoslovak governments; the reports of EC delegations in Budapest, Prague, and Warsaw; the minutes of the meetings with Polish, Hungarian, and Czechoslovak representatives under whatever format in which they took place (EPC Troika plus Commission meetings, Mixed Committees, correspondence with DG I etc.); the successive drafts of agreements as negotiation evolved; the "notes for the file" drafted by Commission officials either summarizing the Council debates which they attended, or expressing their particular reading of the situation of a dossier or initiative<sup>99</sup>.

I have also extensively examined European Council statements, Council and Commission Press Releases, the Official Journal and the Official Bulletin, Eurostat statistics, COM and SEC documents which contain the positions the Commission express to the Council, Parliament resolutions and legal texts, as well as opinions of the Economic and Social Committee, whenever these were related to the subject under research.

To complement this written history, and taking into account that I only obtained a limited view of the "oral" or "informal" procedures which dominate any decision-making process, I conducted twenty-one interviews with senior and junior officials who had been or still were closely involved in the research subject. Besides diplomats at the Czech, Hungarian, and Polish Missions in Brussels, most interviewees had been or still were senior or junior officials in DG I (Directorate

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<sup>99</sup> The usage of these documents has presented some particular problems concerning the negotiations of the mandate, where I have attempted a "quantitative" comparison of the reserves expressed by member states. How this analyses has been carried out is the specific subject of an Annex to Chapter II.

General for External Economic Relations). Some worked in the geographical units which carried out the negotiations of the association agreements, some in the horizontal units (textile, agriculture, steel and coal), and some at the senior levels of DG I. Four interviews escaped from this rule: a member of a Commissioner's Cabinet; an official at the Forward Studies Unit; an official at the Directorate General for External Political Relations (DG IA) set up in 1993; and an official at DG VI (Agriculture) responsible for relations with Eastern Europe<sup>100</sup>.

In all the cases, interviews were conducted under conditions of confidentiality so as to assure that interviewees would be able to depart from the "official" version and express their personal views and feelings concerning the policy process and the crises and incidents which dominated it. I have quoted interviewees's statements whenever I believe that their particular vision of a problem or a process was in itself revealing. In other cases, interviewees have provided both contextual information as well as good leads to interpret particular pieces of evidence.

Besides documents and interviews, the reader will see an intensive handling of journalist sources (mainly the *Financial Times*, *The Economist*, *Reuters*, *Le Monde*, *El País*, *Agence Europe*, and *Europolitique*) whose access to the policy process at the moment where issues were being debated was of particular interest, but misleading in others. Thus, I have made clear when information is solely derived from these sources and when is derived from internal documents<sup>101</sup>.

Before introducing the structure of the research, one further precision is necessary. Though I will argue that the policy process in the external relations field is not so distinct from the policy process in other policy sectors as to preclude any comparative insights, it has to be duly noted that this case-study on the association agreements has

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<sup>100</sup> In October 1996, I conducted a further two interviews in the Spanish Ministry of Industry with respect to the Spanish threat to veto of December 1991.

<sup>101</sup> *Financial Times*, *The Economist* and *Reuters* are cited including the title rather than the page, because that makes their location easier for the existing CD-ROM or on-line retrieval systems which I have used.



some particular features which leave a marked imprint on the policy process.

Firstly, agreements reached between the EC and third parties will be enshrined in an international treaty from whose obligations the signatories cannot unilaterally evade. Thus, as the policy process is not incremental, bargaining among member states will be tougher. In other words, at least within the policy package, today losses can not be expected to be tomorrow gains.

Second, in spite of the fact that the association agreements involved matters of external economic relations which would otherwise be dealt with by majority voting, the association agreements, because they involved the setting up of common institutions, such as an association Council and an inter-parliamentary Committee, were a matter of unanimity. Taken together, these two conditions, in contrast to settings under qualified majority voting, where the threat of being outvoted, together with the certainty of endlessly iterated negotiations, usually raises member states willingness to compromise, presuppose considerable strains on package-dealing possibilities.

Third, no matter how obvious, there are third states with which the EC has to agree. This means that agreements among member states on the lowest common denominator do not necessarily put at end to the policy process, that is, internal agreement may not be sufficient to reach agreements and third parties may exert considerable pressure on an EC which is rather ill-equipped to be flexible.

Fourth, the Commission, more particularly DG I, negotiates with third parties on behalf of member states and not only with member states. Hence, caught in between third parties and member states, and sometimes also between these two actors and other Commission services, the complexities of the negotiation management process increase considerably, specially when both the collegial character of the Commission as well as the veto powers of the Council dictate that consensus must be the rule<sup>102</sup>.

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<sup>102</sup> Member states' veto possibilities include, in a wider sense, the fact that the Commission cannot either impose deadlines on member states or force the Council to vote yes or no to the agreements reached by the Commission as a whole -in fact,

In this sense, the fundamental element shaping this relationship between the Council and the Commission is the so-called "mandate". The mandate, or the "directives for negotiation", contains the goals of the negotiation and limit how far the Commission can go. Since this is a formal Council decision, after a Commission's initiative or proposal, the directives have to be enforced by the Commission, i.e., at least on paper, the Commission cannot negotiate further than authorized without being authorized by the Council to do so.

Having made these points, I will present the structure of the thesis and the hypotheses which will guide the research. As justified in the preceding section, rather than contrasting agreements reached in one pillar with the results achieved in another as the explanation of the policy gap this research is concerned with, I will attempt to portray an incremental model of foreign policy slippage characterized by successive and mutually reinforcing breakdowns, understood as deviations from the original goals of the policy, both *within* each phase, because of the particular structural elements characterizing bargainings, and also *between* each one, because of the prevailing dynamics of both anticipation and inherited impact.

*In Chapter I*, I will try to show how the Twelve, driven by the Commission, managed to reach agreement on a common policy towards Central Eastern Europe. However, an historical perspective of EC relations with Eastern Europe as well as an examination of the process by which this agreement was built shows that the consensus within the EC on the goals, scope, means, and content was rather weak or non-existent because of the suspected or confirmed implication and linkages of this policy for basic policy preferences and wide political and economic interests. Thus, in the bargaining over scope, i.e. the accommodation of member states preferences, we will see how the accumulation of negative linkages resulted in a defective consensus lurking behind apparent agreements.

*In Chapter II*, I will show that the internal negotiations on the content of the association policy represented a particular process and dynamic dominated by both a major detachment of decisions and

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the Council can force the Commission to renegotiate particular pieces of the package.

negotiations from a policy-oriented debate and a cost-aversion behaviour which led member states to exchange support for their respective particular exemptions, regardless of the global negative impact of these exemptions on the policy package. Hence, in bargaining over content, issue fragmentation opened the way for mismatch between scope and content.

Negotiations with Poland, Hungary and Czechoslovakia are the subject of *Chapters III and IV*. There, I endeavour to show how the continuous interference of the Council and other Commission services in the negotiations deprived DG I of the authority and manoeuvre margin a negotiator needs, as well as of the means necessary to close the distance between all the parties' demands. Furthermore, the presence of an increasing number of linkages, veto-actors, and interest groups led conflicts to cross-cut across issue areas, members states, and the Commission, leading to the breakdown and collapse of the decision-making system. The asymmetry of power between the parties made possible to recompose agreements at EC margins, but it contributed to the success of a defective policy package which would have to be corrected later on. In consequence, in bargaining with third parties, the proliferation of negotiation stages in the EC, and the subsequent diffusion of authority resulted in actor fragmentation, the spread of conflicting national interests, and overall incoherent behaviour.

*Chapter V* is concerned with showing that relations between the EC and the Visegrad Three during 1992 nullified the apparent paradox that the political dimension was the real achievement of the agreements in contrast to a limited trade package. In practical terms, both political dialogue under the EPC pillar as well as trade policies under the EC pillar ended in a similar cul-de-sac. In the process leading to the Copenhagen decisions of 1993, the paradox is further questioned. In fact, the limited trade measures paralleled the long in rhetoric but short in content package agreed at the political level. Given EC's past record, it was difficult to see how a unilateral revision of the agreements could correct the problems which had not been resolved during the bilateral negotiations. However, the policy gap was saved because the acceptance by the European Council of future Central Eastern European membership promised to change the

*1 / The EC and Central Eastern Europe...*

whole context in which bilateral problems would be addressed in the future. Thus, agreements reached with difficulty and at a high cost resulted in fragile equilibria. Then, an uncertain environment and negative linkages obstructed the policy gap from being correctly identified. This, in turn, meant that it was impossible for the EC to revise its policy framework, thus making inertia a superior policy option.

Two annexes will, hopefully, facilitate the reading. The first one offers a chronology of the main events. The second one deals with some specific methodological questions on how I have carried out the analysis of the process of mandate drafting in Chapter II and presents the comparison of the mandate proposal presented by DG I and the directives approved by the Council.

## CHAPTER I

### THE EMERGENCE OF AN ASSOCIATION POLICY: DEFECTIVE CONSENSUS

This chapter gives an account of the policy process which led the European Community to adopt a policy of association towards Central Eastern Europe in 1990. First, it examines the problems the EEC had historically confronted in its attempts to devise a joint *Ostpolitik*. Then, it looks at how the accession to power of Mikhail Gorbachev in the Soviet Union, and the path of economic and political reforms undertaken by the Polish and Hungarian leadership, finally enabled the EC to establish a policy of conditionality or differentiation towards Central Eastern Europe. Finally, as reforms in Central Eastern Europe progressed, it analyses how the problems raised by the reunification of Germany first precluded, and later conditioned, the design of the new policy of association on which the EC and the Twelve embarked in the second half of 1990.

## 1. The EC's search for an *Ostpolitik*

For most of the Cold War, the Soviet Union showed great hostility to the European integration process embodied by the European Economic Community (EEC). Then, during the detente period, the Soviet suspicions concerning the West's desire to undermine the cohesion of its bloc, as well as the EEC member states different goals and strategies with respect to East-West relations precluded, in spite of mutual economic interests, the normalization of relations between the EEC and the Eastern bloc. As a consequence, when detente came to a halt in 1979, and throughout the period leading to 1988, the EEC did not maintain official relations with the Soviet Union and its Eastern satellites. In these circumstances, Gorbachev's accession to power would pave the way for a new process of dialogue between the EEC and the Soviet Union. This would result in 1988 in the normalization of relations between the EC and the Council of Mutual Economic Assistance (CMEA). Thanks to this, the EC member states could finally engage, by way of a policy of conditionality expressed in trade and cooperation agreements, in promoting a greater independence of Eastern Europe from Moscow.

### *1.1. EC relations with Eastern Europe during the Cold War*

The imposition of Communist rule all over Eastern Europe by the Soviet Union between 1945 and 1948 signalled the start of the period known as the "Cold War". As Winston Churchill declared in his Fulton's speech, an "iron curtain" had fallen in Eastern Europe, dividing the continent in two. For many years, and in the light of the aggressiveness shown by the Soviet Union, the United States and its Western allies devoted all their energy to preserving the security of Western Europe. This meant that little room was left for any Western attempt to reverse or dilute Soviet rule in Eastern Europe.

At the same time, the Soviet push in the late forties, the fifties, and the early sixties, from Berlin to Korea and Cuba, contributed to the cohesion of the West and paved the way for American support for the political and economic integration of Western Europe. This

process of integration was widely perceived as the optimal solution, not only to the Soviet threat, but also to the military conflicts of the past, the economic recovery of Western Europe, and the need to control the new West German state.

The Soviet Union would adopt a twofold approach to Western multilateralism and the Western European integration process. On the one hand, it would try to frustrate the creation of joint organizations or undermine their cohesion once established. On the other hand, it would try to imitate these moves and strengthen its own control over its European satellites. However, the failure of this strategy would also be twofold. On the one hand, the West was not deterred from further cooperation and integration. On the other hand, the increase of Soviet control over its satellites led to major intra-bloc crises (Yugoslavia in 1948, the riots in East Berlin, Sofia and Prague in 1953, the Poznan and Budapest revolts in 1956, and the Czech rising in 1968). Thus, while the United States was able to extend its bloc power by strengthening its allies' independence, the Soviet Union found that its attempts to foster communist multilateral economic organizations (the CMEA, Council for Mutual Economic Assistance, was established in 1949) were quite problematic. True multilateralism required equality among members and implied more independence of Eastern Europe against Moscow and, thus, was never truly offered by Moscow. As a result, the Eastern European countries never accepted, on a voluntary basis, the disguised multilateralism through which the Soviet Union was seeking to strengthen its control over Eastern Europe. Hence, the successive reforms of the CMEA in 1960, 1962 and 1971 were mostly cosmetic and would not change the intergovernmental and Soviet-dominated nature of the organization<sup>1</sup>.

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<sup>1</sup> On Soviet responses to Western multilateralism and, most specifically to the process of European integration, see: K.Dawisha. 1984. "Soviet Ideology and Western Europe", in E.Moreton and G.Segal (eds) *Soviet Strategy towards Western Europe*. London: George Allen & Unwin, pp.19-38; I.John. 1975. "The Soviet Response to Western European Integration" in I.John (ed) *EEC Policy towards Eastern Europe*. Westmead: Saxon House, pp.37-58; J.Pinder. 1978. "Soviet views on Western economic integration", in G.Yannopoulos and A.Shlain (eds) *The EEC*

The combination of the Soviet push and the West's predominantly defensive attitude meant that, during the fifties, Eastern Europe did not come to constitute a policy target of the West. In fact, rhetoric on the "Captive Nations" of Eastern Europe did not translate into any practical policy move to lessen Soviet control over Eastern Europe<sup>2</sup>.

A combination of factors gradually ensured that this neglect of Eastern Europe would come to be abandoned. First, during the sixties, West Germany would progressively start to change the main tenets of its Eastern policy. Until then, the Federal Republic of Germany had maintained a policy of isolation toward the German Democratic Republic on the grounds of its "illegal" nature. However, at the beginning of the sixties, the accession of the Liberals of the FDP and the Socialdemocrats of the SPD to the federal government opened the way for a new policy, to be known as the *Ostpolitik*. Between 1962 and 1963, the first West German trade missions were dispatched to Romania, Hungary and Bulgaria and, by the turn of the decade, the results of the *Ostpolitik* were evident in both the 1970 Peace Treaty between the USSR and West Germany and in the 1972 Treaty between the two Germanies<sup>3</sup>.

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and Eastern Europe. Cambridge: Cambridge University Press, pp.107-126; S.Senior Nello. 1991. *The New Europe: Changing Economic Relations between East and West*. New York: Harvester Wheatsheaf, pp.15-23; Van Ham, *The EC, Eastern Europe and European Unity*, pp.51-72.

<sup>2</sup> B.Kovrig. 1973. *The Myth of Liberation: East-Central Europe in U.S. Diplomacy and Politics since 1941*. Baltimore: Johns Hopkins University Press, pp.99-210; Van Ham, *The EC, Eastern Europe and European Unity*; pp.15-32.

<sup>3</sup> The main tenet of this *Ostpolitik* was to replace the former policy of diplomatic isolation by a policy of dialogue and cooperation. Rather than seeking to force the immediate collapse of the German Democratic Republic, the Federal Republic sought to engage East and West in a dialogue which would lessen tensions. In the most optimistic scenario, the new policy of cooperation would eventually lead to the end of the division of Europe, and specially of Germany, while in any case, it would make the division of Europe more livable for Germans, reduce world tension, and provide substantial economic benefits (J.Joffe. 1987. "The View from Bonn: The Tacit Alliance", in L.Gordon (ed) *Eroding Empire: Western Relations with Eastern Europe*. Washington D.C.: The Brookings Institution, pp.129-187; R.Jain. 1993.



The convergence of the major powers around the policy of detente which followed was based on the combination of the peculiar state of domestic affairs in each of the main countries with a say on East-West relations. For the United States, the Kennedy presidency and the Cuban crisis, the Vietnam War, and the forced end of the dollar gold-exchange in 1971 spelt economic exhaustion as a crisis of leadership which made necessary to convince the USSR of the advantages of a cooperative *modus vivendi*. Meanwhile, for the Soviet Union, the economic slowdown, the subsequent need to import Western technology, and the problems of maintaining the cohesion of the Eastern bloc, from Czechoslovakia to Romania, combined with the Sino-Soviet split, counselled the consolidation of the status quo reached after two decades of tensions<sup>4</sup>. Simultaneously, in France, President De Gaulle was seeking to reduce the level of confrontation between the superpowers in order that Europe, and France in particular, could emerge as a greater power. At the same time, in Eastern Europe there was a widespread consensus on the need to gain more economic and political independence from the USSR as a way of obtaining much needed popular support for the political regimes.

However, behind the common Western perception of the need to add positive or active goals to the otherwise rather reactive policy of military containment, there were to be considerable differences in the approaches, strategies and instruments sought by the different countries.

Throughout the Cold War, Western foreign policies contained different combinations of, and even confusion between, three main strategies. "Accommodation" strategies were based on the belief that without major domestic changes in the USSR, Soviet control over Eastern Europe would be difficult to reverse. According to this logic, preserving and enhancing the economic and security benefits of detente appeared a better option than provoking the USSR through

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*Germany, the Soviet Union and Eastern Europe, 1949-1991*. London: Sangam Books, pp.1-111; E.Moreton. 1984. "The German Factor", in Moreton and Segal, *Soviet Strategy towards Western Europe*, pp.110-137).

<sup>4</sup> John, "The Soviet Response to Western European Integration", pp.44-54.

strategies of direct confrontation, such as economic warfare, or strategies of differentiation or conditionality with respect to its European satellites.

"Transformationist" strategies also preferred the preservation of the status quo against the risks of a return to a logic of confrontation. But, at the same time, they insisted on the idea that detente should be seen as an incremental process of confidence building which, in the long run, would foster social change and domestic-driven transformation in the Soviet Union and Eastern Europe. Accordingly, the emphasis was placed on long-term economic incentives, such as credits or technology transfers, the intensity of which could, at least on paper, be modified in accordance with the prevailing tendencies in Moscow, but without threatening total withdrawal on every new crisis. Thus, these strategies opted for long-term processes and were not reliant on the ability of the West to directly condition or shape Soviet short-term behaviour.

Finally, there were "dissolutionist" strategies aimed at raising the cost of non-cooperative behaviour as well as the price the Soviet Union had to pay to maintain its empire. Sanctions, embargoes, and isolationist tactics were seen in the United States, for most of the Cold War period, as the best way of conditioning Soviet behaviour. Though these strategies were abandoned during the detente years, in the eighties Reagan would attempt to use them again, provoking major divisions among the allies, who were not willing to renounce the benefits of detente<sup>5</sup>.

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<sup>5</sup> On transatlantic divergences see: G.Bertsch and S.Elliot-Gower. 1991. "U.S. COCOM Policy: From Paranoia to Perestroika", in G.Bertsch, H.Vogel and J.Zielonka (eds) *After the Revolutions: East-West Trade and Technology Transfer in the 1990s*. Boulder, Colorado: Westview Press, pp.15-32; L.Gordon. 1987. "Convergence and Conflict: Lessons for the West", in Gordon, *Eroding empire*, pp.292-328; P.Hanson. 1988. *Western economic statecraft in East-West relations: embargoes, sanctions, linkage, economic warfare, and detente*. London: Routledge, M.Mastanduno. 1985. "Strategies of containment: U.S. trade relations with the Soviet Union". *World Politics*, Vol.37, No.3, July, pp.505-531; B.Jentleson. 1986. *Pipeline Politics: The Complex Political Economy of East-West Trade*. Ithaca: Cornell U.P.; A.Stent. 1981. *From Embargo to Ostpolitik: The Political Economy of West German-Soviet Relations 1955-1980*. New York: Cambridge U.P.

As a result of these pronounced differences, Western governments, and specially the EEC member states, were frequently played off against each other by the Soviet Union<sup>6</sup>. Paradoxically, West Europeans showed greater cohesion in the face of the hostile USSR of the later forties, fifties and sixties, than against the more cooperative one of the seventies. If detente manage to contribute to the consolidation of the status quo, turn the Soviet Union into a conservative power, and allow both the East and West to reap the benefits of expanded economic relations, it evidently failed to foster an independent relationship between the West and the countries of Eastern Europe.

The EEC's Common Agriculture Policy (CAP), established in 1962, the European Coal and Steel Community (ECSC), which by 1963 had received foreign trade competencies, as well as the Common Commercial Policy (CCP), which was to be fully assumed by Brussels on 31 December 1969 had provided an excellent incentive for the six EEC states to engage in a common *Ostpolitik*. Moreover, the negative impact of these policies on Eastern European exports to the EEC was already visible to East European leaders at the beginning of the sixties. Accordingly, in spite of the official Communist policy of not recognizing the EEC, they had begun to establish specific trade arrangements whereby they obtained improved market access to the EEC<sup>7</sup>.

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<sup>6</sup> The EEC states failed to coordinate their economic instruments, such as trade, investment or borrowing, to introduce significant changes in Soviet behavior, or to increase Eastern Europe's independence from the USSR (see J.Pinder. 1975. "How active will the Community be in East-West Economic Relations?", in John, *EEC Policy towards Eastern Europe*, pp.71-92.

<sup>7</sup> On economic relations between the EC and Eastern Europe throughout this period, see: P.Hanson. 1978. "East-West industrial cooperation agreements", in Yannopoulos and Shlaim, *The EEC and Eastern Europe*, pp.127-206; P.Marsh. 1978. "The development of relations between the EEC and the CMEA", in Yannopoulos and Shlaim *The EEC and Eastern Europe*, pp.25-70; F.Müller. 1978. "Mutual economic dependence between EEC and the CMEA", in Yannopoulos and Shlaim, *The EEC and Eastern Europe*, pp.207-226; J.Pinder. 1976. "The Community and the State Trading Countries", in Twitchett, *Europe and the World*, pp.57-76; Van Ham, *The EC, Eastern Europe and European Integration*, pp.126-

However, apart from granting this limited market access, the EEC Six failed to integrate their national commercial policies. Given the structure and characteristics of the Eastern European and Soviet economies, the expansion of trade could only be achieved through hard-currency lending. But trading by means of export credits converted Western foreign economic policies into domestic industrial policies. As a result, the incipient *Ostpolitik* became a question of promoting domestic employment. Hence, the bilateral trade and cooperation agreements between the Western countries and Eastern Europe and the Soviet Union from the sixties to the mid-seventies constituted an indirect way of subsidizing domestic industries through state aids and hence were established as a domestic political priority.

The strategic impact of export credits could not be neglected. If the West could not coordinate the flow of Western lending towards the Soviet bloc, there would be scant opportunities to link trade to political and diplomatic concessions. Evidence for this came from the fact that the allies had agreed in the early sixties (not by chance in the economic committee of NATO) to stick to a minimum common denominator in the interest rates to be granted to the Eastern bloc. But, first the United Kingdom, in 1964, then Italy, in 1966, and later the other Western European countries, broke the commitment reached in NATO and engaged in massive long-term lending at quite low interest rates. The abundant supply of credit allowed the Eastern bloc to negotiate better and better conditions in return for fewer and fewer concessions. As a result, during the seventies, Eastern European and Soviet economies would borrow at better conditions than they would do in the eighties. The result of detente was that the West had generously financed the viability of the Soviet bloc<sup>8</sup>.

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139; G.Wild. 1991. "Les échanges entre la CEE et les états de l'Europe de l'Est", in J.Gautron (ed) *Les Relations Communauté Européenne-Europe de l'Est*. Paris: Economica, pp.29-40; P.Wiles and A.Smith. 1978. "The convergence of the CMEA on the EEC", in Yannopoulos and Shlain, *The EEC and Eastern Europe*, pp.71-106.

<sup>8</sup> 67 billion dollars flowed from the West to the East between 1974 and 1981, at the same time as there was a ten-fold increase in trade. Ironically, the abundant supply of Western credit at low rates meant that Eastern European leaders did not embark on the much-needed structural transformation. Thus, when Western credits

In a period characterized by the oil crisis and the subsequent economic recession, it was hard to convince EEC member states that the absence of a common strategy was seriously undermining their chances of weakening Soviet control over Eastern Europe. In face of the disarray in the EEC member states' foreign economic policies, the end of the transitional period for the Common Commercial Policy had to be postponed to 1974. Moreover, with the prospect of the suppression of the possibility of concluding bilateral trade agreements (EEC Article 113), export credits acquired renewed importance as an instrument of industrial policy. France, followed by the other member states, declared that export credits did not fall under the CCP competencies of the EEC. Though in 1975 the European Court of Justice would rule that Article 113 also included export credits, the resistance of member states with respect to this issue forced the European Commission to seek a consensual agreement on rates and conditions, rather than to try and impose its legal prerogatives on the issue on member states<sup>9</sup>.

The weak cohesion of the West, and specially of the EEC, during the sixties and most of the seventies strengthened the Soviet Union's negotiation position. The European Commission and the member states had agreed on a "twin-track" policy in their trade dealings with the Soviet block. This policy (also labelled the "parallel approach") consisted in accepting the normalization of relations between the EEC and the CMEA only insofar as this paved the way for bilateral trade agreements between the EEC and the Eastern European countries, taken individually. The EEC was right, from a legal point of view, to argue that EEC trade with the Soviet bloc could not be managed by the CMEA. Whereas the Rome Treaty and the Common Commercial Policy gave clear trade competencies to Brussels, and the EEC was a customs union, the CMEA was purely intergovernmental and had no competencies in external trade. But behind the legalistic

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ceased in the eighties, reforms would come too late (Z.Fallenbuch. 1983. *East-West technology transfer: study of Poland 1971-1989*. Paris: OECD, pp.85-86). Figures given by Senior Nello, *The New Europe*, p.78 and Van Ham, *EC, Eastern Europe and European Integration*, pp.83-84.

<sup>9</sup> Senior Nello, *The New Europe*, pp.67-68.

approach, the political rationale of this "twin-track" policy was evident: granting the Eastern Europeans the possibility of an autonomous trade policy towards the EEC would automatically assure them greater independence from Moscow. In contrast, dealing exclusively with the CMEA would reinforce Soviet control over its satellites.

However, until 1988 the USSR could continue to insist on conditioning the normalization of relations with the EEC to exclusive CMEA management of Eastern trade. Soviet exports to the EEC, mostly consisting of energy and raw materials, were not affected by the commercial barriers erected by the EEC. In contrast to Eastern Europe, whose exports to the EEC were adversely affected by the CAP and the ECSC, the USSR itself could afford to maintain its policy of tight control over Eastern Europe. Then, as it became evident that the EEC was not going to be able to modify the Soviet position, member states broke ranks and competed with each other in offering credits which resulted in a more than generous funding for Soviet technology imports. Thus, when the Soviet invasion of Afghanistan in 1979 and the imposition of martial law in Poland in 1981 brought detente to an end, the balance was clearly favourable to the Soviet Union. Meanwhile, the "twin-track" policy was merely a common desire to which member states and the European Commission paid regular lip service.

### *1.2. The lessons of the detente period*

The West, and specially the EEC, did not fail so dramatically to devise a common *Ostpolitik* merely because economic incentives overrode political concerns. As has been shown above, given Soviet need for Western technology imports, the competitive race in which EEC member states engaged actually reduced the economic gains which they could otherwise have achieved. As would occur again in the nineties, most of the problems of collective action faced by EEC member states during the detente period involved the existence of very different interpretations with respect to who should conduct the *Ostpolitik*, and the objectives of this policy.

In the first place, the prospect of a common *Ostpolitik* was closely related to the so-called "German question". Since the division of Germany at the end of World War II, East-West relations, intra-West relations, and specially West German foreign and European policies have been closely linked to the so-called "German question". Any issue affecting the status, position, or relative power of the Federal Republic would be the source of major crises during the Cold War and its aftermath. This was seen, first, in the late forties, when France refused to integrate its occupation zone into the projected new West German state. Then, in the mid-fifties, when the U.S. led rearmament of Germany confronted the French with a major internal political crisis which resulted in the failure of the European Defence Community (EDC). Later, in the mid-sixties, when the German socialdemocrats started to talk openly both of the future reunification of Germany and a new policy of cooperation with the USSR. Finally, on the eve of German reunification in the late eighties, when West German anchorage in NATO and a strengthened European Community appeared as the only elements which could make German reunification acceptable.

In the sixties and seventies, West Germany had devised an *Ostpolitik* through which it sought to lessen superpower confrontation and build closer ties with Eastern Europe and the Soviet Union. In turn, these ties would make the division of Germany more bearable and yield quite important economic gains. As it was evident that West Germany stood to benefit most from these moves, support for the new *Ostpolitik* was particularly intense in West Germany.

However, historical precedents dictated that Germany should not be allowed to embark alone on a new *Ostpolitik*. An exclusively German *Ostpolitik* always provoked suspicions in the West, and temptations in Bonn, that Germany could eventually seek a bilateral understanding with Moscow. The multilateralization of the West German *Ostpolitik* seemed to be the obvious solution to this problem. By making *Ostpolitik* the responsibility of NATO, the EEC, and the European Political Cooperation framework, the West would come to share, and control, West German goals. At the same time, West Germany would increase its chances of success and dissipate all doubts about its Western anchorage or a possible new

*alleingang*. Thus, if the West German *Ostpolitik* was to be successful, it was not enough that Bonn, in return for its commitment to NATO and the EEC, should be allowed to pursue it, NATO and EEC themselves had to implement that policy.

Already in 1962, German influence had added a dynamic element of promoting dialogue and lessening tensions to the otherwise rather defensive and static rationale of the Atlantic Alliance<sup>10</sup>. In parallel, throughout the sixties and seventies, the EEC would seek ways to normalize relations with the Eastern bloc in such a manner that the prospect of expanded trade relations would serve to foster dialogue between the two halves of Europe. Later, the newly created EPC machinery would also attempt to create a *communauté de vues* which would permit EEC member states to act with a coordinated, if not single, voice in East-West relations.

However, the basic lack of convergence over a series of crucial dimensions prevented the development of a common *Ostpolitik*. First, the question of who should conduct the common *Ostpolitik*, the EEC, its member states, or the West as a whole through NATO, was never resolved. De Gaulle and subsequent French leaders preferred to establish an independent relationship with Moscow, but Germany and the United Kingdom unconditionally sustained the transatlantic relationship with the United States. At the same time, Bonn wanted a stronger EEC with a political dimension (the EPC), but France resisted further integration. In the light of this stalemate, a majority of member states opted, first, to delay the introduction of the Common Commercial Policy and then to limit its content, when not openly circumventing its provisions<sup>11</sup>.

Second, it was not clear who policies should be targeted at. On the one hand, the USSR would feel threatened by Western dealings with the Eastern European countries. Besides, this would stand in

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<sup>10</sup> "The Future Tasks of the Alliance" (Harmel Report). Report of the Council Annex to the Final Communiqué of the NATO Ministerial Meeting, 14 December 1967.

<sup>11</sup> Pending the introduction of the CCP, the EEC Nine rushed to sign bilateral agreements with all Eastern Countries to take advantage of the exemptions for agreements signed before that date (Senior Nello, *The New Europe*, p.43).



sharp contrast to the spirit of detente. But apart from questions of principles, such dealings would simply not be tolerated by Moscow. On the other hand, acceptance of the USSR as the spokesman of its bloc would reinforce its control over Eastern Europe.

Third, *Ostpolitik* had to confront some difficult choices over the definition of its goals. In its attitude to Romania, Moscow had shown that it could tolerate some foreign policy independence in return for strengthened Communist orthodoxy. In Hungary, the price of acceptance of domestic economic reforms had been foreign policy orthodoxy. However, as the successive intra-bloc crises had shown, domestic political reforms were out of question. Retaliation for Western support for domestic change in Eastern Europe could well take the form of more belligerent attitudes on the part of Western European communist parties. In these circumstances, it was not easy to decide whether the West should award Ceaucescu-like foreign policies, as it did in 1980 with the signing of a Trade and Cooperation Agreement between Romania and the EEC, at the cost of strengthening totalitarianism, or, in contrast, whether it should stimulate processes of economic reforms which might ultimately make communism more tolerable to the peoples of Eastern Europe.

Moreover, apart from these general dilemmas, different member states had quite different points of departure with respect to Eastern Europe. For Germany, and to a lesser extent Italy, there were direct and specific "possession" goals to be achieved in Eastern Europe. Meanwhile, for a majority of Western European countries, the goals were merely "attitudinal", i.e, without taking risks, they wanted to share in the benefits of a greater climate of detente and improved economic relations. Finally, for other countries, specially France, preferences with respect to any *Ostpolitik* were shaped by "milieu" goals, i.e, concern over the way in which detente would affect its relative position in the European and international system<sup>12</sup>.

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<sup>12</sup> For a more thorough analysis of these terms, see P.Hassner. 1975. "Desirability, Objectives and Possibilities of a Common Ostpolitik", in John, *EEC Policy towards Eastern Europe*, pp.125-144. See also, P.Hassner. 1987. "The view from Paris", in Gordon, *Eroding empire*, pp.188-231; Joffe. "The View from Bonn", pp.129-187;

Thus, without convergence of the foreign policy goals of Western European countries with respect to the roles of NATO and the EEC, the West German *Ostpolitik* could not possibly be multilateralized<sup>13</sup>. At the end of the detente period, the EEC had an "autonomous" *Ostpolitik* but all in the wrong senses. First, trade incentives had only been linked, through the Helsinki CSCE process, to a more cooperative climate of global security, but not to domestic change in Eastern Europe or to a lessening of Soviet control over Eastern Europe. Thus, commercial instruments remained quite detached from political goals. Second, the EEC member states conducted their *Ostpolitik*, specially concerning economic relations, in an autonomous fashion vis-à-vis each other, with the European Commission playing only a very insignificant role. Finally, the only dimension in which *Ostpolitik* was not autonomous was precisely its most divisive one: the *Ostpolitik* was still widely linked to the divergences on the *finalité politique* of the process of European integration, the German question, and the role of the United States in the continent. In these circumstances, Western lack of cohesion meant that only fundamental changes in Soviet behaviour would make a common EEC's *Ostpolitik* possible, and desirable.

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E.Moreton. 1987. "The view from London", in Gordon, *Eroding empire*, pp.232-268.

<sup>13</sup> As has been noted: "in the absence of agreed political objectives, economic interests turned out to be divisive rather than unifying and where the EEC became involved in external relations, it represented the necessarily inward-looking perspective of a system in permanent crisis, trying not to upset what has been agreed internally with much difficulty" (F.Alting. 1975. "A Common Foreign Policy or Coordination of Foreign Policies: Problems, Implications and Prospects", in John, *EEC Policy towards Eastern Europe*, p.62).

### *1.3. Achieving an Ostpolitik*

Gorbachev accession to power in March 1985 enabled the EC to engage in a process in which all the requisites for a viable and consensual *Ostpolitik* would be progressively met. First, the Soviet Union accepted the normalization of relations with the EC on the "twin-track" principles proposed by the EC. Thus, Eastern European countries were allowed to negotiate and sign bilateral trade agreements with the EC. Also, the open encouragement of the processes of domestic change in Eastern Europe which characterized Gorbachev's policies permitted a common strategy of conditionality, differentiation, and selective incentives.

Within an extremely short period of time, the EC was freed from all the constraints which had prevented the definition of a common *Ostpolitik* for three decades. Now, the EC could deal directly with Eastern Europe. At the same time, it could promote domestic reforms in Eastern Europe without renouncing the benefits of a new period of cooperation. Furthermore, and most importantly, the common EC *Ostpolitik* of the second half of the eighties did not threaten Atlantic unity. It reinforced, rather than undermined, the European integration process, and did not interfere at all with the German question. For the first time, there was "consistency" between possibilities, interests, goals, and instruments. In this context, the EPC and the EC frameworks would work smoothly together.

The development of a common EC *Ostpolitik* began when the Italian Prime Minister, Bettino Craxi, then occupying the Presidency of the EC, visited Moscow in May 1985. Gorbachev recognized that the EC was acting as a political entity in world affairs and declared that time had come for the EC and the CMEA to normalize relations. However, the Soviet leadership did not elaborate further on this initial change of attitude, or at least not in the terms desired by the EC, and negotiations would not get under way until January 1987. Even then, the USSR continued to reject EC's "twin-track" approach for a whole year. In spite of Gorbachev's rhetoric on European fraternity and the

"common European Home", and in sharp contrast to the detente period, the Twelve were not tempted to back down<sup>14</sup>.

The cohesion of the and its strong bargaining position when negotiating more independence for Eastern Europe with the Soviet Union were facilitated by one crucial development: the Eastern European economies were clearly stagnating, and CMEA's share of EC imports was dropping back to the levels of the sixties<sup>15</sup>. Thus, only a new trade drive would allow the Eastern Europeans to earn the hard-currency they needed to modernize their economies, repay their foreign debt, and boost domestic consumption. On the part of the Soviet Union, Gorbachev soon had to recognize that it was contradictory to encourage economic reforms all over the Soviet bloc and, at the same time, deprive the Eastern Europeans of the instruments, mainly trade, which could sustain these reforms. Moreover, the USSR was also interested in increasing its energy exports to the EC in order to finance new technology imports.

Thus, there was a great asymmetry in the bargaining assets of the parties. Economic interests were not very urgent for the EC. In any case, it was interested in dealing individually with the Eastern

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<sup>14</sup> On this period, see P.Benavides. 1989. "Bilateral relations between the European Community and Eastern European countries: the problems and prospects of trade relations", in Maresceau, *The Political and Legal Framework of Trade Relations between the European Community and Eastern Europe*, pp.21-27; N.Kambaluris. 1989. "Le rapprochement et les perspectives des relations entre la CEE et le COMECON". *Revue de Politique Internationale*, Anne XL, n° 930, pp.18-24; J.Maslen. 1989. "A Turning Point: past and future of the European Community's relations with Eastern Europe". *East/West Relations*, No.24, pp.1-16; H.Matejka. 1988. "Trade and Cooperation between the Community and the CMEA: The Significance of the Joint Declaration of June 25th, 1988". European University Institute, Florence, November 11th; R.Matsson. 1991. "The EC and Eastern Europe - Perestroika of Perceptions", in Clesse and Vernon, *The European Community after 1992*, pp.284-293; S.Verny. 1988. "The EEC and CMEA: the Problem of Mutual Recognition". *Soviet and Eastern European Foreign Trade*, Summer, pp.25-37.

<sup>15</sup> In 1980, the CMEA accounted for 3.8% of the EEC's external trade. In 1989, this figure was only 2.7% Besides, Eastern foreign debt had risen from 7.8 billion dollars in 1981, to 16.2 in 1987 (figures from Wild, "Les échanges entre la CEE et les états del l'Europe de l'Est" p.32).

European countries, not with the CMEA. In contrast, it was quite obvious that the Soviet Union, and specially Eastern Europe, had a much more urgent need to normalize relations. Hence, the EC, knowing that time and, above all, internal cohesion, favoured the satisfaction of its geopolitical and economic interests, could sit and wait for Soviet acceptance of its parallel approach or "twin-track" policy<sup>16</sup>.

In these circumstances, throughout 1987 and during the first half of 1988, the EC's refusal to modify its negotiating position, and the combined pressure of the other CMEA members on Moscow and East Berlin, eventually forced first Gorbachev, and then Honecker, to accept the conditions set by the EC<sup>17</sup>. Thus, 25 June 1988 marked historical moment as the EEC and the CMEA normalized relations by means of a short Joint Declaration<sup>18</sup>.

Nevertheless, in spite of the Joint Declaration, the EC soon began to ignore the CMEA and concentrated on bilateral dealings, provoking tension between Brussels and Moscow for some time. The EC-Hungary trade agreement, signed by the EC Council in September 1988, had a quite important economic cooperation dimension, which theoretically should have been negotiated on a multilateral basis with the CMEA. Even more importantly, although the EC had no economic cooperation competencies as such, the EC member states desire to accompany trade agreements with adequate policies for promoting market reforms in Eastern Europe led the

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<sup>16</sup> See the proceedings of the 180th Meeting of the EPC's Political Committee on 18 December 1987. "The Twelve's Approach to the Soviet Union and the Countries of Eastern Europe" (COREU CPE/PRES/COP 670 of 21 December 1987) where the Political Directors discussed these issues.

<sup>17</sup> The final obstacle to the signing of the declaration was the Soviet and East German rejection of the inclusion of a statement identifying West Berlin as "EEC territory". The EC, again proving its cohesion, declared the issue unnegotiable and rejected all the other compromise solutions proposed by the USSR and the GDR (*The Economist* 1987/10/17 "East Germany Trick: COMECON and the recognition of the EC" and *The Economist* 1988/06/18 "Hello, comrades / Relations between the EEC and Comecon").

<sup>18</sup> Council. SG. "Comunicación a la Prensa", 7214 f/88 (Presse 103) of 25 June 1988.

Council of the European Community to base the agreement with Hungary on article 235 of the Treaty of Rome, besides the standard article 113 for trade agreements<sup>19</sup>.

The EC's confidence in its assets, the weak cohesion of the Eastern bloc, and the limited leverage of Moscow, were all confirmed by the fact that negotiations with Hungary and Czechoslovakia had opened before the CMEA and the EC had normalized relations. Actually, the Hungarian negotiators initialled (on 1 July 1988) the Trade and Cooperation Agreement with the EC only a few days after the Joint EC-CMEA declaration had been signed, and one month before the Hungarian government had established official relations with the EC (on 10 August 1988)<sup>20</sup>.

Once the EC had been allowed to engage in bilateral dealings with Eastern Europe, the wish to enforce a policy of promoting economic reforms appeared evident. Again, the Commission and the member states showed cohesion and firmness when confronting the choices derived from their policies of conditionality and differentiation. When the Czechoslovak government demanded that the suppression of specific quantitative restrictions awarded to Hungary should also be extended to them and threatened not to sign the agreements unless this demand was accepted, the Twelve and the Commission clearly specified the domestic reforms the Czechoslovaks would have to take if they wanted to secure the same

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<sup>19</sup> The Treaty of Rome article 235 had traditionally been used by member states as the legal base for expanding EC tasks to areas not covered by the treaty. However, rather than a legal base, what article 235 has always provided has been proof of the ease with which legal limits can be ignored when the necessary political will exists. The article reads: "If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, take the appropriate measures".

<sup>20</sup> CEC. Spokesman's Service. "Ouverture de negotiations CE/Hongrie en vue d'un accord de commerce et cooperation". *Press Release*, IP (87) 221 of 4 June 1987; CEC. Spokesman's Service. "Paraphe d'un accord de commerce et cooperation economique et commercial entre le Communauté et la Hongrie". *Press Release*, IP (88) 419 of 1 July 1988.

agreement as the Hungarians. That the EC was not bluffing was shown when the Czechoslovak government, which refused to follow the Hungarian path, had to accept an agreement with fewer trade concessions and no fixed schedules for trade liberalization. Thus, Husak's orthodoxy in Czechoslovakia was punished with a lesser ambitious agreement, based only on article 113 of the Treaty of Rome, and which included no provision for economic cooperation or the promotion of foreign investment<sup>21</sup>.

In September 1988, Hungary became the only communist country other than China to enjoy a complete "first generation" trade and economic cooperation agreement (TCA) with the EC<sup>22</sup>. Shortly afterwards, in July 1989, the G-7 meeting at L'Arch(Paris) gave the European Commission the role of coordinating all Western aid to the Eastern Bloc. In this way, the European Commission decisively increased its international status and erected the second pillar of its policy of conditionality. Significantly, the EC's assistance programme was baptised "lighthouse" (PHARE: *Poland et Hongrie Assistance à la Restructuration Économique*)<sup>23</sup>.

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<sup>21</sup> CEC. SP. "Initialling of a trade agreement on industrial products between the Community and Czechoslovakia", IP (88) 638 of 20 October 1988. Later on, on 24 April 1990, the negotiations with Romania for a TCA agreement were suspended due to concern about human rights concerns, whilst negotiations with Bulgaria were also frozen on July 1989 because of the treatment of the Turkish minority in that country. On the content of these first agreements and the differences between them see: J.Raux. 1991. "Les instruments juridiques des relations de la Communauté avec les états de l'Europe de l'Est", in Gautron, *Les Relations Communauté Européenne-Europe de l'Est*, pp.41-86.

<sup>22</sup> "Council Decision 88/595/CEE of 21 November 1988 relating to the conclusion of a Trade and Economic and Trade Cooperation Agreement with the People's Republic of Hungary". *QJL* No.327 of 30 November 1988, pp.1-34. The agreement was of a non-preferential nature. It included mutual awarding of the MFN status and respect for GATT rules for the conduct of trade. Also, there was a commitment by the EC to eliminate specific quantitative restrictions by 1992.

<sup>23</sup> CEC. Communication de M. Andriessen. "Assistance concertée en faveur de la Pologne et de la Hongrie. SEC (89) 1420. Bruxelles, le 2 août 1989. During the Commission's *Collège* meeting of 2 August, the Commissioners unanimously stressed the challenge faced by the Commission and restated the view that EC aid to Poland

All this proved that, in contrast to the past, when the appropriate existed, member states did not hesitate to expand the array of foreign policy instruments at the EC's disposal. It also showed that the question of consistency between the two pillars (EC and EPC) was not necessarily an unescapable problem. During 1988, the Twelve had agreed on a policy of prudent encouragement of change in Eastern Europe. Prudent because Gorbachev's motivations were not entirely clear and his calls for a "common European home" were immediately associated with the traditional pattern of Soviet behaviour, consisting in hampering both the European integration process and Atlantic cohesion. Hence, they were met with scepticism and were politely ignored<sup>24</sup>. Care was also taken not to repeat the mistakes of the 70s, when the Community lack of coordination and its internal differences had prevented it from exercising influence<sup>25</sup>. Caution was also advised

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and Hungary would be used to encourage other Eastern countries to follow similar political and economic paths (CEC. SG. "Extraits du COM PV (89) 976 du 2 août", 2ème partie, p.8).

<sup>24</sup> The Twelve coincided in interpreting Gorbachev's insistence on this concept as a typical Soviet device to divide the allies, both among themselves and against the U.S., and obstruct the EC's influence in Eastern Europe. Consequently, they firmly rejected any Soviet veto on the integration process, while affirming their positive policies: "we have nothing to fear in engaging in dialogue with Eastern Europe, in fact our cards are quite strong in such a discussion" (EPC. "Projet de rapport commune du Groupe de Travail Europe de l'Est sur la 'Maison Commune Européenne". *COREU/CPE/PRES/MAD* 180 of 1 March 1989. Quote extracted from the Danish contribution to the discussion *COREU/CPE/COP* 63, 28 February 1989).

<sup>25</sup> This view was summarized by President Delors in the Council of Rhodes: "I have expressed my concern about the risks of commercial outbidding between Western countries. This concern will be calmed if I had the feeling as a citizen that the Twelve countries that make up the Community would exercise a real influence on the development of East-West relations. Some believe we are having a real influence, I am a bit skeptical. I would like a wide-ranging strategic discussion from twelve democracies who are both concerned by what is happening in the East at the moment but are also concerned not to drop their guard and to protect their ideals of liberty and make progress in this way toward peace". Jacques Delors. "Press Conference Preceding the European Council in Rhodes", 28 November 1988. Commission's Documentation Center, Madrid.



by the very early and fragile stage of reforms in Eastern Europe, even in Hungary where they were most advanced<sup>26</sup>. Nonetheless, it was clear that, while this defensive or prudent attitude was still justified, Gorbachev's new perspective at East-West relations and, specially, on Eastern Europe, gave the Twelve more room for manoeuvre than they had ever had before<sup>27</sup>.

As seen above, in the past, EC member states had widely disagreed on the question of who should conduct *Ostpolitik*, the goals of this, and the countries it should be addressed to. Now, the only significant difference between EC member states was that of British and German concern not to undermine Gorbachev. This was shown in November 1988, when the German government expressed its concern that Brussels' undisguised indifference towards the CMEA went against the spirit of the Joint EC-CMEA Declaration and could upset the Soviet Union<sup>28</sup>. Similarly, in the European Council of

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<sup>26</sup> EPC. "Contribution de la Présidence sur la situation en Hongrie pour la prochaine réunion du Groupe de Travail Europa de l'Est". *COREU* CPE/PRES/MAD 207 of 7 March 1989.

<sup>27</sup> "Changes cannot be conceived as signals pointing to a Western-style democracy [...] However, they open serious perspectives for overall improvements in international relations. We should react in a constructive way so as to encourage positive evolution [...] maintain our own cohesion as Twelve [...] and stand up for our principles and values [...] Our objectives are achieving stability, security and cooperation in Europe" (EPC. Secretariat draft paper. "Relations of the Twelve with the Soviet Union and the other countries of Eastern Europe". *COREU* CPE/SEC 597, 27 October 1988). See also the proceedings of the Informal Meeting of EC's Foreign Affairs Ministers, held on Ioannina on 15-16 October 1988 (*COREU* CPE/SEC 577).

<sup>28</sup> German concern with the EC's polite neglect of the CMEA were expressed at the discussion held between John Maslen, Director for the Soviet Union at DG I (Directorate General for External Relations), and the Restricted Group of Ambassador's Advisers, or Eastern Europe Group, held in Brussels on 25 November 1988. There, a majority of member states, led by France and Spain, supported the Commission's approach that the Joint EC-CMEA declaration was the end of a period, a "mortgage" (sic) that had been paid off and not a point of departure. As Maslen stressed, Eastern European countries shared this approach, and only Moscow wished to assign, for obvious reasons, a new role to the CMEA (CEC. DG I E-2.

Rhodes in December 1988, the British government, though it did not question the new parameters of the EC's *Ostpolitik*, clearly stated its preference for a "wait and see" attitude<sup>29</sup>. Nevertheless, as the European Councils of Hannover, in June 1988, and Rhodes, in December 1988, showed, the internal consensus was quite solid. On these occasions, the Twelve welcomed economic reform processes in Eastern Europe and declared their will to take advantage of the available opportunities to promote the opening up of the economies and societies of Eastern Europe<sup>30</sup>.

Thus, in spite of these differences, the EC had adopted a firm, prudent and, above all, cohesive approach to the new opportunities provided by Gorbachev's policies. Significantly, the processes of European integration and the development of the new *Ostpolitik* were not, as had been the case in the past, undermining each other. Rather, the excellent synchronization between the European Council, the foreign ministers, and the European Commission's DG I overshadowed past polemics on the lack of consistency between the EPC and the EC pillars. For most of 1988 and at least part of 1989, external relations and the European integration process were reinforcing each other. However, this positive relationship would soon collapse.

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"Note for the File. Subject: Meeting of the Restricted Group of Ambassadors' Advisers". Brussels, 5 December 1988).

<sup>29</sup> D.Allen. 1992. "West European Responses to Change in the USSR and Eastern Europe", in Rummel, *Toward Political Union*, p.122.

<sup>30</sup> Consejo Europeo de Hannover. "Conclusiones de la Presidencia", 27-28 June 1989; Consejo Europeo de Rodas. "Declaración sobre el papel internacional de la Comunidad Europea", 2-3 December 1988.

## 2. European tensions

The moment for the West to live up to its Cold War rhetoric came in 1989. As we will see, even before the fall of the Berlin Wall, the EC's *Ostpolitik* was showing signs of weakness. But when the goal of "overcoming the division of Europe" appeared truly achievable after the fall of the Berlin Wall and the collapse of the communist regimes in Eastern Europe, the German question disrupted not only the process of European integration but also the incipient *Ostpolitik*. In the subsequent debate on how the Community should react internally and externally to the new European context, the process of European integration, German unification, and EC's *Ostpolitik* became closely and even confusingly intertwined in a fast-changing and uncertain context.

### 2.1. The German unification

In what was soon depicted as the "acceleration of history", what was believed to be a long process of political and economic reforms within the communist framework begun to reveal itself, first as a transition process towards democratic institutions, then as a direct challenge to Soviet rule<sup>31</sup>.

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<sup>31</sup> The acquiescence of Gorbachev to these processes was indisputable. On 8 September 1989, in a round-table on "East-West Dialogue", organized by the Italian Christian Democratic Party in Montecatini, the spokesman of the Soviet Ministry of Foreign Affairs, Gennadi Gerasimov, declared, quite unexpectedly and in a quite relaxed and ironic tone, that the Brezhnev Doctrine had been abandoned. He suggested the title of the Frank Sinatra's song ("I did it my way") as the basis of the new Soviet Doctrine on non-intervention in Eastern European Affairs (*FBIS-WEU* 89-174 of 11 September 1989, reproducing *ANSA* reports). However, it was on the occasion of President Gorbachev's visit to Finland one month later when this comment was widely echoed by the news agencies (*The New York Times* 1990/10/26 "Gorbachev Disavows Any Right of Regional Intervention", p.A1). See also G.Chafetz. 1993. *Gorbachev, Reform and the Brezhnev Doctrine: Soviet policy toward Eastern Europe*. London: Praeger; K.Dawisha. 1990. "Soviet Political and Ideological Perceptions and Policies Towards Eastern Europe", in A.Braun (ed)

After the Hungarian government dismantled its alarms systems along the Austrian border, Gyula Horn, the Hungarian Foreign Affairs Minister, announced, on 10 September 1989, that East Germans wanting to travel West were free to do so through Hungary. With the assent of Gorbachev, whose relations with Honecker's East Germany had undergone a sharp deterioration, the Hungarian government had raised the iron curtain and had managed to export its domestic reform policies to the reluctant leadership of the GDR, Czechoslovakia, Romania, and Bulgaria. When in the space of just two weeks, 24,000 East Germans crossed to Austria en route to West Germany, the position of Honecker's government as well as intra-German relations were put under enormous strains<sup>32</sup>.

The fall of the Berlin Wall and the events in Eastern Europe shook the basic pillars on which the Community had based its existence. The prospect first, and the reality afterwards, of German reunification revived the debate on the future evolution of the Community. But this occurred in the worst possible context, i.e., one of uncertainty.

Uncertainty encompassed the future geopolitical status of Germany, the process of reform in the Soviet Union and Eastern Europe, the European integration process, and, even the American commitment to Europe. In short, uncertainty affected the basic cornerstones of the European order established after World War II. Now, the West had the opportunity to influence directly, rather than by mere rhetoric or "just by being there", the East. But in turn, the West, and specially the EC, would also be exposed to influence from the East. In order to solve this confusion of elements and relationships, it was necessary first to untie the main knot, i.e., German reunification.

It seems clear that without the reappearance of the "German question", the European integration process would have been affected

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*Soviet-East European Relationship in the Gorbachev Era*, Boulder, Colorado: Westview Press, pp.9-25.

<sup>32</sup> The German government welcomed the Hungarian decision but could not hide its anxiety over the probable collapse of the GDR (*FBIS-WEU*-89-178, 15 September, and *FBIS-WEU*-89-184, 25 September).

by the revolutions in the East in a different, and less dramatic, way. However, any modification of the status of Germany was by any standard the most fundamental and potentially divisive change that could occur in Europe. The natural anxiety that German unification provoked, even in Germany itself, was related to the increase in Germany's power and size, but, above all to fears that West German leaders would sacrifice their Western anchorage in return for Soviet acceptance of reunification.

Past experiences, from the Rapallo Treaty of the 20s to the Soviet-German Pact of 1939, led many to consider a neutral, unified Germany as a "loose cannon on the deck" (in the crude expression coined by Henry Kissinger). Hence, from the fall of the Berlin wall in November 1989 to the unification in October 1990, the policy of both the West and East essentially consisted of seeing how far, and how alone, West German leaders were willing to go on the issue of unification<sup>33</sup>.

At the same time, a great deal of effort was devoted to convincing the USSR that a reunified Germany within NATO and a strengthened EC was also a better guarantee of its own security. But, along with the unease this issue provoked in all capitals, there was evidence that there was no consensus within Western ranks as to how far Germany would continue to be anchored in the West.

For Thatcher, and her opinion mattered because she represented one of the four Victorious Powers with control over the future of Germany, NATO and the EC, as they then existed, were sufficient to maintain a future reunified Germany firmly anchored in the West. But this approach to German reunification did not mean that Thatcher and Kohl were developing an entente. Thatcher's vision was based on deep-rooted suspicion of Germany and the subsequent need for Britain to preserve the balance of power in Europe. Hence, she opposed unification on the grounds of the imbalance of power the new German state would create in Europe<sup>34</sup>.

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<sup>33</sup> On these fears, see P.Bender. 1991. "Around the Unification of Germany". *Polish Western Affairs*, Vol.32, No.1, pp.17-30; M.Blaisse. 1991. "(Central) European Insecurity". *European Affairs*, December, No.6, pp.42-43.

<sup>34</sup> See her interview in *El País* 1995/11/05 "¡Tenemos una Europa alemana!", p.8).

This argument was, of course, the natural corollary of her lack of interest in the European Community as an institutional solution to the traditional problems of Europe. Relations between Germany and the United Kingdom deteriorated significantly in 1990, because of divergences over the future development of the EC, the British undisguised mistrust of German intentions, and the polemics about the Polish-German border. Moreover, things were not made any easier by the poor personal relation between Kohl and Thatcher<sup>35</sup>.

A glance at the predominant reactions in France showed that the Community's basic Paris-Bonn axis was under tremendous pressure. On a visit to Bonn at the beginning of November 1989, Mitterrand had declared that reunification could take place in ten years time within a new European structure. Then, Helmut Kohl proclaimed his "ten points" on unification on 28 November 1989 without consulting with his NATO allies or the EC partner states<sup>36</sup>.

Thus, when the crucial moment came, the framework of the European Political Cooperation had shown itself to be of little use. Worse still, immediately after the ten points, President Mitterrand had rushed to Kiev in what was interpreted as an offer to Gorbachev of a new version of the traditional *alliance de revers* with the Soviet Union and Eastern Europe to balance German power. Then, just before Christmas, on a visit to East Berlin, Mitterrand declared his support for maintaining the status quo based on two German states. When Mitterrand and Kohl met on 4 January 1990, the cooling off of bilateral relations was evident and the anxiety which reunification provoked in Paris impossible to hide<sup>37</sup>.

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<sup>35</sup> On the negative reactions of British and other West European leaders to German reunification see L.Richardson. 1993. "British State Strategies in the New Europe" in Keohane, Nye and Hoffmann, *After the Cold War*, pp.148-172; S.Van Evera. 1990. "Primed for Peace: Europe after the Cold War", *International Security*, Vol.15, No.3, specially p.7-.

<sup>36</sup> On the "ten points" see K.Jaraus. 1994. *The Rush to German Unity*. Oxford: Oxford U.P. pp.67-.

<sup>37</sup> *Financial Times* 1990/01/04 "Worried France treads warily round issue of German unity".

Even more problematically, whereas the United Kingdom and Germany could at least coincide in supporting a NATO solution to German reunification, Mitterrand was naturally reticent about the prospect that U.S. presence in Europe would be strengthened as a result of German reunification. Thus, the Gaullist dream of a Europe freed from superpowers' control was becoming a nightmare to Mitterrand. It was becoming evident that the division of Germany and superpower confrontation had been the basis on which French control over Germany had itself been sustained<sup>38</sup>.

Thus, the Bonn-Paris-London triangle was in terrible disarray<sup>39</sup>. Bonn would try to improve relations with both countries, but it was soon evident that the hostility of both the British and French could hardly be the basis of a trilateral solution to the problem. Thatcher and Mitterrand had trusted on their power of veto over the path of future German reunification. However, when the East German citizens forced the collapse of the German Democratic Republic, by voting with their feet, all the possible scenarios envisaged by Thatcher and Mitterrand collapsed as well. From then on, Paris and London's confusion marginalized them from the process of German unification,

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<sup>38</sup> As Stanley Hoffmann wrote, the French attitude towards the new changes could be described as "reaching the goal but not liking the landscape" (S.Hoffmann. 1993. "French Dilemmas and Strategies in the New Europe", in Keohane, Nye and Hoffmann, *After the Cold War*, p.128). For a similar view see also R.Tiersky. 1992. "France in the New Europe". *Foreign Affairs*, Vol.71, No.2, Spring, pp.131-146. As Dominique Moïsi, deputy director of the French Institute for International Affairs (IFRI) had declared on November: "We are looking at the challenges of the 21st century through the fears of the 19th century" (cited in *The New York Times* 1990/11/09 "Fears in Paris: Ties to Bonn Will be Hurt", p.A13).

<sup>39</sup> The reasons for the divergence of views between France, the U.K. and the U.S. were explained in the following terms by Karl Kaiser: "For Britain and France, German unity was foremost a question of accommodating a new power. For the United States it represented, above all, the prevalence of American-supported values in Europe and the success of the postwar struggle against Soviet expansionism and its imperial hold over Eastern Europe. Consequently American statesmen could support German unity in terms rarely heard from their counterparts in Europe, including Germans themselves." (K.Kaiser. 1991. "Germany's Unification". *Foreign Affairs*, Vol.70, No.1, p.188).

the security aspects of which were resolved by Chancellor Kohl and Genscher directly in Washington and Moscow<sup>40</sup>.

But before a solution could be found, both France and the United Kingdom did everything possible first to veto, and then to control the process. For its part, the German leadership would not do much to help the other states to overcome their anxieties. At the end of January 1990, Hans Modrow, the East German Prime Minister, demanded that the unified Germany be a neutral one. Then, when Genscher stated that "anyone who wants to extend NATO's borders to East Germany is slamming the door on a united Germany", Western fears that West Germany would sacrifice its Western anchorage increased<sup>41</sup>.

Though Kohl and Genscher immediately denied that they were considering neutrality, it was evident that they needed something to offer to Gorbachev, and that Paris and London did not offer much help in finding a tolerable formula. Rather, Thatcher insisted that Kohl should slow down the process<sup>42</sup>, Mitterrand demanded that he be allowed to participate in consultations between Moscow, Washington, and Bonn<sup>43</sup>, and Andreotti added a further complication by asking for a speeding up of the monetary integration process within the EC (an issue which Germany could not possibly handle at that moment)<sup>44</sup>.

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<sup>40</sup> See: *Financial Times* 1990/02/02 "Allies warned to take German unity seriously"; *Financial Times* 1990/02/03 "US to review its policy on German unity"; *Financial Times* 1990/02/09 "Genscher urges West to back unification"; *Financial Times* 1990/02/12 "Way to unity is clear says Kohl: Moscow gives East and West Germany free hand on unification"; *Financial Times* 1990/02/13 "Allies agree German schedule"; *Financial Times* 1990/07/17 "Gorbachev agrees to Nato deal: Kohl hails 'breakthrough'".

<sup>41</sup> *Financial Times* 1990/01/30 "E German military future splits West".

<sup>42</sup> *Financial Times* 1990/02/01 "Kohl 'encouraged' by Gorbachev hint on German unity".

<sup>43</sup> *Reuters* 1990/02/14 "France pressing Kohl to consult on German unification".

<sup>44</sup> *Reuters* 1990/02/13 "Europe must speed up Monetary Union, says Andreotti". President Mitterrand would join Andreotti in demanding that the IGC should open, as a political gesture, before the all-German elections scheduled for 2 December 1990.



In any event, by mid-February 1990 Kohl and Genscher had obtained the United States preliminary acceptance of reunification. Having convinced President Bush and State Secretary Baker that reunification was inevitable, in Ottawa, they had obtained NATO's backing for a 2+4 formula (the two Germanies plus the four victorious powers) for negotiating the international aspects of German reunification. Meanwhile, Delors had agreed with Genscher to exchange the EC's support for the reunification of Germany for a strengthening of the EC.

However, the elections in East Germany, scheduled for 18 March 1990, introduced new and important elements of tension into the process. Kohl needed a sizeable victory of the East German "Alliance for Germany" coalition, backed by his party (CDU), to ensure that reunification would remain under his control. Both the CDU-CSU and the extreme right "Republikaners" were pressing for a speedy reunification process, and nationalist sentiment in Germany was high. When Kohl was asked about his position on the ratification of the Oder-Neisse border between East Germany and Poland, he answered that only a reunified Germany could take such step. Then, on 2 March 1990, he linked the final recognition of the Polish-German border to the renunciation by the Polish government of its demand for war reparations, and to the provision of guarantees for the rights of the German minority in Poland.

International reactions to these statements for electoral consumption showed that Kohl had made a gross miscalculation. Even at home, the Liberal party of Foreign Minister Genscher (FDP) and the Socialdemocrats of the SPD sharply criticized Kohl<sup>45</sup>. Above all in London and Paris, the still fragile consensus on German reunification fell apart. Most visibly, Thatcher refused to be bound by the agreements reached by Delors and Genscher. As far as she was

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<sup>45</sup> *Financial Times* 1990/03/05 "Political allies and opponents attack Kohl over Poland issue"; *Financial Times* 1990/03/05 "France likely to back Poles in frontier row"; *Financial Times* 1990/03/06 "West German discord over Polish border issue widens".

concerned, a reunified Germany would not be automatically accepted into the EC<sup>46</sup>.

Tensions rose in the build-up to the East German elections because Kohl could not risk backing down from his statements on the Oder-Neisse question, as to do so might turn the electorate against him. When elections were finally held, the 48% of the vote obtained by the "Alliance for Germany" showed that the East German electorate had opted for a fast reunification process under the control of Chancellor Kohl. The SPD, advocating a slower reunification process which would follow article 146 of Bonn's Fundamental Law (requiring the drafting of a joint constitution), had been completely defeated. The elections in East Germany forced Paris, London and Moscow to accommodate their *realpolitik* views to the popular will of Germans for a speedy reunification process. As a result, the following months saw rising pressures on NATO, the EC, and the USSR to reach a rapid settlement on the international aspects of German reunification<sup>47</sup>.

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<sup>46</sup> *Financial Times* 1990/02/27 "Genscher takes issue with Thatcher".

<sup>47</sup> D.Grosser (ed). 1992. *German Unification: the Unexpected Challenge*. Oxford: Berg; S.Szabo. 1992. *The diplomacy of German unification*. New York: St. Martin's Press; G.Wettig. 1991. "German Unification and European Security". *Aussenpolitik*, Vol.42, No.1, pp.13-19; P.Zelikov and C.Rice. 1995. *Germany Unified and Europe Transformed: A study in statecraft*. Cambridge, Mass.: Harvard U.P.

## 2.2. Untying the German knot

Once the general principle of German reunification had been accepted, its implications had to be dealt with at two levels: at the Community and at the international level. At the Community level, the German government started to work out the details of the agreements reached with President Delors on the strengthening of the Community. Testifying to the recovery of Bonn-Paris axis, at the Dublin extraordinary European Council meeting of 28 April 1990, Kohl and Mitterrand presented a joint proposal on political union, which was essentially intended to strengthen the EC's foreign policy capacity and its democratic legitimacy. Moreover, they restated their commitment to the implementation of the single market and managed to intensify the preparatory work for the Intergovernmental Conference (IGC) on Economic and Monetary Union (EMU), which was scheduled to begin in December. As for EC's foreign relations, the Twelve agreed to "immediately" start internal discussion of the association agreements and the negotiations with EFTA in the light of the achievement of the European Economic Area. At the same time, they declared their commitment to laying the basis for a new European order within the framework of the CSCE<sup>48</sup>.

In return, Kohl obtained EC approval for his reunification plan. If East Germany entered the EC as a 13th state, this would require inevitably prolonged accession negotiations and a reform of the EC treaties. However, if the EC accepted the terms established by article 23 of the German constitution, whereby five new *Länder* would be added to the German Federal Republic, reunification could proceed more swiftly. In return, Germany would not, in spite of the incorporating of 17 million new citizens, ask for a change of its voting power in the Council of the EC. According to the plan jointly designed by Kohl and Delors, the monetary union between the two Germanies, to take place on 1 July 1990, would be the first phase of GDR's integration into the Community and the formal union between the two Germanies would open the transitional phase of the new

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<sup>48</sup> CEC. SG. "Conclusions de la Présidence, Conseil Européen". SI (90) 290, Bruxelles, le 28 avril 1990. Document SN 46/3/90.

*Länder* integration into the EC. Thus, reunification and integration into the EC would run in parallel<sup>49</sup>.

However, while Paris and Bonn had started to iron out their differences, and a confident Kohl could now opt to strengthen the European Community by adding to the IGC on economic and monetary union another IGC on political union, London and Bonn could only agree on the wider question of the status of Germany within NATO<sup>50</sup>. In contrast, London seemed to fear that another push for integration would seriously weaken the completion of 1992 Single Act program, in which it was deeply interested<sup>51</sup>.

Then, once it became clear that German reunification was to be solved within a European context, it was easier for the USSR to accept the continuity of West German anchorage in NATO. The international aspects were settled on 12 September 1990 through the "Treaty on the Final Settlement with Respect to Germany". The new Germany was to be anchored to NATO and committed itself to change its constitution to eliminate any suggestion that its territorial unification was not complete. Moreover, Germany would sign a bilateral treaty with Poland ratifying the Oder-Neisse border. Then, on 3 October 1990, the former Eastern Germany became five new *Länder* of the Federal Republic of Germany<sup>52</sup>.

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<sup>49</sup> CEC. Communication de la Commission. "La Communauté et l'unification allemande". SEC (90) 751f, Bruxelles, le 19 avril 1990; G.Langguth. 1991. "Germany, the EC and the Architecture of Europe. The German Question in the Context of the EC". *Aussenpolitik*, Vol.42, No.1, pp.137-114; P.Merkl. 1993. *German Unification in the European Context*. Pennsylvania: Pennsylvania U.P.; D.Spence and P.Ludlow. 1992. "The EC and German unification", in Ludlow, Mortensen and Pelkmans, *The Annual Review of the European Community Affairs 1991*, pp. 283-299.

<sup>50</sup> Even after the elections, Thatcher and Kohl would not be able to resolve their differences. Thatcher declared to *Der Spiegel* that in Strasbourg in December 1989, she had heard Kohl declare: "I make no guarantees, I do not recognize the current border". Kohl immediately denied it, while Downing Street limited itself to affirming that *Der Spiegel* had accurately reported Thatcher's declarations (*Financial Times* 1990/03/25 "Kohl says he was misquoted by Thatcher").

<sup>51</sup> *Reuters* 1990/01/18 "UK calls for EC push to complete 1992 Program".

<sup>52</sup> G.Gornig. 1991. "The Contractual Settlement of the External Problems of German Reunification". *Aussenpolitik*, Vol.42, No.1, pp.3-12; K.Kaiser. 1991.

### 2.3. Strains in the EC's *Ostpolitik*

Even before the Berlin Wall fell, the evolution of reforms in Poland and Hungary during 1989 was weakening the EC's consensus on *Ostpolitik*. In February, the Polish government engaged in negotiations with the opposition, and in May, the Hungarian leader, Janos Kadar, was forced to resign as Party President.

Early that month the Trilateral Commission presented a report on East-West relations. The co-authors of this report, Valéry Giscard d'Estaing, Yasuhiro Nakasone, and Henry Kissinger, largely agreed with the path taken by Western responses to the perestroika process initiated by Gorbachev in the Soviet Union, but they were more critical of EC policies towards Eastern Europe. More specifically, they demanded a less cautious and more courageous approach, suggesting that the EC should devise a special category of association towards Eastern Europe. The proposal made no attempt to hide its geopolitical orientation. Their specific appeal to the EC's Article 238 was thus a critique of the prevailing policy of cooperation. The EC was seen as the most appropriate Western institution for bringing Eastern Europe closer to the West. It would lessen Soviet control over Eastern Europe, promote economic and political changes in the East, and, at the same time, due to its predominantly economic content, Moscow would find it rather difficult to veto<sup>33</sup>.

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*Deutschlands Vereinigung: Die Internationale Aspekte*. Bastei-Lübbe: Bergisch Gladbach; Z.Mazur. 1991. "The International Aspects of the Unification of Germany". *Polish Western Affairs*, Vol.32, No.1, pp.35-52.

<sup>33</sup> In the Spanish preface to the Report, Miguel Herrero de Miñón attributed the idea of establishing association agreements to Giscard d'Estaing. According to Herrero, Giscard was thinking in terms of a global association framework. However, he noted that the proposal was not accepted by Brussels, which preferred for the moment to concentrate on bilateral trade and cooperation agreements. The report, prepared and discussed during the Winter of 1988-1989, already stressed that if reform in the East was successful, the integration of these countries into the Community would be inevitable (V.Giscard d'Estaing; Y.Nakasone and H.Kissinger. 1989. "East West relations". *Foreign Affairs*, Vol.68, No.3, Summer, p.13. The

In these circumstances, the German government started to reconsider the cautious approach it had adopted until then and demanded that the other member states also developed a more courageous strategy with respect to Eastern Europe. However, Genscher did not specify the kind of policies that would best represent the new approach he was demanding. Immediately afterwards, Margaret Thatcher would join the German leadership in seeing events in the East as an opportunity for a sweeping transformation of East-West relations rather than for a new 70s-like period of detente<sup>54</sup>.

Nevertheless, as the statements of the NATO Summit held in May 1989 proved, whilst the allies were convinced of the need to be more active in their *Ostpolitik*, they were also specially worried by the prospect of a possible reappearance of tensions among them<sup>55</sup>. Still, in spite of the internal discussions over its scope and content, the EC's *Ostpolitik* was highly autonomous from the internal agenda of European integration. As the European Council of Madrid in June

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preface by M.Herrero de Miñón in Giscard, Nakasone and Kissinger. 1989. *Relaciones Este-Oeste*. Madrid: Tecnos, pp.9-40).

<sup>54</sup> On 27 April 1989, the German Foreign Minister, Genscher told the Bundestag: "The Central question for the West is whether it regards the democratization and reform of the socialist countries as a danger or as an opportunity that it is willing to make use of. The answer can only be: this is an historic opportunity. We must not let it slip by, nor idly look on from afar, but must seek to exercise creative influence. This is our responsibility!" (Speech reproduced in L.Freedman. 1990. *Europe transformed: documents on the end of the Cold War*. New York: St.Martin's Press, pp.281-285).

<sup>55</sup> On the one hand, NATO leaders assured that "we will reward those who have the courage to make hard choices", but, on the other hand, they reminded themselves that "the key to successful management of East-West relations is the successful management of West-West relations. United we will determine events, divided we will be the victims of events determined by others" (NATO Meeting at the Level of Heads of State and Government. Brussels, 29-30 May 1989. *NATO Review*, No.3, June 1989, p.21).

1989 showed, the events in the East were not having a negative effect on the 1992 program or on the plans for the Monetary Union<sup>56</sup>.

A much more clearer picture of what Eastern European reformers were trying to achieve emerged during the Summer of 1989. In the Polish elections, held on 6 June 1989, Solidarity obtained 92 of the 100 seats being contest in the Senate, and 160 of the 161 seats in the Parliament (*Sejm*). Given this undisputed victory, on 14 August President Jaruzelski was forced to name Tadeusz Mazowiecki, a "Solidarity" man, to take the post of Prime Minister<sup>57</sup>.

The initial reactions of the West to the developments in Eastern Europe was one of undisguised satisfaction and jubilation<sup>58</sup>. Hence, agreement was immediately reached on the Community's responsibility for assuring the satisfactory success of political and economic reforms. And declarations of their commitment to supporting the Hungarian and Polish reform processes could be heard from all Western leaders<sup>59</sup>.

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<sup>56</sup> Consejo Europeo de Madrid. Comunicado Final. "Conclusiones de la Presidencia". Document SN 254/1/89. 26-27 June 1989.

<sup>57</sup> For a more detailed account of these events see the chapters on Poland ("The Crowning of Solidarity") and on Hungary ("Toward the Civil Society") in J.Brown. 1991. *Surge to Freedom: the end of Communist rule in Eastern Europe*. Twickenham: Adamantine Press, pp.71-98 and pp.99-124, respectively; R.East. 1992. *Revolutions in Eastern Europe*. London: Pinter; T.Garton Ash. 1990. *The Magic Lantern: The Revolutions of '89 Witnessed in Warsaw, Budapest, Berlin, and Prague*. New York: Random House.

<sup>58</sup> See for example President Bush's speech to the Polish Parliament on 10 July 1989: "Your achievement has surpassed all expectations and has earned all our admiration [...] by creating political structures legitimized by popular will, your reforms can be the foundation of stability, security and prosperity, not just here but in all of Europe, now and into the next century [...] Western democracies will stand with the Polish people" (Reproduced in Freedman, *Europe transformed*, pp.333-334).

<sup>59</sup> As Margaret Thatcher wrote to Presidents Bush, Mitterrand, Delors, and Chancellor Kohl on 4 September 1989: "The choice of a leader of Solidarity to head a Polish government is an astonishing development of historic significance. I believe it is in our strong interest that it should not fail. A successful Poland would be an irresistible example to other countries in the region and there would be a real chance for a peaceful, new and better order in Europe. There are limits to what the West can

At the G-7 meeting in L'Arche on 14-17 July 1989, the European Commission obtained a mandate to coordinate international aid to Hungary and Poland. The G-24, comprising the EC member states, the EFTA countries, the U.S., Canada, Japan, Australia, New Zealand, and Turkey, as well as all the relevant institutional financial institutions (OECD, IMF, the World Bank, the IBRD, the EIB, and, later, the EBRD) held its first meeting on 1 August 1989. Five priority areas were defined: food aid, foreign investment, market access, the environment, and training and formation.

A cascade of support measures followed. On 21 September, the G-24 launched a plan for the stabilization of the Polish financial system. On 26 September, the Commission presented the main lines of its PHARE action program for the rest of 1989. On 24 October, Mitterrand presented his idea of establishing an international bank specifically targeted at financing economic reforms in Eastern Europe. Meanwhile, the food stocks of the EAGGF were freed to relieve the Poles<sup>60</sup>.

Trade measures also followed. On 29 November, the EC-Hungary Mixed Committee discussed the adaptation of the 1988 Trade and Cooperation Agreement. The package, approved by the EC Council on 6 December 1989, brought the suppression of the EC's specific quantitative restrictions forward to 1990, instead of 1995, suspended for 1990 the non-specific quantitative restrictions, and included these two countries in the Generalized System of Preferences (GSP). The package was extended to Poland after the meeting in 4-5 December 1989 of the EC-Poland Mixed Committee which revised the Trade and Cooperation Agreements signed by the two parties on 19 September<sup>61</sup>. These three measures were in fact

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do in these conditions. But we should give such support to the new Polish government as we can; they expect no less. Future generations would condemn us if we miss or fumble this historic opportunity" (Office of the Prime Minister. 10 Downing Street. London SW1 2AA, in CEC: DG I-L Archive).

<sup>60</sup> Food aid had been approved by the Agriculture Council on 24 July 1989 (*OJ-L* No.326 of 4 November 1989 and *Bull. EC* 11/1989, points 2.2.25 and 2.2.26).

<sup>61</sup> *OJ-L* No.326 of 11 November 1989; *OJ-L* No.339 of 22 November 1989; *OJ-L* No.362 of 12 December 1989.



hailed by the observers as the most important breakthroughs in EC-Eastern Europe relations: by partially removing the restrictions on Eastern exports to the EC, they assured the survival of the Polish and Hungarian economies in 1990.

Then, at the Strasbourg European Council meeting in December 1989, the Twelve approved Mitterrand's proposal for a European Bank for Reconstruction and Development (EBRD), the establishment of the European Training Foundation (ETF), continued food aid, and most importantly, the involvement of the EC in backing 50% of the IMF credits awarded to Poland and Hungary for 1990<sup>62</sup>.

The European Council meeting in Strasbourg showed that the Twelve could not elaborate further beyond short-term measures of support. In fact, behind these short-term measures of support, there was little long-term policy planning. The very magnitude of the short-term challenges partly justified this absence. Nonetheless, a closer look at the ongoing policy debates reveals that the EC's failure at that moment to develop a long-term policy was also explained by other, deeper reasons. But the Eastern countries very soon started to call for a long-term association relationship. Proof of this came in the new Czech government's immediate request, in December 1989, for "political dialogue" with the Community and talks on a future association.

Even before the fall of the Berlin Wall, the EC's *Ostpolitik* began to be linked in a negative way to the EC's internal dynamics. On 26 September 1989, Delors expressed his concern about the impact developments in the East were having on the Community. More precisely, Delors warned that the Community had taken two paths, one of integration and one of cooperation, and that one should not be

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<sup>62</sup> For a review of these trade and aid measures see G.Bustin and D.Webb. 1990. "Breaking down the East-West Trade Wall". *International Financial Law Review*, Vol.9, No.4, April, pp.6-9; CEC. DG X B-4. "Background Brief: EC-Eastern Europe Relations". Brussels, 10 March 1992; M.Maresceau, "The European Community, Eastern Europe and the USSR", pp.93-119; S.Senior Nello. 1990. "Some Recent Developments in EC-East European Economic Relations". *Journal of World Trade*, Vol.24, No.1, pp.10-15.

diluted by the other. Furthermore, he raised the idea that an adequate response by the EC to the challenges stemming from reforms in the East first required the Community to strengthen itself<sup>63</sup>. In this and another two speeches in October 1989, Delors subordinated the possibilities and limits of the EC's *Ostpolitik* to what the Twelve could achieve internally. In this way, he emerged as the spokesman of those who were more preoccupied with how the EC was affected by the East than with how best to influence events in Eastern Europe<sup>64</sup>.

This tendency was reinforced after the fall of the Berlin Wall on 9 November 1989. On the same day, 13 November, as President Mitterrand convoked, at the request of Chancellor Kohl, an informal European Council meeting to discuss events in Eastern Europe, Margaret Thatcher took the opportunity of her annual speech at the Lord Mayor's banquet in London to call on the EC to "put aside the details of its internal business and respond instead to a turning point in Europe's history". Moreover, she warned against a "narrow, blinkered approach to Europe" and demanded that the EC "develop new forms of association with the emerging democracies of Eastern Europe"<sup>65</sup>.

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<sup>63</sup> "Un avenir commun, oui, mais à certaines conditions". Extraits du Discours du Président Delors à Strasbourg, Conseil de l'Europe, 26 September 1989. European Commission Documentation Center, Madrid.

<sup>64</sup> See "L'imperatif et l'urgence de l'Europe Communautaire". Extraits du Discours du Président Delors à Bonn, Bundestag, 5 October 1989, and "Les deux bouts de la chaîne". Extraits du Discours du Président Delors à Bruges, Collège d'Europe, 17 October 1989. European Commission Documentation Center, Madrid. In the Bundestag, Delors declared that the best favor the Community could do for the world was to unite. At the same time, he stressed that German unification required a new impulse in European construction. In Bruges, he called for the Community to "accelerate" at the same speed as history. More specifically, he called for the Economic and Monetary Union to come into force in 1992.

<sup>65</sup> Her particular reading of events in the East was clear: "it is ironic that at a time when Eastern Europe is moving towards greater democracy, some in the Community want to take economic and monetary policies away from national parliaments and hand them over to a body which is not democratically accountable" (*Financial Times* 1989/11/14 "Thatcher calls on the West to offer full support").

When she outlined her association proposal in a the debate held in the House of Commons on the implications of changes in the East the following day, she specifically demanded that the EC offered to the Eastern countries "struggling for democracy" an association model based on the EC-Turkish association agreement of 1963<sup>66</sup>. Then, a few days later, on 16 November, the Political Committee of the European Parliament made the straightforward demand that "the special forms of association foreseen in article 238 of the Treaty be examined in relation to Poland and other countries"<sup>67</sup>.

However, these first suggestions were received rather coolly in the informal European Council held on 18 November in Paris, which preferred to concentrate on short- and medium-term measures of economic support, such as Mitterrand's proposal for a reconstruction bank (the EBRD) and stabilization funds of 1 billion dollars for the Polish and Hungarian currencies.

At the subsequent press conference, Mitterrand reaffirmed the linkage between a stronger Community and the success of reforms in Eastern Europe: "By its mere existence, the Community has been a reference and a stimulus for hopes in Eastern Europe [...] A strong, well structured Community determined to move ahead is a factor for success of reforms towards freedom". However, he referred to association in a rather generic way: "we have sought to build bridges which make it possible to associate Eastern European countries, the countries of the Community, and some other countries in a vast enterprise of mutual cooperation". Given the slogan of the meeting, "solidarity and unity", it could easily be seen that a majority of Community members were at least as worried about a possible threat to the process of European integration as about the democratization

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<sup>66</sup> *Financial Times* 1990/11/15 "UK urges deal for Eastern bloc". Quite intentionally, Margaret Thatcher proposed the Turkish model of association, including an explicit reference to EC membership and a customs union.

<sup>67</sup> Parlement Européen. Commission Politique. "Projet de Rapport sur les aspects politiques de la situation en Pologne". Rapporteur: Gerd Walter. PE 136.373 DOC\_FR\PR\77691 JR. 16 November 1989.

of Eastern Europe and "overcoming the division of Europe"<sup>68</sup>. Thus, the informal European Council meeting on 18 November 1989 in Paris was presided over by feelings of joy and solidarity, but most of all by calls for unity.

At that moment, it seemed evident that Thatcher's use of Eastern events to reinforce her all-out attack on the plans for economic and monetary union forced the rest of member states to close ranks. There was joy and solidarity with the events in the East, but, above all fears that unity could be affected. Then, one month later, the European Council celebrated in Strasbourg dominated by similar mixed feelings of joy and anxiety<sup>69</sup>.

Thus, the end of 1989 and the beginning of 1990 showed that the Twelve could talk neither unanimously nor clearly about the future of the continent. Mitterrand proposed a rather amorphous "confederation"<sup>70</sup>. President Delors preferred to talk in terms of a strong political Union around which Europe would be structured in "concentric circles"<sup>71</sup>. Commissioner Andriessen (in charge of External

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<sup>68</sup> Mitterrand summarized the conclusions: "unity within the structures of the Communities and perhaps tomorrow with those who will feel capable of associating themselves to the disciplines we apply to ourselves" (Bureau de Représentation de la Commission en France, "Press Conference of François Mitterrand at the closing of the informal session of the Members of the European Council". Paris, 19 November 1989). As the *Financial Times* stated: "The French do not pretend to predict how things will evolve in the East, but they have a policy for the West -'more Europe'" (1990/11/16 "Earthquake in East releases cascade of loose talk in West").

<sup>69</sup> Consejo Europeo de Estrasburgo. Comunicado Final. Conclusiones de la Presidencia. SN 441/2/89. 8-9 December 1989. See also *The Economist* 1989/12/16 "Deeper, still, and deeper / European summit. Strasbourg".

<sup>70</sup> *Financial Times* 1990/01/02 "Mitterrand calls for European 'confederation'". The prevailing view in Paris was that "the common European home will be split three ways: the EC, an economic/political community of Eastern Europe and a federal Soviet Union". There will be marriage with Central Europe but the betrothal will be long, meanwhile they should build an economic community of themselves with generous financial assistance by the EC (A.Lamassoure, 1991. "Three Houses, one 'Home'". *European Affairs*, October/November, No.5, pp.19-21).

<sup>71</sup> J.Delors, 1991. "The Global Challenge facing Europe", in A.Krause, *Inside the New Europe*. New York: Harper Collins, pp.312-315.

Relations) disagreed with Delors, and spoke of "magnetic and polycentric circles"<sup>72</sup>. Thatcher continued to insist on a "wider Europe"<sup>73</sup>, and Kohl restated in his speech at Davos his enigmatic "Europe does not stop at the Elbe" slogan, which he had first proclaimed as one of the themes of his ten points on unification<sup>74</sup>. In short, at this point, the EC had nothing like a policy for the continent with respect to its political or economic dimensions<sup>75</sup>.

In other words, the EC lacked a policy other than "supporting democratic and economic reforms". There was agreement about goals (support), general principles (conditionality), and contents and instruments (aid, trade and cooperation), but there was absolutely no common position as to what the Community would do if the transitions in Eastern Europe were successful. Clearly, the ambiguities of these designs revealed that the Twelve could not define policy further until they had "digested" German reunification and shaped the Community's own internal process of integration. Before then, the Community would hardly be able to satisfy the demands of the new Eastern democracies or to precise the final goals of its *Ostpolitik*.

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<sup>72</sup> CEC. DG I E-2. "Note de dossier. Objet: visite le 30.11.89 de deux sénateurs polonais chez M. Andriessen". Brussels, November 30, 1989. See also, F.Andriessen. 1991. "The Integration of Europe: It's Now or Never". *European Affairs*, No.6, December pp.6-11.

<sup>73</sup> M.Thatcher. 1988. "Speech at the Opening Ceremony of the 39th Academic Year of the College of Europe". 20 September 1988. Reproduced in Freedman, *Europe transformed*, pp.267-274; M.Thatcher. 1991. "My vision of Europe", in Krause, *Inside the New Europe*, pp.303-307.

<sup>74</sup> *Financial Times* 1990/02/05 "Kohl elaborates his grand design for the new Europe"; H.Kohl. 1991. "Europe's Future", in Krause, *Inside the New Europe*, pp.307-312.

<sup>75</sup> See B.Casen. 1991. "Europe: Deeper or Broader: How large is Europe". *European Affairs*, No.4, August-September, pp.18-21;

### 3. The emergence of an association policy

Throughout 1989, the new *Ostpolitik* was subordinated to the European integration process, i.e., to the Community's internal agenda. In these circumstances, the policy of association appeared as a mid-term and flexible policy with open ends and contents.

The policy of association emerged in three basic phases. First, and given the prospect of unification, it was necessary for the Community to separate East Germany from the rest of Eastern Europe. Until this differentiation was achieved, there was great confusion on the meaning of association. Above all at the end of 1989 and the beginning of 1990, many tended to evaluate association proposals in the light of their views on German reunification. As a result, those most reticent about German reunification distrusted association proposals. This was specially so because the proposals of association, originating in West Germany, only sought to associate East Germany, whereas Thatcher's proposals were clearly intended to stop the EMU process.

The French response to these moves was to demand, prior to any debate on association, German reassurances on the path of the European integration process, and only then a joint and satisfactory solution to the problem of the German reunification. Until the end of 1989, the lack of democratic legitimization of the regimes of Eastern Europe had not been a problem for those for association with them (the "will" to democratize then seemed enough), in the hope that association could foster democratic reforms. This logic was replaced by a new position, in which the offer of association would be linked to free elections during the first semester of 1990. This was the second phase of the emergence of the association policy, which both required and resulted in a new differentiation. Only Czechoslovakia, Hungary and Poland would meet the criteria of conditionality criteria established by the Community, whilst Yugoslavia, Romania, Bulgaria, and the USSR would be rejected.

Finally, in a third phase, the Twelve would come to agree to a common framework for association for those meeting the criteria. The decision to give a "green-light" to association was taken at the European Council of Dublin on 28 April 1990. At that meeting, the

Community aspects of German unification were settled, thus consolidating the segregation of Eastern Germany from Eastern Europe, redirecting the process of European Integration to take account of German unification.

### *3.1. Diverging views on association*

As seen above, in countries like the United Kingdom, and more particularly for Margaret Thatcher, the events in the East required the Community opening up to the new democracies. In contrast, President Mitterrand considered that these same events, and specially the prospect of German reunification, required a move towards political and economic union<sup>76</sup>. Meanwhile, in Germany, all attention was focused on the German question and all policies subordinated to it. Moreover, there was considerable confusion as to the extent to which policies of deepening and widening could be made compatible.

The divergences which dominated the Franco-German-British triangle after the fall of the Berlin Wall very quickly affected the already fragile *Ostpolitik*. In September 1989, Edith Cresson, the French Minister for European Affairs, simultaneously attacked both Thatcher's views on how the events in the East should affect the EC and German proposals for associating the German Democratic Republic with the Community. Her demand that association should rather be extended to all the Eastern European countries seemed very generous. However, its aim was to block any special status for East Germany and resist any pressures for reunification<sup>77</sup>.

This episode showed that the EC would not be able to associate Eastern Europe until the problems posed by East Germany were separated from the relations of the EC with other Eastern European countries. More importantly, Mitterrand's arguments that association had to wait till democratic reforms were fully in place in East Germany slowed down the process of upgrading relations with

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<sup>76</sup> See François Mitterrand's speech to the European Parliament on 22 November 1989 (reproduced in Freedman, *Europe transformed*, pp.362-368).

<sup>77</sup> Cited in *FBIS-WEL*-89-174, 11 September 1989.

Eastern Europe. In opposition to Commissioner Andriessen (in charge of External Relations), who believed that association had to be offered immediately, a majority of European leaders preferred to wait both for the resolution of the German question as well as for fully democratic elections in all of Eastern Europe<sup>78</sup>.

In the light of the confusion reigning during November 1989 with respect to the EC's *Ostpolitik*, the Political Committee of the European Parliament sought to break the impasse. The Committee invited Commissioner Andriessen, Ziolkowski, President of the Commission for Foreign Affairs of the Polish Senate, and Kozłowski, a member of that Commission, to attend the Political Committee of the European Parliament in order to discuss the ideas presented by the Rapporteur. As stated before, the rapporteur, Gerd Walter, had suggested that "the special forms of association foreseen in article 238 of the Treaty should be examined in relation to Poland and other countries"<sup>79</sup>.

However, at the meeting held on 29 November 1989, the Polish representatives revealed that they were well aware of the problems being faced by the Community. As Senator Kozłowski stressed, "at the moment there is no coherent policy towards the Eastern countries in the Community. There is economic aid but no political consensus"<sup>80</sup>.

Commissioner Andriessen, with the support of the British government, took the idea of association to the Strasbourg European Council meeting on 8-9 December 1989. There, the Twelve reaffirmed the two paths to be taken in the future. They maintained

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<sup>78</sup> Bureau de Représentation de la Commission en France. "Press Conference of François Mitterrand at the closing of the informal session of the Members of the European Council". Paris, 19 November 1989. See also the minutes of the meeting, on 19 January 1990, of DG I E officials with the Restricted Group of Ambassador's Advisors (CEC. DG I E-1. "File Note: Restricted Group of Ambassador's Advisors meeting, 10 January 1990. Brussels, 11 January 1990).

<sup>79</sup> Parlement Européen. Commission Politique. "Projet de Rapport sur les aspects politiques de la situation en Pologne". Rapporteur: Gerd Walter. PE 136.373 DOC\_FR\PR\77691 JR, 16 November 1989.

<sup>80</sup> CEC. DG I E-2. "Note de dossier. Objet: Réunion publique de la commission politique du Parlement Européen du 29.11.89". Brussels, 1 December 1989.



the goals of completing the internal market and the scheduled IGC on Economic and Monetary Union. With respect to Central Eastern Europe, the Council ignored the tensions already present in the EC's *Ostpolitik* and concentrated instead on rhetoric: "The Community, as a result of its dynamism and prominence, is at the present time the European identity which serves as the point for reference for the countries of Central and Eastern Europe which are seeking to maintain close relations with Europe. The Community has taken and will take the decisions necessary to strengthen its cooperation with peoples desiring liberty, democracy and progress, and with states which demonstrate their commitment to the principles of democracy, pluralism, and the rule of law. The Community will encourage, by all the means at its disposal, the necessary economic reforms, and will study the most appropriate form of association with the countries which have embarked on the path of political and economic reform. This availability and willingness to cooperate are essential elements of the Community's policy, as defined in the declaration adopted on the same day, and the objective of which remains, as specified in the declaration of Rhodes, to overcome the divisions in Europe"<sup>81</sup>.

At the end of 1989 and the beginning of 1990, communist regimes in Eastern Europe were swept away by reformist forces. In the EC, euphoria escalated in parallel to rhetoric. As Charles Haughey, the Irish Prime Minister, stated at the beginning of the Irish Presidency of the EC in January 1990: "the EC must take a lead in guiding fast-changing Eastern Europe towards democracy"<sup>82</sup>.

Then, on 4 January 1990, Delors and Andriessen presented the Commission meeting with a joint communication on the implications for the relations between the Community and Eastern Europe of recent developments in the GDR, Czechoslovakia, Romania, and

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<sup>81</sup> Consejo Europeo de Estrasburgo. "Comunicado Final. Conclusiones de la Presidencia". Estrasburgo, 8-9 de diciembre de 1989. SN 441/2/89, Part IV: "Una Comunidad Europea responsable y solidaria", pp.10-11). "Association" was mentioned here in rather generic terms, as its possible contours and contents had not still been examined by the Council, though Andriessen was considering a combination of political, institutional, trade and aid elements.

<sup>82</sup> *Reuters* 1990/01/01 "EC bears biggest responsibility for East Europe -Haughey".

Bulgaria. The Commission decided to propose an extension of the Trade and Cooperation Agreements already signed with Poland and Hungary, which were still considered of great value, to the newcomers of Eastern Europe. Following the policy of conditionality approved in Paris in November 1989 and ratified in Strasbourg in December, the content of the TCA agreements had to be determined, flexibly applied, and the agreements further developed "to provide for a form of association corresponding with the aspirations in East Europe and the Community's own interest"<sup>83</sup>.

Two days later, on 6 January 1990, the Commission's proposals were presented to the Irish Presidency on the occasion of the joint meeting in Dublin of the Commission and the Irish Presidency to prepare the agenda for the semester. There, it was agreed to bring forward the informal (or "Gymnich") meeting of EC Foreign Ministers by one month in order to discuss the best response to Eastern Europe. Before the meeting, now scheduled for 20 January 1990, Andriessen travelled to Czechoslovakia, Romania, and Bulgaria while Gerald Collins, the Irish Foreign Minister, would go to Poland, Hungary, and Yugoslavia immediately after that meeting.

In Czechoslovakia, the government presented Andriessen with demands for a comprehensive review of their relations with the EC, which should include expanding the existing trade agreement, eliminating restrictions on imports, and a formal association agreement. At the ensuing press conference, Andriessen declared that a "strong association was being developed with Eastern Europe and if things continue at their present pace a lot could happen within the

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<sup>83</sup> Andriessen and Delors also stressed that "there is a common interest in ensuring that reform does not founder [...] By lending its full support to the Helsinki process and strengthening links with all its participants, the Community can help to maintain the stability and confidence which are the essential conditions for peace and prosperity throughout Europe" (CEC. Communication to the Commission by Vice-President Andriessen in agreement with the President. "Relations between the Community and Eastern European States: implications of recent developments in the German Democratic Republic, Czechoslovakia, Bulgaria and Romania" (SEC (90) 16 of 4 January 1990).

next ten years". He also committed himself to presenting proposals in that sense to the Council and Commission<sup>84</sup>.

Very soon, however, the future membership of Eastern Europe became the subject of great debate. This debate caught the Community in the uncomfortable position of not being in a position to make any promises. At the same time, the EC was fully conscious of the counterproductive effects any hint of refusing such a possibility could have. When the EC leaders began to be questioned by the media about the issue, their responses varied considerably in both attitude and content. Gerald Collins brushed off questions with ambiguous statements such as "this is a matter for consideration in due course" and "applications will be welcomed when they have achieved their objectives"<sup>85</sup>.

In contrast, Delors felt obliged to be realistic and dampen down euphoria. On the occasion of the presentation of 1990 Commission Program to the European Parliament on 17 January 1990, he stressed that according to art. 237 of the Treaty of Rome any European democratic country could apply for membership. However, he put forward two main objections to membership. First, the Strasbourg European Council had put priority on the deepening rather than on the widening of the EC. Second, he argued that it was institutionally and financially impossible. As examples, he highlighted the seven-year wait of Spain and Portugal, and a very hypothetical forecast of the costs of enlargement. Apart from these remarks, Delors recognized that the existing Trade and Cooperation Agreements had been surpassed by the new events in Eastern Europe and endorsed the view that it was necessary to establish new forms of cooperation which could take the form of association<sup>86</sup>.

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<sup>84</sup> *Reuters* 1990/01/13 "European Community promises closer ties with Czechoslovakia" and *Financial Times* 1990/01/13 "EC trade offer goes to Czechs".

<sup>85</sup> *Reuters* 1990/01/12 "EC Official says too early for East Europe in Common Market". The emphasis on *applications* was rather significative.

<sup>86</sup> J. Delors, 1990. "Discurso ante el Parlamento Europeo el 17 de enero de 1990", reproduced in Fundación Encuentro, *Europa y la Democratización del Este*. See also *Bull. EC* 1990, supplement No.1. He suggested the figure of 14,000 mecu only to extend Objective 1 criteria to Eastern Europe. But this argument turned immediately

Delors' emphasis on "cooperation" and on a "great European confederation", which would only come about after the political union of the Community had been achieved, quite clearly showed that the integration of Eastern Europe into the Community was not on the agenda. The problem was not that such wide projects were ambiguous. Rather, the problem was that many suspected that such ambiguity was really a polite way of closing the EC's doors to the rest of Europe. And this suspicion was soon confirmed. In his new year speech, Mitterrand had presented the idea of confederation. Some days later, he assured that "they [the Eastern European countries] have to have a goal. That goal can't be the hope, after a given period of time, of joining a Community which demands constraints, the abandonment of sovereignty, considerable discipline, and a certain economic standing"<sup>87</sup>.

Thus, that the EC had been, through its mere existence a decisive factor in bringing about the end of communist rule in Eastern Europe did not mean that it should be now sacrificed for Eastern Europe. More importantly, the suspicion that association would be used to press for Eastern European membership negatively conditioned the examination of the ways in which the EC should upgrade its relations with the new regimes of Eastern Europe. In line with Delors' statements, many would conceive association as a form of cooperation rather than of progressive economic and political integration.

As a result, by January 1990, the EC's *Ostpolitik* could not boast a very good record. In respect to political relations, the Community lacked a long-term strategy and was only beginning to discuss a mid-

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against him, because many argued that it was not such a great price to pay for "overcoming the division of Europe". Delors later had to explain at the Dublin meeting of Foreign Ministers that the figures were only examples, and that obviously it was not a problem of money. This "financial sensibility" had also been raised by Enrique Barón, President of the European Parliament, when in his speech to the European Council meeting in Strasbourg he had warned against spending too much in Eastern Europe (E.Barón. 1990. "Discurso ante el Consejo Europeo de Estrasburgo, 8-9 de diciembre de 1989", in Fundación Encuentro, *Europa y la Democratización del Este*, p.17).

<sup>87</sup> Mitterrand, "Interview on Italian Television on 27 January 1990". Reproduced in Freedman, *Europe transformed*, p.428.

term one. Meanwhile, trade agreements were lagging behind the Central and Eastern European liberalization aspirations, and the needed increases in financial aid were being slowed down because of the tight budgetary controls the EC had imposed on itself in 1988<sup>88</sup>.

In such circumstances, the first extensive debate in the EC on Eastern Europe showed that the issue of German reunification was having a major, negative impact on the considerations on the future policy of association. On 20 January 1990, the EC's foreign ministers met in Dublin to discuss the new proposals and orientations towards Eastern Europe with the Commission. At that meeting, consensus was reached on the need to complete the network of trade and cooperation agreements with the inclusion of Bulgaria, Czechoslovakia, East Germany, and Romania. The Twelve also agreed to extend G-24 and Community aid to these countries. Finally, they accepted a revision of the Community's financial perspectives to raise funds for new cooperation projects with Eastern Europe.

According to the joint statement issued after the meeting, the European Community had demonstrated its firm commitment and determination to support Eastern Europe<sup>89</sup>. However, the minutes of the meeting show that there were important disagreements on both the opportunity and the timing of association<sup>90</sup>. Also, they reveal how German reunification was linked to the policy of association. As a matter of fact, even without the minutes, the fact that importance for the continent of the successful continuation of the European integration process was stressed at the end of a statement on EC's *Ostpolitik* should highlight this dimension of the problems faced by

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<sup>88</sup> These type of problems had become manifest at the end of 1989, when there was a visible conflict between the need to raise money for Eastern European aid and the 1988 Inter-institutional Agreement on budgetary restraint which precluded operations such as the ones being proposed, i.e. transferring EAGGF moneys to Polish food aid (See the debate held at the 986th Commission meeting held on 8 November 1989; Extraits du COM PV (89) 976, point XII.B).

<sup>89</sup> "Dublin Declaration". Issued by the EC's Foreign Affairs Ministers on 20 January 1990. European Commission Documentation Center, Madrid.

<sup>90</sup> CEC. SG adjoint. "Note au dossier: Conseil informel de Dublin, 20 janvier 1990". Bruxelles, le 22 janvier 1990.

the Twelve. Calls for unity, as if self-restraint was being sought, proliferated in parallel with major disagreements. Moreover, the fact that a specific meeting on *Ostpolitik* could not issue an statement in support of association with Eastern Europe which went beyond an unenthusiastic "we had some discussions on the question of association agreements. The Commission will prepare a paper on this" only confirmed the problems involved.

To return to the meeting, there was a clear division between those in favour of a "wait and see" approach and those who preferred both to meet the demands of the Eastern European countries and anticipate developments. In fact, nobody openly questioned Commissioner Andriessen's proposal for association in the medium term embracing political dialogue, trade, and economic cooperation. However, there were different degrees of support for the idea. According to the minutes, Genscher (Germany) supported it "vividly", Hurd (U.K) restated his favourable position and proposed the idea of a Commission paper, and Samaras (Greece) joined these two. The first nuances were introduced by Fernández Ordoñez (Spain), who manifested that he could only share the proposal if adequate political and economic conditions, which he did not specify, were established. Then, Dumas (France) and Michelis (Italy), stressed the political instability of the region. Denmark and Luxembourg did not refer to the subject, and Ireland and Belgium did not participate in the discussion<sup>91</sup>.

Minister Van den Broek (the Netherlands) was slightly more negative. He stated that in his view association should be a long-term policy given the absence of evidence of democratic consolidation in those countries. Given that the very purpose of association was to

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<sup>91</sup> Irish silence on Eastern Europe at such a crucial meeting, which Dublin had convoked, contrasted vividly with the statements the of Irish Prime Minister, Haughey, who had, of course, declared his "unconditional support" some days before, when inaugurating the Irish EC Presidency: "The EC can and must do more than anyone else [...] The dream of European unity is as old as Europe itself, we have begun to see it realized [...] the EC has an enormous load of responsibility towards East Europe" (in *Reuters* 1990/01/02 "Ireland: Nurturing East European Democracies key EC priority -Haughey").

help democratic consolidation, Broek's position seemed rather shortsighted. However, this apparent shortsightedness had an explanation. During the whole meeting, Broek did not hide his irritation with the way Genscher and Delors were handling the issue of the GDR's future accession to the Community. In the first *tour de table*, he declared his "perplexity" over the GDR's desire to become member of the Community as an independent state and that this possibility had not been envisaged in the Strasbourg Council. But in the round of replies, Genscher restated that relations could take the form of cooperation, association, or accession. In the case of the latter, Genscher argued, the GDR could present such a request before 1993, either as an independent state or through a reunification with the Federal Republic. Delors came to the support of Genscher and repeated that if all the conditions set in Strasbourg were met, and if the GDR became a democracy, the Community would have to make an exception and admit the GDR into the Community even before 1993, whether through a special association status, as a 13th member state, or through reunification. Broek, in what was described in the minutes as a "*petit accrochage*" expressed again his opposition to the possibility that the GDR might become the 13th member state.

What is really significant in this debate is that Broek's irritation at the idea that the GDR might use association to become the 13th member state turned him against association policy as a mid-term goal, possibly because of the negative precedent it would set. News agencies reported that later, over dinner, the French and Belgian Ministers joined with Broek in opposing Delors and Genscher<sup>92</sup>. But if Broek fell victim to the total coordination between Genscher and Delors over the issue of East Germany, and thus feared that association could be used to bring East Germany into the

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<sup>92</sup> According to *Reuters* (1990/01/20, "EC Ministers agree aid for Romania, Poland"), in the discussion which followed over dinner, France, and Belgium joined the Netherlands in refusing any special status for East Germany and Genscher reaffirmed his government's position making it clear that "an application from East Germany should be acted on at once".

Community, it is not surprising that he wanted to avert such a precedent<sup>93</sup>.

This atmosphere of mutual suspicions would further extend to the idea of association. At the meeting, Delors did not spend much time on association, but his only two remarks on the issue are very illustrative. First, he called for prudence in respect to the political perspectives of relations with Eastern Europe. Second, he reminded the Ministers that the U.K. had been the country that had proposed association links in Strasbourg. Delors did neither reject nor encourage the idea, but limited himself to remarking that association agreements should not be understood as "anterooms of membership", precisely the opposite of what he was saying in the East German case.

The meeting in Dublin highlighted how closely intertwined *Ostpolitik*, German reunification and the European integration process were, and how fragile equilibria would be. If Thatcher called

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<sup>93</sup> Delors had already publicly expressed his support for distinguishing between East Germany and other Eastern European countries during his visit to Ireland at the beginning of January 1990. To the satisfaction of Bonn, he told the *Irish Times* that "a democratic East Germany would be entitled to full European Community membership [...] It is so simple" (cited in *Reuters* 1990/01/06 "Democratic East Germany entitled to join EC -Delors"). Later on, when Genscher suggested that this could be achieved through an association agreement to being in 1993 as an entry date (*Reuters* 1990/01/12 "East Germany could join EC by 1993, Genscher says"), Delors immediately backed the proposal: "I would like to repeat clearly here today that there is place for East Germany in the Community should it wish it" (Delors's speech to the European Parliament, *Financial Times* 1990/01/18 "Delors urges more aid to Eastern Europe"). The *Financial Times* stressed the coincidences between Delors's speech on 17 January and Kohl's address to the French Institute for International Relations (IFRI) that same night in Paris. Citing Commission sources, the newspaper affirmed that there had been coordination between Delors and Kohl exchanging support for German reunification for adding another IGC on Political Union to the IGC on Monetary Union scheduled for December 1990 (*Financial Times* 1990/01/18 "Kohl pledges reunification will not affect frontiers"). In all, it could easily be seen that Delors was being more successful than Mitterrand in negotiating with Germany. Just two months earlier, in November 1989, Mitterrand had said that reunification could take place in ten years time, and in Bonn it was perceived that France was "playing for time" rather than figuring out how to solve the issue.



for associating Eastern Europe, some would tend to hear "dissolution". If the Germans called for associating the GDR, some would hear "membership". Later on, when the GDR was proposed as a special case in which association would lead to membership, some feared the precedent this would set with respect to other countries.

### *3.2. Breaking the impasse*

Events in January 1990 showed that it would take still a while for the Community to design and pursue an association policy. The foreign ministers, originally convoked to address changes in the East, only went deeper into short-term policies and left the detailed study of association for another meeting. In these circumstances, it clearly appeared that if compromise was to evolve it would be thanks to progress in other areas (such as European integration and German unification), as well as from the omission of any specific commitment by the EC on the question of future membership. Then, as the German knot was untied and the prospects for European integration improved, associating the Eastern countries became possible thanks to two important omissions, the destination and detailed content of such a policy, and one important condition, that association and integration would also have to reinforce each other.

The meeting in Dublin revealed that in spite of the differences which appeared between Germany, Delors, and some member states on the question of the GDR's membership, the incipient process of "segregating" East Germany from Eastern Europe would facilitate the work of the Commission. But the meeting also showed the Commission that a majority of member states was aligning with the cautious approach in respect to association. This did not mean that they favoured the stopping of the process. Rather, it pointed to the fact that Andriessen should include in the discussion of association the remarks made by the Twelve in respect to democratic conditionality.

This is easily perceived in comparing the following communications issued by Andriessen (SEC 90 111 and SEC 90 196). In the first one, dated 23 January 1990, Andriessen briefed the

Council on the results of his visits to Eastern Europe. He also put forward some proposals based on the Commission's desire to improve relations with Eastern Europe. The EC was to have completed first generation TCA agreements with all Eastern Europe by May 1990. In Andriessen's proposal, the actual state of political and economic transitions was not to be a major obstacle to association. Andriessen proposed that, though agreements would have common elements of free trade, cooperation and financial support, they should be tailored to the needs and capacities of each country, as well as to the progress made in the field of reform. Furthermore, Andriessen's first communication hinted that future associated and EFTA countries could be incorporated together into the future European Economic Area (EEA) as an outer circle to the Community: "with respect to free trade, such agreements would aim at attaining free trade when the conditions for this were right. In this way, countries concerned could eventually be linked to the wider European framework which the Community and the EFTA are now in the process of developing"<sup>94</sup>.

It can be seen, that Commissioner Andriessen had positioned himself in favour of making, as soon as possible, an offer of association which would stimulate reforms, bilateral cooperation, and the confidence of economic actors. However, the meeting of foreign ministers in Dublin had shown that there were still quite important differences on the question of association. The ministers had not been in favour of a flexible approach and seemed to prefer to have a single and uniform policy of association rather than a general framework and specific policies targeted at each country.

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<sup>94</sup> Reforms whose progress, according to the paper, varied considerably, whilst showing "a general commitment to abandon the leading role of the Communist party, ambiguities persist over the 'socialist system'". The report further stressed that "though the goal of economic liberalization and progress towards market economies has been proclaimed in all countries [...] the point of departure is uneven and the goal of market economies ambiguous" (CEC. Communication from the Commission to the Council. "Implications of recent changes in central and eastern Europe for the Community's relations with the countries concerned". SEC 90 111/f. Brussels, 23 January 1990).

In drafting the next communication (SEC 90 196 of 2 February 1990), Andriessen had to take into account the stress on conditionality and the cautious approach which dominated the Council. These "indications" (as Andriessen himself called them) unfolded around three main pillars. First, with respect to economic and technical assistance, eligibility should be based on a combination of a minimum capacity of absorption and the existence of proven will to engage in political and economic reforms. As the object of the coordinated assistance policy was to facilitate reforms, it would hardly be reasonable to demand that reforms actually be in place as a prerequisite. Nonetheless, the Commission invited the Council to seek a deadline for both free elections and the first economic liberalization measures which the Eastern Europeans should commit themselves to fulfil. Hence, the incentives provided by the prospect of EC's coordinated assistance would serve to give the EC a minimum presence in each country, which could then be developed into pressure for reforms.

Second, the Commission suggested, the Community should respond positively, not only out of solidarity, but also in its own interests, to the demand put forward by some of the Central Eastern European countries for the shift from Trade and Cooperation agreements to association agreements. While the communication affirmed that it would be "premature" to establish fixed criteria for this transition, it made clear that such a move would depend on the adoption of "decisive" measures in the political and economic spheres. Thus, the Commission was giving time to the Council to decide the exact criteria which should be demanded. In any case, with respect to the content of these, Andriessen suggested seven main elements which the association should include: (i) a progressively constructed free trade area; (ii) strengthened cooperation; (iii) technical assistance and financial support; (iv) joint projects, specially dealing with infrastructures; (v) political dialogue; (vi) cultural cooperation; and (vii) information exchange.

Finally, the third pillar of the EC's policies concerned with the place of Eastern Europe in the EC's model of European architecture. Responding to the anxieties provoked by the emergence of the membership debate, the Commission assured the Council that

association had to be distinguished from any commitment referred to membership. Moreover, the Commission clearly distinguished between EC relations with the EFTA countries and its relations with the Eastern countries. In other words, Eastern Europeans would link themselves to the wider European framework being constructed through association agreements, not through a link to the European Economic Area, as SEC (90) 111 had hinted before<sup>95</sup>.

With these nuances, inspired by the Council, the document was approved by the General Affairs Council (GAC) of 5 February 1990 without any problems. Official reports of the results of the meeting stated that "the Council took note with interest", meaning that, in general terms, the policy of associating Eastern Europe was accepted by the foreign ministers<sup>96</sup>. Still, further examination of its content and scope would be made in order to prepare it for submission to the European Council. As association would have to wait until free multi-party elections had been held and the network of Trade and Cooperation Agreements had been extended to the other Eastern European countries, the Council would wait for those conditions to be met before formally approving the policy. Meanwhile, the Commission would start to elaborate the general framework of the future agreements of association in order to present it to the European Council to be held in Dublin on 28 April 1990.

This policy would be met with satisfaction in Eastern Europe because, at that moment, it coincided with their demands for a new relationship with the European Community in which the democratic and economic changes which had taken place would find expression and recognition<sup>97</sup>. However, the issue of membership would remain

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<sup>95</sup> CEC. "Comunicación de la Comisión al Consejo y al Parlamento. Desarrollo de las relaciones de la Comunidad con los países de Europa Central y del Este". SEC (90) 196/f. Brussels, 2 February 1990.

<sup>96</sup> *Bull. EC* 1-2/1990, point. 1.2.5.

<sup>97</sup> When Tadeusz Mazowiecki arrived in Brussels on 29 January 1990, he had expressed that "if the massive changes in Central and Eastern Europe have gone ahead at such a rapid pace, the pan-European process should also speed up now" (cited in *Reuters* 1990/01/29 "President Mazowiecki seeks better ties with Europe in EC visit"). After meeting Delors he simply declared: "we are on the right road"

controversial. Even if the Community had decided not to include any commitment in this respect in the association framework, the question had not been settled. Though Genscher accepted the position of the majority consisting in not letting the issue be raised, Kohl maintained a calculated ambiguity on the matter<sup>98</sup>. Others, like the Irish President, Haughey, and President Mitterrand, went further in ruling out any prospect of membership while insisting on strengthening the Community as an anchor of stability for Europe as a whole<sup>99</sup>. It was clear that a majority of EC ministers and Delors feared that talks about membership would create expectations about the possibility of linking agreements to membership.

But this position of remaining silence could not hold very long. As the United Kingdom became increasingly isolated in defending the Eastern dimension of the challenges the Community had ahead, its calls for membership reappeared. One more time, Douglas Hurd broke unanimity trying to link explicitly association to membership<sup>100</sup>. This linkage was also being considered by Central Eastern European

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(*Reuters* 1990/02/02 "Belgium: Poland on road for closer links with EC, Mazowiecki").

<sup>98</sup> Genscher had reportedly told the Council: "The signal we are giving today is the possibility of future association. Steps beyond that are not on today's agenda" (*Reuters* 1990/02/05 "EC stresses reform conditions for East Europe Aid"). Three days before the Council, in his speech to the World Economic Forum in Davos, Chancellor Kohl, after expressing his support for the completion of the SEA, the IGC on Economic and Monetary Union, and the political reinforcement of the Community, made it clear that the "EC had to remain open to the reformist countries of Eastern Europe, which had to be brought into a closer a more lasting relationship, which could take a variety of forms, including association". Departing from the written text, he assured the Eastern European leaders present that "they would not be forgotten" and that "the Community could not stop at the Elbe and it had to close the economic and social gap between Western and Eastern Europe" (*Financial Times* 1990/02/05 "Kohl elaborates his grand design for the new Europe").

<sup>99</sup> *Financial Times* 1990/02/06 "Ireland firm on EC links with E bloc".

<sup>100</sup> "The process of association will end in full membership. I do not know on what basis could this be denied once they have achieved full democracy and market economies" (*Reuters* 1990/02/28 "Britain says East Europe states could become EC members").

leaders. On 29 November 1989, the Polish Foreign Affairs Minister, Skubiszewski, had declared that Polish membership to the EC was "social science fiction"<sup>101</sup>. Now, on 2 March 1990, Dienstbier, the Czechoslovak Foreign Minister, supposedly encouraged by Hurd's words, called for the EC to include the Eastern European countries. More remarkably, such declarations were made in a press conference immediately after Commissioner Andriessen had explained to him that association proposals did not include a linkage to membership<sup>102</sup>.

In the face of these demands, Andriessen reacted by raising the political content and meaning of the agreements, labelling them "European Agreements", and introducing the concept of the "asymmetric" liberalization of trade barriers<sup>103</sup>. Apart from free trade, the Commission suggested that as the economies of associates moved

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<sup>101</sup> *Financial Times* 1990/11/20 "Glad tidings for Poland and Hungary".

<sup>102</sup> *Reuters* 1990/03/03 "Czechoslovakia wants to join the European Community". Dienstbier handed Andriessen a letter from President Havel in which he expressed his wish to "return to European civilization" (CEC. SP. IP (90) 186 of 3 March 1990). Czechoslovak westward's drive was already more pronounced than that of Poland (anxious over Germany and Russia) and Hungary. Immediately afterwards, the Czechoslovak government announced its intention to withdraw from CMEA rather than trying to reform it (*Financial Times* 1990/04/05. "Prague quits Comecon agreements").

<sup>103</sup> To introduce elements of trade liberalization in the politics of supporting political and market reforms was not a new element of Community or Western policies. Within the G-24 framework, there had been widespread insistence on the importance of trade, and the Commission had endorsed such proposals with significant trade measures (such as an increase in steel or beef quotas or new textile concessions). However, while these were mostly symbolic measures, and the Trade and Cooperation Agreements had been negotiated from a philosophy of reciprocity, now the Community, the strongest world trade partner, would announce that in establishing a free trade area with Eastern Europe, it was willing, for political reasons, to liberalize more and faster than its counterparts. "Dans la progression vers l'objectif du libre échange, la Communauté avancera nettement plus vite que les pays associée et apportera ainsi une contribution à leur redressement économique". CEC. "Communication de la Commission. Le développement des relations de la Communauté avec les Pays de l'Europe Centrale et Orientale". SEC (90) 717/f. Bruxelles, le 18 avril 1990, p.4.

to that of the Community, and without specifying the criteria, the Community would examine the question of the free circulation and movement of persons, services and capital.

In all, according to the framework presented to the European Council in Dublin in April 1990 (SEC 90 717), the agreements would contain elements of political dialogue, free trade, and possibly free circulation of goods, persons and capital, as well as economic and financial cooperation. The issue of conditionality was stressed in two ways. Politically, association would be subordinated to five conditions: the rule of law, human rights, free elections, multiparty systems, and market economies. Moreover, this political conditionality not only referred to the start of association, but also determined the continuation of agreements. In other words, these could be reversed or frozen. As the communication affirmed: "the calendar and the maintenance in force will depend on the measures taken in those realms". Economically, association would require minimum entrance conditions, such as currency convertibility, and progress in areas such as prices, state aids, taxation, monetary policies, and foreign trade to run in parallel with trade liberalization measures, a condition to be enforced through a design of phases.

### *3.3. The European Council meeting in Dublin in April 1990*

Communication SEC (90) 717 passed without problems through the General Affairs Council of 21 April 1990 and was subsequently approved in Dublin as the EC's policy towards Central Eastern Europe<sup>104</sup>.

The European Council stated that "the Council shall immediately start the debate on association agreements. The Community shall work as fast as possible in order to complete the negotiations on association as soon as possible, on the understanding that the basic conditions regarding democratic principles and economic

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<sup>104</sup> Commission Meeting, 27 April 1990, COM (90) PV 1009 2ème partie, Point XVIII, "Travaux du Conseil. Déroulement de la réunion informelle des Ministres des Affaires Étrangères (21 avril 1990)".

transformation shall be fulfilled". Thus association had the "green light" and the Twelve again expressed their support for Central Eastern Europe with a new upgrading of their rhetoric. As the Council stated: "The European Council expresses its profound satisfaction with the events witnessed in Central and Eastern Europe since the Council of Strasbourg. It applauds the ongoing process of change in those countries, whose peoples share with us a common patrimony and culture. This process of change brings us even nearer to a Europe in which the artificial divisions imposed by ideology and confrontation have been overcome and which stands united in its commitment to democracy, pluralism, the rule of law, full respect for human rights, and the principles of the market economy"<sup>105</sup>

However, behind these statements, it was impossible to ignore some basic facts. Rather unexpectedly, it had been Delors who had struck a balance between Germany and the European Community. By putting German reunification within the EC and the EC's political and monetary union (a commitment suggested by Chancellor Kohl in points six and seven of his "Ten Points") into one package, Delors' detachment from a national position could become a solid platform from which agreement could be fostered within the Twelve. In this way, Delors could also defend "integrationist" interests and help the EC to overcome the French-like paralysis or British-like reluctance reigning in many capitals<sup>106</sup>.

However, Delors' statesmanship in bringing Germany and France back together with this double commitment on reunification plus

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<sup>105</sup> Consejo Europeo Extraordinario de Dublín. "Comunicado Final. Conclusiones de la Presidencia". SN 46/3/90 of 28 April 1990, point I.

<sup>106</sup> Delors had been clear in this respect: "when the West German leaders ratified the Treaty of Rome they made a special declaration that if reunification was possible, we will reconsider the framework of Europe" (quoted in *Reuters* 1990/01/06 "Ireland: Democratic East Germany entitled to join EC-Delors"). As the *Financial Times* highlighted: "Delors is virtually going over the heads of the member states in defining the terms of the agenda and the debate. Delors has given a resounding no to the question whether the Community can any longer afford the luxury of pottering along its old cautious pace" (FT 1990/01/25 "Delors puts federalist mark at end of German Question").



integration was not applicable at all to Margaret Thatcher, whose equation for solving the German question went mostly through NATO and an entirely different redesign of an open and inclusive Community<sup>107</sup>.

More importantly, Thatcher's equation, overwhelmingly positive in terms of *Ostpolitik*, would make Brussels, Paris and many other capitals view any British proposal on the subject with distrust. As a result, whereas Thatcher was positive on *Ostpolitik* and negative on integration, Mitterrand and Delors feared that Thatchers' *Ostpolitik* could, at worst, lead to "dissolutionist" tendencies or, in any case, "distract" the Community<sup>108</sup>. Furthermore, if Germany could not afford to "go east" on her own, for fear of accusation of a new *Drang nach Osten* and the suspicions this would raise in Central Eastern Europe, the British were not very good companions at all because of their anti-integrationist profile.

In such circumstances, the European Community appeared as the best intermediary to carry out a tolerable medium-term *Ostpolitik* capable of meeting the existing challenges without being more precise on the final shape of the EC's relationship with Eastern Europe. Internally tolerable to the EC's member states, which saw association as both a least-common denominator of their different policy preferences as well as a way of controlling Germany's feared *Drang nach Osten*. It was also tolerable externally, to Eastern Europe, because the institutionalization of the policy at the EC level would calm fears both of German domination of a resurrected *Mitteleuropa* and of Eastern European involvement in the traditional European power games, which had always had affected negatively their sovereignty.

However, the success of the European Community was not a product of the neutrality of the European Commission. In respect to the package-deal which had traded German reunification and a new *Ostpolitik* for a new push in the European integration process, Delors had clearly shown his preference for a federal Europe. Also, in

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<sup>107</sup> *Financial Times* 1990/04/21 "Thatcher resists quicker EC integration".

<sup>108</sup> *Financial Times* 1990/01/24 "East Europe in Ferment: A spine-tingling mixture of excitement and trepidation. Fear of gate-crashers may spoil the EC feast".

respect to the Bonn-Paris-London triangle, Delors had clearly opted for marginalising the British<sup>109</sup>.

Moreover, the EC's assumption of the task of devising and implementing a new *Ostpolitik* had nothing to do with the cohesion of the European Commission. There very soon emerged a quite palpable contrast between Andriessen's activism and Delors's concern about the impact of *Ostpolitik* on the EC's internal agenda and his federalist project. Relations between Delors and Andriessen were based on a competitive relationship over leadership of EC's external relations. In general terms, Delors' team was scarcely cohesive, each Commissioner tending to defend the interests of his/her portfolio, when not openly the interests of his/her country of origin, leaving little time for designing a "grand strategy"<sup>110</sup>.

Thus, if the European Community and, in particular, Commissioner Andriessen in the European Commission, assumed responsibility for the new *Ostpolitik*, it was obviously because it had the resources and instruments for a medium-term policy of "support" but, more importantly, because its initiatives could be effectively controlled by the member states in order to assure that the wide array of national preferences existing among the Twelve were taken into account. Thus, the years to come would see an intense struggle between Commissioner Andriessen's activism in defending "European interests" and a rather confuse mix of national, Community, and private interests.

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<sup>109</sup> Delors, "The Global Challenge facing Europe", pp.312-315.

<sup>110</sup> On the problems of cohesion in the Commission, see G.Ross. 1995. *Jacques Delors and European Integration*. New York: New York U.P, p.92 and p.160. I remind the reader that the responsibilities over the Directorate General for External Relations (DG I) were split between Vice-President Frans Andriessen (External Relations, Commercial Policy, Cooperation with other European countries), and Commissioner Abel Matutes (Mediterranean, Latin America and Asia, except Far East, and North-South Relations). EPC issues were the responsibility of Gunther Burghardt (in the Secretariat General of the Commission). Vice-President Manuel Marín had also external relations responsibilities. He was in charge of Cooperation and Development (DG VIII).

In the recomposition process which took place during 1990, the Community showed itself to be absorbed by the drive towards political and monetary union as well as by German unification. The European Council meeting of April 1990 struck a delicate balance between the various elements of the European equation. However, the timing and emphasis of each one of these elements varied. German unification was to be followed by the strengthening of the EC institutions. Meanwhile, an association policy would suffice to respond to events in the East.

But while the Community had overcome the first obstacle of German reunification, it would prove no easier to reach agreement on the process of deepening. During the first months of 1990, the British government again expressed its reluctance to overload the agenda. Nevertheless, as proposals regarding the strengthening of the Community were still very diffuse, the U.K. could still participate in the discussion with positive proposals and accept moves towards reinforcing the EC's democratic legitimation and deepening the internal market<sup>111</sup>. However, later, Thatcher would radicalize her position, refusing to consider any new increase in Brussels' powers as well as monetary union.

The collapse of the integration process would be avoided by the forced resignation of Thatcher in November 1990, after she had lost the confidence of her parliamentary group in the Commons, mainly because of the harm her anti-integrationist stances was doing to the United Kingdom. Nonetheless, the relation between deepening and widening would prove more complicated than previously believed. At the IGC debates in 1990-1991, the problems which arose forced the Twelve to drop the design of the future architecture of the continent from the agenda. In 1989, it had been hoped that the process of integration and the new *Ostpolitik* could reinforce each other.

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<sup>111</sup> "It is facile to say with a merry laugh that we can deal with political reform as well as all these other things" (referring to negotiating with EFTA, Eastern Europe, the GATT on the outside and monetary union and German union on the inside) said a British diplomat to the *Financial Times* (1990/04/28 "EC political union goes to top of the bill: The European Community summit meeting in Dublin today").

However, the debates of 1990 showed that "dissolutionist" tendencies could also come from the failure of attempts to strengthen European integration. Then, in 1991, a majority of EC member states would begin to have difficulty in keeping up with the pace of integration that the new context required. The result was, paradoxically, that the EC and Central Eastern Europe would end up by walking away from each other. In Western Europe, the feeling was of many EC member states was that "a deepening of the EU seems necessary but it makes their own integration into the EU more difficult"<sup>112</sup>. In contrast, in Central Eastern Europe, the problem was, in the words of Janus Reitzer, former Polish ambassador to Germany, that "we have come closer to the goal, but the goal has run away from us"<sup>113</sup>.

#### 4. Apparent agreement

During most of 1988 and 1989, the Twelve showed a great degree of adherence to the goals of their *Ostpolitik*. The benefits that Gorbachev's perestroika offered the West were evident. First, Western countries could reduce tension with the Soviet Union and, at the same time, promote economic reforms in Eastern Europe which would weaken Soviet control over its satellites. Besides, for a majority of countries, the capital- and goods starved economies of Eastern Europe promised major economic incentives.

However, the changes in the East at the end of 1989 and the beginning of 1990 quantitatively and qualitatively altered the scenario for the Western, and, specially the EC's *Ostpolitik*. Member states had always sought to maintain a strict separation between the process of European integration and their relations with Eastern Europe and the Soviet Union. When this separation proved totally impossible to

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<sup>112</sup> W.Wessels. 1995. "How to mix transformation and integration: strategies, options and scenarios", in Lippert and Schneider, *Association and Beyond: The European Union and the Visegrád States*, p.386.

<sup>113</sup> cited in M.Hatschikjan. 1994. "Foreign Policy Reorientations in Eastern Europe". *Aussenpolitik*, Vol.45, No.1, p.55.

maintain, they sought ways of ensuring that the two processes would reinforce each other. However, to respond to the events in the East by strengthening the European integration process was neither easy to agree on nor to realize. Thus, what was initially believed to be a long horizon of cooperation turned into a scenario of integration which radically altered all the calculations and preferences of member states.

Placing the goals of European integration before foreign policy goals had some immediate consequences. All member states could honestly share the rhetoric of the successive European Council meeting statements on Eastern Europe. Supporting democracy in Eastern Europe was more than a policy derived from geopolitical considerations. It was truly perceived as a moral and historic responsibility of the West. However, when this goal was linked to the particular preferences of each member state concerning the path and destination of the European integration process, it was hardly surprising that these conditioned EC member states' views on EC relations with Eastern Europe.

In the case of Germany, it was clear that it was one of the Twelve which would gain most from the opening up to the East, but also that its costs would be fairly high. Benefits would mainly be felt by its export and foreign investment sectors. However, the potential risks posed by immigration and cheap imports were also highly threatening, specially for the highly sensitive sectors of agriculture, steel and coal. Besides, 1990 was not the best year for Germany's *Ostpolitik*. From the economic point of view, German unification unleashed a huge and linked set of compensation claims from the former German Democratic Republic's Eastern economic partners<sup>114</sup>.

Politically, the complete mishandling of the Polish border issue had fuelled Central Eastern European anxieties about the future role

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<sup>114</sup> CEC. SG. Bordereau du Courier du Président. "Lettre de la mission de Pologne auprès la CEE en date du 22 juin 1990. Objet: Memorandum du gouvernement polonais relatif à l'Union monétaire économique et social entre la RDA et la RFA". SG 90 A/35709, Bruxelles, le 29 juin 1990. The costs of reunification, together with the embargo of Iraq and the oil prices were also a priority subject at the meeting between the Czechoslovak Deputy Prime Minister, Vales, and President Delors on 6-7 November 1990 (*Bull. EC* 11/1990, point 1.4.6).

of a united Germany. Thus, Central Eastern European leaders also shared the view that the EC was the most appropriate actor for the new policy of association. Meanwhile, as in the past, Germany also preferred its foreign policy goals to be multilateralized through the EC. Germany had achieved its major goal of unification and now it had embarked on fulfilling the commitments which had made this possible. In respect to the EC, this meant an honest commitment to strengthening the Community. In respect to Central Eastern Europe, this meant that Germany should not try to challenge the prevailing agenda of cooperation with its preferences for promoting their integration. Thus, for most of 1990 the German government was not in a position to put pressure on the other member states to adopt a more courageous *Ostpolitik*, specially when this had a very negative effect on the European integration process which Germany had committed itself to, and when the other member states were very carefully scrutinizing the international behaviour of the unified Germany.

In the case of the United Kingdom, Margaret Thatcher, for the reasons described above, was very enthusiastic about the opportunities provided by the opening up to the East. In geopolitical and ideological terms, the end of Communist rule in Eastern Europe and perestroika in the Soviet Union were major foreign policy achievements. Also, the East offered a good opportunity to redirect the path of the European Community towards a looser institutional architecture, as well as to counterbalance Germany's future expansion in the area, as the deep misunderstandings between Thatcher and Kohl on the unification and Oder-Neisse's issue had shown. Thus, Thatcher's activism resulted from a convergence of geopolitical interests and ideological cliches which translated into an active position of her government with regards to political relations with Central Eastern Europe<sup>115</sup>.

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<sup>115</sup> In a speech in Aspen, Colorado, the British premier had restated her well-known vision of Europe and affirmed that "the EC should declare that it will accept as members all former communist countries that want to join when democracy has taken root and their economies are capable of sustaining membership" (*The*

Nonetheless, there was an element limiting her chances of success. Her views on European integration and on Germany, which finally provoked her fall from power, precluded her activism in Central Eastern Europe from reinforcing German efforts to convince those more reluctant member states on the policy challenges derived from events in East. Moreover, the EC's policy of association almost inevitably required a significant expansion of the tasks and competencies granted to Brussels. Thus, the future might be a looser EC, but both the circumstances as well as the Central Eastern European countries demanded more EC. In these circumstances, the European Commission's lead in relations with Central Eastern Europe was to be viewed with natural suspicion, given that the Commission did not hide its willingness to use the new *Ostpolitik* as an example of the need to reinforce the Community pillar for external relations at the expense of member states.

Finally, there was the position of Italy, which was similar to that of Germany but at the same time in competition with it. For Italy, like Denmark, the East should not be left entirely to Germany. The Italian coalition government of the time was very active in trying to promote its foreign policy role and prestige in various new regional configurations. This was the case of the "Pentagonale", an initiative by the Italian Foreign Affairs Minister, Gianni de Michelis, to tie Italy, Austria, Hungary, Yugoslavia, and Czechoslovakia closer together. There, the wish to promote Italian prestige and balance German influence was hardly hidden<sup>116</sup>.

The Italian strategy was viewed with sympathy in Central Eastern Europe. The Czechoslovak President, Vaclav Havel, was very active in promoting this Central European summitry which excluded Germany. In January 1990, he invited Hungary, Czechoslovakia, Poland, Austria, Yugoslavia, and Italy to meet in order to coordinate

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*Economist* 1990/08/11. "The flaw in Thatcher's Europe: A bigger Community, yes, but that need not stop a closer one too".

<sup>116</sup> *The Economist* 1989/11/18 "Mitteleuropa tunes up once more"; *The Economist* 1990/08/25 "The empire strikes back Unity in central Europe".

the return to Europe of the Central Eastern countries<sup>117</sup>. The Hungarian government had also expressed similar views. Peter Medgyessy, vice-chairman of the Hungarian Council of Ministers, had given Hungary's assent to German unification, but proposed closer ties between the Central European countries in order to balance the economic impact of a reunified Germany<sup>118</sup>.

During 1990, the Italian government seemed to believe that it could simultaneously be in favour of a strengthened European Community, the "urgent" accession of Austria to the EC, and a more active *Ostpolitik*<sup>119</sup>. However, events in the East and the prospect of Austrian membership undermined the rationale of the European Economic Area (EEA). The EEA was designed as the second circle of European integration but "what was meant to be a barrier turned out to be an enticement"<sup>120</sup>. The Austrian membership application encouraged other EFTA members to seek EC membership and this,

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<sup>117</sup> Havel also said that he perceived that "West European states don't seem completely ready for a sudden return of half Europe into Europe" (cited in *Reuters* 1990/01/29 "Czechoslovakia: Havel set to juggle pro-Moscow legacy with West Europe ties").

<sup>118</sup> *Reuters* 1990/02/04 "Switzerland: East European support calls for German Unity".

<sup>119</sup> De Michelis had told *La Repubblica* on 15 February 1990: "negotiations on the entry of Austria into the EEC have to begin immediately, especially from the Italian point of view. In a common market always more weighed towards the center-north of the continent, we run the risk of remaining attached to Europe by only a strip of border with France". One month later, in promoting his Central European initiative, De Michelis, declared to the *Los Angeles Times*: "a medium-term framework of integration must be built to counterbalance the weight of united Germany [...] together these countries will contribute to a more even balance of power in the future Europe". De Michelis's statements perfectly reflected the buoyant mixture of hard-nosed realism, economic pragmatism and universal idealism of the time: he did not hesitate to talk first of the cars, cameras, stereos and washing machines the new 140 million Eastern consumers would demand and then go on to affirm that "the future of mankind lies in the success of integration, so for me Europe is the test of all humanity" (both articles reproduced in Freedman, *Europe transformed*, p.489 and p.515).

<sup>120</sup> G.Treverton. 1992. "The New Europe". *Foreign Affairs*, Vol.71, No.1, p.98.



in turn, made the prospect of membership for Central Eastern Europe more viable. But the European integration preferences of Italy would clearly suffer from such a wide process of enlargement.

Thus Italy, like Germany, was interested in association agreements with the East as a way of expanding its political and economic opportunities. Italian multinationals had played an active role in Eastern Europe and the Soviet Union throughout the seventies and eighties. Thus, experience showed that East-West trade could mean jobs at home. Also, occupying the EC's Presidency in the second half of 1990 seemed to favour a more general and global approach to the general policy issues. This was proved by the Italian Foreign Trade Minister, who in November publicly complained of the insufficiency of EC's association plan<sup>121</sup>. However, as events would soon confirm, not everything would be positive. Opening up to Central Eastern Europe would have political as well as economic costs for Italy and thus, the Italian government would also seek to minimize them.

Meanwhile, the governments of countries such as Spain or Portugal showed a natural sense of solidarity with the democratization processes in which the Central Eastern countries were engaged. However, parallels with what the prospect of EC membership meant to the Iberian democracies in the seventies were more frequently drawn in London or Bonn than in Madrid or Lisbon<sup>122</sup>. Specially in the case of Spain, the path of accession to the EC had been tortuous, the sacrifices involved very significant, and the asymmetry of power in

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<sup>121</sup> More specifically, he demanded the inclusion of a completely new institutional framework. He suggested a new Organization for European Economic Co-operation, in line with the U.S. post-war policy towards Western Europe, which should promote all-European cooperation, facilitate macro-financial assistance, which he estimated of \$15 billion and the launch of a "human" Marshall Plan in the field of know-how. With this, Renato Ruggiero was openly criticizing the timid institutional approach taken by the West, embodied in the loosely articulated Group of 24 (see *Financial Times* 1990/11/28 "EC urged to ease east Europe's transition to market economy").

<sup>122</sup> "Just as the Community reached out in the seventies to strengthen democracy in Greece, Spain and Portugal by offering them membership with long transitional periods, so in the nineties it should be ready to open its doors to all the countries of Europe who want to join" (Thatcher, "My vision of Europe", p.304).

their accession treaties still very much alive. Felipe González's attitude towards the EC seemed to be an exact reflection of what Thatcher had advised him to do, i.e. "undo all the amazing things you have to sign in order to enter"<sup>123</sup>.

During 1990, concern among political, economic, and social actors in Spain revealed the anxiety which low salaries in the East, together with considerations of geopolitical and/or historical responsibility considerations were viewed in Spain. Felipe González had very quickly understood that there was a deep contradiction between his natural desire to support democracies in the East and the national interests of Spain concerning the European integration process<sup>124</sup>.

Thus, for these countries, but also for other member states such as Ireland, Belgium, or the Netherlands, the fact that events in the East were offering excellent chances for the European Community as a whole did not necessarily mean that they, individually, were to benefit very much. It was clear that their individual roles in Eastern Europe were to be rather limited and that, in contrast, the EC's

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<sup>123</sup> Felipe González compared the road to the EC to a pilgrimage in which the crippled man without legs would also be requested to give up his arms. This exchange of views between González and Thatcher had taken place in 1985 at the funeral of the Soviet leader, Chernienko. According to González, Thatcher told him that "entry into the EC consisted in two parts. One agreeing to a whole lot of things to get in and then, once in, trying to undo all the amazing things you agreed to do in the first place" (*Financial Times* 1991/05/09 "A better balance of rich and poor: Felipe Gonzalez talks to FT writers about Spain's hope for Europe").

<sup>124</sup> On the occasion of his third inaugural speech on 4 December 1989, González had made it clear that Spain had conflicting interests in relation to the events in the East "Spain must act positively in favor of these changes and, at the same time, preserve her internal and external interests [...] We cannot ignore the risks for our own internal development and for some of the important dimensions of our foreign policy [...] Hence, along with the great satisfaction which we may all feel [...] we must analyze the consequences in order to operate politically, both to support the process [of democratization and transformation] and to defend internal and external interests" (F.González. 1989. "Sesión de Investidura: Discurso de Don Felipe González en el Pleno del Congreso de los Diputados del día 4 de diciembre de 1989". Madrid: Ministerio del Portavoz del Gobierno, pp.16-17).

process of approximation to Eastern Europe threatened to marginalize them. Thus, while they had come to endorse the policy, they objected to anything which might possibly affect their relative political and economic position in the European Community.

Finally, in the cases of Greece and France, a variety of factors forced them to depart from the reactive attitude they would otherwise share with those countries discussed above. For Greece, its position in the Balkans gave it a strategic profile in all South-eastern Europe which would probably raise its status in the eyes of the rest of member states. Thus, whilst there were some opportunities, its limited individual resources meant that these would have to be achieved through the EC. In this sense, the position of the Greek government resembled that of Germany, or even Italy, which sought to pass on the costs of their preferred policies to the EC. The problem with using the EC as an amplifier of national preferences was, however, that the attempt to pass on the sacrifices or spread the costs of their preferences among other member states was very likely to encounter resistance because the more reluctant countries considered that solidarity was compatible with the principle that those who benefitted most should also pay the most.

For France, the mere fact that the new Eastern Europe was to be a priority area for Germany dictated that France should also try to follow. While resenting German involvement in Eastern Europe was unlikely to deter Germany, endorsing German policies could be traded-off for the preservation of France's specific weight in the EC. In these circumstances, the best way to keep some control or balance vis-à-vis Germany was to permit the EC, rather than the German government alone, to be the main actor of the new *Ostpolitik*. Echoing De Gaulle and showing the impact of the pattern of historical alliances between France and the Republics of Central Eastern Europe, the French Foreign Minister, Roland Dumas, visiting Warsaw to sign the EC-Poland Trade and Cooperation Agreements in September 1989, had promised that "France would act as a lawyer and as a spokesman of Poland vis-à-vis the EC"<sup>125</sup>.

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<sup>125</sup> *FBIS-EEU* 89-183 of 22 September 1989, citing *Rzeczpospolita* of 20 September 1989.

Later, at the time of the German-Polish dispute over the Oder-Neisse issue, the French had attempted to exploit fears about a future united Germany all over Eastern Europe. However, in the French case, the costs and sacrifices of a policy seeking to counterbalance German influence were not easily bearable, either in terms of their impact on the European integration process or of their direct economic consequences for France. Hence, throughout 1990, the French government's approach to the association agreements revealed that the spokesman's service was in fact being offered to those EC member states with a cautious and conditional approach<sup>126</sup>.

In spite of such widely divergent preferences and interests, the EC member states agreed on a single policy towards Central Eastern Europe. But agreement among such radically opposing views on the future of EC relations with Eastern Europe was to be the main indication of the problems to come. From then on, all these preoccupations, and the split between "reluctant" and "positive" member states, would be inseparable elements of the EC's decision-making process on *Ostpolitik*. In these circumstances, pay-offs were not likely to resolve the problem because the success of Central Eastern Europe brought it closer to the EC and was likely to create irresistible demands for membership.

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<sup>126</sup> As Bomsdorf wrote: "limited economic interests in the East, threats to agriculture and lack of pressure derived from geographical proximity... has led France to stress more the 'internal' than the 'external' requirements of any Eastern policy of the EC putting deepening well before enlargement. German and French approaches are not fully inconsistent but are not fully coherent either" (F.Bomsdorf *et al.* 1992. *Confronting Insecurity in Eastern Europe: Challenges for the European Community*. London: Chatham House, p.91).

The Twelve agreed on support for economic and political reforms in Central Eastern Europe. However, they could not agree on the final goals of this policy of association. In other words, behind the policy of association there was no design for the future architecture of the continent. Naturally, this lack of consensus on the scope of the policy weakened the content of the policy because the degree of market access, financial aid, or political dialogue awarded to the future associates was to have a lot to do with whether the enterprise was one of cooperation or one of integration. And this, in turn, was closely related to the path taken by European integration.

## **CHAPTER II**

### **BARGAINING OVER CONTENT: FRAGMENTATION**

#### **1. The blueprint for association**

By April 1990, the Community had a policy of association but its content had to be further defined in order to obtain the Council's support for embarking on negotiations with Central Eastern Europe. Also, the Commission had to engage in exploratory talks with the countries involved in order to assure itself that they would accept what the Community was willing to offer. While in the preliminary phase, Eastern European pressures had limited themselves to the demand for progress in bilateral relations, now the opportunity had been created for proposing and discussing the general aims and contents of the future agreements. Here, I will examine the profile of the Central Eastern European demands and how the Community reacted to them. Then, the process by which the Community approved a general framework for association agreements will be analyzed. Finally, attention will be paid to the results of the preliminary conversations held between the Commission and Eastern European officials in order to prepare a negotiation mandate.

## *1 / The EC and Central Eastern Europe...*

### *1.1. Central Eastern European demands*

As seen in the previous chapter, the Twelve had decided to concentrate on resolving the issue of German reunification before moving towards association with Eastern Europe. But this self-imposed limitation, no matter how wise it might look, would make it impossible for the Community to anticipate events. Mitterrand had wanted the Community to walk one step ahead of changes in Eastern Europe<sup>1</sup> but this would prove impossible once a medium-term policy towards Eastern Europe had been made dependant on German reunification, and long-term policy deferred until the Community had been strengthened. Thus, to be able to anticipate events, the Community would have needed a long, smooth and controlled transition in Eastern Europe.

But environmental change, what was called the "acceleration of history", soon made it clear that it would be impossible for the Community to accelerate at the same speed as events were unfolding. The impressive process of decomposition and recomposition of the European order meant that, within a year, there were freely elected democratic governments in all Central Eastern Europe, the CMEA had disbanded, the Warsaw Pact was collapsing, Soviet troops were pulling out of Eastern Europe, Germany had been unified, and the Twelve were discussing their Monetary and Political Union. On the other hand, the new democratic regimes of Eastern Europe were on the verge of economic chaos, their situation proving worse than ever imagined in the West, with Eastern markets collapsing, oil prices soaring as a result of the Gulf War and thereby ruining their economies, and ethnic instability threatening political regimes and raising fears of balkanization or a slide into authoritarianism.

This decomposition-recomposition process meant an acceleration of Eastern European demands and further pressures on

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<sup>1</sup> "As events progress and unfold in Eastern Europe, Community Europe should, at the same pace and - why not? - even a little faster so as to precede the event, achieve still greater consolidation" (Mitterrand. Address to the European Parliament. Strasbourg, 22 November 1989. Reproduced in Freedman, *Europe transformed*, p.364).

the EC's *Ostpolitik* to bring Central Eastern Europe back to Europe closer and faster. However, the EC's internal rifts on European integration and on German reunification, together with the Gulf War, not only occupied most of the Community's time but also seriously questioned its ability to speak with one voice in these very fundamental areas. Thus, Central Eastern Europe seemed to need more recomposition than the Community, constrained by its agenda overload, was able to offer.

Central Eastern European pressure was visible in the way some countries, specially Poland, were telling the Community that they wanted more, and faster, than they were being offered. Even before the European Council in Dublin in April 1990 gave "green light" association in the medium-term, the Polish government showed that it was not willing to accept the Community's *Ostpolitik* agenda, timing, or contents.

On 3 April 1990, Primer Minister Mazowiecki sent President Delors a letter demanding informal negotiations on an association agreement to start in May. More importantly, the association agreement which the Poles were foreseeing went much further than that which even the most enthusiast activists within the Community were thinking of offering. If the Community planned to offer a free trade area, the Poles would demand a customs union; if the Community had temporarily left the free circulation of capital, services, and persons out of the free area, the Poles would demand their inclusion. In all, Mazowiecki's plan meant an unambiguous road to membership, including the harmonization in agricultural, monetary, social, transport and energy policies, and cooperation in the fields of justice, science, education, and technology<sup>2</sup>.

But the Twelve could not satisfy Polish demands. After the March 1990 elections in East Germany, the European Community was beginning to be recomposed in the terms proposed by Delors

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<sup>2</sup> "Je voudrais remarquer que signant l'accord d'association, la Pologne aura à l'esprit sa future adhésion aux Communautés qu'elle entend demander à un moment que les deux parties jugeront approprié" (attached to CEC. Office of Vice-President Andriessen. "Reply from President Delors to letter from Prime Minister Mazowiecki", Brussels, 26 April 1990).



and agreed to by Mitterrand and Kohl. Following Delors's plan, on 21 April 1990, the Commission managed to obtain the EC's foreign ministers agreement with respect to German reunification and the EC, as well as to the new *Ostpolitik*, so allowing the Community to concentrate on Political Union<sup>3</sup>.

Hence, the European Council devised an operational medium-term association policy, and set in motion the necessary mechanisms for preparing a negotiating mandate. The Community's offer combined some fixed minimum elements with a variety of possible outcomes for each country. Thus, in its favour, it was flexible and evolutionary, but to its disadvantage, dynamism could also mean instability or a lack of predictability, which was precisely what the Central Eastern Europeans feared most. And these two characteristics stimulated their pressures on the Community.

Poland, later joined by Czechoslovakia and Hungary, would keep on setting pressure on the Community to come up with wider, deeper, and faster contents for the European agreements. In a new attempt to bring forward negotiations, on 17 May 1990 Poland formally demanded their beginning<sup>4</sup>. This time, the Polish

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<sup>3</sup> The documents were: CEC. "Communication de la Commission. Le développement des relations de la Communauté avec les Pays de l'Europe Centrale et Orientale". SEC (90) 717/f. Bruxelles, le 18 avril 1990; CEC. "Communication de la Commission. La Communauté et la unification allemande". SEC (90) 751/f. Bruxelles, le 19 avril 1990. The Commission could not hide its satisfaction about such wide Council approval (Commission Meeting, 27 April 1990, COM (90) PV 1009, 2ème partie, Point XVIII "Travaux du Conseil. Déroulement de la Réunion Informelle des Ministres des Affaires Étrangères (21 avril 1990)").

<sup>4</sup> "submitting the request for association with the European Community, the Government of the Republic of Poland, conscious of the momentous political significance of this endeavour, desires to express its conviction that the time has come in which a closer relationship between Poland and the Communities has become possible and necessary both for the advancement of democracy and the free market in our country and for the progress of the integration of Europe on the basis of the principles set forth in the Treaties establishing the European Communities and in the Single European Act" (Republic of Poland. The Minister of Foreign Affairs. "Letter to Gerald Collins, President of the Council of Ministers of the European Communities". Warsaw, 17 May 1990).

government proposed June 1990 as the starting date for preliminary talks, and suggested that the Community should have prepared its negotiation mandate by September 1990, so as to allow formal negotiations to start immediately afterwards. Furthermore, the Polish government announced the presentation in the near future of a memorandum outlining the contents of association. Further meetings made clear that the ultimate goal of the Polish government was to demonstrate both the intensity and irreversibility of their foreign policy reorientation. In return, the Polish government hoped to obtain a Community guarantee that they would not be left out in the cold should the transitions prove successful.

The perspective of membership was seen to fit these requirements. However, as we will see, the Community would refuse any such binding between association and membership. By June 1990 it was clear to the Commission that its offers would fall short of Central Eastern European demands. Even before the Polish government officially issued its memorandum on 21 June, the Commission had at its disposal a draft version of the memorandum<sup>5</sup>. When the official memorandum was presented to Commissioner Andriessen, the Commission was able to confirm the scale of the gap between both parties intentions in respect to the contents and scope of association.

The realism of the Polish proposals is open to discussion. On the one hand, their economic liberalism looked somewhat naive because it tended to ignore the realities of world trade, driven by "managed trade" more than free trade, and specially those of Community trade. As a senior DG I official interviewee commented, they would tell the Poles that the "Community was not willing to pay for Jeffrey Sachs' theories". The Polish proposals met a strong reaction when they presented to the different Commission's services. In fact, even high-

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<sup>5</sup> CEC. DG I. Task-Force PHARE. Secretariat. "Accord d'association CEE-Pologne. Proposition polonaise". Bruxelles, le 13 juin 1990. Details of the origin, presumably a leak, of the original document, in Polish, are not known. In many points the French translation simply stated "illegible". The draft coincided basically with what the formal memorandum would finally look like.

## *1 / The EC and Central Eastern Europe...*

ranking Polish officials recognized that their proposals were rather unrealistic<sup>6</sup>.

On the other hand, the Polish government viewed a radical liberalization of foreign trade as inevitable to introduce competitiveness into the economy, while it also met the criteria for a much-needed anti-inflationary policy<sup>7</sup>. Moreover, the memorandum was not the product of a single Ministry, as eleven ministries had jointly prepared the document and it had been approved by the Council of Ministers. Furthermore, the Polish government was not driven by pure economic concerns. The memorandum made clear that economic goals were subordinated to wider political objectives, and that the connections between the two realms were clearly understood. Quite deliberately, the Polish program for economic reforms, known as the "Big Bang", was officially called "The Road to Europe"<sup>8</sup>.

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<sup>6</sup> In a meeting with Commission DG I officials to prepare the visit of Makarczyk, Foreign Affairs Vice-minister, the 'Conselleir' of the Polish Mission to the European Communities, Jan Truszczyński, recognized that *"qu'il s'agit encore un peu de 'wishful thinking' de la part des auteurs polonais de ce texte"* (CEC. DG I. "Note pour le dossier. Pologne. Accord d'association". Bruxelles, le 15 juin 1990).

<sup>7</sup> The main anti-inflationary strategies were: full price liberalization to bring domestic prices in line with world ones (as a result, inflation was brought down from 78% in January 1990 to 5% in June 1990); devaluation and convertibility of the zloty to maintain foreign currency reserves and boost exports; taxes on wage increases and restrictive fiscal and monetary policies. As a GATT report concluded: "as a result of the transformation of the economic system, the Polish economy functions already on the same rules as market economies of other contracting parties". In respect to trade the report said "it must be stressed that no subsidies are granted directly or indirectly to exporters" and "there are no quotas on imports on any goods at present" (GATT. 1990. *Renegotiation of the Terms of Accession of Poland: Memorandum on Foreign Trade Regime*. L/6714, 7 August 1990, points 16,21).

<sup>8</sup> *"L'intention du gouvernement est de rendre irréversibles les profondes réformes politiques en cours [...] donc le retour aux valeurs fondamentales du monde contemporain. Cela demande un ancrage profond de ces changements en Europe et une aide [...] afin qu'il n'y ait plus jamais et dans aucune circonstance de retour possible à un système totalitaire. Une telle action acquiert une dimension politique qui trouverait sa plus parfaite expression avec l'entrée de la Pologne au sein des*

According to this memorandum, the Polish road to Europe would be characterized by: (i), a preparatory one-year phase for the transformation of the Polish economy with the financial and technical support of the Community and the elimination of Community customs rights and quantitative restrictions on imports from Poland; (ii), a transitional five-year phase in which a free trade area covering all trade would be established (though some exceptions were foreseen for Poland to maintain restrictions on imports of "sensitive" products, specially agricultural products from the Community) and during which Poland would harmonize its economic policies with those of the Community and, (iii), a final phase characterized by a customs union (again with some exceptions) and the incorporation of Poland to single market free circulation of goods, services, capital, and persons.

In short, the Polish government demanded, in line with various European Council statements, an "*association réelle*" through which the European Community could perform the role of "*un moteur pour les réformes en Pologne*"<sup>9</sup>. Thus, there were no misunderstandings, the Commission acknowledged that in Poland association was considered as "*un accompagnement, un prologement des réformes économiques en cours [...] et donner au peuple polonais, actuellement confronté à une austerité sans précédent se traduisant notamment par une chute importante de son niveau de vie depuis le début de l'année, une perspective*"<sup>10</sup>.

In fact, very similar proposals were being considered by the new center-right Czechoslovak and Hungarian governments. On 8 April

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*Communautés Européennes*" (CEC. Office of Vice-President Andriessen. "Mémorandum du Gouvernement de la République de Pologne relatif aux principes d'association entre la Pologne et la Communauté économique européenne". Bruxelles, le 22 juin 1990).

<sup>9</sup> CEC. DG I E. "Note pour le dossier. Entretien à Varsovie (26 juillet 1990) avec K. Skubiszewski, Ministre des affaires étrangères". Bruxelles, le 30 juillet 1990.

<sup>10</sup> The document added: "*le risque sous-jacent, ressenti par les représentants des Douze à Varsovie, est celui de la tentation du populisme nationaliste Walesa, voire du 'bolchevisme blanc'*" (CEC. DG I E. "Note pour le dossier. Contacts préliminaires avec les autorités polonaises sur l'association. Synthèse rapide". Bruxelles, le 31 juillet 1990).

1990, the Hungarian "Democratic Forum" won 165 of the 386 parliamentary seats, and together with two other parties (the independent Smallholders Party which won 43 seats and the Christian Democratic People's Party with 21) went on to form a conservative coalition. The three-party government, led by Jozsef Antall, won parliamentary backing on 23 May and on 3 August, Arpad Göncz, a former dissident, was elected President of the Republic. Two days after the Forum won the elections, Jozsef Antall had made membership of the European Community the foreign policy priority of his future government<sup>11</sup>. Accordingly, during his first visit to Brussels, on 17 July 1990, this goal was transmitted to Delors in a memorandum<sup>12</sup>.

A similar same situation was unfolding in Czechoslovakia. In the elections of 8-9 June 1990, the Civic Forum and its Slovak sister party, Public Against Violence, obtained 170 seats in the 300-member Federal Assembly. On his visit to Brussels in August, Marian Calfa, the Czechoslovak Prime Minister, restated the position his country's government had been stating since December 1989. In the Czechoslovak Federal Assembly a widespread consensus had been reached on the need to confer upmost importance to developing new ties with the European Communities. The reasons were very similar to those expressed by the Poles. Marian Calfa stressed that they did not approach the European Community as an economic forum, but as an association with a marked political profile. By establishing closer links with the EC and the Council of Europe, his country sought to confirm "*le caractère démocratique irréversible de notre société après les changements dramatiques de l'année dernière*". Compared to the

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<sup>11</sup> *Financial Times* 1990/04/10 "Forum sets its sights on EC membership". After informal talks, the Commission was anticipating similar contents in the Hungarian memorandum: "*L'Hongrie n'a pas d'initiative formelle à ce stade, mais ses nouveaux dirigeants ont déjà indiqué que leurs réflexions vont dans le même sens*" (CEC. DG I. Le directeur général. "Note à l'attention de M. Andriessen. Accords d'association avec les pays d'Europe centrale et orientale". Bruxelles, le 25 juin 1990, point 3).

<sup>12</sup> *BulleC* 7-8/1990, point 1.4.8. Antall asked for preliminary conversations to start immediately with the aim that the association agreement would come into force by 1 January 1992.

Polish memoranda, the Czechs were more prudent in the way they presented future membership to the European Community and more realistic about the sacrifices which approaching the Community would require. In respect to trade, however, they were equally ambitious in demanding a customs and economic union preceded by a free trade area covering industrial and agricultural products and including the free circulation of capital, services and workers. Thus, the Czech proposals also meant that association would be the anteroom of accession, a possibility the EC would fiercely resist<sup>13</sup>.

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<sup>13</sup> (CEC. DG I. "Premier Ministre de la RFTS. Demande d'association". Letter from Marian Calfa to President Delors. Prague, 9 September 1990). The memorandum also stated: "*Nous comprenons que votre Commission veut distinguer les accords d'association de la possibilité d'être reçu à la Communauté comme membre de plein droit [...] nous sommes aussi conscients que cette possibilité ne sera pas éliminée par la conclusion de l'accord et qu'il dépendrait surtout de nous, de la force de notre démocratie et l'efficacité de notre économie [...] c'est pourquoi nous avons intérêt à ce que le contenu de l'accord [...] facilitant ainsi l'entrée de la RFTS dans la Communauté*". Vice-Minister Pirek was quoted by Commission officials as declaring "we are ready to accept exacting conditions" and that "*les contraintes qui seront imposées de l'extérieur ne peuvent avoir qu'un effet bénéfique*" (CEC. DG I. "Visite du Président en Tchécoslovaquie. Contacts préliminaires à Prague, 14 septembre 1990". Bruxelles, le 14 septembre 1990).

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### *1.2. The Community's reaction*

By May 1990, the conditions which the EC had set for the start of negotiations on association agreements with Eastern Europe were fulfilled in Hungary, Poland, and Czechoslovakia. In all these countries, free elections had taken place and their leaders had unambiguously demonstrated their will to embark on a process of market-oriented economic reforms. Moreover, the net of Trade and Cooperation Agreements had been completed and PHARE's aid measures had been extended to cover the late-comers. As short-term Community's policies were about to be exhausted, the foundations were laid for deepening relations with Central Eastern Europe. Thus, the Community was in a position to elaborate on its association offer and engage in exploratory conversations with the Central Eastern European leaders. However, the process would not be smooth, either internally, within the Commission and between the Commission and the Twelve, or externally, that is, in dealing with Central Eastern Europe.

First of all, the Community would seek to reduce the pressures for membership. Many considered that such a debate was intended to force the Community to change its delicately built agenda and strategies, accentuating the existing internal divisions. Moreover, the debate threatened to diminish the significance of association, generating false expectations, and thus criticism or even resentment. The Community could not say "no" to membership, because of the counterproductive effects that "closing the door" would surely have, and it could not say "yes", because that required an unanimity which was lacking and a commitment which both politically and economically it could not bear at the moment.

Delors had delayed answering to Mazowiecki's letter until after the European Council meeting in Dublin in April had taken place but it was clear that with respect to membership, Delors was also caught in the dilemma of how to say 'no' and 'yes' at the same time. Prior to the European Council, Delors reiterated that the new agreements were not intended to discourage countries from applying one day to join

the EC club, if they so chose<sup>14</sup>. Later, with the Council's backing, he replied to Mazowiecki. While he did not explicitly reject Polish proposals on the economic, commercial, cooperation or the financial content of association, he restated that "*l'association constitue des relations étroites ayant une valeur spéciale en soi qui devrait se distinguer de l'évolution ultérieure possible de nos relations*"<sup>15</sup>.

Then, as the Community remained adamant that no guarantee of membership would be included in the association agreements, the Central Eastern Europeans tried, without much success, to find new ways of obtaining this commitment. The new strategy no longer demanded automatic guarantees, but unilateral, non-legally-binding declarations on future membership.

This was the Polish position at the European Political Cooperation consultations held in Dublin on 31 May 1990. Jerzy Makarczyk, the Polish Deputy Foreign Minister, "said he realized that membership was not a corollary of such an agreement. Nevertheless, there should be a general clause indicating that, if satisfactory progress is made under the association agreement, this might lead on to full membership, but without it being a legal obligation"<sup>16</sup>. After the first round of preliminary conversations with Poland concluded late in July 1990, Cadieux (Assistant Director General of DG I) remarked in his briefing "*l'importance attachée par la Pologne à la perspective de l'adhésion font qu'il aura lieu de réfléchir à une formule susceptible de ne pas fermer la porte, par exemple par une déclaration politique accompagnant le futur accord d'association*"<sup>17</sup>.

However, with the exception of the position of the British government, the common denominator in the EC in 1990 was to

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<sup>14</sup> Cited in the *Financial Times* 1990/04/28 "EC political union goes to top of the bill: The European Community summit meeting in Dublin today"

<sup>15</sup> CEC. Office of Vice-President Andriessen. "Reply from President Delors to letter from Prime Minister Mazowiecki". Brussels, 26 April 1990.

<sup>16</sup> CEC. SG. "Note for the file. European Political Cooperation Consultations with Poland, Dublin, 31 May 1990". CIEM (90) 307. Brussels, 5 June 1990.

<sup>17</sup> CEC. DG I E. "Note pour le dossier. Contacts préliminaires avec les autorités polonaises sur l'association. Synthèse rapide. Varsovie, 26-27 juillet 1990". Brussels, 31 July 1990.



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avoid any linkage between association and membership<sup>18</sup>. And though the Eastern Europeans stubbornly maintained their demands, only in April 1991 would the Community allow them to include a mere unilateral statement in the agreements declaring their desire to become members in the future.

#### *1.3. The Community's association framework*

As for the content of the association agreements, it has already been noted that though unofficial and incomplete, the Commission had at its disposal a preliminary outline of the Polish memorandum since 13 June 1990. Since the Council of Dublin on 28 April 1990, the Directorate General for External Relations (DG I) had been working on its association draft. After inter-service consultations, Krenzler, Director General of DG I, on 25 June 1990, had sent the draft to Commissioner Andriessen in order that it should be discussed by the Commissioner's cabinets.

Originally, Krenzler and Andriessen were planning the following deadlines for discussion: 28 June at the Commission level and 16-17 July at Council level. However, in the end the Commission's discussion was postponed to August and the Council's examination to September. This happened for various reasons: first, Delors accepted Mazowiecki's proposal to start exploratory conversations in July. In that situation, it would hardly seem diplomatically correct to approve the Commission's communication before these conversations actually took place. Hence, in the General Affairs Council of 18 June 1990, Andriessen reported that the Commission's final communication would be delayed until these conversations had taken place. Second,

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<sup>18</sup> "la Communauté devrait à tout prix éviter de telles clauses" (CEC. SG. "Memorandum du gouvernement polonais relatif à l'accord d'association entre la Pologne et la Communauté". Note du David F. Williamson à Horst G. Krenzler. Bruxelles, le 10 juillet 1990). According to the Commission, the agreements should be satisfactory enough for Eastern European countries "for them not to feel impelled into premature applications for full membership" (*Financial Times* 1990/08/02 "EC to offer E Europe new links").

these conversations offered a good opportunity for the Commission to bring the Central Eastern European positions closer to those of the Community one and so were given the "green light" by the European Council of 25-26 June 1990<sup>19</sup>.

Unquestionably, and with the exception of the economic cooperation package, there was a wide gap between the Polish and the EC's positions. In respect to the future evolution of relations, the Commission's draft communication of June 1990 made it clear that "*la perspective de l'adhésion ne serait pas explicitement prévue dans les accords d'association*"<sup>20</sup>. At the same time, with respect to economic relations the proposal stuck to preceding calls for a free trade area asymmetrically built in two phases<sup>21</sup>. In the first phase, the Community would start liberalizing trade and the associates would gradually adapt their trade and foreign currency policies. In the second phase, if economic conditions allowed, the associates would start their trade liberalization process. The first exception to free trade would appear in relation to agriculture, as the draft stated that agricultural concessions were to be negotiated case by case. In respect to the free circulation of persons, capital, and services, the draft of June 1990 went slightly further than the preceding communication (SEC 90 717 of April 1990) in promising that, in the future, when both parties' economies converged further, the problems in these areas would be studied with the object of creating a true European economic space. Before then, the Commission signalled its willingness to negotiate within the association agreements improvements on the working conditions of Eastern European

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<sup>19</sup> By only authorizing the Commission to engage in conversations with Poland, Czechoslovakia and Hungary, the Council made clear that only those countries met the political and economic conditionality criteria. Thus, except otherwise noted, henceforth, I am only referring to these three countries.

<sup>20</sup> CEC. DG I. Le directeur général. "Note à l'attention de M. Andriessen. Accords d'association avec les pays d'Europe centrale et orientale". Bruxelles, le 25 juin 1990, point 8.

<sup>21</sup> CEC. DG I. "Projet de Communication de la Commission au Conseil. Objet: Accords d'association avec les pays d'Europe centrale et Orientale". Bruxelles, le 15 juin 1990.

nationals in the Community and assistance for the modernization of the service sector.

This was the content of DG I's draft before the Polish memorandum. But the effects of the memorandum are obscure, if not paradoxical. The truth is that the Commission final communication (COM 90 398 of August 1990) was less ambitious than the draft of June 1990 cited above. But this could well be attributed to some type of overreaction to the scope and depth of the Central Eastern proposals, or, alternatively, to a downgrading of the proposal by the internal Community decision-making machinery. Nevertheless, some in DG I considered that the existence of this gap signified the start of a bitter and hazardous process of negotiation, at both the external and internal levels. Hence, they began to work in order to bring the EC and the Central Eastern European closer.

When Andriessen met with Makarczyk in Brussels on 21 June 1990, he seemed to lean in favour of Polish proposals rather than ignoring them on grounds of the "wishful thinking" which Polish diplomats had acknowledged. As we have seen, the above-mentioned Commission's draft communication made no mention of customs union or the free circulation of anything except goods. However, Andriessen told his guest: "*nous pouvons même songer à une union douanière, à réaliser par des étapes successives. De même pourra-t-on essayer de mettre en application, à terme et dans la mesure du possible, les quatre libertés, étant entendu que la circulation des personnes est celle qui posera le plus de problèmes*"<sup>22</sup>. Andriessen was opening perspectives which were not backed and would not be backed later, either by the Commission or the Council. Moreover, they were not even endorsed by his own services at DG I. Clearly, Andriessen was buying time to upgrade the EC's offer<sup>23</sup>. Thus, when

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<sup>22</sup> CEC. DG I. "Note pour le dossier. Visite de M. Makarczyk, Secrétaire d'état aux Affaires étrangères de Pologne. 21 juin 1990". Bruxelles, le 22 juin 1990.

<sup>23</sup> Nevertheless, DG I's initial reaction to the memorandum was very optimistic and mild. In spite of the differences between both parties' position, DG I stated that "*le memorandum polonais est proche de notre conception par l'idée de la progressivité*", and although "*il y a un ensemble d'éléments distinguant considérablement le memorandum polonais de notre conception actuelle, la partie polonaise est*

Andriessen justified before the General Affairs Council of 16-17 July 1990 the delays in drafting the proposals on grounds that more time was needed to learn about the demands of the Central Eastern Europeans, and that this would facilitate the drafting of the mandate and the following negotiations, he was not being entirely sincere<sup>24</sup>.

The delays in drafting the Commission's position also reflected the fact that the Commission itself was having problems in securing internal agreement. While the Legal Service reminded the Commission that any free trade agreement should, according to GATT's Art. XXIV, cover "substantially all trade"<sup>25</sup> the Directorate General for Agriculture (DG VI) told DG I (External Relations) that the application of the Common Agricultural Policy (CAP) to Poland "was completely unacceptable". Clearly, nobody within the Community was willing to discuss such a possibility at that moment, so DG VI was not really being very negative. However, DG VI's analysis revealed their very protectionist mood: "neither can we accept any interference in the management of the CAP since almost all of the agricultural products Poland produces are in one way or another sensitive products for the Community. At the most, as things stand at present, we could transfer to the association agreements the concessions made under the Generalized System of Preferences, thereby making them permanent, with an outside possibility of adding a limited number of concessions if we can identify some non-sensitive products of which Poland is a major supplier"<sup>26</sup>. Hence, DG VI did not seem to leave much room for hope in respect to agricultural

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*consciente du caractère imparfait ou incomplete de son texte qui n'a qu'un caractère indicatif' et est largement inspiré de textes communautaires existants'* (CEC. DG I. "Commentaire rapide. Memorandum du gouvernement polonais sur l'association". Bruxelles, le 21 juin 1990).

<sup>24</sup> CEC. DG I. "General Affairs Council, 16-17 July 1990. Speaking and defensive points on association agreements". Date and place not given.

<sup>25</sup> CEC. SJ. "Memorandum du Gouvernement polonais relatif aux principes de l'association entre la Pologne et la CEE". JUR (90) D/04415. Bruxelles, le 17 juillet 1990.

<sup>26</sup> CEC. DG VI-H. "Memorandum of the Polish government on principles of association between Poland and the EC". Note by G. Legras, Director General. Brussels, 19 July 1990.

concessions and suggested the real extent of the problems that would arise later.

The Directorate General for Internal Market and Industrial Affairs (DG III) based its negative remarks on Commission SEC (90) 717 April's communication, which was compared with the Polish memorandum. Consequently, DG III argued for the elimination of all references to membership and customs unions. Furthermore, DG III considered that there was not enough evidence of Polish commitment to economic transformation. Thus, a preliminary phase of one year was considered to be too short. Moreover, DG III proposed to delay the Community's trade liberalization and reject Polish proposals that it could opt out of the trade liberalization process if economic conditions deteriorated. At the same time, DG III sought to keep the Community's hands free with respect to the free movement of services, capital, and labour<sup>27</sup>.

All these objections and the opinion of other services were dealt with in successive inter-service and cabinet meetings until the new communication was finally drafted on 31 July and approved by the Commission on 1 August 1990<sup>28</sup>.

At this point, COM (90) 398f was the official Commission proposal for a general framework for the association agreements with Czechoslovakia, Hungary, and Poland which the Council and the Parliament had to approve prior to the drafting of the negotiating

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<sup>27</sup> CEC. DG III A-1. "Memorandum du Gouvernement polonais relatif aux principes de l'association entre la Pologne et la CEE". Note by Robert Verrue, Director. Bruxelles, le 17 juillet 1990.

<sup>28</sup> CEC. "Comunicación de la Comisión al Consejo y al Parlamento. Acuerdos de asociación con los países de Europa Central y Oriental: un esbozo general". COM (90) 398 final. Bruselas, 27 de agosto de 1990. The *Financial Times's* analysis stated: "The new type of association agreement is intended to bind Eastern Europe's emerging democracies politically and economically to Western Europe. The Commission hopes that this second generation of association agreements will give Eastern Europe a stable western orientation, provide the EC with some political leverage over its Eastern neighbours, and prove satisfying enough to East European countries for them not to feel impelled into premature applications for full Community membership" (*FT*1990/08/02. "EC to offer Eastern Europe new links").

directives<sup>29</sup>. As was to be expected, the document did not take the Polish and Czech memoranda and the new European environment into account. Rather, as a result of internal negotiations among the Commission's services, and in anticipation of the positions of the Council and the Parliament, the document was less ambitious than previous proposals made by the Commission (such as April's SEC 90 717f or the 25 June unofficial draft).

While the Commission's position remained unchanged in respect to denying membership and a future customs union, it took a step backwards in relation to free trade in industrial products<sup>30</sup>. This not only contradicted the idea of asymmetry which still figured in the proposal, but even the philosophy of "reciprocal and equilibrated obligations". The benefits of trade liberalization were clearly weighted in favour of the Community:

"At the moment of its entry in the Community, the industrial products originating in an associated country will benefit from the exemption of tariffs, *though* the non-specific quantitative restrictions and equivalent effect measures will be applied to them"  
[Point A.(a), my emphasis]

"At the moment of its entry into an associated country, the industrial products originating in the Community will benefit from the exemption of tariffs, quantitative restrictions and equivalent effect measures"  
[Point A.(b)]

The differences in the wording meant that DG I and Andriessen had encountered considerable resistance within the Commission to their proposals. Fortunately, the situation would be reversed to the *statu quo ante* in the next phase, the drafting of the negotiation directives; this left an identical text for both parties by eliminating the

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<sup>29</sup> Yugoslavia, Bulgaria, and Romania's poor record of reforms justified their exclusion.

<sup>30</sup> Following DG VI's demands, agriculture was excluded from the trade liberalization process. Instead, the Commission endeavoured to cooperate in the reform of production, marketing and distribution sectors through technical assistance and, also, "to negotiate special measures to foster trade in agricultural and fisheries products" (COM 90 398f, point B).

phrase beginning "though ...". In short, the episode showed that the Commission could be more protectionist than the Council. More importantly, it hinted at the problems to come from a loss of globality in the negotiation. Asymmetry, to say the least, was very precarious and could not be taken for granted. As one of my interviewee in DG I stressed, asymmetry had a high risk of becoming rhetoric and the Commission's "hard-nosed" approach to trade would be "to offer the minimum concessions necessary to get the agreement signed"<sup>31</sup>.

The other controversial point concerned the question of phases. Originally, this idea had been presented in the Polish and Czech memoranda as a "preliminary" or "transitional" phase. But the philosophy behind the idea was that the associated countries would be able to "opt out" or slow down the trade liberalization process in the event of their economies not developing as expected. Thus, the decision would be unilateral and discretionary and guaranteed the associates a certain sense of control. Otherwise, the transition from one phase to another was to be automatic, i.e. the Community could not slow down the process. However, the Commission's wording of the two-phase approach suggested that the transition from one phase to another would have to be negotiated, which meant the EC acquired a clear right of veto<sup>32</sup>.

Some other points also meant that problems could be anticipated. The example was DG IV's (Competition) "success" in including in the proposal the application of Community competition rules to the associates (COM 90 398f point G.6). Though there was to be a period during which Central Eastern European industries

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<sup>31</sup> This senior DG I interviewee said: "I always said that asymmetry was insufficient, that it would only exist on paper, that it was better to head directly for a fast real free trade area, excluding of course, agriculture, textile and steel. It was clear that asymmetry would be only 'optical', that our products would going to flood Eastern Europe no matter what agreements were reached and that theirs would have a hard time in entering the Community. We have experience, resources, quality, marketing, distribution and financing facilities they did not have".

<sup>32</sup> As an Hungarian Diplomat who I interviewed explained, the opposition of his government to this approach was based on the fact that "we wanted to see clearly the end of the process, not just the beginning".

would not be affected by Community rules in respect to state aids, it was clear that Poland, Hungary, and Czechoslovakia would have to face the dilemma of choosing between depriving firms of much needed state aids, or facing Community anti-dumping measures<sup>33</sup>.

Only in respect to the circulation of services, capital and workers did the Commission go further than it had previously done. Now, two phases were planned: in the first one, the Community would help the associates to set in place the appropriate Community-like legal framework as well as to prepare the affected for the second phase. However, there was a different emphasis during the second phase on the extension of Community commitment to the liberalization of the three sectors<sup>34</sup>.

Thus, the problems at the Commission level had been solved or temporarily delayed by internal compromises. The fact that the Commission could finally present a proposal, in the confidence that the Council would not turn it down, also reflected the fact that at this stage of the decision process, specific issues were still highly reversible. It was known that the real problems would come during the negotiation of the mandate. So, COM (90) 398 represented a temporary compromise not to discuss conflictive issues and to offer a political signal. In this way, success was measured in terms of not having the proposal turned down either at Commission or at the Council's level though it was understood that the comments member states would make would have to be taken into account later on. These "calls for attention" from the Council to the Commission were manifested in the meetings of the Eastern Europe Group held on 7 and 11 September 1990 at the request of the COREPER meeting of 6 September. After the meeting, the President of the Group drafted

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<sup>33</sup> This problem would later be the origin of many bitter conflicts between the Community and the associates.

<sup>34</sup> "During the second phase, the parties would progress towards the *total* application of Community rules in respect to free circulation of capitals"; in services "the negotiations shall lead to an agreement on the *conditions* of liberalization of trade in services" and in persons "the Community and the associates would *consider the possibility* of deepening the free circulation of persons" (COM 90 398f points C, D and E, my emphasis).



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the conclusions. There, while the general satisfaction of the members of the Group was recorded, it was also summarized the content of the comments made<sup>35</sup>.

In respect to the political content of the agreement, many delegations expressed their wish that the principles of conditionality and differentiation be further stressed in the agreements. As for trade, the same problems which had been seen at the Commission level arose in the discussion. While some members said that agricultural trade provisions were too restrictive and that the agreements should be fully compatible with GATT provisions, others recalled the necessity of taking into account those sectors understood to be sensitive at European or member state level. They also emphasized the importance of extending Community regulations on state-aids, anti-dumping and competition. In other areas, such as the free circulation of persons, the comments made stressed the particular sensitivity of the issue for many member states. Finally, and rather expectedly, the issue of financial commitments caught member states' attentions. Given that the Commission had not presented a framework nor indicative figures on the foreseen financial disbursements, the Twelve asked the Commission to present these figures for Poland, Hungary, Czechoslovakia and other countries. After these remarks, the Commission obtained Council approval of the general framework of agreements with Central Eastern European countries. But before formal negotiations could be started two other steps had to be taken: first, the Commission would engage in preliminary conversations with the Three to check their reactions to these proposals and then it would negotiate with the directives with the Council in order to obtain authorization to engage in negotiations.

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<sup>35</sup> Le Conseil. "Note de la Présidence du Groupe Europe Orientale. Objet: Relations avec les Pays d'Europe Centrale et Orientale -Communication de la Commission sur les Accords d'Association". 8536/90 EST 98. Bruxelles, le 13 septembre 1990.

#### 1.4. The positions of the future associates

The General Affairs Council of 17 September 1990 had endorsed Commission's association framework (COM 90 398) without problems. Now, it was DG I's responsibility to draft the directives for negotiation. Consultations would take place on 2-3 October with Poland, on 9-10 October with Czechoslovakia, and on 16-17 October with Hungary in Brussels<sup>36</sup>. Of the three, Poland and Czechoslovakia had already defined a negotiating position. In the Polish case, this came in a very detailed draft, and in the Czechoslovak case, in some general policy statements. At the moment of drafting the directives, Hungary had still not presented its draft to the Commission. This was not really a problem for DG I because the Hungarian position was well-known and, in any case, the Commission was going to offer a practically identical content to all the three countries<sup>37</sup>.

The importance the Commission attached to the future of EC relations with Central Eastern Europe was highlighted by the visits paid by Delors and Andriessen to Prague and Warsaw, respectively, on 20 and 21 September 1990. The Czechoslovak Prime Minister, Marian Calfa, had presented Delors a formal association demand on 11 September 1990 and Benavides, Director for Eastern Europe at DG I, had been in Prague on 14 September. Both Calfa's letter and Benavides's reports emphasized the seriousness and realism with which the Czechoslovaks were approaching the EC. The Deputy Foreign Affairs Minister, Pirek, who would represent his country in the negotiations with the EC, showed the Czechoslovak's firm commitment to pay any price required to "*se tourner vers la Communauté*". According to Benavides, Calfa had said that "we are ready to accept exacting conditions" and that "*les contraintes qui seront imposées de l'extérieur ne peuvent avoir qu'un effet bénéfique*."

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<sup>36</sup> CEC. Spokesman's Service. "Conversations Exploratoires avec certains pays de l'Europe Centrale". *Press Release*. IP (90) 859. Bruxelles, le 23 octobre 1990.

<sup>37</sup> The absence of a formal Hungarian draft explains the contrast between the attention paid here to the Polish and Czechoslovak demands, in comparison to the Hungarian case.

*Elles aideront l'opinion à comprendre la nécessité d'une thérapie de choc*".

This was of course an odd statement preceding a negotiation (given that, apparently, it would weaken their negotiation position), but it highlights the priority attached to the political dimension of association. Thus, the position of the Czechoslovak government with respect to concessions, constraints, and impositions was clear: they would accept all those necessary to ensure the fastest path back to Europe. In hindsight, this apparently "weak" negotiating position hid a clear strategy: the more conditions and constraints imposed on the country, the closer it would come to the EC, which is what the Czechoslovaks really sought. DG I's reaction to Czechoslovak realism with respect to the sacrifices which association would require was extremely positive: Benavides also concluded that *"le réalisme tchécoslovaque se manifeste aussi au sujet de l'objectif de l'adhésion future à la Communauté. Il s'agit bien d'un objectif stratégique, mais on n'entend pas brûler les étapes. L'association est considérée comme devant créer les conditions nécessaires à une adhésion ultérieure"*<sup>38</sup>.

Referring to contents rather than to the philosophy of the agreements, Pirek stressed to Benavides the importance his government attached to political dialogue in order to approximate EPC and Czechoslovak foreign policies, and a step-by-step approach towards a free trade area, first, then to a customs union, and, later, to an economic union. The Czechoslovak government also insisted on the vital importance its country attached to adaptation to the *acquis communautaire*, and to the circulation of workers, balance of payments support, and environmental assistance. Finally, the other major item on the agenda was the government's urgent call to the Community and the G-24 to alleviate the energy crisis in the Republic as a result of the reduction of Soviet supplies and the embargo on

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<sup>38</sup> Pirek, Calfa and Benavides' statements in CEC. DG I. "Note de background: Visite du Président en Tchécoslovaquie (20-21 septembre 1990). Accord d'association avec la Tchécoslovaquie. Contacts préliminaires à Prague". Bruxelles, le 14 septembre 1990, point 2.

Iraq (which reportedly was costing the Czechoslovak Republic 1 billion dollars in direct and another 1 billion in indirect losses)<sup>39</sup>.

While Delors visited Czechoslovakia, Andriessen listened carefully to the Polish government<sup>40</sup>. Finance Minister Balcerowicz's exposition of the economic situation of the country was not very optimistic: according to him, energy imports from the USSR were declining, the embargo on Iraq was costing 2.5 billion \$, Germany was displacing with export credits Polish exports to the USSR, and German unification was also representing a huge economic cost to Poland, because of the loss of the GDR market<sup>41</sup>. Andriessen responded that the Commission had arrived at the same conclusions and that the persistence of such indicators would severely damage the recovery of Central Eastern Europe. However, Andriessen blamed

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<sup>39</sup> CEC. DG I. "Note pour M. Benavides: Conversations exploratoires avec la Tchécoslovaquie sur l'accord d'association". Bruxelles, le 28 septembre 1990; CEC. DG I. "Entretien V. Havel - J. Delors, le 20 septembre 1990", "Entretien M. Calfa - J. Delors, le 21 septembre 1990". Bruxelles, le 24 septembre 1990; CEC. Le Cabinet du Président. "Note de dossier: Entretiens avec les autorités de la RFTS lors de la visite du Président Delors, 20/21 septembre 1990". Bruxelles, le 27. IX. 1990.

<sup>40</sup> EC Delegation included: Cadieux (Deputy Director of DG I), Wijnmaalen (Head of Andriessen's Cabinet), and Dijkmeester (Head of EC Delegation in Warsaw). There were three meetings: with Balcerowicz (Vicepresident and Finance Minister), with Skubiszewski (Foreign Affairs Minister), and with Prime Minister Mazowiecki.

<sup>41</sup> As Prime Minister Mazowiecki would tell Andriessen: "the three hitches in our three year program 'The Road to Europe' are: the Gulf crisis, German unification and the problems with the USSR". See CEC. DG I. "Mission Report. German Unification and Poland. Summary of Consultations in Bonn on 30/31 July 1990". Brussels, 9 August 1990 and CEC. DG I. "Background note. German unification and Polish demand". Brussels, 14 September 1990). The mission's report noted the extreme disappointment of the Poles as a result of the rejection of their request for compensations from the German government. This was specially strong in respect to the foreseeable loss of 195.000 t steel exports to the GDR (Polish exports to the whole EC were of 300.000 tones); the 30.000 Polish workers living in the GDR, who should return to Poland; and the joint Polish-GDR cotton mill producing 16.000 tones/year of cotton products. DG I suggested that the German government was using the EC as a very welcomed excuse for avoiding any commitment on these matters.

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problems of Western coordination for his inability to be very specific as to possible solutions.

As in the Czechoslovak case, the Poles seemed to be stressing all these problems not only in order to obtain aid, but, more importantly, by showing their will to assume the necessary sacrifices, to force the EC to raise its commitment to their reforms. Polish and Czechoslovak positions were clearly intended to raise the ambitions of the agreements the EC was proposing. Also, in identical fashion to the Czechoslovaks, the Polish government wanted the Community to make it clear that association would lead to Community membership.

**TABLE II. Commission's summary of main Czech and Polish Demands in October 1990**

	Czechoslovakia	Poland
Dimension politique	Revêt une importance essentielle	Revêt une importance essentielle
L' association...	Est conçue comme un appui aux réformes en cours et comme le véhicule de son "retour en Europe" devant mener à terme à l'adhésion	L'association est conçue pour la Pologne comme un appui aux réformes en cours et comme un véhicule destiné à accélérer son rapprochement de la Communauté. Insistent sur le fait que la société polonaise a besoin d'une vision claire et porteuse de la route vers l'Europe souhaite en conséquence l'adhésion future de la Pologne à la Communauté
Échanges	L'évolution se ferait du libre-échange (industriel) vers l'union douanière envisage une période de transition de six ans. Tarif moyenne très bas (4.3%)	6 ans: zone de libre échange progressive et asymétrique. 4 ans: union douanière. Tarif moyenne: 8.9%
Travailleurs	Souhaiterait obtenir des contingents temporaires pour emplois spécifiques	Progrès rapides en matière de la libre circulation de la main d'œuvre
Services Capital	N'est pas encore en mesure de prendre des engagements, mais elle s'efforcera d'introduire les résultats des négociations de l'Uruguay Round dans son système réformé. Rapprocher sa législation	Éliminer graduellement les restrictions. Rapprocher sa législation

*Source:* CEC. SG. Communication de M. Andriessen. "Négociation des Accords européens avec la République Fédérative Tchèque et Slovaque, la République de Pologne et la République de Hongrie". SEC (90) 2122. Bruxelles, le 30 de octobre 1990. As said, the official Hungarian position was not available yet.

Their determination appears to have begun to convince Andriessen. Until then, Delors had clearly maintained that the distinction had to be preserved between association and membership, and had managed both to isolate the British and silence the Germans. The official policy line was thus representing the majority of reluctant EC member states and the Commission's services.

However, from the process of consultation, Commissioner Andriessen came to be convinced of the political importance of signalling the possibility of future membership. This step was also facilitated by the Polish willingness to back down on the issue. Renouncing their initial demands of a formal link between association

and membership, the Polish Foreign Minister, Skubiszewski, told Andriessen: "We understand that to say 'we will join in 4-5 years' is nonsense. But could a unilateral statement of Polish intention not to be included in the preamble of the association agreements without any obligation or claim? This matter has high political significance in Poland". That same day, in another meeting, Prime Minister Mazowiecki would tell Andriessen: "we want the democratic process to go further. We want a new push after having eliminated Communism. A second push cannot be achieved without the EC. There is a very real danger that our societies would not accept further sufferings"<sup>42</sup>.

Impressed by such statements, Andriessen deviated twice from the general line the Commission and the Twelve had been defending until then: first, he promised to study the inclusion of such a non-binding clause "very carefully" (in fact, he would later include such a clause in the Commission's draft mandate, provoking an important controversy among EC member states). Then, in response to Mazowiecki's statement that the EC membership his government's top priority, and in order to calm fears the process of "deepening" the EC provoked, Andriessen said: "we might be talking of 20 members in the future. With countries like Poland we seek the most intensive relation possible in order to go further later. [Association] is a *reculer pour mieux sauter*"<sup>43</sup>.

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<sup>42</sup> These and the subsequent quotes are extracted from the minutes of the meeting (CEC. Delegation in Warsaw, Poland. "Mission of Mr. Andriessen to Poland, 20-21 September 1990: Draft Minutes". Warsaw, 24 September 1990).

<sup>43</sup> Mazowiecki and Balcerowicz had brought inflation down to 3% monthly in August from the figure of 80% monthly in January 1990; the *zloty* had been stabilized in a way which it had not made necessary to use the 1 billion \$ emergency fund set aside by the IMF; the state budget was in surplus after cutting state subsidies from 40% to 10%; and foreign trade showed a surplus of 2.2 billion \$ in hard currency. However, the price of this adjustment was a 40% decrease in real salaries; an unprecedented 10% unemployment rate; a 30% decrease in agricultural, and industrial production and a difficult food situation. The importance attached at this stage to obtaining "any" kind of confirmation of Poland's future membership was also stressed by the coming presidential elections on 25 November 1990 to which Solidarity leader Walesa and Prime Minister Mazowiecki were candidates. To an

Clearly, Andriessen was linking association to membership. However, it seemed evident that both parties attached a different meaning to this question. Andriessen was sympathetic towards the idea of giving the agreements a membership perspective, not only because of the symbolic significance of such gesture, but above all, because experience seemed to dictate that such political perspective would be crucial to strengthen EC member states' commitment to the economic content of the association agreements. According to this view, only an ambitious economic content would set the necessary conditions for both the economic take-off of the associates as well as for greater interpenetration between the Central Eastern European and EC economies. In practice, these two conditions were the only ones which would assure that the membership perspective was not a mere rhetorical element<sup>44</sup>.

In contrast, the Central Eastern European leaders wanted, or needed for domestic reasons, formal assurances that the agreements would lead to membership. As a result, they would waste a lot of time trying to persuade the EC to take the two moves, i.e. both a "membership" clause as well as a customs union, which would confirm this perspective. However, they did not seem to be paying enough

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extent, Mazowiecki was right: the elections turned him down as future President (apparently, the population was not willing to accept those "further sufferings" of the liberal economic program he and Balcerowicz had imposed and elected Walesa on a more populist platform). Also, from a such perspective, it is not difficult to understand why a mere free trade area would not look very attractive to the Polish government, in contrast to a customs union, which clearly suggested partial membership (figures from CEC. DG I. "Note de synthèse: la Pologne et la Communauté". Bruxelles, le 5 de octobre 1990).

<sup>44</sup> Andriessen was rather unambiguous. In 1991, he would write: "Today, our model of integration and development, based on freedom, democracy and solidarity, is being put to the test of geography and national sovereignty. Can we sustain our inherent driving force towards the integration of Europe, extending the process to people in Central, Eastern and Southern Europe from whom we have been cut off for so long? Are we flexible enough to reconsider this model of integration, to free it of the geographical and political constraints of the past and to adapt it to the requirements of Europe as a whole?" (Andriessen, "The Integration of Europe: It's Now or Never", p.7).



attention to the question of EC-EFTA relations and the European Economic Area framework (EEA). The EEA was not to include a membership clause or a customs union, but was clearly to be an "ante-room" to membership. In contrast, the Turkish association agreement signed in 1962, a model which Thatcher had pointed on his November 1989 speech, and which the Central Eastern Europeans were presumably looking at, included such membership reference, a customs union, and financial protocols. However, the EC-Turkey association agreement was unanimously considered in Brussels a mistake whose repetition had to be avoided at all cost<sup>45</sup>.

Thus, Andriessen knew that the Twelve would want, in the medium-term, to keep Central Eastern Europe close to the European Community, but clearly separate from its institutions and future evolution. In these circumstances, no matter how "apolitical" a free trade area would look in Warsaw, Prague and Budapest, it was evident that a successful and ambitious free trade area would inevitably develop inbuilt-tendencies towards membership. However, in insisting too vigorously on political guarantees, the three Central Eastern European countries would not only overlook the real significance of the free trade area offered to them, but also irritated the majority of EC member states which were seeking to avoid that external events and policies dictated the rhythm and content of the European integration process. In this sense, these maximalist positions of the Three would help to make the process of mandate negotiation among the Twelve particularly closed to external pressures, and specially geared towards the attainment of the internal lowest common denominator.

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<sup>45</sup> The Preamble of the EC-Turkey association agreement stated: "acknowledging that the support provided by the EC for the effort of the Turkish people to improve their standard of living will facilitate the subsequent accession of Turkey to the EC". Article 28 stipulated: "when the functioning of the agreement makes it possible to envisage Turkey's acceptance of the obligations demanded from the Treaty constituting the European Communities, the contracting parties will examine the possibility of Turkey's membership of the Community" (*OJ-L* No.217, 29 December 1964).

## **2. The mandate**

As seen above, following the consensus at the higher levels of the EC's decision-making system on the need to support the processes of political and economic reforms to which the three Central Eastern European countries had committed themselves, the Twelve and the Commission would come to agree on a policy of association as the best way to convey their support. We have also seen that agreement on the convenience, opportunity and likely content of this policy was subordinated, to a great extent, to the resolution of the wider realignments which the events in the East, and specially German unification, had forced the European Community to consider.

After approving the wide policy line embodied in the association offer, both the Twelve and the Commission had to engage in an internal dynamic of negotiation from which the precise content of EC's offer to the Poland, Hungary, and Czechoslovakia would emerge. Thus, the Council had to give the Commission a negotiation mandate<sup>46</sup>.

The drafting of the mandate would be a task for the lower decision-making levels of the Council, fundamentally the Group on Eastern Europe (GEO), where the particular interests of the Twelve member states would find their purest expression. For a variety of reasons, this would translate into a particular challenge to coherence.

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<sup>46</sup> "The mandate is crucial: it fixes the negotiation position of the EC to an extent to which the resulting situation is, in the words of a senior DG I official interviewee, one where: "the counterparts do not understand that the mandate is practically the result of negotiations and that the real negotiation has actually taken place before they sit at the table". Usually, the more controversial the policy issue, the more detailed the mandate is and the lesser the flexibility margin the Council gives the Commission.

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### *2.1. The challenge of coherence*

At the European Council meeting in Strasbourg held in December 1989, the Twelve had unequivocally affirmed their acknowledgment of their responsibility to fulfil the expectations raised in relation to the role the European Community would perform in supporting reforms in Eastern Europe. The common goal uniting the Twelve had been "overcoming the division of Europe" and, in order to "strengthen its cooperation with the peoples aspiring to freedom, democracy and progress", the European Council had promised to resort to "all the means at its disposal"<sup>47</sup>.

Then, during the first semester of 1990, the European Community had set out to accommodate the political and economical consequences of the German reunification process as well as to lay the foundations, through the extension of both coordinated assistance, trade and cooperation agreements and by the creation of a common framework for association, of a major process of political and economic convergence between the EC and Central Eastern Europe which would be negotiated during 1991 and fully implemented during 1992.

The EC's association framework, approved by the Council of General Affairs on 17 September 1990, came to represent the Community's commitment to the process of transformation in Central Eastern European. By integrating under one common framework of association the different policy lines which it had been following until then (financial and technical assistance, as well as trade and economic cooperation matters), and by adding a distinctive element of institutionalized political dialogue, the new EC's *Ostpolitik* had become, together with the European Economic Area, the second cornerstone of a continental policy which would accompany the process of European integration.

Having being offered only to Czechoslovakia, Hungary, and Poland, the association agreements were also a major element of the policy of political and economic conditionality which the Twelve had

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<sup>47</sup> Consejo Europeo de Estrasburgo. "Comunicado Final. Conclusiones de la Presidencia". SN 441/2/89, 8-9 December 1989.

firmly stuck to since 1988. At least on paper, through the offer of association agreements the EC displayed its commitment to being an intelligible, predictable, capable, and cohesive actor. Thus, it looked as if, with the policy of association, the European Community would finally be able to restore the equilibria between the internal requirements of the process of European integration and the pressures deriving from the new European context. Bearing in mind the importance the Twelve attached to strengthening their foreign policy capacity in the new discussions on political union, the new *Ostpolitik* seemed to be reinforcing, rather than undermining, the European integration process.

Nonetheless, the first part of 1990 had also witnessed the emergence of some clouds which could overshadow such achievements. Internally, as the preparatory work for the opening of the two intergovernmental conferences (IGCs) on monetary, economic and political union soon showed, agreement on the future shape of the European Community could not be taken for granted. Externally, it would also soon be seen that the wide gap between the demands of the future associates and EC's offer would confront the Twelve with some difficult policy choices which could divide them or weaken their foreign policy capacity<sup>48</sup>.

More importantly, these two questions threatened to be linked in a negative way. The association blueprint both closed and left open the question of the future shape of EC relations with the future associates. At the same time, while the internal debate on the *finalité politique* of the EC was also open, it was natural that member states's views on one issue would strongly condition their stances on the other and vice versa.

Given these problems, the main question the Twelve would have to answer during 1990 and 1991 in their dealings with Central Eastern Europe could be posed in the following terms: what would result from placing the different intensities of the foreign policy and

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<sup>48</sup> See, for example, *Financial Times* 1990/01/24 "East Europe in Ferment: A spine-tingling mixture of excitement and trepidation - Fear of gate-crashers may spoil the EC feast".

economic interests of twelve very heterogeneous members into the particular decision-making system of the European Community?

Until then, Central Eastern Europe had tended to be a policy arena dominated by diplomacy. The EPC foreign policy-making system had performed relatively well in defining the broad guidelines and blueprints of future policies. Equally, the diplomatic push had managed to extract the necessary resources from the EC's institutions, in terms of both assistance and trade and economic cooperation measures, to follow the policies previously agreed on. But having achieved this and set in place an association framework, the role of EPC's diplomatic framework would become more marginal. In contrast, in bargaining over the detailed content of the policy, the presence and weight of particular sectorial, regional, national, and community policies and interests would be intense.

Until that moment, most of the measures targeted at the Eastern European countries by the EC had been unilateral and little reciprocity could be expected. First, financial and technical assistance would flow from the West to the East and, inevitably, resources would have to be diverted from other areas. Logically, this would a priori upset EC member states proportionally to the financial transfers they were receiving or expecting to receive in the future, or relative to other foreign policy areas from which resources would be drawn. Also, given the likely effects on foreign investment as well as the direct trade competition they would come to face, many countries, but specially Spain and Portugal, saw the economic opening of the East to Western markets as a threat to their own economic integration in the European Community, which was still far from complete<sup>49</sup>.

Secondly, the European Community had promised an asymmetric dismantlement of trade barriers with the future associates, with the perspective of the constitution of a free trade area. This clearly touched upon one of the most fundamental traditional

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<sup>49</sup> The decision taken by Mitsubishi on December 1989 to cancel its investment plans in Spain because of the new possibilities offered by the opening up of Eastern Europe had led leading industrialists in Spain to warn about the threat that Eastern Europe could divert the 45 billion dollars Spain had received in foreign investment since its accession to the EC in 1986 (*The Economist* 1990/01/06 "Eyes East").

problems in EC's trade relations with Eastern Europe. Eastern European production and export structures to a very important extent concentrated in products and sectors labelled "sensitive" at the EC, because of their limited ability to compete internationally. Establishing a free trade area with countries with whose agriculture, textiles, steel and coal, and other products had always been subjected to significative restrictions on quantities and prices was an immense challenge. In more general terms, the basic problem of the EC's policies was that they were intended to raise competitiveness from which they would immediately start to suffer.

Furthermore, the process of constitution of the single market was to alter the setting in which EC relations with Eastern Europe had moved until then. Whereas member states had in the past been relatively free to establish national quotas against specific East European products, these quotas had to be suppressed by 1 January 1993. This meant that member states would no longer dispose of instruments to control the impact of EC's external trade. In the future, under the single market, member states would not be able to anticipate how much Central Eastern European steel (for example) they would import as a result of trade liberalization<sup>50</sup>.

Thus, the strains present already at the political made it possible to predict problems which would arise when the time came to back policies with the necessary elements. In this sense, whereas the gap that existed between the demands of the future associates and EC's offer might have been bearable or affordable, the appearance of an

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<sup>50</sup> The external dimension of the Single Market had been largely ignored in Lord Cockfield's White Paper and both the Commission and member states were only now becoming aware of these requirements and effects, e.g. on national quotas. The obvious temptation was, both for states as well as for economic operators, to translate national quotas and restrictions into Community-wide ones. See, for example, D.Costello and J.Pelkmans. 1992. "The removal of national quotas and 1992", in Ludlow, Mortensen and Pelkmans, *The Annual Review of the European Community Affairs in 1991*, pp.75-84; A.Jacquemin and A.Sapir. 1990. "Europe post-1992: Internal and External Liberalization". Annual Meeting of the American Economic Association, Washington, 27-30 December. See also, Part III, on "Fortress Europe", in the volume edited by P.Minford. 1992. *The Cost of Europe*. Manchester: Manchester U.P.

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internal breach between statements and the practical actions could seriously threaten EC's international credibility as well as the whole process of upgrading its foreign policy capacity. Thus, what was to be revealed in the following months was the result of a peculiar conflict between the EC's global foreign policy interests, which dictated active involvement, and a variety of interests, economic as well as political, European as well as predominantly national, which would shape the distribution of costs and the EC's commitment to the policy of association. Clearly, the result of this struggle would have much to do with how EC's decision-making system balanced pressures from above and from the outside, on the one hand, and pressures from inside or below, on the other.

## *2.2. Andriessen and DG I's draft mandate*

The Council of General Affairs of 17 September 1990 had approved the general framework of association proposed by the Commission (document COM 90 398). Immediately afterwards, the services responsible at DG I had started to work on the mandate proposals.

These services would seek three kind of different inputs into the process. First, by way of the "exploratory conversations" held with the three future associates during September and October, DG I's services sought first-hand information on the demands of the counterparts. Second, through the so-called "inter-service consultation" procedure, DG I would obtain detailed information on the specific contents of the Community's offer to the future associates in policy areas where DG I's expertise was naturally more limited. Also, given that their proposals would have to be approved by the Commission as a whole before being sent to the Council, these talks would help to discover the reactions and positions of other Commission services. Third, through informal talks and the presentation of "non-papers" (unofficial drafts) to the Council's Group on Eastern Europe, the

services could take the pulse of national positions and their relative strength and, thus, partly anticipate the degree of support the Commission could obtain later on.

With all this information, DG I's services, in close consultation with the cabinet of Commissioner Andriessen drafted a proposal (SEC 90 2122 of 30 October 1990). This proposal would have been expected, in the light of the problems which the informal consultation procedure had revealed, to include some compromises as well as tactical elements, i.e. items which were only included in order to be dropped later. Still, this document was the closest one could get to DG I and Andriessen's preferences for a mandate. The draft was distributed among the Commissioners and services for negotiation and finally discussed by the Commissioner's Chief of Cabinets, prior to its adoption by the College of Commissioners meeting on 7 November 1990.

The responsibility of those, sitting in the DG I's services, in charge of drafting the mandate could not be emphasized enough: the member states, following a Commission proposal, had shown its interest in signing association agreements with Poland, Hungary and Czechoslovakia. Thus, Andriessen and DG I needed a mandate which could lead to agreement. However, drafting a potentially successful mandate was extremely problematic given that the set of agreements which could be ratified by both parties was, as the preliminary contacts and the exploratory conversations had shown, very narrow.

In such circumstances, accepting beforehand all the demands which both member states and other Commission's services were addressing to DG I would end in a quite restrictive mandate which undoubtedly would further limit the possibilities of success in the following negotiations. In contrast, seeking a mandate which would permit smooth and satisfactory negotiations with the counterparts could easily, if it passed the Council first (itself, a remote possibility), end in the Council's refusal to sign the agreements reached by the Commission's negotiators. Hence, there was no simple way to resolve the dilemma: the price of external success could be internal failure, and the price of internal success could be external failure.



Andriessen and DG I were, therefore, forced to reject both maximalist strategies as well as attempts to completely satisfy all member states in the Council. Thus, the grey area between these two extremes had to be explored by way of a prudent but incrementalist strategy. The incrementalist strategy followed by Commissioner Andriessen can clearly be seen by comparing the various proposals which he had submitted to the Council since January 1990. January's SEC (90) 111 had proposed a kind of "two steps ahead". After being examined by the Council, it had been cut down to a less ambitious one, i.e. only "one step further" (SEC 90 196). The next time, the process was very similar: April's SEC 90 717 had also gone further than the final proposal (COM 90 398) but some important new elements had passed through the Council. Now, the draft mandate (SEC 90 2122 of 30 October) would depart from a higher point than the Council of General Affairs of 17 September would have theoretically allowed for, and though it would be considerably reduced by the Council machinery, the definitive mandate would also go further than the previous drafts<sup>51</sup>.

Thus, Andriessen preferred consensus to be the result, rather than the starting point, of the process, and even though he was in the position to be well informed of member states' resistances to the inclusion of many items in the agreements, he seemed to believe it necessary to introduce some degree of conflict in the Council. At the same time, he counted on two allies against the downgrading which could be expected within the internal decision-making process. First, the demands of Poland, Hungary, and Czechoslovakia, which could be expected to set pressure on those trying to downgrade his proposal; and, second, the political pull which the October's European Council to be held in Rome would give to relations with Central Eastern Europe.

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<sup>51</sup> Andriessen's proposal (SEC 90 2122) saw the light on 30 October 1990. In line with the approved policy blueprint endorsed by the Council on 19 September 1990, the agreements would have three main components: an institutionalized political dialogue; a free trade area, asymmetrically built in two periods of five years; and a framework for economic cooperation.

Testifying to the impact which the demands of the three future associates had made on Andriessen and of his incrementalist, and often defiant, strategy vis-à-vis member states, the draft mandate proposed that the Community include in the Preamble of the agreements "*une référence à la possibilité pour la Pologne, en tant qu'Etat européen, de demander à devenir membre de la Communauté*"<sup>52</sup>. Though this was not in any sense a guarantee or a promise of membership, it meant an important departure from the existing policy concerning the explicit separation of association and membership which all the Council meetings had proclaimed.

However, this was not to be understood as a victory for the future associates. First, because member states would not accept the inclusion of this reference in the mandate. Second, because, with the uncertainties surrounding the process of integration during the second semester of 1990 (the British government would not sign Rome I October's European Council statements on strengthening the EC), the Twelve were reluctant to talk about the future European architecture, that is, EC's relations with the EFTA countries and the European Agreements, as they had done in August 1990.

Aware of these uncertainties, and the anxiety which such doubts about the future of political integration produced in Central Eastern Europe, DG I's proposal attempted to allow the political dialogue within association to deal with the "new forms of integration"<sup>53</sup>. But, again, member states did not seem ready to discuss such new forms of integration with the future associates, as was confirmed by the removal of this reference in the chapter on political dialogue from the final negotiating mandate approved by the Council.

If compared with the general framework approved in August 1990, the new draft was also ambiguous with respect to the trade liberalization side of the agreements. In August, the Commission had partly sacrificed asymmetry in order to include all sectors except agriculture in the free trade area to be built. In October, asymmetry

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<sup>52</sup> (SEC 90 2122, point III.A.3). In contrast to the association framework of August 1990, which had stated that "an eventual accession of these countries to the Community is not one of the goals of association" (COM 90 398, p.3).

<sup>53</sup> SEC (90) 2122, point III.B.1.

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was reintroduced into the free trade area, but at the cost of enlarging the agricultural exemption to include transformed agricultural products and fisheries, excluding also the coal and steel sectors (ECSC products) and the textile sector. As for the other freedoms, the draft maintained the previous approach: in exchange for increases in the free circulation of persons (evidently, to the benefit of the associates), Poland, Hungary, and Czechoslovakia would have to conform to Community legislation with respect to the free and non-discriminatory establishment of financial services and the movement of capital. Nonetheless, the economic content of the agreement was very ambitious, proving Andriessen's belief that the success of reforms in Central Eastern Europe and, specially, the final shape of relations between the EC and these countries would be to a large extent determined by their economic performance.

### *2.3. The process at Commission level*

Before being presented to the Council, Andriessen's and DG I's proposal had to go through the Commission's standards filters. The first was the so-called "inter-service consultation procedure". On a first, informal phase, which took place before the official launching of the proposal at the Commission level, this procedure was essential to enable DG I E (the Direction for Eastern Europe at DG I) to draw on the expertise of other services concerning policy areas where it had a limited knowledge of what could exactly be offered and negotiated with the future associates (obviously, consultation would also be close with other Directions of DG I in order to assure the coherence of the Directorate's policies). In this sense, the inter-service process tended to enrich the association framework. Also, given that the proposal had to be approved by the College of Commissioners, where unanimity is usually preferred to voting, the inter-service consultation procedure would allow Commissioner Andriessen and his services to get an idea of the reactions of his colleagues to the proposal<sup>54</sup>.

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<sup>54</sup> Because the important cooperation section they envisaged, fifteen Commission Directorates General's had to be consulted. These were: DG III (Internal Market),

Once the proposal was officially launched, a second reading by the services concerned would open the internal negotiations, which would mostly develop through the Commissioners' Cabinets in close contact with the more senior levels of the DGs. Outstanding differences would be resolved at the weekly meeting of Commissioner's Chiefs of Cabinets held on 31 October 1990, and the remaining issues were settled at the College of Commissioners' meeting on 7 November. Only then was the proposal sent to the Council.

The process in the Commission introduced two significant changes. First, regarding the Community's trade liberalization measures, Andriessen could not resist the protectionist pressures and was forced to maintain the Community's quantitative restrictions during the *second* phase of the liberalization process. The new article was odd when compared with the philosophy that the Community would advance faster than the three associates and, more importantly, given the policy of establishing a free trade area at the end of the ten year period.

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DG V (Employment), DG VI (Agriculture), DG VII (Transports), DG X (Information), DG XI (Environment), DG XII (Science), DG XIII (Telecommunications), DG XIV (Fisheries), DG XV (Financial Institutions), DG XVII (Energy), DG XVIII (Credits and Investments), DG XIX (Budget), DG XXI (Customs), DG XXIII (Enterprises and Tourism).

**TABLE III.** The process through the Commission

DG I's proposal, 30 October 1990	Commission's proposal, 7 November 1990
Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits et l'élimination des restrictions quantitative qui subsistent afin d'arriver à une libéralisation totale pour tous les produits à la fin de cette étape	Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits <del>et</del> <del>l'élimination des restrictions quantitative qui subsistent afin d'arriver à une libéralisation totale pour tous les produits à la fin de cette étape</del>
DG I's proposal. SEC (90) 2122, point C-1.5.1.	Commission final proposal 9846/90 EST 121, in Council's 9973/90 EST 124 (20 November 1990, "Accords Européens"), point C-1.5.1

The other important area in which the Commission turned down Andriessen proposals was that of the circulation of persons. Andriessen's text was very ambitious, in the sense that it incorporated the Polish and Czech governments request to establish quotas for their nationals to work in the Community. The draft also included significant improvements in the conditions of Central Eastern European workers legally established in the Community. But such proposals were rejected within the Commission, which seemed not only to anticipate but also to share the member states' opposition to such measures. Accordingly, the whole section was removed. In its place, the original, much more restrictive paragraph which had been accepted by the Council on 17 September (COM 90 398) was included in the proposal. However, the issue was not definitively settled: there would still be important controversies on the issue in the Council<sup>55</sup>.

<sup>55</sup> The nuance the Commission introduced in respect to the free circulation of services was also important. Whereas the DG I's text only mentioned the improvement in the free circulation of services, the Commission's services introduced question of the rights of establishment of financial companies. This was of course a

Also, anticipating the Council's reactions and/or expressing its own preferences, the Commission forced a strengthening of the political conditionality of the agreements, which Andriessen had apparently not considered necessary. Whereas Andriessen's text included some degree of tolerance for slower transition processes in Central Eastern Europe, the Commission unequivocally stressed the basic rules of market democracies (the rule of law, human rights, multiparty system, free elections, and market economies) as both the bases and the precondition for association with the European Community<sup>56</sup>.

Hence, the Commission did not warmly endorse all the proposals put forward by Commissioner Andriessen. The inclusion of a "perspective on membership" in the agreements had been consistently rejected by Delors over the year. Moreover, the opposition of three influential Commissioners and their services (Bangemann and DG III, Brittan and DG IV, and MacSharry and DG VI) to some particular elements of the association proposal were widely known. Still, if doubts regarding these and other points were known to be shared by the Council, and they would presumably be turned down there later, there seemed to be good reasons to avoid measuring their political strength with Commissioner Andriessen at Commission level. Also, apart from this tactical considerations, it seems that given the existence too of well known differences of policy preferences among member states, Andriessen and his colleagues wanted to let the Council decide on such issues. Thus, as would be seen at the time of the negotiations with the future associates, the weak cohesion of the Commission would be a decisive element in making it impossible to reverse the negative dynamic the member states in the Council set in motion.

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very attractive market sector for EC's firms in a region deprived of a modern service sector. The Council would later eliminate any reference to "free" circulation, substituting it for "improving the circulation", but maintained the emphasis on the rights of EC's firms to operate in Central Eastern Europe.

<sup>56</sup> On the modifications introduced by the Commission to DG I's draft see, (see Council's 9973/90 EST 124). See Annex II for a detailed description of the documents used in this chapter.

*2.4. The orientative debate in the Council on 12 November 1990*

With these changes incorporated, the Commission's proposal was sent to the Group on Eastern Europe where it was discussed, in the presence of the Commission representatives, on 8 November. This preliminary reading was intended to allow the foreign ministers to hold later on an orientative debate on the directives. Theoretically, the Council meeting would serve to debate the broad policy lines which the Commission's proposal was developing and would serve to guideline the internal negotiations which would later take place in the Group and the COREPER.

As it will be recalled from the preceding chapter, the Twelve had never actually engaged in a comprehensive and exhaustive discussion of the new policy of association. Throughout 1990, both the foreign ministers and the European Council had concentrated on discussing the benefits, opportunity, timing and conditions of association. Little attention had been paid, however, to the most important obstacles threatening the new *Ostpolitik*. On the one hand, there were major political problems concerning the different preferences among member states as to how far the rapprochement between the EC and Central Eastern Europe should go. On the other hand, there were economic problems, involving how the economic impact of the policy would be distributed among the Twelve. But the divergences on the long-term political perspective and on the costs of the policy had been neglected, buried or ignored. As the "political perspective" and the distribution of costs were not part of the policy, there was a quite ample margin for contradictions or incoherency between the approved policy line and the different statements on these issues.

Sooner or later, these questions would have to be tackled down and resolved. Dealing with them in a single package could ensure, if the necessary pay-offs and linkages could be found, a comprehensive, solid, and durable agreement. Agreement in the Council could be transmitted either formally, as "instructions", or informally, as "political will", to the lower levels of negotiation in the Council. This would limit

the negative consequences for the coherence of the policy which the dynamic of negotiations at such levels might, foreseeable suppose.

But if these were the advantages of a broad debate on the policy of association, it was evident that a failure to reach agreement in the Council could severely damage the whole policy and have a negative impact on other policy areas. Thus, postponing the question of membership and refusing to talk openly about the distribution of costs made some sense. However, it left the solution of the problems to the lower levels. And there, the disconnection from other policy areas and the limited capacity to link issues and provide side-payments would mean that agreement was to be closer to the lowest common denominator than it otherwise might have been.

Thus, fearing disagreement, the Twelve only proved able to deal with these issues when decisions on them could be delayed no longer, usually on the eve or in the wake of a crisis provoked by their own lack of action on the issue. Moreover, in handling the impact of the policy piece-by-piece and only on a temporarily basis, it would prove impossible to settle disputes once and for all. Issues tended to come up again and again, as one of the parameters on which the last consensus had been based was altered by exogenous events or pressures. In these circumstances, the foreign ministers in the Council of the General Affairs tended to either continue the very technical debates of the Group or the COREPER or, more often, try to save the general consensus, conceding to each other anything a country had been stubborn enough to take to a Council, no matter its importance.

This kind of inhibition or manifest lack of interest when confronted to far-reaching or strategic debates was first clearly seen at the orientative Council of 12 November 1990. To an inexperienced observer, a reading of the minutes of the Council meeting would hardly lead him or her to predict many to consensus among the Twelve during the following readings of the mandate in the Group and the COREPER<sup>57</sup>. In the Council meeting, President Delors made

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<sup>57</sup> CEC. SG. "Compte Rendu Succint de la 1140ème session du Conseil consacrée aux Affaires Générales" Bruxelles, le 13 novembre 1990". SI (90) 907, le 13 novembre 1990.



a presentation in which he highlighted the political significance of the agreements and framed them within the European architecture (including the EFTA countries) in-the-making. As mentioned, the Commission had accepted Andriessen's proposal to include a reference to the wish of the three future associates to become members of the EC in the preamble of the agreements.

However, reading Delors' comments one might easily believe that Delors and Andriessen held quite contradictory views on the issue. Anticipating the anxiety with which some member states were likely to receive anything resembling a commitment on membership, President Delors stated that: "*une adhésion de ces trois pays à la Communauté n'est pas à exclure ultérieurement mais peut-être qu'à ce moment la Confédération européenne présentera pour ces pays un cadre adéquat rendant une adhésion superflue*"<sup>58</sup>. Thus, whereas Andriessen was thinking in terms of "*reculer pour mieux sauter*", Delors was still under the illusion that his confederation would make membership superfluous. This position was perfectly in line with Mitterrand's statements in January 1990, when he wondered why should these countries wanted to join the Community, with all the sacrifices it meant. Ten months later, however, it seemed much stranger.

The surprising thing is that no state took the floor to raise the issue or the polemical clause included in the draft directives, when it would later provoke later, at the lower levels of the Council and during the association negotiations, an important argument among the Twelve. Even more surprisingly, neither the United Kingdom nor Germany replied to Delors' statements. Ministers were perhaps distracted by other business, presumably, the problematic IGCs and European Councils of Rome, the Gulf crisis (which also figured on the agenda of the meeting), as well the recent German reunification and the problems being faced by Gorbachev in the USSR.

In fact, only three countries took the floor in the Council. The Netherlands and Italy expressed their preoccupation with the delays which the parliamentary ratification in all member states of the association agreements would imply. More importantly, the Spanish

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<sup>58</sup> SI (90) 907, p.13.

delegation (represented by Solbes, Finance Minister) demanded "*que soient pris en compte les problèmes spécifiques qui se posent, dans le domaine commercial, pour les Etats membres qui sont encore dans une phase transitoire après leur adhésion*"<sup>59</sup>. In this way, the Spanish government was the only one which openly manifested at the highest level deep reservations which the Commission and the rest of the delegations would have to take into account later on in the Group and the COREPER meetings. The other countries simply delegated the responsibility for expressing their governments' positions in respect to the practical contents of the mandate to their negotiators at the lower level. Thus, the debate failed to make visible any "political will" and to treat the question of the costs of association. Rather, the Council treated association agreements as a minor, routine, item on a heavily loaded agenda, more than as a major policy step.

#### *2.5. The process through the Council*

At the following Group on Eastern Europe sessions (GEO), held on 15, 16 and 23 November, member states presented reservations to almost all the sections of the draft mandate. Though the attitude of member states varied considerably according to the particular issues the mandate touched upon, in general terms it was easy to identify those countries that were more sympathetic to the association proposal and those which viewed the agreements with greater scepticism or reluctance.

But, as will be shown below, sympathy with the general philosophy of the agreements did not necessarily mean that member states easily accepted economic or trade concessions which directly affected them. This was, for example the case of Germany and the United Kingdom. The reverse was, paradoxically also true: some countries, such as the Netherlands, whilst not being very in favour of a strong political content created few problems when discussing the economic content. A correlation was visible, however, in some cases: Spain, Portugal, Belgium, and France were consistently negative with respect both to the scope as well as to the content of the agreement. Finally, some countries kept a low-conflict profile and seemed to side

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<sup>59</sup> SI (90) 907, p.13.

with whichever majority emerged from discussions among the bigger countries. That was the case of Italy, Denmark, Greece, Luxembourg, and Ireland. Thus, coalitions were neither stable across issues, though to a great extent they were predictable within particular issues, nor majoritarian. With article's 238 unanimity in the background, coalitions were not vital for member states to obtain their goals, and compromises tended to be mutual exchanges of support rather than packages combining gains and losses.

The results of the internal negotiations at the Council's Group will be examined in detail later. Here I will just pay attention to the problems which the two successive rounds of Group meetings brought to the COREPER as well as to the General Affairs Council where the mandate was approved<sup>60</sup>.

Given its importance, the first problem the Group signalled to the COREPER was the general reservation presented by the Spanish delegation, in line with the warnings made at the orientative Council of 11 November, to which the Portuguese now had adhered. The Spanish delegation wanted to make it clear that it would not allow the liberalization of trade exchanges with the future associates to give their products better access to the European Community markets than the one enjoyed by Spain. As we will see, the negative position of the Spanish government with respect to the economic content of the agreements (largely shared by the Portuguese) had a lot to do with the tough discipline and long transitional periods which the EC had imposed on the Iberian new comers when they joined four years before. This positioning, largely unexpected in Poland, Hungary, and Czechoslovakia, would tend to break the solidarity which could

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<sup>60</sup> See: Communautés Européennes. Le Conseil. "Rapport du Groupe Europe Orientale au Coreper en 27 de novembre de 1990: Relations avec les pays d'Europe Centrale et Orientale -Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie-". 9974/1/90 REV 1 EST 125. Bruxelles, le 28 de novembre de 1990 and Communautés Européennes. Le Conseil. "Rapport du Groupe Europe Orientale au Coreper en 10 décembre 1990: Relations avec les pays d'Europe Centrale et Orientale -Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie-". 10275/90 EST 130. Bruxelles, le 10 de décembre de 1990.

naturally have arisen between two groups of countries (the Iberian and the Central Eastern European states), given the similitude of their experiences with the EC.

Conscious of the importance of the issue, and seeking to defuse the imminent threat of an Iberian veto of the free trade area, in the COREPER meeting of 27 November 1990, the Italian Presidency called on the Commission to study the ways in which trade concessions given to the future associates would not leave the Spanish and Portuguese products worse off. The evident solution to the problem, which emerged through the December meetings of the Group, was to upgrade the access of Spanish and Portuguese products to the EC in line with the concessions made to the associates.

However, neither the Group nor the COREPER could offer the ministers a satisfactory solution to the issue, mainly because there was an important divergence over what this kind of upgrading would mean. To the Commission and the other member states, if the Iberian products were granted improved access to EC markets, the same products of the Ten should also get better access to the Iberian market. Thus, the Commission, acting in defence of the single market principle, and the other members, acting in defence of their own interests, sought reciprocity in the solution to the problem. In contrast, the Spanish and Portuguese government, sought reciprocity only vis-à-vis the associates, demanding that the ten members treat Spain and Portugal equally asymmetrical as they wanted to treat the associates. Given that Spain and Portugal were in a transitional period, both views represented a different interpretation of what this transitional situation should imply.

Along with Iberian fears of discrimination, the "membership" clause had also provoked great deal of controversy at the Group level. It should be recalled here that Commissioner Andriessen had decided, in spite of the clearly negative atmosphere around the issue, to include the following proposal in the mandate: "*Le Preamble pourrait notablement exprimer les idées suivantes [...] une référence à la possibilité pour [Poland, Hungary and Czechoslovakia], en tant*

*qu'état européenne de demander à devenir membre de la Communauté*<sup>61</sup>.

At the General Affairs Council meeting of 11 November 1990, no government had wanted to start a debate on the issue. Hence Delors' suggestion that association would render accession superfluous had gone unanswered. Once in the Group, the issue gave rise to two clear coalitions. The United Kingdom, Germany, France, and Italy supported Andriessen's proposal of a non-binding reference to membership. However, against them, Spain, the Netherlands, Belgium, and Portugal expressed their view that such a reference was not "opportune" (sic) at the moment. At least formally, Ireland, Denmark, Greece and Luxembourg, did not declare a positioning on the issue. As I will show later, compromise on the issue proved to be difficult to obtain and the delegations would engage in further negotiations during the first fortnight of December. The net result would be the suppression of such an item from the mandate with the result that, once again, the issue was not submitted to the ministers for deliberation.

The other two chapters which had clearly been sensitive for member states were financial cooperation and the issue of movement of workers. With respect to financial cooperation, all member states demanded that the Commission supply a detailed forecast of the costs and programs involved, and unanimously rejected the Commission proposal to allow financial cooperation to proceed in a multiannual way. As was clearly seen, member states were rejecting the inclusion of any figures or specific commitment in the agreements, given its character of a binding international treaty. Thus, there would be no "Financial Protocols" to the agreement. Moreover, the Commission was warned to maintain the equilibrium between aid given to Eastern Europe and aid given to other developing countries under the sphere of interest of some member states (particularly Spain and France)<sup>62</sup>.

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<sup>61</sup> SEC (90) 2122, Preamble, point 3.

<sup>62</sup> More particularly, Spain demanded that Community's financial aid to Eastern Europe and the Soviet Union should not be superior to that granted to developing and Mediterranean countries, and insisted on the unanimity procedure to decide on these budgetary commitments.

With respect to the question of workers, in spite of the downgrading which had already taken place at the Commission level, the debates saw the firm opposition of France, the Netherlands, and the United Kingdom to the proposals put forward by the Commission<sup>63</sup>.

After these more substantive issues, the debates at the Group had reflected the different preferences among member states concerning the sectors and depth of the trade offer to the future associates. Few correlation across issues was seen. Germany, followed by the Netherlands, called for a more liberal mandate over textiles. However, when dealing with coal products under the ECSC or with the liberalization of road transport, the German government sought to reduce considerably, in both depth and scope, the proposals put forward by the Commission. Dealing with the rules of origin, the United Kingdom, and Germany, against the Commission and the other member states, wanted these rules be equated to the favourable ones the EFTA countries enjoyed in their agreements with the Community, in contrast to the standard, more restrictive terms proposed by the Commission<sup>64</sup>.

After the preparatory work of the Group and the COREPER, the Council finally met, as planned, on 18-19 December 1990, to adopt the directives. Five reservations figured on the agenda. In principle, these reservations should refer to substantives issues on which the COREPER had not been able to reach agreement. However, this did not seem to be the case. Three reservations dealt with issues of limited importance (France on energy cooperation, Germany on

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<sup>63</sup> The final agreement would consist of a joint Commission-Council declaration in which the Commission accepted that the directives in no case envisaged the opening of frontiers, an increase of quotas, or the free circulation of Central Eastern European workers within the Community (Council's 10275/90 EST 130, p.37).

<sup>64</sup> A liberal regime of "rules of origin" sets at a lower level, in percentages, the domestic component of a product required for it to be considered national. Restrictive regimes tend to impede third countries, for example Japan, from sending their products for assembly in countries with better market access to the Community in order to evade the restrictions targeted at them. This would be a controversial point in negotiating association agreements because a liberal "rules of origin" regime would be essential for attracting foreign investment.

regional cooperation, and Belgium on export credits) and on which it was hard to believe that the COREPER could not agree. In fact, these reservations were withdrawn without being discussed by the ministers. Thus, these delegations were using the Council's agenda for other purposes, mostly of a symbolic or testimonial character. The other reservations, concerning the Spanish and Portuguese demands as well as German opposition to the liberalization of road transport were more substantive, but they too scarcely affected the cornerstones of the association policy. Precisely because of its technical and politically low-profiled content, the debate at the Council deserves closer attention.

Foreign Minister De Michelis, occupying the Presidency on behalf of Italy, opened the meeting by highlighting the political importance attached to the dossier of the association agreements by the European Council celebrated the week before in Rome. That the European Council had stated that: "since the beginning, the Community has adopted a clear policy aimed at helping the countries of Central Eastern Europe to sustain their political and economic reforms [...] The Community wishes to celebrate as soon as possible 'European Agreements' which will mark a new phase in the development of closer relations with these countries"<sup>65</sup>. In fact, the European Council had echoed the dramatic call for from Central Eastern Europe since the outbreak of the Gulf crisis in August 1990. More precisely, the European Council had further stated that the pressures linked to the Gulf crisis, such as the losses derived from the embargo and the rise in oil prices, were a "threat" (sic) to the reform processes and had encouraged the other members G-24 and IMF members to work with the Community to raise 4 billion dollars to support the balance of payments of those countries<sup>66</sup>.

All this contrasted strongly with the tone of the debate among foreign ministers when De Michelis opened the floor for discussion

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<sup>65</sup> Consejo Europeo de Roma. "Comunicado Final. Conclusiones de la Presidencia. Relaciones con la Unión Soviética y los Países de Europa Central y Oriental". SN 428 (90), 14-15 December 1990, Part II, pp.4-5.

<sup>66</sup> On the details of the aid package see *Financial Times* 1990/12/15 "European Summit: EC approves Soviet aid package"; *Bull.EC* 12/1990, point 1.4.1.

of the remaining two reservations to be cleared. With respect to the Spanish reservation, a preliminary agreement had been worked out before the Council. In this agreement, it was clear that the solution to the demand for non-discrimination would be closer to the proposal defended by the Commission and supported by the other ten members (that is, on reciprocity and the respect of the principles of the single market), though with some concessions to Spain and Portugal with respect to some agricultural products. Thus, Spain and Portugal were mostly using the Council to emphasize the importance attached to the dossier as well as to give the agreements reached a greater degree of authority.

Most surprisingly, six rounds were needed to settle a single word. The second paragraph of the preliminary agreement brought to the Council ended by stating: "*Dans le cas où la Communauté déciderait d'octroyer un traitement plus favorable que celui accordé par les dix autres Etats membres aux exportations de l'Espagne et du Portugal, la Commission et le Conseil s'engagent à étendre les dites concessions à ces deux pays. Les modalités de cette extension sera arrêtée par le Conseil avant la fin des négociations*"<sup>67</sup>.

Arguing that many delegations agreed with this text, Spain opened the round by demanding that "*les modalités*" be maintained in the final text. However, the Dutch delegation proposed to substitute "*modalités*" by "*conditions*". Then, Commissioner Andriessen indicated that, whilst he preferred "*modalités*" to "*conditions*", he would not oppose an agreement including the latter term. In reply, the Dutch delegation suggested including both of them, but with the "Dutch" word preceding the "Spanish" (that is, "*les conditions et modalités*"). Andriessen then proposed "*arrangements*" to resolve the situation and Spain accepted this. However, in the light of Dutch rejection of this, President De Michelis recommended the term "*application*", which was finally accepted by all.

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<sup>67</sup> Le Conseil. "Decision du Conseil en date du 18 décembre 1990. Objet: relations avec les pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association". 11043/90 EST 152, "Déclaration du Conseil et de la Commission", Annexe II, point 4, p.31.



After this issue was settled, Germany raised its opposition to the liberalization of road transport between the Community and the future associates on grounds of the deficient road infrastructure of the former German Democratic Republic. The Italian presidency proposed to soften the term liberalization by adding "progressive", while the German delegation maintained its proposal to drop the word "liberalization" and replace it by "progressive facilitation". After several alternative formulae, which the minutes do not specify, consensus was reached on the term "progressive facilitation of the transit conditions"<sup>68</sup>.

That was all. After this agreement, other minor points were discussed and the Commission received the Council's authorization to open formal association negotiations with Poland, Hungary and Czechoslovakia.

As had happened in the 11 November 1990 "orientative" Council, far-reaching considerations on the policy package were again absent from the deliberations of the ministers. Not surprisingly, after three months, the negotiations with the three future associates would reach a stalemate which would require a new Council meeting to revise the mandate. Meanwhile, the negotiation style of the EC had resulted in a partial deterioration of the Central Eastern European confidence in the EC's commitment to the process of transformation taking place in Eastern Europe. But before examining the formal external negotiations with Poland, Hungary and Czechoslovakia, let us examine the result of the internal negotiations within the EC.

### **3. The results by sectors**

Having examined the process in both the COREPER and the Council, the next sections will give a more detailed account of the

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<sup>68</sup> CEC. SG. "Compte rendu succinct de la 1464ème session du Conseil consacrée aux Affaires Générales" -Bruxelles, les 18-19 décembre 1990-. SI (90) 1114. Bruxelles, le 19 décembre 1990, point 5, pp.5-7.

debates in the Group around the most important sections of the draft mandate proposed by DG I<sup>69</sup>.

### *3.1. The preamble and political dialogue*

In contrast to the scant attention paid to this issue by the foreign ministers, the "membership" clause would be the center of the debate on the political content and goals of the association in the Group<sup>70</sup>. As already noted, the initially favourable position to this clause of the U.K., Germany, France, Italy, and Greece met the opposition of Spain, Portugal, the Netherlands, and Belgium. Of those in favour, Germany took the lead and fought most to preserve this reference, which did not commit the Community to anything, but was of great political importance to the future associates. During the first fortnight of November 1990, Germany put pressure on the reluctant countries but without much success: the Netherlands swung to the group in favour of including the reference and Portugal withdrew its opposition, though it did not join the coalition in favour. Hence, the pressures had not been sufficient, and Spain and Belgium (and probably some others who remained silent) had to be offered a compromise.

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<sup>69</sup> I have included an Annex featuring the list of documents analyzed as well as tables comparing the draft mandate and the actual directives approved by the Council. The reader will find also tables showing the reservations presented by member states with respect to each of the items in different sections so as to be able to identify the countries responsible for the changes to the text. There, I will also deal with the specific methodological problems regarding the analysis of the successive documents, as they ran through the GEO. Those readers who are less interested in the dynamics of negotiations on specific policy areas may skip this section as well as the Annex and go directly to the final section of this chapter, where I summarize the main findings of this analysis.

<sup>70</sup> I remind the reader that Andriessen had proposed that the Community include in the Preamble of the agreements "*une référence à la possibilité pour la Pologne, en tant qu'Etat européen, de demander à devenir membre de la Communauté*" (SEC 90 2122, point III.A.3).

The German proposal consisted of offering that the reference to accession would not be included in the mandate, and hence would not be subject to negotiation with the future associates, but in a declaration *au procès-verbal*, which would not be made public, the Twelve would accept the inclusion of such reference in the agreements, should negotiations require it<sup>71</sup>. The compromise, offered at the 16 November Group meeting, and accepted by Belgium and Spain during the COREPER's 28 November session, constituted an excellent illustration of the peculiarities of internal bargaining among the Twelve. The debate was postponed, a victory for the reluctant members, but the basis on which the decision would be taken in the future was modified, as it would not be based on the preferences of EC member states, but on the climate of negotiations with the association candidates. But whereas this could be interpreted by some as a reflection of flexibility, in fact revealed a preference for creating unnecessary tension and anxiety outside as a prerequisite for internal agreement<sup>72</sup>.

However, the debate on the scope and depth of political relations between the EC and the future associates did not end there. The probable cause of Spanish and Belgium delay in accepting the German compromise lay in the proposal by Germany and Italy, in the November 22 Group meeting, to introduce a new item in the Preamble. This stressed security and stability issues and widened the

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<sup>71</sup> "la délégation allemande a proposé que le texte actuel ne soit pas inscrit dans les directives, mais qu'il soit acté dans une déclaration au PV que ce texte pourrait être accepté seulement à la fin des négociations" (Council 9974/1/90 EST 125, point b., p.2). The subsequent declaration *au procès-verbal* agreed by the Council and the Commission read: "il est entendu que la Commission pourrait, le moment venu, accepter, sous une forme appropriée, de rappeler que l'Article 237 du Traité ouvre la possibilité à tout Etat européen démocratique de demander à devenir membre de la Communauté" (Council 10275/90 EST 130, p.34).

<sup>72</sup> Two days before this proposal was presented in the Group, on the occasion of the signing of the German-Polish frontier treaty in Warsaw on 14 November 1990, the German Foreign Affairs Minister, Hans-Dietrich Genscher, had offered the Eastern countries the prospect of accession to the European Community once the transitional phase of association had been completed (quoted in Jain, *Germany, the Soviet Union and Eastern Europe 1949-1991*, p.245).

content of political dialogue between the associates and the European Political Cooperation<sup>73</sup>. Spain and Portugal did not approve this addendum and presented a *réserve d'étude* which was finally withdrawn in the December 3 Group meeting. Most surprisingly, France, which had supported the "membership" clause, now objected to the article and not only joined Spain and Portugal but, moreover, decided to resist alone on the issue once Spain and Portugal backed down, only withdrawing its reservation in the 7 December Group meeting<sup>74</sup>.

Thus, the French position in favour of the membership clause was qualified not only by the fact that this clause made absolutely no commitment, but by the negative attitude adopted by France with respect to this and other sections. Whilst at the Commission level, point 5 of the Preamble had been extended to stress the political conditionality of the agreements (including all the five clauses which based the April 1990 European Council green light for association had been based), now France wanted to tighten up this type of conditionality<sup>75</sup>.

The stress on conditionality affected the passage to the second phase of the association, when some member states wanted to have a

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<sup>73</sup> The article read: "*l'importance de l'accord d'association pour la création d'un système de stabilité reposant sur la coopération dont d'un des piliers de la Communauté Européenne*" (see Council's 11043/90 Est 152, Preamble point 12).

<sup>74</sup> Whereas when visiting Prague in September, Mitterrand had again offered a "confederation" to the Eastern countries (*Financial Times* 1990/09/17 "Thatcher fights the French for Czechoslovak hearts and minds").

<sup>75</sup> Already in May, member states (more specifically, the Netherlands, the U.K., Greece, Belgium, France, and Portugal) had complained in the COREPER meeting dealing with the extension of aid to Bulgaria, the Czechoslovak Republic, the GDR and Yugoslavia, about the insufficient stress on the "conditionality" link between assistance and political/economic reforms and the scarce "differentiation" being envisaged by DG I. Assistance, they said, was "conditional on implementation, not on declaration of political intent [...] it is a tool for leverage" (CEC. SG. "Note for the attention of the Members of the Commission. Subject: 1429th meeting of the Committee of Permanent Representatives 02.05.1990. Action Plan for coordinated assistance by the G-24 to Bulgaria, Czechoslovakia, Germany Democratic Republic and Yugoslavia". SI (90) 328, Brussels, 4 May 1990).

### *1 / The EC and Central Eastern Europe...*

right of veto in case they considered the democratic quality of the associates to be insufficient. No further modifications were made to the wording and reservations were withdrawn on 23 November without further discussion. Nevertheless, all this, together with the objections presented by the French government to points 8 and 9 of the Preamble (dealing with financial commitments and expressing concern about the level of financial support for the associates), clearly indicated the general negative attitude which Spain and France, backed by Portugal and Belgium, would show during the whole negotiation process.

In general terms, the Group's dynamic tended more to the negative, with some nuances. It was true that the German compromise on the question of membership was better than nothing. In any case, it represented a step forward with respect to all the preceding drafts (April's SEC 90 717 and August's COM 90 398), which stressed that association should be distinguished from membership. Also, in spite of the reservations presented by Spain, the level of political dialogue offered should be considered of great importance to the three future associates. Thanks to the weight of Germany and Italy, security and stability matters were included as cornerstones of political dialogue (EPC) between the EC and the three association candidates.

On the negative side, two highly revealing changes were introduced by member states. First, the Twelve unanimously rejected that political dialogue between the Twelve and the Three should deal with the evolution of the Community or new forms of integration. In other words, the integration process, and also the place of Central Eastern Europe in this design, was to be an exclusively internal matter. Second, whereas the Commission had included in the Preamble a statement, in line with the communiques of the successive European Councils, referring to the EC's commitment to support "decisively" the processes of change in the East, member states now preferred their support to be "resolute", rather than "decisive"<sup>76</sup>.

In short, the positions of member states now confirmed the existence of two coalitions at the political level, the "positive"

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<sup>76</sup> Council 11043/90 Est 152, Preamble's point 7.

(Germany, the United Kingdom, Italy, and Andriessen) and the "reluctant" (headed by France and Spain and including some smaller countries such as Portugal, Belgium, and partly the Netherlands, as well as President Delors and other Commission services). Let us now see now what was the configuration of these coalitions at the economic level.

### *3.2. The free trade area*

The most important controversies around the future free trade area centered on the timing and scope of EC's concessions in sensitive sectors. There, free trade would be limited by a variety of instruments, such as ceilings, specific and non-specific quantitative restrictions, as well as safeguard and anti-dumping provisions.

Andriessen's proposals were ambitious. With respect to this sensitive sectors, they sought full liberalization at the end of the second five-year phase. For non-sensitive products (the majority of industrial products), DG I proposed a total and immediate liberalization of the Community to be in place on day one of the first phase. For items of medium-sensitivity not covered by the Generalized System of Preferences (GSP), tariff dismantlement would be gradually accomplished during the first five-year phase. Finally, for highly-sensitive items covered by the GSP and subject to quotas, DG I proposed a moderate yearly increase of the quantities which would benefit from tariff-free access.

For the associates, the conditions were not very exacting during the first phase. Poland, Hungary, and Czechoslovakia would have to dismantle tariffs on non-sensitive items by the end of the first five-year phase. As for sensitive products, the Community only demanded reciprocity with respect to concessions to third countries on products covered by the GSP and a preference for the Community on products subject to quotas and ceilings. The draft provided for sectorial exceptions to this general principle which the associates could resort to in the case that concessions would threaten nascent industries, sectors subject to intense restructuring, or menaced by important social or employment problems. Reflecting that the

associates' average tariffs were low, but that taxes equivalent to tariffs were high in these Central and Eastern countries, the draft also insisted on the progressive elimination of these barriers. Finally, during the second phase, the draft showed a flexible approach to the liberalization the associates should engage on, providing for exceptions derived from privatization or social difficulties, but maintaining the goal of achieving a total mutual liberalization at the end of the second phase.

This was, in general terms, the content of DG I's proposal. Member states reacted to this proposal by general acceptance of the main lines. This could not be otherwise taking into account that the goal of an asymmetrically-built free trade area had been endorsed at the highest policy level on several occasions. However, member states introduced considerable nuances with respect to contents and calendars as it highlights the fact that they and the Commission presented fifteen reservations to a proposal consisting of eight points. The strongest objections were put forward by Spain, France, and the Commission.

The Spanish position, which expressed concern about the possible discriminatory effects the free trade area would have with respect to the clauses of the Spanish accession treaty, has been discussed above. However, there was also a more profound reservation concerning the enforcement of GATT rules on anti-dumping rules by the future associates. This reservation, introduced in the Preamble of the directives, was linked with the ones which were to follow in the trade sections of the directives and specially in the sections dealing with the accompanying measures. For a variety of reasons, it was difficult to discern whether Spain feared dumping or fair competition. On the one hand, Spain sought stricter enforcement of GATT anti-dumping codes, but at the same time it would be inflexible in respect to the continuation of the existing Voluntary Restraint Agreements (VRAs) with the three future associates in the steel sector. Moreover, Spain demanded identical VRAs for agricultural products, it sought to maintain national coal quotas, a regional safeguard clause, and demanded the imposition of EC legislation on state aids to the associates. All these positions together combined to paint an attitude of general reservation and mistrust of

the future of commercial relations with the associates which resulted in many reservations and modifications of DG I's proposal.

The French objections to the conditions required to pass to the second phase were more political than economic. As was seen in the discussion of the preamble, France had sought stricter criteria of conditionality to be introduced into the association proposal. Now, it wanted to raise the conditions which the Association Council had to decide for passing into the second phase.

As we will see in the next chapter, the fact that the Community wanted to retain a veto right on the evolution of association would be one of the most contested items in the negotiations with Poland, Hungary, and Czechoslovakia. In the view of the future associates, anything less than automatic passage to the second phase was unacceptable and was held to be the proof of both the EC's lack of confidence and its overcautious approach.

Along with the political arguments, the possibility of the second phase not being enforced would be enough to undermine the necessary climate of confidence to attract foreign investment during the first five years. In the view of the associates, only the certainty that their products would enter the EC tariff-free could unleash a competitive race among foreign investors to gain relative positions in the domestic market of their countries. Knowing that their domestic markets were scarcely attractive (because of their small size and relative poverty), only export opportunities would attract foreign investment, which meant jobs, fiscal revenues, and quality goods for consumers.

Along with Spain and France, the other Commission's services played an important role, just as they had all through the first semester of 1990, in taming Andriessen's approach to free trade, specially with respect to the coverage of the free trade areas as well as to the asymmetry principle. Isolating Andriessen, the Commission (presumably DG III) forced him to accept limits to the scope of the liberalization which was to be achieved through the transitional period. This was important, because it was not a question of percentages or calendars but directly affected the final shape of the



free trade area in very important areas such as the suppression of quantitative restrictions and other barriers<sup>77</sup>.

All this pointed to major reservations within the EC on the level and scope of its commitment to the free trade area. A majority of member states were demanding more reciprocity, less concessions by the EC, and tighter exceptions to be imposed on the associates. As a result, the downgrading of this section was general and scarcely controversial. Whereas the political chapter had been subject to intense controversy, with clear "positive" and "reluctant" coalitions, which eventually had to compromise and bargain over the whole section, in this particular section, no coalition resisted the push to limit concessions, restrict asymmetry, and increase reciprocity. Germany stayed silent, because it was a full member of the negative block when it came to some sensitive sectors, and only the United Kingdom and Italy showed some coherence with the positions they had been holding in the debate evolving about the political content of the association. However, these two countries' opposition to proposals attempting to narrow the agreements was very weak and not very successful<sup>78</sup>.

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<sup>77</sup> Council 11043/90 Est 152, point 1.5.1.

<sup>78</sup> Italy had obtained a limitation of the general principle of raising ceilings, thus further isolating the British position (Council's 11043/90 Est 152 point 1.4.1). In the case of specific and non-specific quantitative restrictions, DG I's proposal had envisaged their total elimination at the end of the first phase but France and Belgium sought to postpone this to the second phase. Only the United Kingdom and Italy opposed this proposal and demanded that all these restrictions be eliminated on day one of the agreement entering into force. The final compromise was that specific QRs would be eliminated on day one, and non-specific QRs at the end of the first phase, instead of a progressive calendar for both (Council's 11043/90 Est 152 point 1.4.1).

### 3.3. Particular regimes

Given the resistance already shown by a majority of member states and Commission's services concerning textiles, steel and coal, agricultural and fisheries products, no immediate free trade for these sectors was put forward in DG I's proposal. Still, these sectors would be subject to controversy. Coalitions would be quite predictable but very sectorial.

Textiles, for example, saw a liberal coalition of Germany, the United Kingdom, and the Netherlands. Against these, Spain, France, Greece, Italy, Portugal, and Ireland sought to protect their textile sectors from future Central Eastern European competition. Given that this split was well understood by DG I, which was negotiating in the name of the Twelve the textile package of the Uruguay Round, its proposals were not very ambitious: there was a commitment to mutual and progressive liberalization but without calendars and percentages. The Uruguay Round was far from over and everybody in the EC knew that the negotiations on association with Central Eastern Europe would affect the EC's negotiating position in the Uruguay Round. Thus, a rift could be expected in the EC between the "liberals" and the "protectionists", the former seeking a generous calendar for textile tariff elimination with Central Eastern Europe which would weaken the latter in the Uruguay Round, and the latter seeking to thwart this strategy. However, the "protectionists" had an important asset: in the Uruguay Round negotiations, the Twelve defined their negotiating position through qualified majority. But, in contrast, the association agreements were a matter of unanimity and, hence, it was easier to resist liberalization. As the Uruguay Round was to conclude later than the association negotiations, this balance of forces made that the textile package of the association agreements would be blocked for most of 1991.

Apart from textile tariffs and quotas, the so-called Outward Processing Trade gave rise to considerable division<sup>79</sup>. Germany and

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<sup>79</sup> OPT, or *Trafic de Perfectionement Passif*, refers to the products which textile industries send to third countries for their manufacturing and which are afterwards re-imported as final products. Obviously, a liberal OPT regime would boost textile

the capital-intensive textile producers sought the liberalization of this trade, whereas those labour-intensive textile producers feared that the low labour costs of Central Eastern Europe would displace their exports to the other member states. The solution to the conflict was again one in which the effects of the uneven distribution of costs of benefits resulted in a timid liberalization proposal. Germany only obtained the compromise that "the possible liberalization will be examined at the beginning of the second phase, taking into account the results of the Uruguay Round"<sup>80</sup>.

Germany, however, could not accuse the other member states of looking exclusively after their own interests. Germany was simultaneously the leader of the "liberal" coalition in the textile sector and the head of the "protectionist" coalition with respect to coal and steel imports. As Germany showed no willingness at all to negotiate on the question of Polish coal, its credibility when pushing for a liberal OPT regime was null. With the exception of DG I and Commissioner Andriessen, no one within the EC seemed to care much about defending their collective foreign policy interests. To the contrary, it was soon found that agreement would be easier and smoother to reach if everybody accepted everyone else's sensitivities.

In the particular case of steel and coal, the United Kingdom stood alone in trying to improve the regime proposed by the Commission. Obviously, the U.K was defeated and could neither improve the regime nor maintain it in the conditions it had reached the Council. DG I's proposal had contemplated a gradual phasing out of tariffs, equivalent taxes, and national restrictions, and had showed openness towards the possible elimination of Voluntary Restraint Agreements (VRAs) during the second phase. But France, Germany, Spain, and Belgium formed a solid coalition which ensured that each one would obtain the downgrading it sought in return for supporting the others.

Germany was above all interested in limiting coal imports from Central Eastern Europe, specially Poland, and preserving the vertical agreements of the German coal and energy industries. As this was a

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manufacturing in Central Eastern Europe to the detriment of Southern Europe.

<sup>80</sup> Council's 11043/90 Est 152 point 1.6.1

sector of enormous political, economic and social significance in Germany, Germany sought and obtained a postponement of the start of the tariff dismantlement process until 1995 and introduced a tighter reciprocity clause<sup>81</sup>.

In the case of Spain, there were two main items their representatives considered worth fighting for. As the coal and steel sectors were in the midst of a costly process of restructuring, both in financial and employment terms, the Spanish position was to impede any improvement in market access of third countries from threatening the fragile recovery of the steel sectors, or the delicate situation of coal production, specially in Northern Spain, where it constituted a major social and regional problem. Thus, backed by Belgium and France, both facing similar situations, the Spaniards obtained the maintenance of national restrictions in the coal sector. With respect to steel, Spain sought to obtain further assurances that the regime of Voluntary Restraint Agreements (VRAs) would not only be respected, but even renewed after it expired.

This was not a trivial question: as we will see, Spain would threaten one year later to veto the association agreements because the Commission had not included the maintenance of these VRAs in the association agreements. The major political row which then took place within the Community, with Spain accusing the Commission of having deviated from the mandate, and the other countries trying to force Spain to desist from its position, reflected how crucial the steel issue was. In December 1991, all member states and the Commission, except Spain, would understand that maintaining VRAs' measures against Poland, Hungary and Czechoslovakia was in contradiction with the agreement reached in 1988 between the EC and with the United States to eliminate the use of VRAs by March 1992. However, in December 1990, this position was defended exclusively by the United Kingdom, to its obvious defeat<sup>82</sup>.

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<sup>81</sup> Council's 11043/90 Est 153 point 1.6.2.

<sup>82</sup> According to a senior source in the Spanish Minister of Industry who I interviewed, the Spanish Minister of Industry was considering, in December 1991, the possibility of invoking the Luxembourg compromise on the VRAs question.

Thus, in the case of steel products, the protectionist stance was backed by a wide coalition of member states, Commission services, and industry associations (EUROFER). EUROFER had been insisting since January 1990 that the present situation of the industry in the Community did not allow for any liberalization towards Central Eastern Europe<sup>83</sup>.

Along with textiles and steel and coal products, agriculture was to be the third important sector to be excluded from the free trade area and subjected to concessions based on the EC's capacity of absorption, limited by the Common Agricultural Policy, and overall, relying on tight principles of reciprocity. As we saw above, the powerful DG VI (Agriculture) had made it clear from the beginning that agriculture required special treatment; the other states and the other Commission services had supported this view.

Central Eastern European agriculture, specially in the case of Poland, had begun to be perceived as a real, not merely potential,

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<sup>83</sup> EUROFER had warned in January 1990, by way of Francis Mer, President of the French Usinor Sacilor that "solidarity certainly does mean trying to solve the problems of steel-makers in the East by creating new problems for steel-makers in the EC" (quoted in *Reuters* 1990/01/16 "Belgium: EC Steel-makers warn against big rise in East European imports"). EUROFER officials had also argued that raising steel imports from Eastern Europe would not serve to help reform in the Eastern bloc. In these circumstances, many member states had opposed the Commission's proposals to raise 1990 Eastern European steel quotas by 18%. The opposition of France and Italy turned this increase to 15%, against the protests of EUROFER, which steel believed 15% to be too much. Such stiff resistance to a proposal by DG I which merely sought to restore Bulgaria, Czechoslovakia, Hungary, Poland and Romania's 1987 market share clearly anticipated the problems to come. DG I argued at the time that these six countries' quotas had risen only 3% since 1987, whereas EC steel consumption rose 21% in the same period. In March 1990, the U.K., Germany, the Netherlands, and Denmark had resisted France, Italy and EUROFER. In the mandate discussion of October-December 1990, the United Kingdom stood alone in supporting DG I steel proposals. See *Financial Times* 1990/01/17 "EC producers oppose higher steel quotas"; *Reuters* 1990/01/18 "Belgium: EC Commission proposal on steel imports quotas quickly criticized"; *Reuters* 1990/03/02 "Belgium-EC to accept more East European steel, EC industry unhappy"; *Financial Times* 1990/03/03 "EC set to raise steel quotas".

threat to the European Community at the end of 1989 and during 1990, when Central Eastern European agricultural exports to the EC had registered a major boom. The reading of the situation in Brussels was not very optimistic. Unofficially, the widespread view in the EC concerning agricultural relations with Poland was summarized in the contribution of a senior DG VI official to a World Bank report on Polish agriculture in the following way: "The social and political costs of providing Polish agriculture with an export-oriented role should be carefully considered. The political costs in terms of strained relations with the EC and in terms of creating a political barrier to Poland's eventual political integration with the rest of Western Europe should be one concern for the Polish government"<sup>84</sup>.

As Table IV shows, the increase was evident, but this was largely concentrated in the Polish case. More importantly, EC agricultural exports to Poland had grown even faster during this period, doubling their 1988 levels. Finally, even at these arguably "boom" levels, the three countries combined share in EC's total agricultural imports was still below 5%. This proved that "sensitive" sectors were often defined as such without much concern for reality, often leading to a particular tendency to look only at one side of the statistics, thus making net gains for the EC politically invisible.

Thus, though this increase was rather temporary and largely the result of the collapse of domestic demand in Central Eastern Europe, the new pattern of exchanges soon highlighted the essential contradiction in the EC's policies; that is, helping the reorganization of Central Eastern European agriculture sectors to increase production and quality, at the same time as it tried to prevent these new products from reaching the Community's markets<sup>85</sup>.

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<sup>84</sup> K.Munk. 1990. "Agricultural Trade Policy Strategy", in *An Agricultural Strategy for Poland: report of the Polish-European Community-World Bank Task Force*. Washington D.C.: World Bank, p.106. On the problems of Eastern trade strategies, see M.Bleaney. 1990. "Some Trade Policy Issues in the Transition to a Market Economy in Eastern Europe". *World Economy*, Vol.13, No.2. June, pp.250-261; A.Winters, *Foundations of an Open Economy: Trade Laws and Institutions for Eastern Europe*.

<sup>85</sup> This contradiction was implicitly acknowledged by Benavides, the Director for

As in the case of the other two policy sectors examined in this section, agriculture was also a "Europeanised" policy. The density of agreements, balances and their overall importance, in budgetary, political and social terms within the EC, made it foreseeable that policies in these sector with respect to the future associates would hardly be affected by foreign policy considerations, i.e. the wish to support Eastern European political and economic transitions. In these "Europeanised" sectors there were hardly "liberal" or "protectionist" coalitions, the game did

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Eastern Europe at DG I (P.Benavides. 1991. "Les mécanismes communautaires de la coopération Est-Ouest, in Gautron, *Les Relations Communauté Européenne-Europe de l'Est*, p.340). In the Polish case, the electoral weight of the farmers was putting increasing pressure on Mazowiecki's government either to follow an export-led strategy or to protect the sector from external competition, opening the way for the first tensions with Ray MacSharry -the EC's Agriculture Commissioner (*Financial Times* 1990/07/07 "Mazowiecki rebuffed by deputies on cabinet change"). Besides warning Poland to not sell grain on the international markets while the EC was giving food aid to Poland, and after accusing Poland of violating the minimum prices for dairy products established in the International Dairy Agreement, the European Commission would impose protective measures on Polish exports of red fruits in July 1990 (see Commission Regulation 2198/90 EEC of 27 July 1990, *OJL* No.198, 28 July 1990, p.53).

**TABLE IV. Share of EC-Visegrad agricultural trade in EC trade (1988-1990)**

Country	Poland			Czechoslovakia			Hungary		
	1988	1989	1990	1988	1989	1990	1988	1989	1990
EC Exports	250 (1.23%)	612 (2.48%)	485 (2.05%)	97 (0.48%)	131 (0.53%)	103 (0.44%)	47 (0.23%)	64 (0.26%)	73 (0.31%)
EC Imports	653 (1.93%)	875 (2.49%)	1,073 (3.05%)	144 (0.43%)	204 (0.58%)	189 (0.54%)	576 (1.71%)	716 (2.03%)	669 (1.90%)

*Source:* Prepared by the Commission's services in September 1991 on the basis of EUROSTAT-COMEXT-SIENA data. Figures in million ecu are relative to chapters 1 to 24 of the Combined Nomenclature. Figures between brackets represents the share of these figures in EC's total trade exchanges.



not rest on principles but rather on specific interests, and a majority of member states, if not all, would hardly support a change on these policies out of the need to adapt them to the requirements of the future associate countries. The reality was that against the Common Agriculture Policy (CAP), the European Coal and Steel Community (ECSC) and the Multi-Fibre Agreements (MFA) regulating textiles, the future associates could only expect at most marginal improvements, and only after great internal debate with and in the EC. Yet at the same time, statistics showed a practical reversal of the asymmetry principle which the EC was proclaiming.

To return to agriculture, even the restrictive text adopted by DG I in consensus with DG VI provoked objections from member states. In this field, the coalition was irresistible. Germany, France and the United Kingdom represented very well the three existing views on the new EC's *Ostpolitik*. But when it came to agriculture, the "big three" unanimously agreed, to the enthusiasm of the medium and small countries, on the need for stricter reciprocity and "harmony" clauses. They also resisted the suppression of the existing VRAs in the meat sector, obtained a major restriction of agricultural transformed products (PAT), and introduced important reservations with respect to the EC's commitment to future agricultural concessions<sup>86</sup>.

### *3.4. Accompanying measures*

When discussing the accompanying measures to the agreements, the policy positions of the Twelve reflected again an overcautious approach to trade relations with the future associates.

The standstill date, i.e. the day from which tariffs could not be raised, was the object of polemic. The Commission had proposed

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<sup>86</sup> The restrictive approach to agricultural matters was also intimately connected with the problems the EC was having within the GATT Uruguay Round. The German government, facing general elections on 2 December 1990, was objecting to the 30% cuts in CAP subsidies which the EC's Agriculture Commissioner, MacSharry, was proposing (see *The Economist* 1990/10/27. "Trade betrayed: In protectionism's hall of infamy, after Smoot-Hawley read Kohl-MacSharry").

that this be the day the agreements would be in force (1 January 1992). Of a variety of possibilities, this was the most favourable to the three candidates. The problem was that, as negotiations would refer to percentages of progressive tariff reductions, rather than to absolute figures to be reached by successive dates, some states, particularly France, feared that Poland, Hungary, and Czechoslovakia would use the available time to raise their tariffs<sup>87</sup>. Thus, France, presumably supported by other states, forced the Commission to negotiate a standstill date of 1 January 1991, i.e. only two months later. The Commission accepted that this would be the basis for discussion, but that it could be renegotiated later if the situation demanded it<sup>88</sup>.

The Spanish position with respect to the whole section was intended to obtain greater safeguards from the future associates. First, it tried to obtain more guarantees on anti-dumping. The Commission had stuck to the GATT standard procedure on the issue, by which consultation was required prior to any decision, and results should in any case respect GATT Article VI. Here the Spanish position

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<sup>87</sup> Theoretically, it was possible that a lax standstill date could allow a country to maintain higher or equal tariffs than before, in spite of a mutual liberalization agreement. In practice, as tariffs are public, such attempts could hardly be hidden from parties concerned. Specially in the case of the EC, it is difficult to understand how France could imagine the associates could fool the Community in such a way.

<sup>88</sup> The result of this polemic was rather ironic. Because of their former situation as state-trading members, mostly bartering among themselves (within the CMEA) and marginalized from world trade, the communist regimes of Eastern Europe did never pay excessive attention to tariffs. Consequently, their tariff-average was extremely low, if compared with the EC and many other countries. The paradox was that with their 1990 tariff levels, an asymmetric liberalization with the EC, where the EC would dismantle more tariffs and faster, was not possible in practice because the average tariffs of the candidates were very low. Thus, to its surprise, the EC would discover that the Central Eastern European countries had turned out more liberal than itself. After the initial export boom of 1990 in Poland, Czechoslovakia and Hungary, the three countries would embark, with the help of the EC, in reforming their tariff system according to Western standards, which meant raising barriers, in order to lower them later vis-à-vis the EC. Thus, what France and others feared first these countries would do, i.e. raising tariffs, had to be demanded of them later.

consisted of defending the insufficiency of GATT practices and rules to prevent dumping<sup>89</sup>.

The contradiction in the Spanish position was evident. In the Preamble, the Spanish government had insisted that more GATT obligations and rights be demanded of the associates. Now, with respect to anti-dumping, it wanted to qualify the EC's fulfilment of GATT's rules with the line "*sans préjudice des procédures internes communautaires*"<sup>90</sup>. The proposal did not stand formally, but it finally modified the article, not making bilateral consultations within the Association Council prior to any anti-dumping decision compulsory in situations of "urgency". Thus, the EC had decided to maintain greater discretionary powers with respect to anti-dumping decisions; this being feared in Central Eastern Europe as a very important disincentive for foreign investment.

A similar approach could be observed with respect to the "regional safeguard clause". This problem was a very important one. The different economic structures and specialization patterns across member states, together with the existence of a single market, meant that if one EC government was interested in limiting imports of a third non-EC country, it could either aim at a regional exception clause (affecting only its country) or at a global quota or ceiling for the whole single market (affecting all the member states). However, regional clauses undermine the principle of free circulation of goods in the single market and open the way for similar concessions to other countries in other products. Thus, one of the itches of the single market program was the removal of national quotas. As a result, there was a tendency to resolve conflicts with a global EC quota or restriction, often accepted by other member states in return for

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<sup>89</sup> As is well known, the armoury of anti-dumping safeguards and mechanisms found in the European Community is the source of many tensions and complaints by third states, which argue that such safeguards interpret too generously GATT's provisions, when not openly violate them (on these matters see: GATT, *Trade Policy Review: The European Communities*, pp.110-116; Schuknecht, *Trade Protection in the EC*.

<sup>90</sup> Referring to EEC regulation 2423/88. See Council 9973/90 EST 124 p.14.

similar global quotas in products which they were interested in curbing<sup>91</sup>.

Pressures for including in the agreements the possibilities of regional safeguard clauses had originated in the coalition against steel and coal imports and now was extended, with the formal support of Spain, France, Greece, and Portugal to the whole section on trade. The pattern of EC's overcautious approach was repeated with respect to the so-called *clause de pénurie*. The Commission envisaged a flexible regime of exceptions, but the Council, pushed by Greece and Belgium, finally made these much rigid, restricting its applicability to the first phase and only on a temporary and ad hoc basis. Furthermore, Spain obtained greater guarantees that the EC would receive compensations if the associates incurred in illicit state aids.

In short, the only two elements introduced in the text which were more favourable to the future associates than the original proposal where those relating to origin rules. During the debate, in response to a joint question from Germany and the United Kingdom, the Commission specified that it was thinking on a rules-of-origin regime similar to that envisaged in the Yugoslav 1981 Trade and Cooperation Agreement. The two countries expressed their dissatisfaction with such a timid regime and demanded a more favourable one, like that envisaged in the agreements with EFTA countries. Though the mandate did not formally include a reference to the EFTA regime, the corresponding article was upgraded. The second point on which the text was upgraded was a German success: in exchange for admitting regional safeguard clauses in favour of EC member states, Germany could include a balance of payments exception clause for the future associates.

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<sup>91</sup> "GATT officials worry that the EC's fledgling political institutions are still too weak to resist the often conflicting special interests of individual member states. That makes it too easy for countries to concede to each other's special pleas for industrial protection, increasing barriers for trade with all of them" (quoted in *The Economist* 1991/04/20 "Too much good living: European trade" which examined GATT April 1991 Report on EC trade practices).

### *3.5. Persons, services, and capital*

The content of the future association agreements with respect to the free circulation of persons was to be one of the most polemic aspects of negotiations. To start with, immigration and social security policies were not a competence of Brussels. Thus, some member states, specially the United Kingdom, were likely to view with suspicion any attempt by the Commission to intervene in this area.

However, apart from the discussion on who should handle such policies, there was a great consensus among the Twelve and the Commission concerning the aid and trade liberalization measures targeting Central Eastern Europe. By preventing the collapse of Central Eastern Europe, they would both complement and ease acceptance of the restrictive measures the Twelve were undertaking in respect to the movement of people<sup>92</sup>. It was evident that the association agreements had an important immigration dimension, because they would theoretically provide the incentives for people to stay in their homelands. However, agreeing on restrictive policing measures at the borders would prove to be easier than engaging in positive economic and trade policies and, in fact, no consideration on these linkages took place in the discussions on the mandate.

DG I's proposal was not really earth-shaking. Knowing from its contacts with the Polish and Czech authorities that this was a big preoccupation in Central Eastern Europe, DG I had tried to find a framework in which the flux of people to the West could be managed in a dynamic and non-discriminatory way. Preventive measures centered on EC technical assistance for the associates' attempt to build modern social security systems which would deter or slow down migration. Policies intended to improve the situation of Central Eastern workers legally employed in the Community and facilitate

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<sup>92</sup> In December 1990, the TREVI Group met in Rome to coordinate Western Europeans' reaction to the Eastern influx of persons, which was said to be crucial to protect the achievement of the Single Market project (Ireland, "Facing the True 'Fortress Europe': Immigrants and politics in the EC", p.447 and following).

family reunification. Also, they opened the possibility of Central Eastern qualified workers acceding to EC's employment market on the basis of legal quotas. Then, during the second phase, if the gap between both parties did not seem to make massive migration likely, the Twelve and the Commission would examine the possibility of greater freedom of movement.

As noted above, either expressing its own preferences or anticipating the reaction of member states, the fact is that the Commission downgraded the whole section before it reached the Council. The references to the importance the future associates attached to the issue of free circulation of persons were suppressed, as if the Twelve wanted to ignore that fact. All other references to workers also disappeared. However, the Commission seemed to have gone further than the Council wanted to and thus, when the DG I's draft arrived to the Group, it revived Andriessen's original proposal that the situation of legally-established Central Eastern workers in the EC should be improved and the possibility of family reunification assured. Here, the "negative" coalition was very different because France, the Netherlands, and the United Kingdom even opposed the restrictive articulate proposed by DG I. As a result, though the references to legally employed workers and their families were maintained, the liberalization scope of the second phase was considerably limited.

A number of lessons may be extracted from this episode. First, the Commission had gone further than the Council, either because it overestimated the opposition of the member states resistances or because of its own preferences. Second, in this particular case, Andriessen and DG I would have more support in the Council than in the Commission, the Council in fact becoming a second round of internal Commission disputes. Thus, the formal scheme of "the Commission proposes, the Council decides" was further questioned.

The discussion on services and on capital was not as conflictive as the section on persons. Demands either referred to obtaining more guarantees and opportunities for service sectors of EC members which wished to establish in the associates countries in the future. This was the case of the British and French reservations, which

obtained the introduction of auditing, transport, telecommunication, and engineering sectors, and also of the German and British proposal to demand better conditions for EC firms. The only item which proved more controversial was the question of the free circulation of transport. There, German worries about the traffic load its infrastructures would suffer, stood, with the support of France, against the slightest possibility of improving the road transit regime. Against Germany stood Greece, the Netherlands, and Belgium, countries which, presumably with the support of others, could negotiate the final wording, by which the EC committed itself to "facilitate" rather than to "liberalize", the circulation of passengers and goods.

### *3.6. Financial cooperation*

In this section, the British maintained a *réserve générale d'attente* over the whole chapter, whilst the Germans objected the idea of fixing a *montant pluriannuel global*, as that would condition future decisions on the financial perspectives of the Community. Spain joined various opposition coalitions. Along with Greece, Spain sought to include a clause affirming that financial aid would be transitory, not permanent. Also with Greece, now backed by Belgium and Portugal too, Spain demanded that the Commission presented detailed figures on the cost of the commitments included in the chapter<sup>93</sup>.

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<sup>93</sup> In May 1990, Portugal had demanded from the Commission further clarification on the total expected expenditure on PHARE programs. The Commission had assured it that there was no intention to increase the sums of 850 million ecu for 1991 and 1 billion ecu for 1992 (see CEC. SG. "Note for the attention of the Members of the Commission. Subject: 1429th meeting of the Committee of Permanent Representatives 02.05.1990. Action Plan for coordinated assistance by the G-24 to Bulgaria, Czechoslovakia, Germany Democratic Republic and Yugoslavia". SI (90) 328, Brussels, 4 May 1990).

In another coalition, with Germany, which was alone in objecting to the granting of ECSC credits to the three future associates, the Spanish government objected to the concession of EIB credits to Czechoslovakia. Spain, starting a battle on the allocation of EC's foreign aid which would last many years, sought to prevent aid to Eastern Europe from replacing the Community's aid both to the developing and to the Mediterranean countries. In order to ensure that a balance would be maintained, Spain wanted the Commission and the Council to agree that the levels of financial aid to Eastern Europe would be fixed by unanimity, thereby safeguarding its power of veto on the matter<sup>94</sup>.

#### 4. Issue fragmentation

In the preceding sections, I have examined the evolution of the mandate as it passed through the different decision-making levels as well as the results by sectors. Here, I will examine the overall negotiating position of each member state and establish some general conclusions about the dynamics and process of mandate negotiations.

##### *4.1. The reluctant, the positive, and the ambiguous*

Table V offers a detailed picture of the reactions of both the member states and the Commission to the proposal put forward by Commissioner Andriessen. In general terms, the Table offers an excellent vision of the dynamics of negotiations over the mandate<sup>95</sup>.

First, with respect to the relative size of member states, it should be emphasized that France, the United Kingdom, and Germany presented 45% of the reservations. Thus, the relative size of these three countries could, to some extent, explain the intensity of their

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<sup>94</sup> Council's 9971/1/90 EST 125, pp.3-4.

<sup>95</sup> I remind the reader that a specific annex (Annex II) deals with the methodological questions which this analysis has raised.



participation. But only *partly* because the participation of Italy, the other big country of the EC, was very low, supposedly because the self-restraint presidencies show. Also, it should be stressed that Spanish participation was even superior to the German and British one. In short, the process was dominated by four member states (France, Spain, Germany, and the U.K.), countries which accounted for 64% of the 116 reservations presented during the process.

Second, 74% of the reservations were of "negative" character, that is, attempts to downgrade or qualify Andriessen's proposal. This clearly illustrates the general character of the intervention of the Council, and the rest of the Commission, in the process. Thus, DG I and Andriessen were rather isolated both in the Council and in the Commission.

Third, 78% of the reservations concerned the economic content of the agreements. The most controversial sections were those related to the general political scope of the agreements (the preamble and political dialogue) and the so-called sensitive sectors.

**TABLE V.**Cross-examination of *réerves* in selected chapters of the mandate

Country	Sector							Character			Result					
	POL	FTA	RP	MA	PSC	FIN	TOT	Neg	Pos	Lin	Fai	Suc	Pos Suc	Neg Suc	Pos Fai	Neg Fai
D	2	0	6	3	2	3	16	9	7	0	4	12	4	8	3	1
UK	3	1	4	2	4	2	16	7	8	1	8	8	3	5	5	3
IT	2	2	2	0	0	0	6	2	4	0	3	3	1	2	3	0
FR	5	5	3	3	4	1	21	17	2	2	6	13	1	12	1	5
SP	4	2	6	4	2	3	21	21	0	0	5	16	0	16	0	5
NL	1	0	1	0	3	0	5	3	2	0	2	3	1	2	1	1
GR	1	1	2	2	1	0	7	5	2	0	1	6	1	5	1	0
BE	1	2	1	1	1	0	6	5	1	1	1	5	1	4	0	1
POR	2	1	1	2	0	1	7	7	0	0	1	6	0	6	0	1
DK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IR	0	0	1	0	0	0	1	1	0	0	0	1	0	1	0	1
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
All	2	0	0	0	0	0	2	2	0	0	0	2	0	2	0	0
Cion	2	1	0	0	5	0	8	7	1	0	2	6	1	5	0	2
Total	25	15	27	17	22	10	116	86	27	3	33	81	13	67	14	19

Keys:

- SECTORS: "POL" includes the preamble (PR) and political dialogue (DP); "FTA", the free trade area for industrial products; "RP", particular regimes (textiles, coal and steel, agriculture and fisheries, and PAT products); "PSC", regulations concerning persons or workers, services and capital; "MA" refers to accompanying measures, and "FIN" to the financial cooperation section.

- CHARACTER OF RESERVATIONS: "Neg", "Pos" and "Lin" refer to the object of the reservation. "Negative" means an attempt to modify the proposal of DG I in a restrictive sense; "positive", an attempt to upgrade this proposal or a firm objection to its downgrading, and "linkage" that a reservation is used conditioned to the resolution of another part of the text referring to the same issue.

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- RESULTS: "Pos-Suc" means and UPGRADE in the final document; "Neg-Suc" a DOWNGRADE and "Pos-Fai" and "Neg-Fai" describe unsuccessful attempts either to upgrade or to downgrade.

Source: compiled by the author from the documents listed in Annex II.

In general terms, the attempts to control the economic impact of the agreements on each member state and with respect to Europeanized policy areas were followed by attempts to impose stronger political and economic controls on the associates and to limit the scope and extent of EC's political commitment.

Fourth, 71% of the demands, proposals or reservations presented by the actors were successful, in that they obtained the desired modifications to the mandate. Thus, the dynamic derived from the pursuit of consensus meant that member states generally supported each other's demands.

Fifth, if we cross the character of the demands and their result, it can be seen that 59% represented a successful downgrading, as compared to only 10% which led to a successful upgrading of the text. Thus, negative reservations (74%) were very likely to succeed: given that only 19 out of 86 failed, this means that of every five negatives reservations, four would succeed and only one fail. In contrast to this 80% probability of success, positive reservations had a success probability of only 46% (only 13 out of 27 succeeded).

In conclusion, the whole dynamic and result of the process of drafting the mandate is best illustrated by the fact that negative reservations were four times more abundant and their success' chances doubled the chances of those of a positive character. Thus, the process resulted in a general downgrading of Andriessen's proposal; it could be anticipated that the negotiations with Poland, Hungary and Czechoslovakia were to be difficult.

If we consider particular countries, it can be seen that Spain and France were quite active, accounting for 38% of all the reservations. These were quite consistent, in that they were overwhelmingly negative, quite intense across sectors, and finally, quite successful in respect to their results. Together with Portugal, Belgium, and Greece, which were the other consistently negative countries, these five countries were responsible for 63% of all the successful attempts to downgrade DG I's proposal.

This first group was quite coherent. Those countries maintained a generally negative position almost regardless of the particular section under discussion, whether political or economic. In the light of the

character of their demands, their general strategy was to try and ensure themselves, and the EC as a whole, gave less and obtained more from the future associates. Prudence, scepticism, if not open distrust, and their own economic interests prevailed when configuring their particular preferences with respect to the negotiation mandate the Council should give to Andriessen. The only exception to this pattern is the French and Greek support for the "membership" reference. However, we have seen, Mitterrand's negative statements on the issue, Greek's silence, and the negative stances adopted by these two countries in relation to other sections, significantly qualified this apparent exception.

If France, Spain, Portugal, Belgium, and Greece accounted for 63% of the negative reservations to Andriessen's proposal, Germany, the United Kingdom, and Italy were responsible for 62% of all the positive reservations. Thus, they were the other dominant coalition. Nonetheless, the key to understanding the whole dynamic of negotiation is the weak cohesion and contradictory positions of the members of this latter group. In contrast to the consistently negative position of the opposing coalition, these three countries also formed part of various negative coalitions, and were in fact responsible for 20% of all the negative reservations. Furthermore, they were successful in almost all the cases in which they attempted to downgrade the agreements, and scarcely successful in their attempts to upgrade the agreements or resist negative reservations.

In the particular case of Germany, theoretically the most committed member state, though it pressed for the upgrading of the political content of the agreements, its silences in the Council meetings together with its negative activism with respect to agriculture, steel, coal, and transit, contributed to secure the acquiescence it generally showed to other countries' negative demands. Meanwhile, the United Kingdom seemed to be victim of its own preferences. Whereas the British vision of a looser EC had naturally turned into clear support for the association path, the policy of association itself both represented and required a strengthening of both the EC as well as the European Commission. Finally, in the Italian case, rhetoric and geopolitical interests seemed to support the need for opening up the

Community to Central Eastern Europe, but domestic concerns meant that trade liberalization was hardly seen as the best way of pursuing these goals.

In contrast to these two coalitions, one with a quite consistent position in terms of their balance of economic and political interests, and the other with clear conflicts between foreign policy and domestic concerns, a third group of countries (Denmark, Luxembourg, Ireland, and the Netherlands) played a marginal role in the formal negotiation process. Denmark was, at least a priori, close to the positions of the Germans and the British with respect to the new *Ostpolitik*, but in the Group it remained silent. One could also have expected that Luxembourg would have played a more significant role, if only because its Presidency in the next semester was to handle the association negotiations. For the same reason, the rhetoric of the outgoing Irish Presidency could have led it to play a more active role. Finally, the position of the Dutch government is worth noting, since its limited participation showed a curious pattern: its reticence on the political package did not translate into the economic content of the directives; rather, it was more positive on trade matters.

#### *4.2. European challenges, national interests*

In conclusion, one may stress that Andriessen's services at DG I had released their draft association mandate two days after the European Council meeting in Rome had stated that "the European Council is conscious of its special responsibility towards the Central Eastern European countries in a moment in which the efforts aimed at structural reform are threatened by additional difficulties provoked by external financial perturbations"<sup>96</sup>.

On 18 December 1990, the Council of General Affairs had approved the mandate and authorized the Commission to initiate the negotiations. For the Commission Spokesman's Service, the process

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<sup>96</sup> Consejo Europeo de Roma. "Comunicado Final. Conclusiones de la Presidencia". SN 304/2/90, 27-28 October 1990, point III.1.

was characterized as follows: "It will have taken the Council a few weeks to finalize the negotiating directives on the basis of the proposals drafted by the Commission. This result reflects the Community's will to respond without hesitation to the expectations of future associate countries in Central Eastern Europe"<sup>97</sup>.

Meanwhile, however, the member states, and the Commission, had presented 116 reservations to the proposal put forward by Andriessen, 76% of which were intended to downgrade the text, and of these, 56% were successful. As argued above, the net result of the process was to emphasize the obligations of the future associates and to downgrade the EC's commitment and costs. Thus, it seems that the political impulse which the Council had given to the agreements did not in fact reach the negotiators at the lower levels. Nowhere can this be seen more clearly than in the two meetings of the General Affairs Council devoted to the mandate, during which, as we have seen, foreign ministers either remained silent or discussed minor points. Also, it seems that the ministers, and their delegated negotiators in the COREPER and the GEO, did not consider that it was their responsibility to close the wide gap between the demands of Poland, Hungary, and Czechoslovakia and Community's offer. Thus, the decision-making machinery, were it not for DG I, seemed quite isolated from external pressures and, at the same time, quite open to internal ones, either stemming from the member states or from Commission's Europeanized policies.

As seen above, Andriessen seemed to expect that the ambitious and straightforward demands of the future associates, together with the myriad of declarations of support to the new democratic leaders of Central Eastern Europe emanating from national capitals, European Council meetings and various multilateral organizations (such as NATO, the CSCE or the Council of Europe) would actually balance the member states' preoccupations with the internal impact, both in political and economic terms, of the association agreements. However, this hope was not actually realized. Even at the Commission level, the particular considerations on how to limit the

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<sup>97</sup> CEC. SP. IP (90) 1062 of 19 December 1990.

impact of Central Eastern Europe in the sectors under the competency of each Commissioner could not be overridden by such general policy considerations, and inertia tended to prevail over change<sup>98</sup>.

Heads of State and Chiefs of Government were trying, in their European Council meetings, to give the impression that Central Eastern Europe ranked high in an agenda dominated by the integration process. However, the fact is that, as the two meetings of the General Affairs Council showed, the association policy did not actually rank that high in the EC agenda. The negotiating period for the directives (October-December 1990) coincided with the two European Councils at which political union and the Maastricht process were to be started, the military build-up in the Persian Gulf to restore Kuwait's sovereignty, Thatcher's resignation, and German unification. Against this background, it is perhaps not surprising that the polemical "membership" reference was buried rather than discussed, and that many countries did not want to open up a discussion on hypotheses such as the future place of Central Eastern Europe in the European integration process. Thus, if agenda collapse tended to weaken the policy impulse, the EC's internal bargaining process, characterized by the piecemeal treatment of issues, aggravated the loss of comprehensiveness and encouraged states to minimize costs in any field relevant to their interests.

In this situation, the position of Andriessen and his services at DG I deserve some attention because they seemed to be the only EC institutions with a comprehensive and active vision of association policy, its goals, requirements, and costs. This contrasted strongly with the prevailing piecemeal, reactive, and negative approach dominating

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<sup>98</sup> Also, the European Parliament was not as enthusiastically lending its support to Commissioner Andriessen as he might have wished. The Parliament seemed to be in agreement with its President, Enrique Barón, who had warned of the need to respect internal financial transfers, as well as the levels of aid towards other parts of the world (E.Barón. Address to the European Council meeting in Strasbourg on 8-9 December 1989, in Fundación Encuentro, *Europa y la Democratización del Este*, Servicio de Documentos, No.80, p.17). See the Resolution of the Parliament in this respect in *Bull.EC*, No.7-8/1990, point, 1.4.9.



both the Council and the Commission. It was Andriessen and DG I, not the Council, which emerged as the interpreter and spokesman of the joint foreign policy interests of the European Community. This did not mean that in balancing one kind of interests or goals against the other, DG I was willing to completely sacrifice all those which conflicted with EC's foreign policy interests. In fact, DG I never attempted to challenge or suggested modifying the basic foundations of those Europeanized policies which represented the main obstacles to giving the future associates the level of market access and other concessions they sought. What DG I would attempt to do, and this was specially evident with respect to the most controversial sectors (such as agriculture, steel, coal, or textiles), was to squeeze to the limit the possibilities which pre-existing Europeanized policies would offer. Thus, Andriessen and DG I's goal was to maximize the possibilities offered by balancing internal constraints and external requirements.

Given that Andriessen was responsible for relations with Central Eastern Europe, his activism and comprehensive vision is natural. The same is true of the rest of the Commission's services, which naturally had to defend their portfolios, policies, and interests. It was true even for the member states, who logically sought to minimize the costs and maximize the benefits of their participation in the European Community. However, the fundamental problem confronted by the EC when drafting the mandate was that DG I, as the institution responsible for initiating and carrying out the policy, and thus, most likely to have a global vision of its needs and requirements, enjoyed little or no power vis-à-vis the other sets of interests represented by the Commission and the Council.

The negotiations over the content of the policy brought it away from its own requirements of coherence, efficacy, and comprehensiveness, and prevented DG I from efficiently representing the long-term foreign policy interests of the EC. The result was that the policy represented the sum of the individual interests of member states and Commission's services rather than their collective interests. And because it neglected the main demands of Poland, Hungary, and Czechoslovakia, the mandate itself would constitute one of the main

obstacles to the satisfactory conclusion of the association agreements rather than the instrument which would make them possible.

## CHAPTER III

### THE NEGOTIATION OF THE ASSOCIATION AGREEMENTS: COLLAPSE...

#### 1. The EC's relations with the Visegrad Three in 1991

In the preceding chapters, I have shown the problems the Twelve faced over agreeing to, and designing, a policy of association. The following two chapters deal with the negotiation of association agreements with Poland, Hungary, and Czechoslovakia (henceforth "the Visegrad Three").

##### *1.1. The emergence of a policy gap*

The negotiation of the association agreements between the EC and the Visegrad Three led analysts to conclude that "partnership with the East has been easier to promise than to consummate"<sup>1</sup>.

In spite of the rhetoric which filled the statements of the European Council, the view that "the negotiations of the association agreements were no such stuff dreams are made of" was also widely shared within the EC<sup>2</sup>. In the midst of the association negotiations, President Delors would declare: "it is no good making fine speeches

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<sup>1</sup> H.Wallace. 1992. "What Europe for which Europeans?", in G.Treverton, *The Shape of the New Europe*. New York: Council on Foreign Relations, p.21.

<sup>2</sup> Lippert and Schneider, "Association and Beyond: The European Union and the Visegrad States", in Lippert and Schneider, *Monitoring Association and Beyond*, p.28.

with a sob in your voice on Sunday and then on Monday opposing the trade concessions enabling those countries to sell their goods and improve their standards of living"<sup>3</sup>. Once the negotiations had been concluded, the evaluation made by Commissioner Andriessen was not very optimistic: "we must not only affirm our commitment but also deliver, despite the short-term sacrifices which this may involve. This is the lesson of our negotiations for Europe Agreements with Czechoslovakia, Hungary, and Poland, in which the Commission has had repeatedly to remind those most susceptible to sectoral interests that there exists also a wider European interest"<sup>4</sup>.

The explanation for these kind of difficulties cannot focus on one single element but must rather consider the complex and reinforcing relationship between a variety of negative influences.

First, we have seen how behind the general atmosphere of support expressed in the statements of the successive European Councils, the Twelve and the Commission could hardly hide the existence of very different perceptions of the whole process of EC-Central Eastern European rapprochement. Moreover, the complexity of the EC's and the West's international agenda during 1991 meant that Central Eastern Europe would not be at the top of the EC's priorities for 1991. The worrying situation in the USSR, Yugoslavia, the Middle East, and specially, the Persian Gulf, meant that the attention of the Twelve's diplomacies would not be concentrated on Central Eastern Europe.

The second element which would also influence the EC's capacity to fulfil its promises was related to the uncertainties dominating the geopolitical, domestic, and economic transition processes on which the new democracies of Central Eastern Europe had embarked. EC and Western policies, from food aid to technical assistance, from balance of payments support to unilateral trade concessions, were all policies aimed at pushing the transformations in Central Eastern Europe in the right direction. This meant that the target of EC policies was a moving one. Furthermore, it had just started to move and its destination could not be taken for granted.

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<sup>3</sup> cited in the *Financial Times's* 1991/08/21 "Coups against Gorbachev".

<sup>4</sup> Andriessen, "The Integration of Europe: It's Now or Never", p.11.

The fears of collapse, reversal, a slide into nationalism and/or authoritarianism were well-founded, and together with the certainty that the new leadership of Central Eastern Europe had still much to do, advised a cautious approach. Central Eastern Europe was not only the target of promises, but itself the source of many. How these two sets of promises would accommodate to each other would naturally be the source of many divergences. As a result, there was a complex relationship between Central Eastern European demands for a stronger commitment from the EC and the West, and EC and the West's demands to see things moving in the right direction in Central Eastern Europe. In these circumstances, each side tended to see the other's actions as a prerequisite for their own.

The third element which constrained the EC capacities was the fact that the EC, as a result of the changes which it wanted to influence, was itself also moving. The uncertainties which this process had created as regards the results for each member state did not make any easier for Twelve or the Commission to concentrate on the maximization of foreign policy goals or opportunities. The EC had not still devised its model of political and economic continental integration. Hence, the policy of association would suffer from a transitional approach which would facilitate shortsighted behaviour when it came to far-reaching decisions on the wider content and goals of such agreements. Furthermore, as areas of potential geographic expansion for the EC, the countries organized around EFTA, as well as those of Central Eastern Europe would want to influence, with the aid of some allies within the EC, the constitutional revision process launched in Rome at the end of 1990. This would open the way for foreign interests to become intertwined with the domestic politics of the EC. 1990 had witnessed the first skirmishes in the so-called "deepening versus widening" debate. During 1991, coinciding with the negotiation of the association agreements, the particular positions of each actor in this debate would widely influence their preferences with respect to the new *Ostpolitik*. However, the "deepening first" policy which the EC had adopted soon showed to be unchangeable. In these circumstances, the efforts to change or adapt it, no matter how slightly or honestly, would only serve to reinforce the widespread conviction that the discussions on widening constituted a threat to the satisfactory

conclusion of the deepening process. As a result, the extenuatingly fraught process leading to Maastricht soon made it necessary to keep Central Eastern Europe from threatening the delicate balances and agreements to be reached. In turn, these elements further deprived the policy of association of the necessary political drive.

A fourth element also impinged negatively on the EC's negotiating capacity during the negotiation of association agreements. Besides the institutional design and the framework for cooperation envisaged in the agreements, the main content of these was a free trade area. Negotiating a free trade area with countries emerging from forty years of central-command economies was a challenge in itself, and one which should not be underestimated. To make matters worse, the structure of exports of the future associates was characterized by the particular weight of three sectors (agriculture, textile, coal, and steel) which were historically subject to a high degree of protection within the EC. What it is more, negotiations about trade concessions on these sensitive sectors would become closely intertwined with, among other things, negotiations for the GATT Uruguay Round, which were already exerting considerable pressure on the EC to lower the degree of protection accorded to EC producers. Thus, the association agreements would become closely interlinked with the reform of the Common Agriculture Policy, the regime of public aids for the steel sector, and with the international competitiveness of the European textile sector. Furthermore, the Single Market program meant that very intense strains and uncertainties already surrounded the EC member states' adaptation to these international challenges. All these elements combined to create a very difficult context for the economic rapprochement of the EC and Central Eastern Europe.

Apart from these elements shaping attitudes and interests at the wider policy levels, the decision-making system is a crucial factor in any explanation of the problems encountered by the Twelve when forced to give the skeleton of their new policy of association some real content. Since the beginning, it was unanimously understood that, apart from the prospect of Central Eastern European membership to the EC, the economic, and specially the commercial content of the agreements would be the yardstick against which the sincerity of the

EC's commitment would be measured. However, if the problems encountered at the higher policy level might explain the limitations of the general scope and ambitions of the EC's offer to the Visegrad Three, the examination of the negotiations in fact shows that the EC's internal decision-making process and negotiating behaviour further aggravated and fostered these problems. When negotiating with Central Eastern Europe, the EC suffered greatly when forced to face up to the challenge of coherence between the general foreign policy line and the particular internal adjustments necessary to define the content of the approved policies. In the absence of adequate channels of authority, and given the general fragmentation and scarce coherence and cohesiveness found within the institutional design of the EC, the struggle between pressures pushing the EC towards far-reaching trade concessions and internal resistance to such concessions would result in the collapse first, and breakdown, later, of the decision-making system. Very soon, the system would show that it functioned in a state of permanent crisis. In the absence of real debate or a thorough reappraisal of the problems involved, decisions appeared to be spasms provoked by the deterioration of the EC's international prestige as well as the Visegrad Three's confidence in the EC. However, this approach would mean that problems were buried and accumulated behind the scenes rather than resolved, making their reemergence even more virulent and destabilizing.

The net balance of all these constraints for the EC was a negotiating position characterized by extremely limited flexibility and an overwhelmingly inward-looking approach. However, facing three quite inexperienced, badly coordinated partners with only a few assets to bargain, the EC would successfully drag the Visegrad Three towards its own positions, thus resisting quite efficiently pressures to modify its agenda, pace, policies, and negotiating positions.

### *1.2. Declining enthusiasm*

President Delors had announced on the occasion of the presentation of the European Commission's working agenda for 1991 to the European Parliament on 23 January 1991, that the goal of EC policies towards Central Eastern Europe was to "prevent political reforms in those countries from crashing into an economic wall". With this goal in mind, the EC would work simultaneously on two main lines. With respect to short- and medium-term financial and aid measures, the Commission would continue to exercise its role as coordinator of the G-24, and developing numerous initiatives in the fields of macroeconomic and technical assistance. Then, referring to long-term policies, the EC would negotiate and sign during 1991 association agreements with Poland, Hungary, and Czechoslovakia. Through these agreements, the Twelve would attempt to establish a stable framework for relations with Central Eastern Europe in which all support measures would be better encompassed and promoted. As Delors himself restated in his speech to the Parliament, the agreements would allow these countries to feel themselves to be "members of the European family". Going slightly further in rhetoric, he raised the expectations of the future associates by hinting at membership in the indefinite future<sup>5</sup>.

Therefore, once again, the EC leaders were signalling that Central Eastern Europe was a maximum policy priority, and making clear that should the association agreements be successful in laying the necessary economic conditions, membership for the associates would

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<sup>5</sup> Delors would say: "*il fallait enfin permettre à ces pays de se sentir dès à présent membres de la famille européenne, alors même que les conditions de leur adhésion à la Communauté son loin d'être remplies*" (*Documents d'Actualité Internationale* - henceforth *DAI* 1991/04/01 "Présentation du program de travail de la Commission des Communautés européennes pour l'année 1991. par M. Jacques Delors. Strasbourg, 23 January 1991", No.5, p.9).



clearly be put on the agenda<sup>6</sup>. However, as we will see, the sincerity of such statements, the interpretation of the necessary conditions, steps and sacrifices to be taken by both sides in order to ensure that outcome would be subject to great controversy. In fact, the complexity of EC's 1991 agenda did not allow for much optimism, whether with respect to the intensity of the "political will" at the higher levels or on how this would be translated into straightforward guidelines at the lower decision-making levels<sup>7</sup>. As Jacques Poos, the Luxembourg Foreign Minister, had just declared in December 1990, very important differences persisted within the EC with respect to the future, and no one, specially after Thatcher fell, was willing to dynamite the EC's agenda in order to maximize their own particular *Ostpolitik* preferences<sup>8</sup>.

Throughout 1991, there would be numerous indications that, for most EC leaders, their original political ambitions with respect to Central Eastern Europe had been somewhat nuanced by their more accurate perception of the immense size of the material needs and challenges posed by these new democracies. Though the sense of urgency which had dominated the second half of 1989 and the beginning of 1990 still existed, the feeling that nothing the EC could

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<sup>6</sup> Chancellor Kohl had declared a few days later: "*La Communauté doit, par principe, être ouverte à d'autres pays européens. Cela ne signifie pas qu'elle puisse accueillir tous les pays d'Europe du jour au lendemain. Mais cela ne veut pas dire non plus que nous voulions exclure nos voisins européens de quelque manière que ce soit [...] Les accords d'association prévus constituent un support précieux dans ce contexte. En même temps, il faut laisser aux pays qui représentent les conditions requises le choix d'une adhésion ultérieure*" (DAI 1991/03/15 "Déclaration gouvernementale prononcée par le chancelier Helmut Kohl. Bonn, 30 January 1991", No.6, p.112).

<sup>7</sup> According to George Ross, President Delors was well aware that the eleven priorities for 1991 mentioned in the presentation of the Commission's program were simply too many (Ross, *Jacques Delors and European Integration*, p.235).

<sup>8</sup> "The support directed towards the Eastern Countries must not, however, become a factor generating a disequilibrium elsewhere. In the very heart of the Community, clearly visible differences persist and convergence must not remain an empty word. The cohesion of the Twelve must be maintained at all cost" (Poos, "The Priorities of the Luxembourg Presidency", p.31)

do would be enough was beginning to give rise to a certain sense of exhaustion<sup>9</sup>.

One important reason for this was, of course, the situation in the Soviet Union. Throughout 1989 and 1990, Western Europe had not hesitated to foster and welcome the collapse of Soviet rule in Eastern Europe. However, as collapse was threatening the Soviet Union itself, supporting Gorbachev was the top policy priority because he still was the precondition for the rapprochement between the EC and Central Eastern Europe<sup>10</sup>.

If 1990 had been the year of German unification and the Gulf War, 1991 was to be the year of the breakup of the USSR, the start of the conflict in Yugoslavia, and of the Maastricht Treaty. At the time, the future economic benefits for the EC of the association agreements were quite remote. Meanwhile, the political benefits were already being reaped in the form of democratic regimes engaged in economic transitions in Central Eastern Europe. In other words, what was useful at the moment was the perspective of association rather than association itself. Meanwhile, the cost of replacing the old economic, political, and security order in Central Eastern Europe with a new one was steadily rising. Without doubt, the prospect of chaos in the Soviet Union, together with speculation as to how that would affect Western Europe, were beginning to turn the West's "tears of joy" into a sense of having received a heavy and uncomfortable burden of responsibility<sup>11</sup>.

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<sup>9</sup> The Head of the EC Delegation in Warsaw clearly perceived this situation when he reported to Brussels: "I am not quite sure that the West realizes well that here we live on borrowed time" (CEC, EC Delegation in Poland. "Report on the Political and Economic Situation in Poland". Warsaw, 11 February 1991).

<sup>10</sup> O.Diehl. 1991. "EC policy towards the Soviet Union", in Boncivini et al, *The Community and the Emerging European Democracies*, pp.43-52; G.Jauernig. 1992. "The EC and the Soviet Union", in Ludlow, Mortensen, and Pelkmans, *The Annual Review of the European Community Affairs in 1991*, pp.329-337.

<sup>11</sup> The expression "tears of joy" belongs to Delors (cited in D.Dinan. 1994. *Ever closer Union?*. London: Macmillan, p.478). As a Czech diplomat who I interviewed said: "the EC had not a Eastern policy at that time, they did not know whether we were going to make it. There was uncertainty and some elements of suspiciousness derived from the past". This view had been summed up by Michael Heseltine in 1990, when he stated: "The Community certainly has a key role to play, but it is

In this sense, it is no coincidence that the negotiators at the Council level had abandoned the term "*décisif*" and replaced it by "*résolû*" when referring to the character of EC support for Central Eastern Europe in the preamble of the directives for negotiations. In the Polish presidential elections of November 1990, the populist-authoritarian Tyminski had shown how easy was to capitalize citizens' discontent. With 26% percent of the vote, he had displaced the architect of reforms, Prime Minister Mazowiecki, and forced President Walesa to adopt a more populist platform and slow down economic reforms. Meanwhile, in Hungary, social protest against the price increases caused by the first liberalization measures were adding significative strains to the reform process (shortages had ended and the shelves in the shops were full, but citizens could not buy what was on them).

In the other countries of the region, the situation was no better. In Czechoslovakia, tensions between the Czechs and Slovaks were mounting; in Romania and Bulgaria, the democratization process had come to an early halt; and in Yugoslavia tensions were rising. In these circumstances, it is not surprising that the EC was beginning to feel that it could do much to support these processes, but that "much" might not be enough, and that it could do little to influence many of the decisive issues<sup>12</sup>.

Hence, there were sufficient elements to give rise to a weakening of the EC's commitment to the cause of transitions in Central Eastern Europe. The meeting of the Political Committee (*PoCo*) of the European Political Cooperation (EPC) held on 19 February 1991, would be quite revealing. The available documents give a good

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important to recognize the limited amount, in practice, it can do to influence what is happening" (M.Heseltine. 1990. "The EC: first deeper then wider". *European Affairs*, No.2. Summer, p.11).

<sup>12</sup> As the Hungarians experienced during 1990 and 1991, the disappearance of the constraint of the Soviet Union deteriorated their bargaining power vis-à-vis the EC. Whereas they used to be the priority of Western *Ostpolitik*, in 1991 "Hungary became just one of the many" (M.Racz. 1995. "Economic Aspects of Hungarian-EC Association: Improvements in Trade but Little Assistance to Transformation", in Lippert and Schneider, *Monitoring Association and beyond*, p.178).

indications of how the Twelve were interpreting the situation in Central Eastern Europe at that moment<sup>13</sup>.

In general terms, the paper considered massive migration towards the West as the main threat posed by economic crises<sup>14</sup>. The analysis of the situation in Central Eastern Europe was not very encouraging. In its examination of the situation in the Czechoslovak Republic, the paper stated that "the government is considered transitional. Further elections will take place in about eighteen months [...] The leadership faces formidable difficulties in trying to reconcile Czechs and Slovaks. In addition, Slovakia has a Hungarian minority of 800.000 and Slovak nationalism will not make relations with Hungary or the minority easier, already tenuous on account of the Danube dam fiasco".

Hungary did not come out very well either: "after six months of the Antall government, there are signs of a lack of professionalism as well as nepotism [...] Commissioner Schmidhuber did remark after his visit in January that the process of democratization did not appear to be irreversible. The new political class is not firmly established [...] The main problem is the social acceptability of a drop in the standard of living [...] The Smallholders Party, in threatening to withdraw from the government, could challenge the broad consensus on the move to a market economy".

Lastly, in the Polish case, the EPC's paper highlighted the good state of economic reform. However, concerns were also expressed

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<sup>13</sup> CEC. SG. EPC. "Eastern and Central Europe -General Political Situation". Background brief for the Ministerial meeting, Luxembourg, 19 February 1991. Brussels, 13 February 1991. The document lists the observations recently discussed in the EPC and in other fora which would form the basis of discussions at the meeting of the Political Committee.

<sup>14</sup> The paper referred to the recent conference on immigration held under the auspices of the Council of Europe. The suppression of visa obligation for the three Visegrad's nationals, adopted by the Schengen countries (Germany, France, Italy, and the Benelux), after German pressure, on 8 April 1991 would also be an alarming indication of the effects of the opening of frontiers. In the first few days, thousands of Poles crossed the German border provoking xenophobic demonstrations among the local German population (*Le Monde* 1991/04/09 "L'Allemagne s'inquiète de l'arrivée de milliers de Polonais", p.1).

about the government's inability to lower inflation. Because parliamentary elections had yet to take place, the paper noted that Poland had still not been admitted to the Council of Europe. Moreover, the paper considered President Walesa's moves to strengthen the power of the Presidency to be of dubious constitutionality. It also highlighted the polarization of Polish society as a result of the recent Presidential elections, specially around the rise of anti-semitism and the role of the Church<sup>15</sup>.

Therefore, after the declarations of joy, solidarity and support in 1989-199, and in face of the immense problems of economic transformation in Central Eastern Europe, the EC's commitment to the process of transformation began to crumble<sup>16</sup>.

The Spanish Prime Minister, Felipe González, was one of the few leaders to openly talk about the issue. Asked by the *Financial Times* on the occasion of his May 1991 visit to London whether he considered that in as much as the EC had supported the Iberian democracies in the late seventies and early eighties, now the EC should follow the same line, he replied: "Spain went through a very deep economic crisis between 1975 and 1985. We got a great deal of moral support but we never received a single peseta in assistance". Then, he further warned that "we should not pull the wool over our own eyes. I don't think Walesa realizes that Western Europe is not going to pay the bill for 40 years of communism, just like it didn't pay

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<sup>15</sup> Let us recall that on 30 January 1990, the new Polish Prime Minister, Bielecki, had with Delors in an attempt to restore the EC's confidence in Poland after the 3 million votes obtained by Tyminski in the Presidential elections. Apart from giving priority to association, Bielecki tried to secure relief of the Polish US 43 billion dollar debt (*Europolitique* 1991/02/06 No.1650, p.V-3).

<sup>16</sup> The experience of West Germany in reforming the German Democratic Republic after unification paved the way for Western scepticism. If the former GDR, theoretically the strongest economy of the Eastern bloc, was such a mess, what would the other countries be like? Besides, both the Gulf War and the costs of German unification were slowing down the European economy, thus further constraining its financial capacity. See G.Languth. 1992. "The Single European Market - Also an Opportunity to Eastern Europe?". *Aussenpolitik*, Vol.42. No.2, pp.107-114; A.Michta. 1991. *East Central Europe after the Warsaw Pact*. New York: Greenwood Press.

for 40 years of Francoism". Finally, he remarked: "No one feels obliged to pay the bill and I don't know of a single Western European public sector not in deficit, no matter how rich the country. Therefore, the funds will have to come from the private sector and the private sector is not going to invest until they see things moving clearly in Eastern Europe"<sup>17</sup>. Whether brutal or just sincere, the Spanish Prime Minister was making it clear that Eastern Europe was not going to change his agenda, and by extension, no one else's. Spain wanted a politically tighter EC and financial compensation for its acceptance of the internal market, and the Spanish threat to veto the Maastricht Treaty if Spain's financial demands were not taken into account was openly on the table<sup>18</sup>.

Little by little, the Visegrad Three would come to learn that declarations of moral responsibilities and historical debts were not enough. The Spanish assets for obtaining EC membership in the eighties had been quite poor. Now Central Eastern European assets to force the EC to make the necessary sacrifices were only to be dependant on the EC's perception on how close to collapse the new democracies was, and what the implications of this would be. However, this was a double-edged sword. The prospect of collapse could force the EC to be more generous and committed, but it might equally well facilitate disengagement and pessimism.

If the prospect of collapse in Eastern Europe alone did not seem enough to persuade EC leaders to extend the scope of their political and economic commitment to the association agreements, the failed coup d'état in Moscow in August 1991 would, if only for a moment, provide the Twelve with the cold war-like geopolitical mentality which had been driving relations with Central Eastern Europe throughout 1989 and 1990. Apparently, the prospect of a return to communist rule or of a new Soviet domination of the region put a stop to the tendencies towards retrenching then dominating the internal bargaining in the EC on the association agreements. In a question of

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<sup>17</sup> *Financial Times* 1991/05/09 "A better balance of rich and poor: Felipe González talks to FT writers about Spain's hope for Europe".

<sup>18</sup> *El País* 1991/11/21 "El secretario de Estado de Economía advierte que España no ha descartado el veto al resultado de la cumbre de Maastricht", p.17.

few hours, the EC suddenly set aside considerations about its economic slowdown, its poorest regions, its sensitive sectors, the financial perspectives etc. But as the coup faded away, its only visible consequences were the EC's embarrassment over the atmosphere dominating the negotiations with the three Visegrad countries, the decision, under French and Greek pressure, to include Romania and Bulgaria in the association path, and the rapid recognition of the Baltic Republics. In these circumstances, it seemed obvious that the EC would do the minimum necessary to ensure that processes of transformation continued, that no Marshall Plan-like policy would be implemented, and that the EC would only be moved to action by an imminent collapse, provided this breakdown was believed reversible. In this way, the EC would seem to be satisfied simply by keeping Central Eastern Europe on the edge, preventing it from falling into the past, but hesitating when calculating how much would be necessary to push it decisively towards the West<sup>19</sup>.

Thus, EC policies towards Central Eastern Europe were subject to contradictory pressures. Short-term measures dictated by urgency were taken without great difficulties. When necessary, the Twelve could easily agree to support Hungarian and Czech's balances of payments, as well as to steadily increase the scope and depth of PHARE and other assistance programs<sup>20</sup>. Also, talk of membership, of the "European family of nations", and the "return to Europe" constantly figured as the necessary political complement to these measures. However, in the context of this combination of short-term

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<sup>19</sup> See Kramer, "EC Responses to the New Eastern Europe", pp.213-244; Kennedy and Webb, "The Limits of Integration: Eastern Europe and the European Communities", pp.1095-1117.

<sup>20</sup> For a summary of the various activities within the PHARE, G-24, EBRD or balance of payments framework, see Murphy and Wilke, "The EC and Central Eastern Europe", pp.317-328. For a more detailed vision, see *Bull.EC* 12/1990 (pp.1.4.1-10); *Bull.EC* 1-2/1991 (pp.1.3.8-21); *Bull.EC* 3/1991 (pp.1.3.6-14); *Bull.EC* 4/1991 (pp.1.3.3-10); *Bull.EC* 5/1991 (pp.1.3.5-14); *Bull.EC* 6/1991 (pp.1.3.9-17); *Bull.EC* 7-8/1991 (pp.1.3.8-18); *Bull.EC* 9/1991 (pp.1.3.13-23); *Bull.EC* 10/1991 (pp.1.3.4-7); *Bull.EC* 11/1991 (pp.1.3.9-16); *Bull.EC* 12/1991 (pp.1.3.2-12).

support measures and long-term political perspectives, major questions were being left unanswered in the background.

Delors himself exemplified the irritation with which EC leaders would react to Central Eastern European attempts to "accelerate" history as well as to modify, or even manage, the EC's agenda and plans for the future. During his July 1991 meeting with President Walesa, the Polish President demanded major trade concessions from the EC to compensate for the collapse of their Eastern trade. However, Delors would reply that "the Commission had warned Poland for the too quick dismantling of the Comecon [the CMEA]" and that "the Commission cannot bear responsibility for all consequences of this". As seen in the preceding chapters, only a few months earlier the European Community had been undermining the CMEA and promoting bilateral links with the Eastern European countries. Now, in another paradox of history, the EC was longing for the maintenance of the CMEA as a means of relieving pressures on itself<sup>21</sup>.

At that same meeting, Delors gave an excellent summary of the EC's position. On membership, Delors said that "the answer to the question of accession will be positive in principle. On the political level, Poland should not worry". With respect to trade concessions, he argued that further concessions by the EC would be very difficult. "The economy is slowing down, the revision of the CAP is proving extremely complicated, we must also consider the poorest regions, and there are also sensitive sectors", he argued.

Thus, once again, the EC was confirming the problems it was having in backing up its rhetoric with practical action. Its inward-looking approach was so pronounced that it could fail to understand how a Central Eastern European leader might feel when forced to hear about the EC's economic problems. In short, Delors statements perfectly summarized the two main issues facing the EC's relations with the Visegrad Three during 1991, i.e., the design of the future European architecture and the painful dossier of trade concessions.

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<sup>21</sup> CEC. DG I-E. "Minutes of the breakfast meeting between President Walesa and President Delors on 3 July 1991 at the Palais Stuyvenberg". Brussels, 5 July 1991.



As we will see, neither of these two issues were to be satisfactorily resolved during 1991.

### *1.3. Alternatives to membership*

During 1991, and as soon as the negotiations started, the Visegrad Three publicly announced that they considered the inclusion of the prospect of membership in the agreements to be a top priority<sup>22</sup>. The presidential elections in Poland in November 1990 had ousted General Jaruzelski from power and replaced him by Lech Walesa, who was much less willing to take Soviet preoccupations with a Polish move to the West into account, and much more willing to rely on Germany as the broker of Polish interests in the European Community<sup>23</sup>. This completed the change of governments in the Visegrad countries, so during 1991 the EC was faced by three totally Western-oriented governments which enjoyed considerable support for their programmes of a return to Europe.

Conscious that they shared identical goals, and believing that together they would be better able to press the West to design a policy satisfying their individual ambitions, the three future associates decided to coordinate their strategies. After the first two rounds of negotiations with the EC, the Heads of State and Prime Ministers of Hungary, Czechoslovakia, and Poland met in the Hungarian town of

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<sup>22</sup> CEC. DG I E-2. "Négociation d'un accord européen avec la Pologne. Compte rendu de la réunion d'ouverture de négociation du 22 décembre 1990 à Bruxelles". Bruxelles, le 8 Janvier 1991; CEC. DG I E-2. "Note for the file. European Agreements: First round of negotiations with Hungary on 21/12/1990: Summary of Hungarian positions". Brussels, 8 February 1991.

<sup>23</sup> *Financial Times* 1990/11/20 "Survey of Poland (11): Membership of the EC is the long-term objective-Foreign policy / One thing unites the two main rivals". Later, in June 1991, on the occasion of the signing of the Polish-German Friendship Treaty, Prime Minister Bielecki would declare: "I am convinced that the Polish road to integration into Western Europe leads through Germany" (in A.Pradetto and P.Sigmund. 1993. "East-Central Europe and United Germany in the Concepts of German and West European Elites". *Polish Western Affairs*, Vol.34, No.2, p.143, citing *Europa-Archiv*; No.13, 1991, p.318).

Visegrad. There they signed a Solemn Declaration on their will to achieve peace, security and development for their nations and, more significantly, a "Joint Declaration on cooperation on the road to European Integration" in which they committed themselves to help each other to achieve "total integration into the European political, economic, security and legislative order"<sup>24</sup>.

Aware that their poor economic conditions meant that full membership of the European Community was impossible in the immediate future, the three countries would strive to achieve anything resembling or coming close to EC membership. This explained the importance of obtaining a customs union, rather than a free trade area which was seen as having no political implications. Also, they would seek to link their security to NATO and the EC through acquiring a special status within the EPC and, later, the Western European Union (WEU). Their desperation to establish ties of kind was exemplified by the Czechoslovak proposal to use the EC Court of Justice to resolve disputes arising from the application of the future association agreements<sup>25</sup>. In the face of these attempts, the three

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<sup>24</sup> Hungarian Ministry of Foreign Affairs. *Press Release 4/1991*. "Declaration on the cooperation on the road to European Integration". Budapest, February 15, 1991. For more details on this trilateral summitry and its limits see: A.Inotai. 1995. "The Visegrad Four: More Competition than Regional Cooperation?", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.161-174; E.Kulesza and P.Mietkowi. 1993. "Europe Centrale: quelle cohésion?". *Politique Étrangère*, No.1, pp.105-119; R. Tökes. 1991. "From Visegrád to Kraków: Cooperation, Competition and Coexistence in Central Eastern Europe". *Problems of Communism*, November-December, pp.100-114; H.Polácková. 1994. "Regional Cooperation in Central Europe. Poland, Hungary, Czech Republic and Slovakia: from Visegrad to CEFTA". *Perspectives*, No.3, Summer, pp.117-130; M.Perczynski. 1993. "The Visegrad Group: Cooperation towards EC Entry". *Polish Quarterly of International Affairs*, Vol.2, No.2, Spring, pp.55-72; G.Kolankiewicz. 1994. "Consensus and competition on the eastern enlargement of the EU". *International Affairs*, Vol.70, No.3, July, pp.477-496.

<sup>25</sup> This was a quite unprecedented proposal. In the EEA negotiations, the EC and the EFTA countries were thinking of a special Court to settle disputes. The European Court of Justice (ECJ) denied that such a Court could have the right to make binding sentences. Paradoxically, the Czech government was proposing the EC the opposite

future associates would encounter clear and consistent rejection by the EC. According to Karel Jezek (a member of the Czech negotiating team), the Community negotiator, Benavides (Director for Eastern Europe at DG I), once told the Czech and Slovak delegation: "By the Europe Agreement, Czechoslovakia will approach the walls of the Community, but it will not pass through"<sup>26</sup>. Thus, the official line was that there was no status between being "in" or "out" of the Community.

What would become evident during 1991 was that, in the Visegrad Three's strategy of "leaving every Eastern institution, joining every Western one"<sup>27</sup>, the association design offered by the EC was not enough. And this preoccupation seemed to be shared within the EC, if one considers the efforts made to promote institutional links other from those of membership or association. Among the many proposals for institutional designs which were put forward in 1990-1992, one could characterize two main categories: "pan-European" or "subregional" proposals.

The pan-European strategies were best represented by Mitterrand's idea of confederation, but were also adopted by institutions such as NATO, the CSCE, or the Council of Europe. In turn, subregional strategies would have two driving forces. First, the perceived need of the Central Eastern Europeans to devise new forms of regional cooperation appropriate to the new democratic nature of their political regimes and, second, Western pressures to use subregional cooperation to promote regional stability during the presumably long transition period which would follow.

The main problem of all these strategies was that the Visegrad countries wanted, in the first place, to "trespass the walls of the EC",

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solution to the EC, namely that an EC institution (the Court), with judges they could not appoint or remove, and in which its country was not represented, should be granted the right to enact binding sentences over a third country, i.e. the Czech and Slovak Federal Republic (K.Jezek. 1995. "Reaching the optimal compromise: the European Agreement between the CSFR and the EC", in Lippert and Schneider, *Monitoring Association and Beyond*, p.208).

<sup>26</sup> Jezek, "Reaching the optimal compromise", p.211.

<sup>27</sup> Haggard *et al.*, "Integrating the Two Halves of Europe: Theories of Interests, Bargaining and Institutions", p.181.

and this required them to break their links with the rest of Eastern Europe, and with the Soviet Union in particular. Right after the Visegrad meeting in February 1991, the Warsaw Pact was disbanded and, the following month, the CMEA was dissolved<sup>28</sup>.

However, in yet another paradox of history, dissolving the Eastern institutional structures and sending the Soviet troops back to the USSR was to prove much easier than turning pan-European institutions, whether already existing, reformed, or newly created, into bridges leading to real and full membership of Western institutions. But having abandoned the Eastern structures and without yet being members of the central Western ones (NATO and the EC), the Visegrad countries soon began to perceive that they were in a security, political, and economic institutional vacuum.

From then on, the Visegrad leaders, specially the Czech and Polish presidents, would make great efforts to design a new European political, economic and security order. This would not prove easy. Brandishing the risk of collapse was a double-edged weapon and soon it was seen that it might not serve their policy goals well. At the same time, pan-European strategies came under suspicion when the Visegrad leaders began to fear that these institutional structures could be used as a substitute for, rather than as a means of transition to Western institutions.

Mitterrand had visited Prague in September 1990. There he had proposed that an international conference should be held in Prague during the Spring of 1991 to discuss the question of a European confederation which he had launched in his 1990 New Year's Day speech. Prior to his arrival to Paris in 23 March 1991, President Havel had visited the NATO headquarters in Belgium. There, he announced that neutrality was not the goal of his country. Havel acknowledged that membership of NATO was impossible for the moment, but he demanded that NATO recognize that it could not close its doors to Czechoslovakia for ever. After affirming that Czechoslovakia needed clear prospects of NATO membership, he

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<sup>28</sup> Hatschikjan, "Foreign Policy Reorientations in Eastern Europe", pp.52-60.

demanded that the WEU should be the bridge between NATO, the EC, and the three Visegrad countries<sup>29</sup>.

At the same meeting, Havel warmly supported Mitterrand's proposals on a European confederation. However, the subsequent meeting with Mitterrand was quite tense, and both leaders found it extremely difficult to put together a joint communique because of Mitterrand's refusal to support a clear membership perspective of the EC for Czechoslovakia<sup>30</sup>. Thus, Havel started to suspect that the confederation proposal of Mitterrand was a substitute, an end in itself, rather than a transitional device to facilitate Central Eastern European membership of both the EC and NATO.

Similar problems were to be faced by the calls for subregional cooperation. These calls, like that made by the rotating President of the European Council, Jacques Santer, on May 1991, were perceived in Central Eastern Europe as quite problematic<sup>31</sup>. Inevitably, if regional cooperation among the Visegrad Three over security and economic matters was successful, this would create pressure on the EC to devise the flexible and ad hoc membership devices which they were seeking. In other words, the Central Eastern European leaders' strategies consisted of putting as much pressure as they could on the EC to take their aspirations into account. But if the political attraction

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<sup>29</sup> *Le Monde* 1991/03/22 "M. Vaclav Havel en visite au siège de l'OTAN"; *Financial Times* 1991/03/22 "Havel secures little but fine words from NATO"; *Le Monde* 1991/03/23 "La Tchécoslovaquie souhaite conclure des accords bilatéraux de sécurité"; *DAI* 1991/09/91 "OTAN: Visite du président Vaclav Havel: Déclaration par le secrétaire général, M. Manfred Wörner et allocution du président Václav Havel", No.17, pp.332-333.

<sup>30</sup> *The Economist* 1991/06/01 "French dream, Czech nightmare / Havel's row with Mitterrand".

<sup>31</sup> "Membership by 1999 is a reasonable objective but it has to be carefully prepared. We want to anchor those states firmly in the Western Community. At the same time, we do not want to cut them off from the rest of Eastern Europe. The best way to ensure a smooth transition would be to set up some regional or sub-regional organization". J.Santer. 1991. "The Luxembourg Presidency of the European Community". Address given at the Washington Institute of Foreign Affairs in May 10, 1991. Reproduced in Clesse and Vernon, *The European Community after 1992*, p.24.

of subregional cooperation was scarce, the economic incentives were even more difficult to precise. As was recognized by the governments of the Visegrad Three, trading with each other had already been experienced, and its net result was the promotion of inefficacy. According to this view, only modern markets could provide the necessary stimulus for their economies. Finally, from a security perspective, outside a Western framework, close cooperation in security matters among them would be meaningless, because it would not solve the security vacuum in the area, or even dangerous, given that it could make the USSR and other East European neighbours feel threatened<sup>32</sup>.

As a result, the experiences of the Visegrad leaders with pan-European or subregional proposals would prove quite frustrating, obliging them to renew their efforts to secure a promise of membership from the EC. Just as it was the case of some EFTA countries, which were turning the EEA negotiations into springboards for membership of the EC (Austria had already applied for EC membership and Sweden would do so in June 1991), the Visegrad Three wanted to place the agreements within a clear perspective of membership.

However, their attempts at coordination would not bear much fruit for two main reasons. First, the triangular meetings of the Visegrad countries could not hide the fact that each of the three countries had quite different strategies. In fact, Poland, Hungary, and Czechoslovakia seemed to have agreed not to compete with each other in their race towards the West, rather than to actively cooperate with each other. As Table VI shows, the Visegrad Three had not presented the EC with a joint proposal on the exact meaning and wording of the much-desired EC clause promising membership. This not only reflected the lack of trilateral coordination. Furthermore, it

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<sup>32</sup> J.Bugajski. 1993. *Nations in Turmoil: Conflict and Cooperation in Eastern Europe*. Boulder, Colorado: Westview Press; S.Burant. 1993. "International Relations in a Regional Context: Poland and its Eastern Neighbours". *Europe-Asia Studies*, Vol.45, No.3, pp.395-418; R.Draï et C.Thuan. 1992. *Instabilités Européennes: Recomposition ou décomposition*. Paris: L'Harmattan; J.Zielonka. 1992. "Security in Central Europe". *Adephi Papers*, No.272, Autumn.

revealed that they ignored that whatever the EC would eventually offer them in this matter would be practically identical in all three cases.

**TABLE VI. Polish, Hungarian, and Czechoslovak demands of membership**

Poland	Hungary	Czechoslovakia
in Preamble: "...would allow Poland to take part in the process of European integration, with the final objective to become in the future a member of the Community".	in Preamble: "Having in mind that the final objective of Hungary is to become a member of the Community and that this association should help to achieve this objective"	in Preamble: "taking into account of the parties' intention that Czechoslovakia shall become a full member of the European Community"
in Political Dialogue: "will facilitate ... gradual rapprochement and integration with the Community"	in art. 98: "the implementation of this agreement is expected to facilitate the accession of Hungary to the European Communities. The Community takes note of Hungary's intention to apply, when it deems appropriate, for member- ship"	in art. 1: "appropriate framework for Czechoslovakia to move towards full membership of the Community"

*Source:* CEC. DG I E-2. "Accords européens. Prise de position des différentes parties à l'issue du 3ème round de négociation". Bruxelles, le 8 avril 1991.

As seen in the table, Czechoslovakia demanded that membership be included as the goal of both parties. In return, as we will see, it was willing both to insist less strongly on EC trade concessions and accept more sacrifices and unilateral commitments. Thus, insofar as the political commitment of the EC would be unambiguously stated, Czechoslovakia seemed to have no particular preferences as to how the economic rapprochement of the parties was to be achieved. Ingenuously trusting that the EC would design the best policies, the Czechoslovak position was characterized by the belief that the political level was the most important dimension of the agreements, and that once agreed, the economic dimension would follow naturally.

Poland wanted a clear signal that association would lead to membership, but it did not demand an explicit commitment by the EC in this respect. Clearly, the Polish government placed all the emphasis on the commercial dimension of the agreement. Much more realistically, it sought rapid and comprehensive trade liberalization which would pave the way for economic convergence with the EC and thus facilitate the path to membership. Thus, for the Polish leadership, only a real and tangible economic take-off would assure that EC promises could be realized. In other words, politics would follow economics.

Finally, Hungary, in accordance with the gradual approach its government had taken to economic reforms, only wanted the Community to recognize the Hungarian will to become a member in the future (the minimalist solution later adopted by the EC). However, it wanted to negotiate very carefully the trade, financial, and cooperation chapters of the agreements. In contrast to the Poles and the Czechoslovaks, the Hungarian government wanted political and economic rapprochement between the EC and Hungary to go hand-in-hand, and to control as far as possible the consequences of opening up its economy.

Thus, the Czechoslovaks were willing to accept any sacrifice demanded by the EC in order to secure a promise of membership guarantee. In contrast, the Poles wanted to lock the EC and Poland into an irreversible process of economic rapprochement from which membership to the EC would be the natural corollary. However, if this new re-edition of the Polish "Big Bang" was to be truly irreversible, its design could not be left in the hands of the EC alone. Finally, the Hungarians were much more gradualist. They were willing to obtain less from the EC provided that they too, and not only the EC, could control the process. But against this variety of positions, the EC's stance consisted mainly of seeking an agreement which would impose discipline on the Visegrad Three's economic and political reforms at the minimum possible cost, maintain the highest possible degree of control, and leave the EC's options open for the future<sup>33</sup>.

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<sup>33</sup> On the different economic strategies see: J.Sachs. 1992. "Building a Market Economy in Poland". *Scientific American*, Vol.226, No.3, March, pp.20-26; J.Adam.



#### 1.4. Deepening and widening

As has been seen in the preceding chapter, at the end of 1990, the EC had postponed the question of membership by way adopting an ambiguous compromise which established that the Commission could call on to the Twelve to include a reference to membership if the course of negotiations on association made this necessary.

Quite predictably, the Visegrad Three's insistence on this point meant that the membership perspective clause would come to dominate the negotiations. But now, the Twelve would again close the question in a rather ambiguous way. A majority of member states and EC's Commissioners considered the mere recognition of the wish of the Visegrad Three to become members in the future to be sufficient. In contrast, Commissioner Andriessen, began to consider ways in which the necessarily long transitional periods to follow could be used to bring the EC and the Visegrad countries closer. However, these ideas would only definitely break through during the end of 1992 and the beginning of 1993, once the problems surrounding the ratification of the Treaty of Maastricht had been solved.

Andriessen, whose position made him more aware of both the ambitions and the needs of the Visegrad countries, would not cease in his attempts to modify the EC's ambiguity on the question of membership. First, and in spite of the clear opposition of his Commission colleagues and most of EC's member states, he had included the membership perspective in the Commission proposal for the negotiating directives. Then, after the visits of Presidents Havel and Walesa to Brussels in March and April 1991, respectively, he had tried to convince the Council to endorse, in line with the German-inspired compromise, at least a non-automatic, non-binding reference to membership. But Andriessen's partial failure in this respect, given that the Council would only accept a unilateral statement by each of

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1993. "Transformation to a Market Economy in the Former Czechoslovakia". *Europa-Asia Studies*, Vol.45, No.4, pp.627-645; P.Hare and T.Révész. 1992. "Hungary transition to the market: the case against a big-bang". *Economic Policy*, Vol.14, April, pp.229-264; K.Mizsei. 1990. "Shock or Therapy". *The New Hungarian Quarterly*, Vol.31, No.119, Autumn, pp.73-78.

the Visegrad Three countries, did not deter him. Right after the Council had accepted in April 1991 a modification in that sense of the negotiation directives, he opened a new front by seeking to introduce into the agenda of the IGCs the question of future Central Eastern European membership. In a speech to the plenary meeting of the European Chambers of Commerce, he made a profound critique of the European Community's inward-looking approach to relations with Central Eastern Europe.

Andriessen had been present in the previous meetings of the IGCs and, apparently, he had not liked what he had seen there very much. Also, as noted above, he had recently met Presidents Walesa and Havel. In his speech to the Eurochambers he wondered whether "these conferences will be sufficient to chart the course of a Community which may be faced during the coming years with twelve or more applications for membership". He considered that EC leaders were clearly lagging behind events. In questioning the IGCs, he argued that "their terms of reference were agreed before the magnitude of this challenge was fully apparent". Then, turning to the association negotiations with the Visegrad Three, he warned that "the Community's response is a source of pride but not of complacency" and insisted that "innovative and far reaching though these agreements are, our partners make no bones about the fact that their ultimate goal is Community membership"<sup>34</sup>.

In his opinion, the Twelve should take advantage of the IGC negotiations to do some "creative thinking" on the future political and economic architecture of Europe. More specifically, he suggested that the Community should devise a category of "associate membership" which would allow new comers to be members of the EC in those policy sectors in which they were able to fulfil the *acquis communautaire*. In Andriessen's proposal, associate members could almost immediately sit in the Council and in the European Parliament in matters such as the EPC's political cooperation, monetary affairs,

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<sup>34</sup> F.Andriessen. "Towards a Community of twenty-four?". Address at the 69th Plenary Assembly of Eurochambers, Brussels, 19 April 1991, Mimeo.

transport, energy, environment, and research and development (R+D)<sup>35</sup>.

The main difference between Andriessen's proposal and the EC's traditional approach to enlargement was the attempt to break the principle of the indivisibility of the *acquis communautaire*. Accepting the whole *acquis* without exception was the standard procedure for assuring that new comers would not either weaken the EC or attempt to obtain *à la carte* membership. Whilst it was logical that the EC should demand the acceptance of the *acquis* by the EFTA members willing to join the EC, the economic situation in Central Eastern meant that it would take the Visegrad Three many years to adapt to the rules and principles of the single market. Of course, the fact that according to these conditions the Visegrad's Three would not be able to join in the near future was accepted by those within the EC who wanted, and needed, time to adjust to a wider Europe. Andriessen, however, saw it differently.

"Associate membership" meant breaking membership into as many parts as the Visegrad Three could accept. In other words, it would anticipate membership wherever and whenever possible. It was a second-class membership if compared with full membership, but a lot if compared with the framework envisaged by the association agreements. This proposal partially resolved the economic obstacles to enlargement. At the same time, such a flexible design would satisfy the Visegrad Three and would relieve the EC from external pressure and criticism of its lack of flexibility with respect to events in the East.

However, the sort of flexibility this proposal required could not easily be accepted by many in the EC. Andriessen's proposals could not hide the fact that they were intended to break the strict separation between the concepts of deepening and widening, or that they represented a major critique to the dynamic, content, and ambitions of the pre-Maastricht IGC negotiations. Proving how tense the atmosphere around the two IGCs was, Andriessen's proposals were

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<sup>35</sup> Andriessen, "Towards a Community of twenty-four?", pp.4-5. Six prestigious European international affairs research institutions would endorse this "associate membership" proposal (See Boncivini et al, *The Community and the Emerging European Democracies. A Joint Policy Report*, p.86).

rejected outright and buried without discussion. Furthermore, the closing of ranks provoked by Andriessen's criticism of the IGCs also affected his calls to abandon the complacency and shortsightedness dominating the EC's association policy. This was to be an irremediable loss to the EC. At this point, a process of collective reflection within the EC on the worrying direction of the association negotiations would have been extremely useful to ease both internal and external tensions. However, all Commissioner Andriessen obtained was a tide of public criticism from his fellow Commissioners and European leaders. Piet Dankaert, the Dutch State Secretary for European Affairs, representing one of the member states most in favour of close integration, criticized Andriessen; arguing that his proposals would have a very negative impact on the ongoing attempts to reconcile very different national positions in the IGCs on political, monetary and economic union. More fiercely, three fellow Commissioners, Papandreou (Greek, social affairs), Bangemann (German, internal market) and Van Miert (Belgian, transport and consumers), accused Andriessen of being a "irresponsible", expressed their fears that his proposals could threaten the IGCs, and immediately associated him with "dissolutionist" (meaning "British") tendencies<sup>36</sup>.

This incident showed that it was not surprising that Andriessen's proposals were rapidly silenced. Separating the questions of widening from the issue of deepening represented a policy consisting in not taking any decision until the issue of deepening had been solved first. How could the Twelve discuss the way to accommodate Central Eastern Europe in the Community, as Andriessen was seeking, when they could not even agree to state in the preamble to the agreements that the goal of membership was a shared, long-term objective of the two parties? Ultimately, the most the Twelve could agree to was to allow the Visegrad Three to express this desire, to concentrate on the

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<sup>36</sup> *Europolitique* 1991/04/24 No.1671, p.II-3; *Europolitique* 1991/04/27 No.1672, p.V-1. However, Andriessen would not desist. After the failed coup d'état in Moscow he again publicly expressed his regret that the Twelve were not considering the question of enlargement in the negotiations on political union (cited in *Financial Times* 1991/09/05 "EC warned on doubling of its membership").

IGCs leading to Maastricht, to maintain the official policy line that no applications for membership would be discussed before 1993, and to refuse to incorporate into the agendas of the IGCs any questions dealing with the future enlargement of the Community<sup>37</sup>.

Clearly, the Visegrad Three's strategy of obtaining a precise, non-rhetorical membership guarantee had failed. President Mitterrand had very clearly shown that he was not willing to support the Visegrad's membership ambitions until the new architecture of the EC had been settled. In fact, Mitterrand could hardly hide the fact that the disagreements which had dominated the Franco-German axis at the end of 1989 and the beginning of 1990 were still present. For most of 1990, Mitterrand's opposition to German unification had marginalised France from the process of redesigning the new European order. In 1991 he would seek to reestablish France in the centre of the European concert. However, Mitterrand found too little support for his initiatives. Nowhere was this more visible than in the evident failure of his confederation conference in Prague in June 1991. First, he had sought to exclude the United States' representatives from the conference; only Vaclav Havel's resolute opposition had prevented this from happening. Then, he had defended the inclusion representatives of Soviet Union, so confirming Havel's fears with respect to pan-European designs. By attempting to exclude the Americans and include the Soviets, Mitterrand had managed to annoy the Visegrad Three, the British government and, most importantly, the Germans, who refused to consider any pan-European structure which did not include the United States<sup>38</sup>.

Mitterrand's disorientation resulted in initiatives which were not only widely rejected, but which also weakened the Visegrad's Three confidence in France and revealed the fundamentally rhetorical character of French policy towards Central Eastern Europe. In 1980, Mitterrand had written: "what we term Europe is a second-best option

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<sup>37</sup> P.Ludlow. 1992. "Europe's Institutions: Europe's Politics" in Trevorton, *The Shape of the New Europe*, pp.59-90.

<sup>38</sup> Meeting in Weimar, Genscher had publicly aired his irritation on this issue to Dumas (see *Le Monde* 1991/06/13 "Prague accueille les Assises de la confédération européenne", p.7).

which alone cannot represent all European history, geography and culture. Looking at the Europe of the Nine, one cannot help asking: why Ireland and not Austria, why Denmark and not Poland, I know the response: war and again war, the victors, the vanquished, Yalta, the Wall, the two empires"<sup>39</sup>.

However, Mitterrand could hardly hide the anxiety produced by the evidence that all paths led to an increase in German power and a lessening of French leverage vis-à-vis Germany. In these circumstances, rhetoric on Central Eastern Europe would be agreed with Germany, but it would prove much more difficult to put this into practice. As a result, the contradictions grew. On 3 April 1991, Mitterrand had warned Poland against maintaining any "illusions on an easy accession to the EC" and on the "disillusions and rancour" which premature accession would unleash in Poland<sup>40</sup>. Yet, just a few days later, Walesa and Mitterrand signed a bilateral Friendship Treaty in which France committed itself to supporting Polish membership of the EC<sup>41</sup>. Later on, in May, the French and German Foreign Ministers signed a joint declaration supporting Central Eastern European membership<sup>42</sup>. But in yet another shift, Mitterrand declared in Prague, in a rather clumsy fashion, that the countries of

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<sup>39</sup> cited in E.Haywood. 1993. "The European Policy of Francois Mitterrand". *Journal of Common Market Studies*, Vol.31, No.2, June. p.275.

<sup>40</sup> *Le Monde* 1991/04/05 "M. Lech Walesa craint un 'rideau d'argent' en Europe".

<sup>41</sup> The Treaty was signed in Paris on 10 April 1991. At the ensuing press conference, Mitterrand had declared: "*Le traité prévoit d'un côté le soutien de la France, membre de la Communauté, pour que soit engagé un rapprochement entre la Pologne et la Communauté [...] L'association serait une mesure très proche qui permettrait d'assurer la transition vers l'adhésion de Pologne à la Communauté. Adhésion dont la France se fera le défenseur, dès lors qu'un certain nombre de conditions indispensables auront été réunies*" (DAI 1991/06/15 "Conférence de presse conjointe de M. François Mitterrand et M. Lech Walesa. Paris 10 April 1991", No.12, p.223).

<sup>42</sup> "*La France et la République fédérale considèrent de manière positive la perspective de l'adhésion à la Communauté des nouvelles démocraties d'Europe centrale et orientale quand les conditions seront réunies*" (DAI 1991/07/15 "Déclaration de Weimar: Conclusions de la Conférence des ambassadeurs français et allemands le 16 et 17 mai du 1991 à Weimar", No.14, p.279).

Central Eastern Europe would not become EC members for "*des dizaines et des dizaines d'années*"<sup>43</sup>.

As for the German position, it was evident that the German government too was not willing to push the issue of enlargement at this time. Even if the Germans were unofficially thinking of Central European membership in seven years or less<sup>44</sup>, in the Maastricht process, Germany had to show that it would respect its political commitments with respect to the political implications of German unification for Europe. In these circumstances, introducing the question of Central Eastern European membership into the agenda would clearly not serve that goal. As Genscher himself would tell Central Eastern European leaders, the successful conclusion of the Maastricht negotiations was the best thing that could happen for them<sup>45</sup>. According to this interpretation, even if a deeper Community would raise the threshold access and delay entrance, a divided and loosely-articulated Europe would not be able to meet the challenges posed by the East nor to stop the disintegration, economic collapse, and nationalist tendencies from spreading through the whole of Eastern Europe. But, there were precisely these problems the ones the Visegrad Three were arguing to be behind their demands for flexibility with respect to membership. For the German government, the statement agreed with France in Weimar in May 1991, and later included in the bilateral treaties with Central Eastern Europe, was the most that it could be done at that time<sup>46</sup>.

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<sup>43</sup> "en raison de leur délabrement inquiétant [...] Je sais, a-t-il dit, que ces pays voudraient bien entrer [...] mais ils ne son pas en mesure de le faire" (*Le Monde* 1991/06/14 "Le président Havel plaide pour une coopération européenne pragmatique et concrète").

<sup>44</sup> According to the statements of an anonymous senior German foreign policy official to *Le Monde* (1991/06/13 "Prague accueille les Assises de la confédération européenne", p.7).

<sup>45</sup> quoted in *Financial Times* 1991/12/09 "The Maastricht Summit: East Europeans fear delays in timetable for EC entry".

<sup>46</sup> "Die Bundesrepublik Deutschland steht positiv zur Perspektive eines Beitritts der Republik Polen zur Europäischen Gemeinschaft, sobald die Voraussetzungen dafür gegeben sind" (Article 8, point 3, of the "Treaty on Good Neighbourliness and Friendly Cooperation between the Federal Republic of Germany and the Republic of

Meanwhile, as had happened during 1990, British policy preferences were of little help to the Visegrad Three. With all the headaches the British position in the IGCs negotiations was giving to the other member states, the calls by Norman Lamont, the British Finance Minister, for the revision of the content of the IGCs in order to include the question of enlargement were clearly unwelcome and further undermined the position of those, such as Andriessen, who were honestly seeking to make deepening compatible with widening<sup>47</sup>.

Germany, France, the United Kingdom, and Jacques Poos (the President of the Council), favoured giving Central Eastern Europe the perspective of membership. However, this would only figure in the association agreements as a unilateral desire of the associates, and only after they had applied irresistible pressures. Some could see a paradox in this. But in practical terms, the fact that the EC as a whole was not willing to make such a commitment explains why the promise given by many European leaders was, at that moment, purely rhetorical.

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Poland". Presse- und Informationsamt der Bundesregierung. *Bulletin*, Nr.68/S-541, Bonn, den 18. Juni 1991).

<sup>47</sup> Norman Lamont would declare that "The EC had a 'political and moral obligation' to take Eastern Europe's aspirations to membership seriously. Although their accession was 'some years off', it would be a mistake not to take account of the issue in the current negotiations on economic and political union. 'In order to sustain the political and economic will to reform now, we must hold out the prospect of membership later'" (*Financial Times* 1991/07/05 "More trade sought with E Europe").



## **2. The setting for negotiations**

The Visegrad Three would find, throughout 1991, that the European Community was not as cohesive, courageous, and committed as they had expected. As seen above, at the political level, relations would be quite tense. The successive declarations of the European Council meetings maintained the previous levels of rhetoric regarding EC's wish to support the processes of transition in Central Eastern Europe. At the same time, warm welcomes and inflated speeches proliferated during the visits that each leader of the Visegrad Three made to the EC countries, as well as during the visits of EC leaders to Central Eastern Europe.

However, it soon became evident that this kind of rhetoric was not being translated into any practical move to reexamine the goals and contents of the existing policy of association. The association framework had been designed in the Winter of 1989-1990 and its content elaborated during the Summer and Autumn of 1990. As we have seen, the basic problem of the association framework was its ambiguity. In the absence of any clear design for the future of EC relations with Central Eastern Europe, association was largely a transitional device to sustain reforms and leave the question of what to do for later. This ambiguity could be justified by the uncertainties dominating the European integration process and reforms in Central Eastern Europe. It could also be explained by the absence of a basic consensus among the Twelve and the Commission as a result of the existence of major differences over wider political and economic interests.

Thus, ambiguity over goals was, at that moment, rather beneficial to the European Community. Furthermore, the Twelve were used to engaging in processes, such as the integration process, in which ambiguities over the future were a prerequisite for keeping moving along. However, because this ambiguity also affected its content, it did not help the policy of association. Hence, this ambiguity was the source of the problems the Visegrad Three were facing in their dealings with the EC. In this sense, it is significant that the Visegrad

Three leaders would only hold their first joint summit with the President of the Commission and the Council in October 1992 (in London) and that the first meeting of the European Council with the leaders of Central Eastern Europe did not take place until December 1994 (in Essen).

In this context of ambiguity, Commissioner Andriessen and DG I would have to confront alone the negative effects of the intermingling in the EC of narrow economic interests and a decentralized decision-making setting. DG I and the Visegrad Three would embark on a negotiating dynamic over which they had a very limited influence. A variety of elements made it possible to predict the tensions which would dominate negotiations.

First, there were important reservations in the EC's commitment to the policy of association. Second, the positions of both parties were already very distant and their economic strategies and standpoints quite incompatible. Third, the particular internal dynamics of negotiation in the EC were already raising doubts as to their capacity to achieve the policy goals. Fourth, the association agreements affected a wide variety of EC's policy sectors. Fifth, and last, the technical elements of the agreements were extremely complex.

### *2.1. Facing complexity*

As the Visegrad Three suspected or feared that other processes, from Mitterrand's confederation to the Maastricht Treaty process, would pose obstacles to be overcome and could weaken the EC's commitment to transitions in Central Eastern Europe, the negotiation of the association agreements would also provoke fears about EC disengagement and weakened political will. If membership was, at the end of the day, only a political perspective and a framework to put the transformation processes in context, the provisions of the association agreements would be the real test of the Community's commitment.

The EC's 1989 and 1990 trade concessions, specially the GSP facilities, the removal of quantitative restrictions and the increase of steel, agriculture and textile quotas, had supported the Visegrad's exports in face of the collapse of the traditional Soviet market. In turn,

1990-1991 hard currency earnings had been decisive in preventing their balance of payments from suffering further, and specially in the Polish case, had made it unnecessary to resort to the IMF and G-24 loans. Now, in 1991, the three Visegrad countries hoped that the association agreements would constitute a second, and even more decisive, stimulus for their exports and for the modernization of their economies<sup>48</sup>.

Despite the fact that already in 1990 there were quite strong signals that the EC would have more problems than the Visegrad Three expected in backing up their promises of support with trade measures, the three future associates approached the negotiating table in a quite optimistic mood<sup>49</sup>. Conscious of the power imbalance around the table, and of their limited bargaining power, the Visegrad Three presented two main arguments to the EC. At the political level, they would attempt to convince the EC the benefits it would gain in terms of stability from the successful outcome of the transition processes in Central Eastern Europe. At the economic level, they attempted to convince the EC that trade concessions would have a minor impact on the EC but would translate into immense benefits for them. This judgement was based on the combinations of the Visegrad Three's limited importance in EC's trade but the major importance of the EC for their own trade.

To back up these two arguments, the Visegrad Three pointed at the multitude of statements addressed to them since 1989. From Kohl's and Genscher's words to the Hungarians in 1989 when the

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<sup>48</sup> The GSP was described as a "gift, for which no protracted negotiations had to be held in Brussels and no lengthy considerations had to be given to a coordination of interests and counter-interests" (Raacz, "Economic Aspects of Hungarian-EC Association", p.178). See also, Bustin and Webb, "Breaking down the East-West Trade Wall", pp.6-9; Senior Nello, "Some Recent Developments in EC-East European Economic Relations", pp.10-15.

<sup>49</sup> As a DG I senior official interviewee said, their initial attitude at the table was of discussing together the best ways to maximize EC support rather than negotiating in the real sense of the word.

border was opened to East German refugees<sup>50</sup>, to the Charter of the New Europe signed in Paris in November 1990, the statements of NATO meetings all throughout 1989 and 1990, the communiques of the G-7, the conclusions of the various European Council meetings, the declarations of the European Parliament etc., the Visegrad Three had seemed to believe that they had acquired a moral kind of bargaining power which would serve to surmount particular resistances when it came to the real negotiations on the EC's trade concessions.

However, a certain number of elements would stand in the way of the EC's desire to grant the Visegrad Three better market access to the EC. First, the foreign economic policies and growth strategies of the Visegrad Three pointed to an export-led economic restructuring. Given the collapse of their trade with the Soviet Union, this could only be achieved by gaining fast and substantial access to EC markets. However, the exceptional sensitivity of the Visegrad's Three exports, together with the extremely low prices of Central Eastern products, would translate in the EC into a perception of a clear and immediate commercial threat<sup>51</sup>.

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<sup>50</sup> On 10 September 1989, Kohl declared to the *ZDF*: "we will not forget this evidence of humanity" (*FBIS-WEU*-89-174, 11 September 1989). Later, on 19 September, Genscher had assured

"Hungary of unlimited support for its courageous policy directed towards the future" (*FBIS-WEU*-89-181, 20 September 1989, Source: Hamburg *DPA*).

<sup>51</sup> On these strategies see, for example: J. Van Brabant. 1994. "Trade, Integration and Transformation in Eastern Europe". *Journal of International Affairs*, Vol.48, No.1, Summer, pp.165-190; A. Berg and J. Sachs. 1992. "Structural Adjustment and International Trade in Eastern Europe: the case of Poland". *Economic Policy*, No.15, April, pp.118-173; M. Bleaney. 1990. "Some Trade Policy Issues in the Transition to a Market Economy in Eastern Europe". *World Economy*, Vol.13, No.2, June, pp.250-261; J. Rollo and J. Stern. 1992. "Growth and Trade Prospects for Central and Eastern Europe". *World Economy*, Vol.15, No.5, pp.645-668; C. Hamilton and A. Winters. 1992. "Opening up International Trade with Eastern Europe". *Economic Policy*, No.15, April, pp.78-115; H. Oldersma and P. Van Bergeijk. 1992. "The Potential for an Export-Oriented Growth Strategy in Central Europe". *Journal of World Trade*, Vol.26, No.4, pp.47-63; S. Soltysinski. 1991. "The International Context of Economic Reforms in Central Eastern Europe: Benefits and Risks". Paper

The Trade and Cooperation Agreements (TCAs) negotiated between the EC and Eastern Europe between 1988 and 1990 had not been very complex. In the commercial sections, most of what the EC had done consisted in the unilateral granting of the GSP (the system of trade concessions usually targeted at developing nations). Now, the European Community would have to embark on building a free trade area with a group of countries emerging from a system of central command economies which were still subject to the trade regime applicable to state-trading countries, in which managed trade was the only solution to non-market-determined prices. If from a technical perspective, building a free trade area is always a complicated process, in the case of the Visegrad Three, fears concerning the penetration into the EC of artificially-priced goods were well justified. The introduction of real market prices in Central Eastern Europe depended on many factors (rules on state subsidies, taxes, a banking system, a legal framework, privatisation etc.) which could not be achieved overnight<sup>52</sup>. In this sense, an asymmetric, fast and wide opening up to products from the East created the risk of massive dumping in EC markets.

To make things worse, the deficient tariff system existing in all three countries, which required an immediate revision, also encouraged an over-cautious approach. Negotiating reductions in tariffs which it were known to be changed soon did not help to reduce uncertainty. In trade liberalization negotiations, the standstill date is usually established to coincide with the start of negotiations. However, in the association agreements, this date was delayed to the day of the entry into force of the agreements, some four months after the agreements had actually been initialled by the negotiators. Given that in central command economies tariffs were not important, these were so low that it was impossible to negotiate their reduction. Besides, the EC would have to muddle through the incredibly complex system of

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presented at the Workshop on East-South Systemic Transformations. Toledo, Spain, December 1991.

<sup>52</sup> See for example, P.Catte and C.Mastropasqua. 1990. "East European Trade and the Issue of Convertibility". *The International Spectator*, Vol.25, No.3, July-September, pp.213-223.

"non-tariff barriers" (NTBs) to imports into the Visegrad Three countries. Thus, the whole process of tariff negotiation consisted of discussing how, and to what level, the Visegrad Three should raise tariffs, and how much would should then lower them vis-à-vis the EC (to subsequent protests of the other members of the G-24, specially the U.S., and the EFTA countries). Evidence of the uncertainty dominating the negotiations came in the Czechoslovak case from the fact that the process of defining a new tariff system was not concluded until the end of September of 1991<sup>33</sup>.

Another factor which contributed to the EC's fears concerning imports from the Visegrad Three were the 1989 and 1990 trade figures. Usually, the negotiation of tariff reductions with third countries involves each party defining its position by examining traditional trade flows. The longer the trade series available, and the more stable the trade system of the parties, the better able parties are to use past exchanges to predict the impact of alternative scenarios of trade liberalization.

In the case of the Visegrad Three countries, it did not make any sense to consider any year before 1989, because the legislative changes of 1989-1990 had radically altered the foreign trade system of these countries. However, the use made of the 1990 figures as a point of reference would serve to reinforce the widespread fears about Eastern imports. 1990 was an extremely anomalous year for the Visegrad Three's trade, with an export

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<sup>33</sup> On the different approaches to reforms in the foreign trade systems, see: P.Hanel. 1992. "La libéralisation des relations économiques extérieures en Hongrie, Pologne et Tchécoslovaquie". *Revue d'Etudes Comparatives Est-Ouest*, Vol.33, No.1, March, pp.77-108.

**TABLE VII. Performance of Polish exports to the EC in 1989-1990 (seventeen most important sectors comprising 70% of exports to the EC)**

CN Chapter	1989	1990	Change
27: Mineral fuels, oil and waxes	470,210	507,418	7.9%
62: Apparel	285,826	432,222	51.2%
74: Copper	274,126	344,477	25.7%
72: Raw Materials	223,317	275,403	23.2%
01: Live Animals	180,901	232,963	28.8%
44: Wood	149,313	230,472	54.3%
87: Vehicles	148,679	114,476	-23.0%
84: Machinery and mechanical appliances	140,664	210,495	49.6%
85: Electric machinery and equipment	133,877	205,805	53.7%
94: Furniture	125,747	188,325	49.7%
73: Iron and Steel	120,632	194,983	61.6%
12: Oil seeds, grains, seeds and fruits	113,913	104,555	-8.2%
03: Fish	111,246	147,425	32.5%
25: Salt, sulphur, plastering materials	107,657	95,673	-11.1%
02: Meat	102,956	107,326	4.2%
07: Vegetables	98,883	166,082	68.0%
29: Hydrocarbons	52,792	108,593	105.7%
04: Dairy products	2,038	23,081	236.5%

Figures in million ecu. *Source:* Eurostat data reworked by the Commission (CEC. DG I E-1. "Note for the file: EC imports from Poland". Brussels, 10 June 1991).

in 1988

boom produced by the need to shift the collapsing Eastern trade to new export markets, the fall of domestic demand provoked by the liberalization plans, and, most obviously, by the elimination of controls on a historically repressed foreign trade. Specially in Poland, these elements, together with the extremely liberal trade legislation of 1990 resulted in a boom in export to the EC. A reading of the situation in the EC inevitably fuelled fears that if the limited GSP concessions of 1990 had led to such a dramatic increase in exports, the creation of a free trade area would, if not introduced very gradually, give rise to important strains in the bilateral trade relations of the parties.

This had been seen throughout 1990, when for most of the products liberalized by the EC, and in spite of the high tariffs applied to products surpassing the quotas or ceiling established by the EC, imports from the Visegrad Three steeply increased in a matter of months, thus activating all the alarms of the EC domestic producers in these areas.

Table VII shows the export performance in 1990 of the 17 most important sectors in value, which accounted for 70% of Polish exports to the European Community. In international trade relations, yearly increases of 30% in imports from one country are hardly frequent. Thus, many perceived dumping to constitute the general pattern of Eastern exports to the EC. To a certain extent, this was true, given that, at the time, no Visegrad country could claim to be working at real market prices.

Hence, both traditional trade flows as well as the most recent data would have a negative effect. They would further strengthen existing fears and also tend to confirm that even the limited opening up of trade to the East had major consequences. In contrast, the uncertainties about the future did not make the prospect of opening a new market of 80 million inhabitants for EC products sufficiently attractive in the short-term.

These type of problems would be further exacerbated by the composition of Visegrad Three's foreign trade. If these problems had only affected sectors not in crisis in the EC, or had they only involved



a small proportion of the Visegrad Three's exports to the EC, the perspective of negotiations would have been very

**TABLE VIII.** The sensitivity of the Visegrad Three's exports to the EC in 1990.

	Poland	Hungary	CSFR
Exports to the EC in 1990	5.1	2.9	2.7
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Agriculture (1-24 CN)	21.5%	24.3%	7.9%
Textiles (50-63 CN)	11.5%	15.8%	11.1%
Steel and Coal (ECSC products)	12.2%	5.1%	13.4%
Other sensitive products <sup>*</sup>	17.4%	15.3%	21.6%
<hr/>			
Total	62.6%	59.5%	54.0%

<sup>\*</sup> Mostly those covered by the GSP.

Figures in billion ecu. Source: CEC. DG I E-2. "Evaluation des concessions commerciales communautaires du projet d'accord d'association avec la Pologne, la Hongrie et la Tchécoslovaquie". Bruxelles, le 2 Juillet 1991.

different. The EC's trade relations with the USSR were characterized by a mutual and historical interest on both sides in exchanging raw materials, mostly energy products in which the EC had a notable shortage, for technology imports, which were much-needed in the USSR. In contrast, the trade balance of the EC with the Visegrad Three did not reveal a relationship dominated by the EC's interest in importing abundant cheap products. As Table VIII shows, the

"sensitivity" of the Visegrad Three's exports to the EC ranged from 62%, in the Polish case, to 54% in the Czechoslovak case.

As Table IX shows, in the particular case of agriculture, the most sensitive sector of the EC, the EC already had a rising trade deficit with each of the three countries. Given the problems the Community was facing as a result of the agricultural negotiations of the Uruguay Round, and with the chronic problems of over-production and enormous budgetary requirements both to sustain domestic prices and support exports, market access for the Visegrad Three's agricultural products represented a major challenge to the EC.

**TABLE IX. EC agricultural trade balance with the Visegrad Three (1988-1990)**

	1988	1989	1990
Imp. from Poland	653,360	875,482	1,072,546
Exp. to Poland	250,610	612,057	485,495
EC's deficit	402,750	263,425	587,051
Imp. from Hungary	578,052	716,134	668,739
Exp. to Hungary	46,755	63,583	72,614
EC's deficit	531,297	652,551	596,125
Imp. from CSFR	143,916	204,063	188,659
Exp. to CSFR	96,573	131,003	103,280
EC's deficit	47,343	73,060	85,372

Figures in thousand ecu referred to chapters 1-24 of the Combined Nomenclature. Source: CEC. DG I A-2. "EC-Trade in Agricultural Products with Eastern Europe 1988-1990". Brussels, 23 August 1991.

In short, the incompatibility of the two parties' strategies was evident. For the Visegrad Three, only an export-led growth strategy could enable firms to achieve international standards of quality and competitiveness, control domestic inflation, attract foreign investment, and, in turn, earn the hard currency needed to restructure firms and to repay foreign debts. The problem with this virtuous circle was that it could be only sustained if there was sufficient demand elsewhere for these, and insofar as the Visegrad Three could introduce or maintain some degree of protection to shelter their most problematic local industries during the initial period of restructuring.

Basically, this was the principle of "asymmetry" the Community had endorsed throughout 1990 as the basis of its association policy. However, establishing a principle proved to be easier than confronting the policy options derived from it. Clearly, the EC was not going to allow the Visegrad Three to reap the benefits of their partly real, partly artificial, comparative advantage at the expense of the most sensitive sectors of the EC economies. But if sensitive sectors, which accounted for more than 50% of the Visegrad Three's exports to the EC, were not going to be liberalized, their other exports would consist of industrial products whose quality would not make them particularly attractive to EC consumers. Furthermore, even at much lower prices than those of the EC, the Visegrad Three would lack the marketing and distributions networks required to penetrate EC markets. Thus, in some cases, the "non-sensitive" label the EC attached to the Visegrad Three's products reflected the EC's great interest in having these products available in abundant quantities and at a good price, but in most cases it simply masked the fact that liberalization would not have large effects.

Thus, in the face of such fundamentally different strategies, the efforts by the Visegrad countries to gain further market access to the EC would be met by the imposition of the Community's tight rules on competition, state aids, and safeguard provisions. Besides, a strict regime of rules of origin and a variety of devices would enable the EC to avoid damage the negative effects for its products of exposure to Central Eastern products, whether fairly priced or not, or products

from third countries, such as Japan, which could use Central Eastern Europe to circumvent the barriers erected by the EC<sup>54</sup>.

But this position of the EC, which was quite reasonable from its own perspective, was in itself a significant threat to the strategies of the Visegrad Three. For, by depriving them of access to EC markets, it threatened to reduce their hard-currency earnings and lead to lower than expected levels of foreign investment. Two further elements fuelled the EC's negative perception of the prospects of trade liberalization with Central Eastern Europe. The first was the international linkages of the trade negotiations with the Visegrad Three. The EC's agriculture, steel, and textile policies were then being revised in the course of the ongoing Uruguay Round. Given that concessions to the Visegrad Three could be demanded by other GATT members, another obstacle stood in the way of EC concessions to the Visegrad Three. Thus, it was not only the trade system of the Visegrad Three which was in motion. The EC was itself trying to adapt to some painful changes in the international environment<sup>55</sup>.

A further source of difficulties was related to the fact that the EC itself had also embarked in a process of internal liberalization. The progressive construction of a true single market among the Twelve required the member states to abandon the traditional mechanisms which they had used to control or influence trade flows (state subsidies, technical barriers, etc.). This meant that member states would not be able to establish, as in the past, exemptions to particular

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<sup>54</sup> The problem of Japanese or East-Asian investment was a good example of the dilemmas facing both the EC and the Visegrad Three. On the one hand, the EC was naturally interested in strict rules of origin to assure that EC firms would be assured the lion's share of the new investment opportunities. In contrast, third countries were much more willing to take greater risks in investing in Central Eastern Europe if exports to the EC could be assured. On the Visegrad side, until the climate for European investment was created, the strict rules of origin the EC was seeking were deterring much needed foreign investment.

<sup>55</sup> A.Murphy. 1992. "The European Community and the Uruguay Round", in Ludlow, Mortensen and Pelkmans, *The Annual Review of the European Community Affairs in 1991*, pp.367-392.

products from third countries. According to the rules of the single market, any Central Eastern European product entering the EC would be free to circulate throughout the EC. Thus, it was possible that an EC quota for a given product be consumed entirely by one member state or region. Thus, there were no guarantees that the consequences of the opening up to the future associates would be evenly distributed among member states<sup>56</sup>.

To sum up, it was virtually impossible to come up with a positive prediction of the future outlook of trade relations with the Visegrad Three. It was evident that the economic elements, which advised an extremely cautious approach to trade liberalization, stood in open contradiction to the actions which the political challenges required. A compromise would have to be reached between the unrealistic possibility of dismantling the Common Agriculture Policy and building an agricultural free trade area in order to maintain the incomes of Polish farmers, on the one hand, and strangling the process of economic restructuring in Central Eastern Europe by closing EC markets to sensitive Eastern products, on the other hand. Domestic jobs in the EC stood at one end of the scales, and the stabilization of Central Eastern Europe at the other. The result of this struggle between opposing principles would depend on how the EC's peculiar decision-making process would accommodate these pressures.

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<sup>56</sup> D. Costello and J. Pelkmans, 1992. "The removal of national quotas and 1992", in Ludlow, Mortensen, and Pelkmans, *The Annual Review of the European Community Affairs in 1991*, pp.75-84.

## *2.2. The EC at the negotiating table*

At the negotiating table, the Visegrad Three would lose their innocence, and the euphoria of 1989-1990 quickly vanished. Polish, Hungarian and Czechoslovak negotiators had been used until then to dealing with the EC at a political level. Thus, their awareness of the problems mentioned above was very limited. Though the Hungarians were being, and would be, more pragmatic and somehow less naive, they were undoubtedly also victims of a political approach in which it was thought that economic and, above all, trade concessions would simply flow from the decisions taken at the higher political level. As Raacz has written

"Actually, the Hungarian leadership, wanting to develop relations focused exclusively on the positive aspects of the EC. It did not suppose that relations on their own could imply any negative element [...] Thus, in 1990 the new Hungarian leadership got in contact with a generous and friendly EC [...] That short period produced no indication at all in view of what one could have anticipated that out of self-interest, the EC would set limits for Hungary in the development of relations [...] It was that agreement and the process of negotiations itself when the Hungarian negotiation party first met the economic interests of the EC. And it was then that the unpleasant historical moment had come to when it had to be experienced that the Central European approach might come upon against exogenous obstacles appearing impossible to overcome. It was practically at that juncture that the state of euphoria came to an end and that the Hungarian delegation would react by becoming realistic and somewhat unfriendly"<sup>37</sup>.

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<sup>37</sup> Raacz, "Economic Aspects of Hungarian-EC Association", pp.177-180. According to Raacz, the reaction of the Hungarian government to these problems was to "disconnect" the negotiations from its own national producers and industry in order to avoid ratification problems. As we will see, the EC was unable to do that. See also the proceedings of the "Euraction Conference on the Relations between the European

Similar experiences were commented on by the Czechoslovak negotiators, who explained that "we learnt that the EC is not a donor agency, that the game is about interests and that crying is not enough to defend your case"<sup>58</sup>.

The Polish negotiators experience of the association agreements was quite similar, though they tended to stress the problems Poland encountered in dealing with the EC as a complex and often contradictory decision-making system. Dealing with a system perceived as incapable of imposing its authority on particular interests, and particularly inclined to give in to day-to-day temptations in detriment of its long-term interests, also seemed to represent a rude awakening for the Polish negotiators. Ironically, but quite revealingly, the Polish side seemed to grant the EC greater entity as an actor than its member states or even the European Commission did. In this sense, the Visegrad Three were victims of the idealized and cohesive image the EC had been projecting in Eastern Europe in the years before. When they finally confronted the "real" EC, there experiences were summed up as follows:

"In numerous cases the discrepancy between political promises and their later standpoint on concrete items was both a surprise and a reason of delay. Second, the role of EC member states was much greater than was expected, even in the domain of trade, where the competencies of the Commission are exclusive. Third, an interesting lesson for Poland was that its main opponents were not great powers but smaller 'newcomers' [...] Fourth, Poland had neither the experience nor technical possibilities to establish regular contacts with Community lobbies [...] Fifth, it is necessary

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Community and the Countries of Central Europe - Professional Perceptions", held in Budapest on 4-6 November 1993, published by Euraction: Budapest, 1994).

<sup>58</sup> Jezek, "Reaching the optimal compromise", p.210. See also the statements of Zdenko Pirek (Czech negotiator), Peter Gottfried (Hungarian Mission in Brussels) and M. Truzcsinsky (Polish Mission in Brussels) in CEPR. 1992. "The Association Process: Making it Work", *CEPR Occasional Paper*, No.11, pp.5-7. Quite revealingly, the Hungarian and Polish interviewees could not identify a single concession obtained by the Czechoslovaks and extended to them.

to probe deeper into the mechanism of the Community and its giant bureaucracy -a task practically impossible for a Mission of 6 people (the Maltese and Cypriots have 50 people each). Sixth, the degree of complexity of negotiation procedures and moods was much higher than expected. It happened that some problems already solved at a plenary session were sent to the COREPER, next to the Council and back to the plenary meeting with quite new formulations"<sup>59</sup>.

Paradoxically, in the Community's camp, the evaluations of the negotiations were not very different. According to a senior DG I official I interviewed:

"the Ministers go strolling into the countries in question and they declare how much they are going to help. Then, the same country blocks during months the negotiations on a particular issue [...] There are twelve countries and there are national and sectorial sensibilities which create unsurmountable obstacles and all these sensibilities had to be taken to the negotiation table by the Commission which is left with the bad-guy role [...] So we get embarked into a merry-go-round between the Council, the COREPER and the Group where many, many compromises take place and all the solutions take the minimum resistance line [...] And this loss of vision and of comprehensiveness takes also place at the Commission level where particular DGs refuse to understand the political and economic benefits of the dossier and engage in strict quid pro quo negotiations [...] This is a convoy where the slowest determines the speed of the group and no one wants to minoritize any one".

Already during the discussions over the mandate, the Commission and the Twelve had engaged in tough bargaining over their particular interests and preferences, temporarily setting aside the

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<sup>59</sup> and he concludes: "it was impossible to gain more during the negotiations because Poland was much more interested in concluding the Agreement than the Community (J.Mulewicz. 1995. "Complex bargaining with a difficult partner: Poland's experiences with the Community", in Lippert and Schneider, *Monitoring Association and beyond*, p.200).



unitary and cohesive image they were projecting to the outside world. However, the Visegrad Three had not perceived this dynamic because they had not been given sufficient indication of it. As a senior DG I official I interviewed said: "the counterparts do not understand that the mandate is, with minor modifications, the result of the negotiations". This official might have added that the Visegrad Three also did not understand that the association negotiations were to be the second round of internal negotiations among the Twelve member states plus the different Commission services, that articles would be negotiated word-by-word, and trade liberalization tonne-by-tonne with very little connection with the political level.

Yet, he might have also added that the EC found it more convenient not to explain this fact to the counterparts. Had the debates on the mandate had even a minimum degree of publicity and transparency, the Visegrad Three would have much more quickly adopted a more realistic attitude with respect to what they could expect from the EC. However, whilst the negotiation of the mandate negotiation had cast the first shadows over the EC's capacity to live up to the expectations that had been created, awareness of this fact was quite limited. Clearly, the Twelve and the Commission preferred to hide their particular interests behind their collective entity. But this, in turn, would make non-cooperative behaviour rather invisible to the outside, and would encourage member to continue to avoid costs rather than negotiate their distribution between them.

Only on two occasions did major disagreements surface. In September 1991, the French government blocked a revision of the mandate. Then, in December 1991, the Spanish government threatened to veto the association agreements on the very day they were going to be signed. Not by chance, the two countries willing to risk a deterioration of their relations, and by extension those of the EC with the Visegrad countries on issues which were rather marginal, were also the two countries whose attitude towards the mandate had always been most negative. Interestingly, these two moments of public controversy, were unanimously judged within the Community (except, logically, by the French and Spanish governments) as the occasions when the internal dynamics of negotiation simply went too far. However, these crises did not reflect the wish of these two countries

to finally declare their misgivings about the association agreements and definitively settle the question of the terms of the negotiations. Rather, the public airing of their respective grievances was dictated by the need to show the other member states and the Commission the strength of their determination to defend some very particular domestic interests. Thus, even when the debate reached the outside, it followed an internal logic and was for domestic consumption.

Essentially unaware of the individual positions of all the actors involved within the EC, their relative weight and possibilities of success or failure, the Visegrad Three attached to a sort of mystical status to the mandate. The three countries repeatedly demanded a revision of the mandate. But by focusing exclusively on the mandate, which was merely the result of the internal process, and not the cause of the problems they were experiencing, they conceded yet another victory to the Twelve. The mandate was impersonal, secret, and collective, and did not make possible to attribute specific responsibility for its final form to any country or Commission service. Thus, a great deal of controversy emerged around the revision of the mandate.

The Commission, negotiating in the name of the Community, would twice, in April and in July 1991, ask the Council to revise the mandate. However, the problem was not the mandate. Furthermore, the controversy surrounding these revisions tended to hide the real nature of the problems dominating the negotiations. As the Commission would insist each time it asked the Council to widen the mandate, as well as on many other occasions, of more importance than the modifications sought in a rather generic mandate, was the Commission's ability to assume its responsibilities as negotiator. However, this required a set of actions which would prove very difficult to adopt.

The first set of problems involved the coherence of the national positions in the Council. First, it was indispensable that the foreign ministers sitting on the Council of General Affairs, drawing on the authority provided by the spirit and the letter of various European Council meeting statements, should intervene to stop the negative dynamic of negotiation in which the other Councils, the COREPER and the specialized groups in the Council were engaged in. This,

however, required these ministers to place the European policies of their national governments under their direct authority, when they were usually mere coordinators of these policies. In most of the member states, the ministries of Finance, Trade, Industry, or Agriculture had a lot more influence when sectorial policies were being dealt with than the foreign ministers. As a result, the generic agreements reached in the Council were often turned down or downgraded later in the ECOFIN, the Agriculture, or the Industry Councils.

The second type of problems involved the relations between the Council and the Commission. To facilitate agreement at the negotiating table, it was necessary to allow the Commission a broad margin of confidence. If the Commission did not have the authority to offer compromises and alternatives, or to decide when to cede in particular domains in return for gains in other sectors, the EC would continue to maximize the individual interests of the Twelve rather than their collective ones. However, the dynamic of negotiation with the Visegrad Three would closely resemble the negotiations on the mandate.

**FIGURE 1. The working agenda of a negotiating session**

EC-CSFR Association Agreement, ninth negotiation round		
5 November	Main Negotiations	Technical Contacts
9:30	Main negotiations - preamble - political dialogue - industrial products - common provisions - workers - economic cooperation - financial cooperation - transit	11:00 ECSC (in DG I)
12:00	<i>Briefing for member states</i>	
15:00	Continuation of main negotiations	15:00 Rules of Origin
17:00	<i>Briefing for member states</i>	
6 November	Main Negotiations	Technical contacts
9:30	Continuation of main negotiations	9:00 Industrial Products (in DG III) Agriculture (in DG VI) 10:00 Services (in DG I) 11:00 Textiles (in DG I)
12:00	<i>Briefing for member states</i>	
15:00	Continuation of main negotiations	
17:00	<i>Briefing for member states</i>	
<i>Source:</i> CEC. DG I E-3. Agenda for EC-CSFR Association Agreement: ninth round of negotiations, 5 and 6 November 1991.		

Figure I shows how the Commission briefed *four* times member states during a single negotiating session with Czechoslovakia, this illustrating very well how the Commission was deprived of the necessary flexibility, confidence, and authority.

The third set of problems reflected the scant cohesion shown by the Commission. If at the domestic level of the member states, theoretically cohesive cabinets under the authority of prime ministers had problems balancing different sets of interests, what could be expected at the Commission level where the authority of the President over his Commissioners was extremely limited? To make things worse, President Delors never showed much enthusiasm for the initiatives of the Commissioner responsible, Frans Andriessen. Obviously, lacking the support of the President, it would be extremely difficult for Andriessen to impose his authority on his fellow Commissioners. These, and their respective services, would, in turn, enjoy significant leeway to influence the particular aspects of association policy under their competency.

But besides the day-to-day undermining of their position, Andriessen and DG I soon found that at decisive moments it was easier to find reliable allies within the Council than among his fellow Commissioners. At some points, tensions between the EC and the Visegrad Three would affect the relation between Andriessen and the Council. Then, the Council, irritated by Andriessen's tendency to assume the arguments of the Visegrad Three rather than those of member states, began to question his role, and by extension, that of the Commission. But Andriessen's fellow Commissioners, including Delors, would not close ranks to defend the position of the Commission. In fact, not only did the majority of Commissioners remain silent, but some of them even rushed to defend the positions of their country of origin member state of origin (when they were legally forbidden from defending national interests).

At the same time, a majority of Commissioners were irritated that when it came to external relations, Commissioner Andriessen would interfere with the policies under their responsibility. As comprehensiveness was detrimental to their interests, a majority of Commissioners were in favour of dividing the association package

into pieces and negotiating sector-by-sector. Thus, failing to support Andriessen in his struggles with the Council they were serving their own goals rather well.

As a result, to the benefit of the Council and to the disadvantage of the policy of association, the Commission would never present a united front to the Council. If the Council was, as it has been defined, a negotiating quagmire<sup>60</sup>, the same could be said of the Commission, victim of the same vices of a lack of coordination, comprehensiveness, and clear channels of authority channels to resolve conflicts of interests. In this situation, DG I's bargaining power vis-à-vis the Visegrad Three derived more from the inflexibility covering its back in the Council than from its own prestige and authority over member states.

All these problems shaped the general atmosphere in which eight rounds of negotiations, from December to 1990 to November 1991, were required before the agreements could be concluded. In general terms, the Visegrad Three would have to discover after sitting at the negotiating table that they were negotiating with a process rather than an actor.

### **3. The start of negotiations (December 1990 - July 1991)**

The first part of the negotiations would be characterized by the progressive appearance of all the elements, interests, and positions which would lead to a major crisis negotiations in the second part of 1991. More precisely, this first phase would clearly reveal the inability of the internal negotiations within the Council to give DG I the more realistic, flexible, and coherent negotiating position that negotiations soon demanded.

In spite of the constant warnings of DG I, throughout this period the Council set itself progressively on a collision course with the

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<sup>60</sup> V.Wright. 1996. "The National Co-ordination of European Policy Making: Negotiating the Quagmire", in J.Richardson (ed) *European Union: Power and Policy-Making*. London: Routledge, pp.148-169.

Visegrad Three. In April 1991, when the conflict appeared imminent, the Council made minimal modifications to the negotiation directives which only temporarily defused imminent crisis. Two months later, in July, the expanded mandate of April had exhausted its possibilities of becoming a basis for agreement with the Visegrad Three. Again, the Twelve decided to avoid coming clean about their particular positions. However, since it was known that a new minor revision of the mandate would not be accepted again by the Visegrad Three, the Council decided to use a second method: to buy time by postponing any decision to September. This did not only defuse the crisis again. By attributing the responsibility for the failure to DG I (the package was not well-balanced, the Council would argue), member states saved face vis-à-vis the Visegrad Three.

Obviously, sooner or later this peculiar form of problem-solving would turn against the Council. It did so between September and December 1991, when the intertwining of the domestic politics of France and Spain concerning agriculture and steel affairs suddenly brought to the surface all the contradictions which had been kept at bay until then. As it will be seen in the following chapter, a cathartic and all-out conflict would be required before negotiations could get back on course and the bargaining concluded. However, the cost in terms of the EC's prestige and credibility was very high. More importantly, the crisis approach showed too late to save the policy of association from the contradictions which were threatening to engulf it.

### *3.1. The first three rounds*

Negotiations opened formally in December 1990 (20 December with Czechoslovakia, 21 December with Hungary, and 22 December with Poland). This first meeting was not to be substantive, rather serving for all the delegations to establish personal contact, present their respective negotiating positions, and to solve technical and procedural questions<sup>61</sup>.

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<sup>61</sup> The imbalance between the parties and the complexity of the EC as a negotiating partner could be seen from the list of participants. Against eleven members of the

In the first round, the Polish chief negotiator, Jaroslaw Mulewicz, addressed the general aspects of the association package proposed by the EC. In his speech, he pointed out that accession was the final goal of his government and declared that whilst he understood that no precise dates could be given at that point, the agreements should be part of a long-term strategy leading towards that goal<sup>62</sup>. Accordingly, he demanded that a reference to membership be included in the agreement and insisted on the well-known Polish position of a progression towards a customs union with great flexibility on the Polish side and important asymmetries<sup>63</sup>.

Getting down to more technical details, Mulewicz demanded that the standstill date be postponed, even till after the agreements would come into force. He also revealed Polish concern about the

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Polish delegation, there were ten representatives from the Commission (mostly drawn from DG I but also from DG VI), three from the Council's Secretariat, and eleven from member states. While most of the member states representatives were officials from their Permanent Representations in Brussels, Germany was represented by an official sent from the Ministry of Economy, and Italy by two officials from the Ministries of Industry and, quite revealing, Agriculture. Spain, together with Denmark, did not attend the first meeting (CEC. DG I E-2. "Négociation d'un accord européen avec la Pologne: Compte rendu de la réunion d'ouverture de négociation, le 22 décembre 1990 à Bruxelles". Bruxelles, le 8 janvier 1991).

<sup>62</sup> The draft Polish version for such a reference was sent to the Commission on 8 January 1991 by the Polish Mission in Brussels. It read: "convinced that the development of cooperation between the contracting parties on the basis of the treaty shall contribute to the efforts of the Polish people to strengthen democracy, improve the living standards and achieve sustained and balanced economic growth and shall enable Poland to participate in the process of European integration and ultimately to accede to the European Community on the basis of Article 237 of the Treaty of Rome after the goals of the treaty of association between Poland and the Community have been fulfilled" (Mission de la République de Pologne auprès des Communautés Européennes. "Wording of the Polish proposal for Membership". Brussels, 8 January 1991). This position was subsequently restated to the Commission on the occasion of the visit of the Polish Minister of Finance, Bielecki, to the Commission on 3 February 1991.

<sup>63</sup> According to *Agence Europe*, this was also the basic content of Czechoslovak demands at the first round (*AE* 1990/12/29, p.6).



suppression of the GSP concessions, which according to the 1989 Trade and Cooperation Agreement should last for five years, and called for the progressive opening up of the Community's labour market to Polish workers.

On the question of membership, the Hungarian position did not differ markedly from the Polish one. However, with respect to technical or more detailed matters, the Hungarian delegation showed that they had come much better prepared. They also insisted on the question of the customs union, given that the final goal was to be membership. But in contrast to the complicated scheme of phases (three phases of one, five, and two years, respectively) proposed by Poland, Hungary opted for simplicity. It called for a single phase of ten years for the dismantlement of tariffs, rejecting, on grounds of the uncertainty it would create for economic operators, the idea of a mid-term review which the Community was proposing. The Hungarian concept of "asymmetry" was clear. The Community would dismantle most of its tariffs during the first three years, at a yearly rate of 60-20-20 percent, while Hungary would begin in the fourth year. A warning was issued on the extreme importance the Hungarian government attached to concessions in agriculture, though the Hungarian delegation explicitly accepted the Commission's framework of "reciprocity" and "CAP consistency". Similarly, the importance of obtaining quotas for workers within the EC was duly stressed in the opening session<sup>64</sup>.

The second round of negotiations, mostly devoted to commercial matters, took place during February 1991 (8 February with Czechoslovakia, 12 February with Poland, and 14 February with Hungary). In general terms, the good atmosphere and optimism of the previous round persisted<sup>65</sup>. In the Czech case, little or nothing was

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<sup>64</sup> CEC. DG I E-2. "Note for the file: European Agreements, first round of negotiations with Hungary on 21/12/90, Summary of Hungarian Positions". Brussels, 8 February 1991.

<sup>65</sup> A unidentified Polish would show, after the meeting, that they were not still in a negotiating mood when he publicly said that "we are ready to be flexible" and said negotiations would conclude in six months, thus inviting the Community not to take

achieved during the second round, but this had more to do with the lack of preparation of the Czechoslovak negotiators than with the Community's position. In contrast to Hungary, where the economic reform process had begun earlier, Czechoslovakia had still to embark on the revision of its tariff system. Besides, the Czechoslovaks had comparatively little experience negotiating with the EC. The EC-Czechoslovakia Trade and Cooperation Agreement had been signed in May 1990 after speedy, almost non-existent, negotiations in which the EC had taken the lead, and the content was predetermined by the preexisting TCA agreements with Poland and Hungary. Thus, technically unprepared and waiting for the first experts meeting to take place, the Czechoslovak delegation basically maintained its insistence on the political dimension of the agreement<sup>66</sup>.

In contrast to the Czechoslovak delegation, the Polish and Hungarian delegations took the opportunity of the second round to express their demands with respect to the free trade area. In the Polish case, the negotiators called on the EC to embark on ambitious, both in scope and calendar, and asymmetric tariff dismantlement. Otherwise, they warned, with an average tariff of 8% in Poland, it would be impossible for the Community to advance faster than Poland in the constitution of the free trade area, for which they requested a ten-year period. However, Poland demanded the

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their demands both on the customs union and the CAP completely seriously (cited in *Europolitique* 1991/02/06 No.1650, pp.V/7-8).

<sup>66</sup> In contrast to Hungary, which rejected the two phase conditionality, the Czechoslovak delegation was conscious of the weak state of their reforms and thus asked for an annual review of performance rather than the medium-term review proposed by the Commission (CEC. DG I E-2. "Note pour le dossier: Accords européens. Deuxième réunion de négociation avec la Tchécoslovaquie". Bruxelles, le 8 février 1991). Jiri Dienstber, the Czechoslovak Foreign Minister, met with Andriessen in Brussels on 27 February 1991 and, reportedly, expressed his satisfaction with the progress of the negotiations (*Europolitique* 1991/03/02 No.1657, p.V/7-8). Then, on 9 March, on the occasion of the first meeting of the EC-Czechoslovak Mixed Committee envisaged in the 1990 TCA, no far-reaching criticism was made of the association framework to the Commission representatives (*Europolitique* 1991/03/09 No.1659, p.V/9).

exclusion of Polish agricultural, textile, and steel products from the free trade area, a position which would have been easy to defend if were it not for the fact that it was in these same sensitive sectors that Poland was demanding the Community should go furthest. Thus, the Polish understanding of what the EC meant by asymmetric liberalization was quite unrealistic. Moreover, the Polish delegation strongly objected to the standstill date of 1 January 1991 being proposed by the Commission, and called for an EC-EFTA-Visegrad accumulation of origin rules<sup>67</sup>.

After the round with Poland, it was the Hungarians turn. At the meeting, the Hungarian delegation concentrated its criticisms on the medium-term review (the two phase approach), warning that this was potentially incompatible with GATT rules. Then, they presented their version of asymmetry. This divided products into three lists. The first, accounting for only 4% of Hungarian exports to the EC comprised those products (of low sensibility) which Hungary was willing to liberalize during the first three years. The second and third lists were made of medium and high sensibility items which Hungary would liberalize in the second and third three-year phases, respectively. In contrast, the EC would liberalize most of its imports originating in Hungary during the three first years and would include substantial agricultural concessions<sup>68</sup>.

Thus, differences had begun to appear in the negotiating positions of the Visegrad Three. The Czechoslovaks still seemed confident that the EC would supply a generous agreement without major negotiations. In contrast, the Poles were beginning to demand that the political goals affirmed by the EC be translated into specific concessions. Finally, the Hungarians preferred to centre on pragmatic arguments, i.e. seeking compensation for the exposure of their sensitive sectors to EC products. At this point, the positions of the Visegrad Three suggested different goals and strategies rather than a

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<sup>67</sup> CEC. DG I E-2. "Note pour le dossier. Accords européens. Compte rendu sommaire de la deuxième réunion de négociation avec la Pologne le 12 février 1991". Bruxelles, le 14 février 1991.

<sup>68</sup> CEC. DG I E-2. "Note for the file. European Agreements. 2nd round of negotiations with Hungary". Brussels, 14th February 1991.

coordinated division of labour among them. Clearly, they had yet to realize that the content of the agreements the EC would sign with each of them would be virtually identical. Then, on 15 February 1991, only one day after the second round finished, the leaders of the Visegrad Three countries met near Budapest to discuss ways of cooperating, rather than competing to achieve their "return to Europe". This new atmosphere of cooperation was immediately translated into trilateral meetings where the three delegations started to prepare the third round of negotiations<sup>69</sup>.

But if the general atmosphere of negotiations had not yet deteriorated, this did not mean that there were no indications of the immediate and important problems awaiting on the horizon of the next round. On 19 February 1991, the chief EC negotiator, Pablo Benavides, briefed the Council's Group on Eastern Europe (GEO) on the results on the first two rounds. He did not yet recommend that any proposal be made to the Council, but he clearly warned the members of the Group that they should be ready to widen the directives of negotiations after the third round of negotiations. Thus, only two months after negotiations had started, the mandate was close to exhaustion<sup>70</sup>.

The concerns expressed by Benavides would be almost immediately confirmed. In the third round (18-19 March with Poland, 21-22 with Czechoslovakia, and 25-26 March with Hungary), the Polish government shifted to a quite aggressive strategy. Reflecting a calculated move, this involved the presence at the negotiating table

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<sup>69</sup> On 4 February 1991, a Polish spokesman told *Europolitique* that they were already meeting on a trilateral basis. However, in practice this only really began after the Visegrad meeting (*Europolitique* 1991/02/06 No.1650, pp.V,7-8).

<sup>70</sup> Benavides warned that "l'agriculture constituera un des éléments les plus difficiles de la négociation avec Hongrie et Pologne". Concerning textile and steel he noted that "l'approche de la Communauté dans ce domaine est plutôt restrictive" and that the EFTA countries, with which the Visegrad Three were also negotiating at that time on trade matters, were pressing the EC to admit a regional (CEE-EFTA-Visegrad) accumulation of origin rules rather than a trilateral one among the three Visegrad countries (CEC, DG I E-2. "Note pour le dossier. Etat des négociations avec les pays d'Europe centrale sur les accords européens". Bruxelles, le 21/2/91).

of the State Secretary of the Ministry for Foreign Economic Cooperation, Andrzej Olechowski, together with an unusually tough declaration which was immediately leaked to the press in order to call public attention to the EC's supposed meanness with respect to the economic and commercial parts of the agreements.

The Commission Spokesman's summary of the third round with Poland was rather aseptic<sup>71</sup>. However, according to Olechowski's declarations, the session was rather conflictive. "My presence here is a sign of our concern and alarm", he said. "Things do not appear to be going in the direction that is in the fundamental interest of Poland and, we believe, in the interest of Europe [...] I cannot refrain from remarking that the object of our negotiations is not just another commercial agreement, but a treaty of historic importance, which in its essence is about giving Europe back to Poland and Poland back to Europe [...] the technocratic approach so typical of standard commercial negotiations is not sufficient any more. What is necessary is, on one hand, a farsighted vision of the political and economic goals that we intend to reach and, on the other hand, a strong political will to use such instruments". Then, he briefly described the trade regime of Poland, which he claimed was one of the most liberal in Europe, and the EC, with its "tight web" of quotas, variable levies, minimum prices, export undertakings, tariff quotas, etc. After this examination, he concluded: "given this large imbalance you will agree, Mr. Chairman [Benavides], that this is a dead end avenue and the draft means it to be such". For Olechowski, the EC's proposals for tariff dismantlement were asymmetric, but to the advantage of the EC. In this situation, he warned, "no government in the world would submit such one-sided agreement to its Parliament for ratification"<sup>72</sup>. When

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<sup>71</sup> "On the trade provisions, the Polish side considered that the content of the Community's proposal did not correspond sufficiently to its expectations, in particular as regards agricultural, textile and steel exports" (CEC. SP. "EC-Poland negotiations for the Establishment of an Association Agreement". IP (91) 239, of 19 March 1991).

<sup>72</sup> "Statement by Mr. Andrzej Olechowski, Secretary of State at the Ministry for Foreign Economic Cooperation of Poland". Brussels, 19 March 1991. See also CEC. DG I E-2. "Note pour le dossier. Accords européens. Compte rendu sommaire de la

the session ended, he continued his attacks on the Community in a press conference. His views on the "infamous Common Agricultural Policy", the EC's protectionism, and its lack of political vision were widely echoed, particularly in the *Financial Times*<sup>73</sup>.

Even though the Visegrad Three had met in February to coordinate their positions, it was hard to see any coordination at the negotiation table. The tense atmosphere which dominated the third round with Poland was totally absent in the meeting with the Czechoslovak delegation. If Poland had decided to send a high ranking national representative to the round, the Czechoslovak government counted on Vaclav Havel's visit to Brussels on the day before the third round to give negotiations a self-sustaining political impulse<sup>74</sup>.

The meeting was archetypical of the distance between President Delors and the Visegrad Three. When Havel highlighted the importance of the association agreement for the successful completion of the economic and political transition in his country, President Delors reaffirmed the EC's commitment to the free trade area: "*La Communauté est consciente de cette responsabilité. On ne peut pas avoir puissance sans générosité*", he said<sup>75</sup>. But when Havel demanded the inclusion of the prospect of membership in the agreements, which he dated around the year 2000, Delors adopted an ambivalent attitude. First, he restated the priority of the deepening process. Second, he acknowledged that the Community would not

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troisième session de négociation avec la Pologne à Bruxelles, les 18 et 19 mars 1991". Bruxelles, le 20/3/91.

<sup>73</sup> *Financial Times* 1991/03/22 "World Trade News: Poland in EC import curb row"; *Europolitique* 1991/03/28 No.1664, p.V/1.

<sup>74</sup> Havel was accompanied by the Federal Minister of Economy, Vaidimir Dlouhy, the Federal Minister of Trade, Jozef Baksay, and the Head of the Czechoslovak Mission in Brussels, Karel Lukas. This delegation met President Delors, Commissioner Andriessen, Horst Krenzler (Director General of DG I), and Pascal Lamy (President Delors' influential Head of Cabinet).

<sup>75</sup> CEC. DG I. Le Directeur Général. "Note de dossier. Visite à la Commission de Monsieur Vaclav Havel, Président de la République fédérative tchèque et slovaque". Bruxelles, le 20 mars 1991.

indefinitely remain at twelve members. And third, he warned Havel that it was not in the interests of potential members to slow down the process of deepening and interfere in the present IGC negotiations<sup>76</sup>.

The state of relations between the EC and the Visegrad Three at that point may be characterised as follows. On the one hand, the EC was unable, as Andriessen himself told Havel at that meeting, to deliver the necessary trade concessions to make the agreements an instrument for future membership. On the other hand, the EC was refusing to consider the question of enlargement in their present IGCs negotiations. Thus, EC statements on responsibility, generosity, and future membership, i.e. the so-called "political will", were in fact little more than rhetorical.

The third round provided ample confirmation of this problem. Delors' meeting with Havel had taken place on the same day, 20 March 1991, that Olechowski had delivered his very tough speech on EC's meanness and lack of political will. When the third round with Czechoslovakia opened the following day, 21 March, the chief Czechoslovak negotiator called for "a substantial opening of the EC markets for our products from the very initial stage" and expressed his view that "only a stabilized and growing Czechoslovak economy can be a partner of interest for the EC"<sup>77</sup>.

However, the results of the round did not seem to be shaped by Delors' statements regarding the EC's awareness of the need to be generous. Agreement had centred on particular items in sections such as political dialogue, competition policy, establishment rights, safeguards, and workers. But the main issues, i.e., the scope and calendar of the free trade area and the question of membership were still pending. Still, the Czechoslovak team evaluated the round as positive overall and optimistically declared that the negotiations could

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<sup>76</sup> The same day, Havel called on the European Parliament to devise a policy, in line with Andriessen's subsequent proposals, which would give Czechoslovakia something between association and membership (*Europolitique* 1991/03/23 No.1663, p.V/7).

<sup>77</sup> "Introductory Statement of Mr. Zdenko Pirek, Chairman of the CSFR Delegation". Third Round of negotiations on Association Agreement CSFR-EC. Brussels, 22 March 1991. DG I-L Archive.

conclude in the early Autumn. In striking contrast with the atmosphere of the session with Poland, DG I's reports read: "*cette session a confirmé la volonté très ferme de la Tchécoslovaquie de conclure rapidement avec la Communauté une association [...] l'attitude adoptée au cours de cette session consistait davantage en un appel à la compréhension qu'en une critique des propositions de la Communauté*"<sup>78</sup>.

If the Czechoslovak delegation was still convinced that the EC could be moved by dialogue rather than by pressure, the Hungarian position was quite similar to that of the Poles<sup>79</sup>. As the third round ended, most of the sections were still open, with major disagreements on the issue of membership, political conditionality, the two-stage approach, the standstill clause, agriculture, textile, workers, and the financial protocol. As in the Polish case, the Hungarians, through Janos Martonyi (State Secretary at the Ministry of International Economic Relations), used the press to air the insufficiency of the EC's offer in order to force it to reconsider its position<sup>80</sup>.

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<sup>78</sup> CEC. DG I E-2. "Note pour le dossier. Accord européen CE/CSFR. Troisième session de négociation à Bruxelles, le 21-22 mars 1991. Compte rendu succinct". Bruxelles, le 27/3/91. See also: CEC. Spokesman's Service. "Negotiations EC/CSFR in view of the conclusion of a European Agreement". IP (91) 260 of 22 March 1991; *Europolitique* 1991/03/28 No.1664, p.V/1.

<sup>79</sup> CEC. DG I E-2. "Note for the file. European Agreements. 3rd Round of negotiations with Hungary; main conclusions. Brussels, 25-26th March 1991". Brussels, 3 April 1991.

<sup>80</sup> *Financial Times* 1991/03/26 "World Trade News: East Europe hopes of EC integration being dashed"; *Financial Times* 1991/04/09 "World Trade News: Hungary stalled on Brussels farm trade"; *Agence Europe* 1991/04/10, p.11. See also *Europolitique* (1991/03/28 No.1664, p.V/7) on the visit of E. Juhas, the Hungarian Finance Minister, to Brussels on 26 March and his talks with Andriessen. See also *Europolitique* (1991/04/04 No.1665, p.V/5) for President Walesa's 3 April visit to Brussels, where he affirmed that he understood the EC's pragmatism on the question of membership, given his country's backwardness, but declared that his country's future was linked to entire and full membership. Walesa also expressed his dissatisfaction with the way the EC was proposing to bring Poland back into the European family.



### *3.2. The first revision of the mandate*

As noted above, already on 19 February, the Community negotiator, Benavides, had warned the Group on Eastern Europe of the problems which negotiations would face after the third round. Reading the contents of the proposals which DG I would later present to the Council, it is clear that it was on Andriessen's and Benavides' interests for some degree of conflict between the EC and the Three to be aired publicly. Both Olechowski's and Martony's statements would support the arguments which Andriessen would defend in the Council after the third round.

Just one day after the third round was officially concluded, the services of Benavides had already prepared a list of elements to serve as the basis of a communication by Andriessen to the Commission. These elements would in turn be the basis of the subsequent appeal to the Council for a widening of the directives of negotiation.

The document which DG I-E (Eastern Europe) prepared requested above all that political considerations should guide the negotiations. "Negotiations have reached a crucial stage where far-reaching political decisions appear indispensable", it was argued. "The follow-up of the negotiations necessitates a significant rapprochement between the Council directives and the requests of the association candidates. For the time being, positions are obviously too remote from each other. A wider and flexible interpretation, as well as some amendments (the latter limited to the minimum necessary) appears inevitable". Also, the document attributed the blame for the insufficient advances made at the negotiation table to the Community rather than to the future associates: "It has to be kept in mind that the three countries would be prepared to accept far-reaching and often unilateral commitments if the agreement in its whole is sufficiently equitable"<sup>81</sup>.

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<sup>81</sup> CEC. DG I E-2. "Elements for Mr. Andriessen's communication to the Commission on the European Agreements with Hungary, Poland and Czechoslovakia". Brussels, 27 March 1991.

Apparently, Andriessen's services in DG I had come to the conclusion that only acting as a spokesman of the Council would not help to reach agreement. A closer look at the precise proposals made by DG I-E perfectly illustrates this point. DG I-E recommended the Council to accept the demands of the Visegrad Three on a total of eleven points:

- (i) accept that a reference to membership be included in the preamble to the agreement, though on a unilateral basis;
- (ii) include security matters in the section on political dialogue
- (iii) accept one single stage (of 9-10 years) in commercial matters but maintain the two stage approach with respect to services, workers and capital;
- (iv) attenuate the political conditionality clause and substitute it with an annual monitoring of the stage of economic reforms;
- (v) change the standstill date from 1 January 1991 (as established in the mandate) to the date of the entry into force of the agreements;
- (vi) introduce further improvements in asymmetry and strengthen it in the industrial trade chapter;
- (vii) assimilate trade in coal and steel products to the liberal approach taken in industrial trade;
- (viii) seek "considerable" concessions in textile tariffs, while keeping quotas where necessary;
- (ix) achieve "substantial" concessions on agriculture for Poland and Hungary, though on a reciprocal basis;
- (x) permit an accumulation of rules of origin between the EC, the EFTA countries and each of the three countries (taken individually in the first phase and collectively in the second phase-;
- (xi) consider favourably the proposal of granting limited quotas for Visegrad workers.

In return for these concessions, the Visegrad Three would have to renounce two basic demands. They would have to forget the idea of establishing a customs union and accept the fact that the EC was not willing to include financial protocols in the agreements. Thus, the proposal sought to exchange the Visegrad Three's acceptance of the

basic scope of the association policy for an improvement in its content.

The communication which Andriessen presented to the Commission meeting on 3 April 1991 reproduced unchanged the eleven points drafted by Benavides' services at DG I-E, as well as the comments on the need for the Council to give the Commission a margin of confidence and flexibility<sup>82</sup>.

No accounts are available of the Commission's discussions on the issue, but the proposal which the Commission sent to the Council's Group on Eastern Europe (GEO) on 9 April and to the COREPER meeting of 10 April was identical to that presented by Commissioner in the Commission<sup>83</sup>. Thus, at least officially, the Commission seemed to be supporting Andriessen.

However, the note which DG III (Internal Market and Industry, Commissioner Bangemann) sent to DG I the day after the COREPER meeting was very similar in content to the modifications which the Council would later introduce to Andriessen's proposals. DG III accepted that the Community should adopt an open and constructive approach to the negotiations, but it warned that the three Visegrad countries were demanding quite important concessions in sensitive sectors, whereas, at the same time, they wanted to retain considerable freedom both to protect their industries and raise new tariffs. In short, DG III questioned the basic principle of asymmetry and opposed Andriessen's proposal on five points. First, according to DG III, the EC should maintain the two phase approach and retain the capacity to veto the passage to the second phase. Second, the EC should not accept to place the standstill after the signing of the

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<sup>82</sup> "While due allowance must be made for negotiating tactics, the Council should accept greater flexibility in a number of areas" (CEC. SG. "Etat des négociations des accords européennes avec l'Hongrie, la Pologne et la Tchécoslovaquie. Note d'information de M. Andriessen". SEC (91) 622, 0/91/100, O.J. 1054 -point 12, Bruxelles, le 2 avril 1991).

<sup>83</sup> According to *Europolitique* (1991/04/13 No.1668, p.V-10), the Group meeting was presided over a general desire "to reduce crispation and relax the atmosphere of negotiations". See also *Agence Europe* 1991/04/13 p.8; *Agence Europe* 1991/04/17, p.8.

agreements. Third, the clauses on exceptions for free trade for infant industries or industries undergoing restructuring should be limited to the maximum. Fourth, DG III did not consider that anti-dumping measures should be justified in terms of balance of payments problems or regional/sectorial problems. Fifth, and finally, DG III believed that the trilateral accumulation of rules of origin between the Visegrad Three countries should be postponed until the second phase<sup>84</sup>.

By the content of its proposals, it was clear that DG III was defending an approach to the negotiations which was overwhelmingly concerned with the economic interests of the EC. Adopting a position which differed little from that required for standard trade negotiations, rather than the foreign policy approach advocated by DG I, DG III sought to limit asymmetry by securing as much reciprocity as it could. At the same time, it was willing to accept, if necessary, a poorer, but, in its view, fairer economic performance of the Visegrad Three during the years to come. Paradoxically, the foreign ministers sitting on the Council of General Affairs would show greater sympathy for the approach defended by DG III than with the foreign policy approach embodied in DG I's proposals. That the approach proposed by DG III was beginning to win some support in the Council was evident from an examination of the "defensive points" which DG I, represented by Cadieux (DG I's Assistant Director General) took to the COREPER<sup>85</sup>.

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<sup>84</sup> CEC. DG III A-1. "Note à l'attention de M. Krenzler -Directeur Général de la DG I-: Accords d'Association avec la Hongrie, la Pologne et la Tchécoslovaquie". Bruxelles, 11 avril 1991.

<sup>85</sup> When Commission representatives defend their proposals in the Council or the COREPER, they have two lists of arguments drafted by their services. The first one contains the so-called "speaking points". These constitute the basis of their presentation of Commission's proposals, and usually highlight the positive aspects of the decision recommended by the Commission. A second list is headed "defensive points", and one can always read "not to be raised" (by the Commission). This list anticipates, based on the previous debates in the Council's Group and/or in the COREPER, all the arguments member states are likely to raise to oppose the Commission, and the answers the Commission representative should give. Thus, this

In response to the member states' foreseeable reluctance to widen the asymmetry of the trade component of the agreements, DG I's defensive points stated that *"l'analyse des trois pays concernés relative à l'asymétrie n'est pas exempte de tout fondement [...] le régime général des produits industriels proposé par la Communauté [...] peut être quasiment analysée comme un pas en arrière para la Pologne, la Hongrie et la Tchécoslovaquie [...] une proposition moins restrictive [in textiles and steel] serait en conséquence très appréciée sans être dommageable pour la Communauté [...] s'agissant de l'agriculture, les propositions actuelles de la Communauté en dehors de la consolidation des avantages déjà octroyés para le SPG (assaz limités par ailleurs) n'apparaissent pratiquement pas aller plus loin que les dispositions des accords de commerce et de coopération en vigueur avec les pays concernés"*<sup>86</sup>.

Thus, DG I coincided with the Visegrad Three in denouncing the limited trade liberalization being offered by the EC. Still more importantly, in his "speaking points", Cadieux envisaged making a long presentation on the benefits of giving a perspective of membership to these countries. First, he defended the impact of giving this perspective on the consolidation of democracy in Central Eastern Europe. Also, in view of the problems witnessed by Gorbachev in the USSR, Cadieux argued that the EC should reassure Central Eastern Europe and support these countries' move towards the West and Western institutions. Finally, he stressed the need for the Central Eastern European governments to offer their citizens compensation for the sufferings derived from economic adjustment. Turning to the economic dimension of the agreements, Cadieux defended the suppression of the political conditionality clause with respect to the development of the free trade area. He warned the COREPER that such a clause would surely create problems with the GATT and that, in any event, political and economic reforms were well under way.

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second list is very useful to check, prior to the actual meeting of the Council or the COREPER, the relative strength of the Commission vis-à-vis the Council.

<sup>86</sup> CEC. DG I E. "Note à l'attention de M. Krenzler. Conseil Affaires Générales du 15 avril 1991. Point 3. Relations avec les pays d'Europe centrale et orientale". Bruxelles, le 12 avril 1991.

Finally, with respect to workers, Cadieux recommended that Polish proposals on the free circulation of workers should be rejected, but that the Czechoslovak and Hungarian propositions on the opening of small quotas should be considered<sup>87</sup>.

The COREPER had to prepare the Council of General Affairs. In this process, the role of the Presidency, now held by Luxembourg, would be very important. Jacques Poos (the Foreign Minister of Luxembourg) had committed himself to "pursuing the dossier of EC relations with Eastern Europe with all the energies required by the circumstances"<sup>88</sup>. During the negotiations of the mandate, Luxembourg had had a very low profile. Now, in its capacity as President of the Council, it was forced to develop an active and comprehensive vision of both the EC's foreign policy and economic interests of the EC. However, the specific weight of Luxembourg in this process would be quite limited.

The draft Council decision which the Presidency prepared after the COREPER meeting included the acceptance of some of the main demands put forward by Andriessen. But the compromise text proposed by the Presidency would not survive the negotiation process leading up to the Council of General Affairs meeting.

In the official *Projet de Conclusions* which reached the Council of General Affairs of 15 April 1991, trade in ECSC products was still to be subject to a specific regime in which no free trade was envisaged. Under this concept of "specific regimes", reciprocity rather than asymmetry would govern liberalization in this sector. Furthermore, in response to Portuguese insistence on the question, the ten-year process for the liberalization of textiles was accepted with respect to tariffs, but the suppression of quotas, which would have a greater

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<sup>87</sup> CEC. DG I E. "Note à l'attention de M. Krenzler. Conseil Affaires Générales du 15 avril 1991. Point 3. Relations avec les pays d'Europe centrale et orientale". Bruxelles, le 12 avril 1991, "Speaking points".

<sup>88</sup> "It is with bitterness that the President of the Polish Diet, visiting Luxembourg at the beginning of December 1990, has stated that the deeds of the Western Community do not correspond to its words. Thus the Luxembourg Presidency will have to pursue this dossier with all the energy required by the circumstances" (Poos, "The Priorities of the Luxembourg Presidency", p.30)

impact on the volume of trade, was still subject to the results of the Uruguay Round. Notable nuances were also introduced with respect to the agricultural concessions which, according to the Presidency's proposals, should be "granted", but were now only to be "envisaged", providing that the Council found enough reciprocity in the offer made by the Visegrad Three. Other proposals from the Presidency, including the accumulation of origin rules with the EFTA countries, or the consolidation and expansion of quotas for Central Eastern European workers were rejected outright<sup>89</sup>.

In a last attempt to upgrade the EC's offer, the Presidency sought to reopen the debate on all these points, but the Council limited itself to restating the terms of the mandate given to the Commission the year before. Still, the actual meeting of the CAG would introduce further qualifications. The minutes of the Council show that only six states (the United Kingdom, Italy, the Netherlands, Denmark, Portugal, and Belgium) considered that the modifications introduced in the Presidency's second compromise proposal were sufficient. In seeking to convince the other group of member states to accept this package, Italy and Portugal stressed that this second compromise also implied considerable sacrifices on their part. However, the other countries tried still to downgrade further the Presidency's second proposal. Ireland objected to the agricultural chapter; Germany and Spain objected to the coal regime; Greece demanded the specific protection of its ceramic, textile and agricultural products; and France sought to strengthen the economic conditionality clause.

The debate in the Council had the following result. On the political side, the reference to membership had been agreed. Now the Visegrad Three could state their intention to become members in the future, as long as there was no suggestion that this commitment was

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<sup>89</sup> Conseil. SG. "Note de la Présidence. Accords européens d'association avec la Pologne, la Hongrie et la Tchécoslovaquie". SN 2033/91. Bruxelles, le 12 avril 1991. The project of conclusions which based the General Affairs Council is annexed to CEC. SG. "Compte rendu succinct de la 1482ème session du Conseil consacrée aux Affaires Générales. Luxembourg, le 15 avril 1991. Annex 5". SI (91) 223, Bruxelles, le 16 avril 1991.

shared by the EC. This was rather a pyrrhic victory, and an unusual statement which would be particularly disappointing to the Czechoslovak delegation, which had been confident that its low resistance on trade matters would ensure agreement with the Twelve at the political level<sup>90</sup>. Nor would the type of membership perspective given by the Council satisfy Commissioner Andriessen. Three days later, he presented his ideas on "associate membership", thereby encouraging the Visegrad Three to maintain their insistence on the issue. In exchange for its refusal to share the membership perspective, the Council gave a kind of confidence vote to the future associates, by refusing to introduce stricter political conditionality clauses and suppressing the mid-term review which would determine whether the second, and more important, phase of tariff dismantlement would come into effect<sup>91</sup>.

But apart from these two elements, not much was achieved. The decision to agree to postpone the standstill date to the 1 of January 1992 was based on practical considerations concerning the reality of the Visegrad Three's tariff system, rather than being a concession as such. In other words, a standstill date of 1 January 1991 would have forced the EC to choose between abandoning the basic principle of asymmetry or engaging in a wider trade liberalization than it wanted. Also, the consolidation of the trade concessions established through the 1988-1990 Trade and Cooperation Agreements and the subsequent GSP concessions, was more a minimum point of departure than a breakthrough achieved through political will. Clearly, it would be difficult to explain why association did not consolidate, as the mandate had envisaged, previous trade concessions. Finally, on the issues of origin rules and of the movement of workers, where the steps taken were quite meagre, it was evident that negotiations would

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<sup>90</sup> The Commission's legal service had already warned that it would be quite "unusual" to refer in the preamble of the agreement only to one side's objectives (CEC. Legal Service. "Note to the attention of Mr. Benavides: Elements for Mr. Andriessen's Communication to the Commission on European Agreements with Hungary, Poland and Czechoslovakia". JUR (91) 02104. Brussels, 28 March 1991).

<sup>91</sup> Le Conseil. "Conclusions du Conseil 'Affaires Générales' en date du 15 avril 1991". 5757/91 EST 43, Bruxelles, le 16 avril 1991.



not advance faster. The most important results were those relating to steel and textile tariffs; the EC agreed to a calendar of five and ten years, respectively, to dismantle EC barriers, in exchange for the stricter enforcement of EC competition and public aid rules in Central Eastern Europe<sup>92</sup>.

However, the widening of the mandate was only one of the demands made by the Commission. The Commission was seeking a general flexibilization of the EC's negotiating position which meant that Benavides (the EC's negotiator) would have to be given greater authority and a wider margin to depart from the mandate when necessary. But the Commission had only obtained a partial victory with respect to the extension of the mandate, the defeat of Andriessen and Benavides on this second question would be quite resounding. Quite revealingly, Andriessen and Benavides were demanding from the Council very similar things than the Visegrad Three, i.e. that the Council should show "political will" and that this should accordingly

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<sup>92</sup> The accounts which the *Financial Times* gave of the Council meeting were, for once, positive (*FT* 1991/04/16 "Twelve push open the door to Eastern Europeans a little further"; *FT* 1991/04/19 "Brussels opens its doors to trade with eastern Europe"). According to this report, the Three had put their "collective weight against the EC's door, shoved, and won themselves further valuable access to the European Community market". The report also mentioned the decisive importance of Washington's pressures on GATT compatibility in overruling Spanish objections to extra concessions on farm exports, specially on fruit, vegetables, pork, and game. In any case, the *Financial Times* seemed to overestimate the importance of these concessions, given that they had not still been agreed internally nor negotiated externally yet. It also underestimated this Council meeting reluctance to give concessions in cereals, beef, lamb and dairy products, which would later block the agricultural chapter. Otherwise, the chronicle accurately reported the opposition of the Germans to coal concessions, the Spanish on steel, and British on workers. *Europolitique* (1991/04/17 No.1669, p.V/9) also mentioned that agreement had been reached on these products. However, during the following months, as negotiations got stuck again, the *Financial Times* would it would back down from its optimistic assessments.

be transmitted to its representatives in the Group on Eastern Europe<sup>93</sup>.

But rather than giving the Commission a vote of confidence in the Council, the Twelve showed their determination to control, product-by-product, the trade concessions to be made. In the conclusions of the Council, it was agreed that any departure from the mandate concerning trade liberalization in any sector should take place in the future "*sur base de propositions spécifiques de la Commission*" and "*sous réserve d'un examen détaillé par le Conseil des propositions de la Commission*"<sup>94</sup>.

Apparently, the scope and width of Andriessen's demands had undermined the confidence of the member states in DG I as their spokesman. As seen, it was feared that Andriessen was more willing to defend what he perceived to be the general interests of the EC than the interests of the member states taken individually. The reaction of a majority of the members states, who now sought to scrutinize concessions product-by-product, seemed to be to defend their particular interests with renewed vigour. But, in absence of this flexibility and with this general distrust dominating the Council's relations with Andriessen, the capacity of the new enlarged mandate to give rise to agreements would be exhausted before the Summer. Before then, the progressive public debate around commercial concessions to Central Eastern Europe would lead to the politicization of trade matters in the EC. This, in turn, would make it

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<sup>93</sup> The Commission's proposal for the conclusions of the Council read: "*Le Conseil réitère la volonté de la Communauté de poursuivre les négociations à un rythme soutenu et de les faire aboutir dans le délai le plus court possible. La Communauté fera preuve à cet égard de la volonté politique nécessaire [...] Dans la poursuite des négociations la Communauté fera preuve de la souplesse nécessaire pour que ces éléments [meaning the Council's statement on the progressive integration of these countries into the Community] puissent trouver leur traduction dans les accords sur la base des propositions concrètes que la Commission a présentées à cet effet*" (CEC. DG I E-2. "Projet de Conclusions du Conseil de 15.4.1991. Accords européens". Bruxelles, le 12 avril 1991).

<sup>94</sup> Le Conseil. "Conclusions du Conseil 'Affaires Générales' en date du 15 avril 1991". 5757/91 EST 43, Bruxelles, le 16 avril 1991.

more difficult for the Council to adopt again even such a minimalist solution as the one taken in April 1991.

### *3.3. Retrenchment*

In the face of the indifference of the Council towards their demands, the Visegrad Three, and specially the Polish government, shifted to an strategy of publicly embarrassing the EC. As seen above, their earlier public protests and accusations of shortsightedness had had little impact on the EC foreign ministers. However, whilst the appeals of the Visegrad Three had undoubtedly captured the attention of the press and had resulted in a partial broadening of the mandate, the prospect of further trade concessions to Central Eastern Europe in sensitive sectors immediately mobilized those likely in the EC to be most affected by such concessions.

In January 1991, the Community negotiator, Benavides, could still proudly claim to have discussed the content of the association agreements with UNICE (the influential Union of Industries of the European Community). At the same time, he publicly recognized that DG I's services, and he himself, were regularly meeting with UNICE secretariat to keep it informed on the development of relations with the Visegrad Three<sup>95</sup>.

According to several DG I officials I interviewed, private interests had been consulted and duly taken into account at the policy formation stage. That constituted a sensible way of proceeding and would help to avert conflicts in the future. Subsequently, however, the Commission's negotiators wanted to preserve their room for manoeuvre and to isolate themselves as far as possible in order to control the process and facilitate negotiations. It was already difficult to protect the negotiations from continuous interference by member states and other Commission services, as well as to maintain its

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<sup>95</sup> House of Lords. "Minutes of Evidence Taken Before the Select Committee on the European Community". Sub-Committee A. Mr. Pablo Benavides Sala. Evidence heard in Public. Unrevised Proof Copy. Tuesday 22 January 1991. Question 587, p.41, DG I-L Archive.

authority and bargaining capacity both internally and vis-à-vis the Visegrad Three. Thus, when negotiations started, and private interests began to try and limit the margin for negotiation, either directly through member states, or through other Commission services, they were seen as threatening the job of DG I. As a result, they would make DG I's attempts to maintain the comprehensiveness and balance between the different elements of the association even more difficult to achieve.

Thus, an unwanted consequence of Andriessen and the Visegrad Three's activism in putting pressure on the EC foreign ministers was that they attracted the forces within the EC already opposed to trade concessions to Central Eastern Europe. The Council had already warned that it would examine concessions product-by-product. Now, it is not hard to see that EC foreign ministers would be more receptive to pressures coming from inside the EC than to pressures from outside. As a result, DG I would see its room for manoeuvre reduced still further.

In the EC's agriculture sector, where the Council of General Affairs had announced that concessions were only to be "envisaged", the situation was quite delicate<sup>96</sup>. German unification had altered the delicate and costly balances on which the Common Agriculture Policy was based, and aggravated the chronic problem of over-production. Moreover, the sector was conscious that no matter how much it limited the reform of the CAP, the Uruguay Round would inevitably mean a drop in production, subsidies, and less export opportunities, as well as a partial opening up to imports. In this context, the opening up of the market to the Central Eastern Europe was hardly likely to be welcomed, to say the least, when there was already an important agricultural trade deficit with the three countries (the sectors in which the EC had a deficit are emphasized in Table X). Thus the pressures created by Eastern agriculture imports could easily detonate a crisis<sup>97</sup>.

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<sup>96</sup> For an overview, see J. Muylle, 1992. "Agriculture and Fisheries", in Ludlow, Mortensen, and Pelkmans, *The Annual Review of the European Community Affairs in 1991*, pp.243-252; *Europolitique* 1991/02/06 1650 p.III-7.

<sup>97</sup> See for example the report of the French *Fédération Nationale Porcine* (member of the FNSEA) which clearly stated that pork imports from Hungary and

The situation was alarming in the meat sector, which not by chance was at the centre of the major crisis which took place during the negotiations. EC beef stock had increased by 6% as a result of German unification, rising to 85 million heads. EC domestic consumption was suffering from consumer distrust over the "mad cow" disease (BSE), and prices had fallen by 10%. As a result, EC stocks of beef were approaching the 1987 record of 801,000 tonnes<sup>98</sup>. In this situation, the proposed cuts in production and subsidies could hardly be tolerated if accompanied by increased imports. Significantly, the problem faced by the EC was not only how to avert Eastern beef imports, which were actually soaring in spite of the high tariffs, but also how to dump EC surpluses in third markets. This would provoke a conflict between the Agriculture Council and the requirements of the CAP, on the one hand, and DG I, foreign ministers, and the dictates of foreign policy, on the other hand. The logic of the CAP dictated both that the EC use the available 250 millions ecu food credit to

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Romania, as well as from the rest of Eastern Europe, were quite capable of destabilizing EC markets in the near future and in the medium-term, respectively. In this sector, the Netherlands, Belgium and Denmark were net exporters, whereas France, the U.K., Germany, Italy, and Spain were net importers. At that time, there was a 20,000 tonne quota with reduced tariffs for Eastern European countries (Fédération Nationale Porcine. "Reagir aux nouvelles donnees". Rapport présenté para Guillaume Roue, Secrétaire Général. Assemblée Générale -21 Mars 1991. DG I-L Archive).

<sup>98</sup> *Europolitique* 1991/04/17 No.1669, p.IV/3.

**TABLE X. EC agricultural trade with the Visegrad Three by CN chapter (1990)**

CN Chapters	CSFR		Poland		Hungary	
	Exports to EC	Imports from EC	Exports to EC	Imports from EC	Exports to EC	Imports from EC
01 Live animals	<b>19,064</b>	4,224	<b>232,963</b>	3,888	<b>71,674</b>	4,258
02 Meat	<b>59,299</b>	253	<b>107,236</b>	17,289	<b>244,147</b>	1,278
03 Fish	6,536	7,950	<b>147,425</b>	32,141	<b>7,911</b>	663
04 Dairy	<b>21,938</b>	797	<b>23,081</b>	12,323	<b>16,775</b>	925
05 Other animal origin	<b>5,192</b>	825	<b>19,261</b>	7,997	<b>39,851</b>	3,374
06 Trees and plants	795	1,077	4,482	5,343	<b>3,358</b>	2,729
07 Vegetables	<b>7,613</b>	4,515	<b>166,082</b>	3,176	<b>60,516</b>	4,580
08 Fruits	8,109	32,770	<b>90,525</b>	51,426	<b>30,505</b>	11,253
09 Coffee, tea, spices	145	2,225	1,009	26,475	<b>8,695</b>	4,819
10 Cereals	145	5,541	713	174,456	<b>17,180</b>	7,326
11 Milling	<b>9,732</b>	105	<b>5,421</b>	223	<b>2,117</b>	279
12 Oil seeds, fodder	<b>27,530</b>	3,038	<b>104,555</b>	7,950	<b>37,422</b>	8,449
13 Rubbers, resins, extracts	35	2,203	599	2,118	<b>1,349</b>	1,117
14 Vegetables for braiding	5	447	832	922	<b>5,478</b>	127
15 Animal fats	5,796	8,677	9,801	33,472	<b>11,440</b>	7,015
16 Other prepared food	3,466	3,665	<b>60,495</b>	30,581	<b>59,177</b>	872
17 Sugar and confiture	2,785	13,514	<b>30,805</b>	12,436	2,460	3,163
18 Cocoa	2,041	4,044	8,608	24,492	4,272	7,151
19 Cereal's preparations	316	4,922	434	19,556	897	1,532
20 Vegetable's preparations	<b>8,117</b>	2,488	<b>58,219</b>	19,231	<b>43,515</b>	1,704
Total	<b>188,659</b>	103,280	<b>1,072,546</b>	485,495	<b>668,739</b>	72,614

*Source:* Compiled by the author from Eurostat data. Figures in thousand ECU.

the USSR to sell 200,000 tonnes of EC beef stocks to the USSR and, at the same time, that the EC halt Eastern imports. In contrast, foreign policy concerns counselled an increase in Eastern beef imports and, at the same time, forcing the Soviet Union to use the 250 mecu credit to buy Eastern beef. As we will see, DG I and Commissioner Andriessen's struggle with the Council on this so-called "triangular" solution would unleash one of the most important internal conflicts in EC's relations with the Visegrad Three<sup>99</sup>.

Thus, the EC beef sector was in a quite poor shape, and Central Eastern European export strategies were not helping much. For example, live beef exports, a product which had always been very important for Eastern European producers, the Community had imposed a quota of 198,000 heads and had, in 1990, reduced the tariff which would be applied to these products between 65% and 75%. However, beef exports from Eastern Europe in the first four months of 1991 not only exhausted that quota, but found it relatively easy to sell enormous quantities of beef (some 227,000 tonnes) at the high prices forced by the standard tariff applied to imports above the quota. It was not by chance that the situation eventually exploded in France, where producers and government were contemplating a situation in which French beef was being accumulated on a massive scale in EC intervention stocks (making French beef soar from 10% to 50% of the Community stocks), while in the space of six months Polish beef amounted to 50% of all French beef imports (134,000 tonnes)<sup>100</sup>.

The Polish, and to a lesser minor extent, Hungarian agricultural trade strategies were fundamentally incompatible with the Common Agricultural Policy. The Polish desire to build a single agricultural market with the EC was not just quite unrealistic. It also showed a very limited knowledge of Poland's own negotiating assets, as well as

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<sup>99</sup> *Europolitique* 1991/05/04 No.1675, p.IV/11; *Europolitique* 1991/06/12 No.1684, p.V/3. There was even an Italian-Belgian project presented on 2 July 1991 which proposed that EC aid to the USSR should be given in zlotys, to force Moscow to purchase Polish products (*Europolitique* 1991/07/06 No.1691, p.III/2).

<sup>100</sup> *Europolitique* 1991/09/04 No.1700, p.IV/5; *Europolitique* 1991/09/11 No.1702, p.V/5.

of how far the Twelve were willing to go in trade negotiations. According to my interviewees, the EC negotiators had spent a great deal of time trying to convince the Visegrad Three that their membership demands were having a counterproductive effect. Also, they tried to explain that, no matter what Jeffrey Sachs theories dictated, true free trade did not exist, specially with respect to agricultural products. Thus, the general trend in the EC, even in the most committed services of DG I, was that agricultural negotiations would be governed by minimalism and reciprocity.

Proof of the tendencies towards retrenchment dominating the EC agricultural negotiations with the Visegrad Three were immediately seen after the Council of General Affairs of 15 April 1991. One week later, the Council of Agriculture very accurately summed up all the contradictions in EC policies towards the Visegrad Three. Until then, Germany, France, and the United Kingdom had represented three different and rather incompatible policy views on the association agreements. However, when it came to agricultural matters, their ministers of agriculture found it extremely easy to establish a common position. Accordingly, they jointly demanded that Commissioner MacSharry (Agriculture) immediately and indefinitely close the EC beef markets to Eastern imports.

The timing of this call said a lot about the lack of communication between the different actors within the EC and the different perspectives held by them. On the same day, the enlarged mandate approved by the CAG on 15 April was put to test at the start of the fourth negotiating session with Czechoslovakia. And, the following day, in sharp contrast to the prevailing negative mood in the Council of Agriculture, Commissioner Andriessen would publicly present his criticism of the EC's association policy and his ideas on "associate membership". The foreign ministers would eventually be able to persuade the agriculture ministers to abandon, at least temporarily, their demand to close EC beef markets. In this way, a major blow to the negotiations was averted. However, events could not hide the fact that a solid hostile coalition had been established in the agricultural policy area.



Until then, Commissioner MacSharry had been rather isolated and on the defensive. But the support of an increasing number of member states would encourage him to adopt a more proactive position. In a rather tough speech at the end of April, he affirmed that agricultural imports from Eastern Europe were a more important threat to the EC's agricultural sector than the ongoing Uruguay Round. Furthermore, he publicly encouraged the principal agricultural associations, such as the COPA, to put pressure on the EC ministers to stop imports from Eastern Europe. As subsequent events would show, MacSharry's attempts to mobilize the sector would be extremely successful, and the politicization of the negotiations irreversible<sup>101</sup>.

But together with the internal pressure being put on the foreign ministers by MacSharry, the Council of Agriculture, and interest groups, the foreign ministers were being subjected to considerable pressure to move in the opposite direction. First, President Walesa had publicly embarrassed the European Community with his 3 April speech on EC's meanness and shortsightedness<sup>102</sup>. Second, the dramatic situation in the Central Eastern European agricultural sectors were already putting the liberal policies of their governments under severe strain. Polish farmers, accounting for 27% of the active population, had been demonstrating throughout April 1991 against the avalanche of EC subsidized food. Then, on 22 April, the same day that EC ministers of agriculture met in Brussels, Prime Minister Bielecki met Polish farmers and promised to concede a 10% increase in tariffs on some sensitive products<sup>103</sup>. Similarly, widespread protest was also taking place in Hungary. The crisis being faced by the sectors affected all its markets. Eastern and Soviet markets had collapsed with the change to hard-currency trading and the general recession of the region, whilst the economic crisis in Hungary was having a very negative impact on domestic consumption and Hungarian producers

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<sup>101</sup> *Europolitique* 1991/04/27 No.1672, p.V/6; *Europolitique* 1991/06/19 No.1686, p.III/5.

<sup>102</sup> Ross, *Jacques Delors and European Integration*, pp.139-140.

<sup>103</sup> *Financial Times* 1991/04/27 "Poland urged to raise import tariffs to protect its industry according to its Industry Minister".

were facing important barriers to exporting their products to Western, and specially, EC markets<sup>104</sup>.

A similar process of retrenchment could be seen in the steel sector. On 31 December 1990, the annual voluntary restraint agreements (VRAs) of Poland, Hungary, Czechoslovakia, Bulgaria, and Brazil with the EC had to be renewed<sup>105</sup>. At the beginning of 1990, the Twelve and the Commission had agreed to a 15% increase in quotas and a reduction of tariffs within those quotas. But the decisions taken in 1990, immediately after the fall of the communist regimes in Eastern Europe, would prove difficult to repeat in 1991. Given the prevailing negative mood towards further trade concessions to Eastern Europe, DG I did not dare propose an increase in quotas. However, it wanted, in contrast to existing practice, third parties to be free to distribute the global quota among the products to which it applied. This obviously benefitted third parties, who until then could not exhaust the global quota because sub-quotas were conceived as watertight compartments. Immediately, EUROFER, the main steel producers' association of the EC, put pressure on the Commission and member states to reject these proposals<sup>106</sup>.

In this sector, Andriessen and DG I would face another opposing coalition, this time made up of Commissioner Bangemann (Industry), the industry ministers of a majority of member states, and EUROFER. The first skirmishes ended in compromise, but it was

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<sup>104</sup> See the Reports on the state of the sector presented by H.Antosiak (Polish State Secretary for Agriculture) and D.Lacfi (Director of Gabona Trade, Hungary) to the COCERAL General Assembly meeting in Brussels on 11-12 April 1991. DG I-L Archive.

<sup>105</sup> The term "agreements" was, as in most cases of VRAs, a mere euphemism. In practice, quotas were unilaterally determined by the EC.

<sup>106</sup> According to EUROFER, the partial opening up of EC market to Eastern European imports in 1990 had led to disaster. However, the most marked increases affected Yugoslavia. On average, Yugoslav exports to Italy had risen by 118% between 1989 and 1990. Yugoslav exports of wire machine to Germany had risen by 627%, Brazil's by 648%, and Hungarian exports by 166%. In the Spanish case, wire machine imports from Yugoslavia had risen 1,000% (*Europolitique* 1991/02/20 No.1654, p.III/6-7).

evident that the coalition was willing to exert a significant influence on future decisions. At the COREPER meeting on 21 February 1991, France, Italy, Belgium, Spain, and Luxembourg opposed Andriessen's proposals. With the help of Denmark, the United Kingdom, Germany, and the Netherlands, Andriessen proposed a compromise whereby flexibility would be limited to a 30% deviation from the quota for each product. Still, Italy and Belgium refused anything other than the 1990 status quo, and EUROFER mobilized to seek a 3% reduction of 1990 quota levels. Finally, on 8 April 1991, the ECOFIN endorsed the compromise proposal of 30% flexibility and an unchanged quota<sup>107</sup>.

As in the agricultural sector, the mobilization of interests would be hard to stop. The perspective that political pressures could lead to further trade concessions to Central Eastern Europe would turn EUROFER into a rather active policy entrepreneur. The EC steel industry would start to deal directly with Eastern companies, offering them technical assistance in return for production cuts, and, simultaneously, seeking to strengthen the anti-dumping and state-aids provisions of the association agreements. Also, they would be quite active in scrutinizing in detail the development of Eastern exports to the EC and subsequently in promoting anti-dumping measures<sup>108</sup>.

The tendencies were not very different in the textile sector. Spain, Portugal, and Greece, with 25% of all EC textile workers, but responsible for only 17% of total EC production, demanded that the Commission protect their textile sectors from increased competition,

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<sup>107</sup> *Europolitique* 1991/03/02 No.1657, p.V/2-5; *Europolitique* 1991/04/13 No.1668, p.I/5.

<sup>108</sup> (*Europolitique* 1991/09/27 No.1707, p.V/8) The 5% decrease in Community production in the first eight months of 1991 would put yet another strain on the possibility of trade concessions. The situation of coal was no better. Polish hard coal exports to the EC had risen by 14%, establishing Poland as the fourth largest non-EC coal supplier (*Europolitique* 1991/09/27 No.1707, p.III/4). Other ECSC products were also subject to considerable controversy. In April 1991, EC ferro-silicium producers requested anti-dumping measures to be taken against Poland, who had increased its market share in the EC from 0.35% in 1988 (1,858 tonnes) to 4% (20,000 tonnes) (*Europolitique* 1991/05/15 No.1676, p.III/3).

both from Eastern Europe, the Uruguay Round, and even from other EC members<sup>109</sup>. At the annual meeting of COMITEXTIL (the most important producers' association in the sector), widespread complaints were voiced regarding the 22% increase in imports in 1990, at a time when domestic EC consumption was declining. Commissioner Millan (Regional Development) responded positively. He committed himself to defending a policy of strict reciprocity in international negotiations, as well as long transitional periods to adapt to the liberalization process the Uruguay Round would presumably impose<sup>110</sup>.

Thus, the prevailing mood with respect to trade concessions in sensitive sectors during the first half of 1991 made even the maintenance of 1990 concessions the subject of an intense internal struggle. However, it was difficult to ignore the fact if the association agreements were to reach a satisfactory conclusion, it would be impossible for the Twelve to hide behind the 1990 concessions. Sooner or later, far-reaching decisions would have to be taken. But during the three next rounds, the foreign ministers would be unable to find a satisfactory balance between the different pressures they were exposed to. As a result, by July 1991, negotiations had advanced in all chapters except in the key ones, and it was widely perceived that a dangerous deadlock was imminent<sup>111</sup>.

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<sup>109</sup> *Europolitique* 1991/03/02 No.165, p.IV/1.

<sup>110</sup> (*Europolitique* 1991/06/12 No.1684, p.III/9). The Uruguay Round negotiations had been suspended after the deadlock in the Brussels meeting in December 1990, and there were to start again on 11 June 1991. EC producers and workers associations (COMITEXTIL, AEIH, ELTAC) insisted that the EC market was already one of the most open in the world and that 50% of imports had a zero tariff (*Europolitique* 1991/06/15 No.1685, p.III/9).

<sup>111</sup> According to an unidentified Czechoslovak negotiator cited in Ross, *Jacques Delors and European Integration*, p.170.

### *3.4. Deadlock*

The fourth round of negotiations would reflect quite accurately the successes as well as the shortcomings of the enlarged mandate which the Council of General Affairs had given the Commission in April 1991.

Poland and Hungary welcomed the admission of a unilateral statement with respect to membership. In contrast, the Czechoslovak delegation continued to insist that accession should be the shared goal of both parties. However, it was evident that once Poland and Hungary had accepted the terms proposed by the EC, the Czechoslovak position could not be sustained for long. Once again, coordination did not seem to be working very well among the Visegrad Three. Second, the flexibilization of the political conditionality clause adopted by the Council was very well received by Hungary, which had always attached the most importance to this issue. Finally, the chapter on political dialogue between the EPC and the Visegrad Three only required the ratification by the EPC's Political Committee after the foreign ministers had agreed that security issues would also be a subject of this dialogue.

Nevertheless, given that the foreign ministers been unwilling to examine any particular concession, there would be absolutely no progress in agricultural trade matters. Progress in other trade issues was also proving difficult to achieve. With respect to textiles, the new proposals agreed by the Council were considered unacceptable by Hungary. Dealing with trade liberalization in industrial products, DG III (Industry) had not still presented the list of concessions the EC was willing to make. Thus, the DG I and Visegrad Three negotiators were being forced to base their discussions on indicative lists. Finally, agreement was still no nearer on anti-dumping provisions, competition rules, safeguard measures, and the important issue of workers' quotas. Furthermore, in the Czechoslovak case, the new tariff system would not be ready until September or October 1991.

and, thus, there were no practical basis on which to negotiate tariff reductions<sup>112</sup>.

After the round was concluded, Daniel Guggenbuhl, a senior official at DG I-E, drafted a report on the state of negotiations. After a thorough examination of all the problems encountered, he warned Commissioner Andriessen that the enlarged mandate of April would not be sufficient to guarantee the satisfactory conclusion of the negotiations. If the economic content of the agreements was to be coherent with their political significance, he wrote, the Council would again have to revise the directives for negotiations<sup>113</sup>.

The fifth round of negotiations confirmed Guggenbuhl's pessimistic predictions<sup>114</sup>. After the Hungarian round, DG I-E reported that "despite the addition of a third day, discussions focused on a limited number of topics [...] agreement was reached only on the preamble, the political dialogue, and some individual articles of the draft agreement". As the briefing stressed, the atmosphere of negotiations with Hungary had deteriorated considerably, and now the Hungarians had decided to negotiate word-by-word and article-by-article. Behind this decision, DG I negotiators identified Hungarian irritation with the EC's decision to label sensitive most of the products in which non-EC firms (mostly Japanese and NICs) were investing in Hungary, and hence not liable to liberalization. With respect to agriculture, the rising role of MacSharry, the COPA, and the agriculture ministers had resulted in the exclusion of any offer on beef

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<sup>112</sup> The dates of each round were: 22-23 April (Poland), 29-30 April (Hungary), and 6-7 May (Czechoslovakia). See *Europolitique* 1991/04/24 No.1671, p.V-9; *Europolitique* 1991/05/09 No.1675, p.V/12; CEC. Legal Service. "Czechoslovakia, European Agreements. Negotiations of 6-7 May 1991". JUR (91) 02921, Brussels 13 May 1991; CEC. DG I E-2. "Note for the File. European Agreements. 4th Round of negotiations with Hungary". Brussels, 14 May; CEC. DG I E-2. "Note de dossier. Négociation de l'accord d'association CEE-RFTS. Compte rendu sommaire". Bruxelles, le 3 juin 1991.

<sup>113</sup> CEC. DG I E-2. "Note à l'attention du Vice-président Andriessen. Accords européens. Etat des négociations au 13 mai 1991". Bruxelles, le 13 mai 1991.

<sup>114</sup> Dates were: 27-29 May (Hungary), 10-11 June (Poland), and 19-21 June (Czechoslovakia).

and pork from the concessions list presented by DG I (this being the most interesting sectors to Poland and Hungary). Finally, in the textile chapter, again reflecting the strong position of interest groups and some member states within the EC, negotiations could not advance because DG I had no new elements to offer<sup>115</sup>.

The Polish round was preceded by the presentation, on 6 June 1991, of the Polish draft on agricultural trade. In this proposal, Poland was still calling on the EC to remove all the restrictions to free trade at the end of the ten year transitional period, preceded by a major increase in mutual concessions. The Polish proposal was widely echoed by the media and received with satisfaction by all the sectors who were convinced that the EC's position on trade concessions in sensitive sectors was a direct threat to the processes of reform in Central Eastern Europe<sup>116</sup>.

As DG I-E recognized, Poland was being extremely successful in exploiting the EC's poor international image on trade matters. Criticism on EC's shortsightedness and parochialism were having the effect of putting the EC on the defensive ("the ball is now in our camp", the analysis stressed)<sup>117</sup>.

However, given the size and scale of the negative pressures being put on the EC to prevent trade liberalization in sensitive sectors, elements such as the Polish draft and the subsequent campaign would not have any positive influence. Rather, they would further tense the already very weak rope sustaining the negotiations and provoked, first, a deadlock, and then, a major crisis.

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<sup>115</sup> CEC. DG I E-2. "Note for the file. European Agreements 5th round of negotiations with Hungary". Brussels, 30 May 1991; *Europolitique* 1991/06/08 No.1683, p.V/5; CEC. DG III A-1. "Note de dossier. Hongrie. Situation après le 5ième round de négociation"; CEC. DG I E-2. "5ème session de négociation avec la Tchécoslovaquie. Compte rendu des réunions des groupes techniques sur les aspects commerciaux". Bruxelles, le 24 juin 1991.

<sup>116</sup> *Europolitique* 1991/06/15 No.1685, p.V/5; *Financial Times* 1991/06/20 "Poland urges Brussels to lift agricultural import barriers".

<sup>117</sup> CEC. DG I E-2. "Note pour le dossier. Compte rendu de la 5ième round de négociations avec Pologne le 11.06.1991". Bruxelles, le 5 juillet 1991.

The deadlock in the negotiations for the association agreements was caused by the weakness, but also the lack of sincerity, of the groups pressing for a generous EC offer and the speedy conclusion of agreements. Throughout the year, the political importance assigned to the association agreements had been in decline. The challenges posed by other items on the agenda, from the Maastricht Treaty to the situation in the USSR and Yugoslavia, were important factors. But the opposition of the Visegrad Three to the association framework proposed by the European Community also contributed to the retrenchment and fostered the view that Central Eastern Europeans were irritatingly ungrateful.

At this point, the calls on the EC to flexibilize its negotiating position simply came too late. The politicization of the agreements had increased the tendency towards fragmentation and loss of comprehensiveness. Now, the association agreements were being negotiated in accordance with the rationale of each policy area rather than under a foreign policy prism. In this dynamic, the influence which DG I or even the foreign ministers were able to exert was very limited, and each policy area would demonstrate a considerable capacity to isolate itself from external pressures. Let us consider a number of episodes which illustrate the prevailing tendencies in the EC's internal bargaining in a little more detail.

Until then, Commissioner Andriessen and his services at DG I had been quite isolated in trying to force the slow and heavy EC machinery to match the economic content of the association agreements to their political importance. As tensions between the EC and the Visegrad Three mounted, Commissioner Sir Leon Brittan (in charge of Competition, DG IV) seemed to show more sympathy towards Andriessen and the Visegrad Three. After his visit to Warsaw and Prague in late-May, he would write to Prime Minister Bielecki: "I was highly impressed by your efforts to drive forward the process of Polish transformation. I well understand your frustrations and concerns -specially on market access issues". In his letter to Finance Minister Balcerowicz, he expressed very similar views: "I understand the tremendous pressures upon you to change tack from export-led growth to import substitution. The Polish government is surely right



to resist such pressures and I will do all I can from this end to help in this endeavour. I took particular note of the points you made relating to agriculture, and to the calamitous collapse in your trade to the East"<sup>118</sup>.

Then, in a letter to Andriessen, which was also sent to Delors and to his Commission colleagues, Brittan wrote: "I was struck by the immensely high political stakes [...] The issue of membership, on which I expected a lot of pressure, featured very little. Governments are more interesting in surviving the next six months [...] The overwhelming concern was with inward investment, the collapse of traditional trade patterns and with problems of access to the Community market [...] The Polish Prime Minister said that he had been accustomed, under Communist rule, to accept a gulf between official ideology and reality. He had been little prepared for it, however, in the European Community"<sup>119</sup>.

Needless to say, Brittan, like Andriessen, was not proposing further major trade concessions to the Visegrad Three. "Progress on these issues is likely to be slow, and while we may be able to offer more at the margins, it is unlikely to transform the outlook", he wrote in his briefing to the Commission. At that time, the Council was opposing the proposal that the EC use the 1.2 billion ecu granted to the USSR to finance Central Eastern European exports to the EC. This, together with a moderate improvement in EC trade concessions to the Visegrad Three could served both to relieve pressures on the

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<sup>118</sup> During his visit to Prague, Brittan also gave his opinion to the Czechoslovak authorities that it was essential for their country's development to have improved market access to the Community (providing, he remarked, those exports were fair in that they did not receive illegal subsidies). To his surprise, Vaclav Klaus, the Finance Minister, would term the association agreements exercise "hardly relevant" in comparison to the tasks his government faced at that time (CEC. DG I E-2. "Note for the file. Visit of Vice-president Brittan to the CSFR, 23 May 1991". Bruxelles, le 30 mai 1991).

<sup>119</sup> Sir Leon Brittan. Vice-president of the Commission of the European Communities. Letters to K.Bielecki, Polish Prime Minister, to L.Balcerowicz, Polish Deputy Prime Minister, and to F.Andriessen, Vice-president of the Commission. Brussels, 28 May 1991. DG I-L Archive.

EC as well as to reduce the threat of a political breakdown (a risk, he insisted, which was very real). The positions of Brittan summarized very well the fact that those in favour of trade concessions within the EC were in fact adopting minimalist rather than radical positions. Clearly, things had come to a point where trade concessions would be important mostly as political gestures to get the agreements signed.

But as the general framework of the agreement was still, despite five rounds of negotiations, the subject of considerable controversy, the Visegrad Three would intensify their pressure on the European Community. On the occasions of the OCDE (Paris), CSCE (Berlin), European Council (Luxembourg), and G-7 (London) summits which took place during June and July, the foreign ministers of the Twelve repeatedly recognized the crucial stage reached in the processes of economic transformation in Central Eastern Europe. More importantly, the communiqués of these meetings stressed, once again, the importance of Western trade liberalization policies to sustain these processes. More specifically, in the OCDE meeting, the foreign ministers of France, Germany, and the United Kingdom (Dumas, Genscher, and Hurd) promised the Visegrad Three's ministers that they would put pressure on the Commission to accelerate the negotiations. Of course, it was rather hypocritical to put the blame of the present state of negotiations on DG I, but at least, these foreign ministers had publicly recognized that the impasse could be attributed to the EC rather than to the Visegrad Three<sup>120</sup>.

However, there were clear indications that, once again, promises would prove difficult to fulfil. Dumas, Genscher, and Hurd's appeals to the Commission to put an end to the stalemate in negotiations provoked a good deal of irritation in DG I. Starting out from an internal note drafted by Benavides on 13 May, Commissioner

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<sup>120</sup> (*Europolitique* 1991/06/22, No.1687, p.I/1; *Europolitique* 1991/07/06, No.1691, p.II/2). The foreign ministers also examined the possibility of extending the association to Romania and Bulgaria. Both in Bucharest and in Sofia, feelings of discrimination vis-à-vis the Visegrad Three were beginning to be voiced publicly. As we will see, the prospect of extending association to these two South-Eastern countries, as well as to the three Baltic Republics, would represent a further complication for EC-Visegrad Three relations.

Andriessen set out to test the ministers' sincerity in the Council of General Affairs held on 17-18 June 1991. In his presentation to the GAC, Andriessen quite openly referred the problems his services were facing. First, he argued, member states could not continue promising their support to the economic transformation processes in Central Eastern Europe and, at the same time, categorically oppose the inclusion of financial commitments in the association agreements. Second, he complained that their inability to agree on agricultural concessions was in blatant contradiction with the spirit and the letter of the conclusions of the 15 April Council. Third, he continued, the EC's present proposals on textiles left third countries which members of the Multifibre Agreement (MFA) in a better position than the Visegrad Three. In short, he argued that ministers had to face the fact if the present state of affairs continued, the conclusion of negotiations would be considerably delayed and the EC's credibility would suffer greatly. Rather than a new revision of the mandate, Andriessen demanded that the "will to conclude the agreements which we all share be translated, at the experts' technical level, into as open and clear positions as possible"<sup>121</sup>.

An even more revealing description of the problems being faced by the EC was the analysis written by the Community negotiator, Benavides, on 26 June. The note was DG I-E's response to a joint letter by Dumas, Hurd, and Genscher to Horst Krenzler (Director General of DG I) in which the three ministers, in line with their statements at the OCDE Summit, encouraged the Commission to respond positively to the "principal demands" (sic) of the Visegrad Three and conclude rapidly the negotiations. With the European Council meeting of Luxembourg only two days off, there was a great risk that the Heads of State and Chiefs of Government would also evade their responsibilities and blame the Commission for the impasse.

In his note, Benavides revealed that the "technocratic" (sic) approach of some Commission services was proving an important

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<sup>121</sup> CEC. DG I E-2. "Conseil Affaires Générales 17 et 18 juin 1991. Speaking note: Accords européens".

obstacle. More particularly, he highlighted DG III's (Industry) and DG VI's (Agriculture) protracted refusal to draw up a list of concessions. DG IV's (Competition) attempt to impose, without any degree of flexibility, EC competition rules on the Visegrad countries were mentioned as a further stumbling block<sup>122</sup>. Finally, he concluded, the disagreement among various DGs with respect to financial services and rights of establishment could also be held responsible for the stalemate reached in negotiations. DG V (Employment), for example, was strongly recommending DG I not to continue with its proposals to regularize Polish "tolerated" workers in the EC, specially in Germany<sup>123</sup>.

In line with Benavides's analysis, my interviewees at DG I recognized that the Commission had to assume much of the blame for the state of negotiations. Very important DGs were conducting separate negotiations with member states and short-circuiting DG I as their spokesperson. However, the opposition of these DGs was much more than "technocratic". As seen above, Bangemann, MacSharry, Millan, and others could act in this way because the President of the Commission himself was not very sympathetic to the association dossier. Even more importantly, many member states and interest

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<sup>122</sup> The issue of anti-dumping measures would provoke an important conflict within DG I, with the opposition of Director H.F.Beseler (DG I-C) to the anti-dumping provisions being offered by DG I-E to the Visegrad Three. Beseler and his services argued that giving the Association Council the competence to approve anti-dumping measures would immediately lead to reciprocity demand by the EFTA countries (CEC. DG I-C. "Note à l'attention de M. Benavides. Projet d'accord remis à la délégation polonaise -dispositions relatives à l'anti-dumping". Bruxelles, le 4 avril 1991).

<sup>123</sup> Brittan was in charge of DG IV services, so he himself was not free of the contradictions between his rhetoric and the actions of his services (CEC. DG XV A-4. "Note à l'attention de M. Benavides. Accords européens -entreprises qui bénéficient de l'accord". Bruxelles, 3 juillet 1991; CEC. DG XV A-4. "Note for the attention of Mr. Paeman. Association Agreements. Regime for the establishment and companies which benefit from the Agreements". Brussels, 17 July 1991; CEC. DG I. "Memorandum from F.Fotiadis to P. Benavides". Brussels, 31 July 1991).

groups were satisfied with the way these DGs were interfering with DG I.

In this respect, it is important to note that the member states themselves were not free from the contradictions paralysing the Commission. Genscher, wrote Benavides, wanted the Commission to satisfy the Visegrad Three, but German negotiators at the Council level were being inflexible on both coal and agricultural matters. In the French case, Roland Dumas' appeals, Benavides continued, stood in sharp contrast to the position the French negotiators were showing on the main agricultural products, such as meat. Finally, he ended, Douglas Hurd's statements were scarcely compatible with the rigid position of the British concerning quotas for Central Eastern European workers. With respect to the remaining sectors, such as textiles or financial cooperation, DG I had long exhausted the possibilities of the Council's mandate and the Visegrad Three refused to negotiate anything until fresh proposals arrived<sup>124</sup>.

It was evident that negotiations had lost comprehensiveness. They had become so sectorialized that reincorporating the political perspective and recomposing the package was proving extremely difficult. Only a decisive intervention by the Council could break the dynamics dominating both the Commission and the Council internal bargains. However, Andriessen was not able to extract any kind of statement of political will from the Council of General Affairs on 17-18 June, nor from the Luxembourg European Council meeting on 28-29 June 1991. The ministers were unimpressed by Andriessen's arguments, and the Heads of State and Chiefs of Government stated in their conclusions, with unintendedly irony, the European Council "took note with satisfaction of the progress of negotiations with Poland, Hungary and Czechoslovakia in view of concluding association agreements"<sup>125</sup>.

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<sup>124</sup> CEC. DG I-E. "Note à l'attention de M. Krenzler. Directeur Général. Accords européens". Bruxelles, le 27/6/91.

<sup>125</sup> Consejo Europeo de Luxemburgo. "Comunicado Final. Conclusiones de la Presidencia", 28-29 de junio de 1991, p.14. The briefing note presented by Andriessen to the European Council restated the comments presented to the earlier meeting of the Council of General Affairs, and was even tougher when arguing that:

In fact, the Luxembourg European Council meeting resulted in a total failure. The British government was reluctant to continue with the IGCs process, and President Delors came under severe criticism in the House of Commons because of his federalist tendencies. Hence, the first six months of the IGCs on Political, Monetary and Economic union had been a total fiasco, and the task of getting the IGCs back on track would fall to the Dutch presidency, albeit with little luck. Moreover, the tensions in Yugoslavia, with the eruption of conflict between Slovenia and the Yugoslav Federal army, had entirely occupied the first day of the summit, with quite strong disagreements between Germany and the other member states as to whether the EC should recognize the emerging republics<sup>126</sup>.

The meeting of President Delors with President Walesa on 3 July 1991 was also a good example of the tense atmosphere now dominating relations<sup>127</sup>. Whilst in public Walesa was being quite critical of the EC, in private he was trying to restore bilateral relations. Accordingly, he told Delors that "we do not want privileges, but a fair chance" and recognized that it had been a mistake to neglect Eastern European regional trade ties. But Delors seemed to be irritated by having been forced to be on the defensive. First, he said, "we cannot do as if nothing had happened over the past two years". Then he shrugged off the EC's responsibilities: "we had warned Poland for the too quick dismantling of the Comecon; the Commission cannot bear responsibility for this". Turning to practical measures, he promised

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*"en matière de coopération financière, la Communauté a choisi jusqu'ici une approche minimaliste résultant largement d'un affaiblissement des propositions initiales de la Commission au Conseil" (CEC. DG I E-2. "Conseil européen 28/29 juin. Note de briefing sur les accords européens". Bruxelles, le 28 juin 1991).*

<sup>126</sup> See *Europolitique* 1991/06/22 No.1687, p.I/2; Ross, *Jacques Delors and European Integration*, pp.168-169.

<sup>127</sup> In its meeting of 26 June, the Commission had let the incoming Dutch presidency know that *"La Communauté se trouve en ce moment dans une position assez inconfortable, notamment vis-à-vis la Pologne"*, and argued that the Community *"devre en effet essayer de convaincre la Pologne à se montrer plus prudente dans son ouverture"* (CEC. DG I E-2. "Reunion de la Commission avec la Présidence néerlandaise. 16 juin 1991". Bruxelles, le 19 juin 1991).

very little: "the answer to trade concessions cannot be given in July, the Commission needs time to sensitivize the Twelve member states [...] We will support your request, but give us some time, we have to think on how to compensate the poorer regions of the Community [...] we are in phase of economic slowdown and do not have enough added value to satisfy all requests emanating from the whole world". Once again, therefore, support for intra-Eastern commerce and minor increases in the Community's offer were the only solutions put on the table<sup>128</sup>.

In the Council's Group for Eastern Europe (GEO), the atmosphere was closer to the irritation showed by Delors and the retrenchment to individual interests than the joint statements issued at the international summits. The joint calls by Dumas, Genscher, and Hurd to respond positively to the "principal demands" of the Visegrad Three did not find any echo. Throughout May, June, and July 1991, the meetings of the Group revealed that no corresponding instructions were being received from the superior levels. Rather, the only instructions, whether explicit or derived from the absence of any others, seemed to be that each representative should look after the interests of his/her own member state.

With respect to coal, the Commission and ten member states wanted the removal of quantitative restrictions (QRs) on the Visegrad Three to come into force one year after the entry into force of the agreements. However, Spain and Germany wanted to keep Eastern coal out of their markets for at least ten years. The hardening of positions in the Group meeting of 21 May was so strong that the Presidency convoked a special meeting on 23 May to solve the problem. Agreement was difficult because the demands raised by Spain and Germany were completely unacceptable to DG XVII (Energy), DG IV (Competition), and the DG I services dealing with horizontal matters (DG I-D). These services considered that Spain and Germany were seeking to continue with the agreements between their coal and electricity producers, and with massive subsidies to the

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<sup>128</sup> CEC. DG I E. "Breakfast meeting between President Walesa and President Delors on 3rd July 1991 in Palais Stuyvenberg, Brussels". Brussels, 5 July 1991.

coal sector. But these practices, along with the establishment of national quotas and restrictions, were completely incompatible with the provisions of the single market.

At one point, DG I-E was worn down by the obstinacy of Spain and Germany and agreed to include a special regime for Spanish and German coal in the association agreements. However, the fear that such an exemption would be invoked by the Spanish and German governments to maintain the exemption of their coal sectors from single market and competition rules immediately mobilized the United Kingdom, DG IV, and DG XVII<sup>129</sup>.

Clearly, DG I-E had been willing to sacrifice very important internal market considerations in order to revive the negotiations. The incident showed that DG I-E could also be the source of the loss of comprehensiveness to the policies of other DGs and services. In any case, events soon revealed the existence of a quagmire of demands for particular exemptions. The new compromise solution presented by the U.K. with respect to German and Spanish coal immediately provoked the Portuguese and French demand that the Group should grant similar exceptions to sensitive sectors in other member states<sup>130</sup>.

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<sup>129</sup> DG XVII (Energy) protested in unusually strong terms that its recommendation had been ignored, deeply regretting the image of a lack of coordination among Commission services, and calling for DG I to back up. In order to do this, P. Sampaio (of the Cabinet of Commissioner Cardoso) would protest to the cabinets of Leon Brittan and of the President Delors (CEC. Cabinet of Commissioner Antonio Cardoso e Cunha. "Note à l'attention de M. Brouwer. Chef de Cabinet Adjoint. Accord d'association avec la Pologne", Bruxelles, le 14 juin 1991 and CEC DG XVII B-1. "Note de dossier. Protocole charbon -accord d'association-. Réunion du groupe de Conseil Europe Orientale". Bruxelles, le 14 juin 1991).

<sup>130</sup> As DG XVII would argue several times, DG I should take care not to accept the demands of Spain and Germany. First, they argued, the spirit of such restrictions would be totally counterproductive with respect to EC's proposal to negotiate a European Energy Chart. Second, Germany was planning to close its lignite-fuelled plants in the former GDR and substitute that fuel for imported coal. Also, Spain had no indigenous coke and thus its tariffs on Polish coke were non-existent (CEC. DG XVII B-1. "Accords européens. Protocole CECA-Charbon. Réunion du Groupe Europe orientale du 3 mai 1991". Bruxelles, le 14 mai 1991). Later on, however, the apparent incongruence of the Spanish and German positions would become quite



In general terms, the Group meetings in June and July 1991 were at the heart of stalemate. The United Kingdom had vetoed the Presidency's compromise proposal on coal. Italy, Spain, the United Kingdom, Greece, and Belgium opposed the Commission's proposals on agriculture on the grounds of the unequal distributions of burdens among the Twelve. The Portuguese delegation tried to convince the other member states that domestic pressures did not allow it to modify its position on concessions in the textile chapter. Italy and Belgium headed a group demanding that the agreements included a clause allowing the Community to impose voluntary restraint agreements (VRAs) on the Visegrad Three in the steel sector. France and Spain objected to any compromise with respect to the Commission's proposal to allow the European Investment Bank (EIB) to finance projects in Central Eastern Europe. Rather significantly of the atmosphere, France and Spain reminded DG I that it should work within the limits of the mandate, not according to the proposals of the Visegrad Three<sup>131</sup>. In a similar fashion, when DG I presented the Polish draft on agriculture to the Group, France and Greece asked the Commission to ignore it and stick to the directives.

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clear. DG XVII would learn, to its dismay, that the Spanish government had imposed a 14% tariff on foreign coal, without notifying the Commission or the GATT. Both Germany's and Spain's intentions on the issue were to protect their solid fuel sectors from EC competition and state aids rules. DG XVII considered that Spain and Germany would want to obtain, on the basis of plans to restructure of their coal sectors, which had never been submitted to the Commission for approval, a declaration from the Commission promising to respect the contracts of the electricity and coal sectors (CEC. DG XVII B-1. "Note à l'attention de M. Guggenbuhl. DG I E-2. Groupe 'Europe Orientale' du Conseil. Réunion quadrilatérale BRD, SP, Commission et Conseil, 4 juin 1991". Bruxelles, le 28 mai 1991).

<sup>131</sup> Financial cooperation was subject to the same arguments which had dominated the negotiations of the mandate the year before. Spain, France, Germany, and the Netherlands objected to anything less than non-binding financial commitments. Even the usually negative DG III had also considered that in the financial cooperation section "*la Communauté devrait faire, dans la perspective d'un paquet final de négociations, d'une plus grande ouverture*" (CEC. DG III A-1. "Note de dossier. Accord d'association avec la Hongrie -Situation après le 5ième round-". Bruxelles, le 6 juin 1991).

Finally, the reaction of all member states to the Commission's new proposals on workers was extremely negative in spite of DG I's warnings that "the Polish requests are, in comparison to their initial position, very modest [...] reverting to the initial proposal would surely block negotiations on this issue and would once again revive criticism against the Commission"<sup>132</sup>.

Thus, the more necessary decisive intervention by the Council looked, the more the Council tended to look aside. As seen, the first five rounds of negotiations had considerably damaged relations between the Visegrad Three and the European Community. During the following months, the tensions within the EC, both at the Commission and the Council levels, would increase dramatically, and would make it even harder to recompose the negotiations. In these circumstances, the image the EC gave to the outside world was one of a profound crisis of motivation.

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<sup>132</sup> The Commission's Legal Service was warning the Twelve that the offer to Polish workers was far more modest than that which had been granted to the Maghreb countries, and clearly fell short of the what the Community Charter on the Social Rights of Workers envisaged for non-national workers. The summary of these Group meetings is drawn from CEC. DG I E-2. "Note for the file. Eastern Europe Group. Meeting of 14 June 1991". Brussels, 19 June 1991; CEC. DG I E-2. "Note de dossier. Compte rendu de la discussion sur la coopération financière lors de la réunion du 2/7/91 du Groupe Europe Orientale". Bruxelles, le 3 juillet 1991; CEC. DG I E-2. "Note for the file. European Agreement with Poland. Movement of workers. Eastern Europe Group of 5/7/91", Brussels, 5 July 1991; CEC. DG I E-2. "Groupe Europa Orientale. Réunion du vendredi 5 juillet 1991". Bruxelles, le 8 juillet 1991 and CEC. DG I E-2. "Note de dossier. Groupe Europa Orientale du 12/7/91. Compte rendu de la discussion sur le titre coopération financière". Bruxelles, le 15 juillet 1991.

## **CHAPTER IV**

### **THE NEGOTIATION OF THE ASSOCIATION AGREEMENTS: ...AND BREAKDOWN)**

#### **1. The elements of the September 1991 crisis**

In the preceding chapter, we have seen how the internal disagreements within the EC meant that the Council of General Affairs could have been expected to intervene before the Summer in order to allow negotiations to restart. Yet, there were strong indications that the whole issue of trade concessions was becoming increasingly untractable at all levels of both the Council and the Commission. In short, three elements were interacting to paralyse the EC's capacity to agree on the content of the association agreements.

First, there was the unstoppable rise of a strong coalition of interests opposed to trade concessions to Central Eastern Europe. As seen in the preceding chapter, some EC-wide and extremely influential interest groups, such as the COPA, EUROFER, or COMITEXIL, had come to see the association agreements as a major threat to the interests of the sectors they represented. In turn, these groups had provided those Commission services which had long been reticent about the whole exercise of trade liberalization with Central Eastern Europe with sufficient justification for activism. Thus, a variety of DGs, together with the Commissioners responsible for them, had now a solid base from which to limit Commissioner Andriessen's and DG I's margin of manoeuvre. Even more importantly, this coalition was being extremely successful in attracting to their cause a variety of ministerial departments dealing with "sensitive sectors" in a number of member states.

Second, trade concessions to Central Eastern Europe had become dangerously entangled with issues such as the Uruguay Round negotiations, the reform of the Common Agriculture Policy, and with a large number of policy areas. Most of the chapters of trade concessions had single market implications, either present or suspected, and became closely related to the ongoing processes of restructuring the less competitive industries in the EC. Obviously, this further mobilized national governments, Commission services, and interest groups.

Finally, the pressures these events introduced into the decentralized decision-making system of the EC had provoked a general retrenchment to strictly national interests in the Council, and generalized mistrust of the negotiators of the association agreements in DG I. In the absence of clear lines of authority between all these groups, external pressures to conclude the agreements would find it difficult to influence internal debates. In this context, external pressures would lead to a breakdown of both vertical coordination within the Council and horizontal coordination within the Commission which would further obstruct negotiations. In July 1991, Commissioner Andriessen would present the foreign ministers with a new demand for an extension of the negotiation mandate. However, paralysed by conflicting pressures and unable to find the pay-offs which could compensate the different losses which member states, Commission services, and interest groups would sooner or later have to face, the Council of General Affairs postponed the examination of the new directives to the end of September.

When most people in the EC had come to believe, as Delors had suggested to Walesa, that time could help to restart the policy process, the coup d'état in Moscow in August 1991 destroyed that hope and made energetic action by the foreign ministers unavoidable. But when the foreign ministers attempted to translate these pressures into the EC's decision-making system, the machinery was stretched further than it could tolerate and broke down.

It was by no means coincidental that it broke down at the domestic politics extreme, as did so twice, in France and Spain. The machinery could not have broken down at the Commission. In the first place, competing services lacked a formal power of veto. Also,

they were not responsible to domestic constituencies. Whilst they were answerable to important single market principles or to other sets of policies, these were scarcely likely to raise any enthusiasm and were often mediated by even less attractive bureaucratic or personal struggles. Nor could they have broken at the Visegrad Three extreme, where threats to walk away from the negotiating table would scarcely have been credible. The crises thus had to stem from an EC national government sufficiently weak domestically to need to show obstinacy in Brussels, yet sufficiently strong to risk widespread criticism by its EC partners, and sufficiently detached from EC policies towards Central Eastern Europe to be able to afford the criticism of the Visegrad Three. However, before breakdown occurred, it was necessary for the other member states to contribute decisively to create the conditions which made it possible.

### *1.1. The Council looks aside*

The sixth round of negotiations took place on 27-28 June with Hungary, on 9-11 July with Poland, and on 31 July 1991 with Czechoslovakia. In the Hungarian case, little progress was made. In this round, the Hungarian delegation maintained unchanged its demand for new EC offers in respect to sensitive sectors, it continued to refuse any new trade concession to the EC, and to insist on a linkage between safeguard measures and competition rules, on the one hand, and satisfactory conclusion of the trade chapter, on the other. Clearly, Hungary had decided to imitate the EC's obstinate attitude<sup>1</sup>.

In the Polish case, the presence of both Olechowski (State Secretary for External Economic Relations), and Saryusz-Wolski (Assistant State Secretary for European Integration), indicated that the

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<sup>1</sup> CEC DG I E-2. "Note de dossier. Négociations CEE/Hongrie". Bruxelles, le 3/7/91; CEC DG I E-2. "6ème session de négociation avec la Hongrie. Compte-rendu du groupe technique: produits industriels", Bruxelles, le 4 juillet 1991; CEC. DG I E-2. "Note de dossier. Négociations CEE/Hongrie 27, 28 juin 1991". Bruxelles, le 9/7/91.

Polish government was waiting for the outcome of the round before taking an important political decision on whether or not to halt the negotiations. As seen in the preceding chapter, the meeting between Walesa and Delors on 3 July had shown that a crisis was imminent. Thus, the Polish government wanted to see if its calls to the EC had had any effect. Then, the feared happened. Agreement centred mainly on trade-related provisions, such as anti-dumping, standstill, safeguard measures, and competition rules, but the crucial trade liberalization chapters remained in the air. As the round concluded, the Polish delegation threatened to abandon the negotiations if substantial progress was not made in the next round. As DG I knew that it would not have anything new to offer before the Summer, the next round was postponed to the second half of September<sup>2</sup>.

Then, in line with what happened in April, the Polish government organized another public campaign to put pressure on the EC. Basically, Olechowski's new statements to the *Financial Times* were intended for the next Council of General Affairs, which would meet later in July. The message he sent was that Poland was not willing to attend the September round of negotiations unless the foreign ministers took Polish demands seriously<sup>3</sup>.

As we will see, Olechowski's statements did not put high political pressure on the EC. It was simply not credible that Poland, 51% of its exports going to the EC, could break off negotiations. The Polish position was a risky gamble which could easily lead to humiliating

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<sup>2</sup> CEC. Legal Service. "File Note. Negotiations. Poland 9-11 July". JUR (91) 04264, Bruxelles, le 12 juillet 1991; CEC. DG I E-2. "Note de dossier. Négociations CE/Pologne". Bruxelles, le 17 juillet 1991. The Polish proposal was accompanied by a study made by the Institute for Econometrics and Statistics of the University of Lodz. The study envisaged two scenarios for future trade relations, a "liberal" one and a "restrictive" one. In both cases, it was shown that EC exports to Poland would grow faster than Polish exports to the EC, at rates of 2.25% and 1.67, respectively. The aim of the study was to convince the EC that it would always benefit more from trade liberalization, but that under a restrictive scenario, it would cause greater balance of payments problems to Poland (Urząd Rady Ministrów. Gabinet. Pismo Rządu do Rady Ministrów. Integracja Europejskiej oraz Pomocy Zagranicznej. "EC-Poland Association Agreement", 11 July 1991. DG I-L Archive).

<sup>3</sup> *Financial Times* 1991/07/16. "Poland may halt talks on association with EC".

return to the negotiating table. Furthermore, if this happened, the significance which negotiations had acquired in Poland would undoubtedly have domestic political consequences in Warsaw.

However, if some member states and some Commission services, on the one hand, and the Polish and Hungarian government, on the other hand, seemed to be willing to embark on a head-to-head collision course, Commissioner Andriessen and his services at DG I were doing their utmost to prevent such a clash from occurring. Positions were still very different, but DG I-E was convinced that the Visegrad Three had a real interest in signing the agreements. In these circumstances, DG I-E prepared yet another round of measures which would serve to close the gap between the two parties' positions. As the asymmetry in the bargaining power of both parties was evident, and the EC was in the stronger position, it was evident that the gap would be closed nearer to the EC's positions. Nonetheless, precisely because of public awareness of this fact, Andriessen seemed to believe that the EC had to offer some visible sacrifices which would allow the Visegrad Three to save face before their domestic constituencies.

The calendar was tight. If DG I-E's proposals were to reach the Council of General Affairs on 29 July, there were very few days to clear the inter-service consultation process within the Commission and the subsequent meetings of the Council's Group and the COREPER. Very quickly, however, the member states refused to be constrained by a tight calendar. When Michael Leigh, from Andriessen's cabinet, approached the Dutch Presidency, he was warned that the Presidency considered that there was not sufficient margin to force the Council to take a decision. When this message was passed on to Benavides (Director for Eastern Europe), he found himself in a difficult position. The rush to prepare the new directives could mean that either the Commission or the Council might fail to endorse DG I proposals. A defeat of this kind would have serious consequences. Commissioner Andriessen would emerge considerably weakened, and the most reluctant elements in the Council and the Commission would be encouraged to increase their opposition in the future. But if there were sufficient elements favouring a prudent

approach and withholding the new proposals, Benavides also saw four good reasons for taking the risk<sup>4</sup>.

First, he argued, the Visegrad Three were convinced that the Council in late July would take a decision. If out of fear of being turned down at the Council, DG I decided to withdraw its proposals, the Council would hide behind the absence of proposals to evade its responsibilities and the Commission would be held entirely responsible for the deadlock. Second, Benavides acknowledged, it was a particularly difficult moment to achieve further trade concessions. However, in his opinion, the discussion of the reform of the CAP, expected to take place in September, would make agreement in this chapter less, rather than more likely. Third, he continued, without a Council decision in July, the seventh round of negotiations would serve for nothing. Even worse, a postponement of the round would further deteriorate the climate of negotiations. Fourth, he concluded, without a new offer from the Council, it would be impossible for his services to conclude the negotiations in time to satisfy the indications of the European Council of Luxembourg, which had suggested the end of October as the closing date of negotiations.

In the light of these arguments, it seems that Benavides believed that the pressure of time could work to the advantage of DG I's. He was proved wrong, however. After Andriessen embarked on the process, his proposals for a widening of the mandate would be heavily defeated not only in the Council itself, but throughout all the intermediate decision-making stages of the Commission and the Council. Let us consider this process in more detail.

On 19 July 1991, Benavides already had a draft communication of the demands which Andriessen should present to the Council at this disposal. This touched on all the elements blocking the negotiations, specially trade concessions in the problematic sensitive sectors. In textiles, for example, DG I-E now proposed a five-year

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<sup>4</sup> These comments are based on the note Benavides sent to Winjmaalen, the Chief of cabinet of Commissioner Andriessen on 23 July 1991 (CEC. DG I E. "Note à l'attention de Monsieur Winjmaalen. Accords européens: Conseil des Ministres des 29-30. VII. 1991". Bruxelles, le 23 juillet 1991).



calendar for both tariffs and quotas, irrespective of the results of the Uruguay Round. Then, in agricultural matters, DG I-E offered a comprehensive package in which all EC quantitative restrictions would be suppressed when the agreements entered into force. For any agricultural concession demanded by the Visegrad Three, tariffs were to be cut by 10% annually for three years (henceforth "3 x 10"), and the quantities which would benefit from this reduction would be increased 3% annually for five years (henceforth "5 x 3"). Furthermore, DG I-E wanted to secure itself the right to raise these margins if the dynamics of negotiations made it necessary.

With respect to financial cooperation, Benavides considered it essential that the Council, having refused to negotiate financial protocols, should explicitly commit itself to a multiannual financial arrangement. He accepted that no figures would be given, but, in turn, insisted that the instruments had to be specified. In short, the Twelve would have to abandon the yearly budgetary horizon of PHARE and similar programs. Workers were also included in the proposal, with DG I-E calling on the Council to extend social security benefits to legally employed workers, and to consider the possibility of legalizing the situation of those Central Eastern European workers who did not have not residency permission but did have a legal employment contract. In the opinion of DG I-E, the fact that the Visegrad Three had linked the satisfactory conclusion of the chapters on services and establishment rights, of priority interest to the EC, to the chapter on workers, should put additional pressure on the Council to decide on these concessions. Finally, with respect to steel and coal matters, DG I-E requested the Council should renounce the possibility of continuing the voluntary restraint agreements (VRAs) with the Visegrad Three and liberalize coal imports in one year, limiting the Spanish and German exceptions to four years. The draft concluded that these elements were "*indispensable pour permettre la relance des négociations dès septembre, honorer le calendrier fixé par le Conseil européen et faire en sorte que les accords aient un contenu qui soit à la mesure de leur signification politique*"<sup>5</sup>.

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<sup>5</sup> CEC. DG I E. "Projet. Communication de la Commission au Conseil. Accords européens: relance des négociations". Bruxelles, 19 juillet 1991.

However, regardless of whether these were unnegotiable proposals or, on the contrary, they also included some bargaining chips, it was evident that the Council would not agree to separate the textile calendar from the Uruguay Round. In any event, the fact is that the official communication which Andriessen submitted to the Commission on 22 July had been considerably watered down as it passed through the informal Commission inter-service and Council consultation machinery<sup>6</sup>.

First, DG I-E's draft had illustrated the shortcomings of the directives for negotiations with the Visegrad Three by referring to other international agreements (with Turkey and the Mediterranean countries), in which the EC had gone further than it was willing to go now with the Visegrad Three. But the official communication had eliminated these arguments. Second, the proposal on steel VRAs and coal restrictions was even put before the Commission meeting. Third, the official communication rejected the proposal of a five-year period for the dismantling of quantitative restrictions in textile trade, and left it up to the Council to set the calendar. Fourth, in agriculture, the proposals of a 30% tariff reduction and a 15% quota increase ("3 x 10" and "5 x 3") were maintained, but the more far-reaching proposal of eliminating quantitative restrictions had been removed. Equally, all binding commitments to financial cooperation had been rejected. In their place, the communication again stressed the EC's autonomy in this respect. Finally, the proposals on workers now merely repeated the concessions foreseen in the original directives. With these nuances, the Commission meeting could approve the communication. However, it was far from clear how strong or sincere its commitment to these proposals was, and how far the Commission would be willing to put pressure on the Council to endorse the package.

The COREPER meeting on 24 July confirmed the fears of the Presidency with respect to the wisdom of presenting the dossier to the Council and resulted in a severe defeat of Andriessen and Benavides.

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<sup>6</sup> CEC. SG. "Accords européens. Etat des négociations. Note d'information de M. Andriessen". SEC (91) 1519, O/91/265, O.J. 1070 -point 5. Bruxelles, le 22 juillet 1991.

As Daniel Guggenbuhl (chief of DG I E-2) would report: "the appeal of the Commission and of the Presidency to the Council of 29 July in favour of a clear political indication signalling the Community's readiness to flexibilize its position has not been truly understood"<sup>7</sup>. Rejecting the Dutch Presidency's support for the proposal, Portugal and Greece expressed their view that the Commission's proposals on textile and agriculture both went too far. More importantly, Guggenbuhl stressed that France and Germany had made it clear they were not willing to devote the Council of General Affairs of 29 July to flexibilizing the directives. In spite of the earlier joint calls by Dumas and Genscher in June, they in fact supported postponing discussions until the GAC meeting on 30 September. Thus, their promises to the Visegrad Three to persuade the Commission to concede their principal demands could now be seen for what they really were.

The watershed was completed in the Council of General Affairs of 29 July. Andriessen and Benavides had wanted the foreign ministers to give them a margin of flexibility to conclude negotiations and then present the results to the Council. But the foreign ministers refused to give Andriessen and Benavides such a vote of confidence. A majority of member states showed that they did not want concessions to be dictated by the logic of negotiations between the EC and the Visegrad Three. Rather, the concessions written into the agreements would reflect the results of negotiations among themselves. As a result, they warned the Commission that they would approve concessions on a product-by-product basis, and not as a global package, and that the 3 x 10 levy reduction and 5 x 3 quota increase were the ceilings for concessions, and not a point of departure. Thus, the foreign ministers refused to flexibilize the directives, shrugged off the pressures, and postponed any decision to September<sup>8</sup>.

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<sup>7</sup> CEC. DG I E-2. "Note rapide. Accords Européens. COREPER du 24.07.1991". Bruxelles, le 25/7/91.

<sup>8</sup> The same day the Council was meeting, Bielecki, the Polish Prime Minister, sent Delors a letter in which he stressed the importance his government attached to EC trade concessions as well as to financial cooperation (Mission de la République de

Quite unusually, but reflecting their desire to make their firmness public, the official press release of the meeting publicly expressed the Council's refusal to give the Commission the margin of manoeuvre it had been seeking: "*le Conseil a invité la Commission à lui soumettre des propositions concrètes et équilibrées sur lesquelles il se prononcera lors de sa session de septembre*"<sup>9</sup>.

As we have seen, Andriessen's proposals had not even reached the Council of General Affairs. Nevertheless, at the Council meeting itself, eight foreign ministers took the floor to reprimand Andriessen and inform him as to the type of proposals they were expecting him to produce in September. Portugal stressed its firm opposition to the whole concept of a further extension of the directives; Ireland warned that it was not a favourable moment for agricultural trade concessions; Greece insisted on the question of road transit; and France renewed its total opposition to any concessions on meat. Once again, only the United Kingdom and Denmark, with the support of the Dutch Presidency, considered that Andriessen's proposals were sufficiently balanced to provide a basis for negotiations among member states. Meanwhile, Germany and Italy maintained an ambiguous attitude. Germany sided with the consensus-seeking attitude of the Dutch Presidency but, at the same time, announced that it had not changed its position on the question of coal. Italy stressed that it welcomed the spirit of the Commission's proposal but argued that the concessions envisaged by the Commission were not well-balanced. Thus, it supported the view that the Commission should work on a new package and present it to the Council in September<sup>10</sup>.

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Pologne auprès les Communautés Européennes. Letter from K. Bielecki to President J. Delors". Bruxelles, le 19 juillet 1991. DG I-L Archive).

<sup>9</sup> (Council. SG. *Press Release*, No.7457/91, P135-G of 29 July 1991, p.7). The internal conclusions conveyed an even stronger message to the Commission: "*Le Conseil a invité la Commission à lui faire des propositions précises à la rentrée quant à l'assouplissement de son mandat de négociation en tenant compte des sensibilités qu'ont exprimées au cours du débat plusieurs Etats membres*" (CEC. SG. "Conseil Affaires Générales -29 juillet 1991-. Resultat des travaux", SI (91) 576, p.18).

<sup>10</sup> SI (91) 576, pp.16-17.

The European Council meeting in Luxembourg had fixed the end of October as the deadline for the EC and the Visegrad Three to conclude the association agreements. However, the (non)decisions taken by the Council of General Affairs at the end of July stood in sharp contradiction to this deadline. Andriessen's defeat had taken place before the Council, and not in the Council itself. To some extent, the postponement of decisions until September had helped to hide the problems the Twelve were facing. However, it soon became evident that it was too optimistic to believe that in this way the Twelve could buy time in order to reach internal agreement. On the contrary, Benavides' fears that the Council's and Commission's agenda for September would make it even more difficult to reach a satisfactory conclusion to the internal disputes would be confirmed. In the meantime, the failed coup d'état in Moscow would first force the foreign ministers to reconsider their attitude and then, when the coup collapsed, make the problems the Community was having in putting together its association policy even more obvious.

### *1.2. The coup d'état in Moscow*

The failure of the Council to extend the mandate was received with logical dissatisfaction by the Visegrad Three, and specially in the Czechoslovak case, whose sixth negotiating round took place immediately after the Council meeting of July<sup>11</sup>. But then, an unexpected event would give rise to considerable dynamism in EC's negotiating position vis-à-vis the three Visegrad countries.

On 19 August 1991, an Emergency Committee opposed to Gorbachev's reforms, and above all to the process of disintegration of the USSR, detained Gorbachev, then on holiday on the Georgian Black Sea coast, and seized power in Moscow. As is well known, only the opposition of the President of the Russian Federation, Boris

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<sup>11</sup> Zdenko Pirek (the Czechoslovak negotiator) would declare that the round had revealed the EC's lack of to the successful conclusion of the negotiations (*Europolitique* 1991/08/03 No.1699, p.V/7).

Yeltsin, who managed to rally the support of the citizens of Moscow and various military units, prevented the coup from triumphing.

During the three days the Committee held power in Moscow, the response of the West was not only concentrated on preventing the success of the putsch to prevail, but also on reassuring the Central Eastern European countries that the West would not tolerate, in the event of the success of the coup, the reestablishment of Soviet control over the region. This goal was clearly seen in the proceedings of the extraordinary meeting of EC foreign ministers which was held in The Hague on 20 August<sup>12</sup>.

In this meeting, the ministers agreed to demand the Emergency Committee put an end to the coup and restore President Gorbachev to power. With respect to Central Eastern Europe, Commissioner Andriessen seized the opportunity to obtain a declaration by the foreign ministers on the EC's responsibilities towards the Visegrad Three. The statement was straightforward: *"s'agissant de l'accélération des négociations sur un accord d'association, les ministres ont souligné les responsabilités qui incombent aux états membres eux-mêmes en vue d'assurer un développement rapide et satisfaisant de ces négociations [...] ils sont conscientes des préoccupations spéciales des pays d'Europe Centrale et Orientale à cet regard"*<sup>13</sup>.

The contrast was striking. Only a few days before, the foreign ministers were talking in terms of beef, coal, textiles etc. Now, they seemed to have an overwhelmingly geopolitical-centred vision of events. Furthermore, in their joint statement, they recognized that they, and not the Visegrad Three, were largely responsible for the deadlock in negotiations over association agreements. Proof of this came from the ministers' commitment to examine the possibilities of extending association to Bulgaria, Romania, and Albania (in the case

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<sup>12</sup> CEC. SG. "CPE. Réunion Ministerielle Extraordinaire, La Haye, le 20 août 1991". GRAM 250 of 21.08.1991, point A. URSS, section B, p.3. See also *El País* 1991/08/20 "Reunión de ministros de Exteriores de la CE sobre el golpe en la URSS y evaluación del Comité Político de la OTAN", p.9.

<sup>13</sup> EPC. "Réunion ministérielle extraordinaire de CPE -La Haye, le 20 août 1991-. Relève de conclusions". CPE/PRES/HAG 628, 20-08-91, 20.31 Hrs, FM HAG COREU TO ALL COREU, documents 1/4 and 2/4).

of the latter in the form of TCA and PHARE aid). At the end of the meeting, the foreign ministers agreed to convoke an extraordinary European Council in The Hague three days later (on 23 August). The main goal of this European Council meeting would be to send a strong political signal to all Eastern Europe concerning the EC's determination not to allow the events in Moscow to interfere with the rapprochement between the EC and Eastern Europe.

In the Visegrad Three's camp, Walesa, Havel, and Antall, also hoped that the putsch would force the EC to realize how shortsighted its behaviour had been until then and to overcome the domestic opposition within the EC to the association agreements. In a letter presented to the Dutch Ambassador in Prague on 23 August, and subsequently distributed through the COREU, President Havel wrote:

"the latest dramatic events in the USSR have confirmed that democracy in Central Europe will be firm and secure when the countries of this region have a whole network of economic, security and political links with the West. Of crucial importance in this regard are our strategic ties with the European Communities [...] While I have understanding for the sensitive spots in the economies of individual member states, I cannot help having the impression that certain narrow-minded and protectionist tendencies and interests of various sectoral lobbies are still making themselves felt in the approach [of the EC to the negotiations on the association agreements] to the detriment of the grand political vision of a new partnership with the prospect of our future membership in the Communities. I am firmly convinced that after the most recent developments in the USSR, the European Communities are fully aware of their key role in respect of stability, security and cooperation [...] I am confident that in this very spirit, they will demonstrate genuine solidarity and proceed to finalize the association agreements"<sup>14</sup>.

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<sup>14</sup> (EPC. "CSFR letter from President Havel of 23 August 1991". CPE/PRES/HAG 683, 26.08.1991, 20.50 Hrs, FM PRES/HAG COREU TO ALL COREU). Prime Minister Antall and President Walesa sent similar letters to Ruud Lubbers, the Dutch Prime Minister, on 22 and 23 August, respectively. On 27 August, the Polish Foreign

Certainly, the coup seemed to have changed the prevailing negative mood in the EC capitals with respect to trade concessions to Central Eastern Europe. In a quite straightforward message, which contrasted vividly with the spirit of his 3 July meeting with Walesa, Delors himself would declare: "it is no good making fine speeches with a sob in your voice on Sunday and then on Monday opposing the trade concessions enabling those countries to sell their goods and improve their standards of living", and then announced "reasonable and realistic" concessions to unblock the negotiations<sup>15</sup>.

Then, when the coup collapsed on 21 August, Commissioner Karel Van Miert called on the Twelve to push ahead with the plan of concluding the negotiations whilst the memory of events was still vivid. Facing the situation with realism, Van Miert said that there was no point ignoring the fact that the sort of trade concessions Brussels would propose would hurt EC producers in already troubled sectors, but, he concluded: "we have to do more, and more quickly. I think that is the political lesson from what has happened"<sup>16</sup>.

Thus, even after the coup failed, there was much to suggest that the EC had filled up its tanks of political will and that foreign policy

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Minister, Skubiszewski, met the Head of EC Delegation in Warsaw to communicate the message that reforms in Poland could stall if the association agreement did not provide sufficient market opening (CEC. Delegation in Poland. "Note de dossier. Briefing de M. Skubiszewski -27.8.91 à 16h-". Warsaw, le 27 août 1991).

<sup>15</sup> This is the *Financial Times's* version (FT 1991/08/21 "Coup against Gorbachev"). *Le Monde's* version read: "*Rien ne sert de pousser de longs sanglots le dimanche si les pays de la Communauté ne sont pas prêts, le lundi, à accepter les concessions commerciales qui sont indispensables. Agriculture, textile, charbon et acier: voilà ce que les pays est-européens ont à leur vendre. Il leur faut trouver des débouchés pour financer la modernisation et l'expansion de leurs économies. Les Européens devront donc mettre leur actes en accord avec leur paroles*" (LM 1991/09/24 "Le douze sont tenus par leurs promesses aux pays d'Europe centrale et orientale", p.7).

<sup>16</sup> (cited in the *Financial Times* 1991/08/22 "The Coup Collapses: Brussels aims to open door wider to EC's eastern neighbours"). Polish and Czech interviewees coincided in stating that the day after the coup they received an invitation from the Commission to begin a new round of negotiation in mid-September. Clearly, DG I-E expected that the coup would accelerate the new negotiating mandate.



considerations would prevail over domestic EC politics<sup>17</sup>. Since the coup collapsed, the Extraordinary European Council meeting no longer seemed necessary, but Germany, the United Kingdom, and the Dutch Presidency, decided to bring forward the examination by the Council of General Affairs of the new directives of negotiation with the Visegrad Three to 6 September, instead of the original date of 30 September<sup>18</sup>.

Taking into account the results of the EPC Ministerial meetings of 20 and 27 August, Commissioner Andriessen drafted a communication on the future of EC relations with Central Eastern Europe. In this, he requested the Council's authorization to open exploratory conversations with Bulgaria and Romania on the question of association agreements, with Albania on Trade and Cooperation Agreements, and to examine the inclusion of the Baltic countries in the G-24 and PHARE assistance programmes<sup>19</sup>.

With respect to the Visegrad Three countries, the communication made it clear that the Council meeting on 6 September would have to contribute through its decisions to restoring

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<sup>17</sup> *El País* 1991/08/23 "La CE estudia acelerar el acercamiento de los países del Este para evitar una desestabilización", p.31; *The Economist* 1991/08/24 "Europe and the Coup: Stick it up yer junta - European reactions / Why both Western and Eastern Europe emerge rather well from the past week's drama in Moscow".

<sup>18</sup> (*Financial Times* 1991/08/29 "Genscher seeks EC reform"). The Twelve's strengthened geopolitical will was also seen in the decision, after Spanish domestic-based resistance had been overcome, to recognize the independence of the three Baltic republics (Estonia, Latvia and Lithuania) and convoke their leaders to the Council of Ministers to be held in Brussels on 6 September. It was evident also in the decision on 3 September to convoke a peace conference on Yugoslavia (*Financial Times* 1991/09/28 "EC recognizes independence of Baltic states"; *El País* 1991/08/28 "La Comisión Europea recomienda conceder a las tres repúblicas bálticas la categoría de estados asociados a la CE", p.29; *Le Monde* 1991/08/29 "La CEE a décidé de reconnaître les Etats baltes", p.3; *Le Monde* 1991/09/05 "Les Douze convoquent une conférence de paix pour le 7 septembre", p.3).

<sup>19</sup> CEC. SG. "L'évolution des relations de la Communauté avec les pays d'Europe centrale et orientale à la lumière des événements récents en Union soviétique. Communication du Vice-président Andriessen à la Commission". SEC (91) 1644, 0/91/290, O.J. 1072-point 14. Bruxelles, le 3 septembre 1991.

Central Eastern European confidence in the EC. Also, he warned, the Council should undertake in the immediate future to studying ways, in line with the demands of the Visegrad Three, of departing from the bilateral framework for political dialogue (EPC) envisaged in the directives and move towards a multilateral framework of foreign policy cooperation. More specifically, Andriessen would call on the Council to incorporate the Visegrad Three into the proceedings of the European Political Cooperation machinery<sup>20</sup>. Through this proposal, Andriessen was seeking to give a political content to the conclusions of the foreign ministers meetings, and so satisfy the aspiration of the Visegrad leaders not be left in a political and security vacuum<sup>21</sup>.

As the messages from Walesa, Antall, and Havel during the coup indicated, the Visegrad Three would raise their demands to the EC in the immediate future. Whereas prior to the coup, the Czechoslovak Republic stood alone, and with little prospects of success, in wishing that the goal of membership be stated in the preamble of the agreements to be shared by both parties, now Poland would also demand this type of wording<sup>22</sup>.

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<sup>20</sup> (SEC 91 1644). These ideas would later be behind his proposals to build a "European Political Area". According to this proposal, if the EC had built an European Economic Area with the EFTA countries because they were unwilling to accept the political aspects of EC membership, the EC should establish a Political Area with those Central Eastern republics who wanted membership but were prevented from it because of their economic situation.

<sup>21</sup> *Financial Times* 1991/09/06 "A new wave of Eastern approaches".

<sup>22</sup> The proposed article read: "Recognizing the fact that the ultimate objective of Poland is to become a member of the Community, and that the association, in the view of the parties, should permit Poland to achieve this objective" (CEC. DG I E-2. "Note de dossier. Entretien de M. Makarczyk, Secrétaire d'Etat aux Affaires étrangères avec le Vice-président Andriessen". Bruxelles, le 4 septembre 1991). On 3 September, the Polish State Secretary for Foreign Affairs, Makarczyk, seeking to ensure that both the Commission and the Council would stick to the commitments they had made during the coup, flew to Brussels to meet Commissioner Andriessen. Makarczyk's goal was not only to obtain the trade concessions Andriessen was seeking. His calls for the EC to raise the status of the reference to membership in the agreements would, presumably, have little impact. In a quite electoral move, he

However, as had happened in April, when Andriessen had criticized EC complacency in relation to the association agreements, his position vis-à-vis the Council was surely weakened by the press conference he gave on 4 September, only two days before the decisive Council meeting. In this, he again called for the IGC on political union to take due account of the enlargement question and devise ways of overcoming the tension existing between "deepening" and "widening". Though he was wise enough not to again propose the notion of "associate membership" as a solution, he affirmed: "we thought that we should change the Community's institutional structure first and then tackle enlargement. Now we shall have to do both together"<sup>23</sup>.

Again, Andriessen had expected that placing trade concessions and the association agreements within a membership perspective would be beneficial. However, his calls, rather than helping to calm the anxieties produced by the new challenges, would make him look like a spoiler of the IGCs delicate agenda. It was no coincidence that his demand to mix the agendas of deepening and widening would immediately be seconded by John Major. Soon, however, a whole series of member states warned against any type of "variable geometry" or "two-speed" Europe. The debates on the Union were not precisely at their best moment. Andriessen had wanted member states to face the fact that the extension of association agreements to Bulgaria and Romania, plus the likely inclusion in this framework of the three Baltic Republic in the medium-term, could not delay longer discussion of the future political architecture of the continent. However, once again, these calls were considered extremely inopportune by a majority of member states and were widely rejected. More importantly, and also once again, raising the level of the debate would have the paradoxical effect of weakening member states' support for incorporating the Visegrad Three into regular EC foreign

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demanding that Delors and the Polish Prime Minister (not President Walesa) sign the agreements before the Polish parliamentary elections of 27 October 1991.

<sup>23</sup> *Europolitique* 1991/09/07 No.1701, p.I/1; *Le Monde* 1991/09/06 "La Commission veut repenser les modalités d'une éventuelle adhésion des pays d'Europe de l'Est", p.4.

policy cooperation (EPC), as well as their will to grant further trade concessions<sup>24</sup>.

Along with these factors, the failure of the coup relieved the EC foreign ministers and leaders from pressure to revise the content and the scope of the association framework. In hindsight, an extraordinary European Council meeting might have been extremely useful to rescue internal negotiations from the inward-looking dynamic which had dominated until then. However, at that moment, the widespread view was that the events in Moscow were still sufficiently vivid to force the foreign ministers to grant Andriessen the enlarged mandate he was demanding and to reconstruct negotiations with the Visegrad Three.

The new strength which DG I-E perceived that it had gained as a result of the events in Moscow may clearly be seen if one compares the fate of the communication which DG I-E had sought to present to the Commission and the Council at the end of July, with the fate of the communication Andriessen and his services prepared in September. As explained in the preceding section, in July, the warnings issued by the Dutch Presidency had meant that DG I-E was forced to back down very quickly from its initial positions, i.e. even before the communication had reached the Commission meeting. In July, Andriessen had decided that in order to have a fair chance in the Council, he would have to sacrifice the proposal of a five year textile liberalization calendar, the suppression of quantitative restrictions on agricultural trade, and accept the maintenance of steel VRAs and coal restrictions.

But as we know, Andriessen had misjudged the situation. After the July Council meeting, and before the events in Moscow, DG I-E had drafted the new communication which would constitute the basis of its appeal to the Council at the end of September<sup>25</sup>. The proposal maintained the basic lines of the communication submitted to the Council in July, but with some important modifications. In respect to textiles, it insisted on the five year calendar for the dismantlement of

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<sup>24</sup> *Financial Times* 1991/09/05 "EC warned on doubling of its membership".

<sup>25</sup> CEC. DG I E-2. "Accords européens: relance des négociations -Communication de la Commission au Conseil-" (Projet du 6 août 1991). Bruxelles, le 29 août 1991.

tariffs and quotas but it proposed a one-year transition period during which textile trade would be governed by a temporary agreement by which the EC would match its concessions to the Visegrad Three with concessions to other members of the Multifibre Agreement (MFA). The aim of this proposal was to win a year for the EC before the real impact of textile liberalization started to take effect. Meanwhile, it was expected, the Twelve could devise mechanisms to appease or compensate Southern European producers, specially Portugal. Also, as further reassurance to member states, the proposal hinted that during the ten-year transitional period, the EC and the Visegrad Three could conclude agreements on VRAs on textile products subject to special strains.

With respect to agriculture, the Council had made it clear that any figure agreed internally would be a maximum ceiling and not a point of departure. Thus, DG I- E doubled the demand of tariff reduction (from 30% at a rate of 10% over 3 year, to 60% at a rate of 20% over 3 years), and tripled the increase of quotas (from 15% at a rate of 3% over 5 years, to 50% at a rate of 10% over 5 years). To appease member states fears about the effects that the removal of all quantitative restrictions on agriculture would have, and similarly to textile proposals, DG I-E also proposed that a specific safeguard clause should be introduced into this chapter. Otherwise, the draft communication of early August did not include any reference to steel VRAs, given that the Council was quite divided on the issue, and maintained unchanged earlier proposals with respect to coal, financial cooperation, and workers. Finally, in order to obtain Greek support, it included the question of road transit, in the form of a commitment to finance Eastern European infrastructures in return for transit permissions.

Thus, the Council of July had not changed the basic elements of DG I-E's proposals. It had only forced Andriessen to devise compensations which would make the widening of the directives more bearable. What best characterizes the state of affairs within the EC at the beginning of September, was the fact that the coup in Moscow and the subsequent statements by the foreign ministers had not tempted Andriessen and Benavides to raise their demands.

### *1 / The EC and Central Eastern Europe...*

Rather, it had only convinced them that the favourable momentum which had been absent in July could now be created<sup>26</sup>.

#### *1.3. The Commission splits*

The hopes placed on the effects of the coup in Moscow were not, however, to be satisfied. Over the following days, Andriessen did not seem strong enough to obtain even the support of his partner Commissioners or of the foreign ministers in the Council<sup>27</sup>. The first indications that Andriessen's position was not as strong as he believed would come at the meeting of the Commissioners' Chiefs of Cabinet on 2 September.

In this meeting, Commissioner Bangemann's Chief of Cabinet called for his colleagues to remember that the Commission had linked any increase in trade concessions to reciprocity on the part of the Visegrad Three. Furthermore, he expressed his concerns about the discretionary way in which the Visegrad Three would be able to close their market to EC products by invoking the safeguard clause referring to exceptions around "nascent industries". Thus, Bangemann and DG III had not altered their overall, and long-standing, reluctance with respect to association.

The services of DG VI (Agriculture), through MacSharry's Chief of Cabinet, also maintained their well-known reservations. However, anticipating that sooner or later some agricultural concessions would have to be accepted, they manoeuvred to give the appearance that they were willing to compromise. This was clearly seen in the fact that in July they had opposed the 30% tariff reduction proposed by DG I,

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<sup>26</sup> At the official Communication, Andriessen only added the reference to the preceding EPC Ministerial meeting at The Hague and called for the Community to assume its political responsibilities (CEC. SG. "Projet de Communication de la Commission au Conseil. Accords européens: Relance des négociations". SEC (91) 1626, O/91/285, O.J. 1072 -point 14. Bruxelles, le 30 août).

<sup>27</sup> As a Czech Diplomat I interviewed said: "The coup did not help much, the EC lives for the moment, they are like anybody else. They get scared, they act. The fear ceases, they withdraw".

but now they appeared to be able to accept a 50% reduction, rather than the 60% proposed by DG I. However, they tied acceptance of this 50% to a refusal to accept any meat and dairy concessions to the Visegrad Three (needless to say, the items in which the Visegrad Three were most interested). Furthermore, they sought a number of commitments from Andriessen and DG I. In the first place, DG I would have to obtain from the members of the G-24, and particularly of the United States and Japan, improved market access conditions for the Visegrad Three's products. If this was not feasible, the EC should be compensated by improved market access to these G-24 countries. Secondly, DG I should guarantee that the final concessions to the Visegrad Three would not deviate a single point from the margins agreed internally. Third, DG I should present a detailed study of the likely impact of agricultural trade concessions to the Visegrad Three. Thus, the price of DG VI's acceptance of 50% reduction of tariffs was unbearable. First, because it was impossible to guarantee that the United States and Japan would compensate the EC. Second, the rejection of any concessions in meat and dairy products, together with the refusal to grant any margin of manoeuvre to DG I would block the negotiations. And third, the EC's negative trade balances in agricultural trade with the Visegrad Three would turn any study of the likely effects of concessions against DG I.

Nor were the results very promising with respect to textiles. On the one hand, the services of Commissioner Bruce Millan (Regional Development) had obtained the support of other cabinets to prepare a plan which would compensate the most affected regions of the Community from the opening up to Central Eastern Europe textiles. But on the other hand, DG I had been forced to withdraw its proposal to match concessions to the Visegrad Three to those made to MFA members through one-year transitional arrangements.

Financial cooperation proposals were accepted, specially in respect to the European Investment Bank, but the Chiefs of Cabinet, due to their wish not to interfere in the drafting of the EC financial perspectives, removed any reference which would explicitly commit

the EC to pursuing financial cooperation after 1992. Lastly, workers, coal and transit proposals were accepted without major comments<sup>28</sup>.

The meeting of the Commission increased the problems raised in the earlier meeting of the Chiefs of Cabinet. Precisely because of his recent statements on Sunday speeches and Monday actions, the negative role played by President Delors should be highlighted. Only Commissioners Christophersen (Denmark, Economic and Financial Affairs), Van Miert (Belgium, Transport), Schmidhuber (Germany, Budget), Brittan (U.K., Competition) and Marín (Spain, Development) expressed their support for Andriessen's proposals.

In the opposing camp, Commissioner MacSharry (Ireland, Agriculture) warned the Commission not to ignore the internal problems of the EC in the agricultural sphere. For MacSharry, the Community *"ne veut en particulier favoriser l'importation de produits pour lesquels elle doit déjà faire face à un stockage important"*. He argued that the only solution was for the EC to promote Central Eastern European exports to the USSR. Commissioner Scrivener (France, Customs), probably influenced by French interests on the meat question, supported MacSharry and remarked that the proposal was not sufficiently precise about the implications product-by-product. Then, Commissioner Millan (U.K., Regional Policy) warned of the difficulties Andriessen's proposals would create for specific EC regions, and suggested the creation of a special Community initiative to compensate them. The last speaker to take the floor was President Delors, who expressed his accord *"en principe"* with Andriessen, but recommended caution in the textile and agricultural sectors. More specifically, and suspiciously close to the positions of the French government, he called for a reduction of the proposed concessions on beef and demanded that a specific unilateral safeguard clause in this respect be included in the agreements (in contrast to the bilateral one,

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<sup>28</sup> CEC. SG. "Compte rendu de la réunion spéciale des Chefs de cabinet du lundi 2 septembre 1991. Objet: Accords européens -Relance des négociations". SEC (91) 1626/2, O.J. 1072, point 14, Bruxelles, le 2 septembre 1991 and CEC. SG. "Projet de Communication de la Commission au Conseil. Accords européens: Relance des négociations". SEC (91) 1626/3, 0/91/285, O.J. 1072 -point 14. Bruxelles, le 3 septembre.



i.e. requiring consultations among the parties, being proposed by Andriessen)<sup>29</sup>.

## 2. The French veto

What the Visegrad Three were fearing, i.e. that the stimulus to negotiations would disappear as the cloud of the coup in the USSR evaporated, was beginning to become true. Then, when the divisions at the Commission level were further reproduced and amplified at the following meetings of the COREPER and of the General Affairs Council, they were totally confirmed. In these circumstances, the French government's veto of a widening of the directives finally provoked the major crisis which the EC had been preparing all the conditions for.

### 2.1. Tensions explode

Though the communication had been formally approved with minor modifications, the division within the Commission had revealed that Andriessen could not count on its political support<sup>30</sup>.

Still, Commissioner Andriessen was counting on a variety of elements to ensure that his proposals would get through the Council.

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<sup>29</sup> Commissioner Christophersen argued that these market access proposals were the minimum the EC could approve in order to sustain those countries' capacity to repay their foreign debt (CEC. "Relations de la Communauté avec les pays tiers. Accords européens: Relance des négociations". COM (91) PV 1072, 2ème part. Mercredi 4 septembre 1991, point IX-B and CEC. SG. "Communication de la Commission au Conseil. Accords européens: relance des négociations". SEC (91) 1626 final. Bruxelles, le 4 septembre 1991).

<sup>30</sup> "The official version of the Community was also extremely detached from reality. "The Commission examined thoroughly the state of negotiations, assessed the importance of the progress made until now and took note of the virtual agreement between the parties, stressing that only certain practical matters present problems and remitted to the Council, upon its demand, concrete proposals to solve these difficulties" (*Bull. EC* 9/1991, point 1.3.16).

First, there were the conclusions of the European Council of Luxembourg in June fixing October as the deadline for concluding the negotiations. Second, the statements of the foreign ministers at their 20 August meeting in The Hague had, at least apparently, marked a point of no return. Finally, whilst the Commission meeting had not shown very supportive, the EPC Ministerial meeting in The Hague on 3 September, three days before the Council, although mainly devoted to the Yugoslav crisis, had again clearly restated the importance the Twelve attached to the association agreements<sup>31</sup>.

However, at the COREPER meeting on 5 September, the first signs appeared that the well-known restrictive dynamics of internal bargaining within the Council were beginning to reemerge, or had scarcely been weakened by the preceding events. Though the COREPER did not reject Andriessen's proposals, leaving the Council of General Affairs the following day to decide on the matter, the remarks of the representatives indicated that not all the member states were ready to approve the proposed package.

Commission proposals on textiles were received with preoccupation. Portugal immediately demanded, in line with Commissioner Bruce Millan's calls the day before, that EC structural funds be used to compensate the damages derived from the opening up of EC markets. The Portuguese Ambassador also demanded a public statement by the Council indicating that concessions to the associates were not to be used as precedents for other countries in the negotiations of the Uruguay Round. Then, the Italian representative added to the attacks on the textile package when he called for a specific safeguard clause with respect to textile imports. The picture in agriculture and financial cooperation was scarcely more promising. The ambassadors restated the problems of meat imports. Finally, Spain again insisted on its opposition to the inclusion of EIB investment credits, Greece maintained unchanged its demands on the

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<sup>31</sup> *Europolitique* 1991/09/04, No.1700, p.V/2.

question of transit, and Germany refused any move with respect to coal restrictions<sup>32</sup>.

Still, the results of the COREPER were not necessarily negative. At that point, it was widely understood that member states had stated their points of departure as the basis for a political compromise at the ministerial level. With sufficient political will and capacity on the part of the Dutch Presidency, which was quite committed to the dossier, a balance could be achieved. This was in fact what everybody, from the Visegrad Three to the Commission, and from other Western governments to a majority of member states, was expecting to happen. Furthermore, there were only three items on the agenda. Listed in order, these were: the association agreements with the Visegrad Three; EC relations with Romania and Bulgaria; and cooperation and emergency aid to Albania. Thus, the Council could not possibly be distracted by other items on the agenda. However, when the Council met the following day, the French government, represented by Roland Dumas, made it clear that France wanted and/or needed to block any decision. Let us see in more detail what happened in that meeting<sup>33</sup>.

The Dutch President of the Council, Foreign Minister Van den Broek, opened the debate by pointing out the need for the EC to take steps to reinforce cooperation with Central Eastern Europe in accordance with the will expressed in the EPC meeting in The Hague. Given, he added, that the proposals presented by the Commission were balanced, he called for the Council to adopt a decision. Then, after Commissioner Andriessen's presentation of these proposals, the delegations took to the floor.

The first *tour d'table* was given over to the countries which unconditionally supported the Presidency and the Commission. According to the minutes of the meeting, these were only three,

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<sup>32</sup> CEC. DG I E-2. "Conseil Affaires Générales 6 septembre 1991. Défensive points inspirés de la réunion du COREPER du 5.9.1991". Bruxelles, le 5 septembre de 1991.

<sup>33</sup> This account is based on the minutes of Council meeting: CEC. SG. "Compte rendu succinct de la 1513ème session du Conseil consacrée aux Affaires Générales. Bruxelles, le 6 septembre 1991". SI (91) 586. Bruxelles, le 9 septembre 1991.

besides the Netherlands. The United Kingdom "entirely supported" Andriessen's proposals. Denmark "pleaded vigorously" in favour of the measures, and stressed the necessity for the EC to abandon protectionist attitudes, specially with respect to countries to whom it sought to show the benefits of liberalism. Finally, Luxembourg, in spite of its limited international weight, argued most strongly in favour of accepting the Commission's proposals. According to Jacques Poos, his country supported the Commission for three reasons. First, it was a matter of political coherence: "the Council must conciliate its actions with its declarations". Second, there were economic benefits: "medium-term advantages are superior to short term sacrifices". And third, the EC's international credibility was at stake: "the Community cannot mediate in the Yugoslav conflict if it shows itself unable to conclude the association agreements".

Then, a majority of delegations expressed their support but demanded some modifications. Greece stressed how difficult it was to accept the textile package and highlighted the renewed importance of its transit problems after the Yugoslav crisis. Italy considered that the agricultural proposals were not well-balanced in terms of their impact on Mediterranean countries, and invited the Commission to issue a formal declaration refusing to establish any link between textile concessions to the Visegrad Three and the ongoing Uruguay Round. Portugal expressed its reluctance to accept beef and lamb proposals. Mentioning the "unbearable sacrifices" represented by the Commission's proposals on textiles, Portugal proposed that the EC delayed the suppression of quantitative restrictions on the associates' products until the Uruguay Round had been concluded. Ireland, arguing on the basis its sensitivity to beef concessions, proposed the suppression of these and called for them to be substituted by triangular operations with the USSR. France, following Ireland, also demanded triangular operations to replace concessions on beef as well as lamb concessions. Germany demanded a specific safeguard clause on agriculture to be included in the agreements. Spain supported Italian complaints about the sacrifices required of Mediterranean countries and demanded also a specific safeguard clause on textiles. Finally, Belgium supported Irish and French proposals to replace beef concessions with triangular operations and

suggested the extension of these arrangements to other sensitive products.

As we know from the examination of other Council debates, the first round did not usually determine the outcome of discussions. Rather, it was generally used by delegations either to make public the sacrifices they were willing to make or to prepare their negotiating position on future decisions. In his reply, Andriessen defended the balanced nature of the package he was proposing. Calling delegations to approve it as a whole, he refused to examine the comments of the member states in detail. To overcome resistance, Andriessen offered two minor compensations to member states. First, he offered to study the feasibility of triangular operations, provided, he remarked, that these would complement, and not substitute EC trade concessions. Second, he committed himself to studying the feasibility of devising a special fund for the support of member states' textile sectors.

However, these two bargaining chips did not suffice for some member states. In the next round, Germany would insist on its demand for an safeguard clause on agriculture, and Belgium, France, and Ireland on beef and lamb imports. Of the most reluctant countries, only Portugal showed a willingness to compromise. In this second *tour d'table*, it proposed that the calendar for the suppression of quantitative restrictions on textiles should be fixed according to a principle of improving on the future agreements of the Uruguay Round, rather than on the basis of the five years which the Commission was proposing. Thus, Andriessen would have to go further than his previous declaration of intent. In his response, Andriessen offered a Commission declaration guaranteeing that concessions to the three associates would in now way set a precedent for other countries to present similar demands in the Uruguay Round. He also accepted a specific safeguard clause on textiles. With respect to agriculture, and besides his promise to study the feasibility of triangular operations, he committed himself to improving the concessions made by the associates to Mediterranean countries and offered a declaration by which the Commission would guarantee that in the application of the safeguard clause it would take into account

the sensitivity of certain products (meaning beef and lamb) for certain member states<sup>34</sup>.

This compromise proposal apparently paved the way for the satisfactory conclusion of the Council. However, as the minutes read, "in spite of the efforts of President Van den Broek, who has vigorously signalled that the Commission's answer should appease the preoccupations of the delegations, Minister Dumas (France) pointed that his delegation found 'unsurmountable' difficulties in respect to beef and specified that his instructions did not allow him to accept 'today' anything less than triangular operations towards the USSR"<sup>35</sup>.

In these conditions, the President of the Council, the Dutch Foreign Minister (Van den Broek) suspended the session to allow a round of informal contacts. When the meeting resumed, Commissioner Andriessen offered new elements for compromise. With respect to textiles, he proposed two conditions to accept the subordination of the calendar for the dismantlement of textile QRs to the Uruguay Round negotiations. First, that the ministers should commit themselves to shortening the calendar for the Visegrad Three by half of what the Uruguay Round agreed. Second, that if the Uruguay Round failed to agree on any calendar, the ministers would automatically accept the five-year calendar proposed by the Commission. With respect to beef and lamb, Andriessen made a major concession. The quantities sold by the Visegrad Three to the Soviet Union under triangular operations financed by the EC would be deducted from the quotas granted by the EC to the Visegrad Three. Thus, Andriessen was offering a comprehensive package. His

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<sup>34</sup> The declaration said: "*Le Conseil et la Commission déclarent que les concessions que la Communauté est prête à consentir à la Pologne, à la Hongrie et à la Tchécoslovaquie dans le secteur textile ont un caractère exceptionnel, se situant dans le context exclusif et préférentiel des accords d'association avec les pays d'Europe centrale et orientale. Par conséquent, ce traitement ne pourra constituer en aucune manière un précédent ni un point de référence dans le cadre d'autres négociations soit bilatérales, soit multilatérales et notamment en ce qui concerne l'Uruguay Round*" ("Projet de déclaration au process-verbal: Conseil Affaires Générales, 6 september 1991", separata au dossier, SI (91) 586).

<sup>35</sup> SI (91) 586.

compromises took into account the Uruguay Round, envisaged specific safeguard clauses, committed the Commission to regional aid, improved the balance between Northern and Southern member states, and accepted the diversion of Central Eastern European beef to Soviet markets.

Grounds for agreement appeared when the Portuguese foreign minister said that he would accept the textile proposals only as part of a global compromise, i.e., if other ministers also accepted the other proposals. In this third *tour d'table*, a majority of member states showed themselves willing to accept the package offered by Andriessen. However, the French foreign minister (Dumas) again stated that "today" he could only accept the complete substitution of the concessions to the Visegrad Three by triangular operations. Immediately after, the Belgian minister rallied to support France, and then, the Greek minister, encouraged by the opportunities created by French resistance, also ended hopes of compromise by demanding that structural measures applied to Portuguese textile also be extended to his country.

As a result of this refusal, the Presidency and the Commission again had to make a new offer in an attempt to satisfy the French and the Belgian ministers. The President, Van den Broek suggested that half of the 10% yearly increase in beef and lamb quotas would be absorbed by the EC and the other half by triangular operations, and tried to overcome the remaining opposition by highlighting the fact that the quantities at stake were "laughable"<sup>36</sup>.

This proposal seemed enough to satisfy the Belgian delegation, but during the fourth *tour d'table*, and "in spite of vibrant appeals of the Presidency and Minister Elleman-Jensen" (Denmark), the French Minister repeated yet again that "today" he could only accept a solution in triangular operations substituted all the increased market

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<sup>36</sup> At the beginning of the session Andriessen had specified that the 10% yearly increase in beef and lamb quotas only represented 11,000 and 18,500 tonnes, respectively.

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access. In these circumstances, President van den Broek had no option but to close the whole dossier and put an end to the meeting<sup>37</sup>.

As was understood by most of the delegations, Irish and Belgian opposition would have been overcome had not been for French obstinacy in blocking the solution. More surprisingly, the German delegation remained strangely silent in total contrast both with Genscher's earlier statements of support and the German subsequent public expressions of anger at the French attitude at the Council. Equally, Delors' attitude in the earlier Commission meeting, and his silence in this Council meeting, in which he sat besides Andriessen but in which he refused to argue with Dumas, stood in quite sharp contrast to his statements on the gap between Sunday speeches and daily actions<sup>38</sup>.

## *2.2. Reactions to the Council*

This Council was followed by a major crisis which quite seriously undermined EC's international prestige. The inability of the Council to take a decision not only threatened the future of the association agreements with the Visegrad Three, but also disrupted the EC's entire post-coup agenda.

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<sup>37</sup> Council. SG. "Memorandum: Relations with the countries of Central Eastern Europe -Adaptation of the negotiating directives for association agreements". 8342/91 EST 135, Brussels, 25 September 1991. The dossier includes the latest version of the draft conclusions of the Council meeting on 6 September (Annex I) and the text of the draft statements for entry in the minutes agreed then (Annex II).

<sup>38</sup> At that time, many people noted that Delors' tendency to satisfy French interests, for example when he tried to defeat MacSharry's CAP reforms, or as seen his behaviour over this dossier, had a lot to do with his desire to preserve a good position in France in view of the probable collapse of Prime Minister Cresson, which could have paved the way for him to fill the post of Prime Minister and then compete in the 1995 presidential elections as the socialist candidate (see *Le Monde* 1991/07/13 "M. Delors serait le meilleur candidat socialiste pour une élection présidentielle", p.6; *Financial Times* 1991/11/25 "Ray MacSharry, EC Agriculture Commissioner"; *El País* 1991/12/15 "Perfil de Jacques Delors, presidente de la Comisión Europea, que ha encontrado en Maastricht el trampolín al Elíseo", Domingo, p.24).



Bulgaria, Romania, the three Baltic Republics, and Albania had figured on the agenda of the Council meeting. However, the failure of the Twelve to widen the directives had made it impossible to discuss EC relations with those countries. Clearly, if the Visegrad Three were the pioneers in the EC's rapprochement with Eastern Europe, the signal transmitted to the other Eastern European countries was hardly encouraging. The foreign ministers had held their first lunch with their Baltic counterparts, but the political gesture of supporting these countries' independence had shown to be just that when the foreign ministers had to postpone discussion of the future Trade and Cooperation Agreements with the Baltic Republics. The same could be said in relation to Romania and Bulgaria. Foreign ministers desire to respond to the apparent collapse of the Soviet Union through the extension of the association agreements to South Eastern Europe stood in sharp contrast with the capacity of a few tonnes of beef and lamb to provoke the breakdown of the EC's decision-making system. Much the same could be said with respect to Albania, at a time which Albanian refugees were being shipped back from Italy. Moreover, what were the signals being sent to the warring parties in Yugoslavia, who the EC would meet the following day, on 7 September in The Hague, when the EC was not only incapable of sending a peace force or of enforcing the truces brokered by the foreign ministers, but when it was also showing such shortsightedness in terms of foreign policy? Finally, the signal sent to the United States was not very promising. In view of the collapse and disintegration of the Soviet Union, the EC fell back to its internal agenda and erected barriers towards the outside world<sup>39</sup>.

In these circumstances, it is not surprising that some EC Ministers ignored the unwritten rule against sharply criticizing each other in public and rushed to the microphones to attack the French government. "Certain countries make fine statements about Europe and democracy, but when it comes to small concessions and

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<sup>39</sup> As the *Financial Times* wrote: "the pain of putting solid trade concessions behind their promises of political solidarity with Eastern Europe wrecked EC foreign ministers yesterday" (*Financial Times* 1991/09/07 "EC agonizes over trade concessions").

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confronting their own vested interests, they behave as if they are living on another planet"<sup>40</sup>, commented the Danish foreign minister (Elleman-Jensen). He called what had happened a "disgrace", and went on to affirm that "we are supposed to encourage the establishment of market economies. What we are making is a 'Fortress Europe'" (a term which was also used by Van den Broek<sup>41</sup>). Finally, he called for an extraordinary European Council meeting to bring the recalcitrant countries into line<sup>42</sup>.

The British Prime Minister, John Major, also condemned the rebuff: "the EC is risking missing a historic occasion to transform Europe". Then, over the following days, he sought to reopen the debate on widening and deepening. On the occasion of his visit to Paris on 12 September, he accused France of practising an "outdated protectionism", called on the French government to accept the necessary sacrifices and open its markets, and said that the message being sent by the Community to Eastern Europe in the ongoing IGC negotiations was one of: "Here is our club, we have made the rules, and we will make new rules regardless of your interests"<sup>43</sup>.

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<sup>40</sup> *Financial Times* 1991/09/07 "Fury as France blocks central Europe imports".

<sup>41</sup> *Europolitique* 1991/09/11 No.1702, p.V/5. As President of the Council, Van den Broek limited his public criticism. Nonetheless, he could not hide his preoccupation over the negative signal the Community was sending to Central Eastern Europe (*Le Monde* 1991/09/09 "La France s'oppose à la libéralisation des importations de viande d'Europe centrale dans la CEE", p.4).

<sup>42</sup> This call was subsequently endorsed by prominent leaders of the European Parliament, specially from the Socialist Group, who described the Council as a "scandal" and its outcome as "unacceptable" (*Europolitique* 1991/09/14 No.1703, p.V/8). Even some EC-wide interests groups would, for once, criticize the approach taken by the EC with respect to Central Eastern European market access. This was the case of the European retail, wholesale trade and distribution associations (CECD, FEWITA and GEDIS, respectively). See *Europolitique* 1991/09/14 No.1703, p.III/1).

<sup>43</sup> (*Time* 1991/9/23 "The Mirror Cracks", pp.12-13; *Le Monde* 1991/09/14 "Les partis libéraux et conservateurs européens veulent ouvrir la CEE aux démocraties de l'Est", p.6; *Financial Times* 1991/09/13 "Major urges EC to admit East European states: Landmark speech highlights rift between Britain and France"; *El País* 1991/09/13 "Major propone en París que la CE abra sus puertas a las nuevas

In Germany, the French veto also provoked a crisis of confidence in bilateral relations, and even the German President, Richard von Weizsäcker, who was usually self-restrained, publicly criticized the French government. The criticism voiced by the German foreign minister, Genscher, were rather less justified, since his negative attitude in the Council had undoubtedly fuelled the crisis<sup>44</sup>.

The French government also faced domestic criticism of its position. Jacques Chirac, President of the Gaullist RPR, also established a link between the refusal to admit Eastern products and the refusal to consider them eligible for membership, declaring that "*Il est impensable que, par égoïsme et par manque de vision de l'Histoire, nous remplaçons le mur de Berlin par un nouveau mur qui serait celui de l'argent*"<sup>45</sup>. Then, in a joint initiative with the UDF Party leader, the ex-President Giscard d'Estaing presented a motion in the French National Assembly to examine Mitterrand's foreign policy "disorientation" (sic)<sup>46</sup>.

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democracias del Este", p.7). Roy Jenkins, former Commission President, also launched a similar appeal (*Financial Times* 1991/09/10 "Lord Jenkins says EC system needs change to accommodate new members").

<sup>44</sup> *Le Monde* 1991/09/18 "M. Mitterrand aura l'occasion de mettre un terme à la crise de confiance franco-allemande", p.6; J.Brada. 1991. "The European Community and Czechoslovakia, Hungary and Poland". *RFE/RL Report on Eastern Europe*, 6 December 1991, pp.27-32.

<sup>45</sup> Statements made on the occasion of a meeting with his European party colleagues in Paris on 12 September (*Le Monde* 1991/09/13 "M. Chirac juge impensable qu'un 'mur de l'argent' remplace le 'mur de Berlin', p.6).

<sup>46</sup> Chirac and Giscard were already very critical of Mitterrand's foreign policy, which they considered to be outdated ("*depassé*" in their words) in the new international context. In announcing their joint motion in the Assembly they said their intention was to examine Mitterrand's "feet-dragging" with respect to German unification (meaning his visit to Kiev and his declarations in East Berlin in 1989), his failed project on European confederation, his calendar of "*dozens and dozens*" of years for Central Eastern European membership of the EC, and his timid reaction to the coup d'état in Moscow, which Charles Pasqua described as "a new spirit of Munich" (See *Le Monde* 1991/09/24 "Certains membres de l'opposition jugent que M. Mitterrand a été 'depassé' para les événements", p.8).

On the part of the Visegrad Three, reactions were also quite strong. The outcome of the Council was received with undisguised irritation and concern at the government levels and was widely covered by the media. The Polish government immediately issued a communique in which it expressed its "great disappointment", stressed that Poland expected consistency between the declarations of good will and specific operational decisions in the economic field, and cast doubt on the continuation of the negotiations with the EC<sup>47</sup>. The Hungarian government, by way of Tamás Katana (Foreign Affairs State Secretary) expressed also its concern and called on the EC to take a political decision and look beyond economic considerations<sup>48</sup>. Finally, in the Czechoslovak case, on 10 September the French Ambassador in Prague was called to the Czechoslovak Ministry of Foreign Affairs to explain the position of the French government<sup>49</sup>.

As the media highlighted, and Andriessen himself had clearly explained to the Council, in practical terms, the dispute revolved around a mere 550 tonnes of beef and 900 more of lamb for the following year, out of total Community consumption of 3 and 4 million tonnes, respectively. The fact that 1,400 tonnes of beef and sheep had ended by becoming so closely linked to wide issues such as European stability or the "deepening versus widening" debate, and could so seriously impinge on EC foreign policy tells us about the nature and consequences of the EC's internal bargaining dynamics and procedures.

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<sup>47</sup> Mission of the Republic of Poland upon the European Communities. "Communique of the Polish Government spokesman on 7 September 1991". Brussels, 9 September 1991. See also *PAP* 1991/09/07 "Polish Government disappointed at EC Council's decision"; *Gazeta Wyborcza* 1991/09/09 "Negotiations with the EEC without any results"; *Financial Times* 1991/09/10 "Poland threatens to cancel EC talks in row over market access", p.16; *El País* 1991/09/10 "Desilusión del Gobierno polaco con la CE y preocupación por sus nuevas relaciones con los nuevos Estados que surgen", p.2.

<sup>48</sup> CEC. Delegation in Budapest. "Réactions de la presse hongroise au Conseil du 6.9.91". Budapest, le 9 septembre 1991.

<sup>49</sup> *Europolitique* 1991/09/14 No.1703, p.V/7.

### 2.3. Explaining the Council

One factor which contributed to the scale of the crisis was that it had not been expected. Before the Council, even the otherwise well-informed and usually critical *Financial Times* had not noticed the problems which had already emerged in the Commission and the COREPER<sup>50</sup>.

Thus, the prevailing mood was a "post-coup" one in which it was widely believed that the Twelve would break with past behaviour on trade concessions to Central Eastern Europe. It seemed unthinkable that the foreign ministers, meeting in a Council specially and exclusively convoked to address the post-coup agenda, would be unable to take the decisions they had been promising for weeks. Thus, in contrast to other meetings in which the outcome was uncertain, the foreign ministers themselves had created huge expectations of success.

The failure of the Council and the French veto to the enlarged mandate the Commission was proposing became a symbol of the internal divisions over both the goals and the internal implications of the EC's association policy. Not by chance, as the United Kingdom's demands that the aspirations of Central Eastern European countries be taken into account when designing the future of the EC increased, some countries sought also to restate their total opposition to any kind of "variable geometry", "two-speed" Europe, or the financial sacrifices which these calls implied. In the countdown to the signing of the Maastricht Treaty on European Union only three months ahead, all its main chapters remained open (the monetary union, foreign policy, security questions, the powers of the European Parliament, financial transfers etc.). In turn, member states substantive divergences over the Maastricht process translated into a generalized confusion about what the association agreements meant<sup>51</sup>.

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<sup>50</sup> *Financial Times* 1991/09/05 "Brussels seeks import concessions".

<sup>51</sup> *El País* 1991/09/14 "González apuesta por consolidar la CE en detrimento de su ampliación en su visita a Mitterrand en París", p.12; *Le Monde* 1991/09/15-16, "M. Gonzalez partage les vues de M. Mitterrand sur l'avenir de la Communauté", p.5; *Le*

If the repercussions of the failed Council help to explain why disagreement over a few tonnes of meat acquired such symbolic importance and became linked to wider issues such as European stability or the deepening-widening debate, they make the French decision even more intriguing. This is specially so when it is recognized that the two lines of defense later adopted by the French government are scarcely credible.

First, on the day after the Council Minister Dumas tried to argue that France had not been alone, i.e., that Belgium and Ireland had sided with the French government<sup>52</sup>. However, the minutes of the Council clearly show that the French opposition had been decisive: Dumas himself had stated three times that "today" his "instructions", as if to excuse himself, had not allowed him to approve the dossier<sup>53</sup>. Thus, Dumas had flown to Brussels with clear instructions to block the dossier.

To be fair, it is true that the veto could also have come from Portugal, on textiles, from Greece, on the transit question, from Germany or Spain, on coal or steel, or from Belgium and Ireland on the same issue of beef quotas. But Dumas did not offer the best argument possible, i.e. that France had provoked the crisis, but that a majority of member states shared the responsibility, either for having looked aside, or for having actively contributed through their negative and/or passive attitude to the crisis.

What made the difference in the French case was that France had sufficient political weight in the Council to cast a veto alone and, still more importantly, after having being offered three successive

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*Monde* 1991/09/20 "M. Mitterrand met en garde contre une dérive de la CEE", p.6; *Financial Times* 1991/10/10 "Portugal wary of broader EC".

<sup>52</sup> Cited in *Financial Times* 1991/09/07 "Fury as France blocks central Europe imports".

<sup>53</sup> According to *Europolitique* (1991/09/11 No.1702, p.V/5), during the Council, the Irish Minister, Gerry Collins, had shown himself willing to accept a compromise which should reduce tariffs by 20% and increase quotas by 10% in three years. The same unidentified source told *Europolitique* that Irish opposition had to do with the prospect of the extension of association to Bulgaria and Romania, the Trade Agreements to be signed with the Baltic republics, as well as with the constitution of the European Economic Area with the EFTA countries.

compromise solutions. The Irish and Belgian domestic constituencies were likely to be conscious of the limited strength of their governments, thus making it more probable that a last-minute compromise could be sold at home as a victory. Moreover, only a large country such as France could stand firm after having presented a veto and avoid public humiliation by its colleagues later on. The fact that France was a core member of the EC, with considerable foreign policy responsibilities and a solid international standing not only explains the reactions after the Council but also was a precondition for the veto.

The second line of defence taken by the French government was expressed by the French State Secretary for Foreign Trade, Jean-Noël Jeanneney. Visiting Prague four days later, he apologized that his government "*n'a pas assez pris conscience de la portée symbolique de cette affaire*".<sup>54</sup> The sincerity of this argument can be questioned both prospectively and retrospectively. Over the following weeks, no indication was given by the French government that its position had been altered by the criticisms received. More importantly, the chain of domestic events leading Dumas to veto the dossier in fact shows that the French decision was based, above all, precisely on the symbolic importance of the issue. Why, otherwise, would the French government be willing to risk such a loss of its international prestige, already touched due to the confusing reactions of President Mitterrand to important European events, over a few tonnes of meat?

The fact that France actually provoked the crisis over a minor issue can only be fully understood in the context of domestic French politics. In the 6 September Council, Roland Dumas had stated three times that his instructions did not allow him to sign "today" any beef imports from the Visegrad Three. Thus, it seemed as if the French government was seeking a "victory" in Brussels for domestic consumption. Also, would later be confirmed, it appears that the higher the cost of that victory in terms of international prestige, the greater the visibility the victory in domestic terms. But why did the French government need such a obvious and costly victory?

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<sup>54</sup> *Le Monde* 1991/09/15-16 "M. Jeanneney souhaite apaiser la polemique sur les importations de viande", p.17.

First, because the French position on the reform of the Common Agricultural Policy, which the EC needed to do in order to satisfactorily conclude the ongoing Uruguay Round, was becoming quite untenable and isolated vis-à-vis the other member states, the European Commission, and the European Parliament. In July, Commissioner MacSharry (Agriculture), had seen his CAP reform proposals blocked, but it became clear in the Autumn that reform would have to be approved and that France was only going to be able to introduce minor modifications. In fact, only a few days after the polemical Council of 6 September, the French minister of agriculture, Louis Mermaz, would claim that significant progress was being made in discussing the CAP reform. Later, in October, Mermaz would say that MacSharry's proposals were moving "in the right direction". But in fact, observers could highlight that France was being forced to agree to reforms which it had previously publicly declared impossible to accept<sup>55</sup>.

As explained in the preceding chapter, the situation of beef markets throughout the EC, and above all in France, was quite critical as a result of "mad-cow" disease (BSE), which was having a negative effect on consumption and prices, as well as due to the increase of beef supplies caused by the sacrifice of cattle in the former GDR territory demanded by the Commission to reduce German milk production. As a result, the Commission was being forced to intervene to support prices as well as to massively stockpile beef surpluses, specially from France, which were about to reach the EC's 1987 record levels of 801,000 tonnes<sup>56</sup>.

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<sup>55</sup> *Le Monde* 1991/07/11 "La Commission a arrêté son plan pour la réforme de la politique agricole", p.13; *Financial Times* 1991/09/25 "Progress claimed at EC farm council"; *Financial Times* 1991/10/22 "France says EC farm plan going in the right direction"; *Europolitique* 1991/09/27 No.1707, p.IV/10; *The Economist* 1991/10/05. "The foul smell of success - French farmers protest".

<sup>56</sup> Prices stood at 71% in Germany, 79% in France, and 68% in Ireland. On average, the figure was lower than 80%. Between June and July 1991, 30,000 tones had been withdrawn from the market in France to avoid further decreases in prices and a new ceiling was introduced on imports from Eastern Europe. Then, on 30



To make matters worse, Hungarian and Polish agricultural products were gaining a considerable market share in France, displacing French products from the shelves and provoking the anger of French farmers, who in some towns were seizing and destroying Eastern beef shipments. Furthermore, as the European Commission introduced restrictions on Eastern imports, as these countries had well exceeded the quotas available to them, fraudulent imports of Eastern beef had begun to rise significantly<sup>57</sup>.

Thus, the French agricultural, and specially beef sector, considered itself under siege<sup>58</sup>. On 31 July 1991, farmers from 24 French "departments" had demonstrated and called on Mitterrand to defend their interests and not abandon them in the international fora<sup>59</sup>. Then, in the days leading up to the 6 September Council, three

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August, the EC Beef Management Committee had decided to intervene to stop Eastern imports (*Europolitique* 1991/09/04 No.1700, p.IV/5).

<sup>57</sup> (*Le Monde* 1991/07/13 "Les éleveurs de bovins de Charolais se mobilisent contre la dégradation des marchés", p.13). In September 1991, the European Commission had in motion four enquiries on illegal Polish and Hungarian beef exports to the Community markets which mainly affected France and Belgium (CEC. DG XXI -Union douanière et fiscalité indirecte-. Service spécial Anti-fraude. "Fraude relatif au bétail originaire de Pay's de l'Est". Bruxelles, 29 Septembre 1991).

<sup>58</sup> According to the *Financial Times*, "France believes the Commission is trying to bounce the EC into accepting its plan for the overhaul of the Common Agricultural Policy, using as its weapons negotiations with the General Agreement on Tariffs and Trade and the need to bind Eastern Europe more closely to the EC" (FT 1991/09/09 "EC concern over latest proposals for Emu").

<sup>59</sup> 5,000 farmers demonstrated in Solutré, the place chosen by President Mitterrand to demonstrate each year his esteem for rural France. These appeals were also shared by the General Secretary for Agriculture of the RPR (Chirac's party) who demanded "immediate answers" to be given to the farmers, and criticized the government's "total incapacity to defend French interest in Europe" (*Le Monde* 1991/08/02 "Plusieurs milliers d'agriculteurs réclament le soutien du président de la République", p.15). Thus, Jacques Chirac's party was not exempt from the same contradictions it was criticizing. On 29 August, French producers of *foie gras* made it clear, after the European Commission had refused to adopt safeguard measures against Hungarian imports, that they would themselves stop such imports on the roads (*Le Monde* 1991/08/31 "Les producteurs de foie gras en colère", p.22).

important events made it possible to predict Roland Dumas' veto on beef concessions.

First, on 2 September, Raymond Lacombe, President of the influential FNSEA (*Fédération Nationale des Syndicats d'Exploitants Agricoles*) had lunch with Edith Cresson, the Prime Minister. What transpired from the meeting is revealing. Lacombe demanded that Cresson "seek a new balance between the EC, the USSR, and the Eastern countries"<sup>60</sup>. Then, on 4 September, Pierre Bérégovoy (Economics and Finance Minister), publicly warned, on the eve of his weekend visit to Moscow, against the belief that the EC would be able to absorb the production of the Eastern countries, and called Western countries to devise a new Marshall Plan to restore trade flows among Eastern countries and the republics of the USSR<sup>61</sup>. Then, on 5 September, one day before the Council, Lacombe warned in a press conference that if Eastern countries did not continue to trade among themselves at the levels they had before the fall of the Berlin wall, the EC's agricultural sector would be completely wiped out. In the same press conference, Lacombe, together with Philippe Mangin, President of the CNJA (*Centre National des Jeunes Agriculteurs*), called a nation-wide demonstration for Sunday 29 September which envisaged a rally of 300,000 farmers in Paris to protest against the threat of disappearance of rural France<sup>62</sup>.

These events combined with a pre-electoral mood (parties were announcing their lists for the forthcoming regional elections) and the weakness of the Cresson government. Cresson had replaced Michel Rocard in April and had not managed yet to establish her credibility. Rather than reversing the unpopularity of the Socialist government, Cresson was aggravating matters. Once this unfortunate combination

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<sup>60</sup> *Le Monde* 1991/09/04 "M. Lacombe (FNSEA) reçu par le premier ministre", p.22.

<sup>61</sup> *Le Monde* 1991/09/05 "La France s'inquiète de l'effondrement des échanges commerciaux à l'Est", p.17.

<sup>62</sup> *Le Monde* 1991/09/07 "Les agriculteurs redoutent les turbulences venues d'Europe de l'Est", p.26.

of events is taken into account, it is not difficult to understand Roland Dumas' "instructions"<sup>63</sup>.

Apparently, the more costly a veto in Brussels appeared, the more likely it would be to convince French farmers of the government's determination to defend their interests. However, the striking paradox of this whole episode is that the "victory" (according to the domestic logic) obtained by the French government in Brussels at the beginning of September would turn into a major defeat before the month was up. In the Council of General Affairs of 30 September, Minister Dumas would eventually accept a compromise which it gave France less than what it had been offered in the last *tour d'table* of the Council on 6 September. Magnifying the paradox, this defeat would occur the day after massive demonstrations of farmers all over France. However, it did not have domestic political consequences. What it is more, French insistence on unloading Eastern beef and lamb in Soviet markets by way of the so-called triangular operations would not correlate with the few attempts made by the French government both to ensure that these operations took place and to protest or even seek alternative devices when these operations proved to be of very limited significance<sup>64</sup>.

Thus, as it would later happen with the Spanish veto on steel matters in December 1991, most of the energies of the governments who entered into head-to-head collision courses in the Council would be devoted to convincing domestic sectors of their determination to defend national interests in Brussels, in spite of the evidence to the contrary. The crisis showed that, under certain circumstances, the symbolic gains obtained by obstinacy could be more valuable than the material losses resulting from the absence of bargaining efficacy. Portugal had exchanged its support for the textile dismantlement

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<sup>63</sup> Raymond Lacombe would later state, "the problem is not whether we buy 20,000 tonnes of beef more or less, but whether or not we successfully reestablish former trade links [between Eastern Europe and the Soviet Union] (*Le Monde* 1991/09/28 "La FNSEA invite 'tous les élus politiques régionaux' à la manifestation des agriculteurs", p.30).

<sup>64</sup> This fact was stressed by all the officials I interviewed who were familiar with the issue of the French veto and the triangular operations.

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calendar for a special plan of financial support to its producer regions, and Spain and Germany had forced the Commission to accept their protection from Polish coal competition (these examples are not meant to be exhaustive). In contrast, France had sacrificed some material gains for the need to convince its farmers that their government would not hesitate to defend their interests in Brussels. And according to subsequent events, the new climate of confidence would allow the French government to sign the concessions which had provoked such widespread unrest.

### **3. The final phase**

From September to November 1991, an important effort was done within the EC to conclude the negotiations. However, if the first rounds of negotiations had already been presided over by conflict, it seemed unlikely that the internal dynamics would suddenly be able to reconcile the EC's conflicting goals, actors, and interests. Rather, the pressure of time and the fact that remaining obstacles were those in which positions between the EC and the Visegrad Three, but above all within the EC itself, were most difficult to reconcile, further tensed a rope which had already shown itself to be none to strong.

#### *3.1. Back on track*

As seen above, the situation had exploded on 6 September. However, as the ministers had decided that the General Affairs Council of 30 September would again reexamine the proposals of the Commission, the practical implications of the crisis, i.e. whether or not the negotiations would be definitively suspended, were still not clear. Now, the Twelve and the Commission, and above all France, would have to find the means to bring the Visegrad Three back to the negotiating table and, at the same time, to maintain the credibility of the costly victory obtained by the French government in the eyes of its farmers.

Three factors ensured that this would prove no easy task. First, both the coup d'état in Moscow and EC's visible embarrassment over the outcome of 6 September Council would give the Visegrad Three greater bargaining power than they had previously enjoyed<sup>65</sup>. Second, the French farmers had won a position of strength which they sought to reinforce through the massive demonstration to take place all over France on 29 September. Third, for the first time, the Commission was not on the defensive. No matter what happened in the 30 September Council, Andriessen could not possibly be held responsible. Obviously this translated into a new balance of power between Andriessen and the member states.

Over the following weeks, the French government tried to restore its prestige. On a visit to Berlin on 19 September, Mitterrand invited the Community to accelerate the efforts to integrate Eastern Europe<sup>66</sup>. Later, on 1 October, Havel would sign in Paris a Friendship and Cooperation Treaty in which the French committed themselves, as they had done with Poland and Hungary, to support Czechoslovak membership of the EC<sup>67</sup>. Finally, on 4 and 14 October, Elisabeth Guigou (French Minister for European Affairs) flew to

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<sup>65</sup> Though, again, the Czechoslovak government was being the softest and the Polish one the most aggressive. In any case, the three delegations were not seriously considering walking away from the negotiating table. Proof of this was that they were not willing to hold formal negotiating rounds, but accepted, in the period between the two Council meetings, to engage in preparatory talks. Furthermore, in the Czechoslovak case, the textile trade interim agreement for 1992 was signed on September 11 (CEC. DG I E-2. "Note pour le dossier. Accords européens: suites du Conseil du 6.9.1991". Bruxelles, le 11 septembre 1991; *Europolitique* 1991/09/14 No.1703, p.V/8; CEC. SP. "Initialling of EC/Czechoslovakia textile protocol". IP (91) 822 of 11 September 1991).

<sup>66</sup> *Europolitique's* headlines asked with irony: "Le sphinx se fait-il camaleon?" (1991/09/20 No.1705, p.V/6).

<sup>67</sup> *Financial Times* 1991/10/02 "Paris woos Prague with accord", and *Le Monde* 1991/10/03 "La France s'engage à soutenir l'intégration de la Tchécoslovaquie dans la CEE", p.40.

Warsaw and Prague, respectively, to heal the wounds of the 6 September Council<sup>68</sup>.

However, the negotiations under way between the Commission and France stood in sharp contrast to these public moves. In fact, France was still doing its utmost to maintain its position<sup>69</sup>. But as the interview held in Paris on 26 September between Cadieux (Assistant Director General at DG I), and Lefas (member of the Cabinet of minister Guigou), showed, the Commission was not willing to satisfy the French government.

During the meeting, Cadieux told the French government that the compromise proposals which both the Commission and the Council had offered France at the end of the previous Council meeting would not be the point of departure for the next Council. Thus, with respect to beef and lamb concessions, the Commission defended that the Council meeting to be held on 30 September opened where it had begun on 6 September, not where it had ended. In contrast, the French government wanted the Council to begin from the last-minute joint offer by the Commission and the Presidency. Furthermore, the French government wanted three additional assurances on that compromise proposal. First, that the global ceiling of 425,000 head of cattle for EC world imports of live beef would not be increased, and even reduced if the EC member states so required. Thus, any increase in the quotas for Eastern European producers, then standing at 198,000 heads, would be deducted from the quota for third countries, such as Australia or New Zealand. Second, that live beef imports from Eastern countries would be replaced by their equivalent in beef for processing, sold to Soviet markets through triangular operations, and deducted from Eastern live beef quotas to the EC. Third, the French demanded a surveillance system to

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<sup>68</sup> *Europolitique* 1991/10/09 No.1710, p.V/3, and *Europolitique* 1991/10/15 No.1712, p.V/4.

<sup>69</sup> Though Delors met with Prime Minister Cresson on 13 September, reportedly to seek a compromise, the fact is that this had not led to any significant move by the French government (*Europolitique* 1991/09/14 No.1703, p.V/8).

guarantee that these conditions were met and to impede fraudulent imports<sup>70</sup>.

However, all Cadieux offered France was Andriessen's initial proposal that any quantities sold to the USSR through triangular operations would be deducted from Eastern quotas in the same product-categories (a proposal labelled *vases communicants*). Thus, the Commission was no longer even willing to propose Broek's last minute offer of a 50% split of the quota between the EC and the USSR. This was an important point. Both France and the Commission were well aware that Soviet demand for live animals for fattening was zero. The reasons for this was that the food crisis in the USSR meant that there was neither the time nor to breed young animals. Thus, to get the Soviets involved in triangular operations these would have to take place in processed beef rather than live animals. This explained the French interest in ensuring that Eastern processed beef sales to the Soviet Union would be deducted from the live beef quota established by the EC. In other words, Andriessen's proposals were likely to have a very limited impact on limiting EC imports of live beef from the whole of Eastern Europe, which was the only real goal of France. Thus, Cadieux was only offering the cooperation necessary to prevent fraud and a declaration by the Commission expressing its readiness to adopt safeguard measures if the Commission (and not the member states) considered it necessary<sup>71</sup>.

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<sup>70</sup> CEC. DG I E-2. "Note de dossier. Volet agricole des Accords européens. Entretien au Quai d'Orsay entre M. Cadieux et M. Lefas". Bruxelles, le 26 septembre de 1991.

<sup>71</sup> Andriessen's *vases communicants* proposal did not establish any binding threshold or limit. Thus, it was possible that if operations with the USSR did not actually take place, 100% of the available quota would be entirely consumed by the EC. In contrast, Broek's offer consisted of a "watertight compartment" proposal. It divided the quotas in two halves. This meant that the EC would not take more than 50% of the quota, regardless of whether the other 50% was sold to the USSR. In fact, as Commissioner Andriessen would confirm in his visit to the USSR on 11-13 September, triangular operations would prove very difficult due to the chaotic state of affairs provoked by the disintegration of the USSR (*Europolitique* 1991/09/14 No.1703, p.V/10).

And, in practice, this would be all that France obtained from the 30 September Council of General Affairs<sup>72</sup>. Commissioner Andriessen again presented his combined offer of *vases communicants*, a specific safeguard clause, and the maintenance of the global ceiling of 425,000 heads. As explained above, it is difficult to see how Dumas (the French minister) could claim that "*cette proposition va dans le bon sens*". Then, the foreign ministers engaged in lengthy discussions to find an agreement on whether this ceiling was temporary or definitive. After numerous proposals and counter-proposals, France became isolated and Dumas was forced to express its position in a unilateral declaration. However, other member states immediately responded with other declarations which highlighted the total irrelevance of the French declaration<sup>73</sup>.

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<sup>72</sup> CEC. SG. "Note à l'attention de Mmes. et MM. les membres de la Commission. Compte rendu succinct de la 1515ème session du Conseil consacrée aux Affaires Générales. Bruxelles, les 30.9 et 1.10.1991". SI (91) 641, Bruxelles, le 1er Octobre 1991.

<sup>73</sup> "*la délégation française prend acte de la déclaration du Conseil et de la Commission selon laquelle le plafond de 425,000 têtes ne sera pas affecté par les concessions octroyées. Elle considère que les facteurs qui ont conduit à l'instauration de ce plafond sont liés aux déséquilibres durables du marché de la viande bovine. Devant les risques d'aggravation de ce déséquilibre, en particulier du fait de l'ouverture du marché aux importations en provenance des trois pays associés, la délégation française comprend que ce plafond sera maintenu aussi longtemps qu'une telle situation prévaudra*" (Conseil. SG. "Addendum aux Conclusions du Conseil en date du 30 septembre 1991", 8471/91 ADD 1 EST 144, p.1). To ensure that French remarks were meaningless, the Italian delegation introduced in the new directives a statement in which it took note of Andriessen's declaration "that the global ceiling of 425,000 heads had been introduced in 1991 on circumstantial grounds and that its eventual maintenance for 1992 would be decided in accordance with the evolution of the situation". The British and Danish delegation introduced yet another formal declaration, stating that "the Commission confirms that the opening of markets envisaged in the directives shall be a reality at the end of a period of five years" (Conseil. SG. "Conclusions du Conseil en date du 30 septembre 1991. Adaptation des directives de négociation pour des accords d'association", 8471/91 ADD 1 EST 144, p.4).



But the humiliation of France on the question of beef quotas did not put an end to all the problems. The Spanish and Greek insistence that they should obtain the same compensations promised to Portugal in the 6 September Council in respect to textiles came close to blocking again the Council<sup>74</sup>. Nonetheless, the position of Spain and Greece was largely opportunistic. These two countries soon showed that they were only seeking to cash in on their opposition rather than to push their bargaining capacity to the limits. In the end, they had to accept that only the name of Portugal would figure explicitly in the Commission's declaration on future support measures for the textile industry and that they only appeared as "other affected regions"<sup>75</sup>.

After settling these issues, the Council adapted the directives. Thus, the negotiations with the counterparts could be resumed with the prospect of concluding within little over a month's time. At this point, the Community's negotiating position stood as follows.

First, with respect to textiles, the Commission had been authorized to negotiate a scheme and a calendar through which tariffs would be eliminated in stages over a six year period, and a calendar for the dismantlement of quotas chosen, in accordance with the most favourable scenario for the Visegrad Three from two possibilities: either in half of the period agreed in the Uruguay Round, or in five years from 1 January 1993. In return, the Commission would study the impact of these measures on Portuguese and other affected regions, and propose structural measures to modernize these sectors and strengthen their international competitiveness. Besides, it would also negotiate a special safeguard clause and commit itself to ensure that at the end of the transitional period of ten years defined by the

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<sup>74</sup> At the COREPER (II) meeting of 25 September, it could be seen that the Council would, paradoxically, find it more difficulty to arrive at a balanced package of compensations for Portugal, Spain, and Greece in the textile sector than to overcome the French veto (CEC. SG. "Note à la attention de Mmes. et Mm. les membres de la Commission. 1490ème réunion du Comité des Représentants Permanents (II) - Accords d'association". SI (91) 625, Bruxelles, le 26 septembre 1991).

<sup>75</sup> Conseil 8471/91 EST 144, p.2. The reference to regions, in spite of all the countries concerned, reflected the desire to avoid giving a protectionist or massive subsidizing image in the Uruguay Round talks.

association agreements, the textile imports of the associates would not be better treated than those from third country<sup>76</sup>.

The success of the Twelve and the Commission in securing approval for the textile package of the association agreements should not be ignored, in sharp contrast to the meagre achievements in the other sensitive sectors. The Commission had started negotiations in December 1990 with a mandate for a calendar of ten years for tariffs and no mention to quantitative restrictions. Then, in spite of the interferences of the Uruguay Round and the persistent calls of COMITEXIL to maintain the calendar unchanged<sup>77</sup>, the Twelve and the Commission had found the necessary financial elements to appease Southern members. As a result, the calendar of tariff suppression had been cut down four years and its scope had been extended to quantitative restrictions in more favourable conditions than those obtained by third countries in the Uruguay Round<sup>78</sup>.

With respect to agriculture, there had been also some significant advances. The Council accepted the consolidation of the GSP concessions, the suppression of specific and non-specific quantitative restrictions, and a 60% reduction of tariffs over a three year period, as well as a 50% increase over 5 years in the quantities which would benefit from these measures. Imports of Central Eastern European beef and lamb would be deducted from these countries' EC quota, but without any commitment on specific quantities. Finally, a specific safeguard clause would allow the EC to introduce protective measures in case of serious disturbances. In spite of French demands, the quota for Eastern beef imports would be maintained at 198,000 heads, with a 50% increase over five years (5 x 10%). Moreover, quantities within

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<sup>76</sup> Conseil 8471/91 EST 144, pp.1-2.

<sup>77</sup> *Europolitique* 1991/09/14 No.1703, p.V/8.

<sup>78</sup> The pay-off was the RETEX program. This transferred 500 million ecu in assistance for EC textile producers. It was launched by the Commission on October 1991 and endorsed by the Council in December 1991 (*El País* 1991/12/19 "La Comisión Europea destinará 65.000 millones de pesetas al sector textil", p.56).

these ceilings would obtain a 60% tariff reduction over three years (3 x 20%)<sup>79</sup>.

Thus, except for the promise to engage in triangular operations when possible, the French government had suffered a complete defeat on the day after the massive demonstrations in France. Lacombe (the Secretary General of the FNSEA who had led the campaign against Eastern imports), stated that "*la France a enfin fait accepter par ses partenaires ce que les producteurs français de viande demandaient depuis long temps*"<sup>80</sup>. However, as shown here, closer examination of the agreements reached by the Council led observers to pay greater heed to the public statements of the two main agricultural EC-level associations, the COPA and COCEGA, who bitterly criticized the agricultural concessions made by the Council<sup>81</sup>. For any remaining doubt, the puzzle was completed with the fact that both the French and the Polish government's could express their satisfaction with the outcome of Council. In practice, subsequent reports emphasized that Lacombe and the FNSEA had only obtained assurances from the French government that it would put pressure on the Commission to help French beef producers to restructure the sector<sup>82</sup>.

As for financial cooperation, the Spanish government had withdrawn its opposition to the references to the European Investment Bank as a financial instrument to be applied. Besides, member states had shown greater willingness to confirm that assistance programmes would continue after 1992. Meanwhile, the issue of workers was settled in a way which would improve the social benefits accorded to legal immigrants from the Visegrad Three. Finally, progress had also been made on the question of coal restrictions, with Spain and Germany being forced to accept that their

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<sup>79</sup> *El País* 1991/10/01 "Francia desbloquea los acuerdos de asociación con el Este", p.64.

<sup>80</sup> Cited in *Le Monde* 1991/10/02 "Satisfaction en Pologne et en France", p.21.

<sup>81</sup> *Europolitique* 1991/10/12 No.1711, p.III/11.

<sup>82</sup> *Le Monde* 1991/09/30 "La Commission de Bruxelles veut inciter les éleveurs à améliorer la qualité de leur production", p.7; *Le Monde* 1991/09/30 "Mme. Cresson demande une réforme du marché de la viande", p.7).

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national restrictions on coal imports would not continue more than three years and the Commission having succeeded in controlling the impact of these restrictions on single market policies and principles<sup>83</sup>.

### *3.2. The dynamics of the final rounds*

It was still to be seen how far these concessions would be able to reduce the gap between the positions of the EC and the Visegrad Three. In the Visegrad Three countries, the negotiations on the association agreements had acquired great prominence. Thus, throughout Central Eastern Europe it was expected that domestic pressures would also limit the room for manoeuvre of the Visegrad negotiators. Meanwhile, according to my interviewees, the widespread belief in the EC was that the Council had been squeezed to the limit. In these circumstances, a new revision of the directives was out of the question. A large number of problems were still pending and negotiations would still see some important clashes, both within the EC camp and between the EC and the Visegrad Three. However, Andriessen firmly believed that the way had been paved for the conclusion of the negotiations<sup>84</sup>.

The foreign ministers' agenda, only two months before the Maastricht European Council meeting, was very heavily burdened. Hence, it could be expected that the Visegrad Three would not be able to exploit further the theme of Community's meanness, no matter how justified they might be. Also, in face of domestic problems (elections in Poland and the tensions in the Czechoslovak federation), the Visegrad Three were much more interested in getting the agreements signed than in fuelling domestic dissatisfaction with the EC. The failure to achieve association agreements would severely affect the EC's international prestige but, domestically, it would also

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<sup>83</sup> See *Europolitique* 1991/09/25 No.1705, p.V/1; *Financial Times* 1991/10/01 "Community edges open door to east"; *Europolitique* 1991/10/02 No.1708, p.V/7; *Bull.EC*9/1991, point 1.3.16.

<sup>84</sup> *Europolitique* 1991/10/12 No.1711, p.V/4.

reveal the bargaining incapacity of Central Eastern European governments.

The Council's refusal in July 1991 to revise the directives and the month lost in September would make it impossible for the EC to meet the October deadline fixed by the European Council of Luxembourg in June 1991. Nevertheless, both the Commission and the member states, as well as the Visegrad Three, desired a speedy conclusion of the negotiations. In October, negotiations resumed at a brisk pace and the results were officially initialled on 22 November 1991, only three weeks beyond schedule. Formally, two more rounds were necessary to clear outstanding obstacles. In reality, negotiations at expert level in technical groups continued practically without interruption during October and November.

Pressure to conclude agreements in time would have one quite important advantage in that it forced parties to converge faster than they would have otherwise done. However, the lack of time also created some important problems for the EC. First, the Commission's inter-service coordination process would suffer greatly. As argued above, this process usually ended in the downgrading of DG I's proposals. However, its positive aspect was that it also tended to assure an important degree of cohesion and control over the negotiations which was beneficial to the Commission as a whole. But in this final phase of the negotiations, the pressures of time would mean that DG I would have to rely more than it had done in the past on other Commission's services to handle the negotiations. But with different services conducting negotiations at expert level without the close supervision of Benavides and DG I-E, there was a risk of a further loss of comprehensiveness and coherence. Moreover, it paved the way for some services to succumb to the temptation, specially in DG III (Internal Market), DG IV (Competition), and DG VI (Agriculture), to isolate themselves from the general framework of negotiations and conduct separate negotiations. Obviously, what followed was a succession of major conflicts between services.

This problem would be aggravated in some cases when Benavides was forced, by the pressure of time or by his own criteria and responsibilities as main negotiator, to accept, in plenary meetings or in more restricted negotiations with the main Visegrad Three

negotiators, demands for which he did not have sufficient internal backing in the Commission and/or the Council. This kind of moves by the EC's main negotiator also had a tactical dimension, i.e. seeking a *fait accompli* which would be hard to reverse later, but they were also quite risky gambles which could also lead to internal and/or external crises. In fact, the two most important crisis which broke out in this period were provoked by this problem.

On the first occasion, Benavides accepted a ten year period of exemption of rules on state aids for the Visegrad Three's steel industries, instead of the five year period sought by DG IV (Brittan) and even by some services in DG I<sup>85</sup>.

On the second occasion, given the practical impossibility of demanding yet another modification of the directives from the Council, DG I-E, with the support of Andriessen, the Dutch Presidency, the United Kingdom, and Denmark, accepted the Visegrad Three's demand to remove any reference to future Voluntary Restraint Agreements (VRAs) on steel from the agreements. Nine member states, led by Spain and France, would fiercely oppose this move and rebuked Andriessen for having explicitly gone against the content of the mandate. This second crisis soon acquired enormous proportions, with a formal threat by Spain to veto the agreements on the eve of the signing, and ended up by spoiling the whole signing ceremony of the agreements.

Thus, one important consequence of the pressures of time was the progressively bitter tone of the negotiations at all levels. All too easily, minor issues proved impossible to resolve because of the actors' attempts to take advantage of these time constraints to obtain last-minute concessions. As a result, negotiations on very minor elements of the agreements, such as trade concessions on

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<sup>85</sup> According to my interviewees in DG I-E's services, it was mere wishful thinking to suggest that Central Eastern European steel industries could enforce EC competition rules within five years. These sectors were in a deep crisis and required massive restructuring. Also, it was believed that such tight schedule would impel the Visegrad Three's industries to dump their production in Western markets as a way of earning easy and fast hard currency to finance their restructuring process. In turn, this would result in a sharp deterioration of mutual relations.

automobiles or duck quotas, would be dealt with in a confrontational style, forcing successive delays in the initialling and signing dates. In general terms, except in the case of Czechoslovakia, whose delegation tired fastest, this atmosphere dominated the member states' bargaining with Poland and Hungary.

### *3.3. The positions of the parties*

The basic elements of the EC's offer in respect to the trade liberalization calendar as of July 1991 can be seen in the following table (Table XI). When the agreements came into force, the EC would dismantle all its tariffs and quantitative restrictions on products accounting for between 38 and 46 percent of the Visegrad Three's exports to the EC in 1990 (Group A-1).

Another set of EC tariffs which would be dismantled at the entry into force of the agreements comprised some of the products included in Annex III (Table XI's Group A-3). These accounted for between 7 and 11 per cent of the Visegrad Three's exports to the EC in 1990 and were mainly products covered by the Generalized System of Preferences (GSP), i.e. sensitive products in which the EC had already given the Visegrad Three preferential treatment. As the new directives established, these preferences would be consolidated. In practical terms, this meant that all imports within the approved quotas would be tariff-free from the agreement came into force. In turn, imports outside these quotas would be still subject, for five year period, to tariffs, which would be progressively reduced.

Combining the two categories (Groups A-1 and A-3), the EC would have a free trade area with the Visegrad Three covering between 46 and 57 per cent of their 1990 exports on day one of the agreements. Five years later, with the incorporation of steel and coal products, as well as the remaining GSP quotas and tariffs, the free trade area would cover 68% (Poland), 58% (Hungary) and 80% (CSFR) of the Visegrad Three's total 1990 trade with the EC. One year later (1998), the suppression of tariffs on textile imports would extend the free trade area by a further 10 percent, though the results of the Uruguay Round might defer for four years the suppression of

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the EC's quantitative restrictions on textile imports. At the end of the ten year transitional period, and fulfilling GATT obligations which demanded that free trade areas cover "substantially all trade", only the agricultural exports of the Visegrad Three would remain subject to tariffs and quantitative restrictions, though the figures for what these sectors represented varied greatly, between Hungary (24%), Poland (21%), and Czechoslovakia (8%).



**TABLE XI.EC dismantlement calendar as a percentage of the Visegrad Three's exports**

	Poland	Hungary	CSFR
- Total exports to EC (1990)	5.2	2.9	2.7
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- GROUP A-1			
Type: <b>Industrial non-sensitive</b>			
Calendar: at entry into force			
Position: elsewhere not specified			
Value (%):	38.2%	39.1%	46%
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- GROUP A-2			
Type: <b>Industrial medium-sensitive</b>			
- Position: Annex IIa			
Calendar: 1 year			
Value (%)			
- Position: Annex IIb	0.1%	0.4%	0.45%
Calendar: 4 years			
Value (%)	0.3%	0.8%	0.05%
-----			
- GROUP A-3			
Type: <b>Industrial high-sensitive</b>			
- Position: Annex III			
Calendar: at entry into force			
Value (%)	6.7%	7%	11%
- Position: Annex III			
Calendar: 5 years			
Value (%)	10.7%	8.3%	10.6%
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- GROUP B			
Type: <b>Agriculture</b>			
Position: Chapters 1-24 CN			
Calendar: No liberalization)			
Value (%)	21.5%	24.3%	7.9%
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- GROUP C			
Type: <b>Textiles</b>			
Position: Chapters 50-63 CN			
Calendar: 6 years			
Value (%)	11.5%	15.8%	11.1%
-----			
- GROUP D-1:			
Type: <b>ECSC Steel</b>			
Calendar: 5 years			
Value (%):	4.6%	5%	10.8%
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- GROUP D-2			
Type: <b>ECSC Coal</b>			
Calendar: 1-4 years.			
Value (%)	7.6%	0.1%	2.6%

*Source:* Compiled by the author from CEC. DG I E-2. "Evaluation des concessions commerciales communautaires du projet d'accord d'association avec la Pologne, la Hongrie et la Tchécoslovaquie". Bruxelles, le 2 juillet 1991 (figures in billion ecu).

In general terms, the relative composition of the Visegrad Three's exports to the EC had a great influence on what each country would seek, and what the EC would offer, in this final stage of negotiations. It also explained the Visegrad Three's essential incapacity to coordinate their positions.

In the Czechoslovak case, the less conflictive attitude it adopted, in accordance with the political priority assigned to the agreements, was also decisively facilitated by the fact that its exports to the EC were less sensitive than those of the other two countries. Without having being forced to propose major concessions, the CSFR would see a substantial amount of its trade liberalized from the date the agreements would come into force. Hence the main goal of the Czechoslovak negotiators was not to obtain trade concessions from the EC but, rather, to delay to the maximum their own concessions to the EC in sensitive sectors. The net result was that the Czechoslovak delegation obtained the best concessions-sacrifices ratio of the three.

In the Polish case, the more belligerent attitude vis-à-vis the EC was the fruit of a combination of two factors. First, the Polish commercial regime was the most liberal of the Visegrad Three's and, second, more than 50% of its exports to the EC had been labelled sensitive in Brussels. The combination of these two facts led the Polish government to believe that the agreements would be clearly discriminatory against Poland. Given that EC's offer to the three Visegrad countries was, due to the scant flexibility of the EC, basically the same, the Polish government would liberalize more, because of its preferences, and obtain less, because of the composition of its exports. Thus, the final phase of negotiations between Poland and the EC was characterized by a frantic attempt by the Polish government to change the nature of the balance by obtaining more concessions from the EC on tariffs and quotas. However, this would prove quite difficult, and the extremely conflictive negotiations which would follow, with product-by-product negotiations with DG I and member states, would only enable the Polish delegation to extract some minor concessions.

Finally, Hungary would decide, in this final phase, to openly defy the EC. Hungary's meagre offer fell well short of what even DG I negotiators understood as asymmetric dismantlement. Two years after

the entry into force of the agreements, Hungary wanted only 6% of the EC's industrial exports (comprising textiles and steel) to its country to have been liberalized. Five years later, this figure would only rise to 33%. Thus, Hungary was delaying its opening to most of the EC's exports until January 2001. Furthermore, it sought to maintain all kinds of quantitative restrictions and equivalent measures for as long as possible. As we will see, Hungary would achieve a great victory in industrial products, obtaining reasonably good access to EC market at a very low cost for itself. However, it would also pay an undoubtedly high price. It was granted worse quotas and tariffs in the agricultural and textile sectors (which made up for 40% of its traditional exports to the EC) than those obtained by Czechoslovakia and Poland, and obtained lower ceilings and higher tariffs in products covered by Annex III of the agreements.

In short, above all the last two rounds of negotiations would revolve around the EC's concessions on textile and agricultural quotas, on the one hand, and the Visegrad Three's attempts to safeguard their own sensitive sectors, on the other hand. But as both parties were only willing to make minor concessions, these last two rounds would not have a major impact on the overall shape of the agreements.

#### *3.4. The last two rounds (October-November 1991)*

The seventh round of negotiations would take place on 14-15 October (Hungary), on 21-22 October (Poland), and on 23-24 October (Czechoslovakia). In the case of Hungary, the meeting held on 25-26 September between Thurmes (Head of unit of DG III A-1) and Szabo (Assistant Director General in the Hungarian Ministry for Foreign Economic Relations) had taken place in a rather deteriorated atmosphere. The Hungarian delegation firmly rejected DG III's demands, which sought to ensure better market access for Community's products on grounds of the difficulties Hungarian industries would face during the transitional period envisaged in the agreements. In response to this closure, DG III warned the Hungarians that it was coming under major pressures from member

states and EC industries to improve the conditions of EC access to the Hungarian market<sup>86</sup>.

However, the seventh round could proceed once the Council of 30 September had accepted the Commission's proposals and resolved the crisis provoked by the French veto on 6 September<sup>87</sup>. Important chapters were still open, but both parties still believed that thanks to the better preparation of the Hungarian delegation, this country could be the first one to sign an agreement. Also, as it would happen in Poland and Czechoslovakia, the Hungarian government also seemed to have accepted that the Community's negotiating position was now definitive and irreversible. Thus, the moment had come to reap the domestic benefits of the agreement as well as to define the content of the EC's promises to support intra-Eastern trade through triangular operations<sup>88</sup>.

In the case of Poland, the Council of 6 September and the subsequent crisis provoked a change of attitude. Before the meeting, Poland had still believed that by putting enough pressure on to the EC it could modify the general shape of the free trade area and force the EC to include agriculture in the general industrial framework. After the Council and the subsequent crisis, it was obvious to Warsaw that the EC's member states and Commission's opposition had condemned that strategy to failure. As Olechowski (State Secretary for

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<sup>86</sup> CEC. DG III A-1. "Note de dossier. Négociations Hongrie -Consultations sur les échanges de produits industriels (26.9.91)". Bruxelles, le 4 de octobre 1991.

<sup>87</sup> Virtual agreement had been achieved on the following chapters: preamble, political dialogue, most of the commercial part, economic, financial, and cultural cooperation. Outstanding issues were: the Hungarian's restrictive commercial offer, their insistence on special safeguard clauses for Hungarian industries engaged in restructuring process, and the wish to protect its financial services from Community penetration. See CEC. DG I E-3. "EC-Hungary Europe Agreements. State of Negotiations". Brussels, 24 October 1991.

<sup>88</sup> See *Europolitique* 1991/10/09 No.1710, p.V/3; *Europolitique* 1991/10/19 No.1713, p.V/2; the reports on the visit of Kadar, Hungarian Economics Minister, to Brussels on 15 October 1991 (*Agence Europe* 1991/10/16 No.2749, p.12); and the meeting of Josefz Antall, Hungarian Prime Minister, with President Delors on 29 October (*Agence Europe* 1991/10/31 No.2759, p.12; *Europolitique* 1991/11/01 No.1717, p.V/1).

International Economic Cooperation), recognized at the informal association talks held in Warsaw on 19-20 September, the Poles could no longer maintain its maximalist position<sup>89</sup>.

The reasons for the new pragmatism of the Polish team did not only invoke the lessons they learnt from observing the dynamics of negotiation among EC's member states. The forthcoming Parliamentary elections of 27 October 1991 were forcing the Polish government to present the agreements as a major foreign policy success to its public opinion. Thus, the theme on the Community's meanness could easily be turned against them. When commenting on the results of the EC Council of 30 September, Olechowski said that "those EC countries which have been against to our access to their textile markets should be satisfied". However, he defended the agricultural package in the agreements: "the problem of Polish agricultural exports seems to be more or less settled [...] the agreement is going to be asymmetric. Concessions given by the EC will be greater than ours"<sup>90</sup>. The fact that this positive evaluation of the negotiations coincided with the fact that the Polish Peasant Party was harshly criticizing the agricultural package in the Polish Diet only confirms this explanation. Moreover, the visit of Prime Minister Bielecki to Brussels on 9 October was not, in contrast to previous visits by Polish leaders, used to make public statements denouncing the EC's supposed shortsightedness and meanness<sup>91</sup>.

From now on, Olechowski's and the Polish Delegation's attention would be devoted to extracting the maximum concessions

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<sup>89</sup> Benavides had warned him that the Commission was pushing member states to the very limit of what they could accept and that if current Commission's proposals stood at the 30 September Council, they should not expect any more revisions (CEC. DG VI II-2. "Note for the file. Informal association talks with Poland in Warsaw. 19/20 September". Brussels, 26 September 1991).

<sup>90</sup> *Rzeczpospolita* No.230, 2 October 1991, p.1 and *Gazeta Wyborcza*, 3 October 1991. Both translated in CEC. Delegation in Poland. "Reactions from the Polish Press on the conclusions of the Council of Ministers of 30 September 1991". Warsaw, 3 October 1991.

<sup>91</sup> CEC. DG I E-2. "Note d'information rapide. Le Premier Ministre de Pologne a rencontré la Commission le 9.10.1991". Bruxelles, le 10 octobre 1991.

possible *within* the Commission's current proposals. However, their new theme on the discrimination of Poland vis-à-vis Hungary and Czechoslovakia would have no real practical results. At this stage of the negotiations, DG VI (Agriculture), rather than DG I, was handling the negotiations on agricultural matters and any Polish demands for better concessions on specific products (such as red fruits, mushrooms, pork and poultry, dairy products, and fruit and vegetables) would be negotiated on a strictly reciprocal basis, scarcely influenced by Benavides and his services in DG I-E<sup>92</sup>.

Notwithstanding what happened in relation to agriculture, with respect to textiles, workers and financial cooperation, the positions of the parties were not very different, and even if negotiations could not be concluded by the end of October, negotiators said agreement was close. Though at the end of the round Olechowski would say that progress had been slow, he also highlighted that 27 chapters were closed, 9 the subject of only minor disagreements, whilst only 4 remained completely open<sup>93</sup>.

In the Czechoslovak case, the Federal government had adopted less tactical positions. Moreover, there were clear indications that the difficulties in holding the two republics together were starting to impinge very negatively on their bargaining capacity. Due to these problems, the Czechoslovak delegation would put the main emphasis on the political importance of the agreements. This delegation would have two objectives in mind. First, to ensure that the EC shared the membership goal of Czechoslovakia and, second, that the agreement be signed rapidly. Clearly, both elements reflected the need to appease the dissolutionist tendencies prevailing in Bratislava<sup>94</sup>.

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<sup>92</sup> According to the version of a senior DG I official.

<sup>93</sup> CEC. DG I E-3. "Note de background. Etat des négociations sur l'accord européen Communauté/Pologne". Bruxelles, le 7 October 1991. As Commission sources declared to *Europolitique* at this time, most of the negotiation positions were predominantly tactical (1991/10/26 No.1715, p.V-1). See also *Agence Europe* 1991/10/26 No.2757, p.9.

<sup>94</sup> On 17 October 1991, the Slovak representative of the Czechoslovak delegation had presented the European Commission with a demand that in the association agreement reference to the contracting parties should state that the "The Federal

After the seventh round, under the pressure of both the new deadline (15 November) and the challenge of having only a single round to clear all the obstacles, some member states, certain Commission's services, and the Hungarian and Polish negotiators began to show increasing signs of nervousness. The large number of technicalities which remained to be solved required a flexible attitude on the behalf of both sides. Thus, at this stage, DG I-E's most feared scenario consisted of being confronted by a situation in which last-minute stubbornness on either side would trigger the retaliation of the other. At the end of October, DG I-E had begun to observe with anxiety the evolution of negotiating attitudes in the Council's Group on Eastern Europe. To avoid this negative scenario from being realized, Benavides made an appeal to the COREPER meeting of 23 October. Here, Benavides warned that *"il est essentiel d'éviter maintenant toute interprétation restrictive de ces directives et d'en respecter également l'esprit, afin que les grands principes qui sont à la base des accords européens ne soient pas altérés (asymétrie, assistance de la Communauté [...]) Les trois pays ont vocation à l'adhésion: les accords européens doivent les y préparer"*<sup>95</sup>.

These pleas did not obtain any visible result and, as result, a crisis opened in the eighth round. A one-week delay and frantic negotiations cleared most outstanding obstacles and negotiators initialled the agreements. However, the negotiations on some items would be prolonged well into January and February 1992.

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Czech and Slovak Republic is a voluntary union of the Czech Republic and the Slovak Republic". Obviously, the EC rejected the proposal (CEC. DG I E-2. "Note pour le dossier. Problème particulier de la Slovaquie". Bruxelles, le 18 Octobre 1991). On the seventh round with Czechoslovakia, see *Europolitique* 1991/10/09 No.1710, p.V/3; *Europolitique* 1991/10/26 No.1715, p.V/4.

<sup>95</sup> (CEC. DG I E-3. "Speaking note. COREPER 23 Octobre 1991"). These Commission services would also warn President Delors on 24 October 1991 of the re-emergence in the Council Group of a restrictive attitude towards commercial concessions and financial services. They also complained of the fact that the Group had forced them several times to renegotiate with the Hungarians chapters already closed by DG I (CEC. DG I E-3. "EC-Hungary Europe Agreements. State of Negotiations -Briefing for President Delors on his 29 October 1991 meeting with Prime Minister Antall-". Brussels, 24 October 1994).

But before then, the end of October witnessed yet another trilateral effort to coordinate the negotiating positions of the Visegrad Three. Meeting on 25 October 1991, Olechowski and his Hungarian and Czechoslovak colleagues decided to put collective pressure on the EC. This new effort at coordination had three goals. First, to cut down to five year the EC's dismantlement calendar for textiles. Second, to widen the EC's list of products for immediate or early liberalization. And, third, to secure greater opportunities to safeguard their most problematic productive sectors from exposure to the competition of EC products<sup>96</sup>.

Once again, the trilateral meeting was not translated into well-defined positions in the negotiating table. Rather strikingly, the positions of the Visegrad Three would differ even more than in the previous rounds. In the Czechoslovak case, the round held on 5-6 October would close most of the remaining chapters. Though some questions on textile concessions remained open, the parties soon engaged in drafting the final text and resolving the technicalities. Finally, on 19 November, the Czechoslovak delegation closed the negotiations without waiting for their Polish and Hungarian counterparts. In doing so, they completely undermined the possibility of exerting collective pressure in this final stage<sup>97</sup>.

While the Czechoslovaks were packing up to go home, the Hungarian negotiators and DG III were still entirely incapable of abandoning their positions, and each party held the other responsible for the limited opening they were offering each other<sup>98</sup>. Then, when the plenary session of the eighth round opened on 12 November,

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<sup>96</sup> *Financial Times* 1991/11/05 "East Europe 'three' link for Brussels' talks".

<sup>97</sup> CEC. DG I-E. "Accord Européen/Thécoslovaquie 8ème session de négociation 5-6 Novembre 1991- Réunion technique agriculture". Bruxelles, le 8 novembre 1991; *Europolitique* 1991/11/09 No.1719, p.V/2.

<sup>98</sup> (CEC. DG III A-1. "Note de dossier. 8ième round de négociation avec la Hongrie. Consultation sur les échanges de produits industrielles". Bruxelles, le 29 octobre 1991). As noted above, already in October some member states were forcing the Commission to renegotiate, in face of what they considered to be a general Hungarian closeness, clauses already agreed (CEC. DG I E-3. "EC-Hungary Europe Agreements. State of Negotiations". Brussels, 24 October 1991).



negotiators were incapable of agreeing on anything during the first ten hours of the meeting. Pablo Benavides, the Community's main negotiator, could not hide his irritation. In his interpretation, the Hungarian attitude amounted to an attempt to revise the very bottom line of the association agreements<sup>99</sup>. The climax was reached on 15 November, the day originally envisaged for the ceremony of initialling the agreements, when Prime Minister Antall urgently convoked a meeting with the Head of the EC's Delegation in Budapest. Antall required the EC's Head of Delegation in Budapest to convey Delors and Andriessen a formal protest over the fact that the Community's negotiators had, according to Antall, presented 48 hours earlier a list of new concessions they were demanding from Hungary. Antall's message to Delors concluded that the acceptance of these demands would pose a serious threat to the stability and credibility of his government as well as to its European commitment<sup>100</sup>.

The aide-mémoire which Benavides prepared for Cadieux (Assistant Director of DG I) to defend the Commission quite clearly reveals how tense the atmosphere was. On the first point, Benavides accused Hungary of being largely responsible for the delays in the negotiations. More specifically, he wrote that Hungarian attitudes at the negotiating table fell well short of the good faith the EC expected from Hungary. Second, he argued, Hungary had not significantly altered its negotiating position since the start of negotiations ten months earlier. In practice, he continued, Hungary was seeking that the EC agree to allow Hungary a transitional period of 13-15 years for the free trade area, the liberalization of rights of establishment, and the service sector. To Benavides, the demands presented in the preceding 48 hours, which were so deeply resented by Antall, did not deviate one inch from the demands they had been constantly making

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<sup>99</sup> *Europolitique* 1991/11/16 No.1721, p.V/3; *Agence Europe* 1991/11/16 No.2770, p.7. Apart from the industrial and agricultural concessions, the Hungarians had maintained their positions with respect to financial services, workers and financial cooperation.

<sup>100</sup> CEC. Delegation in Budapest. "Négociations d'association. Entretien de ce matin avec M. Antall". Bruxelles, le 15 novembre 1991". Budapest, le 15 novembre 1991.

since the negotiations started. Furthermore, he warned, Hungary was trying to obtain the same concessions as Poland and Czechoslovakia when, in fact, the opening of these two countries to EC products was substantially greater, and, he stressed, particularly to their merit given their worse economic situation. Benavides made it clear that the EC would not accept Hungarian demands and would have to sign a more restrictive agreement with Hungary. Furthermore, he concluded, if the EC bowed to Hungarian demands, it could be taken for granted that Poland and Czechoslovakia would reopen the negotiations<sup>101</sup>.

In the Polish case, there were also a lot of problems, but they did not involve questions of substance. In the eighth round, which officially took place on 7-8 November, but which in fact lasted until 21 November, the outstanding problems centred on mutual agricultural concessions, on which the Polish delegation hoped to obtain some partial compensations with respect to the general protectionist attitude of the EC. As it was soon seen, tensions were also high, but they reflected more the strategy of seeking to take advantage of time pressures and the wish to compensate in the last chapters for previous losses<sup>102</sup>.

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<sup>101</sup> CEC. DG I. Directeur Général Adjoint. "Note à la attention de M. Winjmaalen -Cabinet de M. Andriessen-. "Aide-Mémoire. Négociations avec Hongrie. Principales difficultés rencontrées". Bruxelles, le 15 novembre 1991. These points were consistent with the memoranda of DG I textiles' experts on Hungarian negotiation positions (CEC. DG I D-1. "Note for the record. Textile Protocol in the Association Agreement with Hungary and CSFR". Brussels, 18 November 1991).

<sup>102</sup> Olechowski had declared to the *Financial Times* that they were ironing out details on the phone (FT 1991/11/13 "Poland 'to sign' EC association pact on Friday"). He could even permit himself a degree of irony when he told *Europolitique* that the delays were due to the fact that the agreement given by the EC to Poland was not completely satisfactory (1991/11/20 No.1722, p.V/5). See also *Europolitique* 1991/11/13 No.1720, p.V/1).

#### **4. The Spanish veto**

After the last minute obstacles had been cleared, the association agreements had been initialled in a formal ceremony which took place in Brussels on 22 November. This marked the end of the Commission's negotiations with the Visegrad Three. However, it still had to present the results of the negotiations to the member states in the Council for ratification. Later, the text approved by the Council would have to be sent to the European Parliament, which according to EC Article 238, had to give its assent to association agreements. Finally the Parliaments of the Twelve member states would examine the treaties, since they touched a variety of competencies in the hands of member states. Obviously, the Parliaments of the Visegrad Three countries would also have to ratify the agreements.

Realising that the ratification process would be slow, the Twelve and the Commission had earlier agreed that they would separate the commercial chapters of the agreements from the rest of the document. This decision was not only desirable in order to allow the commercial provisions of the agreement to come into force immediately. It was also legally possible given that external trade fell completely under the competencies of the EC (under Article 113) and did not require ratification by the twelve Parliaments of the EC member states<sup>103</sup>.

Thus, the so-called "Interim Agreements on Trade and Accompanying Measures" would come into force in March 1992, while the proper association agreements, comprising not only trade

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<sup>103</sup> The fact that the "Interim Agreements" were to be signed under article 113, requiring a qualified majority and not unanimity, as "Association Agreements" required under article 238, would not make any difference. It was unanimously interpreted in the EC that the legal base of the whole dossier was article 238, i.e. unanimity.

matters, but also political dialogue and economic cooperation, would not come into force until the beginning of 1994<sup>104</sup>.

But before all this could take place, the Council of General Affairs had to endorse the agreements reached by Commission's negotiators. This would not prove easy. At the initialling ceremony on 22 November 1991, and in spite of the usual warm words, two types of tensions were visible. The first type were due to the strained atmosphere of the last two rounds of negotiations with Poland and Hungary, and specially of the last week and hours of negotiations, when attempts to improve or to overturn agreements led to quite bitter exchanges of opinions between the Commission negotiators and the Polish and Hungarian delegations. This, in turn, had forced successive delays in the initialling ceremony which was postponed, first, from Friday 15 to Wednesday 20, then to Thursday 21 and, finally, to Friday 22<sup>105</sup>.

However, the real source of tensions in the initialling ceremony was the fear that the Council would fail to sign the agreements and forced negotiations to begin all over again. Needless to say, such an event would greatly affect both the international prestige of the European Community and even turn public opinion in the Visegrad Three against the agreements. There were some grounds for these fears, since without the formal authorization of the Council, though with the support of some member states, DG I's negotiators had gone further than the directives allowed with respect to the clause on voluntary restraint agreements on steel trade (VRAs). This was not a minor issue. It very soon came to exemplify the problems faced by the EC when particular elements of the association agreements

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<sup>104</sup> Except in the case of Czechoslovakia: its division as of 1 January 1993 forced the EC to renegotiate the agreements with the two new Republics.

<sup>105</sup> At the ensuing press conference, Benavides described negotiations as "extremely difficult and excruciating". More specifically, he referred to the final few days as "nightmarish" (*Europolitique* 1991/11/22 No.1723, p.V/7; *Agence Europe* 1991/11/23, p.8). The *Financial Times* also took due note of the Visegrad Three's complaints about the bad atmosphere of negotiations and last minute divergences (FT 1991/12/02 "Europe's reluctant empire-builders: The EC's response to fears of instability to the east").

became entangled in the complex web of domestic politics, pre-existing policies, related policy areas, and foreign policy considerations.

#### *4.1. The context of the steel crisis*

Already during the negotiations over the directives for the association agreements, the issue of steel VRAs had shown itself to be quite controversial. However, the problem was much older. Since the seventies, the EEC's timid commercial opening to Eastern Europe during the period of detente led it to negotiate quotas for the Eastern European steel imports. These VRAs took into account the fact that the Eastern European countries did not have market economies and, thus, prices were not likely to represent real production costs. In any case, the practice of establishing VRAs agreements was quite widespread in international trade relations throughout the seventies and the eighties, either to deter dumping practices from state-subsidized steel industries or, more evidently, to protect uncompetitive national industries from external competition.

The suppression of this type of non-tariff barriers (NTBs or "grey area" measures, in GATT's jargon) was one of the goals of the GATT Uruguay Round when it opened in Punta del Este (Uruguay) in 1986. The EC, which was interested in obtaining better access to the United States' steel markets, had declared its willingness to endorse an agreement of this type throughout 1990. In April 1991, the EC Council had approved a negotiating mandate which allowed the Commission to negotiate the suppression of all type of VRAs agreements after 1992. Clearly, this directly contradicted the association mandate of December 1990, which established that the Commission should negotiate the maintenance of this type of VRA agreements with Poland, Hungary and Czechoslovakia.

This created the rather complex question as to which mandate the Commission's negotiators of the association agreements should follow. Some member states, particularly the Netherlands, the United Kingdom, and Denmark, argued that the mandate of April 1991 should prevail. Against that group, Spain, France, Portugal, and Italy

wanted the Commission to respect the November 1990 mandate and Central Eastern Europe be considered a special exemption from EC policy on VRAs. For this group, which counted on the support of the EC's producers association, EUROFER, the threat of massive dumping of Eastern steel into EC markets could mean the collapse of those EC steel industries facing a difficult period of restructuring period<sup>106</sup>.

To cope with this situation, the negotiators of the association agreements had defined a twin-track policy. On the one hand, the EC would supply the future associates with technical aid, within the framework of ECSC and PHARE programs, to help them rationalize and reduce their production. On the other, the Visegrad Three would have to adhere, after a transitional period, to tight EC competition rules on state aids. However, these measures would become dangerously entangled with the steel policies of the European Commission with respect to certain member states, particularly Spain.

In 1980 Spain had already embarked on a major restructuring of its steel sector. This sector had traditionally operated under the protective umbrella of high tariffs and state subsidies. Problems of excess capacity had led to the inclusion in Spain's treaty of accession to the EC of VRAs vis-à-vis the other EC member states and a tight period of three years for restructuring of the steel sector. By 1991, despite a reduction in manpower of some 30,000 workers (50% of the sector's workforce), and a massive injection of public money, the state-owned steel sector was still in a very poor shape. The new

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<sup>106</sup> Overall EC steel production stood at 130 million tonnes, in comparison to the Eastern capacity (combining Poland, Hungary, Czechoslovakia, Romania, and Bulgaria) of 50 million tonnes. In Poland, Hungary, and Czechoslovakia alone, the steel surplus available for exports was estimated at 6 million tonnes (*El País* 1991/11/19 "España protesta ante la CE por la discriminación de la siderurgia nacional frente al acero del Este", p.55). The pricing systems for steel production in these countries were, to say the least, artificial, given that production costs were simply ignored, or thoroughly dishonest, in other cases. In the ECSC Consultative Committee meeting held in Brussels on 18 December 1991, EC steel producers openly accused the Commission of greatly underestimating the threat of Eastern European steel (*Agence Europe* 1991/12/19, No.2793, pp.13-14).

restructuring the government was planning envisaged the provision of some 250 million ecu (32,000 million pts.) to finance the modernization of the most important steel works in the country (Ensidesa, Altos Hornos de Vizcaya, and Acenor). The Spanish government was facing conflicting pressures. First, all these industries were located in the Cantabrian industrial basin, already hard-hit by the restructuring plans carried out by the Socialist government and, thus, with a great potential for social conflict. Second, the main trade unions in the country (CCOO and UGT) were very hostile to a plan which envisaged further job losses. Third, the restructuring plan had important political implications, as it put considerable strains on the regional coalition of the Socialist Party (PSOE) and the Basque Nationalist Party (PNV). Finally, the European Commission, through its Competition Commissioner, Sir Leon Brittan, was hesitating to grant its approval to a plan which did not guarantee that this would be the last time that state-aids would be required<sup>107</sup>.

In these circumstances, Spain saw with undisguised irritation that the European Commission was willing to open the EC's markets to 6 million tonnes of subsidized steel from Poland, Czechoslovakia, and Hungary, when Spain had been forced by the EC to cut production by 7 million tonnes, the steel sector had been placed under the strict supervision of the ECSC until the year 2002, and exports to the EC limited on grounds of price distortions and state-aids. To aggravate things, the reluctance of Commissioner Brittan to accept the 250 million ecu finance plan presented by the Spanish government was seen in Spain, whether reasonably or not, as contrasting strongly with

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<sup>107</sup> On the state of the Spanish steel sector, see the government views in Ministerio de Industria, Comercio y Turismo. 1993. *Diez años de política industrial*. Madrid: MICT. The version of the Spanish trade unions can be seen in: Instituto Sindical de Estudios. 1994. "La industria española: un problema estructural", in *Evolución Social en España*. Madrid: ISI, pp.400-432. A more academic version can be found in V.Oller and J.Conejos. 1993. "Política industrial", in L.Gámir (ed) *Política Económica de España*. Madrid: Alianza Universidad, pp.249-268. On the new plans for restructuring and their domestic political implications see *El País* 1991/11/06 "El Gobierno evitará una nueva reconversión global y aplicará el ajuste empresa por empresa", p.45.

the concession of a similar quantity of EC aid to the restructuring of the steel sectors in the Visegrad Three. Furthermore, the type of products produced by these were mostly steel tubes and plates, that is, products which the Spanish sector produced in large amounts. Spain wanted to change to more modern, custom-tailored, and better quality products, but it needed time to do so. If the competition of products from the East was a direct threat to the Spanish restructuring plans, there was another element which put Spain in a specially delicate position. Whereas the big European steel makers were also steel traders, the Spanish steel industry was responsible for the distribution of only 30% of its production. Thus, whereas Krupp and Thyssen (from Germany), Ucinor Sacilor (from France) or British Steel enjoyed some leeway for avoiding increased competition, by being able to choose the final customers of the Eastern products which they commercialized, the Spanish industry had no capacity to redirect these steel flows to other markets<sup>108</sup>.

This was the specific situation of Spain<sup>109</sup>. Obviously, this did not automatically mean conflict in Brussels. However, it paved the way for such a conflict and, in fact, other member states would were to a great extent share the positions of the Spanish government on this issue. For a crisis to be unleashed and, besides a favourable atmosphere, the propitious combination of a variety of elements was also necessary.

First, there was the problem of the two conflicting mandates on VRAs. This provoked a peculiar situation because all the countries wanted the issues to be solved by a non-decision in their favour. For the Netherlands, the United Kingdom, and Denmark, the Council had already settled the issue. They argued that the April 1991 mandate had to prevail over the preceding one and that the Commission's negotiators should not discuss the inclusion of VRAs in the agreements<sup>110</sup>. As we have seen, in July 1991, Commissioner

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<sup>108</sup> During the first eight months of 1991, Spanish steel imports from Eastern Europe had increased by 52% (*Europolitique* 1991/11/16 No.1721, p.V/3).

<sup>109</sup> I would like to thank the two senior officials at the Spanish Industry Ministry who helped me reconstruct the government's perception on this issue.

<sup>110</sup> Again, VRAs in the association agreements were dealt by unanimity, whilst VRAs in the Uruguay Round were dealt by qualified majority voting.



Andriessen had preferred the Council to decide on the issue, but when he took the temperature in the Council he removed this item from the communication. The lesson from the successive attempts made by Andriessen to force the Council to decide seemed to be that if the Council ever took a decision on the issue it would be a negative one. In other words, a group of countries, led by Germany, but including Greece, Belgium, Ireland, and Luxembourg were willing to accept the suppression of the VRAs vis-à-vis the Visegrad Three as long as they were not forced to explicitly endorse such decision. Thus, if the matter was politicized, public saliency would force them to vote in favour of maintaining VRAs. Nor did the other group, made up of Spain, France, Italy, and Portugal, want to force or reverse a decision. They considered that the Commission should simply fulfil the specific mandate agreed on for the negotiations of the association agreements.

The second element driving the issue towards a crisis was the division within the Commission. If the divergences between DG I (External Economic Relations), on the one hand, and DG III (Internal Market), DG IV (Competition), and DG VI (Agriculture), on the other hand, had been a generic problem until now, this new crisis would be characterized by an important conflict within two services of DG I under the authority of Commissioner Andriessen. DG I-E (Eastern Europe, headed by Pablo Benavides) and DG I-D (Horizontal Matters, headed by Jörn Keck) were to follow two different logic. Whereas Benavides was concerned above all with getting the association agreements signed, Keck's services were negotiating in the name of the Community in the multilateral steel negotiations.

These two logic would collide twice. First, when Benavides accepted a ten year period of exemption of EC competition rules for the Central Eastern European steel sectors. Then, when Benavides, exhausted by the obstinacy of some member states, endorsed the maintenance of VRAs in the association agreements. In both cases, Benavides was forced to back down. More importantly, the lack of coordination which these two episodes revealed did not merely weaken Commissioner Andriessen; in fact, they provoked the fury of some member states.

The behaviour of the Dutch Presidency in this particular case was the third element behind the crisis. When Benavides withdrew his offer to maintain the VRA clauses, Spain, backed by France, Italy, and Portugal demanded that the Council of General Affairs examine the issue before negotiations with the Visegrad Three were completed. However, the Dutch Presidency, using its prerogatives to set the agenda, decided to remove the item from the agenda of the Council of General Affairs which preceded the initialling of the agreements. Thus, the agreements were initialled on 22 November without any reference to the VRAs. This type of behaviour made it evident that, rather than seeking a compromise, the Presidency had decided to let Spain and the others choose between accepting the fait accompli or reopening the negotiations and being publicly stigmatized. Also, in this way, the Dutch Presidency satisfied Germany and its allies, who had not wanted to be held responsible for the suppression of the VRAs.

Spain had sufficient grounds to be irritated. First, the Commission had forced the withdrawal of the agreement reached between Benavides and some member states. Then, the Dutch Presidency had removed the item from the agenda and allowed the agreements to be initialled without any debate on the issue of VRAs. Besides, Spain did not figure among those member states most enthusiastic about the association agreements. But the definitive element in unleashing the crisis had more to do with the differences between the Spanish Ministries of Foreign Affairs and Industry.

In the case of the French veto on beef and lamb quotas, the main problem revolved around the cohesiveness and determination of the French government. On 6 September, Dumas had flown to Brussels with very precise instruction on what to do, and he did not deviate an inch despite of the enormous pressure he came under from his colleagues in the Council. In contrast, in the Spanish case, the divisions within the government would first aggravate the crisis and, then, obstruct a solution to it. It was difficult to predict that the Ministry of Foreign Affairs would be forced to cede all the responsibilities for the steel VRAs dossier to the Ministry of Industry. But when this happened, presumably to a large extent because of the very poor health conditions of the Spanish Minister of

Foreign Affairs (Fernández Ordoñez), the elements which Andriessen and the Dutch Presidency (Broek) had counted on to surmount the Spanish threat of veto disappeared.

In these circumstances, Andriessen and Broek would have to negotiate with a team (made up of Industry Minister, Claudio Aranzadi, and Industry State Secretary, Alvaro Espina) who were much less vulnerable to the pressures of EC foreign ministers and very weakly committed to the goals of the association agreements. But what really made it impossible to solve the crisis before it had very serious repercussions was the fact that the willingness to compromise shown by Camilo Barcia (the Spanish Representative at the COREPER and a career diplomat) and the intransigence of the Ministry of Industry would confuse the other member states about the credibility of the Spanish threat to veto the agreements. Then, the responsibility for testing the credibility of that threat was left to the Prime Ministers of Poland, Hungary, and Czechoslovakia.

#### *4.2. The opening of the crisis*

A major crisis was in perspective and all the parties were well aware of the fact. In July, and then again in September, in the face of the evidence that it did not count with sufficient support, DG I had decided not to submit the issue of VRAs to the Council<sup>111</sup>. Thus, when negotiations resumed in October 1991, the offer of the Commission with respect to steel stood as follows.

The EC would dismantle its tariffs on steel in the space of six years, starting in 1992, and on coal between 1994 to 1995. In contrast, the Visegrad Three would abolish most of their tariffs on imports from the EC during the second phase of the constitution of the free trade area. But apart the tariff regime, most importantly the EC

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<sup>111</sup> The Economic and Social Committee had recommended the transitional maintaining of the VRAs with Eastern Europe until competition rules were clearly in place (CES. 1991. "Dictamen adicional del Comité Económico y Social sobre las 'Relaciones de la CE con los países de la Europa Central y del Este'. EXT/81 "Europa Central y del Este". CES 1119/91, Bruselas, 26 de septiembre de 1991).

committed itself to abolishing all quantitative restrictions existing in EC member states on the day the agreements came into force (except on coal, for which Germany and Spain would enjoy four years to suppress their specific national restrictions).

Thus, the EC had committed itself to making a substantial effort to liberalize steel and coal trade with the Visegrad Three. To prevent market disturbances in the EC and to reduce the fears of massive Central Eastern Europe steel exports to the EC, the agreements included two elements. First, there was a generic safeguard and anti-dumping clause to counter unfair trading practices. Second, the Visegrad Three would have to enforce EC competition rules and EC legislation on state-subsidies with only very limited and justified exceptions. Through these measures, together with an economic cooperation chapter which established that the EC would provide technical aid in return for reductions in productive capacity, the Commission's negotiators expected to calm fears of Eastern imports (fears which had now been fuelled by the decision to extend association agreements to Bulgaria and Romania), as well as making the question of VRAs irrelevant.

On 23 October 1991, DG I presented this steel package to the COREPER and announced that it did not intend to negotiate the inclusion of VRAs in the association agreements<sup>112</sup>. When the issue was actually debated in the next COREPER meeting, held on 30 October, Denmark, Germany, the United Kingdom, and the Netherlands supported the Commission's opinion that the VRAs' clause was not only politically inopportune, but technically unnecessary thanks to the safeguard measures agreed in the negotiations. In opposition to this group, Spain, France, Italy, Belgium, and Portugal insisted that the Commission respect the directives and include an explicit reference to the possibility of enforcing VRAs against the associates<sup>113</sup>.

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<sup>112</sup> CEC. DG I E-3. "COREPER 23 Octobre 1991: Speaking points". Bruxelles, le 23 octobre 1991.

<sup>113</sup> See the minutes of the 30 October 1991 COREPER meeting (CEC. SG. "Note à l'attention de Monsieur le Président. Conseil Affaires générales du 4 novembre, à Bruxelles". Bruxelles, le 31 octobre 1991, p.5).

Given the opposition of these five member states, Benavides' services decided to bow to their demands. In a move which was to have important consequences, DG I-E agreed to appease these states by issuing a Commission declaration where guaranteeing that in the event of market disturbances "voluntary exports restraints agreements between the Community and the country concerned could be envisaged". But as soon as the services of Keck (in DG I-D, Horizontal Matters, in charge of the international negotiations on steel), learnt of this offer, they mobilized to convince Commissioner Andriessen to force Benavides to withdraw it<sup>114</sup>.

Keck and his services considered that this explicit reference to VRAs was a threat to the positions they were defending vis-à-vis the United States. For a variety of reasons, this lack of coordination and the subsequent withdrawal of the offer was an important element in the crisis which was to follow. In the first place, it alienated the group led by Spain and, at the same time, fostered their expectations that they could obtain satisfaction of their demands. The withdrawal also irritated those member states who thought that the issue had been settled to their advantage. Thus, it distanced the two opposing coalitions in the Council. Furthermore, those member states which had remained silent until then, were now forced to adopt a more negative position. Finally, it weakened considerably the overall negotiation position of Andriessen and DG I<sup>115</sup>.

These problems were immediately revealed in the next COREPER meeting of 31 October. Whereas before only five

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<sup>114</sup> CEC. DG I D-2. "Fax à M. Benavides, Directeur DG I-E". Bruxelles, le 30 octobre 1991.

<sup>115</sup> Jörn Keck would later write that "this ill-starred initiative was the source of many unnecessary difficulties". Not incidentally, the formula he proposed on the same day, 30 October, to replace Benavides' one was considerably softer than the one he proposed later. Whereas on 30 October, he had offered "[in case of market disturbances] the possibility of establishing quantitative restrictions with regard to the concerned countries shall not be excluded", a few days later, counting on renewed support from the U.K. and other Commissioners, he would offer a tighter formula which made no mention of "restrictions", but only of "quantitative solutions" (CEC. DG I-D. "Note for the attention of Mr. Benavides: Steel Protocol with Poland, Hungary and Czechoslovakia". Bruxelles, 21 novembre 1991).

countries (Spain, France, Italy, Belgium, and Portugal) had been defending the maintenance of the VRAs, now Germany, Greece, Luxembourg, and Ireland had shifted to join this negative coalition. The new balance was nine members on one side and only three supporting Andriessen (the U.K., the Dutch Presidency, and Denmark), and the result, the rejection of the alternative proposal put forward by Andriessen and Keck<sup>116</sup>.

As had happened on previous occasions, the positions defended by member states in the COREPER could not to be considered definitive. The Council of General Affairs might still be able to find a compromise solution. However, the real turning point in the crisis came in the Council of 4-5 November, when the Spanish delegation rejected any kind of compromise. Opening the debate, Commissioner Andriessen outlined the six reasons he saw for refusing such a VRA clause. First, he said, the United States and the EC had agreed in 1989 to end such practices against third parties by March 1992. Second, the Commission was about to negotiate in Geneva a multilateral agreement on the very same basis and, he argued, no member state had opposed this. Third, current Uruguay Round negotiations included the suppression of all VRAs and "grey area"-like measures. Fourth, he went on, in March 1991 the Council had agreed that current self-restraining agreements in force with Brazil and five Eastern European countries would not be prolonged into 1992. Fifth, he warned, the EC's maintenance of VRAs against the Visegrad Three would give the United States arguments to justify

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<sup>116</sup> This read: "the possibility of quantitative solutions could be considered, consistent with the Community's international obligations" (CEC. DG I-E. "Background Note. Acier: Accord d'association PECO. Conseil Affaires Générales, Bruxelles, 4-5 novembre 1991". Bruxelles, 4 novembre 1991). The United Kingdom had suggested to Benavides a formula which read: "The Commission declares that in the circumstances indicated [EA Article 29 and ECSC Protocol Article 8.6] appropriate measures *to restrain imports* will be taken, consistent with the EC's international obligations" (British Department of Trade and Industry. East-West Trade Policy Section. USSR Central and Eastern Europe Trade Branch. "Commission Declaration on Steel Protective Measures". London, 31 October 1991). The emphasized text was suggested to Benavides as an option to appease "the protectionists" (sic).

rejecting the suppression of its VRAs vis-à-vis the EC. Sixth, after reminding member states of the existence of adequate anti-dumping and safeguard provisions in both Community regulations and the European Agreements, he proposed that the Commission set in place a system of "early-warning exports [to the EC] surveillance". This device would give the Community sufficient time to react to disturbances in prices or quantities. In these conditions, he concluded, neither a Commission declaration *au procès verbale* nor an exchange of letters with the associates was necessary<sup>117</sup>.

According to the minutes, the long silence which followed Andriessen's presentation led the Presidency to believe that the Council had accepted Andriessen's arguments<sup>118</sup>. However, the Presidency was wrong. The silence was only due to the fact that a variety of states, above all, Spain, France, Italy, and Portugal, were waiting to see which would take the lead. Finally, the Spanish representative, Carlos Westendorp (State Secretary for European Affairs) broke the silence and outlined the three reasons by which Spain continued to oppose this solution. First, the "extremely difficult" situation of the Spanish steel industry. Second, the fact that these VRA agreements had been imposed on Spain when it joined the EC. Third, and last, that safeguard clauses had long ago shown themselves to be ineffective in the protection of EC industries.

As France immediately rallied to support Spain in the Council, President van den Broek was forced to offer a compromise. According to this, the Commission would inform the future associates of the importance some member states attached to respect for competition rules and fair trade practices<sup>119</sup>. This compromise

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<sup>117</sup> CEC. SG. "Note à la attention de Mmes et MM. les membres de la Commission. Compte rendu succinct de la 1527ème session du Conseil consacrée aux Affaires Générales". Point 6. Accords européens, SI (91) 770, pp.17-19. Bruxelles, le 6 novembre 1991.

<sup>118</sup> "après un long moment de silence au terme du quel la Présidence avait déjà cru pouvoir conclure dans le sens proposé par la Commission" (SI 90 770, p.18).

<sup>119</sup> "La Commission informera les partenaires des préoccupations d'un certain nombre d'Etats membres en ce qui concerne le respect de la part des pays associés des règles de concurrence prévues dans les accords d'association dans le secteur

formula was rejected by Westendorp, who insisted that he would only accept the formula of a public exchange of letters with an explicit reference to the possibility of VRA agreements. As the Commission refused this solution and the Presidency did not offer anything new, the Council ended without having come up with a solution to the problem<sup>120</sup>.

The crisis continued into the COREPER meeting on 6 November, when Portugal joined Spain and Italy joined France<sup>121</sup>. Thus, there were now three groups among those rejecting the Commission's proposals. Spain and Portugal led the opposition to Andriessen, but it was clear that it was Spain which was taking the risks. Presumably after bilateral consultations, and with the arguments of their accession treaties and the foreseeable impact of steel imports on Portuguese industry, Spain had persuaded Portugal to get on board.

The second group was made up of France and Italy, which were supporting Spain and Portugal in the belief that the stronger the opposition, the more likely a compromise solution would be more satisfactory to them. However, they made clear both at the Council and at the COREPER that they would not block the agreements on grounds of the VRA clause. Thus, they were willing to compromise.

Finally, the third group was composed of Germany, Ireland, Belgium, and Luxembourg. These were silently waiting for the others to reach an agreement which, they could not hide, would also be satisfactory to them. In short, two countries were emerging as pivotal: Spain because of its active position, and Germany because of its ambiguity. On 6 November, Spain, Portugal, France, Italy, Belgium,

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*sidérurgique et qu' à ce sujet, elle fait état au Conseil des possibilités de mesures de sauvegarde prévues dans ces accords*" (SI 91 772, Annexe 5).

<sup>120</sup> To the press, Westendorp argued that Spain could not allow the EC to concede a quota of 2 million tonnes of steel to Poland without taking into account the level of state-aids in that country (*El País* 1991/11/06 "Temor español a la entrada de acero del Este", p.45).

<sup>121</sup> CEC. SG. "Note à la attention de Mmes et MM. les membres de la Commission. 1496ème réunion du Comité des Représentants Permanents (II). Bruxelles, le 6 novembre 1991. Accords d'association. Volet acier", SI (91) 782. Bruxelles, le 7 novembre 1991, pp.1-4.



and Luxembourg had signed in the COREPER meeting a declaration recalling the terms of the directives. But Germany had abstained from signing this as well as from taking a position. If Spain withdrew, none of the countries behind it seemed willing to replace it. Also, if Germany cast its weight in favour of the British, the Danes, the Dutch, and Andriessen, it would be difficult for the others to maintain their positions and, in all likelihood, Spain would be isolated<sup>122</sup>.

In the face of this impasse in the COREPER, France suggested that the Commission should assume its responsibilities as negotiator, meaning that the Commission should stick to the directives, but Carlo Trojan (the Secretary General of the Commission), and the Dutch President of the COREPER, Ambassador Nieman, seemed to understand that the Commission's responsibilities in fact consisted in getting the agreements signed. At this point, Germany intervened rather ambiguously. First, it stressed that the Commission's room for negotiating manoeuvre should not be restricted (thus supporting Andriessen), but then it went on to demand that before the initialling of the agreements, the Commission should present a report on its execution of the directives (a report which would highlight the fact that Andriessen had violated them).

According to the minutes, President Nieman and the Spanish Representative, Camilo Barcia, then maintained a "quite lively" exchange of views. Barcia made it clear that he would not be satisfied by the inclusion of a side declaration with no legal force, and put an end to the session by presenting a formal reservation on the ECSC Protocol of the Agreements. Thus, the Spanish government wanted to

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<sup>122</sup> This interpretation of the German position was also shared at that time by *Europolitique* (1991/11/09 No.1719, p.V/9). This source reported that German ambiguity, together with the opposition of the other eight countries, was reinforcing EUROFER belief that the Council would finally leave open the possibility of establishing VRAs for the steel exports of the associates. EUROFER argued that the suppression of VRAS would open a protracted trade crisis between the EC and the Visegrad Three with massive resort by the EC to anti-dumping and safeguard measures.

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make it clear that there was a possibility that it would veto the agreements if its preoccupations were not taken into account<sup>123</sup>.

#### *4.3. The crisis*

The COREPER on 6 November, where the swords had been left raised, coincided with the start of the final round of negotiations. Two elements derived from the pressure to conclude the negotiations would trigger the crisis.

First, in the Council of General Affairs on 15 November, the Dutch Presidency decided, in accordance to its particular interpretation of what the "agreement" of the COREPER concerning the responsibilities of the Commission meant, to exclude the question of VRAs from the agenda of the meeting. This further alienated Spain, then observing how the Presidency was determined to initial the agreements with the associates without having settled the issue of the VRAs.

Second, in that same Council meeting, the Spanish Representative, Westendorp, would come to accept a last minute concession which Benavides had agreed with the Visegrad Three. According to this compromise, the period in which exceptions on state aids to the Visegrad Three's steel industries would be valid would be extended from five to ten years. According to the Polish delegation, it was impossible for the associate countries to restructure their steel industries in such a short period of time, when the EC industries had enjoyed significantly longer restructuring periods.

This revealed another incidence of the entanglement of other international and internal negotiations with the association agreements which would provoke an important crisis. As mentioned above, DG I-E believed that limitations of the period to five years would foster dumping practices in the associate countries. These, in turn, would open the way for the imposition of safeguard and anti-dumping measures on the future associates. In contrast, Keck and his services

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<sup>123</sup> SI (91) 782, p.4; *Agence Europe* 1991/11/08, p.8; *Europolitique* 1991/11/09 No.1719, p.V/9.

in DG I-D considered that the extension of the restructuring period to ten years would open the way for member states (specially the new German *länder*, Italy, Spain, and Portugal) to seek exceptions for themselves with respect to public aids and restructuring periods. In turn, these exceptions would considerably weaken EC negotiating position vis-à-vis the United States and could trigger U.S. sanctions against EC steel products. Besides, it would encourage Brazil, the most problematic EC steel partner, to present a similar demand for a ten year period. More specifically, it would also threaten the participation of EC steel industries in PHARE programmes seeking to modernize Eastern European industries and, furthermore, it would give strong arguments to some member states seeking to reintroduce the question of VRAs in the December Council of General Affairs which would have to ratify the association agreements<sup>124</sup>.

Once again, Benavides had not consulted either to the services of DG I-D (Keck), or to DG IV (Competition), or even DG III (Internal Market), and had decided to assume his responsibilities as negotiator. But, as a result, these services immediately mobilized to suppress these concessions, which had also been extended to Hungary and Czechoslovakia.

This new conflict, obviously related to the question of the VRAs, would unite all these services, member states, and interest groups against the Commission negotiators, forcing Benavides to withdraw the offer of a ten year restructuring period and further weakening his position on the VRAs.

The implications of these two moves, i.e. the Dutch decision to ignore the Spanish demand and the concession of ten year periods to the associates, would decisively shift the domestic balance of power within the Spanish government in favour of the Ministry of Industry<sup>125</sup>.

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<sup>124</sup> CEC. DG IV-E. "Note à l'attention de M. Keck. Accord d'association avec la Pologne". Bruxelles, le 21 novembre de 1991; CEC. DG I-D. "Note for the attention of Mr. Benavides. Steel Protocol with Poland, Hungary and Czechoslovakia". Bruxelles, le 21 novembre 1991 and CEC. DG III. "Note à l'attention de M. Krenzler. Accords d'association avec les PECO". Bruxelles, le 26 novembre 1991.

<sup>125</sup> According to a senior official in the Spanish Industry Ministry, Westendorp's acceptance of the ten year period in the Council of 15 November set off all the

This was immediately seen in the Council of Industry held on 18 November 1991. The Spanish State Secretary for Industry, Alvaro Espina, presented the "energetic protest" of his government in the light of what he considered to be a obvious discrimination against the Spanish steel industry. The Commission, he argued, was willing to spend 250 million ecu on financing the Visegrad Three's steel restructuring without any commitment on prices, products, and quantities. In contrast, he complained that Commissioner Brittan was demanding, at the same time, that the Spanish government should submit its own restructuring plans to Brussels so that their compatibility with EC legislation on competition and state-aids could be examined. In another clear linkage of domestic and EC politics with the association agreements, he demanded that the Commission urgently approved the textile restructuring plan which Portugal, Spain, Italy, and Greece had obtained as a pay-off for accepting a faster calendar for tariff and quota calendar vis-à-vis the Visegrad Three<sup>126</sup>.

At the end of the Council, Espina demanded that a declaration by the Spanish government be included in the minutes of the meeting. This declaration expressed the Spanish government's objection to the way association negotiations had been concluded with respect to the steel protocol and announced that the Spanish government would continue to try and obtain sufficient guarantees that the Visegrad Three's exports would not further aggravate EC's, and specially the Spanish, steel industry crisis<sup>127</sup>.

The formal initialling of the agreements on 22 November, with no mention of the possibility of establishing VRAs, would not deter the Spanish government. The strategy of *fait accompli* being pursued

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alarms in the Ministry of Industry. The Ministry then commissioned a study of potential Eastern exports to Spain (in terms of price, sectors, and quantity) which reinforced the decision to go as far as necessary in Brussels. According to my interviewee, the determination to invoke the Luxembourg Compromise, if necessary, was openly on the agenda. Meanwhile, the Ministry of Industry would assume exclusive control of the dossier on steel trade and the Foreign Ministry would be marginalized.

<sup>126</sup> *El País* 1991/11/19 "España protesta ante la CE por la discriminación de la siderurgia nacional frente al acero del Este", p.55.

<sup>127</sup> *Agence Europe* 1991/11/21, p.7.

by a majority of member states and Commissioner Andriessen had only weakened the position of those states which were not willing to take risks on the dossier. The same day that the agreements were initialled, an anonymous Spanish official in the Permanent Representation made clear to *El País* that Spain was not going to sign the agreements as they stood. The comments of that official on the concessions given to Polish coal, which he said could be expected to have a major social impact in northern Spain, and the agreement on six years for Eastern textile, revealed the existence of an alienated member state which had decided to establish the last trench of resistance around the issue of steel and was apparently willing to resist external pressures<sup>128</sup>.

Thus, the Visegrad Three were receiving strong indications that what they had initialled on 22 November might not necessarily coincide with what they would sign on 16 December. In fact, if the chapter on steel could be reopened, the same could be true of the most controversial issues of agricultural or automobile quotas which had been closed at the last minute.

After the initialling, the Commission sent the agreements to the Council's Group on Eastern Europe. The conclusions of this first reading would then be submitted to the COREPER on 27 November and to the Council of General Affairs on 2 December. A later COREPER meeting, on 4 December, would turn the results of the Council into clear guidelines and, having taken the temperature of the Council, the Commission would draft the official proposal for a Council decision. After clearing the inter-service consultation procedure, this communication would be examined by the Chiefs of Cabinet on 5 December and by the College of Commissioners on 6 and 11 December. The definitive reading would then open with further meetings of the Council's Group on Eastern Europe, which would last until 11 December, then a final reading by the COREPER on 12 December and by the General Affairs Council of 16 December 1991. According to this calendar the Twelve and the Visegrad Three

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<sup>128</sup> Official quoted in *El País* 1991/11/23 "La CE rubrica los acuerdos de asociación con el Este", p.39.

would proceed to sign the agreements immediately after the Council meeting.

At the meetings of the Council's Group which followed the initialling, there were numerous attempts by member states to reverse last minute agreements reached by the Commission<sup>129</sup>. However, showing that the remarks of the Spanish Ambassador, Barcia, to the COREPER and the statements of the Spanish State Secretary for Industry, Espina, prior to the initialling were to be taken seriously, on 27 November, the Spanish Minister of Foreign Affairs sent Delors a letter in which he encouraged the Commission to find "a satisfactory and balanced solution" to the problem of the future associates' steel exports to the Community. After stressing, as Espina had done in the Council of Industry, that "Spain has, for political and economic reasons, always supported the signing of these agreements, which should contribute to the stability in Europe as well as to consolidate the processes of political and economic reforms in these three countries", the Minister regretted that none of the compromise proposals which Spain had presented over the preceding weeks had been accepted. Finally, the Minister warned, if Spanish interests were not taken into account, "the Spanish government, in spite of the political importance which it attaches to these agreements, could be obliged to adopt decisions which I believe it is our duty to try to avoid"<sup>130</sup>.

Thus, the threat of a Spanish veto was formally on the table. Clearly, everything depended on the credibility attached to this threat. However, the Spanish position was not very coherent. There were

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<sup>129</sup> Agriculture would be the centre of many of the problems, but this involved bargaining over small quantities rather than over principles. In all these cases, the Commission's concessions had been given either in return for concessions on the part of the future associates or for mere technical reasons. (see CEC. DG I-E. "COREPER 27 November: Briefing note. Association Negotiations with Hungary, Poland and Czechoslovakia". Brussels, 27 November 1991; *Europolitique* 1991/11/27 No.1724, p.V/8).

<sup>130</sup> Letter from the Spanish Minister of Foreign Affairs to President Jacques Delors. Madrid, 27 de Noviembre de 1991. "Cabinet du Président". 29 -11- 1991, No.089845, DG I-L Archive.

clear signs that Espina, from his position as State Secretary for Industry, was willing to play tougher than the diplomats in the Palacio de Santa Cruz in Madrid and in the Spanish Permanent Representation in Brussels. In fact, after Ambassador Barcia met Pascal Lamy, Delors' Chief of Cabinet, on 29 November to hand him the letter from the Spanish Foreign Minister, Pascal Lamy's briefing to Delors and the Chiefs of Cabinet of Commissioners Andriessen and Bangemann, commented that "the position of the Spanish representative is extremely open and flexible. He [Barcia] considers that the concerned countries of Eastern Europe can easily accept any of the compromise solutions put forward by Spain, proposals which simply have not received the necessary attention"<sup>131</sup>.

Thus, Ambassador Barcia, sitting in Brussels, would see the circumstances through different eyes. Apparently, it was clear to Barcia that the Spanish position had already been considerably weakened by the refusal of other member states to support Spanish claims before the initialling date. To be isolated was bad enough. But a successful "active" veto, i.e. defending a reversal of an issue which had been already settled, was more difficult than a "passive" veto, i.e. seeking to block a decision before it was taken. However, as we will see, in the internal struggle within the Spanish government, the Ministry of Industry would seek to prevent Barcia from signing another unsatisfactory compromise. This did not necessarily ensure a more satisfactory outcome for Spain. As had happened in the French case, efficiency in Brussels would lose out to obstinacy imposed by domestic political considerations. Once again, the final solution could well have been obtained by the diplomats sitting in Brussels at a lower political cost both for Spain and for the EC as a whole.

In any case, now the task for Commissioner Andriessen was to find a solution which would both satisfy Spain and, at the same time, not force the reopening of the negotiations. At first sight, this was quite difficult because the divergences centred on two points which hardly invited a half-way compromise. First, Spain demanded an explicit reference to VRAs rather than to the "quantitative solutions"

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<sup>131</sup> CEC. Le Chef de Cabinet du Président. "Note de dossier. Accords d'association -démarche espagnole-". Bruxelles, le 29 novembre 1991.

acceptable to Andriessen and some member states. Second, Spain did not accept any solution reached through an "internal" declaration. The solution had to be formally handed to the associates either through the exchange of letters or by its inclusion in the final act of the association agreements. Thus, the Ministry of Industry wanted at all cost both an explicit reference to VRAs, as well as to export the conflict to the outside in order to make its position visible<sup>132</sup>.

Positions had hardened. At the Council of General Affairs which was held on 2 December, both the Spanish government and Commissioner Andriessen restated their well-known positions. After the exchange of views, the Spanish State Secretary for European Affairs, Carlos Westendorp, again stressed that, in these circumstances, his government would not sign the association agreements<sup>133</sup>.

However, in spite of the tough position Westendorp took in the Council, the Spanish Representative in the COREPER, Ambassador Barcia, seemed to be unwilling to embark on a collision course. He had already weakened the credibility of the Spanish threat of veto in his meeting with Pascal Lamy by showing a willingness to negotiate.

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<sup>132</sup> The Spanish Commissioners (Marín and Matutes) would clearly rally to the support of the Spanish government at the 5 November meeting of the Commissioners' Chiefs of Cabinet which had to approve the proposal for a Council decision on concluding the association agreements. Against the opinion of all the other Commissioners' Cabinets, Ignacio García-Valdecasas and Ramón de Miguel unambiguously demanded that the joint Commission/Council declaration on "appropriate quantitative solutions" be transformed into a joint EC/associates declaration (CEC. SG A-1. "Note à l'attention des membres de la Commission. Objet: Relations Extérieures: Projet de proposition au Conseil en vue de la conclusion des accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie (SEC 91 2327 et /2). Compte rendu de la réunion spéciale des Chefs de cabinet du 5 décembre 1991". SEC (91) 2327/3, OJ 1086, Point 16, Bruxelles, le 6 décembre 1991).

<sup>133</sup> CEC. SG. "Note à la attention de Mmes et MM. les membres de la Commission. Compte rendu succinct de la 1539ème session du Conseil consacrée aux Affaires Générales". Point 4.2. Accords européens, Protocole CECA, SI (91) 878, pp.9-10. Bruxelles, le 3 décembre 1991. See also *Agence Europe* 1991/12/04, p.10.



Now, in the following COREPER meeting of 12 December, President Nieman stated that he understood that the Spanish government was concerned above all with a "good political presentation of the agreement at a moment when the Spanish steel industry was pursuing its restructuring"<sup>134</sup>. These remarks by the Dutch Presidency only make sense if Ambassador Barcia had conveyed this impression to the Presidency in private talks. The fact that Barcia did not reply to this statement itself provides a strong evidence in support of this hypothesis. However, other factors also confirmed that Ambassador Barcia was downplaying the threat of veto by his government.

The meetings of both the COREPER, on 4 December, and of the Group on Eastern Europe, on 10 December, did not yield any satisfactory solution to Spain on the question of VRAs. However, at the Group meeting of 11 December, the Spanish Representative eventually accepted a compromise based on three elements. First, a joint Council/Commission declaration on the commitment to establish an early warning surveillance system which would make it possible to monitor the evolution in prices as well as quantities of Eastern steel exports very closely. Through this system, based on prior notification, the Commission and the Twelve would know the exact quantities and prices of steel imports *before* they actually entered the EC market, and not afterwards, thus giving them good time to consult with the countries of origin if disturbances seemed likely. In return, Spain would accept the Commission's declaration on the "appropriate quantitative solutions, consistent with EC's international obligations" which DG I-D had long been proposing. Finally, the third element was another declaration whereby the Commission stressed that the association agreements provided for "strict discipline as regards the granting of public aids for the restructuring of their steel industry, firmly linking them, inter alia, to

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<sup>134</sup> CEC. SG. "Note à la attention de Mmes et MM. les membres de la Commission. 1501ème réunion du Comité des Représentants Permanents (II). Bruxelles, le 12 décembre 1991 -Acier", SI (91) 924, pp.1-3. Bruxelles, le 13 décembre 1991.

capacity reduction", committed to closely monitor the development of the restructuring process, and to reporting regularly to the Council<sup>135</sup>.

Only one element of this basic agreement was still the subject of disagreement, and would have to be discussed by the COREPER. The Spanish delegation wanted to "regionalize" the second Commission declaration by adding that such "quantitative solutions" would be specifically considered if the impact of steel imports affected EC firms where the restructuring processes, in conformity with EC rules, had not yet been concluded. Through this demand, the Spanish government was seeking guarantees that damage to Spanish producers would be sufficient to trigger a response by the EC. More covertly, Spain sought the Commission's implicit acceptance of the new restructuring plans which the government was then preparing.

This basic compromise package also stood in the COREPER meeting of 12 November after Barcia had obtained further assurances for Spain<sup>136</sup>. First, the Spanish representative sought that the second declaration be either accepted by the three associate countries, as the maximum, or only by the Council, as the minimum, so turning it into a joint Council/Commission declaration. With the support of the United Kingdom, France, and Portugal, this last solution was adopted. Second, with regards to the "regional" application of the safeguard clause, the United Kingdom and the Dutch Presidency gave strong assurances to Spain that the declarations being discussed were fully consistent with the member states' concern about the impact of steel imports on their national industries and, thus, such a reference was redundant. With these guarantees, Barcia decided to withdraw his demand. Finally, when Barcia demanded that the second

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<sup>135</sup> Communautés Européennes. Le Conseil. "Note Point A -sous réserve des délibérations du COREPER, notamment en ce qui concerne l'acier- du COREPER en date 11 décembre 1991 au Conseil. Signatures des accords européens d'association et des accords intérimaires". Groupe Europe Orientale. Doc Seance 221, Rev 1, Draft. Bruxelles, le 11 décembre 1991, p.6.

<sup>136</sup> CEC. SG. "Note à la attention de Mmes et MM. les membres de la Commission. 1501ème réunion du Comité des Représentants Permanents (II). Bruxelles, le 12 décembre 1991 -Acier", SI (91) 924, pp.1-3. Bruxelles, le 13 décembre 1991.

Commission declaration be communicated to the associates, who should formally take note, Horst Krenzler, (Director General of DG I acting on the behalf of the Commission), opposed this on the grounds that such a move would reopen the negotiations. However, Krenzler offered that the Commission would, at an appropriate moment, let the associates know of the particular importance the Community attached to this issue<sup>137</sup>.

Thus, the dynamics of negotiation in Brussels and the experience of Ambassador Barcia and his colleagues had managed to produce a half-way point between two apparently irreconcilable positions. The Spanish delegation had renounced an explicit mention of VRAs in return for assurances that the EC would very carefully scrutinize the steel exports of the Visegrad Three. On the second point, i.e. the "export" of the conflict, Barcia had assured himself that the EC's concern about the steel exports of the Visegrad Three would be duly conveyed to Poland, Hungary, and Czechoslovakia, even if not at the very moment of the signing of the agreements. This last point was to be crucial because, in one way of another, the Spanish demand of that the Visegrad Three formally "take note" of the existence of a declaration on "quantitative solutions" in the minutes of the signing would spoil the celebration. The EC risked either breaking the agreements, if the Visegrad Three refused to "take note", or humiliating them, if they agreed to sign.

Apparently, the agreement in the COREPER had paved the way for the signing of the agreements on 16 December<sup>138</sup>. The conflict in itself and the solutions to it had seemed sufficient for the Spanish representatives in Brussels to emphasize their concern about the negative impact the opening up of markets to Eastern Europe could

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<sup>137</sup> This last point would constitute the fourth declaration: "the Commission declares that on an appropriate occasion it will communicate to the countries concerned the importance that the Community attaches to an orderly development of steel exports from these countries into the Community to avoid market disruption" (Le Conseil. "Rapport du COREPER en date du 12 décembre 1991 au Conseil. Signature des accords européens d'association et des accords intérimaires". 10242/91 EST 183, Bruxelles, le 13 décembre 1991).

<sup>138</sup> *Agence Europe* also shared this interpretation (AE 1991/12/11, p.8).

have at a time when the Spanish steel sector was facing a difficult period of restructuring period. Moreover, the Commission had approved its textile support plan, and Spain had forced the Commission and other member states to be less hostile to the new Spanish steel restructuring plans<sup>139</sup>.

As Horst Krenzler, Director General of DG I, reported to Commissioner Andriessen in the memorandum summarizing the COREPER, the matter had been settled and Ambassador Barcia had announced that in the Council, the Spanish Minister would only make a political statement on the issue to again stress his government's preoccupations. Thus, it was expected that the Council would approve the agreements, endorse all the internal declarations agreed in the COREPER, and then proceed to the signature of the agreements<sup>140</sup>.

However, when the agreement reached in the COREPER was communicated to Madrid, the Spanish State Secretary for Industry, Espina, mobilized to block it and convinced the Minister for Industry, Claudio Aranzadi, to travel to Brussels to sit on the Council of General Affairs, instead of being represented (as had usually been done since the illness of Foreign Minister Fernández Ordoñez) by Westendorp, State Secretary for European Affairs, whose willingness to compromise had already been negatively noted by Espina<sup>141</sup>.

Espina, however, did not consider that an internal EC declaration was sufficient. The EC had to give a clear and public warning of caution to the associates, and steel traders should take note of the EC's concern about Eastern steel imports. From a domestic perspective, it seemed evident that the Industry Ministry wanted to show the steel industry, the unions, and the regional governments

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<sup>139</sup> The RETEX program amounted to 250 million ecu for all the affected EC regions. In the case of Spain, the government matched it with another 250 million ecu.

<sup>140</sup> CEC. DG I. Le Directeur Général. "Note au Cabinet de M. Andriessen. Conseil 16.12.91 -Signature des accords Européens, Protocole CECA - Déclaration Jointe-". Bruxelles, le 13 décembre 1991.

<sup>141</sup> Personal interviews held with two senior officials in the Ministry of Industry.

affected that the Ministry was defending Brussels the viability of the steel sector in Brussels.

The Spanish opposition to the agreement reached in the COREPER was not communicated to the other member states prior to the Council. Thus, when the General Affairs Council opened, Minister Aranzadi, instead of limiting himself to a generic statement, expressed the Spanish government's profound dissatisfaction with the scant attention that, in his opinion, the Commission and the Presidency had paid to Spanish preoccupations. Though he did not formally threaten to veto the agreements, he demanded that the Council included an explicit reference to VRAs in the agreements<sup>142</sup>.

President Van den Broek then showed his astonishment that Spain had reversed the position it maintained in the previous COREPER meeting, and reminded Aranzadi that the Commission had committed itself to communicating to the associates the existence of a declaration on the issue at the appropriate moment. Then, in the face of Aranzadi's insistence, Van den Broek was forced to offer to verbally inform the Visegrad Three of the existence of a declaration at the moment of the signing, scheduled for three hours hence. Thus, Aranzadi had already forced the EC into making an embarrassing public display of its problems, and had set the conditions for a major blow to the EC's prestige with the Visegrad Three.

However, tension mounted when Aranzadi considered that this solution failed to satisfy Spanish interests. Apparently, Aranzadi had come to the Council with the goal of securing the inclusion of the declaration as an annexa to the final act of the agreements, and hence the Visegrad Three's explicit acceptance of it. The reaction of Commissioner Andriessen to this demand was very negative. He assured Aranzadi that the Commission was conscious of the concerns of the Spanish government and that he could accept the proposal of the Presidency but not the Spanish one, which, he said, would

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<sup>142</sup> CEC. SG. "Note à la attention de Mmes et MM. les membres de la Commission. Compte rendu succinct de la 1545ème session du Conseil consacrée aux Affaires Générales". Point 1. Accords européens -Acier-, SI (91) 937, pp.3-5. Bruxelles, le 17 décembre 1991.

undoubtedly force the Visegrad Three to walk away and reopen the negotiations.

President Van den Broek could then have tried to force Aranzadi to cast a veto or withdraw, but he made yet another attempt to satisfy Spain. Broek offered the Spanish government a solution whereby the EC would include a "declaration by the Commission on the existence of a Commission declaration on steel imports" in the final act of the agreements. This tortuous proposal did not count on the support of Andriessen, who seemed to believe that things were going too far. Nevertheless, as it had been proposed by the Presidency he was forced to consider the possibilities of such a solution.

The true meaning of this declaration, in spite of its apparent absurdity, could not be hidden. Given that the inclusion of such a declaration in the final act would mean its acceptance by the Visegrad Three, it represented a qualitative leap forward. Thus, it represented the symbolic victory Spain was seeking, i.e., to bring the issue out of the Council and to force the Visegrad Three to take note. Regardless of the slight specific impact of such a declaration, its existence would be established in the final act and signed by the associates. In contrast, it would mean a severe defeat for the Commission, and to some extent for the whole Community, because it would spoil the signing ceremony and send the Visegrad Three the very negative political message that their cause was not being collectively endorsed even in the Council which would sign the agreements.

Thus, due to the Spanish insistency the Council had to be interrupted in order to allow Commissioner Andriessen to hold discussions with the negotiators of the associates to see whether they accepted the compromise proposal put forward by Van den Broek. When the session resumed, Andriessen informed the Council that the reaction of the associates to this proposal, apart from one of astonishment, had been extremely negative. Hence, the Visegrad Three would not accept the inclusion of any declaration of this type in the final act. In the opinion of Andriessen, the only solution to the Spanish problem was to make a verbal reference during the signing ceremony to the existence of a declaration on the issue.

As the Spanish delegation too opposed to this new solution and continued to insist on the inclusion of the declaration in the final act, the Dutch Presidency suggested that the Commission negotiated the inclusion of such declaration directly with the prime ministers and foreign ministers of the Visegrad Three and if the latter rejected the proposal, that the Commission should opt for Andriessen's formula of making a verbal reference during the signing ceremony. Thus, the Council had to be suspended again for holding talks with the Prime Ministers of Poland, Hungary and Czechoslovakia, who were waiting in the Council building for the Council to clear its differences and sign the agreements. The prime ministers of the Visegrad Three countries reacted with irritation to this new round of contacts and again rejected the proposal. Spain, forced to decide whether to veto the agreements or withdraw, preferred to withdraw and accepted Andriessen's formula.

In return for ruining the signing ceremony and at the cost of the Visegrad Three's confidence in the EC, Spain had obtained nothing more than the declarations already agreed in the COREPER the day before. The annexa to the minutes of the signing of the association agreements simply read: "On the occasion of the signing of the European Agreements, the Council and the Commission confirmed to the plenipotentiaries representing [Poland, Hungary, or Czechoslovakia] the importance the Community attached to the harmonious development of their countries' steel exports to the Community, so as to avoid any disorganization of the market, and the existence of a Council/Commission internal statement on the matter"<sup>143</sup>.

As the *Financial Times* wrote: "The year-long negotiations were thus marked right to the end on the Community side by hard-headed

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<sup>143</sup> Groupe Europe Orientale. "Minutes of the Signing of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and [country] of the other part". Doc. Seance 291, 21 January 1992. PV/PL/CE/Annex. On the speeches at the ceremony of signature see *Agence Europe* 1991/12/16-17 No.2791, p.8.

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commercial protectionism at odds with the EC's political rhetoric about welcoming new democracies into the fold"<sup>144</sup>.

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<sup>144</sup> *Financial Times* 1991/12/17 "Central Europeans sign EC accords", The rhetoric of the ceremony of the signing of the Agreements is quite revealing. President Delors highlighted the intensity of EC's political will and talked of the birth, that day, of a new Europe, the associates stressed that the agreements had been possible because their will to compromise and that now they expected to be placed on an accession path (*Agence Europe* 1991/12/16-17, p.8; Council. SG. *Communication a la Presse*, No.10324/91, P-240. Bruxelles, le 16 décembre 1991; *Europolitique* 1991/12/18 No.1730, p.V/2).



## **CHAPTER V**

### **THE ASSOCIATION AGREEMENTS AND THEIR REVISION: INERTIA**

As seen in the previous Chapter, the association agreements had finally been signed in December 1991. However, this did not mean that the EC's policy of association had been definitively established or consolidated. In a process which would start soon after the agreements had been signed, the Twelve, pushed by the Commission, would embark on yet another round of strenuous negotiations over the extent to which the agreements should be modified in the light of the new European context emerging in 1992.

The association agreements with the Visegrad Three had been signed almost at the same time as the definitive breakup of both the Soviet Union and the former Yugoslavia. As ethnic tensions spread all over the former communist bloc and the difficulties facing the economic transitions led to rising social unrest, the European Community became convinced of the need to protect the emerging democracies of Central Eastern Europe more efficiently.

Nonetheless, the concerns dominating the EC's Ostpolitik during 1992 and 1993 would not be very different from the goals sought during 1990 and 1991. In other words, rather than facing a change of scenario, the EC was forced to adapt to a worse context than had previously been anticipated. Now, policy challenges would be more immediate, the need for strengthened policies more pressing, the shortcomings of the former strategy of association more evident, and thus more intolerable and, as a result, long-term and comprehensive policy planning more required than before.

In this sense, the debates in the EC/EU during 1992 and 1993 as to how the association policy should be adapted to the new situation would reveal most clearly the shortcomings of the association policy pursued during 1990 and 1991. Proof of this is that the process of revision targeted the three main elements of the agreements which had also long been the most controversial.

First, whilst during 1990 and 1991, the EC had categorically refused to endorse the Visegrad Three's membership goal, at the Copenhagen European Council meeting in June 1993, the Twelve would finally accept that the association agreements would lead the associates towards membership. In this way, Copenhagen was unanimously seen as the end of a period of association and the beginning of another of accession. In this sense, though it was soon seen that the change of strategy had not resolved the problems facing the rapprochement between the EC and Central Eastern Europe, it was evident that the context in which a solution to these would be negotiated among EC member states had been completely transformed. The Visegrad countries would progressively cease to be dealt with in the context of the EC's external relations to begin treated within a context of enlargement<sup>1</sup>.

Second, during 1992 and 1993, trade relations between the three associates and the EC would be dominated by the reversal of the trade surpluses previously enjoyed by the associates. The fact that as a result of the commercial opening up of both parties, products started to flow massively towards Central Eastern Europe, whereas these latter's products were scarcely able to penetrate markets in the EC could be attributed to a great variety of causes, some of which had nothing to do with the regulatory framework of the association agreements. However, the trade deficits of the Visegrad Three vis-à-vis the EC left in evidence the EC's policy of asymmetry and confirmed the predictions of all those who had warned against the

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<sup>1</sup> The Copenhagen Council "signalled a shift from a policy of assistance, plus conditional association, to conditional acceptance of candidate membership, bolstered by targeted assistance" (A.Smith and H.Wallace. 1994. "The European Union: Towards a policy for Europe". *International Affairs*, Vol.70, No.3, July, p.437).

overcautious approach followed by the EC during the 1991 negotiations, specially when dealing when market access in the so-called "sensitive" sectors. Thus, throughout 1992, pressure mounted on the EC to design a new package of commercial concessions. The fact that in Copenhagen, in June 1993, the Twelve unilaterally reviewed the trade concessions made in 1991 in favor of the associates without demanding any reciprocal concessions would be seen as its acknowledgement of past mistakes.

Lastly, we have seen above the absence of an explicit EC financial commitment to assist the economic transformation process in Eastern Europe had been another major criticism of the EC during 1991. Now, the new financial perspectives (the "Delors II" package), negotiated during 1992, together with a series of decisions on PHARE and the EIB taken during 1993, would mean, if not a wholesale revision of the policies of aid carried until then, a clear recognition of their shortcomings and of the need to revise them<sup>2</sup>.

However, although the EC engaged in revising the agreements it had just signed this did not mean that it had definitively overcome the obstacles which had hung over its association policy during 1990 and 1991. At the general policy level, the conflictive relationship between deepening and widening had not been resolved. The problems facing ratification of the Maastricht Treaty would ensure that the internal agenda would dominate just as much as in the previous years. Meanwhile, in other spheres, the wider linkages of between the EC's association policy and the construction of the internal market, financial transfers, the reform of the CAP, and the Uruguay Round would still condition EC responses very negatively.

Moreover, the economic slowdown faced by the EC during 1992-1993 would add further constraints to its capacity to embark on short-term sacrifices. In this context, the internal negotiations on the trade concessions part of the agreements would be characterized by the same negative dynamics as had been witnessed before. What it is more, attitudes of retrenchment would be fuelled by the fears

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<sup>2</sup> I remind the reader that this dimension does not figure among the concerns of this thesis. Thus, analysis of it will be rather limited in contrast to the attention paid to political dialogue and the trade dimension.

provoked by the implications of extending the association package granted to the Visegrad Three (membership, trade concessions, and financial assistance) to the whole of Central and Eastern Europe.

Thus, the paradox was served. During the past negotiations of the association agreements, the absence of a political perspective on the future of relations with the EC and the Visegrad Three had deprived the trade/economic dossier of the necessary political stimuli. Now, the perspective of enlargement would widen the linkages between the EC's association policy until they became unsustainable, making it extremely difficult for the Twelve to back this perspective with the commitments necessary to make it feasible and/or credible.

### **1.1992: growing concern**

In 1992-1993, the EC/EU as well as other Western institutions, such as NATO, were subject to renewed pressures with respect to their policies towards Central Eastern Europe. To ensure that democracy in Central Eastern Europe did not crash into an economic wall had been the primary goal of the policies designed during 1990 and carried out during 1991. Now, in 1992 and 1993, as ethnic tensions spread in a context of profound economic crisis and geopolitical uncertainty, fears that the new democracies of Eastern Europe would be lost to populist-authoritarian forces made the need for Western action even more acute than before<sup>3</sup>.

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<sup>3</sup> As the Danish Foreign Affairs Minister, Uffe Elleman-Jensen, wrote: "These fragile democracies may not be sufficiently firmly grounded to resist the threat of instability posed by the sudden unleashing of forces that were suppressed under Communist rule [...] we are faced with the opportunities of a lifetime that we simply cannot afford to miss, and responsibilities to the peoples of Europe and their future generations that oblige us to act and to do so now [...] Fortunately, we need not expect NATO alone to meet the challenges facing Europe [...] The European Community is a vital ingredient in the recipe for a safer Europe" (U.Elleman-Jensen. 1992. "The New Europe: A Danish View". *NATO Review*; Vol.40, No.1, February, p.9).

### 1.1. Renewed pressures

By 1992-1993, the European security situation was certainly subject to an evident paradox. By the standards of the Cold War, the Europe of 1992-1993 was safer than it had been at any time during the previous four decades. However, the wave of disorder stemming from the collapse of the old order threatened to subvert the basic pillars of civil and international coexistence all over Eastern Europe, raising serious questions about whether the new democracies of Eastern Europe would be able to survive to the shock<sup>4</sup>.

The principal feature of the new situation was that the proliferation of risks was multidimensional. First, there was the ethnic factor. Whereas minorities had received no or scant attention during 1989 and 1990, in 1991 nationalism started to emerge as the main potential threat to democratic and market transitions in Central Eastern Europe. Western perceptions of the challenge posed by nationalism changed considerably during these years.

In 1989, Polish, Hungarian and Czechoslovak's national sentiments had been a crucial element in the impetus for democracy and their common longing to recover their sovereignty and independence from Moscow had consistently been supported by the West. Later on, when the wave of national revivals started to affect the Soviet Union, Western reactions were marked by prudence, given the desire not to weaken Gorbachev and the perestroika process. Still, the nationalist movements of Lithuania and the other two Baltic

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<sup>4</sup> As Klaus Kinkel, the German Foreign Affairs Minister would state in his speech to the Annual General Assembly of the UN on 23 September 1992: "*la liberté a ouvert la porte non seulement à des occasions historiques mais aussi, malheureusement, aux mêmes vieux démons: le nationalisme aveugle et les aspirations hégémoniques, la xenophobie et le fanatisme religieux*" (reproduced in *DAI* 1993/01/01, No.1, pp.7-11). See also K.Biedenkopf. 1994b. "Facing the Challenge of Upheaval in Europe". *NATO Review*, Vol.42, No.3; E.Colombo. 1992a. "European security at a time of radical change". *NATO Review*, Vol.40, No.3, June, pp.3-7).

Republics were not viewed with hostility and Soviet repression, from Vilnius to Tblisi, was openly condemned.

Thus, as long as nations struggled to break free from domination by other nations, Western reactions were mainly intended to guarantee peaceful change rather than endorse or support the maintenance of external domination. Still in 1991, and in spite of the tensions in the Caucasus or in Kosovo, Western nations seemed to believe that the emergence of new sovereign states was a lesser evil than the maintenance of artificial state structures. Even if significant discrepancies emerged among the Twelve as to how soon and in what conditions the new states should be recognized, the recognition of the Baltic Republics, first, and the successor states of the Soviet Union as well as Slovenia and Croatia, later, was not seen as a threat to European stability, but rather as a contribution to it.

The problem appeared as soon as it was seen that the policy, or reality, of every nation having its own state would unleash a new type of tensions. As a result of the intense redrawing of the map which Europe had witnessed during the first half of the century, the new states were either as ethnically inhomogeneous as their dissolved predecessors, or important national minorities remained beyond their frontiers. In many countries, ethnic minorities' demands for autonomy tended to be seen as incompatible with the nation and state-building processes. Accordingly, most of those minorities risked faced the threat of either forceful assimilation or second-class citizenship, when not undisguised pressures to abandon their homelands. Meanwhile, national minorities beyond their frontiers were seen as the unfortunate compatriots, those deprived of the possibility of enjoying the newly-acquired sovereignty, so often becoming a principal object of the foreign policy of the new states.

Obviously, the potential for conflict derived from this situation was considerable, specially if democracies collapsed economically, paving the way for nationalist-authoritarian forces. Thus, throughout the post-communist space there was an evident tension between the process of state and nation-building in countries where sovereignty

had recently been reestablished and democratization processes which implied tolerance and respect for minorities<sup>5</sup>.

In Poland, for example, the fate of the 600,000 ethnic Poles living in Belarus, 500,000 in Ukraine, and 350,000 in Lithuania, countries where the building of a nation-state could well mean either their exclusion or forced assimilation, became a major concern. For Poland's neighbours, similar concerns existed with respect to the 300,000 ethnic Germans, the 250,000 Byelorussians, the 350,000 Ukrainians, or the 20,000 Lithuanians living in Poland.

Similarly, Hungary watched with increasing preoccupation the fate of the 3 million ethnic Hungarians living outside its borders, of these almost 2 million were in Romania, where the political and economic situation was worrying, the 500,000 in Slovakia, where nationalism and populism was also emerging, and the 350,000 in the Vojvodina, to whom the shock of Serbian nationalism was very strong.

Finally, in the Czechoslovak Federation, the prospect of division did not paint a promising landscape. The 60,000 ethnic Germans, together with the reparation claims of the Germans expelled from the Sudeten land after 1945, were undermining, as they would in Poland, Czech relations with Germany. Meanwhile, the Slovak authorities were to be carefully observed both with respect to their treatment of the Magyar minority as well as over the contentious issue of a major dam project in the Danube which was souring relations with Hungary<sup>6</sup>.

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<sup>5</sup> G.Jeszensky. 1992. "Nothing Quiet on the Eastern Front". *NATO Review*, Vol.40, No.3, June, pp.7-13.

<sup>6</sup> Figures have been taken from S.Burant. 1993. "International Relations in a Regional Context: Poland and its Eastern Neighbors". *Europe-Asia Studies*, Vol.45, No.3, pp.395-418; B.Kovrig. 1995. "Hungarian Minorities in East-Central Europe"; N.Lubin. 1995. "Sources of Ethnic Tensions and Conflicts: the States of Central Eastern Europe and the Former Soviet Union", both in *Ethnic Conflicts: Old Challenges, New Dimensions*. The Atlantic Council Policy Papers, July; E.Lhomel and T.Schreiber (eds). 1992. *L'Europe centrale et orientale: Conflits, incertitudes et restructurations*. La Documentation Française, pp.246-247.

But if the intertwining of national revivals and the existence of displaced ethnic minorities in every Eastern European country posed a considerably risk, the calamitous economic situation dominating the post-communist geography was seen as the decisive factor which could trigger intolerance and conflicts.

By 1992, it was evident that the recession provoked by the collapse of the old economic order was deeper and would take longer to reverse than had previously anticipated. Unemployment and the dramatic fall of the standard of living destroyed the popular perception that democracy and market economies would automatically bring wealth and prosperity. As a result, citizens began to lose confidence in both democratic and free market structures. Thus, if citizenries were beginning to be persuaded that democracy and market structures would not deliver the goods and reverse economic decline, the temptations to abandon reforms could be exploited by populist authoritarian governments which could easily take a nationalist or revisionist path<sup>7</sup>.

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<sup>7</sup> "Personal insecurity, which affects most people in the area in varying degrees, has made them more vulnerable psychologically and the need for reassurance has come to dominate their lives. Insecurity of this kind breeds frustration, and this can be one of the major influences encouraging the growth of political radicalism, including extreme nationalism and racism" (O.Pick. 1992. "Reassuring Eastern Europe". *NATO Review*, Vol.40, No.2, April, pp.27-31). On the economic situation of the Visegrad Three, see J.Blaha. 1993. "Tchéco-Slovaquie. L'année économique: une fédération en voie d'extinction", in Lhomel and Schreiber, *L'Europe centrale et orientale: entre la stabilisation et l'implosion*, pp.199-206; T.Hickmann. 1992. "Wenn Ost und West zusammenwachsen sollen". *Osteuropa Wirtschaft*, 39 Jahrgang, Heft 2, Juni, pp.115-127; E.Jagiello. 1993. "Changes in World Trade and the Situation of Central and Eastern Europe". *Polish Quarterly of International Affairs*, Vol.2, No.2, Spring, pp.91-104; X.Richet. 1993. "Hongrie. L'année économique: la sortie du tunnel?", in Lhomel and Schreiber, *L'Europe centrale et orientale: entre la stabilisation et l'implosion*, pp.130-137; J.Van Brabant. 1994. "Trade, Integration and Transformation in Eastern Europe". *Journal of International Affairs*, Vol.48, No.1, Summer, pp.165-190; B.Zochowska. 1993. "Pologne. L'année économique: vers la fin de la récession?", in Lhomel and Schreiber, *L'Europe centrale et orientale: entre la stabilisation et l'implosion*, pp.150-157.



### 1.2. Options narrow

In these circumstances, the possibility that Western Europe could isolate itself from the collapse of the East appeared to be a impossible scenario<sup>8</sup>. The tragedy of Chernobyl and the migratory flows of the recent years had already shown that the new risks could not be contained by military means. The break-up of the USSR left a nuclear arsenal at the mercy of the uncertain future of some of these new Republics, where collapse could well threaten the control of these weapons<sup>9</sup>.

NATO could still defend Western Europe from any military challenge, but it was obvious that it could do little to prevent a massive flow of refugees from seeking shelter in Western Europe, to stop ethnic conflicts in its periphery, to prevent environmental disasters, or to assure political and economic reforms in the East. The picture was equally dramatic to the EC/EU, given that it would be totally unfeasible for it to proceed along its own path of integration in the event of a total collapse of the East<sup>10</sup>.

Thus, the nature of the new risks forced a revision of the West's traditional security perspective, in which military aspects used to dominate, and its substitution by a comprehensive concept of security

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<sup>8</sup> H.Kramer and F.Müller. 1991. "The economic requirements for successful association", in Boncivini *et al*, *The Community and the Emerging European Democracies*, p.27.

<sup>9</sup> Nevertheless, nuclear reactors were more threatening than nuclear weapons (*The Economist* 1992/08/15 "Chernobyls-in-waiting: As disaster looms, the world is squabbling over how to make Eastern Europe's nuclear reactors safer").

<sup>10</sup> The effects of this wave of disorder were taking its first toll in the increase of xenophobic feelings all over Europe and, most significantly in Germany, a country which absorbed more than one million immigrants during 1992, including asylum seekers, refugees from the former Yugoslavia, and German resettlers. See A.Pradetto and P.Sigmund. 1993. "East-Central Europe and United Germany in the Concepts of German and West European Elites". *Polish Western Affairs*, Vol.34, No.2, pp.134-135; *The Economist* 1992/12/05 "Right-wing reaction in Germany to asylum-seekers"; *The Economist* 1992/09/19 "Keep out / Europe's changing policy on refugees".

in which political, social, economic, and even environmental factors were to have a much more prominent role<sup>11</sup>.

In these circumstances, 1992 saw the emergence of a widespread consensus on the fact that the Western desire to reassure the new democracies of Central Eastern Europe would have to be mainly channelled through a combination of diplomatic engagement and strengthened economic activism. Hence, agreement emerged over the fact that the best way of contributing to European security in the years to come was to assure the irreversibility of the transition processes in Eastern Europe<sup>12</sup>.

This common perception heightened even further the role that the EC/EU was to play over the following years. Clearly, whereas NATO did its best to abandon the Cold War approach and engage, together with the CSCE, in a vast enterprise of building a new climate of confidence in Europe, there were obvious limits to its approach to the East and it was widely recognized that its role was to be essentially indirect<sup>13</sup>. But in contrast to NATO, whose role was to assure a stable security environment, the EC/EU had assumed direct responsibility

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<sup>11</sup> As the SIPRI stated: "Peace, development and democracy became more closely interrelated in 1993 than ever before" (SIPRI. *1994 Yearbook*. SIPRI: Stockholm, Introduction). Equally, in Budapest the CSCE turning itself into OSCE stated: "We recognize that market economy and sustainable economic development are integral to the CSCE's comprehensive concept of security" (CSCE. "Towards a genuine partnership in a new era". Budapest Summit Declaration. Corrected version 21 December 1994, point 15).

<sup>12</sup> As the CSCE stated at its meeting in Helsinki in July 1992: "We offer our support and solidarity to participating States undergoing transformation to democracy and market economy [...] Making this transition irreversible will ensure the security and prosperity of us all" (CSCE Helsinki Summit Declaration. 10 July 1992). "It is crucial for security in Europe that the political and economic transformation in Eastern Europe be a success (G.Wettig. 1992. "Security in Europe: a Challenging task". *Aussenpolitik*, Vol.43, No.1, p.11).

<sup>13</sup> See E.Lubkemeier. 1991. "The Political Upheaval in Europe and the Reform of NATO". *NATO Review*, Vol.39, No.3, June, pp.16-21; M.Wörner. 1992. "NATO Transformed: The Significance of the Rome Summit". *NATO Review*, Vol.39, No.6, December, pp.3-8.

and hence an active role in the success of the economic and political transition processes in Central Eastern Europe.

Thus, the net effect of the deterioration of the European scenario during 1992 and 1993 was to make both NATO and the EC/EU, as the only two institutions which had been strengthened after the demise of the cold war order, even more prominent than before as the only institutions which would be able to make a significative impact in the new situation. As both pan-European strategies, from the European confederation to the CSCE, and regional initiatives, from the Central European Initiative<sup>14</sup>, to the Baltic Assembly or the Black Sea Forum, lost much of their persuasiveness as alternatives or transitional devices<sup>15</sup>, eyes turned towards the NATO and the EC.

However, there were some indications that precious time had been lost. We have already seen the limits which cooperation among the Visegrad Three countries encountered since its inception in 1991. During 1992 and 1993, the evolution of the Visegrad Three's cooperation proved that "the elements promoting cohesion were closely related to those conducive to fragmentation"<sup>16</sup>. The

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<sup>14</sup> In July 1991, Poland had joined the "Pentagonal" (Austria, Italy, Yugoslavia, Hungary, and Czechoslovakia), thus making it the "Hexagonal". In November 1991, meeting in Venice, Croatia and Slovenia were admitted and Yugoslavia expelled, the new grouping taking the name of the "Central European Initiative". On 14 April 1992, the Visegrad Three would create the "Central European Cooperation Committee" to study the possibility of establishing a free trade area among them (*Financial Times* 1992/04/18 "East European Bloc set up").

<sup>15</sup> Though the EFTA was proposed as an alternative (R.Baldwin. 1992. "An Eastern Enlargement to the EFTA: Why the East Europeans Should Join and Why the EFTAns Should Want them?". *CEPR Occasional Paper*, No.10. London: CEPR), this option was considered by the Visegrad Three as the "illusory alternative" (J.Martonyi. 1992. "The EC and Central Europe". *The New Hungarian Quarterly*, Vol.33, No.128, Winter, p.66). On all these regional cooperation initiatives, and their limits, see A.Landau. 1993. "Les espaces régionaux en Europa centrale et orientale: la quadrature du cercle?", in Lhomel and Schreiber, *L'Europe centrale et orientale: entre la stabilisation et l'implosion*, pp.41-52.

<sup>16</sup> J.Weydenthal. 1992. "Poland Supports the Triangle as a Means to Reach Other Goals". *RFE/RL Research Report*, Vol.1, No.23, June 5, p.16.

disintegration of the Soviet Union and the division of Czechoslovakia were two of the main factors undermining the possibilities for cooperation. Also, the different economic strategies, the scarce complementarity of their economies, their low level of exchanges and the economic recession thwarted any economic incentive to closer cooperation, leaving the push to the West as the only factor uniting them.

In the Czechoslovak case, the constitutional debate on secession dominated the political landscape throughout 1992 and had the obvious effect of weakening the credibility of Czechoslovak foreign policy in the eyes of the EC. Moreover, whilst the Czechoslovak authorities were able to reproduce their "velvet" revolution in the form of a "velvet" divorce, the two emerging states in 1993, the Czech and the Slovak Republics were not in the mood to pursue close foreign policy bilateral coordination. Though Slovakia was immediately included in the Visegrad group, the Czech authorities would neither be able or willing to hide their view that the Slovaks were both a burden and free-riding this group<sup>17</sup>.

The Czech authorities would endorse the creation of a free trade area between the Visegrad Four (the Central European Free Trade Area, or CEFTA), but this commitment reflected their the decision not to challenge the EC's wishes to promote regional cooperation in Central Eastern Europe rather than a belief in the viability of this regional structure. In practice, the Czechs would progressively disengage themselves from the Visegrad initiative and put all their energies into realizing their hopes that their better political and economic situation could accelerate their, unilateral, return to the West<sup>18</sup>.

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<sup>17</sup> The European Commission noted, after the first meeting of the Political Directors with the Visegrad Four countries on 22 January 1993, that "l'élargissement du groupe semble avoir pour effet de réduire la complicité et l'intensité des liens entre les membres qui le composent" (CEC. SG. "Note de dossier. Objet: dialogue politique au niveau des directeurs politiques de la troika avec le groupe de Visegrad, Copenhague, 22 janvier 1993". PESC (93) 126. Bruxelles, le 25 janvier 1993).

<sup>18</sup> The creation of the CEFTA on December 1992 responded more to external pressures than to "objective" needs, given that integrating scarcely complementary

This shift would first be seen after the elections of June 1992, when Marian Calfa was replaced by Vaclav Klaus. Then, when the division of Czechoslovakia came into effect on 1 January 1993, the new parameters of the Czech Republic's foreign policy would be dictated by the fact that both Ukraine and Hungary had ceased to share frontiers with the Czech Republic, Germany and Austria being its main neighbours. In contrast, Poland shared borders with Russia, Lithuania, Belarus, and Ukraine, whilst Hungary did so with Ukraine, Romania, Serbia, Croatia, and Slovenia<sup>19</sup>.

After a time, the division was seen as a blessing in Prague. Claims that the Czech Republic was an Eastern country could now easily be dismissed. Prague was geographically further to the West than Vienna, and the problems which had haunted Czechoslovak rapprochement with the West had been passed on to the Slovak authorities. First, the dispute with Hungary over the dam and power plant project on the Danube (Gabcivocko-Nagymaros) ceased to be

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economies in recession did not make much sense. Furthermore, in 1991, Hungarian trade with Czechoslovakia and Poland accounted for only 4% of its total foreign trade. The agreement intended to correct the anomalies presiding their trade relations rather to serve as an engine for growth (A.Inotai. 1994a. "Transforming the East: Western Illusions and Strategies". *The Hungarian Quarterly*, Vol.34, No.130, Summer, pp.37-40). See also M.Perczynski. 1993a. "The Visegrad Group: Cooperation towards EC Entry". *Polish Quarterly of International Affairs*, Vol.2, No.2, Spring, pp.55-72; H.Polácková. 1994. "Regional Cooperation in Central Europe. Poland, Hungary, Czech Republic and Slovakia: from Visegrad to CEFTA". *Perspectives*, No.3, Summer, pp.117-130; Radio Free Europe/Radio Liberty. 1993a. "Visegrad Free-Trade Zone Creates a Market of 64 million". *RFE/RL Research Bulletin*, Vol.X, No.2, January 19, p.5).

<sup>19</sup> Vaclav Klaus, being extremely liberal in economic matters, was somewhat sceptical on the European Union. Following the narrow French approval of the Maastricht Treaty and the Summer monetary crisis of 1992, he had declared that he did not see any need to "rush" to join the EC. Obviously, the absence of geopolitical pressure upon Czech foreign policy permitted for a deeper debate on what EC membership meant (CEC. Delegation in Prague. "Czech Prime Minister Klaus on European Integration". Prague 28 September 1992). Later on, in January 1993, Klaus would depict Visegrad cooperation as an "artificial device created by the West" (*RFE/RL News Brief*, 11-15 January 1993, p.12, citing *Le Figaro* of 11 January 1993).

its responsibility. Second, the Hungarian minority in Slovakia would no longer interfere in relations with Hungary. Third, Slovakia inherited those economic assets, such as heavy industry and agriculture, which would be most difficult and costly to transform. Last but not least, with no borders with the former Soviet Union, Prague did not need the services of the other Visegrad countries to coordinate policies vis-à-vis the Commonwealth of Independent States (CIS)<sup>20</sup>.

If the Czechs had solved most of their problems with the dissolution of the Federation, in the Hungarian case the international strategies of Jozsef Antall's government for 1992 and 1993 were determined by the need to address its minority's problems in an international context. With three millions of ethnic Hungarians living beyond its borders, Budapest's relations with Romania, Slovakia, and the Serbian authorities of Belgrade deteriorated sharply. In this context, Hungary needed any available cooperation framework it could get to ensure respect for the rights of its ethnic minorities abroad. At the same time, it had to be very careful not to stir up any counter-productive emotions either in those countries or at home. Thus, though the Hungarian leadership shared the view that the neither the Visegrad grouping, nor the European Economic Area, nor the Central European Initiative were valid alternatives to membership of the EC/EU, it had a greater proclivity towards regional cooperation<sup>21</sup>.

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<sup>20</sup> On the Czech and Slovak situation, see S.Janackova and K.Janacek. 1993. "Après la Partition de la Tchécoslovaquie: Les Perspectives des Nouveaux États". *Revue du Marché Commun et de l'Union Européenne*, No.369, pp.537-540; V.Klaus. 1994. "Die Tschechische Republic und die Integration Europas". *Europäische Rundschau*, 22 Jahrgang, Nummer 3, pp.3-6; J.Rupnik. 1992a. "Tchécoslovaquie: lendemains de fête", in Lhomel and Schreiber, *L'Europe centrale et orientale: Conflits, incertitudes et restructurations*, pp.193-200; J.Rupnik. 1993b. "Tchéco-Slovaquie. L'année politique: le divorce à l'amiable", in Lhomel and Schreiber, *L'Europe centrale et orientale: entre la stabilisation et l'implosion*, pp.191-198; J.Obram. 1992. "Czechoslovakia Overcomes Its Initial Reluctance". *RFE/RL Research Report*, Vol.1, No.23, June 5, pp.19-24.

<sup>21</sup> On the Hungarian situation, see G.Jeszenszky. 1993b. "Hungary's Foreign Policy Dilemmas". *The Hungarian Quarterly*, Vol.34, No.130, Summer, pp.3-13; B.Kolozsi.

Together with Hungary, Poland was the other country of the Visegrad group to most strongly call on the European Community to progress from its association policy. But if Hungary wanted protection to stop being dragged into the potential ethnic problems which its minorities abroad could pose, the security concerns in Poland were more traditional. Whereas in June 1990, 32% of the Polish population believed that Germany was the principal security problem for Poland and only 5% identified this with Russia, by October 1993, these perceptions had been reversed<sup>22</sup>.

After the political crisis was overcome, a stable government was formed around Prime Minister Hanna Suchocka and Polish foreign policy, still set by Minister Skubiszewski, acquired the clear-cut goal of accelerating the path to membership of both NATO and the EC. Once suspicion on Germany had been overcome, Polish foreign policy achieved a remarkable success by establishing a close relationship with the United States, France, and Germany. Cooperation with the Franco-German axis, the so-called Weimar Triangle, made Poland feel that a short-cut to Europe had been found. For some time during 1992, Poland felt confident that NATO

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1995. "Hungary's Return to Traditional European Foreign Policy Patterns", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.97-110; I.Körmendy. 1992 "View from Hungary: An EC Associate's Perspective from Central Europe" in Rummel, *Toward Political Union*, pp.97-110; Martonyi, "The EC and Central Europe", pp.66-75; J.Rapcsák. 1994. "Hungarian Foreign Policy -with some Historical Hindsight". *Perspectives*, No.3, Summer, pp.71-78; T.Schreiber. 1992b. "Hongrie: le prix du pluralisme", in Lhomel and Schreiber, *L'Europe centrale et orientale: Conflits, incertitudes et restructurations*, pp 119-125; T.Schreiber. 1993. "Hongrie. L'année politique: stabilité sur fond de turbulences", in Lhomel and Schreiber *L'Europe centrale et orientale: entre la stabilisation et l'implosion*, pp.125-129; A.Reisch. 1992. "Hungary Sees Common Goals and Bilateral Issues". *RFE/RL Research Report*, Vol.1, No.23, June 5, pp.25-32.

<sup>22</sup> M.Garztecki. 1994. "Poland's Western dilemma". *The World Today*, Vol.50, No.4, April, p.79. In November 1993, 62% of Polish interviewees were worried about possible threats to the country's independence, compared with 34% in the summer, whilst 47% believed that the West would not help Poland in the event of it being attacked by Russia (Reisch, "Central Europe's disappointments and hopes", p.24).

would soon admit it. However, the optimism of 1992 soon gave way to disillusion over the course of 1993. With a much more assertive Russia and a less committed United States under President Clinton, Germany would cease to call for the immediate expansion of NATO. In these circumstances, the earlier Polish perception it could enjoy a distinct and privileged status would give way to a mutual disenchantment and reproaches. Throughout 1993, and specially after the former communists trounced the centrist parties in the Polish general election in September 1993, Polish foreign policy returned, under the influence of President Walesa, to a more moralistic and less pragmatic political rhetoric concerning relations with the EC/EU and NATO<sup>23</sup>.

If the rather diverging paths taken by the Visegrad Three during 1992 and 1993 would weaken their collective weight vis-à-vis Western Europe, the collapse of both the Soviet Union and Yugoslavia would also threaten the privileged status they had enjoyed during 1990 and 1991. As seen in the previous chapter, during the course of 1991, and specially after the failed coup in Moscow, it appeared evident that the EC would eventually extend its association offer both to Bulgaria and Romania, as well as to the three Baltic Republics emerging from the Soviet Union. Whether justified or not, the shared perception in Prague as well as in Warsaw and Budapest was that the accession of these countries to association agreements illustrated the shortcomings of the EC's association policy, seen as incapable of distinguishing between the three "which would make it", and other countries whose

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<sup>23</sup> See P.Latawski. 1993. "The Polish Road to NATO: Problems and Prospects". *Polish Quarterly of International Affairs*, Vol.2, No.3, Summer, pp.69-88; G.Mink. 1992. "Pologne: la naissance confuse de la Troisième République", in Lhomel and Schreiber, *L'Europe centrale et orientale: Conflits, incertitudes et restructurations*, pp.141-150; G.Mink. 1993. "Pologne. L'année politique: l'année des trois Premiers ministres", in Lhomel and Schreiber, *L'Europe centrale et orientale: entre la stabilisation et l'implosion*, pp.145-149; S.Parzymies. 1993. "The European Union and Central Europe: Prospects of Security Cooperation". *Polish Quarterly of International Affairs*, Vol.2, No.3, Summer, pp.89-110; S.Parzymies. 1994. "Political Cooperation within the European Union". *Polish Quarterly of International Affairs*, Vol.3, No.1, Winter, pp.35-58.



political and economic situation only offered the prospect of a general slowdown of the EC's process of rapprochement to the Visegrad countries.

The EC's plans to extend the association policy to these five countries highlighted the fact that Visegrad cooperation was, for both the EC and the Visegrad Three themselves, more of a concept, designed to facilitate moves towards membership of the EC, than a real entity. Thus, when the EC began to discuss its future Eastern enlargement during 1992, it was careful, to the dismay of the Visegrad Three, not to make any distinctions between candidates. As a result, the Copenhagen "package" containing the promise of membership, would be addressed to all those Eastern European countries with association agreements.

These events further undermined the cohesion of the Three. Whereas Hungary firmly opposed the inclusion of Bulgaria and Romania in the Visegrad group, Poland and the Czech Republic came to the conclusion that the desire of the EC to widen this group was the best confirmation of the wisdom of their individualistic strategies<sup>24</sup>. Thus, while Hungary was still working on feasible models of continental integration based on regional groupings, the Poles bet on the special conditions Poland "deserved" for EC membership, whilst the Czechs maintained their pragmatism, based on their conviction that the safest road to membership lay in their own economic achievements and merits<sup>25</sup>.

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<sup>24</sup> One thing united the Hungarian and Czechs: their pragmatism. While the Polish leadership still counted on the rhetoric of moral and historical responsibility as a way to short-cut its road to Europe, the Hungarians and the Czechs, with the exception of Vaclav Havel, had come to learn that "gratitude and sympathy" were not valid categories in international relations (J.Martonyi, "The EC and Central Europe", pp.66-75). As Garztecki said of Polish foreign policy: "Polish politicians will always lose out as long as they address their pleas to the West in sentimental and moralistic terms" (Garztecki, "Poland's Western dilemma", p.79).

<sup>25</sup> See the Hungarian view in P.Balázs. 1992. "How Can the European Community be Expanded". *The New Hungarian Quarterly*, Vol.33, No.125, Spring, pp.51-58, where Balázs proposed, in a new version of the "concentric circles", a single institutional roof for the Twelve, the EFTA members of the EEA, and the European associates. See also, A.Harasimowicz and J.Pietras. 1994. "State and Prospects of

## 2. The bottlenecks of EC-Visegrad relations in 1992

In spite, or precisely because, of the pressures stemming from the new European context, EC relations with the Visegrad countries during most of 1992 would be dominated by mutual incomprehension. For the EC to engage in a process of revising its policy of association, time was needed, but this was precisely the most scarce resource which the Visegrad Three were convinced to have at their disposal. The EC acknowledged at one and the same time that its policy had to be revised but that this could only be done when a series of internal preconditions or rearrangements had been established. These contradictory elements prefigured an important bottleneck which both the correction of the former association policy as well as the design of a future pre-accession policy would run up against.

### *2.1. Renewed constraints*

Western strategies during 1990 and 1991 had bet on a gradual rapprochement between East and West, this being the main goal of the EC's association policies, as well as of NATO moves. But the new European context of 1992 put enormous pressure on the Western to abandon its established gradual approach and move towards more clear-cut policies of inclusion.

This was specially evident in the case of NATO's strategies, but it affected also clearly the EC and the CSCE. In the case of NATO, the Rome Summit of December 1991 had launched, following a joint Baker-Genscher initiative, the North Atlantic Cooperation Council (NACC), to which all the former Warsaw Pact members were invited to join. However, to the eyes of the Visegrad Three, the NACC represent even less, in terms of the "return to Europe", than the

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Poland's Relations with the EU". *Polish Quarterly of International Affairs*, Vol.3, No.1, Winter, pp.59-96; V.Handl. 1995. "Translating the Czech Vision of Europe into Foreign Policy: Historical Conditions and Current Approaches", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.125-148.

association policy of the EC<sup>26</sup>. During the course of 1992 it became obvious that two of the three "interlocking" security institutions, NATO and the CSCE, would have a much more limited role than the EC/EU in the immediate future<sup>27</sup>.

Leaving aside the problems encountered by NATO in its relations with Central Eastern Europe, the EC soon showed that its prominence as the main solution to the problems faced by Central Eastern Europe would not necessarily mean a greater readiness or capacity to meet the new demands. In fact, as the EC/EU emerged as the only real alternative and took on its shoulders a heavier and larger responsibility, its problems as a foreign policy actor became even more evident. As Alfred Grosser stated, the EC would end up by becoming an actor as desired as it was contested, which accepted commitments of this sort with more reluctance than enthusiasm<sup>28</sup>.

As we have seen above, the limits of the Twelve had been impossible to hide even before the security/stability parameters of the situation in Central Eastern Europe had sharply deteriorated. As pressures on the EC mounted during 1992, it would embark on upgrading its strategy. However, far from disappearing, the old constraints which had blighted the association policy during 1990 and 1991 would be accompanied by new limits. These new limits were

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<sup>26</sup> At the Summit held in Cracow on 6 October 1991, the Visegrad Three had appealed for formal participation in NATO. However, as the Polish Senate would state in a Resolution on European Policy passed on 25 June 1992, membership of the EC was seen as the priority goal ("the undertaking of efforts for a full inclusion of Poland in the European Communities constitutes a development opportunity for our country, *regardless of the social costs of this process*, and is consistent with our tradition and history, as well as with the deepest understanding of Poland's 'raison d'état' (CEC. Delegation in Poland. "Note for the attention of Mr. Krenzler. Subject: ratification of Europe Agreements". Warsaw, 6 July 1992, my emphasis).

<sup>27</sup> This is clearly not the place to discuss NATO's strategies. However, it is evident that there was a parallel between the EC's review of its association policy, leading to the Copenhagen Council as well as to the pre-accession strategy of Essen in December 1994, and NATO's debates on cooperation and enlargement, leading to the "Partnership for Peace" initiative of January 1994.

<sup>28</sup> A. Grosser. 1992. "La Communauté contestée et désirée", in A. Grosser (ed) *Les Pays d'Europe Occidentale, édition 1992*, La Documentation Française, pp.9-15.

mainly derived from the qualitative leap the EC was being forced to take with respect to both the process of European integration and its relations with Central Eastern Europe. In this sense, the evidence that any upgrading of the EC/EU's strategy towards Central Eastern Europe required the EC/EU to upgrade itself first would be the main source of frustration for many on both sides during the 1992-1993 period.

Firstly, the debate on the Maastricht Treaty had been closed without any reference to the place of Central Eastern Europe in the future architecture of Europe. The Maastricht European Council meeting had expressed the desire of the Twelve that the enlargement negotiations with the EFTA countries wanting to join the EC should start as soon as the financial perspectives (the "Delors II" package) had been agreed on in 1992. However, in the discussion of the foreign and security policy pillar, the Twelve had not reached a consensus on making Central Eastern Europe a cornerstone of the new CSFP, thus failing to acknowledge any special relationship with the Visegrad Three.

Throughout this period of 1992-1993, the Twelve failed to advance significantly towards designing the scenario for an Eastern enlargement. True that there was an intense debate on the conditions which future Eastern members should be required to meet, but there was no parallel effort to analyze the reforms the EC/EU itself should embark on, both institutionally and financially, to render meaningful the promise of membership given in Copenhagen.

Again, as in the preceding years, these shortcomings had to do with the evolution of the process of integration. Calls for half-way membership or any device with signified an institutional commitment were as firmly rejected as before, and opposition was even strengthened by the Maastricht Treaty ratification crisis<sup>29</sup>. When after the Danish "No" of June 1992 panic spread at home, the calls for

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<sup>29</sup> On this crisis see M.Baum, *An Imperfect Union: The Maastricht Treaty and the New Politics of European Integration*, pp.103-128; N.Nugent. 1992. "The Deepening and Widening of the European Community: Recent Evolution, Maastricht and Beyond". *Journal of Common Market Studies*, Vol.30, No.3, September, pp.311-328.

flexibility and imagination in relation to Central Eastern Europe would find little echo. In fact, Delors' 1991 calls for an end "to squabble with theoretical models [of flexible integration]" seemed to reflect very accurately the mood in a majority of member states<sup>30</sup>.

The crisis of confidence following the Maastricht Treaty was not the only problem facing the revision of EC/EU's strategy towards Central Eastern Europe. Once the European integration process was rerailed, the old problems reappeared on the agenda alongside the new ones. The less prosperous countries, led by Spain, still resented the threat that any future enlargement to the East might marginalize them. Still in 1992-1993, the efforts of this group would be focused on assuring themselves that a huge redistribution of resources would take place to compensate them for the consequences of the single market and the accession of a new wave of rich countries<sup>31</sup>.

For others, such as France, Belgium, Italy, Ireland, the Netherlands, and Luxembourg, the perspective of a future Eastern enlargement was simply not clear. Even in Germany, there were contradictory interests with respect to the question. As the economic recession spread throughout Europe, even more than before, the short-term economic costs of a commercial opening up to the East tended to overshadow the long-term benefits of a continental-wide free trade area. As a result, protectionist pressures intensified in all the member states. All in all, the international, the political, and the

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<sup>30</sup> J.Delors. 1991c. "The Role of the European Community in the Future World System" in Clesse and Vernon, *The European Community after 1992: A New Role in World Politics*, p.46. On the proposals for flexibility see, H.Kramer, "The EC and the Stabilization of Eastern Europe, pp.12-22; G.Boncinini. 1991. "The Broader Policy Framework", in Boncinini *et al*, *The Community and the Emerging European Democracies*, pp.67-78. See also the Eastern perception on EC/EU's disengagement in K.Szymkiewicz. 1993. "Le Difficile 'Retour à l'Europe' des Pays de l'Est". *Revue du Marché Commun et de l'Union Européenne*, No.369, pp.527-531.

<sup>31</sup> See F.González. 1993. "La Europa que quiere España". *Política Exterior*, Vol.6, No.31, Invierno, pp.7-10; G.Bernatowicz. 1994. "The Attitude of the Southern European States to European Union Enlargement". *Polish Quarterly of International Affairs*, Vol.3, No.1, Winter, pp.97-110; N.Bohan. 1992a. "Cohesion and the Structural Funds", in Ludlow, Mortensen and Pelkmans, *The Annual Review of the European Community Affairs 1991*, pp.216-224.

economic contexts of 1992-1993 configured a defensive and inward-looking EC/EU, predominantly worried about what it might lose and scarcely willing to take command of the situation<sup>32</sup>.

In this context of crisis of confidence and still very different national preferences on the EC's Ostpolitik, the new institutional setting designed by the Maastricht Treaty would be of little help. Whilst the Treaty had grandiloquently stated that "a foreign and security policy is established hereby", (TEU Article J.1), it soon appeared evident, as the situation in the Balkans constantly confirmed, that the succession of articles concerning the new Common Security and Foreign Policy (CSFP) were not enough to make this a reality<sup>33</sup>.

Hence, with the continued lack of consensus among the Twelve, with Germany putting pressure to include the Baltic Republics in the association framework, France and Greece seeking its expansion to Romania and Bulgaria, and the United Kingdom seeking to maintain the distinct status of the Visegrad Three, the economic measures through which the EC/EU would have to express its renewed support for the processes of transformation in Central Eastern Europe were again deprived of the necessary political will to carry them out. For over a year, the Twelve would be unable to find the minimum elements of convergence necessary to revise the association agreements with the Visegrad countries. As the following sections

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<sup>32</sup> As *The Economist* wrote: "the Community's ability to radiate stability Eastward will remain weak. A club consumed with anxieties about its own future hardly provides the example that the boldly uniting Community seemed to have in the early days of the new European order. Distracted by the Maastricht morass, EC governments will not give priority to policies - notably the lowering of trade barriers, especially for farm products - that would help East Europeans pull out of their economic morass. Worse, there will be a delay in the EC's efforts to work out a framework of enlargement that could give East Europeans something specific to aim for" (*The Economist* 1992/06/13 "The nightmare continent / Troubles galore in Europe"). See also *The Economist* 1992/09/12 "Thunder off / Forthcoming European Community rows".

<sup>33</sup> *International Herald Tribune* 1992/04/25-26 "Moves on Balkans conflict reveal on EC that's as Fractious as Ever", pp.1 and 4.

show, both political dialogue as well as trade relations between the EC and the Visegrad countries suffered from this negative context.

## *2.2. Political "dialogue": flexibility without substance*

In the face of the tendencies towards fragmentation and threats of collapse dominating the European scenario in 1992, the only instrument the EC had at its disposal to deal with the Visegrad countries were the association agreements signed on 16 December 1991.

As explained in the last chapter, the association agreements had to be ratified by the European Parliament and the Twelve member's national parliaments, on the EC side, and by each of the three parliaments of the associates. As this was expected to be a long process, the commercial sections of the agreements were separated in order to allow the commercial concessions to come into force immediately.

The so-called "Interim Agreements on Trade and Cooperation" would come into force in March 1992 within the legal base provided by EC's article 113 which, given that external trade was the exclusive competency of the European Community, did not require ratification by the national parliaments of the member states<sup>34</sup>.

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<sup>34</sup> The European Parliament expressed its favourable opinion of the Interim Agreements in January 1992 and ratified the Association Agreements with Poland and Hungary on September 1992. The Polish Diet ratified the Association Agreement in July 1992 (with 238 votes in favour, 78 against -mostly christian, rightist and nationalist parties and 20 abstentions). The slowest countries to ratify agreements were France and Germany. In all, 23 months elapsed between the signing and its entry into force in March 1994. A special arrangement was made with Czechoslovakia, dividing the Interim Agreements into two separate agreements for 1993 and 1994. The two new EC-Czech Republic and EC-Slovakia, association agreements were signed on 4 October 1993, and came into force, after ratification by the Twelve's parliaments and the European Parliament in January 1995, together with the EC-Romania and EC-Bulgaria association agreements, signed in February and March 1993, respectively. See *OJ-L* No.347 (Poland) and No.348 (Hungary), both of

Ratification delays confronted the EC and its new partners with an important problem. In the troubled European context of 1992, the European Community did not have at its disposal the institutional and political dialogue frameworks which it had designed. Thus, association would be deprived of its political pillar precisely at the moment when it was most needed.

However, relying on the flexibility of the foreign policy realm embedded in the European Political Cooperation (EPC) framework, the Twelve would ignore the delays in ratifying the association agreements and engage in intense political dialogue with the three associates which anticipated and went even further than what had been legally envisaged in the actual agreements of 1991.

The paradox was evident. The association policy of the European Community would continue during 1992 and 1993 without the association agreements, the political dialogue working under the flexibility of the EPC, later CSFP framework, the trade envelope under the traditional Common Commercial Policy, and economic cooperation under the PHARE and other programmes. Thus, when the EC-Poland and EC-Hungary Association Councils met for the first time in February 1994, after all the parties had ratified the agreements, the EC and the associates were already engaged in a political dialogue which had led to the collective endorsement by the EC of the membership perspective for the Visegrad countries at the Copenhagen European Council meeting of June 1993.

It is widely believed that the provisions for "Political Dialogue" under the EPC framework were the real achievement of the association agreements signed by the EC with the Visegrad countries. In contrast to the Turkish and the Greek association agreements of the sixties, the Europe Agreements with the Visegrad Three of 1991 lacked a shared membership commitment, included no financial protocols, and only a meagre trade envelope<sup>35</sup>. The differences with

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31 December 1993; No.357 (Romania); No.358 (Bulgaria); No.359 (Slovakia); and No.360 (Czech Republic), all these of 31 December 1994.

<sup>35</sup> B.Lippert. 1995b. "Shaping and Evaluating the Europe Agreements: The Community Side", in Lippert and Schneider, *Monitoring Association and Beyond*, pp.242-243; Maresceau, "Les Accords Européens: Analyse Générale", No.369,



the European Economic Area (EEA) agreements signed between the EC and the EFTA countries were even more pronounced<sup>36</sup>.

In spite of these shortcomings, the Twelve took some important steps forward in the association agreements with the Visegrad Three. First, never before had the Twelve introduced provisions on political dialogue in association agreements, the EPC's commitments to political dialogue usually being based on non-legally binding unilateral declarations.

Second, the level of political dialogue granted to the Visegrad Three was matched by only that assigned by the Twelve to their relations with the United States and Japan. The provisions for political dialogue envisaged, at the highest level, summits between the Visegrad's head of state and chiefs of government and the president of the Commission plus the rotating president of the Council. At the ministerial level, summits would include the EC's *Troika* of foreign ministers plus the responsible Commissioner. Finally, at the level of Political Directors, the provisions also envisaged summits in a Troika plus Commission format.

Third, apart from being intended to support democracy and market reforms and to create new forms of solidarity and cooperation, the Twelve explicitly mentioned in the agreements that one of the goals of the political dialogue was to contribute to the

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pp.508-509; G.Hedri. 1993. "Die EG und die Staaten des 'Visegrader Dreiecks'". *Osteuropa*. 43.Jahrgang, Heft 2, Februar, pp.158-159.

<sup>36</sup> The Lomé Association Agreements as well as the 1980 EC-Yugoslavia Trade and Economic Cooperation Agreement also included annual financial protocols. The EC-Turkey Agreement of 1963 included the shared perspective of membership, financial protocols, and a customs union to be erected in thirty years. However, it should be emphasized that the EEA agreement with the EFTA countries also did not include a customs union. In contrast, the EEA agreement was more ambitious in the extension of the four freedoms (movements of goods, services, capitals and persons) and the EEA Council was to meet twice a year rather than once, as envisaged in the Europe Agreements with the Visegrad Three. Furthermore, in the EEA agreements, the EC's partners had the right to be consulted before the EC Council took decisions affecting them, a provision not included in the Europe Agreements. The guarantees for arbitration in case of conflict would constitute another outstanding difference between the two sets of agreements.

stability and security of Europe. In this way, the Twelve overcame member states' traditional reluctance to discuss security matters in the EPC framework and in practice anticipated the formal entry into force of the CSFP provisions agreed at Maastricht<sup>37</sup>.

Last, but not least, the advantages of the flexibility provided by the EPC framework would also be seen in the fact that the provisions on political dialogue in practice came into force before the agreements had been ratified. What it is more, they were even upgraded by the Copenhagen Council before the agreements legally came into force.

Already in November 1990, the Visegrad Three had received the highest EPC partners status, that of "like-minded" countries. However, it has been emphasized that all these elements affected to procedures, rather than to substance, and did permit to structure any expectations either about what political dialogue would actually deal with or the likely results of this dialogue. As Regelsberger noted, "the shape of political dialogue is widely in the hands of the Twelve and not in those of the dialogue partners". Hence, neither flexibility nor the channels for dialogue would guarantee substance in themselves and, still less, agreement. As I will show, the previous internal consensus requirements of the Twelve confirmed the view that political dialogue between the EC and the Visegrad countries would in fact end up being a "one-way track between unequal partners"<sup>38</sup>.

These problems had first become visible during the negotiation of the association agreements. There, the Visegrad countries had sought to give political dialogue a strengthened institutional status. More specifically, Hungary, supported by the CSFR and Poland, had

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<sup>37</sup> Ireland, due to its neutrality, had resented security matters being treated in the EPC framework in the association agreements (CEC. SG F/1. "CPE. Réunion du groupe de travail Europe Orientale, Bruxelles, le 29 octobre 1991". CIEM (91) 582, Bruxelles, le 4 novembre 1991).

<sup>38</sup> E.Regelsberger. 1995. "Political Dialogue with the Visegrád Group: Only Business as Usual at High Speed?", in Lippert and Schneider, *Monitoring Association and Beyond*, p.254.

presented a "non-paper"<sup>39</sup> to the EPC demanding that political dialogue would take place under the principle of "cooperation", rather than "dialogue", and under the roof of a "Political Cooperation Committee", rather than through of ad hoc meetings<sup>40</sup>.

The EPC's rejection of this proposal, on the grounds that only the Twelve could "cooperate" on foreign policy matters, revealed the limitations of the political dialogue framework of the agreements. What, then, was the purpose of including these provisions in the agreements, a move without precedent in other EC agreements, if there was no upgrading with respect to how dialogue would be dealt with?

The first political dialogue meeting following the signing of the agreements took place in Lisbon on 2 April 1992. At that meeting, with "Political Directors Troika plus Commission" format, the Twelve could hardly hide their problems<sup>41</sup>. As the minutes of the meeting show, the Visegrad Three would demonstrate a higher degree of preparation and coordination than the Political Directors themselves. In fact, the Directors could not answer either the questions posed by the Visegrad representatives about the future European architecture, or the future of the Western European Union after the Maastricht Treaty, or even the EC's views on how to prevent conflict on the

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<sup>39</sup> "Non-paper" is the Commission's term for an unofficial document presented to the Council for non-binding discussion.

<sup>40</sup> CEC. DG I E-2. "Note à l'attention de M. Van Ringelestein. Objet: Coopération politique avec la Hongrie, la Pologne et la Tchécoslovaquie". Bruxelles, le 23 September 1991; CEC. SG F-1. "Note à l'attention de M. D. Guggenbuhl, Objet: nouveau projet d'accord CEE-RFTS". CIEM (91) 537, Bruxelles, le 16 octobre 1991.

<sup>41</sup> The association agreements did not mention multilateral summitry, but common sense and common interests counselled them to reject the possibility of holding three different meetings with each Visegrad country. Thus, the representatives of Poland, Hungary, and Czechoslovakia met with the Political Directors of the EPC's Troika (chaired by Portugal and accompanied by the Netherlands and the United Kingdom). Gunter Burghardt, the "EPC man" in the General Secretariat of the Commission represented the Commission. Two representatives of EPC's Secretariat also attended (CEC. SG. Personnel et Administration. "Note de dossier. Objet: Troika des Directeurs politiques avec des représentants du groupe de Vizgrad - 2 avril 1992". PESC (92) 275. Bruxelles, le 8 avril 1992).

former Soviet Union. According to the Commission, the Directors just gave "improvised and bureaucratic" responses, confirming that for dialogue to be meaningful, a common position (i.e. something to say), rather than procedural flexibility (i.e. the means to express it), was needed<sup>42</sup>.

Similar problems were witnessed at subsequent political dialogue meetings. At the next meeting, held in Prague on 5 May 1991, this time at Ministerial level (foreign ministers Troika plus Andriessen), neither security matters nor the membership question, the two most important items for the Visegrad countries, could again be discussed. The fact that the Twelve did not have a common position on these issues resulted, again in words of the Commission, in a "*plutôt défensive*" attitude<sup>43</sup>.

Thus, the most important feature of political dialogue with the Visegrad countries during the Portuguese Presidency in the first semester of 1992 was not procedural flexibility but problems of content. Since the Twelve had no common views to express, flexibility did not lead anywhere and the results would be quite disappointing and frustrating for the Visegrad countries. It was revealing that the Twelve had discussed in the Lisbon Council of June 1992 a Commission paper on "The Challenge of Enlargement" without having consulted the Visegrad Three on their preferences. Clearly,

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<sup>42</sup> (CEC. DG I E-3. "Note pour Benavides. Troika des directeurs politiques avec le Group de Visegrad. Lisbonne, 2 avril 1992". Bruxelles, le 13 avril 1992). The scant cohesion of the Twelve and the subsequent lack of credibility of the EPC system were also highlighted at the meeting. After the Visegrad representatives had asked about their perspectives for membership, the Commission's representative, Gunter Burghardt, restated the official policy line, i.e. that the EC had still not elaborated its stance. But immediately afterwards, to the dismay of his Troika colleagues, the British representative said his country openly supported the membership aspirations of the Visegrad Three.

<sup>43</sup> Those in attendance were: Douglas Hurd (U.K.); Hans van den Broek (NL); Joao de Deus Pinheiro (Portugal), Frans Andriessen (Commission), Géza Jeszensky (Hungary), Jiri Dienstbier (Czechoslovakia) and Krzysztof Skubiszewski (Poland). See the evaluation, the minutes and the joint statement in: CEC. Delegation in Prague. "Réunion de la Troika avec les pays de Triangle de Visegrad (Prague, 5 mai 1992)". Prague, 6 May 1992.

political dialogue did not seem to be geared towards jointly designing the future. How, then, could political dialogue serve to "facilitate the progressive integration with the Community" of the partners, as the association agreements affirmed? The Visegrad countries would soon learn that the Twelve preferred to use political dialogue to discuss the coordination of EC and Visegrad's countries foreign policies towards third countries, such as Yugoslavia or the Middle East, rather than their mutual relations<sup>44</sup>.

### 2.3. Embittered trade relations

As above, the balance of the first experiences of EC-Visegrad political dialogue did not raise many hopes that the EC would engage during 1992 in a major upgrading of its strategy towards Central Eastern Europe. But if political dialogue did not seem to be fully on track, the perspectives for the commercial part of the agreements were not better.

As will be surely remembered from the previous chapter, the association agreements had been closed in a rather tense climate. The last two rounds, from September to November 1991, had provoked a great deal of embitterment and, worse still, had not served to change the basic outlook of the agreements. The signing of the agreements in December 1991 did not end the tension. Rather, the implementation of the Interim Agreements during 1992 led to a new phase of conflicts and crises.

In fact, while new policy designs were being considered in the Commission and various foreign affairs Ministries in the EC, the realities of trade relations between the Visegrad Three and the EC would be governed by a set of polemical decisions which strained the political atmosphere to an almost unprecedented degree.

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<sup>44</sup> On these complaints see K.Jezek. 1995b. "The Multilateralization of the Political Dialogue: First Experiences", in Lippert and Schneider, *Monitoring Association and Beyond*, p.269; T.Kiss. 1995. "Prospects of the Political Dialogue After the Copenhagen Summit: A Hungarian Perspective", in Lippert and Schneider, *Monitoring Association and Beyond*, p.280 (Karel Jezek and Tibor Kiss were members of the Czech and Hungarian Delegations in these EPC political dialogue meetings).

First came the problems with the implementation of the agreements, that is, the so-called Interim Agreements. During the last phase of negotiations, the Commission's negotiators had managed to obtain a partial opening of the Polish market to EC automobiles in return for the opening of a 40 million ecu/year quota for Polish made FIAT cars. In January 1992, the Polish government, decided to reward those EC producers which had invested, or were willing to do so, in the modernization of Polish companies by dividing the duty-free import quota between them. Thus the 30,000 duty-free car quota would be shared between Volkswagen, Fiat, and GM/Opel, whilst the other EC-made vehicles would face tariffs of between 17 and 35%<sup>45</sup>.

Then Renault, the French car-manufacturer, took the issue as a question of competition distortion. Two camps emerged. The first, led by France, but including Spain, the United Kingdom, DG III (Internal Market), and DG IV (Competition), presented the Polish decision as a violation of articles 33 (state-aids) and 44 (non-discrimination) of the Interim Agreements. In the other camp, in the face of the Polish government's firmness on the issue, there was the Italian and German support for their respective manufacturers, together with DG I and even the Commission's Legal Service, neither of which were willing to see the issue as a question of competition distortion<sup>46</sup>.

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<sup>45</sup> *Europolitique* 1991/02/19, No.1745, p.V/1; Polish Mission to the EC. "Communique of the Ministry of Foreign Economic Relations concerning the repartition of the annual tariff quota for cars originating in the EEC in 1992". Brussels, 27 January 1992.

<sup>46</sup> The Commission's Legal Service did not share the views of the French-led group, and sided with DG I, which was proposing a "political" solution to the issue (consisting of dividing the quota in three parts, one for current investors, another for potential investors, and the last one of free access). The Legal Service reminded the Council that the EC divided quotas as it pleased and that only with very difficulty could they be defined as state-aids, as DG IV was claiming. There was also criticism for acting unilaterally without respecting the consultation procedures established in the Interim Agreements, and major reservations with respect to DG IV claims about cartel practices (CEC. Legal Service. "Poland -Arrangement voitures". JUR (92) 01402 of 2 March 1992; CEC. DG IV. Le Directeur General. "Note à la attention de H. Krenzler". Brussels, 07.02.1992; CEC; Ministère des Affaires Etrangères. Letter from

Thus, a conflict opened cutting across EC industry, EC governments, and the European Commission lines. This conflict became so acute that the only agreement the two opposing coalitions could reach was not to block the ratification of the Interim agreements on that grounds. Hence, the Interim agreements came into force without having solved the question. However, negotiations between these coalitions throughout 1992 did not resolve the issue and even led some car-manufacturers to put pressure on their governments to delay ratification of the association agreements in their respective national Parliaments<sup>47</sup>.

That such apparently minor conflict became so significant illustrated one of the main problems of the agreements recently signed<sup>48</sup>. Clearly, the limited liberalization in some "sensitive" sectors, such as that of vehicles, had a direct linkage with foreign investment.

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Elisabeth Guigou to Frans Andriessen. CGB/BB N° 602, Paris, le 17 février 1992; Ministère de l'Industrie et du Commerce Extérieur. Letter from Dominique Strauss-Kahn to Commissioner Bangemann". Paris, le 17 février 1992; CEC. DG IV E-4. "Note for the file: estimation of the aid intensity in net grant equivalent terms of GM's project in Hungary". Brussels, le 18/2/92; CEC. DG IV A-1. "Note à l'attention de M. Benavides: Pologne, importation de véhicules à droit nul". Bruxelles, le 18.02.1992; CEC. DG III. "Note à l'attention de M. M. Bangemann: Pologne-Automobiles". Bruxelles, le 24 février 1992; CEC. DG I E-3. "Note pour le dossier: Contingent automobile polonais". Bruxelles, le 17/6/92; CEC. DG I E-3. "COREPER 1.10.1992. Speaking note. Contingent automobile à l'importation en Pologne". Bruxelles, le 28/9/92).

<sup>47</sup> CEC. DG I E-3. "Note for the file: Groupe Europe Orientale of 28/1/92". Brussels, 28 January 1992; CEC. DG I E/3. "Note for the file: Groupe Europe Orientale du 4.2.1992". Bruxelles, le 5/2/92; CEC. SG. "1509ème réunion du COREPER (II), le 20 février 1992". SI (92) 94, Bruxelles, le 21 février 1992; *Financial Times* 1992/02/26 "EC-Poland free trade pact hits car import snag"; CEC. SG. "1510ème réunion du COREPER (II), le 26 février 1992. SI (92) 107. Bruxelles, le 27 février 1992.

<sup>48</sup> The conflict later extended to the widespread use by the Visegrad Three governments of the "infant industries" clause which they had obtained to protect their industries from competition. The Visegrad countries would use this clause to retaliate against EC anti-dumping measures as well as the strict competition rules they had been forced to accept in the association agreements.

Furthermore, it tended to produce a vicious circle as EC and other foreign investors constituted themselves in a protectionist lobby in the Visegrad countries. With the leverage of their investment plans, these car-manufacturers would seek to capture the tariff-free quotas granted by the EC to the Visegrad countries and put pressure on these governments to impose high tariffs on car imports from the EC, so as to acquire a dominant position in the domestic markets<sup>49</sup>.

The problem also illustrated the conflicts which existed within the Commission, specially between DG I and DG IV as a result of substantial differences on the interpretation of the agreements. Finally, it highlighted how difficult could be to reconcile member states' interests with an association package which had significantly lowered the costs for member states, but which in turn had also decreased the benefits for themselves.

More importantly, the car-quota issue was also important because it anticipated a troublesome climate for bilateral relations, presided over by the lack of confidence between the parties and the resource to unilateral solutions to solve problems. Even before the agreements had come into force, the Community had invoked article 44 of the Interim Agreements, which allowed one party to "take appropriate measures", i.e. suspending the car-quotas envisaged in the

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<sup>49</sup> As a preventive measure, the Council suspended the Polish quota (*Europolitique* 1992/03/14, No.1752, p.V/6). The Polish government offered the 100 duty-free lorry quota to Renault, linked to investment in "Star", an industrial vehicle-maker in Poland (*Europolitique* 1992/02/29, No.1748 p.V/1). In Hungary, the government had approved a regulation defining industrial vehicles subject to duty-free imports which could only be met by Ford Transit (the Commission recognized this was a practice also long used by the EC -CEC. DG I A-1 on 16.6.1992). Ford had just invested 100 million dollars in Hungary, and Suzuki had asked for a ban on second-hand vehicles imports and a tariff of 50% for new ones. Meanwhile, in the Czech Republic, similar deals were obtained after the pressures of the Volkswagen group (*Financial Times* of 30 May, 24 June, and 22 October 1992, pages 2, 7, and 4, respectively). Equally, Daimler-Benz, which according to complaints filed by FIAT, had requested a 40% increase in import duties as a precondition for a 250 million dollars joint-venture of US 250 million with Liaz-Avia in the CSFR (see DG I E-3. "Note for the file. CSFR import surcharge". Brussels, 1 April 1992).



agreements, if it considered that the other party was not fulfilling the obligations established in these agreements.

The fact that relations became so embittered, as they did, around such a minor issue also highlighted, in common with the other crises which bilateral economic relations had faced or would face in the future, the uneven distribution of power and resources between the EC and the associates. In this particular case, some member states and Commission's services were simply demanding that the Visegrad countries apply EC's internal market rules on competition, far more strictly than the flexibility they permitted themselves and without the possibility of acceding to this market<sup>30</sup>.

Then, as early as in May 1992, three months after the Interim Agreements had come into force, pressure grew within the EC to curb steel exports by the Visegrad Three to the EC, specially Czechoslovak, which were beating all records of market occupation, pushing prices 20-30% down in some products and countries<sup>31</sup>.

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<sup>30</sup> On other issues, such as the transit fees for road transport, which were suddenly and steeply increased by the Czechoslovak and Hungarian authorities in the beginning of 1992, there were quite visible elements of retaliation. The most prejudiced country was Greece, scarcely friendly during the negotiations of the association agreements. The conflict became highly politicized in Hungary, because of heavy-traffic collapse and pollution issues, as well as in Greece, after its government rejected the agreement the Commission had managed to sign on 31 January 1992, in spite of the fact that a Greek representative had taken part in the negotiations (*Europolitique* No.1740 1992/02/01 p.V/3; *Europolitique* No.1741 1992/02/05, p.V/2; DG I E-3. "COREPER 26/2/1992. "Speaking Brief. Interim Agreements". Brussels, 26 February 1992).

<sup>31</sup> The move was initiated by France, which argued that Czechoslovak license applications for steel exports to France had registered a five-fold increase with respect to 1991. France also argued that Czechoslovak flat steel products had gained a market share of 6.3% in two months in contrast to the 1.3% share for the whole of 1991. German producers (Stahlrohrverband) would file a demand on Visegrad exports of tubes which, allegedly, were capturing 50% of the German market. Spain also expressed its concern about the fact that licenses for the first quarter of 1992 outnumbered those for the whole of 1992 (Représentation Permanente de la France auprès des Communautés Européennes. "Demande de consultations sur l'évolution

The Czechoslovak government argued in vain that its costs were considerably lower than those of EC producers because of low labor costs, cheap transport, and cheap Russian raw materials. It tried to calm EC producers by promising that exports would decrease once the restructuring plans began in the Summer of 1992. Also, among other arguments, they maintained that it made no sense to compare the 1992 figures with those for 1991, given that 1992 was a liberalized trade year<sup>52</sup>.

However, even more worrying than the technical discussions on whether there was dumping or not was the fact that the EC, the Council in this case, again proceeded unilaterally, ignoring the consultation procedures envisaged in the Interim Agreements, and applied safeguard measures before engaging in consultations or asking the Czech authorities for their views or data on the matter<sup>53</sup>.

Again, the issue led to a sharp deterioration of confidence between the parties and provoked an important conflict within the EC. A group of countries, led by the Netherlands and including Spain, Belgium, and Luxembourg, resented the fact that they had not benefitted from the safeguards measures adopted by the Council. Once again, in the Commission, DG I tried to contain protectionist pressures. In the first place, it argued that a mere 2% market penetration did not justify Community-wide safeguards. Secondly, it called on member states to respect the provisions of the agreements, particularly article 24, which stated that only "serious disturbance or

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des exportations d'acier vers la CEE". N° 746, Bruxelles, le 18 mai 1992; Stahlrohrverban e.v. Fax to DG I C-1 and DG III E-1 on 12 May 1992).

<sup>52</sup> See the complaints of the Czechoslovak Federal Ministry of Foreign Trade. "Note addressed to Mr. Benavides". No.200/1684. Prague, 3 September 1992. DG I-E Archive.

<sup>53</sup> On 14 August 1992, the Council restricted the import of hot-rolled coils, cold-rolled sheets, bars and rods, as well as iron piping originating in Czechoslovakia to enter the German, Italian and French markets for the rest of the year (Safeguard Recommendation 92/434/CECA, Decision 92/524/CECA). Later on, in November 1992, the Commission imposed provisional anti-dumping duties on imports of certain seamless pipes and tubes, and iron or non-alloy steel originating in Czechoslovakia, Hungary, Poland and Croatia (Commission Regulation 3296/92/EEC of 12 November 1992).

prejudice" would justify safeguards. More importantly, it tried to find a negotiated solution to the crisis. At the same time as it rejected pressures for a total and immediate curb, it attempted to convince the Czechoslovak government to opt for long-term rather than short-term benefits. Hence, DG I sought to place the conflict and the solutions to it in a wider and long-term political perspective<sup>54</sup>.

Bilateral negotiations led to an agreement whereby DG I and the Czechoslovak government agreed to restrain the annual increase in Czechoslovak steel exports to the EC to a maximum of 10-15%. In return, the EC would not adopt safeguard measures<sup>55</sup>.

Thus, DG I had defused the conflict but, in practical terms, it had been forced to accept the covert reintroduction of the polemical Voluntary Restraint Agreements (VRAs). Moreover, another important problem was evident behind the incident. The short periods for enforcement of EC rules for state-aids and competition in

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<sup>54</sup> Permanent Representation of the Kingdom of the Netherlands. No. 56735 of 26 August 1992; CEC. DG I D-2. "Réunion du Groupe Europe-Orientale". Bruxelles, le 17 septembre 1992; CEC. Legal Service. "CSFR safeguard measures". JUR (92) 06383 of 23 September 1992; CEC. DG I D-2. "Clause de sauvegarde - Tchécoslovaquie". Bruxelles, le 24.09.92; Conseil. "Rapport du Groupe Europe Orientale en date du 28 septembre 1992 au COREPER". 8909/92 EST 215, SID 66 (EXT). Bruxelles, le 28 septembre 1992.

<sup>55</sup> On 25 February 1993, the Council of Industry would decide that in any sector where member states could prove damage, the Commission should negotiate three-year quotas. On 21 April, the Commission forced the Czech and Slovak Republics to limit their 1993 exports of six products to 35% above the 1991 level, 45% in 1994 and 60% in 1995. This meant that Czech exports would not have surpassed their 1992 level by 1995 (Council. "Outcome of Proceedings of Working Party on Eastern Europe on 21 May". 7096/92 EST 142. Brussels, 21 May 1992. Preparation of 1st Mixed Committee EC-CSFR on 21 May; CEC. DG I D-2. Note de dossier. Réunion préparatoire au Comité Mixte CEE-Tchécoslovaquie". Brussels, 22 may 1992; *RFE/RL Research Report*. "Economic and Business Notes: EC decision on Czechoslovak steel exports", 28 August 1992; *Financial Times* 1992/08/19 "Czech steel sales to the EC curbed"; *El País* 1993/02/26 "Los Doce impondrán contingentes a los aceros provenientes del Este", p.50; *The Economist* 1993/05/01 "Poor relations: Eastern Europe is knocking at the European Community's door").

the associate countries fostered rapid and massive earning of profits which could then be devoted to the restructuring of those sectors<sup>56</sup>.

The next crisis opened in March 1993 and its political impact was to be even greater<sup>57</sup>. Three months before the Copenhagen European Council was to meet to endorse the membership perspective for the associate countries of Central Eastern Europe, launch a new "structured relationship", and adopt a more flexible trade liberalization calendar, all measures which implied recognition of the shortcomings of the association agreements, the Community decided, again unilaterally, and on grounds of the outbreak of foot and mouth disease (FMD), to prohibit Eastern European live animals exports to the EC<sup>58</sup>.

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<sup>56</sup> EUROFER views on the issue were straightforward. In a paper presented to a Seminar on the Steel Industry organized by the UN Economic Commission for Europe in Warsaw in May 1992, it argued that "the PECO's steel industry is not competitive: only a systematic recourse to State subsidies and dumping enable it to be present in the world market". The paper further warned that the Community's steel industry could find itself in a situation "where it would be obliged to defend itself by all the means laid down in GATT and in ECSC regulations against imports which are systematically dumped and widely subsidized". The paper provoked considerable irritation in the Commission, who resented the idea of EUROFER trying to act as spokesman for the Commission (EUROFER. "Politics of Cooperation Between Companies of the European Community and of Central and East European Countries in the Steel Sector". Paper presented at UNECE's Seminar on the Restructuration and Management Techniques in Steel Industries in Countries in Transition towards Market-Economy Conditions. Dabrowa Górnica (Poland), 18-22 May 1992. UNECE. Steel/SEM.18/R.36 of 7 May 1992; CEC. DG IV-D. "Sidérurgie des PECO. Document présenté par Eurofer". Bruxelles, le 27 August 1992).

<sup>57</sup> As the Head of Commission's Delegation in Warsaw wrote: "this relatively secondary issue is developing into a major political row in Poland". He also wrote that "my view is that the Commission has done less than it could [to control the crisis]" (CEC. Delegation in Poland. "Note for the attention of M. Cadieux: Foot and mouth disease". Warsaw, 26 May 1993).

<sup>58</sup> The Italian government suspended imports of East European live animals in March 1993 after FMD had been found in cattle coming from, but not necessarily originating, in Croatia. The Commission immediately banned live animals in transit or originating in the former Yugoslavia. Later, on 7 April, the ban was extended to all Eastern European cattle (Decision 93/210/EEC and 93/242/EEC of 7/4/93, in *OJ-L*

The decision was specially controversial because the disease was detected in Italy, allegedly involving meat imported from Bulgaria, and the EC first adopted a one month ban and then quarantine measures which affected all the Eastern countries, irrespective of whether or not the disease had been shown to affect them. The decision was specially costly and irritating for the Polish and Hungarian authorities. In the first place, they argued, there had been no cases of foot and mouth disease in their countries since 1972 and 1973, respectively. Secondly, the ban would cost some 50 million dollars in losses to each of these two countries. Thirdly, the enforcement of the veterinary measures imposed by the EC as a precondition for lifting the ban raised the price of their cattle between 10 and 15%. Last, but not least, the ban had a very negative effect on the image of their meat exports, which would later find it impossible to recover their previous market share in the EC. Significantly, throughout the entire period of the ban, veterinary authorities confirmed the outbreak in Bulgaria, but could not find a single case of foot and mouth disease in Poland or Hungary<sup>39</sup>.

Tensions rose as the Hungarian Foreign Minister, Géza Jeszensky, convoked the Commission's Representative and the EC and Austrian ambassadors in Budapest, to publicly inform that the Hungarian government would retaliate for this "unfriendly, unjustified, and unfair" decision by introducing a symmetric ban on EC and Austrian products. Jeszensky described the EC's ban as a "major blow to the relations between the Community and Hungary, specially in view of the expectations raised by the Copenhagen Council". Then, when the Czech and the Polish government adopted identical

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No.90/33 and 10/36 of 14 April 1993 and 4 May 1993, respectively). The second decision set the conditions required for the EC to withdraw the ban.

<sup>39</sup> Commission Decision of 7 April argued: "investigation has shown that the infection was *probably* introduced in cattle from Eastern Europe; whereas it has not been possible to establish the *exact* origin of infection [...]". The discussions between Poland and the EC can be seen in: Polish Government. Council of Ministers. Undersecretary of State for European Integration and Foreign Assistance. Office for European Integration. "Summary Records from the Meeting of Joint Committee held in Warsaw -25 May 1993-". Warsaw, 2 June 1993 (my emphasis).

retaliation measures, the ban developed into the first commercial war between the EC and the Visegrad Three<sup>60</sup>.

The crisis again revealed a sharp division within the EC. As may be recalled, both steel VRAs and the beef exports dossier had been two of the most polemical issues during the 1991 negotiations, responsible for the Spanish veto of December 1991 and the French one of September 1991, respectively. The fact that the EC rushed to adopt safeguard measures as soon as problems appeared in the management of trade in these sectors clearly indicated that the swords were still drawn.

In the FMD case, DG VI (Commissioner Steichen) had managed to approve the ban in spite of the appeals of DG I (in charge of Commissioner Brittan since January 1993). Brittan criticized the ban as disproportionate and insufficiently justified by hard evidence. Within the Council, France tried fiercely to have the original Italian ban converted into a Community-wide ban. As DG I resisted this move, some countries, without waiting for the Commission's decision, adopted unilateral national-level restrictive measures<sup>61</sup>.

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<sup>60</sup> Until then, Jeszensky argued, the FMD had appeared only in Italy, but Italian exports to other member states had not been banned. The Hungarian measures, he argued, were intended to protect Hungarian livestock from infection originating in the EC. The crisis was defused during May 1993, when the EC changed the focus of its first decision, of prohibition, for measures placing the emphasis on veterinary control. With this decision, discussions could proceed at a more technical level and, in May, the Polish, Hungarian, and Czech authorities also withdrew their ban (CEC. Delegation in Budapest. "EC import ban of live animals from Central Eastern Europe. Meeting with Hungarian Foreign Minister Géza Jeszensky on 8.4.1993". Budapest, 8 April 1993. See also, CEC. Delegation in Prague. "Czech Press of 14 April 1993 on EC meat import restriction". Prague, 14 April 1993; *El País* 1993/04/12 "Polonia abre la guerra comercial con la CE y prohíbe importar ganado", p.43).

<sup>61</sup> Only Greece and Germany showed greater sensitivity to the political effects of these decisions. At the meeting of the EC's Standing Veterinary Committee (SVC), held on 7 April 1993, the experts, arguing that Hungary complied with all the veterinary requisites, demanded it should not be included in the ban. However, Commissioner Steichen refused to withdraw Hungary from the list of affected

Along with these crises and conflicts, anti-dumping measures and bilateral negotiations on further trade concessions further contributed to sour relations between the EC and the Visegrad countries.

EC anti-dumping measures had long been a major problem in trade relations with Eastern Europe and the Soviet Union. In spite of the fact that the CMEA countries only accounted for 8% of EC imports, during the period 1989-1990 these countries had been the target of 24% of all the anti-dumping measures adopted by the EC<sup>62</sup>.

This is not the place to discuss the discretion of EC anti-dumping practices. Nevertheless, during 1992-1993, the obvious question would be whether EC-Visegrad trade relations were to be dominated by the policies of the past, mostly consisting of managed trade and unilateral actions, or if, on the contrary, the EC would stick to the principles of free trade and joint management which had been written into the association agreements.

The steel crisis of 1992-1993 did not justify much optimism with respect to the ways and principles which would be used to resolve the problems. The evidence of the EC's continued resort to anti-dumping measures during 1992 and 1993 only confirmed the pessimism. In the eighties, chemical products had come to absorb almost 40% of EC anti-dumping measures towards third countries and had hit CMEA's products specially hard<sup>63</sup>. The 1992-1993 period did not significantly change this picture. The EC maintained and renewed anti-dumping measures with respect to a wide variety of chemical and

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countries. In protest, DG I refused to sign the Commission's written procedure serving as the basis for the ban decision. Steichen's behaviour was all the more intriguing considering that in this same meeting he announced that Hungary would surely be withdrawn from the list at the next SVC meeting of 20 April. Thus, he accepted DG I and Hungarian claims but still wanted to include Hungary in the ban (CEC. DG I A-2. "Note for the attention of Mr. Abbot: Safeguard clause against live animals from Eastern Europe". Brussels, 5 April 1993; CEC. DG I A-2. "Note for the file: Safeguard clause...". Brussels, 7 April 1993).

<sup>62</sup> After examining EC anti-dumping measures towards Eastern Europe, Schuknecht concluded that political, rather than technical criteria dominated the EC's administrative process (Schuknecht, *Trade Protection in the EC*, pp.125 and 151).

<sup>63</sup> See GATT, *Trade Policy Review: The European Communities*, pp.110-116.

steel and coal products as well as minimum prices against a variety of Eastern agricultural products<sup>64</sup>.

All in all, the evidence suggests that, at least in respect to anti-dumping measures, the EC continued to treat the Visegrad countries as "state-trading countries". Not by chance, the EC had refused to include the suppression of this condition in the association agreements, offering the associates only a unilateral non-binding commitment to suppress it in the future. This had confirmed some analysts' concern about the fact that the EC's armory of unilateral anti-dumping and safeguard measures, plus the eight different safeguard provisions written into the agreements, were the most negative element of the agreements and a formidable barrier to both foreign investment and improved export performance in the Visegrad countries<sup>65</sup>.

But if unilateral actions by the EC were introducing major strains in bilateral relations, when the EC and the Visegrad countries actually

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<sup>64</sup> These were: artificial corundum, copper sulphate, ferrosilicium, herbicide, methenamine, potassium permanganate, silicon carbide, sodium carbonate, urea, seamless steel tubes, welded tubes of iron and steel and pig iron along with a variety of minimum import price arrangements concerning mushrooms and red and black fruits, (see CEC. DG I L-1. "Anti-dumping measures currently in force and procedures initiated". Brussels, 4.6.93).

<sup>65</sup> (Winters and Kun Wang, *Eastern Europe's International Trade*, p.38). As a matter of fact, such criticism of EC behaviour would not only come from academic or press quarters but would be endorsed also by some services in the Commission. In a very critical report, DG II argued that the increase in CEECs exports to the EC during 1992 and 1993 should be seen as the result of an integration process between two sets of economies. In these circumstances, DG II argued, the bias in EC anti-dumping procedures towards considering increases of market share as a determinant element in proving dumping allegations was completely misplaced. Similarly high increases in EC products penetration were being witnessed in the markets of the Visegrad countries without unleashing anti-dumping measures. DG II concluded that the EC was fostering EC producers' resistance to competition in detriment of the benefits for EC consumers, as well as seriously damaging both the political climate and the confidence of potential investors (CEC. DG II. "Comments to the DG I discussion paper on the follow-up to Edinburgh: improved market access for Eastern producers, Brussels, 22.02.1993).



met to discuss trade issues, the picture was not much more promising. The first meetings of the Mixed Committees envisaged in the Interim Agreements took place on 21 May 1992 (with Czechoslovakia), on 22 June 1992 (with Hungary), and on 29-30 June 1992 (with Poland). Apart from the criticisms made of the EC member states failure to implement at the national level the regulations which would effectively lower tariffs, the Mixed Committees meetings were dominated by product-by-product negotiations which did not lead anywhere.

In these meetings, both the Council's Group on Eastern Europe and DGs III and VI managed to marginalize DG I and its political approach. Instead, the negotiations would be governed by the principle that only economic interests should determine trade concessions<sup>66</sup>.

In response for any Visegrad country's demand for a trade concession on any particular product, member states' Trade Ministries would issue a long battery of very specific counter-demands with respect to other products. In this way, the Mixed Committees meetings were missed occasions for the preparation of a new package of commercial concessions.

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<sup>66</sup> See for example: "concerning the Polish request for an acceleration of tariff dismantling on various industrial products originating in Poland, the Community will examine a number of specific, documented requests which should be established by the Polish side according to a selective approach. The Community will base its examination on justified elements of an industrial character, taking into account the reciprocity aspect" (Council. "Note de transmission de la Commission au Groupe Europe Orientale: 1ère réunion du Comité Mixte CE-Pologne au titre de l'accord intérimaire 29-30 juin 1992. Summary of Agreed Minutes". 4618/93 EUROR 25. Bruxelles, le 4 février 1993). See also: CEC. DG VI-H. "Note à l'attention de M. Benavides. Objet: Comité Mixte avec la Tchécoslovaquie du 21.5.1992". Bruxelles, le 20/5/92; Conseil. "Outcome of Proceedings of Working Party on Eastern Europe on 21 May". 7096/92 EST 142, Brussels, 21 May 1992; Conseil. "Note de transmission de la Commission au Groupe Europe Orientale en date 25 juin 1991: Tchécoslovaquie - 1ère réunion du Comité mixte au titre de l'accord intérimaire-". 7633/92 EST 164, Bruxelles, le 26 juin 1992; CEC. DG I. "Minutes of the Interim Agreement EC/Hungary. First Joint Committee 22 June 1992". Brussels, 13 July 1992).

Exemplifying what these meetings meant, when DG I finally engaged in designing such a package it would not call bilateral meetings to discuss its content. Experience had shown that bringing the Visegrad countries into the trade discussions brought member states as well as other Commission services to the table and resulted in the neglect of politics. In order to limit the influence of both the Council's Group and other DGs, DG I would also adopt a "horizontal" approach to new trade concessions. This meant that rather than identifying those trade sectors where the Visegrad countries needed or could improve their exports to the EC, DG I would seek an acceleration of all the tariff dismantlement calendars which had been fixed in the association agreements.

Thus, the choice of this unilateral and horizontal approach responded more to the impossibility of rationalizing the trade package of the agreements than to the commitment to an innovative strategy seeking to obtain more concessions from member states. In this way, DG I refused to solve the insufficiencies of the agreements, most visible in the alarming percentage of unused quotas with respect to some products, as well as in the equally alarming speed at which some quotas were exhausted (this indicating a rather large repression of export potential).

In conclusion, 1992 and the beginning of 1993 was dominated by the general retrenchment of a majority of the member states, and even some Commission services, from the principles so recently written into the association agreements. The refusal to consider the unexpected evolution of trade exchanges as a complementary policy impetus was paralleled by the equally worrying reluctance or inability to translate the pressures created by the new European context into effective policy guidelines.

### **3. Creating the momentum for revising the Agreements**

In response to the bottlenecks which had emerged in which EC relations with the Visegrad Three during the first semester of 1992, the second semester of the year 1992 would be presided over by a frantic effort by Commissioner Andriessen, with the support of the

British Presidency, to get these relations back on track and drive the Twelve towards new political horizons.

These attempts foundered both at the Lisbon Council of June 1992 and, later, in the Ministerial Summit between the EC and the Visegrad Three held on 5 October 1992. On neither of these occasions was Commissioner Andriessen able to persuade the Twelve to support his proposals for a twin-track policy consisting of working simultaneously *within* and *beyond* the association agreements. Nonetheless, Andriessen's persistence, the backing of Kohl and Major, and the resolution of the Maastricht ratification crisis, finally allowed a consensus to be reached on the need to revise the association policy. At the Edinburgh European Council held in December 1992, the Twelve announced that they would revise the agreements in Copenhagen in June the following year. In this way, the European Council's invitation to the Commission to present concrete proposals reopened the decision-making process.

However, the process of revising the agreements would begin with an important constraint. The problems of EC-Visegrad relations during 1992 had been attributed by Andriessen to the absence of a political perspective on the future of these relations. According to his reading of the situation, the emptiness of political dialogue, the problems with the trade dossier, and the total failure of the EC-Visegrad summitry during October 1992 had shown the limits of the incremental approach. In these circumstances, Andriessen would confront the Twelve with an ambitious policy. In the belief that the necessary moves *within* the agreements would follow automatically once the wider perspective was approved, Andriessen placed the main emphasis on obtaining the Twelve's acceptance of moving *beyond* the agreements.

Probably, his assessment of past problems was right and it was true that a limited political perspective had led to a limited content. However, the attempt to obtain an ambitious political perspective seemed to ignore the fact that the limited political perspective originated from the existence of very fundamental differences between the preferences of member states. Hence, the obvious risk was that failure to move beyond the agreements would undermine the efforts to resolve the problems within the existing agreements.

### *3.1. The Lisbon Council: first defeat*

The EC had an association policy in place. However, during the course of 1992, the EC shifted more than ever to the defensive, accusations of shortsightedness and a lack of generosity deeply affecting the prestige and achievements of its association policy. More important than the criticisms in themselves, was their clear acceptance by the EC headquarters, specially within DG I and most significantly, by Commissioner Andriessen, first, and by Commissioners Broek and Brittan, later<sup>67</sup>.

Commissioner Andriessen and his cabinet saw the experiences of negotiations with the Council over the previous years as a mixed story of successes and defeats. Though there was satisfaction for the job done there was a certain sense of exhaustion, because of the feeling that they had always run up against the same obstacles, as well as of failure, because the more that was achieved, the more irritating what was not achieved was seen to be. The reading of past experiences seemed to point to the fact that Andriessen considered that he himself and DG I had paid excessive attention to anticipating the position both of other Commission services as well as of the member states. Accordingly, the resulting policies had come to reflect the minimum lines of resistance among the Twelve and the Commission rather than the original goals which had inspired them. Now, ambitiousness would guide policy proposals and these would be defined by the perception that what was desirable had to be also possible<sup>68</sup>.

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<sup>67</sup> Andriessen left the Commission in 1993 and his portfolio was divided between Brittan (DG I External Economic Relations) and Hans van den Broek, the former Dutch Foreign Minister, in charge of the newly created DG IA (External Political Relations). The fact that the Commission reproduced the division between economic and foreign policy matters was, as we will see, a very unfortunate move.

<sup>68</sup> One might speculate about the influence of the fact that Andriessen had long been a Commissioner and he was not thinking of renewing his mandate.

Thus, from then on, Andriessen would present his proposals in a quite straightforward manner to the Council. In the past, there had been a strong bias towards consensus, and Andriessen usually tried to ensure that his proposals were approved as a whole in the Council. Now, even if the Council formally rejected or modified his proposals, he would not see this as a defeat if by this strategy the Commission could add pressures and create the propitious momentum for later decisions.

Andriessen's main policy target would be the question of membership. Not so much the conditions or timetables, but both the EC's confirmation that the associated countries would be members in the future, as well as the adoption of the necessary policy steps to prepare these countries for future accession. Accordingly, the EC had to concentrate on two lines in the near future.

*Within* the agreements, the texts should be improved so as to correct their shortcomings in terms of the past goals of the association policy as well as to turn them into the instrument by which the associates would become members. Ending a policy characterized by its transitional and ambiguous character, Andriessen wanted to give a positive response to the main question which the agreements had not and were not resolving, i.e. whether they led to membership. *Beyond* the agreements, ways had to be found to endow this process of rapprochement between the EC and the associates with a stable political environment<sup>69</sup>.

However, the strategy of flexibility, innovation, and ambitiousness being pursued by Andriessen would not count on the

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<sup>69</sup> Even before the association agreements had been signed, Commissioner Andriessen was already thinking of moving beyond these agreements. During the Fall of 1991, following the first debates in the Commission on enlargement, DG I drafted a communication to be presented to the European Council of Maastricht. Andriessen wanted the Council on "deepening" also to examine the question of "widening". However, due to reasons of political opportunity and the heavy agenda leading up to Maastricht, Andriessen had decided at a very early stage to withhold the communication. Hence, his proposals were not even discussed at the Commission level. Later, this aborted communication would be taken out from the drawer on 20 January 1992, to serve as the basis for the Lisbon paper on enlargement.

support of neither the Commission or the member states. In fact, even his own services in DG I received with scepticism, if not concern. The divisions within the Commission, and more particularly, within DG I, as to how to handle the dossier of EC relations with the Visegrad countries, would be the most outstanding element of the policy formation process within the Commission during the first semester of 1992<sup>70</sup>.

At least three camps could be distinguished. First there were Commissioner Andriessen's and Graham Avery's (Director of the Enlargement Task Force in DG I) ideas of working towards a completely new design which should replace association. This focused on ideas such as the European Political Area (EPA) or the "Association of associates" (Andriessen's new version of his "associated membership" proposals). Though, of course, they also wanted to make the most of the existing association agreements, they basically sought a multilateral framework from which to build a flexible model of European integration embracing all the countries seeking membership<sup>71</sup>.

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<sup>70</sup> On 30 January 1992, the Commission services dealing with EPC matters circulated a "non-paper" through the COREU expressing their preliminary views on enlargement. They repudiated any notion of Europe *à la carte* and called for a strengthening of the Community. By stressing that any enlargement should be completely compatible with the whole *acquis*, they concluded that the associates' desire for rapid membership could not be satisfied by the EC (EPC/EEC. "Enlargement/deepening of the European Community". FROM CEE COREU TO LIS COREU". 30.01.1992). Andriessen had formed, early in January 1992, his own "Steering Group on Enlargement" in DG I. Later, this group was merged with the Enlargement Group functioning since July 1991 under the authority of Gunter Burghardt (in the Commission's EPC services in the General Secretariat). The Steering Group would later be turned into the "Enlargement Task Force", chaired by Graham Avery, Director in DG I.

<sup>71</sup> With respect to the Visegrad countries, the package comprised: (i) "deepening" the association agreements in matters such as legal and administrative infrastructure, technology and know-how, transports and communications and private investment promotion; (ii) improving the agreements with wider concessions on textiles, steel and coal and agriculture, as well as in any sector in which the associates enjoyed comparative advantages; increasing the financial package, and widening workers'

Then, there were those, such as Horst Krenzler, Director General of DG I, or Gunter Burghardt, the "EPC man" at the Commission, who were most reluctant to embark the EC either on any reopening of the agreements or discussions on an Eastern enlargement. This group's ideas seemed to be close to President Delors, who on 7 April 1992, had stated in the European Parliament that there was an "inherent contradiction between deepening and widening" and announced that the Commission's contribution to Lisbon on enlargement would mainly focus on strengthening the European Commission<sup>72</sup>.

The final group was comprised of Benavides and Guggenbuhl (in DG I-E, Eastern Europe). Their pragmatism derived from the

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freedom of movement; (iii) "widening" the agreements with the integration of the Visegrad countries to Community programs, specially environment, infrastructures and telecommunications; encouraging regional and intra-regional economic cooperation with a view to a true pan-European free trade area; multilateralize political dialogue and setting up an institutional structure between the EC and all its associates; as well as a special "cohesion" fund to finance all these measures (see the following reports by Graham Avery: CEC. DG I. "Countries of Central and Eastern Europe. Options for Enlargement". Brussels, 13.3.92; CEC. DG I. "Note de dossier. Objet: Accords Européens dans la perspective de l'élargissement". Bruxelles, le 16 mars 1992; CEC. DG I AD-1. "Elements pour la preparation de la communication de la Commission sur l'élargissement". Bruxelles, le 22.05.1992).

<sup>72</sup> (Delors cited in *The Economist*, 1992/04/11. "Eurobuzz: Survival of the fattest / Jacques Delors on enlargement"). Krenzler opposed proposals on associating the Visegrad countries to the EPC/CSFP because this would strengthen the intergovernmental pillar of the EC. He also promoted the view that the agreements should not be reopened and tried to avoid any hint of "pre-accession" in the proposals put before the Enlargement Task Force. As he himself said: "*le climate politique ne s'y prête pas*". Notwithstanding their differences, Krenzler shared with Andriessen an institutionalist perspective through which they sought to defend the Commission from the intergovernmental flood stemming from Maastricht and specially from the increasing leadership role being assumed by Presidencies (CEC. DG I K-3. "Steering Group Enlargement. Compte rendu de la réunion du mardi 17 mars 1992". Bruxelles, le 18 mars 1992). See also the Commission's EPC services "non paper" where a Europe *à la carte* was considered institutionally unmanageable, *op.cit* EPC/EEE. "Enlargement/deepening of the European Community" of 30 January 1992).

experiences they had had negotiating the association agreements. They considered that the association agreements, thanks to their flexible and evolutionary nature, provided an adequate framework for pre-accession policies. Anticipating a return to piecemeal bargaining and tendencies towards retrenchment as soon as discussions began, they believed that exploiting the association agreements to the full would in itself be a sufficiently difficult task. They were scarcely impressed by the escalation of rhetoric concerning an Eastern enlargement, and they knew that Helmut Kohl, like the other European leaders, would hardly want to increase the access of Central Eastern European food or steel in a period of recession. This did not mean that they did not support enlargement. They did, but they preferred to establish the conditions to make it feasible, i.e. real economic convergence plus a political perspective, rather than the principles under it which would come true, which would come later.

Each strategy had its shortcomings as well as its advantages, but it was Andriessen's views which triumphed in this struggle. The Report which the Commission presented to the European Council of Lisbon in June 1992 clearly reflected this new strategy<sup>73</sup>.

Though most of the paper was devoted to the problems and strategies of what was to be the "Nordic" enlargement, the report also addressed the problems posed by Central Eastern Europe. Recognizing that "these countries have needs which go beyond the possibilities of existing agreements" (point 35), the Commission advocated the creation of an "European Political Area" (EPA). However, the EPA was vaguely described as either a confederation around the Council of Europe, a conference of European states meeting at the invitation of the European Council, or, alternatively, as a mechanism of "affiliate" membership.

On membership, the report was cautious with respect to schedules. Accession, it said, "lies well into the future", but the EC should now engage in a process of preparing Central Eastern Europe for it economically. Meanwhile, the combination of the membership perspective, a European Political Area, and increased access to EC markets "can help to bring prosperity to a region where unrest still

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<sup>73</sup> CEC. "Europe and the Challenge of Enlargement". SI (92) 500 of 27 June 1992.



threatens to erupt as a result of poverty, nationalism and fear" (point 37)<sup>74</sup>.

However, Andriessen's proposals went unanswered by the Twelve at the European Council of Lisbon<sup>75</sup>. Though the Commission's report was annexed to the conclusions of the Council, at least three main elements of the Commission's or, rather, Andriessen's paper were turned down. First, the Council reaffirmed its desire to develop relations with the countries of Central Eastern Europe *within* the framework of the European Agreements, and not beyond them. Second, cooperation should be systematically centred on assisting those countries in their efforts to prepare for membership of European Union which *they*, and not the EC, sought. And third, the whole policy reexamination process would be postponed for one year, until Copenhagen, given that in Edinburgh the Twelve would only examine the general principles of the revision of the agreements<sup>76</sup>.

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<sup>74</sup> Its proposals had six dimensions: (i) the development of the administrative and legislative infrastructure necessary for the functioning of a market economy; (ii) fixing a calendar for the adoption of the Community's *acquis*; (iii) the strengthening of economic cooperation, including the transfer of technology, and greater involvement of the private sector; (iv) participation in projects such as "trans-European networks" (TENs) and support for, and promotion of, private investment; (v) an improvement in trade concessions; and (vi) measures in the field of free movement of workers (SI (92) 500, point 38).

<sup>75</sup> Consejo Europeo de Lisboa. "Comunicado Final. Conclusiones de la Presidencia". SN 3321/1/92. Lisboa, 26-27 de junio de 1992.

<sup>76</sup> Pending the European Council in Lisbon, the three Visegrad leaders met again to send a common message to the EC. In their joint communique, Walesa, Havel and Antall (now labelling themselves "the Visegrad Triangle"), confirmed that "our countries' final objective is to join the European Union". They also expressed their hope that "the Community strategy will be shaped in such a way that our countries will form an integral part of the European Union" (Message of the Leaders of the Visegrad Triangle Countries to the Members of the European Council". Prague, 6 May 1992 in CEC. Delegation to the Czech and Slovak Federal Republic. "Note to the attention of Mr. H. Krenzler. Subject: Visegrad Triangle Summit in Prague on 6 May 1992". Prague, 6 May 1992). See also *Financial Times* 1992/05/07 "EC applicants seek to speed entry".

### *3.2. Failed summitry: second defeat*

Andriessen had seemed to try to create the momentum for major decisions. However, by challenging the Twelve with a major debate he directly contributed to emptying the content of EC-Visegrad summitry during the rest of 1992.

In July 1992, the British replaced the Portuguese in the Presidency of the Council. The British government had announced in June that the EC's relations with the Visegrad countries would be a priority during its presidency<sup>77</sup>. John Major and Douglas Hurd's personal commitment to this cause had long been known. Accordingly, in the Visegrad capitals, it was hoped that the first openly "friendly" Presidency since 1989, followed by the no less sympathetic Danish Presidency during the first semester of 1993, would decisively advance the rapprochement between the EC and the Visegrad countries<sup>78</sup>.

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<sup>77</sup> The Presidency had announced six priorities: (i) completion of the Single Market; (ii) preparation of enlargement negotiations; (iii) negotiations of a future financial "package"; (iv) development of relations with Central and Eastern Europe; (v) seeking a breakthrough in GATT negotiations; and (vi) trying to make progress in resolving the Yugoslav conflict (T.Garel-Jones. 1993. "The U.K. Presidency: An inside view". *Journal of Common Market Studies*, Vol.31, No.2, June, p.261).

<sup>78</sup> However, the British Presidency was a success, ...despite the British. Neither the agreement on the financial perspectives for 1993-1998 nor the solution to the Danish "No" owed much to British brokerage. Paradoxically, the successes of the British Presidency centred mostly around the issue of "deepening", such as the SEA, the ratification crisis, and the financial perspectives. The failures occurred around "widening". The British failed to achieve the start accession negotiations with the EFTAs during their mandate, or to ensure that the membership criteria for the Visegrad countries were set in Edinburgh in December 1992. As Peter Ludlow wrote, the British suffered particularly because their whole Brussels-oriented machinery was exclusively geared towards defending national interests and not EC-wide interests. Also, there was a deep misunderstanding of the role of Presidencies, as they failed to distinguish between leadership and command, giving the general impression of a policy of "now is our turn!". As a result, both the Council's services and, more

But the intense summitry with the Visegrad countries in which the British engaged the EC did not produce any result. The first political dialogue meeting of the British Presidency took place in London on 15 July 1992 at the Political Directors Troika level. At that meeting, the Visegrad countries' expressed their irritation with the scant progress made through this channel during the Portuguese Presidency. EC proposals to include Bulgaria and Romania in these meetings encountered strong resistance from the Hungarian delegation, which felt that expansion would weaken still further the already limited chance that political dialogue might bear some fruit. In the EC camp, the question of the respective competencies of the Commission and the member states began to provoke some tensions. In the evaluation of the meeting, the Commission representative warned that care had to be taken to ensure that the "*dynamisme débordant*" of the British Presidency did not "usurp" (sic) Community competencies<sup>79</sup>.

As noted above, John Major had made the question of the Visegrad Three's membership perspective a priority of his Presidency. The British hoped that a foreign ministers Troika plus Andriessen summit, together with a "Presidency of the Council plus Presidency of the Commission" meeting would suffice to create the conditions in which the Edinburgh European Council would endorse this perspective. In contrast to the previous political dialogue meetings, these summits would be thoroughly prepared.

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importantly, the Commission were widely ignored or mistreated (Ludlow argues that the Commission was treated as a civil service rather than as a major political actor). Furthermore, they were generally unaware of the problems derived from Britain's lack of credibility (P.Ludlow. 1993. "The U.K. Presidency: A view from Brussels". *Journal of Common Market Studies*, Vol.31, No.2, June. pp.246-260).

<sup>79</sup> EPC. "Meeting of the troika of Political Directors with Representatives of the Visegrad countries, London 15 July 1992". CPE/SEC 730 17.07.92; CEC. SG F-1. "Note de dossier. Troika des directeurs politiques avec le groupe de Visegrad. Londres, 15 juillet 1992". PESC (92) 487, Bruxelles, le 20 juillet 1992; CEC. Cabinet of Frans Andriessen. "File Note: Meeting Presidency/Commission - Visegrad 3, London 15 July 1992". Brussels, 16 July 1992. The quote has been taken from CEC. SG. "Note de dossier. Objet: réunion informelle avec le groupe de Visegrad sous la présidence du Conseil (15 juillet 1992)". PESC (92) 489, Bruxelles, le 22.07.1992.

A "double-track" procedure was begun. On the one hand, on July 28, the Visegrad countries would be requested by Andriessen to submit a Joint Memorandum on their views and expectations concerning relations with the EC. On the other hand, the EC would define its common position through the Community method, i.e. DG would draft a paper which would then be discussed by the Group of Eastern Europe, the COREPER, and the General Affairs Council.

Ironically, given that this way of proceeding would undoubtedly raise expectations which there was no guarantee that would be met, the problems created by preparing the meeting could be even more serious than those arising from not preparing it. In other words, the disappointment produced by the EC's inability to define a common general stance could turn out to be preferable to the frustration of watching how the EC, when it got down to the specifics, would be incapable of elaborating either a coherent and/or satisfactory strategy. Thus, if political dialogue was marked by procedural flexibility, it was unlikely to achieve results. In contrast, if results were sought, the rigidities of the internal decision-making system among the Twelve and the Commission could easily alienate the partners. When this second option was taken, the EC soon fell victim to the same problems it had faced before and during the negotiations of the association agreements, i.e. previous internal negotiations would deprive subsequent external negotiations of any content.

The fate of DG I's draft for the Summit Conclusions (worked out by Benavides-Guggenbuhl), released on 4 September 1992, illustrates this point rather well. Before the draft was officially submitted to the member states on 7 September 1992, the first informal contacts between DG I and member states had already introduced some important changes into the text<sup>80</sup>.

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<sup>80</sup> Commissioner Andriessen could be more ambitious when drafting the papers for the Lisbon and Edinburgh Councils because these were only wide and generic proposals which did not require the Council to reach any operational conclusions. In contrast, the Joint EC-Visegrad Summit would result in statements which member states had to sign. Thus, the fact that the Twelve had to fix a common position required a consensual approach at a very early stage.

The unofficial draft of 4 September 1992 established that "cooperation under the European Agreements will be focused systematically on preparing the Visegrad countries to undertake the rights and obligations of EC membership". In contrast, the official proposal presented to the Council's Group of Ambassadors' Advisors (or Group on Eastern Europe) meeting on 8 September had already replaced that statement by a less ambitious formula: "as the Community moves towards a political and monetary union, appropriate ways should be sought to associate the Visegrad countries to this process". Equally, whilst Benavides had believed that the European Agreements "will help" the Visegrad countries to achieve their final objective of accession to the Union, member states had made it clear that they would preferred the term "should help". Again, as in the past, proposals concerning improved freedom of movement for Visegrad nationals within the EC were defeated before they reached the Council<sup>81</sup>.

The fact that the British Presidency was proving unable to secure a membership perspective would give raise to considerable frustration among the Visegrad countries. Not by chance, in the memorandum they had submitted to the Twelve and the Commission, they called "upon the Communities and the member states to respond to our efforts by clearly stating that the integration of our economies and societies leading to membership in the Communities is the aim of the Communities themselves. This simple, but historic statement would provide the anchor we need"<sup>82</sup>.

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<sup>81</sup> CEC. DG I E-3. "EC/Visegrad Meeting of Ministers of Foreign Affairs. Draft Conclusions". Brussels, 4 September 1992; GEO, Doc Seance 681, "EC/Visegrad Meeting of Ministers of Foreign Affairs -Draft Conclusions".

<sup>82</sup> In return, the Joint Memorandum offered reassurances that they supported the integration process: "we are ready to join the Communities at the level of integration they will have reached at the moment of accession". They also suggested that "the evaluation of the advancement of economic transformation [...] should take place no later than in 1996. This moment both parties should treat as a start of formal negotiations on full membership". The Memorandum called for the revision of commercial concessions, specially in "sensitive" sectors, as well as for a revision of PHARE assistance to concentrate on promoting foreign investment. Concerning the so-called European Political Area, the Visegrad Three emphasized that "neither the

When the Council's Group on Eastern Europe met on 8 September 1992, no member state supported the British proposal declaring that the "Community reaffirmed its willingness to welcome the Visegrad countries as members when they are ready to undertake the rights, obligations and privileges of membership"<sup>83</sup>. Later, as the British put pressure the other states on this issue, the opposition grew. On 10 September, Hans Zepter, of Delors' Cabinet, phoned Fokion Fotiadis, of Guggenbuhl's staff in DG I E-3, to convey the message that Delors did not support the British proposal on membership and thus, that the Commission should not back the proposal. Then, the second reading in the Group on 15 September showed that the British were isolated. The compromise proposal on membership submitted to the COREPER simply stated that "the Community reaffirmed its willingness to assist the Visegrad countries in this direction"<sup>84</sup>.

But apart from this ample defeat of the British, the question of market access was also running into significant problems. A majority of member states, seeing no apparent contradiction with the statements of the Council of Lisbon on market access and its relations to stability, held the view that no decision on any such package should

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European Political Space nor any other forms of political cooperation could be regarded as an alternative to enlargement and by no means could it replace or delay full membership" ("Memorandum of the Governments of the Czech and Slovak Federal Republic, the Republic of Hungary and the Republic of Poland on strengthening their integration with the European Communities and on the perspective of accession". Prague, Warsaw and Budapest, September 1992. DG I-L Archive).

<sup>83</sup> Council. SG. "EC/Visegrad Meeting of Ministers of Foreign Affairs. Draft Joint Statement". Groupe Europe Orientale. Doc Seance 681, Rev. 1. Brussels, 9 September 1992.

<sup>84</sup> CEC. DG I E-3. "Note for the file. EC/Visegrad Meeting: Draft Joint Statement". Brussels, 10th September 1992. A similar message ("la proposition britannique me semble trop engageante") was conveyed to Guggenbuhl by the EPC's services at the Commission's Secretary General (CEC. SG F-1. "Note à l'attention de M. D. Guggenbuhl. Projet de déclaration commune CE-Groupe de Visegrad". Bruxelles, le 14 septembre 1992). The British fought another "me against all" battle on the question of the readaptation of the PHARE programme.

take place during 1992. Furthermore, Belgium, Ireland, and Italy specifically opposed DG I's proposals I that the EC should limit its use of safeguard measures as to not to weaken still further the climate of confidence between the EC and the Visegrad countries. Meanwhile, Portugal and Greece declared their total opposition to any future accumulation of origin rules between the EC, the EFTA, and the Visegrad Three, a position which also stood in open contradiction with the idea of creating a wide European economic area, as well as with propositions to redirect PHARE towards supporting foreign investment<sup>85</sup>.

The situation become so alarming that when on 19 September 1992 the COREPER endorsed the agreements previously reached in the Group, the Commission threatened to withdraw its proposals on market access. The fact that the British membership proposal had been definitively defeated and the vacuous formula accepted now seemed a lesser evil in comparison to what had happened on market access issues. Only the Commission and the Netherlands had supported proposals to present a trade package before the end of the year. The other member states, including Germany, had demanded the usual "specific and balanced proposals" from the Commission, and sought to replace the term "package" by the less compromising "acceleration of calendars"<sup>86</sup>.

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<sup>85</sup> (Conseil. "Rapport du Groupe des Conseillers des Ambassadeurs en date 15 septembre 1992 au COREPER. Objet: Relations avec les pays d'Europe Centrale et Orientale -Rencontre ministérielle informelle avec les Pays de Visegrad, Luxembourg, 5 octobre 1992 -Projet de déclaration commune-. 8619/92 EST 201, Bruxelles, le 15 de septembre 1992). It should be emphasized that contradictions arose even with respect to the recently signed association agreements. Whereas the agreements talked of "progressive integration between the Visegrad countries and the Community", some member states, particularly Ireland, Portugal, and the Netherlands, were reluctant to use the same wording in the Joint Statement (The Council. "EC/Visegrad Meeting of Ministers of Foreign Affairs. Draft Joint Statement". 8936/92 EST 218. Brussels, 30 September 1992).

<sup>86</sup> CEC. SG. "Note à l'attention de MMes et MM les Membres de la Commission. Objet: 1534ème réunion du Comité des Représentants Permanents (II). Bruxelles, le 17 de septembre 1992. Relations avec les pays d'Europe Centrale et Orientale -

Thus, the Commission was again witnessing with impotence the emergence of a restrictive approach in the Council, at the same time as international criticisms of EC policies had intensified considerably after the President of the EBRD, the controversial Jacques Attali, had called for the association agreements to be "torn up and renegotiated"<sup>87</sup>.

In these circumstances, Andriessen tried to take advantage of the meeting of the foreign ministers at the UN Assembly in New York on 21 September to put a halt to this dynamic<sup>88</sup>. However, this move proved of little help. When the draft proposal was submitted to the Visegrad Three on 24 September, a huge crisis of confidence opened with Hungary even threatening to kill the paper in the hope that the London Summit of 28 October with John Major and Delors would yield better results.

With the silent acquiescence of Czechoslovakia, whose internal situation did not allow it to adopt a tough negotiating position, Poland and Hungary heavily emphasized that the Community had completely ignored their Joint Memorandum, specially concerning the point that accession should be the shared goal of both parties. They also complained that in spite of the opposition they had expressed at the previous political dialogue meetings, the EC still insisted (in line with a French proposal in the COREPER) to include Bulgaria and Romania in the Visegrad framework. They considered that the draft only restated existing commitments and was too vague about new ones. In response to these remarks, the Presidency and the Commission adopted the now typical position of showing comprehension, but at the same time stressing that the EC's offer was the most the Twelve

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Rencontre ministérielle informelle avec les pays de Visegrad -Luxembourg, le 5 octobre 1992". SI (92) 675, Bruxelles, le 18 septembre 1992.

<sup>87</sup> Cited in *The Economist* 1992/09/12 "Thunder off / Forthcoming European Community rows". Quite unfairly, the Commission was taking most of the blame.

<sup>88</sup> Commission's arguments centred on the economic situation of the Visegrad countries, the risks that the split of the CSFR would put a halt to the Visegrad process, and the frustration of the Visegrad leaders with the Lisbon European Council (CEC. DG I E-3. "Les Relations Commerciales entre la CE et les Pays de Visegrad en vue du Conseil Affaires Generales du 5.10.92 à Luxembourg". Bruxelles, le 18/9/92).



could agree internally at this time, and that they should not expect any more than very general statements from the October Summit in London<sup>89</sup>.

Then, though the Presidency decided to presents the remarks of the Visegrad countries for discussion by the Group and the COREPER on 29-30 September, it was clear that only very minor modifications would emerge from this process. Once again, the lack of coordination between the Visegrad Three was the other major factor which allowed the Council to stick to its original position<sup>90</sup>.

Although, in the light of the pressures exerted by the Visegrad Three, the British again tried to include a statement promising that the European Council of Edinburgh would consider the question of membership, no member state supported this proposal. What is more, the COREPER meeting further downgraded the previous text, as if the member states were retaliating for the demands and criticism of the Visegrad countries by weakening their already meagre display of commitment. In the references to improved market access, Germany announced a unilateral declaration making it clear that no new concessions on agricultural products would be made, and Portugal another affirming that "in the discussion on a further package of measures concerning sensitive products, no concessions will be made which go beyond the existing agreements"<sup>91</sup>.

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<sup>89</sup> The reactions of the Visegrad Three are summarized in CEC. DG I E-3. "Note for the file. EC/Visegrad meeting -Draft Joint Statement-. Brussels, 25 September 1992; CEC. DG I E-3. "COREPER 30.9.92. Réunion ministérielle CE/Pays de Visegrad". Brussels, 30/9/92.

<sup>90</sup> The draft circulated to the Group on 25 September reflected this quite accurately. On some EC proposals, Hungary would want to delete the line, the CSFR to maintain it, and Poland to replace it (Groupe Europe Orientale. "EC/Visegrad Meeting of Ministers of Foreign Affairs. Draft Joint Statement". Doc. Seance 739 Rev 1. 25 September 1992). See also the draft resulting from the meeting of the Group on September 29 and the following contacts with the Visegrad countries (The Council. "EC/Visegrad Meeting of Ministers of Foreign Affairs. Draft Joint Statement". 8936/92 EST 218. Brussels, 30 September 1992).

<sup>91</sup> CEC. SG. "Note à l'attention de MMes et MM les Membres de la Commission. Objet: 1536ème réunion du Comité des Représentants Permanents (II). Bruxelles, le 30 septembre 1992. Relations avec les pays d'Europe Centrale et Orientale -Visegrad

In fact, the differences between the text approved by the COREPER on 30 September and the one endorsed by the EC-Visegrad Ministerial Summit on 5 October were so small that they prove that the Summit was empty of content. In fact, negotiations between the EC and the Visegrad countries had concluded on 1 October, when the draft agreed at the COREPER was again discussed with the representatives of the Visegrad Three, and its results were subsequently ratified by the Group, the COREPER and the Council of General Affairs<sup>92</sup>.

The points on which the EC had given in to the demands of the Visegrad Three were symptomatic of the state of relations between the two parties. First, the Visegrad had "succeeded" in forcing the EC to accept that political dialogue and cooperation served "their common objective of gradual integration of the Visegrad countries into the Community" and not just the "progressive integration between the Visegrad countries and the Community", as the COREPER had previously approved. However, this statement still offered nothing like the explicit recognition of accession being the shared goal of both parties, a point made clear by the statement that accession was "their final objective". Also, the EC, indirectly accepted, by promising a closer examination of the Visegrad Three Joint Memorandum in Edinburgh, that it had not paid sufficient attention to it.

In relation to market access issues, the Visegrad countries had managed to persuade the EC to maintain the principle of asymmetry in all sectors, and not only "where appropriate", as the COREPER

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3: preparation de la réunion ministérielle informelle". SI (92) 705, Bruxelles, le 1er octobre 1992; The Council. SG. "EC/Visegrad Meeting...". Groupe Europa Orientale. Doc Séance 765. Brussels, 2 October 1992; The Council. "EC/Visegrad Meeting...". 8964/92 EST 221. Brussels, 2 October 1992).

<sup>92</sup> The text approved by the Council of General Affairs on the morning of 5 October 1992 was identical to the one resulting from their joint meeting with the Visegrad Three ministers in the evening (See "Report from the COREPER of 30 September 1992 to the Council: EC/Visegrad Meeting of Ministers of Foreign Affairs. Joint Statement". 8964/92 EST 221. Brussels, 2 October 1992; The Council. SG. "Meeting of the Ministers of Foreign Affairs of the European Community and the Visegrad Countries". *Press Release* 9033/92 (Presse 170), Luxembourg, 5 October 1992).

had wished. However, disagreement as to the wording of safeguard measures had led the EC to withdraw any statement on restraining the use of these. Finally, with respect to the accumulation of origin rules, the EC only offered to "study" the subject.

Other items in the Joint Statement centered on the EC's commitment to review the PHARE program, its support for triangular operations, and consideration of the possibility of bringing forward the mid-term review envisaged in the agreements. Finally, the EC's stubbornness on the question of including Romania and Bulgaria in the EC-Visegrad summitry ended with a unilateral statement by the EC announcing its intention to conclude similar Europe Agreements with these two countries and to develop relations with them according to the same principles. The Visegrad countries refused to sign a declaration stating that they looked forward to this process, and managed to force the EC to state that this development would take place "without prejudice" to EC-Visegrad relations<sup>93</sup>.

This Luxembourg Summit made it clear that the EC was still not ready to deliver a straightforward message on membership and that market access issues were still not ripe for internal agreement. In these circumstances, the Visegrad Three hoped that the London Summit on 28 October would convince the Twelve of the need to deliver a statement in this sense in the European Council to be held in Edinburgh in December 1992.

However, the Visegrad Three were unaware that the British Presidency, conscious of the fact that the other member states would not accept the inclusion of the issue of accession on the agenda of the Summit, had already agreed not to raise the issue in the London Summit. Equally, the announcement of the reconversion of PHARE assistance into foreign investment support, which the British Presidency had hoped to be the practical cornerstone of the meeting,

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<sup>93</sup> See the comparison of the Joint Statement, and the version agreed at the COREPER before the last talks with the Visegrad Three representatives had taken place (Council. SG. *Press Release* 9033/92 (Presse 170), Luxembourg, 5 October 1992 and Council, *op. cit.* 8936/92 EST 218 of 30 September 1992, respectively).

was also discarded after the Commission warned the British that other member states did not support this move<sup>94</sup>.

Hence, in spite of expectations, the results of the London Summit on 28 October 1992 would be rather unimpressive. Discussions centered on wide and generic issues such as the importance of political dialogue and cooperation but, again, the resulting Joint Statement only mentioned "their [i.e. the Visegrad countries] determination to join the European Community as soon as possible"<sup>95</sup>.

### *3.3. The Edinburgh Council: a partial success*

As seen above, the Joint EC-Visegrad Ministerial meeting in Luxembourg on 5 October 1992 and the following 28 October London Summit did not have any significant political results, either on the membership question or in respect to the market access dossier. As some officials in DG I complained, speculation as to how to move beyond the agreements was depriving the much-needed process of resolving the revision of the association agreements of the necessary political impetus<sup>96</sup>.

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<sup>94</sup> These problems could be seen in the preparatory meeting held by Stephen Wright (External Relations Counselor at the British Representation in Brussels) and Hans Zepter (of Delors' Cabinet) held on 10 September 1992 (CEC. Cabinet du Président. "Note de dossier: Sommet CE/Visegrade le 28 octobre 1992". Bruxelles, le 10/9/92).

<sup>95</sup> (Summit Meeting of European Community and Visegrad Group Leaders, London, 28 October 1992. "Statement by Prime Minister John Major and President Jacques Delors". CEC. Documentation Center, Madrid). Outside the meeting, Benavides brokered an agreement on the Gabčíkovo-Nagymaros dam between Hungary and Czechoslovakia, a conflict which was having very negative effects between the Hungarian and Slovak authorities. See also *Financial Times* 1992/10/29 "Summit leaves central Europeans in dark over future entry to EC".

<sup>96</sup> Avery's work with this respect would be questioned both by Burghardt (of the Commission's EPC staff), as well as by Benavides and Guggenbuhl in DG I-E. The latter considered that Avery's proposals were undermining the credibility of the association agreements they had negotiated and were distracting attention from the

Despite the conclusions of the Lisbon Council encouraging the Commission to present proposals within the present association agreements framework and the disappointing results of the October Summits, Commissioner Andriessen refused to abandon his goal of convincing the Twelve of the need to go beyond the agreements. At the very preliminary stages of the Edinburgh paper drafting process, Cadieux (Assistant Director General in DG I) explicitly called on officials in DG I to avoid any "self-censorship" and tried to gear up a top-down process, rather than the usual, less-ambitious, bottom-up policy formation process<sup>97</sup>.

By these standards, the communication presented to the Council of Edinburgh in December 1992 on EC relations with Central Eastern European countries was a success. In other words, the ambitious approach had been maintained and further developed<sup>98</sup>.

The communication again insisted on measures beyond the agreements. Again its main line was the membership perspective and the necessary steps towards it. In favor of a "new relationship", it stressed the political and economic achievement of the associates over the last few years. For the first time, it specified the conditions for membership which would later be endorsed at the Copenhagen

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fact that much more could be achieved within rather than beyond the agreements. They believed that attempts to go beyond the agreements were not only sure to be defeated, but they would also prevent the optimization of the agreements (CEC. DG I E-3. "Note à l'attention de M. P. Benavides". Remarques Succintes de DG I E-3 au sujet de la note élargissement de M. Avery". Bruxelles, le 25.5.92). This would later be confirmed when DG I dropped, after the failure of the Luxembourg Summit process to engage the Twelve in revising the agreements, the first package of market access improvements which it had designed, and did not include them in paper presented to the Edinburgh European Council.

<sup>97</sup> He also tried, to little effect, to persuade the other Commission services to behave in the same way, but this could only happen if the Commissioners' cabinets were actively committed to such a strategy (CEC. DG I. The Deputy Director General. "Note for the attention of Mr. Leigh. Subject: Report to the European Council in Edinburgh, your note of 6/10". Brussels, 16 October 1992).

<sup>98</sup> CEC. "Towards a closer association with the countries of Central and Eastern Europe". Report by the Commission to the European Council of Edinburgh. SEC (92) 2301 f, Brussels, 2 December 1992.

Council, arguing that this perspective and this new relationship would be crucial to meet Europe's need for stability<sup>99</sup>. Moreover, the communication sought the creation and maintenance of political momentum for an Eastern enlargement, with a proposal to create an "Action Committee", inspired in the Monnet Committee, which should review the enlargement process, its requirements, and conditions<sup>100</sup>.

Within the agreements, it proposed a thorough deepening of political dialogue, improved market access, more freedom of circulation for Central Eastern workers, and a shift from technical assistance to investment support in the PHARE program. Beyond the agreements, the European Political Area was presented in a provocative fashion, as explicitly intended to "break down barriers" between members and candidates with the association of the candidates to policy areas of trans-European interest. In the paper, there was also support for an all-European free trade area, as well as for including the associates in the investment projects related to the "Trans-European Networks" (TENs), and in all Community programs, which should be opened up to Central Eastern European participation.

The Edinburgh European Council meeting of December 1992 studied the Report and promised that in Copenhagen it would "reach decisions on the various components of the Commission's Report in order to prepare the associate countries for accession to the Union". The European Council subsequently invited the Commission to submit proposals and the Council of General Affairs to review them.

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<sup>99</sup> These conditions were: having a stable democracy, the rule of law, a market economy and acceptable minority rights. Another condition would be "the Union's capacity to absorb new members, while maintaining the momentum of European integration".

<sup>100</sup> This Action Committee substituted an earlier proposal by Andriessen for a new European Round Table of Industrialists, modelled on the one which had been so decisive in creating the momentum for the SEA in the eighties. This new ERT would have served to highlight the economic benefits of the economic integration of both halves of Europe. In contrast, the Action Committee was intended to generate political and institutional momentum.

Thus, in spite of the implicit acceptance of membership which this text suggested, 1992 ended without the Twelve having being able to start a close examination of the policy requirements posed by the new European context, as well as with great uncertainty as to how far they would endorse the wholesale revision demanded by the Commission<sup>101</sup>.

All in all, it would only be possible to evaluate the balance of 1992 with respect to EC relations with Central Eastern Europe after the Copenhagen European Council in June 1993. However, Andriessen would not be in command of the situation. At the beginning of 1993, the Commission's responsibilities on Central Eastern Europe would be split between Sir Leon Brittan, in charge of External Economic Relations (DG I), and Hans Van den Broek, the former Dutch Minister of Foreign Affairs, in charge of External Political Relations (DG I A), a new DG which aspired to be the embryo of a future EU's Foreign Ministry.

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<sup>101</sup> The Edinburgh Council was, however, a success on internal agenda issues, above all, the Danish Memorandum, the cohesion funds, and the financial perspectives, as well as the completion of the Single Market and the 5 billion ecu Trans-European Networks project. The Council also cleared the way for the consideration of enlargement issues in a more favourable atmosphere. Behind, the Twelve put behind them a year of recession, monetary storms, and diminishing credibility of the European integration process (*Financial Times* 1992/12/14 "The Maastricht Journey resumes: Edinburgh summit's successful conclusion has put the Community back on track"; *The Economist* 1992/12/19 "The European Community: A rough year - At the Maastricht Summit a year ago, the 12 countries of the European Community seemed to be moving inexorably towards closer union. Not now"; *RFE/RL Research Bulletin*, Vol. X, No 3, 2 February 1993).

#### 4. 1993: The Copenhagen process

In the context of 1992, neither political dialogue nor market access issues could advance faster than they did, specially when in some cases reverses were even evident. This pointed to the fact that the bottlenecks in both political dialogue and trade relations were mostly due to the absence of a political perspective or consensus within the EC as to the future of such relations<sup>102</sup>.

During 1992, Andriessen had sought to create the momentum for a favorable debate among member states on the wider issues DG I was raising. By December 1992, when the Edinburgh European Council announced that it would finally take a decision on the Commission's proposals at the Copenhagen Council in June 1993, the momentum had been created. Nevertheless, a good deal of internal negotiations still had to take place and the results could not to be taken for granted. Actually, member states had agreed on the need to do something rather than on actually what to do.

##### *4.1. The political package: reluctant engagement*

At the beginning of 1993, the Commission's proposals for the Copenhagen Council began to run into some important problems. The first readings of the Commission's proposals in both EPC's Eastern Europe Working Group as well as in the Council's Group on Eastern Europe revealed strong opposition of a majority of the member states to embark, as the Edinburgh Council had promised, on any preparations for the accession of the associates, whether within or beyond the agreements.

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<sup>102</sup> President Delors implicitly recognized that 1992 had been a lost year in EC-Visegrad relations when in his annual speech to the European Parliament in January 1993 he stated that one of the Commission's priorities for 1993 was to "resume" relations with Eastern Europe (Presentation of the Commission's Work Program for 1993. *Bull. EC* Supplement 1/1993).



All the proposals with budgetary implications, i.e. the linkage of associates to the Trans-European Networks and the Growth Initiative, the opening up of Community programmes, the reform of PHARE, the wider access of associates to the European Investment Bank funds, or any impact of the new policy blueprint in EC's structural funds, were fiercely resisted by member states. On the one hand, the "cohesion countries" (Spain, Portugal, Greece, and Ireland) saw DG I's proposals as a threat to their recent budgetary gains in the Edinburgh Council. On the other hand, those who were likely to have to bear the burden of this new expenditure did not want to envisage new financial transfers.

Trade issues did not fare well either. The accumulation of origin rules between the EC, the EFTAs, and the associates ran up against member states' great fears about the delocalisation effects and foreign investment shifts they could produce at a time of recession. Increases in textile, steel, and agricultural trade also met intense criticism, with calls for reciprocity, equilibria, and for the promotion of intra-Eastern regional trade dominating the debates. For many member states, a major outstanding concern was that the Common Commercial Policy might become an instrument for promoting growth and democracy abroad rather than maximizing wealth for the Twelve. Again, the most prominent member states in this group were those which had suffered trade deficits with Central Eastern Europe (Spain, Portugal, Greece, and Ireland) and had most to fear from the impact of future concessions. However, they were also joined by France, Italy, and Belgium, countries which were very worried about the impact of further liberalization in the most "sensitive" sectors.

Finally, the prospects of the "political dossier" were also rather gloomy. France, Spain, Italy, Portugal, Greece, Belgium, Ireland, and Portugal warned that the membership perspective would raise "false hopes" and that the EC should not fuel these. In these circumstances, all the measures designed by the Commission around this perspective, mainly the European Political Area, the Action Committee, and the 1995 Joint Stocktaking (to review the associates' economic progress), were openly rejected. Subsequently, great care was taken to emphasize the need to maintain a total distinction between membership and non-membership.

The opposition coalition was even larger on these latter questions. Germany, the United Kingdom, Denmark, and the Netherlands had shown support for the membership perspective as well as for the market access package. Yet this group of countries now joined the other in warning the Commission against any institutional innovation pointing, even if indirectly, to half-way membership. Very revealingly, the Commission described the general reaction of member states to its proposals as one of "perplexity" as to how far the Commission was going<sup>103</sup>.

Proposals on political dialogue were the only exception to this general failure. However, once again their success was due to a variety of elements which in fact qualified it. First, political dialogue did not require any budgetary arrangements and had no economic impact. Second, their political and institutional impact were negligible, in contrast to the other proposals on a European Political Area. Thus, the improvement of political dialogue with all EC associates in Central Eastern Europe was advancing precisely because it did not affect any of the elements which worried member states most. In case of doubt, care was taken to water down proposals which brought the associates too close. Proposals to include the Visegrad countries in EPC Working Groups or associate them with the Political Committee were admitted as long as they only had the status of "observers". More importantly, the refusal to accept that the Visegrad countries would name a "shadow" EPC correspondent in their respective Foreign Affairs Ministries would deprive political dialogue of the fluidity assured by the correspondents and the COREU telex system<sup>104</sup>.

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<sup>103</sup> Based on examination of the following meetings: GEO on 11 January, 19 February, 12 March, and 26 March 1993. The two drafts on the European Political Area were: "Towards an European Political Area". Draft paper of DG IA of 2 February 1993 and an EPC Working Paper of 26 March 1993.

<sup>104</sup> CEC. SG F-1. "Note for the File. Subject: EPC Report of the 23 February meeting of the Eastern Europe Working Group -Central Europe". PESC (93) 212, Bruxelles, le 24.02.1993. See the following debates in COREU's CPE/COP 596 of 17.03.92; CPE/CEE 138 of 26.03.1993; and CPE/PAR 216 of same date as well as "Closer Political Dialogue with the Countries of Central and Eastern Europe". Revised

In all, the main pillars of the proposals presented by the Commission to the Council of Edinburgh were failing to win support of the Council. Once more detailed discussion got underway, both the EPC Working Group on Eastern Europe (EEWG) as well the Council's Group on Eastern Europe (GEO) came to be dominated by a general atmosphere of disengagement. In these circumstances, two tactical decisions, both intended to short-circuit the prevailing negative dynamics both among member states as well as within the Commission, would characterize the Copenhagen process.

The first rounds of contacts had showed that both Brittan's and Broek's proposals were blocked in both the EPC and Council's groups on Eastern Europe. The limited authority of these groups, as well as their lack of a comprehensive vision on the needs and challenges of EC relations with Central Eastern Europe, were constituting a bottleneck that had to be overcome. Thus, as in the past, the Commission's reading of its problems in the Council would be dominated by the belief that politics were not permeating the dynamics of the groups and that something had to be done to ensure that the Council would finally engage in examining and defending European interests rather than national interests.

To "rescue" the dossier from the Group, the Danish Presidency suggested convoking a High Level Group of representatives of member states, ideally at the level of Directors for European Affairs in member states national Foreign Ministries<sup>105</sup>.

As Catherine Day, of Brittan's Cabinet, wrote, this new group would bring together the debate on both the political and the economic packages of the Commission's proposals which until then had been dealt with in the two different fora of EPC and Council's groups on Eastern Europe (EEWG and GEO). According to Day, the authority and political vision of this High Level Group would help the decision-making machinery to "rise above the petty details" and

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discussion paper for Eastern Europe Working Group meeting 27-28 April 1993 and Political Committee meeting 4-5 May 1993.

<sup>105</sup> I could not confirm this point in my interviews, but Brittan's enthusiastic support for the idea, together with the fact that only the Presidency could formally launch the initiative, suggest that the idea might, in fact, have originated in his Cabinet.

understand the "critical stage" reached by relations with Central Eastern Europe<sup>106</sup>.

The convoking of the High Level Group favored a second change of strategy with equally important consequences. In the past, the first contacts and debates in the Council would have only served to hold an "orientative" debate in the Council of General Affairs before the Commission officially presented its detailed proposals. Later, with the impressions collected in the Council, the Commission would have engaged in the usual inter-service coordination procedure in order to draft the official communication which would have been officially approved by the Commission before being sent to the Council.

Now, however, the High Level Group exercise also provided an excellent opportunity to short-circuit the downgrading dynamics which could be expected to prevail within the Commission. In other words, if the High Level Group endorsed DG I and DG IA proposals before the Commission examined them, those services and Commissioners which were thought to be the most hostile to the whole package would see their chances of downgrading their proposals substantially reduced. This possibility was specially tempting with respect to market access issues, where DG III (Internal Market), DG IV (Competition), and DG VI (Agriculture) would want to have a major say.

It is obvious that these strategies promised a lot, if they were successful. If they were not, however, DG I and DG IA would emerge weaker and broken from the process. If they failed, not only would the Council not have endorsed their proposals, but, even more seriously, these services would not count on the support of the rest of the Commission, alienated by the attempt at short-circuiting them and strengthened enough by the defeat the Council would have inflicted

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<sup>106</sup> Besides, it was hoped that the maintenance of an "horizontal approach" to trade concessions would preclude the discussion of the trade package and its subsequent downgrading by member states. Market access should be improved across all sectors and Commission's proposals were to be presented as a minimalist and unnegotiable package (CEC. Office of Sir Leon Brittan. "DG I preparation of follow-up to Edinburgh paper on Eastern Europe". Brussels, 12 February 1993).

on DG I. Some of this happened between March and April of 1993, when the whole exercise backfired.

The High Level Group's proposal survived thanks to the support of Germany and the United Kingdom, which together with Denmark effectively resisted the arguments of the other member states calling for respect for the Community's orthodoxy<sup>107</sup>.

However, at the two meetings of the Group, which took place on 29 March and 19 April, 1993, DG I and DG IA discovered that moving the dossier upwards in the political ladder could have contradictory effects with respect to those expected. As is reflected in the list of those attending these meetings, member states ensured that the meetings of the group had acquired the status of a High Level Group sending senior diplomats from the national Foreign Affairs Ministries<sup>108</sup>.

DG I's and DG IA's assessments of the results of the meeting coincided in highlighting that it was "hardly a success", stressing the "climate of malaise", and deeming the exercise "scarcely opportune". According to these reports, as well as to the summary produced by Danish Presidency, the High Level Group proved generally reluctant to embark the Copenhagen Council on reviewing the policy package proposed by DG I and DG IA. Most worrying, the Group seemed to bear out the accusations made by the Visegrad Four that the EC wanted to promote regional cooperation as an alternative to accession to the EC/EU.

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<sup>107</sup> CEC. SG F-1. "Note for the File. Subject: Meeting of the Ambassadors' Advisers' Group -Commission Report 'Towards a closer association with the countries of Central and Eastern Europe". PESC (93) 208, Bruxelles, le 22.02.1993.

<sup>108</sup> All the delegates were from the Foreign Ministries. Danish Presidency: Assistant Secretary. Germany: Director of Economic Affairs. Belgium: Director of European Affairs. Spain: Assistant Director General for Political Affairs. France: Director of Economic and Financial Affairs. Greece: Director for European Affairs. Ireland: Assistant Secretary. Italy: Coordinator of Community Affairs. Luxembourg: Director of Economic Affairs. The Netherlands: Assistant Director General for European Cooperation. Portugal: Director for Central and Eastern Europe. United Kingdom: Deputy Under-Secretary.

With respect to the proposed package, only the United Kingdom unambiguously supported the "shared membership" formula. Germany, Denmark, and the Netherlands declared their willingness to accept it only if strict conditions for membership were clearly put on the table, no schedules were envisaged, and no process was designed. The Action Committee and the 1995 Joint Stocktaking proposals were buried without fuss and the European Political Area was deprived of any accession perspective. Political dialogue was redirected towards pure foreign policy matters, rather than to discussion of the place of the Visegrad countries in the European integration process. Finally, the Group made it clear that the associates would not participate in any way in the EC's internal decision-making processes.

On market access issues, a group led by Italy and Spain, but also including Portugal, Ireland, Belgium, and Greece, manifested their irritation with those criticizing the supposed stinginess of the EC. Declaring that they were fed up with what they termed the "stability blackmail" constantly being directed towards the EC, they showed that they were unwilling to increase their economic burden. They also wondered which countries would be next to challenge the Twelve to open markets asymmetrically, and made it clear that they believed that ruining the Common Agricultural Policy would hardly make Europe safer.

However, even more serious than the fact that the actual proposals of DG I and DG I A were very coolly received, the meeting served to highlight that member states were highly suspicious of one another and that they were still far away from a convergence of views. The Southern wing (France, Italy, Spain, and Portugal) insisted that the EC could not upgrade relations with Central Eastern Europe until three conditions had been met. First, until a comprehensive evaluation of priorities and equilibria in EC external relations, meaning the Mediterranean, had been carried out. Second, until the Maastricht process was clearly back on track. Third, until the EC had

assessed the budgetary, institutional, and economic, implications of an Eastern enlargement<sup>109</sup>.

The fact that other Commissioners and services were alienated by the attempt to short-circuit them would not in itself have been a major problem if Brittan and Broek had been able to obtain the support of the Council. However, to return to the Commission after having suffered such an ample defeat at the Council was not an enviable task. As soon as their defeat in the High Level Group became evident, DG VI (Agriculture) and DG III (Internal Market) opened fire.

On 1 April 1993, the Chief of Cabinet of Commissioner Steichen (who had replaced MacSharry in Agriculture) wrote a note to Brittan's Chief of Cabinet, denouncing it as "unacceptable" that DG I had distributed to the Council proposals on market access which included agricultural concessions without having consulted with DG VI. The retaliation of DG VI was evident. Brittan had included in his proposals to the High Level Group a suggestion the EC should increase agricultural quotas by 20% in 1995 and 1996, instead of 10%. But his new weakness vis-à-vis DG VI would force him to unconditionally accept DG VI's proposals to bring the 10% increase already foreseen in the association agreements forward by a mere six months. This was far removed from DG I's October 1992 goal of doubling the associates agricultural exports to the EC in five years<sup>110</sup>.

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<sup>109</sup> CEC. SG F-1. "Note for the file. Commission Report "Towards a closer association with the countries of Central and Eastern Europe" PESC (93) 229, Bruxelles, le 31/3/93 and CEC. DG I L-1/L-2. "Note pour M. Mayhew. Conseil européen de Copenhague. Réunion des hauts fonctionnaires du 29 mars 1993". Bruxelles, le 31/3/93. The second meeting of the High Level Group took place on 19 April (Council. "Note de la Présidence. Du Groupe ad hoc à haute niveau au COREPER. Objet: Vers une association plus étroite avec les Pays d'Europe Centrale et Orientale". 6148/93 EUROR 78, Bruxelles, le 23 avril 1993).

<sup>110</sup> DG VI's protest was also sent to Pascal Lamy, Delors' Chief of Cabinet. Colin Budd, Brittan's Chief of Cabinet sent the note to Catherine Day, of his own Cabinet. Day was the responsible for having ignored DG VI. In the note, Budd reprimanded Day: "I strongly favour consultation with the relevant DG I *before* [his emphasis] we go to the member states. To do otherwise consistently will make us serious enemies". Day then wrote to DG I services charging them with the task of "getting the agreement

On 20 April, the Director General of DG III wrote to Horst Krenzler, Director General of DG I, protesting about the "singular, to say the least" procedures used by DG I when proposing a new trade package. Complaining that the relevant services had not been consulted, he went on to comment on a trade package which he had not officially received<sup>111</sup>.

But nowhere were the weaknesses of Broek-Brittan's positions highlighted more than in the Commission meeting on 28 April 1993, which reviewed the draft communication. The communication was approved, but only once the Chiefs of Cabinets had forced Broek and Brittan to assure member states of their commitment to enforce within three years the competition rules and state-aids regulations towards the associate countries. Secondly, they forced Brittan and Broek to place a greater emphasis on supporting regional trade liberalization between the associates. Thirdly, the communication would have to stress that EC trade decisions would be respected, implying the maintenance of EC's discretionary powers with respect to anti-dumping measures. Four, the far-reaching proposal intended to convert textile quotas into ceilings was now merely to be "considered". Fifth and finally, rather than seeking a mandate to negotiate the accumulation of origin rules from the Council, the Commission would invite the Council to examine the possibility of accumulation<sup>112</sup>.

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of DG VI to something" (CEC. Cabinet de Monsieur René Steichen. Le Chef de Cabinet. "Note à l'attention de M. Colin Budd, Chef de Cabinet de Sir Leon Brittan. Objet: Amélioration de l'accès des PECOS sur le marché communautaire". Bruxelles, le 1 avril 1993).

<sup>111</sup> In particular, he emphasized that there were too many trade concessions for a package which was predominantly political. He also challenged the notion that the EC was responsible for or should combat the Visegrad countries' trade deficits, and declared that he was only willing to endorse the one year reduction in steel and textiles dismantlement calendars, provided competition rules were observed in the associated countries. He also opposed the accumulation of origin rules (CEC. DG III. Le Directeur Général. Note à l'attention de M. Krenzler. Directeur Général de la DG I. Objet: Accès au marché communautaire des exportations des Pays d'Europe Centrale et Orientale". Bruxelles, le 20 avril 1993).

<sup>112</sup> These comments are based on a comparison of the successive DG I's proposals on market access issues dated 12 February, 16 February, 19 March, 23 March, 22



At the actual meeting of the *Collège*, the debate among Commissioners left an unequal balance. Only Commissioner Bangemann openly supported Brittan-Broek's package. President Delors maintained his habitual ambiguity, neither explicitly criticizing the dossier nor giving it his support. Delors resented the absence of a wider debate on enlargement, stressed that criticism of the EC's lack of generosity was unfair and only showed more enthusiasm for the political dialogue elements of the communication. A majority of Commissioners went on to make negative comments. Van Miert argued that trade concessions went too far. Paleokrasas, Flynn, and Marín did not see that the proposals were urgent. Vanni d'Archrafi, and also Marín, called for a North-South equilibria. Steichen and Scrivener stressed the need for regional cooperation and to focus on political dialogue rather than trade matters, whilst Pinheiro did not even support the extended political dialogue package<sup>113</sup>.

When the communication was debated in the Council after having been approved by the Commission, a new watershed took place. At the COREPER meeting on 4 May 1993, Germany and the United Kingdom praised the communication as "excellent" and defined the dossier as of "vital importance". However, all member states, without exception, categorically rejected all those proposals intended to introduce Eastern enlargement into the agenda. More particularly, they rejected both the Action Committee and the establishment of regular summits between the European Council and the Heads of State and Chiefs of Government of the associates. Moreover, a majority of members reprimanded Brittan and Broek for not having taken into account the conclusions of the High Level Group<sup>114</sup>.

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April, the final proposal SEC (93) 648f of 18 May, and the conclusions of the European Council.

<sup>113</sup> Extraits du Projet de P.V. Spécial COM (93) 1150, 2ème partie. 1150ème réunion de la Commission tenue à Bruxelles, le mercredi 28 avril 1993. Point XVII. Examination of SEC 93 648/3 à 5.

<sup>114</sup> CEC. SG. "Note à l'attention de Mme et MM les membres de la Commission. Objet: 1564ème réunion du Comité des Représentants Permanents II". SI (93) 360. Bruxelles, le 5 mai 1993.

In these circumstances, it appeared evident that the Twelve would eventually be able to agree to give an enlargement perspective but that they would not take the steps to create the political momentum for this enlargement. Deepening and its implications were still at the top in the Twelve's priorities. In fact, it was the consensus on this matter the one which opened the way for consensus on the membership perspective. Once this was agreed, at the Council of General Affairs meeting held on 10 May 1993, France (now represented by Alain Juppé of the new Edouard Balladur government), Italy, Spain, Ireland, the Netherlands, and Luxembourg changed position to support the political package. This meant that nine countries, those mentioned above plus Germany, the United Kingdom, and the Danish presidency were in favor of the membership perspective. Portugal, Greece, and Belgium were still very critical of the whole package<sup>115</sup>.

Further opposition was cleared by emptying the political package of its most controversial elements. The membership perspective went undiscussed at the following meetings of the COREPER, held on 13 and 19 May, but the whole concept of the "European Political Area" defended by Commissioner Broek was replaced by the concept of a "structured relationship". Germany fought hardest to erect something in the place of the suppressed European Political Area and convinced the other member that something was needed, so as not to give the associates a negative image of disengagement. The "structured relationship" meant deepening the dialogue between the EC and the associates in the three pillars of the Union, but also conveyed the clear message of that the associate countries would not be allowed to interfere with the decision-making mechanisms of the EC/EU<sup>116</sup>.

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<sup>115</sup> See the positions of member states in "CEC. DG I. "Note for the file: General Affairs Council of May 10, 1993. Discussion of Commission's Paper on Central and Eastern Europe". Brussels, 11 May 1993.

<sup>116</sup> The "structured relationship" was to have a multilateral format. It would include meetings between the Council and the associates on matters of competence of the Union with a trans-European dimension, i.e. energy, environment, transport and science and technology around "pillar I"; common security and foreign policy, around pillar II; and justice and home affairs, around pillar III or K-4 Committee

Thus, the Council would give a membership perspective. The associate countries would be members when they had fulfilled five conditions. Three of these were strict political and economic conditions: candidates should be full democracies with a functioning market economy which could assume the obligations of membership (the *acquis communautaire*). The fourth requisite dealt with the *finalité politique*: candidates should share the goals of economic, monetary, and political union. The fifth and sixth requisites were to provoke considerably controversy. On the one hand, candidates should be able to stand the pressure of competition as well as the market forces of the Union. This pointed to the fact that there was a clear limit on the EC/EU's willingness to take on board countries which would require massive subsidies. On the other hand, the Union should itself be ready, from an institutional point of view, to accept new members. However, how or when this readiness would be achieved was not specified.

With respect to political dialogue, the Copenhagen Council expanded it to include briefings by the Secretariat of the Council after each meeting of the Council of General Affairs as well as after those of the Political Committee. It also envisaged the associates' participation in the relevant Working Groups of the EPC/CSFP (as they were already doing in the Working Group on Yugoslavia) and the establishment of regular consultation with the Troika within the General Assembly of the United Nations as well as in the CSCE. As usual, the proposals which were rejected must also be included in any assessment of the Council's achievements. Regular summitry at the level of European Council and the associates was rejected, these meetings only being envisaged "when appropriate". Meanwhile, the other measures which would have intensified pressure for enlargement, such as the Action Committee or the 1996 Joint Stocktaking, were also rejected.

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(CEC. DG IA A-1. "Note for the file. Subject: COREPER 13 May 1993 -political aspects of the Commission communication "Towards a closer association with the CEECs". PESC (93) 402. Brussels, 14 May 1993 and CEC. SG. "Note à l'attention ed Mme et MM les membres de la Commission. Objet: 1566ème réunion du Comité des Représentants Permanents II". SI (93) 415. Bruxelles, le 21 mai 1993).

Thus, the "European Political Area" became a "Structured Relationship" and the Copenhagen Council would explicitly stress that the meetings held within this relationship would have "a consultative, and not decisional, nature". Concerning political dialogue, the Twelve had also rejected two very important measures, namely, that the associates would name "shadow" EPC/CSFP correspondents and that the Ambassadors of the associates would be invited to the regular meetings of the Twelve's Ambassadors in third countries (a matter of special interest to the associates in relation to Russia).

All in all, the strengthened political dialogue around EPC would not be specifically aimed at gearing up an accession process. Rather, it was intended to foster foreign policy convergence with respect to third countries. Nevertheless, in this respect, the Twelve would still fix their common positions first and then consult, not negotiate, with the associates.

#### *4.2. The trade package: a widening gap*

Then, *once* the political package was agreed on, the Twelve engaged in clearing their differences on the economic package. The COREPER of 4 May and the GAC of 10 May 1993 had left the debate on trade concessions in deadlock. Only the Netherlands, Italy, Denmark, and the U.K. were calling for the approval of the package presented by the Commission. When the debate on the economic package restarted on 26 May by the COREPER a pre-crisis situation developed. Both Portugal and the United Kingdom threatened to veto the trade package by presenting two formal *réserve générale*: the Portuguese because the proposals went too far and the British because they did not go far enough<sup>117</sup>.

Consensus would only emerge after agreement had been reached to suppress the items which were provoking the greatest controversy, but which were also those of greater importance. The

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<sup>117</sup> CEC. SG. "Note à l'attention de Mme et MM les membres de la Commission. Objet: 1567ème réunion du Comité des Représentants Permanents II". SI (93) 446. Bruxelles, le 26 mai 1993.

accumulation of origin rules, in the face of a negative coalition of France, Portugal, and Spain, and the transformation of GSP quotas into ceilings, opposed by these three plus Ireland, were dropped altogether.

The fact that member states refused to engage in a deep revision of the agreements is all the more striking when it is remembered that, as 1993 went on, the much-proclaimed guiding principle of asymmetry was in fact being stubbornly contradicted by trade statistics. These showed that throughout 1992 and 1993, the EC was gaining wider and faster market access to the Visegrad countries than the latter were to the EC (see Table XII).

**TABLE XII. "Asymmetry" at work**

	1989	1990	1991	1992	1993
CEEC 6					
EU exp	11.5	12.0	17.5	21.4	25.7
EU imp	12.1	13.0	18.9	18.9	20.1
balance	-0.6	-1.0	+2.5	+2.5	+5.6
Visegrad 4					
EU exp	9.3	9.9	15.2	18.5	22.0
EU imp	9.0	10.8	13.9	16.6	17.5
balance	-0.3	-0.9	+1.3	+1.9	+4.5
Poland					
EU exp	3.9	4.4	7.9	8.1	9.9
EU imp	3.9	5.2	6.2	7.1	7.6
balance	-0.1	-0.8	+1.7	+1.1	+2.3
Hungary					
EU exp	3.0	2.9	3.5	4.1	4.9
EU imp	2.6	2.9	3.6	4.0	3.9
balance	+0.4	-0.1	-0.1	+0.1	+1.0
Cz + Sl					
EU exp	2.4	2.6	3.8	6.3	7.3
EU imp	2.6	2.7	4.1	5.5	6.0
balance	-0.2	-0.1	-0.2	+0.7	+1.3

Share of CEEC 6 in EU external trade (%)					
EU exp	2.8	2.9	4.1	4.9	5.3
EU imp	2.7	2.8	3.3	3.9	4.2

*Source:* Eurostat (COMEXT) in CEC. DG I L-1. "EU Trade with 6 CEEC". Brussels 10 June 1994 (data in billion ecu).

At the time decisions were being taken in Copenhagen, statistics told an interesting tale: the European Community had become the main trading partner of Central Eastern Europe, absorbing by 1993 some \$ 23 billion of these countries \$ 29 billion exports to the OCDE area. However, whereas CEECs' exports to the EC rose by 74% between 1989 to 1993, EC exports to the 6 CEECs went up 120%<sup>118</sup>.

**TABLE XIII.** Association agreements' tariff dismantlement calendars

Industrial products	5 years for the EC
	7 years for Poland
	9 years for Hungary
	9 years for the CSFR
Textile	6 years for the EC
	7 years for Poland
	9 years for Hungary
	9 years for the CSFR

<sup>118</sup> True that the EFTA, United States, Japan and Canada did "much better" during these years: CEEC's exports to these countries between 1989 and 1993 varied 11% (EFTA), 17% (U.S.), -18% (Japan) and -38% (Canada). These countries performed much better, their exports to the CEECs growing by 74% (EFTA), 161% (U.S.), 23% (Japan) and 82% (Canada). All these figures are drawn from CEC. DG I. "Trade and aid in relations between the European Union, the countries of central and eastern Europe and the countries of the Commonwealth of Independent States". Brussels, 23 June 1994.

Steel	5 years for the EC 7 years for Poland 9 years for Hungary 9 years for the CSFR
Agriculture	Reciprocal concessions

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It may be recalled that, at least on paper, the EC had agreed to the asymmetric dismantlement of tariffs in industrial products, a more nuanced approach with respect to textiles and steel and a completely reciprocal dismantlement on agricultural products (see Table XIII). Criticism on the EC had centered on the warning that asymmetry would not have much effect because it was applied to those sectors, such as industrial products, in which the Visegrad Three did not enjoy a comparative advantage. At the same time, it was denied to those "sensitive" sectors where the Visegrad countries did have this advantage. Statistics tended to confirm these views.

**TABLE XIV. Visegrad countries' performance in sensitive sectors (1992-1993)**

Variation of export growth rates in 1992/1993 (%)	
CEEC 6	
All exports	0
Steel	- 47,7
Agriculture	- 27,7
Chemicals	- 20,6
Textiles	+ 15,5
Poland	
All exports	+ 6,8
Steel	- 47,3
Agriculture	- 29,4
Chemicals	- 24,0

Textiles	+ 33,2
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Former CSFR	
All exports	- 12,4
Steel	- 44,9
Agriculture	- 28,8
Chemicals	- 27,6
Textiles	- 15,5
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Hungary	
All exports	- 4,1
Steel	- 6,6
Agriculture	- 29,2
Chemicals	- 13,2
Textiles	+ 9,2

*Source:* Eurostat (COMEXT) in CEC. DG I. "Note de dossier: Commerce extérieur des Pecos". Bruxelles, le 6 janvier 1994.

In agriculture, Poland had enjoyed a surplus of some 135 mecu in 1989. By 1993 the EC enjoyed a surplus of 269 mecu. In the case of Czechoslovakia case, the 1989 surplus of 42 mecu had been replaced by an EC surplus of 274 mecu. Similarly, the historic Hungarian surplus with the EC, which amounted to 646 mecu in 1989, had been cut by half by 1993, standing at 376 mecu<sup>119</sup>.

Recession and crisis in Central Eastern Europe, as well as the slow down of the EC economies hit the Visegrad Three's exports specially hard during the six first months of 1993, coinciding with the Copenhagen process. Except for the case of textile, this resulted in a rapid deterioration of their export performance which put additional pressure on the EC to revise the trade package contained in the association agreements (see Table XIV).

Thus, while the Visegrad Three entered into a major export crisis, the EC significantly improved its export performance. A

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<sup>119</sup> CEC. DG I L-1. "Evolution du commerce agricole de l'Union Européenne avec les PECOS". Bruxelles, 13 juin 1994.



closer look at the trade statistics of the Twelve EC member states (Table XV) shows that a majority had managed to follow the general trend of EC trade, consisting of turning deficits into surpluses. At the time when the Copenhagen trade package was being discussed, France, the Netherlands, the United Kingdom, Denmark, Belgium, Luxembourg, and Italy had managed to turn their 1989 deficits with the 6 CEECs into soaring surpluses (the case of Germany was special, as it was the only EC country with a surplus already in 1989). Even taking into account those who in the period from 1989 to 1992 did not perform as well, i.e. Portugal, Ireland, Spain, and Greece, only Portugal was worse off in 1993, whereas Spanish, Irish and Greek deficits had been reduced to different degrees. Thus, with the exception of Portugal, which was some 8 million ecu worse off than in 1989, the EC as a whole, but also member states individually, had gained more than they had lost from the opening of markets to the six CEECs.

All in all, by 1993 there was a widening gap between the policy goals and the realities of trade relations. It is true that the agreements could not automatically create goods which could compete in the EC market. But it seemed equally true that the agreements had consistently denied the Visegrad Three/Four market access in those sectors in which they could compete more efficiently<sup>120</sup>.

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<sup>120</sup> See the combination of these two arguments in E.Juhász, "The Distant Lights of the European Union", p.63 (Juhász was State Secretary for European Affairs in the Hungarian Ministry of Foreign Affairs). See also, Harasimowicz and Jaroslaw, "State and Prospects of Poland's Relations with the EU", where the authors argue that "the presence of a trade deficit cannot itself be positive proof that the asymmetry of the reciprocal trade concessions has been reversed. Rather, the proof is EC surplus in sectors where Poland has a natural competitive advantage (p.70). There is also a good examination of the reasons for these trade developments in E.Kawecka-Wyrzykowska. 1993. "Poland's Trade Relations with the European Community". *Polish Quarterly of International Affairs*, Vol.2, No.2, Spring, pp.21-36, where the author stressed that EC policies were only partially responsible for this evolution. However, she emphasized the negative impact which EC anti-dumping measures meant for potential foreign investors during 1992 and 1993.

**TABLE XV. EC member states' trade balance with the six CEECs  
(1989-1993)**

Country	1989	1990	1991	1992
Germany	+ 1,191	+ 290	+ 728	+ 785
France	- 244	- 226	+ 368	+ 729
Netherlands	- 68	- 125	+ 333	+ 405
United Kingdom	- 285	- 200	+ 23	+ 386
Denmark	- 31	- 38	+ 266	+ 103
Belgium-Lux	+ 116	- 61	+ 166	+ 277
Italy	- 891	- 238	- 113	+ 278
Greece	- 186	- 174	- 190	- 16
Spain	- 138	- 148	- 108	- 106
Ireland	- 48	- 27	- 31	- 29
Portugal	- 15	- 14	- 23	- 23

*Source:* CEC. DG I L/1. "Impact des propositions de concessions commerciales additionnelles pour les PECO presentees par la Commission pour le Conseil Européen de Copenhague". Bruxelles, le 12/05/93 (figures in million ecus).

**TABLE XVI. Comparison of the trade packages agreed in 1991 (IA) and 1993 (Copenhagen)**

Item	Interim Agreements 1991	European Council 1993	Commission's description of impact
Annex IIb base metals tariffs	January 96	January 94	"Insignificant": four products (ferrosilicium, aluminum, raw lead and zinc). Advance by two years suppression of residual rights otherwise ranging between 1.4 and 2.4%
Annex III industrial tariffs	January 97	January 95	Duties were only applied to quantities exceeding quotas. The reestablishment of duties has only taken place in 10 cases during 1992. Average actual medium tariff is 2.3%. "The most visible concession within an already modest package"
Annex III industrial quotas	20% year increase 1992-1997	30% year increase 1992-1995	If duties are abolished by 1995 instead of by 1997 (above proposition) the annual increase of quotas could be raised 10%. According to 1992 trade figures these would entail 6,8 and 13,6 million ecus of additional imports during 1993 and 1994, respectively. "Quotas are very few and only half of them have been used by the PECOS".
Agriculture Levies/duties within quotas	60% reduction on January 1994	Six months anticipation July 1993	Anticipate by 6 months concessions already foreseen, implying a 10% increase in quotas each year: "assez faible", "an absolute minimum concession"
Textile OPT	January 1994	effective on	Outward Processing Traffic liberalization, envisaged for 1994,

		January 1994	was colluding with restrictive regulations (R 636/82). Commitment to revise the regulation to achieve effective OPT liberalization on all products not subject to quantitative restrictions and demanded by EC manufacturers, not by traders.
Textile duties	January 1998	January 1997	Duties which would have continued to exist for 1997-1998 would have been 1-1,5% in average. "It is already an absolute minimal concession"
ECSC steel duties	January 1997	January 1996	"Insignificant impact". Residual duties for 1996-1997 would have been 0.5% in average. It does not prejudice the introduction of safeguard measures when appropriate

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*Sources:* Compiled from the author from CEC. DG I L-1. "Impact des propositions de concessions commerciales additionnelles pour le PECOS présentées par la Commission pour le Conseil Européen de Copenhague". Bruxelles, le 12/05/1993 and CEC. DG I L-1. "What the Commissioner can and cannot accept on each proposal and why". Brussels, 4 June 1993.

The *argumentaire* drafted by DG I in February 1993 on the reasons why the EC should engage in a further opening of markets towards the CEECs is the best confirmation of this fact. First, the paper argued that the lack of correspondence between political statements and commercial realities was threatening the Community's international credibility. As a result, DG I argued, the EC was being forced to face the "paradoxical situation where the conclusion of Free Trade Areas has led to a further strengthening of the 'Fortress Europe' image". Furthermore, DG I warned that the existing EC trade policies towards Central Eastern Europe showed "a strong aversion against any improvement in market access [...] there is even a trend to curb imports of steel, textile and agricultural products". In this context, the paper reminded member states that they all had agreed that "trade is one of the most important contributions to social and political stability".

Dealing with strictly economic arguments, the paper argued that the "de facto reversing of the asymmetry concept" proved that the EC should not fear the opening up of the EC to Eastern products. The paper warned that if the associates were not managing to achieve trade surpluses during the first five years of asymmetric opening, the period of mutual dismantlement to start in 1995 threatened to lead to unbearable deficits for the Visegrad countries. The fact that the EC wished to maintain or increase these surpluses was undoubtedly shortsighted, given that limited export possibilities and rising trade deficits would threaten foreign investment in these countries, stand in the way of the repayment of debts, and prolong the need for EC aid. Finally, the paper stressed, the agreements had been especially designed to assure EC firms investment opportunities in Visegrad countries in a privileged situation with respect to third countries' investments, in terms both of establishment rights as well as to export possibilities<sup>121</sup>.

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<sup>121</sup> (CEC. DG I. Deputy Director General. "Market access for PECOS". Brussels, 22.02.1993). To these arguments, DG II would add the following: (i) higher CEECs exports to the EC will help them to repay their foreign debts, thus increasing the profitability of EC banking and state financing sectors -no further write offs or debt take-overs, (ii), it will reduce the need for fiscal transfers, (iii) member states will

As seen, the statistics hardly made it possible for the EC to celebrate its opening up to Eastern products and put further considerable pressure on policy-makers to revise the package of commercial concessions agreed on in the association agreements. However, as much as in the past, recognition of reality and its policy implications was to be much easier than the actual task of reversing the daily dynamics in which relations had become stuck.

What was finally approved in Copenhagen was a package dismissed by DG I, at its presentation to the ECOFIN meeting of 22 May 1993 as the minimum necessary to sustain the credibility of the EC. "Our proposals are not radical, we have taken account of the current recession in the Community by putting forward proposals which will only take effect in 2-3 years time [...] this will not entail major changes in market share or create a need for adjustment on the part of the Community [...] the Commission has taken specific account of the sensitive sectors by proposing smaller steps for these products [...] the average tariff vis-à-vis Central and Eastern Europe for industrial goods is of the order of four percent. Shortening the dismantlement period by two years would only imply the anticipation of an average two percent [...] Central and Eastern Europe still accounts for only just over three per cent of total Community imports (somewhat less than Norway) whereas the Community accounts for over 50 per cent of the total trade of our partners in Central and Eastern Europe"<sup>122</sup>.

#### *4.3. Conclusions: delinkage*

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import price stability through increased competition, (iv) competitive imports will benefit consumers and boost domestic consumption, which should affect employment very positively, and (v) it will put additional pressures on EC industries to modernize (CEC. DG II. "Comments to the DG I discussion paper on the follow-up to Edinburgh: improved market access for Eastern producers, Brussels, 22.02.1993).

<sup>122</sup> CEC. DG I L-1. "Note à l'attention de M. Lamy, Cabinet Delors. Réf: Informal Ecofin in Kolding on 22 May 1993". Bruxelles, le 18/5/1993.

The Twelve finally promised membership but, at the same time, made two things clear. First, that it did not consider this a priority. Hence, it would not immediately subordinate all the elements of its policies, from political dialogue to market access or technical and financial assistance to the achievement of that goal. Secondly, and equally importantly, the EC made it clear that nor would it subordinate the process of European integration, its internal agenda, policies, or institutions to this process of enlargement. In this sense, the membership perspective, agreed simultaneously with the launching of the "Pact for Stability in Europe" (Plan Balladur) conveyed a clear message to all the associates of Central and Eastern Europe: those behaving properly with respect to democracy, market reforms, human rights, and interstate regional relations would be candidates to join the European Union. However, their actual accession would depend on whether the EU could find the necessary political and economical equilibria, as well as the ways of ensuring that this macro-enlargement process would reinforce and not weaken the achievements of the European integration process.

The reasons for the shortcomings of the Copenhagen package seem to lie fundamentally in the fact that the shared membership perspective was conceived by most of member states mostly as a British-German dossier. As in the past, these two countries did not seem to be the best partners to lead the EC's policy towards the region and drag the rest of member states on board. Whereas British moves in Eastern Europe still provoked suspicions of dissolutionist tendencies, given that the British could hardly argue direct interests in Eastern Europe, German moves were also viewed with caution for exactly the opposite reasons, their direct interests in Central Eastern Europe being so too evident<sup>123</sup>.

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<sup>123</sup> In January 1992, the British Foreign Secretary, Douglas Hurd, declared to the Foreign Affairs Committee of the House of Commons that he would be disappointed if the Visegrad countries did not join the Community before the year 2,000 and proposed that association agreements should pave the way to a broader form of European political union which would protect Eastern Europe from economic and political backlash. Justifying this option, he argued that "democracy is not irreversible"

Meanwhile, for the other European governments, neither moral nor historical responsibility arguments, nor more egoistical security concerns, or even geopolitical temptations (as in the Danish, Italian, or Greek cases) sufficed to turn a sheet dominated by their own European interests and fears of immediate welfare losses derived from the opening up of the EC to Eastern Europe.

Finally, within the Commission, a clear division had emerged between those selling enlargement policies (Andriessen first, Brittan and Broek later), apparently sharing the concerns of the associates more than those of the member states, and those worried, like many member states, about being dragged down a path of not return to enlargement which could threaten the European integration process. In the past, the Commission, with Delors in the lead, had shared the association policy, though with different degrees when it came to particular policy issues where the demands of the association policy collided with other policy preferences. Now, in 1992-1993, when the integration process ran into problems at the same time as the demands and needs of Central Eastern Europe rose exponentially, the Commission clearly appeared not to be the best-suited actor to push a policy of association which was

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and that it ran contrary to European interests to "have a quagmire of disillusioned and disappointed states East of the Oder-Neisse" (*Financial Times* 1992/01/15 "EC must embrace eastern states: Hurd Says". p.2). Visiting Prague in May 1992, Major would declare: "We are determined to cooperate in helping to create the political and economic conditions necessary for the accession of the CSFR to the European Community" (*Financial Times* 1992/05/28 "UK and Prague to strengthen ties"). Shortly before, in February 1992, visiting Poland, the German Foreign Affairs Minister, Hans-Dietrich Genscher, stated that Germany wanted the eastward widening of the Community to take place as soon as their economic conditions allowed for and in March, Helmut Kohl had transmitted President Walesa, visiting Bonn, as well as the Hungarian authorities, on his visit to Budapest, his intimate conviction that accession would take place before the year 2,000 (*Financial Times* 1992/02/05, "Genscher proposes states to join EC", p.3; *El País* 1992/03/31 "Bonn apoya el ingreso de Polonia en la CE antes de fin de siglo", p.5; CEC. Delegation in Budapest. "Note à l'attention de M. Horst Krenzler. Objet: la demande d'adhésion de la Hongrie". Budapest, le 3 mars 1992; *El País* 1992/06/04 "El canceller Kohl cierra la CE a los países ex-soviéticos", p.3).



progressively turning into a policy of pre-accession. As soon as the implications of an Eastern enlargement began to appear on the horizon, the majority of the Commission became as scared as the other member states.

Thus, the main impetus behind the EC's acceptance of the shared membership goal was the consensus on the reassuring effects such a statement would have for the political leaders and the peoples of Eastern Europe. As seen here, the desire of the Twelve not to engage in this process was all too evident, warnings not to raise "false hopes" and a "self-preservation instinct" (in the expression used by one senior DG I official) constituting the position of a majority of members. Without doubt, the prospect of an Eastern enlargement, already comprising the six Central Eastern European associates, plus the three Baltic Republics and some of the former Yugoslav Republics and Albania, was already seen as the major challenge the EC would have to face in the future, and one which was not even comparable to the monetary, economic and political Union. It was clearly understood that this was not only to be a quantitative leap forward, but that a Union stretching from Tallin to Lisbon and from Dublin to Athens would be radically different from the EC envisaged by the Founding Fathers as well as most EC's present leaders.

As Copenhagen proved, since the goals were not widely shared, and were it not for external pressures, it was difficult to expect decisions to match the goals of the association policy. In this sense, it is possible to speculate on the hypothesis that had the membership perspective not been placed on the agenda, the Twelve and the Commission might have begun earlier, and with more success, to correct the shortcomings of the association agreements, at least with respect to the economic, i.e. trade and assistance, packages.

However, as the failed exercise of the EEA with the EFTA countries had shown, membership was always to be on the horizon of any process of rapprochement between the EC and its neighbours. Policies or devices targeted at containing applications were only fostering them, leaving the Twelve with the complacency, but also with the concerns, derived from being the only real pole of

wealth and stability in Europe. Having been reluctantly pulled into the Copenhagen process, after British, German, and some Commissioners' insistence on the membership question, it was hard to imagine that the other member states and Commissioners would enthusiastically rally to its support and define an ambitious political and trade package behind the membership perspective. Rather, the accession perspective only came about when all the possible linkages which worried the latter had been removed, i.e. when assurance was obtained on the absolute absence of major political, institutional, or budgetary implications of the membership perspective.

As the High Level Group meeting and the posterior COREPER and Council dynamics showed, DG I and DG IA were defenceless when trying to counter arguments on the wider linkages of the issues they were putting before member states. Linkages to wide policy issues, including the reform of the CAP or the structural funds, the geographic and economic equilibria of EC's external relations, the distribution of the economic costs and benefits among member states of the opening up to the East, the relationship between deepening or widening etc., could not be solved by these services.

Then, in the absence of possible pay-offs or compensations, a negative linkage occurred. In other words, only proposals not linked to these issues were accepted. This left as the most outstanding feature of the Copenhagen Council the fact that EC member states agreed on a shared membership perspective, but that they failed short to make it credible for the immediate future, forcing the associates to engage in a policy of applying constant pressure on the Twelve, soon Fifteen, to create the momentum and design the process of their accession.

The paradox was served. Without the membership perspective, the shortcomings of the Copenhagen package on political dialogue, market access, and assistance would have been even more widely criticized than the association agreements themselves. The membership perspective meant little in practical terms, but a lot in changing the framework in which EC/EU relations with its associates would be carried out in the future. At the

end of the day, the membership perspective made the gap between the "Sunday speeches" dictated by external pressures and the "daily actions" dictated by the internal constraints more livable for both parties.

## CONCLUSIONS

### FOREIGN POLICY GAPS AND DECISION-MAKING BREAKDOWNS

A summary of the main conclusions drawn from the research should highlight the following points.

First, whenever the goals of diplomacy require the use of economic instruments, the coexistence of broader European interests and strictly national interests locks member states into a foreign policy-making system from which they cannot exit and in which there are scant possibilities of veto. Thus, the accommodation of basic divergences or conflicting interests is likely to follow, rather than to precede, policy engagement.

Second, the EC decision-making system is characterized by the diffusion of power through multiple interconnected layers. These layers coexist and intermesh horizontally rather than hierarchically. Thus, the policy process in each layer cannot be isolated, either analytically or with respect to timing or sequence.

Third, in the absence of clear lines of authority and intelligible principles for resolving conflicts of interests, the system is characterized by structural instability and uncertainty with respect to its outcomes. Thus, satisfactory results are not assured a priori, either for individual participants or to all of them taken as a whole.

Fourth, the Commission's role as a policy entrepreneur is seriously constrained by its lack of authority, cohesion, as well as by the linkages cutting across policy areas. In the case of external relations, DG I occupies a central position in the policy process. However, the fragmented structure of the system provides other DGs with multiples avenues of influence.

Fifth, the system is specifically geared towards obtaining internal consensus rather than foreign policy quality. This results in a structural bias towards the satisfaction of domestic interests, whether private, national, or transnational (European-level). Thus, the difficulties facing the maximization of collective interests should be traced back to the wider preferences of participants for internal consensus, and not merely to the specific institutional arrangements which both reflect and ensure such preferences.

Sixth, it is impossible to distinguish between "high" and "low" politics. Politicization and depoliticization are highly contingent. The fluidity of communication between pillars, levels, and policy areas means that actors are well aware of the implications of apparently self-contained "day-to-day" decisions.

In the following four sections, I will show how these characteristics of the system interacted to produce the policy gap this research is concerned with. Finally, in the last section, I will examine the theoretical implications of the research.

### *Defective consensus*

*Chapter I* revealed how the Twelve, pushed by the Commission, managed to reach agreement on a common policy towards Central Eastern Europe. However, an historical perspective on EC relations with Eastern Europe, as well as the examination of the process by which this agreement was achieved, showed that the consensus on the final goals of this policy was rather weak, if not non-existent.

Member states acknowledged the existence of common interests with respect to Central Eastern Europe, but they were also highly concerned about how their wider political and economic European interests would be affected. As had happened in the past, the new EC *Ostpolitik* was seen to affect core elements of European politics. In this sense, the association policy devised by the Twelve became seriously entangled with issues such as the role and place of Germany in the European concert, the *finalité politique* of the process of European integration, as well as with the question of the limits and model of Europe. And the preferences of member states with respect

to these basic dimensions of the European integration process were very controversial. Hence, from the beginning, the policy of association was subject to very significant constraints.

In the first place, the debate about the goals, level, and content of political dialogue (EPC) to be assigned to EC relations with the Visegrad Three became linked with the debate on the improvement of the foreign policy machinery of the Twelve and was preconditioned by the levels of political dialogue granted by the EC to other of its partners.

Equally, the discussion on the scope and content of the free trade area was strongly related to member states' perceptions of the costs and benefits of their participation in the single market project (competition issues), its likely impact on the common policies of the EC (the CAP etc.), and the EC's economic relations with the rest of the world<sup>1</sup>.

Finally, the debate on the magnitude of the financial disbursements which should accompany the policy of supporting Central Eastern Europe was closely connected with member states' wider preferences with respect to the equilibria of the EC's external relations but, most fundamentally, with respect to their share of EC's distributive policies (the structural funds etc.).

The way in which the wider European interest of assuring the stability of Central Eastern Europe was made compatible with national interests depended on a large number of linkages, reassurances, pay-offs, or exchanges. These so-called "integrative" bargains can be seen, for example, in the way German unification was exchanged for the acceleration of the European integration process. It can also be observed in the way the less wealthy member states exchanged their support for the economic and monetary union for the concept of economic equilibria expressed in the cohesion funds. Finally, in the external relations field, the new Mediterranean policy of

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<sup>1</sup> whether on a horizontal dimension (the Uruguay Round), or a geographical one (EC relations with EFTA, the Mediterranean area, the developing countries, Russia and the rest of Eastern Europe, the NICs etc.).

the EU counterbalanced the EC's rapprochement with Eastern Europe<sup>2</sup>.

These type of "integrative" bargains which lurked behind the association policy were not only difficult to reach. Most importantly, they did automatically guaranteed satisfactory results for all member states and the Commission. Very often, basic constitutional matters were involved. In some cases, they required a presumably difficult revision of pre-existing policies. In others, they implied setting up completely new policies. Finally, frequently too, a change of context, either at the EC or the international level, would later threaten the satisfactory attainment of each member state's goals. Hence, as the materialization of these integrative bargains lasted longer than the implementation of the association policy itself, these uncertainties always accompanied the association policy<sup>3</sup>.

Member states usually explain their satisfaction with the EPC/CSFP framework and, hence, their reluctance to place foreign policy under the "Community method", by stressing the EPC/CSFP's loose institutional requirements and strong unanimity procedures. According to these explanations, member states would be satisfied by the fact that they cannot be forced to embark on policies that they do not feel accord with their basic interests as well as with the degree of control they exert over the decision-making process. But as those who make such claims recognize, the pay-offs which form the basis for consensus on foreign policy goals operate "behind", i.e. according to the "Community method"<sup>4</sup>.

Thus, member states' satisfaction with the EPC/CSFP framework should in fact be related to the ample opportunities for issue-linkages and pay-offs which the EC system offers them. In the case under study, it was these opportunities which assured member

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<sup>2</sup> On the concept of "integrative" bargains see Bulmer, "Analyzing European Political Cooperation: The Case for Two-tier Analysis", pp.70-91.

<sup>3</sup> As Risse-Kappen has stressed, we should look at how the nature of "intergovernmental" bargains is affected when these take place over "Europeanized" policy areas ("Exploring the Nature of the Beast", pp.53-80).

<sup>4</sup> D.Hurd. 1994. "Developing the Common Foreign and Security Policy". *International Affairs*, Vol.70, No.3, July, pp.421-428.

states that no matter how different their basic interests were at that point, in the long term they would be able to incrementally adjust both their interests and the costs of the policy. Hence, it was the promise of accommodation, rather than the accommodation itself, which allowed the emergence of a common policy towards Central Eastern Europe.

But as the linkages between this policy and the wider political and economic interests of the member states could not be definitively addressed or solved at that moment, these broad uncertainties shaped a policy which was highly ambiguous with respect to its final goals. The mere desire to promote successful transition processes in Central Eastern Europe was not in itself enough to assure that the resulting policy of association would consider the best adaptation of means to goals. Thus, the conditions for a policy gap to emerge were set, first, when the primary goal of supporting the transition processes in Central Eastern Europe became a secondary concern for those in the Council in charge of defining policies and, later, when the blueprint of the association policy openly incorporated all these ambiguities. Thus, the pay-offs working behind the foreign policy system were at the same those which made policy possible, but also those which constrained it.

Uncertainty about the practical materialization of the integrative bargains which had made the policy of association possible did not only provide opportunities for mismatch. It also affected the commitment of those who had been more reluctantly taken onboard to the policy which emerged after such bargains had been reached. Hence, these type of wider agreements did not settle the policy debate once and for all. The decision and implementation phases could not be clearly distinguished and the continuous overlapping and interaction between main policies and the rearrangements they required provided member states and other concerned actors with many opportunities to renegotiate how they were going to be affected by such policies<sup>5</sup>.

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<sup>5</sup> It seems opportune to recall here Peters' description of the system: "this model represents a reversal of the usual logic assumed in rationalistic models of decision-making" [...] "definitions of policy are usually loose and unstructured, there will be a



Furthermore, these types of wider integrative bargains were associated with the European Council, a forum which has little to do with equality among states, where no voting takes place, and in which pure political weight matters more than in any other institutional setting in the EC/EU. In this setting, a large number of contextual elements put pressure on member states to reach wide agreements. However, the "success" of the European Council was also associated with the fact that the guidelines adopted there had to subsequently be put into practice through decision-making mechanisms which were highly conducive to satisfying all member states, irrespective of their political weight. Thus, member states were well aware that they would always have sufficient later on to adjust the policy to their own particular interests.

Nevertheless, a policy was in place. Ignoring for the moment the question of the shortcomings of this policy, it should be noted that the mere existence of a policy in itself constituted a major success. In the past, tensions among member states over the goals of the EC's *Ostpolitik* had precluded the formulation of joint policies. In contrast, by 1989-1990, the EC found in the association policy the expression of the common interest of the Twelve in giving a positive and far-reaching response to the demands of Central Eastern Europe.

That this policy was more compatible with member states' interests in some cases than in others has been duly stressed. In general terms, the feeling that they had been given a heavy burden overshadowed any enthusiasm about the end of the division of Europe. In between, there were many different degrees of commitment, scepticism, cautious and, even, undisguised unease.

Some particular cases exemplified this particularly well. The United Kingdom, for example, tried to force EC's association policy to serve its particular vision of Europe. France, in turn, sought to minimize the suspected impact of the association policy on its preferences concerning the European integration process. Finally, Germany sought to ensure that the EC's association policy would help

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continuing pattern of competition and instability rather than a monopoly" (Guy B.Peters. 1994. "Agenda-setting in the European Community". *Journal of European Public Policy*, Vol.1, No.1, June, pp.20).

to make its basic interest in having a both deeper and wider EC compatible.

It was precisely these conditions of weak or defective consensus among member states which gave Commissioner Andriessen and Commission's Directorate General for External Relations (DG I) excellent opportunities for leadership. Andriessen and DG I were the only actors capable of offering the Twelve a policy which satisfied the EC's global foreign policy interests and, at the same time, was compatible with member states' individual interests. As Chapter I shows, whereas the EPC framework had been very active during 1987 and 1988, 1989 saw the start of its progressive decline, and by 1990 it had been largely marginalized. Thus, Andriessen's and DG I's ability to establish themselves as the only actors defending a comprehensive view of the Twelve's joint foreign policy interests allowed them to capture foreign policy and, subsequently, to represent the only real force encouraging member states to abandon rhetoric and back their statements with policies.

However, the fact that Andriessen and DG I could assume this role also reflected the member states' awareness that they were not taking many risks. At a time when both the European integration process as well as the design of the political and economic architecture of the continent was under considerable strain, association agreements, an old policy instrument rescued from the drawer, provided the Twelve with a single policy the EC could carry out and member states could control. Political dialogue had been around for a long time and followed well-established routines, and member states knew that its common procedures did not necessarily predetermine substance. Secondly, the politics of freer, rather than free trade were also well-rehearsed, and member states' tight control of the Commission meant that few surprises could be expected.

We do not know to which extent the fact that association agreements required unanimity was a definitive element in obtaining the consensus among the Twelve. We do know, however, how easily member states sought the protection of this unanimity roof to seek the maximum compatibility of their national interests with the goal of supporting Central Eastern Europe.

In any event, political dialogue around the EPC was subject to unanimity rules. However, we have seen that the provisions for political dialogue went further than expected when placed in a single, coherent, and encompassing policy framework. In other words, political dialogue benefitted from being backed by EC policies. The same could be said of economic cooperation: a variety of otherwise disperse and uncoordinated elements were pulled together. In contrast, trade policy, otherwise dealt with under qualified majority rules, suffered greatly from being placed in an association framework requiring unanimity. In short, the association policy was a slow and partly ineffective vessel, but it was a safe one for member states.

### *Fragmentation*

The specific content of the EC's association policy was dealt with in *Chapter II*. One of most significant conclusion reached here is that the usefulness of separating bargaining over scope and bargaining over content as two policy phases is largely analytical, given that, in practice, scope and content were confusingly intertwined. However, the fact that the debates on the content of the policy substantially affected its scope does much to explain the widening of the policy gap which was shown to have emerged in the previous chapter.

In bargaining over scope, two type of tensions started to impinge on the association policy. Until then, the Commission had been generally represented by President Delors when dealing with the wider implications of the events in Eastern Europe. Delors had stood on an equal footing with the main European leaders and had proved highly influential at the time of the decisive rearrangements of 1990. Along him, Andriessen had provided the Commission with another pole of leadership with respect to EC policies towards Central Eastern Europe. But when the content of the association policy began to be discussed, the whole Commission and most of its Directorates became involved. Very quickly, some Commissioners and services, specially Bangemann and DG III (Internal Market and Industrial Affairs) and MacSharry and DG VI (Agriculture), started to nuance Andriessen's foreign policy-centred approach with their particular

concerns about how the policies in their charge would be affected by the opening up of EC markets to Central Eastern European trade. In these circumstances, it was soon seen that the Commission, and not only the member states, would constitute a major force which Andriessen and DG I would have to deal with. Thus, in the Commission, the loss of cohesion was beginning to manifest itself as an unresolved problem the association policy would have to live with throughout the entire policy process.

The association policy would confront even more serious problems in the Council, because member states had real power of influence. The main result of the particular negotiating dynamic in the Council's Group on Eastern Europe (GEO) was that the most reluctant member states found there a vehicle for translating their particular concerns into a narrowing of the policy package presented by Andriessen and DG I. At the same time, the most committed member states partly succumbed to the temptation to follow the former. In some cases, the behaviour of some member states could even serve to question the sincerity of their adherence to the policy of association. In others, it revealed that the secrecy of the negotiations on the mandate offered a very good and cost-free opportunity to refuse to back rhetoric with sacrifices.

Formally, the COREPER has no decision-making authority to decide: it only prepares the debates for the Council of General Affairs (CAG). However, the few questions they leave for discussion to the foreign ministers is very illuminating as to their real authority. The same can be said of the GEO, also lacking formal authority but in practice the place where most agreements are reached. Clearly, as decisions, bargaining, and compromises take place at lower and lower levels, the loss of comprehensiveness is greater.

In these circumstances, the Council would witness, first, the opening of distinct "positive" and "negative" coalitions, second, the first contradictions in the behaviour of some member states and, third, the first loss of coherence between the scope and content of the association policy. The existing gap widened because the negotiations over the content of a policy characterized by defective consensus and multiplicity of linkages took place in a decision-making machinery dominated by consensus, issue-fragmentation, piecemeal bargaining,

short-term perspectives, opacity and, most importantly, rigidly geared to the defence of national economic interests.

Neither the foreign ministers, nor the COREPER, or the GEO seemed to be particularly interested in balancing this process with the consideration of the general interests of the EC and the defence of the comprehensiveness of the policy they had previously endorsed. Rather, the debates in the Council in these three institutional settings showed that all of their participants had been sucked to or captured by this dynamic. In other words, problem-solving was replaced by cost-aversion, member states happily exchanging support for each other's particular exemptions on the particular items they disliked. The result of this process was that the accumulation of exchanges decisively affected the comprehensiveness of the policy package presented by DG I<sup>6</sup>.

In short, member states were forced to move the "intergovernmental" foreign policy-making framework into the Community pillar. This increased complexity in two very significant ways. First, the EC system captured foreign policy, but it inherited the unanimity criteria. Second, as foreign policy moved into the EC, the

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<sup>6</sup> The Council's capacity to break down the Commission's proposals into its most detailed component parts is renown in Brussels as the *moulinette*. The results of this dynamic for the comprehensiveness of policies has been subject to extensive research. For similar conclusions to the ones presented here, see D.Dinan. 1994, *Ever Closer Union?* London: Macmillan, specially Chapter 8; F.Hayes-Renshaw and H.Wallace. 1995. "Executive Power in the European Union: the functions and limits of the Council of Ministers". *Journal of European Public Policy*, Vol.2, No.4, December, pp.559-582; N.Nugent. 1991. *The Government and Politics of the European Community*, pp.100-128; J.Pearce. 1983. "The Common Agricultural Policy: The Accumulation of Special Interests", in Wallace, Wallace and Webb, *Policy Making in the European Community*, pp.143-175; F.Scharpf. 1988. "The Joint-Decision Trap: Lessons from German Federalism and European Integration". *Public Administration*, Vol.66, No.3, pp.239-278; F.Scharpf. 1994. "Community and Autonomy: Multi-level Policy-Making in the European Union". *EU/RSC Working Papers*, No.1; and W.Wessels. 1991. "The EC Council: The Community Decision-making Center" in Hoffmann and Keohane, *The New European Community*, pp.133-154. For an insider's view, see E.González Sánchez. 1992. *Manual del Negociador en la Comunidad Europea*. Madrid: O.I.D.

number of actors with a say on the policy process rose considerably, and the impact of the EC's institutions was incorporated into the policy process.

In other words, the Commission assumed the lead in representing the Twelve's foreign policy interests, but in parallel to the rise of DG I, the other services with responsibility for areas affected by the association policy also acquired a say on foreign policy. Furthermore, DG VI (Agriculture), for example, and the interests aggregated around the EC's agricultural policies entered the policy process in conditions of unanimity, rather than under the conditions of qualified majority voting they otherwise enjoyed. Obviously, as the association policy decisively affected not only EC agricultural interests, but also a wide variety of "Europeanized" policy areas, the accommodation of the interests represented by these latter areas, which scarcely coincided with the EC's foreign policy concerns, became much more difficult.

Whilst in bargaining over scope, member states had a central role in shaping policy options, in this "bargaining over content" phase member states behaved more like constituencies seeking to adapt a policy package to their particular preferences. However, the balance of power between DG I, acting in the defence of the EC's and member states' collective interests, and member states, acting as policy-taker fragmented constituencies, was disproportionately weighted in favour of the member states.

### *Collapse and breakdown*

With the start of the international negotiations (*Chapters III and IV*), a new set of elements came to dominate the policy process. In the first place, the stakes were higher. The mandate the Twelve had given DG I was neither definitive nor very detailed. It was merely indicative and basically speculative. In contrast, the results of the international negotiations were to have direct and detailed effects. Furthermore, once closed, they could not be renegotiated. Hence, bargaining among member states was tougher and the tensions greater.

In the second place, the mandate given to DG I represented above all the set of agreements acceptable to member states but not the set of agreements acceptable to the Visegrad Three. I have shown in Chapter II how Commissioner Andriessen and DG I had held intensive contacts with the Visegrad Three prior to the drafting of the mandate. Hence, they had a relatively good idea as to the set of agreements which the Visegrad Three and member states were prepared to ratify. In this sense, the draft mandate presented by DG I to member states represented an attempt to obtain a negotiating mandate which could serve as the basis of agreement between the EC and the Visegrad Three. As seen, the negotiations on the mandate among member states narrowed or downgraded the mandate proposal to the point where it was only acceptable to member states. The price paid for this was the disregard for the demands and negotiating position of the Visegrad Three. Hence, member states had fuelled a further slippage of the association policy.

As the international negotiations evolved, member states were caught between the need to maintain this internal consensus, requiring respect for the original mandate, and the need to achieve agreement with the Visegrad Three, requiring a widening of the mandate. But the priority given to internal consensus meant that member states chose the most difficult way of closing the gap between the two parties. Rather than giving DG I flexibility to depart from the mandate when necessary, they preferred to concentrate on successive modifications to the mandate. However, as has been shown, mandate revisions reopened the particular dynamic of negotiation among member states which had turned the mandate into an obstacle to the conclusion of the association agreements.

The first revision of the mandate, in April 1991, was not very problematic. Although, in spite of DG I's warnings, the member states again failed to come up with a mandate which could truly serve as the basis for agreement, this first revision was not very controversial. However, two elements interacted to make the successive attempts to revise the mandate specially problematic.

As seen in Chapter I, the process by which the association policy emerged had been in the hands of only a small number of actors. Then, the design of the association framework and the process

of drafting the mandate had been opened up to the influence of other Commission services as well as member states' governmental departments. Nevertheless, the core actors had still been DG I and the Council's specialized Group on Eastern Europe. But as soon as negotiations moved on to details and technicalities, the process of negotiations was further opened up to a large number of Commission services and member states' governmental departments. Furthermore, the prominence acquired by the negotiations as a result of the publicity given to the first conflicts between the EC and the Visegrad Three politicized the agreements and fostered the intervention of a wide variety of transnational interest groups. All these new actors were not interested in achieving balanced packages, as DG I and the foreign ministers sought. Rather, they wanted to control the negotiations in the specific policy areas they were interested in, regardless of the consequences for the whole association package or the global requirements of negotiations.

In these circumstances, DG I's negotiators found their already scant authority and capacity to maintain the coherence of the policy package even further undermined. Meanwhile, the foreign ministers could not resist the pressure to satisfy the demands of coalitions established between Commission services (DG III, DG IV, and DG VI), member states governmental departments (Trade, Industry, and Agriculture Ministries), and transnational interests groups (COPA, EUROFER, and COMITEXTIL). In the absence of clear lines of authority and criteria for the resolution of conflicts, all these actors saw the politicization of the agreements as the only way to increase their relative weight<sup>7</sup>.

In these circumstances, the EC policy-making process collapsed in July 1991 after having proved unable to resolve the conflicting pressures. Then, in September 1991, squeezed between the pressures resulting from the coup in Moscow and the ability of these interest

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<sup>7</sup> Evidence proved again that the lack of power and authority the Commission suffers is incompatible with the role of leadership demanded to it (N.Nugent 1995. "The leadership capacity of the European Commission". *Journal of European Public Policy*, Vol.2, No.4, December, p.604).



coalitions to capture the foreign ministers in a majority of member states, it completely broke down.

The spread of conflicting loyalties in the Council was paralleled by the collapse of the Commission's inter-service consultation process. Both the Council and the Commission had long before shown that they could not be considered unitary actors. However, the scale and size of this decomposition process surpassed the expectations. The joint appeal of foreign ministers Genscher, Dumas, and Hurd to Benavides (the Commission's negotiator) exemplified the problems of coherence. Equally, the fact that the breakdown affected DG I and confronted horizontal against geographical units rather accurately portrayed the loss of control over the policy process fostered by the decision-making system.

The timing and precise content of the vetoes which triggered the breakdown could not be predicted. However, it seemed evident that they could only appear at the domestic politics extreme of member states. Vetoes were based on very narrow but highly symbolic issues, related, in turn, to very wide questions. This was the case of both French beef, representing the threat to rural France, and the Spanish position on the VRAs, representing the traumas of Spain's rapid modernization as a result of EC membership. In the case of these two member states, domestic processes led to a situation in which efficiency in achieving their goals in Brussels was sacrificed for the domestic gains of obstinacy.

The association agreements were finally signed in December 1991. Hence, crises, internal divisions, and scarcely coherent, spasmodic, or erratic bargaining behaviour did not necessarily threaten the achievement of association agreements. However, the elements which made it possible to reestablish negotiations were also those which provoked a further slippage. In the first place, the uneven distribution of power and negotiating assets between the EC and Visegrad Three determined that the conclusion of the negotiations would be on the EC's terms. Second, the scale of the internal conflicts within the EC forced the Visegrad Three to desist in their attempt to transform the shape of the agreements. Third, the precarious or even

non-existent coordination of the negotiating positions of the Visegrad Three further helped ensure that EC domestic politics would prevail<sup>8</sup>.

Negotiations showed the extreme vulnerability of the EC's decision-making system. The association policy was already carrying some very significant burdens. First, it was highly controversial in terms of its final goals. Second, it was run through with confirmed or suspected negative linkages and great complexity. Third, it was highly rigid. In short, negotiations showed the effects of depriving the only actor (DG I) within the EC with a comprehensive vision of the requirements of the policy of the necessary authority to conclude negotiations<sup>9</sup>.

### *Inertia*

After the agreements were signed in December 1991, the worsening of the international context which had triggered the EC's association policy made the shortcomings of the overall association framework even more evident. Contrary to expectations, relations between the EC and the Visegrad actually worsened after the agreements were signed (*Chapter V*).

During most of 1992, attempts to adapt the association agreements to the new challenges ran up against the bottlenecks represented by both the economic recession in the EC and the uncertainties surrounding the process of European integration. "Political Dialogue", often depicted as the real achievement of the association agreements, only proved useful to express member states' incoherence. Meanwhile, trade relations between the parties were

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<sup>8</sup> The paradoxical strength of these weaknesses when dealing with third actors has been widely noted. See for example I.Sánchez-Cuenca. 1995. *Las negociaciones agrícolas entre la Comunidad Europea y los Estados Unidos*. Madrid: Instituto Juan March; F.Scharpf. 1990. Games Real Actors Could Play: The Problem of Connectedness. Cologne: MPIFG Discussion Paper, No.8, pp.12-15.

<sup>9</sup> It should be stressed that DG II (Economic and Financial Affairs) enjoyed also a rather comprehensive vision. However, precisely because its competencies were very general, it lacked the possibilities of influence which other DGs had.

presided over by new crises and, overall, a general attitude of retrenchment on both sides.

The conflicts, problems and carefully achieved equilibria which pervaded the negotiations of the association agreements left a marked imprint on EC relations with the Visegrad Three. In these circumstances, the progressive realization within the EC that association agreements were failing to serve its goals, did not prove enough to guarantee that the results of a revision process would ensure that this time the policy would match its original goals. DG I seemed particularly successful in identifying the bottlenecks which were threatening EC relations with the Visegrad Three. In other words, it was soon acknowledged that the absence of a long-term perspective was the main cause of the existing policy gap.

However, the results of the attempts to translate this perspective to the agreements had the opposite effects to those expected<sup>10</sup>. This attempt was in itself the main obstacle to a satisfactory revision of the association agreements. In this sense, attempts to short-circuit the prevailing negative dynamics largely backfired. DG I had learned from the negotiation of the association agreements that the agreements could not be improved by tinkering with only particular elements of the package. In other words, the "product-by-product" approach was likely to strengthen negative coalitions.

This was a wise recognition of reality, but renouncing attempts to improve the most inadequate elements of the agreements was also a major self-imposed defeat. In turn, the strategy of aiming at a global improvement of the association agreements also contained some risks.

The convoking of a so-called High-Level Group of Directors drawn from the member states' foreign ministries was believed to be useful to short-circuit the negative dynamics likely to prevail in the Council's Group. Moreover, the display of "political will" and the priority of foreign policy concerns which the meetings of this group could be expected to produce was also seen as an extremely useful

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<sup>10</sup> On similar problems of path-dependency (defined as "when solutions precede problems") see T.Gehring, 1995. "Integrating Integration Theory: Neofunctionalism and International Regimes". *EURSC Working Papers*, No.39.

element, at the Commission level, to secure a much needed short-circuiting of those services which were most reluctant with respect to trade concessions.

However, the effects on the policy process of this High-Level Group were extremely paradoxical. Until then, the foreign ministers had never engaged in a far-reaching debate on their disagreements regarding EC relations with the Visegrad Three. As seen in the successive chapters, at the meetings of the Council of Foreign Affairs, the foreign ministers had either endorsed the rhetoric emanating from the European Council or had become bogged down in the technicalities dominating negotiations at the Group level. As DG I often complained, the foreign ministers' "orientative" debates had never ended in clear instructions for the COREPER or the Group. But when the High-Level Group engaged in open and frank discussion of EC relations with the Visegrad Three, the size and scale of member states concerns and anxieties over the future of EC relations with the whole of Eastern Europe precluded any demonstration of "political will". Rather than untying the negative linkages dominating the policy of association, the High-Level Group added new and even more problematic linkages.

In Copenhagen, in June 1993, the European Council took a very important step forward. The Twelve endorsed for the first time Central Eastern European countries' desires for membership. However, there was much to suggest that this was a leap into the unknown. The limited trade package agreed on showed that the European Council had not been able to close the gap which had emerged between the goals and the contents of the association policy. Rather, the Copenhagen decisions proved that the gap had ossified. In these circumstances, it seemed paradoxical that a whole change of policy was easier to agree on than a change in the content of the existing policy.

In Copenhagen, the Central and Eastern European countries left association behind and embarked on an incipient pre-accession policy. But as the events after 1993 showed, substantial problems remained behind this apparent success. By changing the context in which bilateral relations would be dealt in the future, the Twelve had managed to camouflage their failure to improve the association policy.

However, the elements in which EC's association policy had been most defective were precisely those which sought to facilitate the economic convergence of the EC and the Visegrad Three. In other words, Copenhagen set very strict conditions for the enlargement of the EC to the East, but it acted as if the EC had nothing to do with the fact that the fulfilment of these conditions depended to a large extent on policies which the EC had shown particularly unable to engage in decisively.

The pre-accession agenda was to contain items such as institutional reform, the reform of the CAP, and the revision of structural policies. At the same time, the domestic agenda was to include monetary and economic union and new steps in security and foreign policy matters. Thus, the new scale of the challenges ahead for an Eastern enlargement again paralleled the problematic scenario for European integration which had substantially affected the definition of an association policy in 1990.

### *Elusiveness*

In the introduction of the thesis, a concern was expressed about improving prevailing explanations for the sources of the lack of consistency often seen in EC/EU external actions. I examined with some detail how analyses have often stressed that the source of these problems lies in the existence of two different decision-making settings playing different roles and working under distinct logic. Accordingly, problems of coherence would appear when narrow interests prevail in the implementation phase over the larger political and economic interests triggering policy engagement in the earlier policy-definition phase. Hence, the logic of domestic politics prevailing at the Community pillar would often stand in opposition to the logic of foreign policy and long-term interests dominating the EPC/CSFP framework.

But before contrasting evidence drawn from this research with those arguments, I believe it is important to place such debate in its proper context. Concerns that "domestic politics" are a threat or, at least, an obstacle to the successful conduct of foreign policy have been

long central to realist theories. Tocqueville already saw "the passions" which dominate domestic politics as a threat to the satisfaction of foreign policy goals<sup>11</sup>. That the EC/EU is not a democracy has not prevented scholars from incorporating this sceptical view. EC/EU "passions" would be represented by the existence of a decision-making system in which the absence of authority, the consensus requirement, and openness to particular interests do often result in long-term goals being sacrificed to satisfy narrow economic interests.

The European policy-making scenario, characterized by decentralization, the dispersion or lack of authority, and a large number of veto actors is very problematic, but specially troublesome in the absence of true European political parties, public opinion, and mass-media. Thus, the question facing theorists and policy-makers seems to be how to resolve the conflicts between EC/EU wide and unescapable foreign policy goals, needs and requirements, on the one hand, and domestic politics, whether geared to the defence of private, national, or EC wide interests.

It has been widely noted that foreign policy capacity and, by extension, the possibilities of international cooperation, are closely associated with the credibility with which domestic institutions sustain foreign policy goals<sup>12</sup>. The stage of integration of the EC/EU system may be well seen in the extent to which its foreign policy capacities have been subject to the rising impact of EC/EU's domestic politics. The EPC solution adopted by the Six in 1970 represented, above all, the wish of member states to maintain control over diplomacy. However, if by "control" we understand that diplomacy is carried out by restricted, cohesive and authoritative actors, it seems evident that the EC/EU has gone well beyond that point. In this sense, it is not

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<sup>11</sup> Tocqueville. [1988] *La Democracia en América*. Madrid: Aguilar, Vol.I, p.223. See also J.Joffe. 1988. "Tocqueville Revisited: Are Good Democracies Bad Players in the Game of Nations?". *The Washington Quarterly*. Winter, pp.161-189.

<sup>12</sup> P.Cowhey. 1993. "Domestic Institutions and the credibility of international commitments: Japan and the United States". *International Organization*, Vol.47, No.2, Spring, pp.299-326; and P.Gourevitch. 1996. "Squaring the circle: the domestic sources of international cooperation". *International Organization*, Vol.50, No.2, Spring, pp.349-373.

difficult to argue that, at present, the debate on whether the CSFP should abandon or maintain its intergovernmental features and integrate or not under the roof of the Community "method" is largely artificial.

In complex foreign policy areas such as the one this research has studied, European integration has reached a point at which member states can only veto, but not threaten to exit or act independently. Member states have come to a situation in which their national interests coexist with a set of larger interests<sup>13</sup>. These "Community" or "European" interests stem from the combined weight of member states and the EC/EU in the international sphere, but also from their engagement on a myriad of common policies in a wide variety of matters, from technology to agriculture, from fiscal regulation to transport, etc. Above all, these European interests reflect the distinctive size and quality of the challenges, opportunities and constraints facing member states as a result of their participation in the joint enterprise of the European integration process. It is easy to see that, as a result, the EC/EU has developed one fundamental characteristic proper of a foreign policy system, namely, the existence of a domestic level.

The collective interests of the Twelve may overlap with their individual interests, but they are not at present hierarchically superior to them. Moreover, and in similar way to any political system, when and to what extent external interests should prevail over domestic interests is a matter subject to political and not legal decision. In consequence, the focus of the analysis should lie on how the existing variety of interests are accommodated. In other words, it is not a question of choosing between. At present, the actual system is biased towards the maximizing of the domestic interests of the EC as a whole, just as much as it is to the satisfying of the particular national interests of the Twelve, and even to appeasing certain influential private interests. Thus, this set of elements pulls policy away from maximizing collective foreign policy interests. This does not necessarily presuppose that the system is inefficient. Rather, one

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<sup>13</sup> I am not assuming that something like a fixed and non-temporal "national interest" exists. Perhaps, "governmental preferences" would be a more adequate term.

could argue, the efficiency of the system consists in assuring consensus. Thus, under present conditions, consensus is a superior value. Because institutions reflect preferences, efforts at improving the institutional design may be condemned to failure<sup>14</sup>.

In this particular system, sovereignty is distributed so diffusely that the problem of accountability becomes particularly acute. When authority is so widely distributed across the system, it becomes impossible to assign responsibilities for outcomes<sup>15</sup>. Nevertheless, identifying the sources of the problem does not necessarily mean that solutions will be easier to find. The majority of theoretical approaches to European integration start out from a state-centric model. Neither intergovernmentalism nor neofunctionalism offer satisfactory accounts of why policy gaps emerge.

Intergovernmentalism has led us to believe that convergence around interests is prior to and more difficult to obtain than the subsequent agreement on policies. Hence, agreement or convergence over interests should free the way for the formulation of policies<sup>16</sup>. Neofunctionalist arguments, in turn, lead us to presume that the ample possibilities for issue-linkage and pay-offs supposed to exist in the "Community-method" would have sufficed to ensure that policies would have maintained coherence between goals and results.

Neofunctionalism claims that the success of "day-to-day" politics in the EC can largely be explained in terms of the "depoliticization" the system fosters. In turn, this depoliticization would produce and

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<sup>14</sup> "Where you need a particular institutional design to promote cooperation, you usually cannot get it; where you can get it, you usually do not need it" (E.Ulsaner. 1989. *Shale Barrel Politics*. Stanford, Ca.: Stanford U.P, p.12).

<sup>15</sup> "There is no question any more that European democracies are discrediting themselves when, for an ever growing number of urgent problems, national political leaders must admit their impotence by calling for 'European solutions' while in Brussels interminable negotiations will, at best, lead to compromises that are declared unsatisfactory by all concerned, and for which nobody is willing to assume political responsibility" (Scharpf, "Community and Autonomy", p.2).

<sup>16</sup> On this "preference-convergence" hypothesis, see A.Moravcsik. 1993. "Preferences and Power in the European Community". *Journal of Common Market Studies*, Vol.31, No.4, December, pp.473-524; Keohane and Hoffmann, "Institutional Change in Europe in the 1980's", pp.1-40.



sustain spill-over effects. It is supposed that the incremental dynamic dominating the policy-making process ultimately does much to facilitate member states' convergence around integration goals. Thus day-to-day policies would help to sustain, improve and, sometimes, serve as the basis for the convergence of preferences required by big integrative decisions<sup>17</sup>.

This research shows that neither of these two scenarios in fact match reality. "Big decisions" and "day-to-day" policies interacted very profusely. Member states saw or suspected that decisions apparently only affecting very particular policy areas had very wide implications. In some cases, member states feared that the accumulation of such decisions would threaten their control over long-term policy goals. This was evident, for example, in the widespread recognition that the success of the association policy would have enlargement implications at a time when the mere possibility of such an enlargement was perceived by some member states as a clear threat to larger political and economic goals. In other cases, apparently self-contained decisions concerning trade liberalization were seen as a threat to major goals of member states. The viability of rural France or the Spanish adjustment to the single market were at stake when member states negotiated small quotas or side-declarations. Politicization was an everyday fact of life in apparently "low politics" issues.

In contrast, member states' support for the European integration process, as well as their preferences with respect to the route this should take, were largely related to their satisfaction with the way such "narrow" policy issues were being addressed or resolved. Hence the term "narrow" is not the most appropriate for describing the interests at stake. At this time, the process of Eastern enlargement of the EC/EU is still far from complete. However, this research

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<sup>17</sup> A.Burley and W.Mattli. 1993. "Europe Before the Court: A Political Theory of Legal Integration". *International Organization*, Vol.41, No.1, Spring, pp.41-76; G.Peters. 1992. "Bureaucratic Politics and the Institutions of the European Community", in Sbagria, *European Politics*, pp.75-122; D.Wincott. 1995. "Institutional Interaction and European Integration: Towards an Everyday Critique of Liberal Intergovernmentalism". *Journal of Common Market Studies*, Vol.33, No.4, December, pp.597-609.

demonstrates that the history of this enlargement will not be able to be written by looking only at the "big decisions" taken around the European Council meetings.

This confused and confusing policy-making scenario was particularly evident with respect to the question of pillars. It cannot be stressed enough that the system of separating "foreign policy in the hands of the member states" and "external relations in the hands of the EC" completely melted down. Dehousse and Morgan have already called our attention to the intergovernmental "pollution" which "communitarized" policy areas have been suffering as a result of the communication between pillars<sup>18</sup>.

This research supports their arguments. Furthermore, it shows how this process was already visible before the Maastricht Treaty. Member states had more than enough avenues for controlling the costs of the policy package, irrespective of the stage, pillar, level, or policy area. However, once engaged in defending their particular interests, they proved less able to control the effects for the policy package of the dynamic they had unleashed. Furthermore, their participation was often uncoordinated, unstructured, and scarcely coherent. The result was that member states did not only weaken the comprehensiveness of the policy package placed before them. As the two crises of September (France) and December (Spain) 1991 exemplified, when member states attempted to escape the pressure to agree, they ended up much worse off than if they had negotiated how to accommodate to such pressures.

The picture at the Commission is equally confusing. DG I captured foreign policy, but as it inherited already existing problems and new ones developed, its leadership role was progressively constrained. DG I had resources to which the whole system was not very sensitive, i.e. long-term collective interests and external pressures. But other DGs had more efficient resources, i.e. pre-existing policies, principles and interests, as well as an ability to construct around these coalitions including member states and transnational groups. We have seen how neofunctional dynamics (issue-linkage and pay-offs) assured

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<sup>18</sup> Dehousse, "From Community to Union", pp.5-15; Morgan, "How Common Will Foreign and Security Policies be?", pp.189-199.

the satisfactory conclusion of intergovernmental bargains at a time when the latter alone did not serve for agreement. However, it has also been seen how the neofunctional dynamics of each policy area thwarted, rather than fostered, the achievement of foreign policy goals.

As "pollution" was a two way street between pillars and intergovernmental and neofunctional dynamics, the extent and width of such "hybridation" process should lead us to reconsider whether we should inherit the categories of a system which has collapsed and the theories which attempted to explain it<sup>19</sup>.

Explanations of the type "the intergovernmental pillar worked better than the supranational one" do not make much sense. Though both may offer useful explanations for some particular features, neither intergovernmentalism nor neofunctionalism seem able to come to terms with the complexity of the system. Demands that the complexity of the analysis be increased to match the complexity of the decision-making system are scarcely original. However, a good starting point could be to change the whole perspective from which we look at foreign policy gaps. Whilst in the past, it could be claimed that foreign policy gaps were likely to derive from the existence of two separate watertight compartments, now we should rather turn to the

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<sup>19</sup> Some have tried to resolve these problems by adding new "levels" in between "day-to-day politics" and "big decisions". Peterson, for example, proposes distinguishing between "super-systemic", "systemic" and "meso-level". According to him, policy networks theory would best explain outcomes at this meso level. But again, the whole exercise seems a futile attempt to separate rather than to communicate decision-making levels so as to preserve one's theoretical claims. See Peterson, "Decision-Making in the European Union", pp.69-94. For a critique, see Kassim, "Policy Networks, Networks and European Union Policy Making: A Sceptical View", pp.15-27. Modelling will be difficult as far as actors in the Community process "have diverse goals, part functional, part national, part bureaucratic and part idealistic, a mix of objectives which influence their attitudes both on particular issues and on the general evolution of the Community [...] the attitudes they express are very much influenced by which hat they wear in any given situation 'where you stand depends on where you sit'" (H.Wallace, "Negotiation, Conflict and Compromise, p.47).

opportunities for progressive slippage which the fusion of the two pillars creates.

## CONCLUSIONS

### FOREIGN POLICY GAPS AND DECISION-MAKING BREAKDOWNS

A summary of the main conclusions drawn from the research should highlight the following points.

First, whenever the goals of diplomacy require the use of economic instruments, the coexistence of broader European interests and strictly national interests locks member states into a foreign policy-making system from which they cannot exit and in which there are scant possibilities of veto. Thus, the accommodation of basic divergences or conflicting interests is likely to follow, rather than to precede, policy engagement.

Second, the EC decision-making system is characterized by the diffusion of power through multiple interconnected layers. These layers coexist and intermesh horizontally rather than hierarchically. Thus, the policy process in each layer cannot be isolated, either analytically or with respect to timing or sequence.

Third, in the absence of clear lines of authority and intelligible principles for resolving conflicts of interests, the system is characterized by structural instability and uncertainty with respect to its outcomes. Thus, satisfactory results are not assured a priori, either for individual participants or to all of them taken as a whole.

Fourth, the Commission's role as a policy entrepreneur is seriously constrained by its lack of authority, cohesion, as well as by the linkages cutting across policy areas. In the case of external relations, DG I occupies a central position in the policy process. However, the fragmented structure of the system provides other DGs with multiples avenues of influence.

Fifth, the system is specifically geared towards obtaining internal consensus rather than foreign policy quality. This results in a structural bias towards the satisfaction of domestic interests, whether private, national, or transnational (European-level). Thus, the difficulties facing the maximization of collective interests should be traced back to the wider preferences of participants for internal consensus, and not merely to the specific institutional arrangements which both reflect and ensure such preferences.

Sixth, it is impossible to distinguish between "high" and "low" politics. Politicization and depoliticization are highly contingent. The fluidity of communication between pillars, levels, and policy areas means that actors are well aware of the implications of apparently self-contained "day-to-day" decisions.

In the following four sections, I will show how these characteristics of the system interacted to produce the policy gap this research is concerned with. Finally, in the last section, I will examine the theoretical implications of the research.

### *Defective consensus*

*Chapter I* revealed how the Twelve, pushed by the Commission, managed to reach agreement on a common policy towards Central Eastern Europe. However, an historical perspective on EC relations with Eastern Europe, as well as the examination of the process by which this agreement was achieved, showed that the consensus on the final goals of this policy was rather weak, if not non-existent.

Member states acknowledged the existence of common interests with respect to Central Eastern Europe, but they were also highly concerned about how their wider political and economic European interests would be affected. As had happened in the past, the new EC *Ostpolitik* was seen to affect core elements of European politics. In this sense, the association policy devised by the Twelve became seriously entangled with issues such as the role and place of Germany in the European concert, the *finalité politique* of the process of European integration, as well as with the question of the limits and model of Europe. And the preferences of member states with respect

to these basic dimensions of the European integration process were very controversial. Hence, from the beginning, the policy of association was subject to very significant constraints.

In the first place, the debate about the goals, level, and content of political dialogue (EPC) to be assigned to EC relations with the Visegrad Three became linked with the debate on the improvement of the foreign policy machinery of the Twelve and was preconditioned by the levels of political dialogue granted by the EC to other of its partners.

Equally, the discussion on the scope and content of the free trade area was strongly related to member states' perceptions of the costs and benefits of their participation in the single market project (competition issues), its likely impact on the common policies of the EC (the CAP etc.), and the EC's economic relations with the rest of the world<sup>1</sup>.

Finally, the debate on the magnitude of the financial disbursements which should accompany the policy of supporting Central Eastern Europe was closely connected with member states' wider preferences with respect to the equilibria of the EC's external relations but, most fundamentally, with respect to their share of EC's distributive policies (the structural funds etc.).

The way in which the wider European interest of assuring the stability of Central Eastern Europe was made compatible with national interests depended on a large number of linkages, reassurances, pay-offs, or exchanges. These so-called "integrative" bargains can be seen, for example, in the way German unification was exchanged for the acceleration of the European integration process. It can also be observed in the way the less wealthy member states exchanged their support for the economic and monetary union for the concept of economic equilibria expressed in the cohesion funds. Finally, in the external relations field, the new Mediterranean policy of

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<sup>1</sup> whether on a horizontal dimension (the Uruguay Round), or a geographical one (EC relations with EFTA, the Mediterranean area, the developing countries, Russia and the rest of Eastern Europe, the NICs etc.).

the EU counterbalanced the EC's rapprochement with Eastern Europe<sup>2</sup>.

These type of "integrative" bargains which lurked behind the association policy were not only difficult to reach. Most importantly, they did not automatically guaranteed satisfactory results for all member states and the Commission. Very often, basic constitutional matters were involved. In some cases, they required a presumably difficult revision of pre-existing policies. In others, they implied setting up completely new policies. Finally, frequently too, a change of context, either at the EC or the international level, would later threaten the satisfactory attainment of each member state's goals. Hence, as the materialization of these integrative bargains lasted longer than the implementation of the association policy itself, these uncertainties always accompanied the association policy<sup>3</sup>.

Member states usually explain their satisfaction with the EPC/CSFP framework and, hence, their reluctance to place foreign policy under the "Community method", by stressing the EPC/CSFP's loose institutional requirements and strong unanimity procedures. According to these explanations, member states would be satisfied by the fact that they cannot be forced to embark on policies that they do not feel accord with their basic interests as well as with the degree of control they exert over the decision-making process. But as those who make such claims recognize, the pay-offs which form the basis for consensus on foreign policy goals operate "behind", i.e. according to the "Community method"<sup>4</sup>.

Thus, member states' satisfaction with the EPC/CSFP framework should in fact be related to the ample opportunities for issue-linkages and pay-offs which the EC system offers them. In the case under study, it was these opportunities which assured member

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<sup>2</sup> On the concept of "integrative" bargains see Bulmer, "Analyzing European Political Cooperation: The Case for Two-tier Analysis", pp.70-91.

<sup>3</sup> As Risse-Kappen has stressed, we should look at how the nature of "intergovernmental" bargains is affected when these take place over "Europeanized" policy areas ("Exploring the Nature of the Beast", pp.53-80).

<sup>4</sup> D.Hurd. 1994. "Developing the Common Foreign and Security Policy". *International Affairs*, Vol.70, No.3, July, pp.421-428.



states that no matter how different their basic interests were at that point, in the long term they would be able to incrementally adjust both their interests and the costs of the policy. Hence, it was the promise of accommodation, rather than the accommodation itself, which allowed the emergence of a common policy towards Central Eastern Europe.

But as the linkages between this policy and the wider political and economic interests of the member states could not be definitively addressed or solved at that moment, these broad uncertainties shaped a policy which was highly ambiguous with respect to its final goals. The mere desire to promote successful transition processes in Central Eastern Europe was not in itself enough to assure that the resulting policy of association would consider the best adaptation of means to goals. Thus, the conditions for a policy gap to emerge were set, first, when the primary goal of supporting the transition processes in Central Eastern Europe became a secondary concern for those in the Council in charge of defining policies and, later, when the blueprint of the association policy openly incorporated all these ambiguities. Thus, the pay-offs working behind the foreign policy system were at the same those which made policy possible, but also those which constrained it.

Uncertainty about the practical materialization of the integrative bargains which had made the policy of association possible did not only provide opportunities for mismatch. It also affected the commitment of those who had been more reluctantly taken onboard to the policy which emerged after such bargains had been reached. Hence, these type of wider agreements did not settle the policy debate once and for all. The decision and implementation phases could not be clearly distinguished and the continuous overlapping and interaction between main policies and the rearrangements they required provided member states and other concerned actors with many opportunities to renegotiate how they were going to be affected by such policies<sup>5</sup>.

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<sup>5</sup> It seems opportune to recall here Peters' description of the system: "this model represents a reversal of the usual logic assumed in rationalistic models of decision-making" [...] "definitions of policy are usually loose and unstructured, there will be a

Furthermore, these types of wider integrative bargains were associated with the European Council, a forum which has little to do with equality among states, where no voting takes place, and in which pure political weight matters more than in any other institutional setting in the EC/EU. In this setting, a large number of contextual elements put pressure on member states to reach wide agreements. However, the "success" of the European Council was also associated with the fact that the guidelines adopted there had to subsequently be put into practice through decision-making mechanisms which were highly conducive to satisfying all member states, irrespective of their political weight. Thus, member states were well aware that they would always have sufficient later on to adjust the policy to their own particular interests.

Nevertheless, a policy was in place. Ignoring for the moment the question of the shortcomings of this policy, it should be noted that the mere existence of a policy in itself constituted a major success. In the past, tensions among member states over the goals of the EC's *Ostpolitik* had precluded the formulation of joint policies. In contrast, by 1989-1990, the EC found in the association policy the expression of the common interest of the Twelve in giving a positive and far-reaching response to the demands of Central Eastern Europe.

That this policy was more compatible with member states' interests in some cases than in others has been duly stressed. In general terms, the feeling that they had been given a heavy burden overshadowed any enthusiasm about the end of the division of Europe. In between, there were many different degrees of commitment, scepticism, cautious and, even, undisguised unease.

Some particular cases exemplified this particularly well. The United Kingdom, for example, tried to force EC's association policy to serve its particular vision of Europe. France, in turn, sought to minimize the suspected impact of the association policy on its preferences concerning the European integration process. Finally, Germany sought to ensure that the EC's association policy would help

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continuing pattern of competition and instability rather than a monopoly" (Guy B.Peters. 1994. "Agenda-setting in the European Community". *Journal of European Public Policy*, Vol.1, No.1, June, pp.20).

to make its basic interest in having a both deeper and wider EC compatible.

It was precisely these conditions of weak or defective consensus among member states which gave Commissioner Andriessen and Commission's Directorate General for External Relations (DG I) excellent opportunities for leadership. Andriessen and DG I were the only actors capable of offering the Twelve a policy which satisfied the EC's global foreign policy interests and, at the same time, was compatible with member states' individual interests. As Chapter I shows, whereas the EPC framework had been very active during 1987 and 1988, 1989 saw the start of its progressive decline, and by 1990 it had been largely marginalized. Thus, Andriessen's and DG I's ability to establish themselves as the only actors defending a comprehensive view of the Twelve's joint foreign policy interests allowed them to capture foreign policy and, subsequently, to represent the only real force encouraging member states to abandon rhetoric and back their statements with policies.

However, the fact that Andriessen and DG I could assume this role also reflected the member states' awareness that they were not taking many risks. At a time when both the European integration process as well as the design of the political and economic architecture of the continent was under considerable strain, association agreements, an old policy instrument rescued from the drawer, provided the Twelve with a single policy the EC could carry out and member states could control. Political dialogue had been around for a long time and followed well-established routines, and member states knew that its common procedures did not necessarily predetermine substance. Secondly, the politics of freer, rather than free trade were also well-rehearsed, and member states' tight control of the Commission meant that few surprises could be expected.

We do not know to which extent the fact that association agreements required unanimity was a definitive element in obtaining the consensus among the Twelve. We do know, however, how easily member states sought the protection of this unanimity roof to seek the maximum compatibility of their national interests with the goal of supporting Central Eastern Europe.

In any event, political dialogue around the EPC was subject to unanimity rules. However, we have seen that the provisions for political dialogue went further than expected when placed in a single, coherent, and encompassing policy framework. In other words, political dialogue benefitted from being backed by EC policies. The same could be said of economic cooperation: a variety of otherwise disperse and uncoordinated elements were pulled together. In contrast, trade policy, otherwise dealt with under qualified majority rules, suffered greatly from being placed in an association framework requiring unanimity. In short, the association policy was a slow and partly ineffective vessel, but it was a safe one for member states.

### *Fragmentation*

The specific content of the EC's association policy was dealt with in *Chapter II*. One of most significant conclusion reached here is that the usefulness of separating bargaining over scope and bargaining over content as two policy phases is largely analytical, given that, in practice, scope and content were confusingly intertwined. However, the fact that the debates on the content of the policy substantially affected its scope does much to explain the widening of the policy gap which was shown to have emerged in the previous chapter.

In bargaining over scope, two type of tensions started to impinge on the association policy. Until then, the Commission had been generally represented by President Delors when dealing with the wider implications of the events in Eastern Europe. Delors had stood on an equal footing with the main European leaders and had proved highly influential at the time of the decisive rearrangements of 1990. Along him, Andriessen had provided the Commission with another pole of leadership with respect to EC policies towards Central Eastern Europe. But when the content of the association policy began to be discussed, the whole Commission and most of its Directorates became involved. Very quickly, some Commissioners and services, specially Bangemann and DG III (Internal Market and Industrial Affairs) and MacSharry and DG VI (Agriculture), started to nuance Andriessen's foreign policy-centred approach with their particular

concerns about how the policies in their charge would be affected by the opening up of EC markets to Central Eastern European trade. In these circumstances, it was soon seen that the Commission, and not only the member states, would constitute a major force which Andriessen and DG I would have to deal with. Thus, in the Commission, the loss of cohesion was beginning to manifest itself as an unresolved problem the association policy would have to live with throughout the entire policy process.

The association policy would confront even more serious problems in the Council, because member states had real power of influence. The main result of the particular negotiating dynamic in the Council's Group on Eastern Europe (GEO) was that the most reluctant member states found there a vehicle for translating their particular concerns into a narrowing of the policy package presented by Andriessen and DG I. At the same time, the most committed member states partly succumbed to the temptation to follow the former. In some cases, the behaviour of some member states could even serve to question the sincerity of their adherence to the policy of association. In others, it revealed that the secrecy of the negotiations on the mandate offered a very good and cost-free opportunity to refuse to back rhetoric with sacrifices.

Formally, the COREPER has no decision-making authority to decide: it only prepares the debates for the Council of General Affairs (CAG). However, the few questions they leave for discussion to the foreign ministers is very illuminating as to their real authority. The same can be said of the GEO, also lacking formal authority but in practice the place where most agreements are reached. Clearly, as decisions, bargaining, and compromises take place at lower and lower levels, the loss of comprehensiveness is greater.

In these circumstances, the Council would witness, first, the opening of distinct "positive" and "negative" coalitions, second, the first contradictions in the behaviour of some member states and, third, the first loss of coherence between the scope and content of the association policy. The existing gap widened because the negotiations over the content of a policy characterized by defective consensus and multiplicity of linkages took place in a decision-making machinery dominated by consensus, issue-fragmentation, piecemeal bargaining,

short-term perspectives, opacity and, most importantly, rigidly geared to the defence of national economic interests.

Neither the foreign ministers, nor the COREPER, or the GEO seemed to be particularly interested in balancing this process with the consideration of the general interests of the EC and the defence of the comprehensiveness of the policy they had previously endorsed. Rather, the debates in the Council in these three institutional settings showed that all of their participants had been sucked to or captured by this dynamic. In other words, problem-solving was replaced by cost-aversion, member states happily exchanging support for each other's particular exemptions on the particular items they disliked. The result of this process was that the accumulation of exchanges decisively affected the comprehensiveness of the policy package presented by DG I<sup>6</sup>.

In short, member states were forced to move the "intergovernmental" foreign policy-making framework into the Community pillar. This increased complexity in two very significant ways. First, the EC system captured foreign policy, but it inherited the unanimity criteria. Second, as foreign policy moved into the EC, the

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<sup>6</sup> The Council's capacity to break down the Commission's proposals into its most detailed component parts is renown in Brussels as the *moulinette*. The results of this dynamic for the comprehensiveness of policies has been subject to extensive research. For similar conclusions to the ones presented here, see D.Dinan. 1994, *Ever Closer Union?* London: Macmillan, specially Chapter 8; F.Hayes-Renshaw and H.Wallace. 1995. "Executive Power in the European Union: the functions and limits of the Council of Ministers". *Journal of European Public Policy*, Vol.2, No.4, December, pp.559-582; N.Nugent. 1991. *The Government and Politics of the European Community*, pp.100-128; J.Pearce. 1983. "The Common Agricultural Policy: The Accumulation of Special Interests", in Wallace, Wallace and Webb, *Policy Making in the European Community*, pp.143-175; F.Scharpf. 1988. "The Joint-Decision Trap: Lessons from German Federalism and European Integration". *Public Administration*, Vol.66, No.3, pp.239-278; F.Scharpf. 1994. "Community and Autonomy: Multi-level Policy-Making in the European Union". *EU/RSC Working Papers*, No.1; and W.Wessels. 1991. "The EC Council: The Community Decision-making Center" in Hoffmann and Keohane, *The New European Community*, pp.133-154. For an insider's view, see E.González Sánchez. 1992. *Manual del Negociador en la Comunidad Europea*. Madrid: O.I.D.

number of actors with a say on the policy process rose considerably, and the impact of the EC's institutions was incorporated into the policy process.

In other words, the Commission assumed the lead in representing the Twelve's foreign policy interests, but in parallel to the rise of DG I, the other services with responsibility for areas affected by the association policy also acquired a say on foreign policy. Furthermore, DG VI (Agriculture), for example, and the interests aggregated around the EC's agricultural policies entered the policy process in conditions of unanimity, rather than under the conditions of qualified majority voting they otherwise enjoyed. Obviously, as the association policy decisively affected not only EC agricultural interests, but also a wide variety of "Europeanized" policy areas, the accommodation of the interests represented by these latter areas, which scarcely coincided with the EC's foreign policy concerns, became much more difficult.

Whilst in bargaining over scope, member states had a central role in shaping policy options, in this "bargaining over content" phase member states behaved more like constituencies seeking to adapt a policy package to their particular preferences. However, the balance of power between DG I, acting in the defence of the EC's and member states' collective interests, and member states, acting as policy-taker fragmented constituencies, was disproportionately weighted in favour of the member states.

### *Collapse and breakdown*

With the start of the international negotiations (*Chapters III and IV*), a new set of elements came to dominate the policy process. In the first place, the stakes were higher. The mandate the Twelve had given DG I was neither definitive nor very detailed. It was merely indicative and basically speculative. In contrast, the results of the international negotiations were to have direct and detailed effects. Furthermore, once closed, they could not be renegotiated. Hence, bargaining among member states was tougher and the tensions greater.

In the second place, the mandate given to DG I represented above all the set of agreements acceptable to member states but not the set of agreements acceptable to the Visegrad Three. I have shown in Chapter II how Commissioner Andriessen and DG I had held intensive contacts with the Visegrad Three prior to the drafting of the mandate. Hence, they had a relatively good idea as to the set of agreements which the Visegrad Three and member states were prepared to ratify. In this sense, the draft mandate presented by DG I to member states represented an attempt to obtain a negotiating mandate which could serve as the basis of agreement between the EC and the Visegrad Three. As seen, the negotiations on the mandate among member states narrowed or downgraded the mandate proposal to the point where it was only acceptable to member states. The price paid for this was the disregard for the demands and negotiating position of the Visegrad Three. Hence, member states had fuelled a further slippage of the association policy.

As the international negotiations evolved, member states were caught between the need to maintain this internal consensus, requiring respect for the original mandate, and the need to achieve agreement with the Visegrad Three, requiring a widening of the mandate. But the priority given to internal consensus meant that member states chose the most difficult way of closing the gap between the two parties. Rather than giving DG I flexibility to depart from the mandate when necessary, they preferred to concentrate on successive modifications to the mandate. However, as has been shown, mandate revisions reopened the particular dynamic of negotiation among member states which had turned the mandate into an obstacle to the conclusion of the association agreements.

The first revision of the mandate, in April 1991, was not very problematic. Although, in spite of DG I's warnings, the member states again failed to come up with a mandate which could truly serve as the basis for agreement, this first revision was not very controversial. However, two elements interacted to make the successive attempts to revise the mandate specially problematic.

As seen in Chapter I, the process by which the association policy emerged had been in the hands of only a small number of actors. Then, the design of the association framework and the process



of drafting the mandate had been opened up to the influence of other Commission services as well as member states' governmental departments. Nevertheless, the core actors had still been DG I and the Council's specialized Group on Eastern Europe. But as soon as negotiations moved on to details and technicalities, the process of negotiations was further opened up to a large number of Commission services and member states' governmental departments. Furthermore, the prominence acquired by the negotiations as a result of the publicity given to the first conflicts between the EC and the Visegrad Three politicized the agreements and fostered the intervention of a wide variety of transnational interest groups. All these new actors were not interested in achieving balanced packages, as DG I and the foreign ministers sought. Rather, they wanted to control the negotiations in the specific policy areas they were interested in, regardless of the consequences for the whole association package or the global requirements of negotiations.

In these circumstances, DG I's negotiators found their already scant authority and capacity to maintain the coherence of the policy package even further undermined. Meanwhile, the foreign ministers could not resist the pressure to satisfy the demands of coalitions established between Commission services (DG III, DG IV, and DG VI), member states governmental departments (Trade, Industry, and Agriculture Ministries), and transnational interests groups (COPA, EUROFER, and COMITEXTIL). In the absence of clear lines of authority and criteria for the resolution of conflicts, all these actors saw the politicization of the agreements as the only way to increase their relative weight<sup>7</sup>.

In these circumstances, the EC policy-making process collapsed in July 1991 after having proved unable to resolve the conflicting pressures. Then, in September 1991, squeezed between the pressures resulting from the coup in Moscow and the ability of these interest

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<sup>7</sup> Evidence proved again that the lack of power and authority the Commission suffers is incompatible with the role of leadership demanded to it (N.Nugent 1995. "The leadership capacity of the European Commission". *Journal of European Public Policy*, Vol.2, No.4, December, p.604).

coalitions to capture the foreign ministers in a majority of member states, it completely broke down.

The spread of conflicting loyalties in the Council was paralleled by the collapse of the Commission's inter-service consultation process. Both the Council and the Commission had long before shown that they could not be considered unitary actors. However, the scale and size of this decomposition process surpassed the expectations. The joint appeal of foreign ministers Genscher, Dumas, and Hurd to Benavides (the Commission's negotiator) exemplified the problems of coherence. Equally, the fact that the breakdown affected DG I and confronted horizontal against geographical units rather accurately portrayed the loss of control over the policy process fostered by the decision-making system.

The timing and precise content of the vetoes which triggered the breakdown could not be predicted. However, it seemed evident that they could only appear at the domestic politics extreme of member states. Vetoes were based on very narrow but highly symbolic issues, related, in turn, to very wide questions. This was the case of both French beef, representing the threat to rural France, and the Spanish position on the VRAs, representing the traumas of Spain's rapid modernization as a result of EC membership. In the case of these two member states, domestic processes led to a situation in which efficiency in achieving their goals in Brussels was sacrificed for the domestic gains of obstinacy.

The association agreements were finally signed in December 1991. Hence, crises, internal divisions, and scarcely coherent, spasmodic, or erratic bargaining behaviour did not necessarily threaten the achievement of association agreements. However, the elements which made it possible to reestablish negotiations were also those which provoked a further slippage. In the first place, the uneven distribution of power and negotiating assets between the EC and Visegrad Three determined that the conclusion of the negotiations would be on the EC's terms. Second, the scale of the internal conflicts within the EC forced the Visegrad Three to desist in their attempt to transform the shape of the agreements. Third, the precarious or even

non-existent coordination of the negotiating positions of the Visegrad Three further helped ensure that EC domestic politics would prevail<sup>8</sup>.

Negotiations showed the extreme vulnerability of the EC's decision-making system. The association policy was already carrying some very significant burdens. First, it was highly controversial in terms of its final goals. Second, it was run through with confirmed or suspected negative linkages and great complexity. Third, it was highly rigid. In short, negotiations showed the effects of depriving the only actor (DG I) within the EC with a comprehensive vision of the requirements of the policy of the necessary authority to conclude negotiations<sup>9</sup>.

### *Inertia*

After the agreements were signed in December 1991, the worsening of the international context which had triggered the EC's association policy made the shortcomings of the overall association framework even more evident. Contrary to expectations, relations between the EC and the Visegrad actually worsened after the agreements were signed (*Chapter V*).

During most of 1992, attempts to adapt the association agreements to the new challenges ran up against the bottlenecks represented by both the economic recession in the EC and the uncertainties surrounding the process of European integration. "Political Dialogue", often depicted as the real achievement of the association agreements, only proved useful to express member states' incoherence. Meanwhile, trade relations between the parties were

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<sup>8</sup> The paradoxical strength of these weaknesses when dealing with third actors has been widely noted. See for example I.Sánchez-Cuenca. 1995. *Las negociaciones agrícolas entre la Comunidad Europea y los Estados Unidos*. Madrid: Instituto Juan March; F.Scharpf. 1990. Games Real Actors Could Play: The Problem of Connectedness. Cologne: MPIFG Discussion Paper, No.8, pp.12-15.

<sup>9</sup> It should be stressed that DG II (Economic and Financial Affairs) enjoyed also a rather comprehensive vision. However, precisely because its competencies were very general, it lacked the possibilities of influence which other DGs had.

presided over by new crises and, overall, a general attitude of retrenchment on both sides.

The conflicts, problems and carefully achieved equilibria which pervaded the negotiations of the association agreements left a marked imprint on EC relations with the Visegrad Three. In these circumstances, the progressive realization within the EC that association agreements were failing to serve its goals, did not prove enough to guarantee that the results of a revision process would ensure that this time the policy would match its original goals. DG I seemed particularly successful in identifying the bottlenecks which were threatening EC relations with the Visegrad Three. In other words, it was soon acknowledged that the absence of a long-term perspective was the main cause of the existing policy gap.

However, the results of the attempts to translate this perspective to the agreements had the opposite effects to those expected<sup>10</sup>. This attempt was in itself the main obstacle to a satisfactory revision of the association agreements. In this sense, attempts to short-circuit the prevailing negative dynamics largely backfired. DG I had learned from the negotiation of the association agreements that the agreements could not be improved by tinkering with only particular elements of the package. In other words, the "product-by-product" approach was likely to strengthen negative coalitions.

This was a wise recognition of reality, but renouncing attempts to improve the most inadequate elements of the agreements was also a major self-imposed defeat. In turn, the strategy of aiming at a global improvement of the association agreements also contained some risks.

The convoking of a so-called High-Level Group of Directors drawn from the member states' foreign ministries was believed to be useful to short-circuit the negative dynamics likely to prevail in the Council's Group. Moreover, the display of "political will" and the priority of foreign policy concerns which the meetings of this group could be expected to produce was also seen as an extremely useful

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<sup>10</sup> On similar problems of path-dependency (defined as "when solutions precede problems") see T.Gehring, 1995. "Integrating Integration Theory: Neofunctionalism and International Regimes". *EURSC Working Papers*, No.39.

element, at the Commission level, to secure a much needed short-circuiting of those services which were most reluctant with respect to trade concessions.

However, the effects on the policy process of this High-Level Group were extremely paradoxical. Until then, the foreign ministers had never engaged in a far-reaching debate on their disagreements regarding EC relations with the Visegrad Three. As seen in the successive chapters, at the meetings of the Council of Foreign Affairs, the foreign ministers had either endorsed the rhetoric emanating from the European Council or had become bogged down in the technicalities dominating negotiations at the Group level. As DG I often complained, the foreign ministers' "orientative" debates had never ended in clear instructions for the COREPER or the Group. But when the High-Level Group engaged in open and frank discussion of EC relations with the Visegrad Three, the size and scale of member states concerns and anxieties over the future of EC relations with the whole of Eastern Europe precluded any demonstration of "political will". Rather than untying the negative linkages dominating the policy of association, the High-Level Group added new and even more problematic linkages.

In Copenhagen, in June 1993, the European Council took a very important step forward. The Twelve endorsed for the first time Central Eastern European countries' desires for membership. However, there was much to suggest that this was a leap into the unknown. The limited trade package agreed on showed that the European Council had not been able to close the gap which had emerged between the goals and the contents of the association policy. Rather, the Copenhagen decisions proved that the gap had ossified. In these circumstances, it seemed paradoxical that a whole change of policy was easier to agree on than a change in the content of the existing policy.

In Copenhagen, the Central and Eastern European countries left association behind and embarked on an incipient pre-accession policy. But as the events after 1993 showed, substantial problems remained behind this apparent success. By changing the context in which bilateral relations would be dealt in the future, the Twelve had managed to camouflage their failure to improve the association policy.

However, the elements in which EC's association policy had been most defective were precisely those which sought to facilitate the economic convergence of the EC and the Visegrad Three. In other words, Copenhagen set very strict conditions for the enlargement of the EC to the East, but it acted as if the EC had nothing to do with the fact that the fulfilment of these conditions depended to a large extent on policies which the EC had shown particularly unable to engage in decisively.

The pre-accession agenda was to contain items such as institutional reform, the reform of the CAP, and the revision of structural policies. At the same time, the domestic agenda was to include monetary and economic union and new steps in security and foreign policy matters. Thus, the new scale of the challenges ahead for an Eastern enlargement again paralleled the problematic scenario for European integration which had substantially affected the definition of an association policy in 1990.

### *Elusiveness*

In the introduction of the thesis, a concern was expressed about improving prevailing explanations for the sources of the lack of consistency often seen in EC/EU external actions. I examined with some detail how analyses have often stressed that the source of these problems lies in the existence of two different decision-making settings playing different roles and working under distinct logic. Accordingly, problems of coherence would appear when narrow interests prevail in the implementation phase over the larger political and economic interests triggering policy engagement in the earlier policy-definition phase. Hence, the logic of domestic politics prevailing at the Community pillar would often stand in opposition to the logic of foreign policy and long-term interests dominating the EPC/CSFP framework.

But before contrasting evidence drawn from this research with those arguments, I believe it is important to place such debate in its proper context. Concerns that "domestic politics" are a threat or, at least, an obstacle to the successful conduct of foreign policy have been

long central to realist theories. Tocqueville already saw "the passions" which dominate domestic politics as a threat to the satisfaction of foreign policy goals<sup>11</sup>. That the EC/EU is not a democracy has not prevented scholars from incorporating this sceptical view. EC/EU "passions" would be represented by the existence of a decision-making system in which the absence of authority, the consensus requirement, and openness to particular interests do often result in long-term goals being sacrificed to satisfy narrow economic interests.

The European policy-making scenario, characterized by decentralization, the dispersion or lack of authority, and a large number of veto actors is very problematic, but specially troublesome in the absence of true European political parties, public opinion, and mass-media. Thus, the question facing theorists and policy-makers seems to be how to resolve the conflicts between EC/EU wide and unescapable foreign policy goals, needs and requirements, on the one hand, and domestic politics, whether geared to the defence of private, national, or EC wide interests.

It has been widely noted that foreign policy capacity and, by extension, the possibilities of international cooperation, are closely associated with the credibility with which domestic institutions sustain foreign policy goals<sup>12</sup>. The stage of integration of the EC/EU system may be well seen in the extent to which its foreign policy capacities have been subject to the rising impact of EC/EU's domestic politics. The EPC solution adopted by the Six in 1970 represented, above all, the wish of member states to maintain control over diplomacy. However, if by "control" we understand that diplomacy is carried out by restricted, cohesive and authoritative actors, it seems evident that the EC/EU has gone well beyond that point. In this sense, it is not

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<sup>11</sup> Tocqueville. [1988] *La Democracia en América*. Madrid: Aguilar, Vol.I, p.223. See also J.Joffe. 1988. "Tocqueville Revisited: Are Good Democracies Bad Players in the Game of Nations?". *The Washington Quarterly*. Winter, pp.161-189.

<sup>12</sup> P.Cowhey. 1993. "Domestic Institutions and the credibility of international commitments: Japan and the United States". *International Organization*, Vol.47, No.2, Spring, pp.299-326; and P.Gourevitch. 1996. "Squaring the circle: the domestic sources of international cooperation". *International Organization*, Vol.50, No.2, Spring, pp.349-373.

difficult to argue that, at present, the debate on whether the CSFP should abandon or maintain its intergovernmental features and integrate or not under the roof of the Community "method" is largely artificial.

In complex foreign policy areas such as the one this research has studied, European integration has reached a point at which member states can only veto, but not threaten to exit or act independently. Member states have come to a situation in which their national interests coexist with a set of larger interests<sup>13</sup>. These "Community" or "European" interests stem from the combined weight of member states and the EC/EU in the international sphere, but also from their engagement on a myriad of common policies in a wide variety of matters, from technology to agriculture, from fiscal regulation to transport, etc. Above all, these European interests reflect the distinctive size and quality of the challenges, opportunities and constraints facing member states as a result of their participation in the joint enterprise of the European integration process. It is easy to see that, as a result, the EC/EU has developed one fundamental characteristic proper of a foreign policy system, namely, the existence of a domestic level.

The collective interests of the Twelve may overlap with their individual interests, but they are not at present hierarchically superior to them. Moreover, and in similar way to any political system, when and to what extent external interests should prevail over domestic interests is a matter subject to political and not legal decision. In consequence, the focus of the analysis should lie on how the existing variety of interests are accommodated. In other words, it is not a question of choosing between. At present, the actual system is biased towards the maximizing of the domestic interests of the EC as a whole, just as much as it is to the satisfying of the particular national interests of the Twelve, and even to appeasing certain influential private interests. Thus, this set of elements pulls policy away from maximizing collective foreign policy interests. This does not necessarily presuppose that the system is inefficient. Rather, one

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<sup>13</sup> I am not assuming that something like a fixed and non-temporal "national interest" exists. Perhaps, "governmental preferences" would be a more adequate term.



could argue, the efficiency of the system consists in assuring consensus. Thus, under present conditions, consensus is a superior value. Because institutions reflect preferences, efforts at improving the institutional design may be condemned to failure<sup>14</sup>.

In this particular system, sovereignty is distributed so diffusely that the problem of accountability becomes particularly acute. When authority is so widely distributed across the system, it becomes impossible to assign responsibilities for outcomes<sup>15</sup>. Nevertheless, identifying the sources of the problem does not necessarily mean that solutions will be easier to find. The majority of theoretical approaches to European integration start out from a state-centric model. Neither intergovernmentalism nor neofunctionalism offer satisfactory accounts of why policy gaps emerge.

Intergovernmentalism has led us to believe that convergence around interests is prior to and more difficult to obtain than the subsequent agreement on policies. Hence, agreement or convergence over interests should free the way for the formulation of policies<sup>16</sup>. Neofunctionalist arguments, in turn, lead us to presume that the ample possibilities for issue-linkage and pay-offs supposed to exist in the "Community-method" would have sufficed to ensure that policies would have maintained coherence between goals and results.

Neofunctionalism claims that the success of "day-to-day" politics in the EC can largely be explained in terms of the "depoliticization" the system fosters. In turn, this depoliticization would produce and

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<sup>14</sup> "Where you need a particular institutional design to promote cooperation, you usually cannot get it; where you can get it, you usually do not need it" (E.Ulsaner. 1989. *Shale Barrel Politics*. Stanford, Ca.: Stanford U.P, p.12).

<sup>15</sup> "There is no question any more that European democracies are discrediting themselves when, for an ever growing number of urgent problems, national political leaders must admit their impotence by calling for 'European solutions' while in Brussels interminable negotiations will, at best, lead to compromises that are declared unsatisfactory by all concerned, and for which nobody is willing to assume political responsibility" (Scharpf, "Community and Autonomy", p.2).

<sup>16</sup> On this "preference-convergence" hypothesis, see A.Moravcsik. 1993. "Preferences and Power in the European Community". *Journal of Common Market Studies*, Vol.31, No.4, December, pp.473-524; Keohane and Hoffmann, "Institutional Change in Europe in the 1980's", pp.1-40.

sustain spill-over effects. It is supposed that the incremental dynamic dominating the policy-making process ultimately does much to facilitate member states' convergence around integration goals. Thus day-to-day policies would help to sustain, improve and, sometimes, serve as the basis for the convergence of preferences required by big integrative decisions<sup>17</sup>.

This research shows that neither of these two scenarios in fact match reality. "Big decisions" and "day-to-day" policies interacted very profusely. Member states saw or suspected that decisions apparently only affecting very particular policy areas had very wide implications. In some cases, member states feared that the accumulation of such decisions would threaten their control over long-term policy goals. This was evident, for example, in the widespread recognition that the success of the association policy would have enlargement implications at a time when the mere possibility of such an enlargement was perceived by some member states as a clear threat to larger political and economic goals. In other cases, apparently self-contained decisions concerning trade liberalization were seen as a threat to major goals of member states. The viability of rural France or the Spanish adjustment to the single market were at stake when member states negotiated small quotas or side-declarations. Politicization was an everyday fact of life in apparently "low politics" issues.

In contrast, member states' support for the European integration process, as well as their preferences with respect to the route this should take, were largely related to their satisfaction with the way such "narrow" policy issues were being addressed or resolved. Hence the term "narrow" is not the most appropriate for describing the interests at stake. At this time, the process of Eastern enlargement of the EC/EU is still far from complete. However, this research

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<sup>17</sup> A.Burley and W.Mattli. 1993. "Europe Before the Court: A Political Theory of Legal Integration". *International Organization*, Vol.41, No.1, Spring, pp.41-76; G.Peters. 1992. "Bureaucratic Politics and the Institutions of the European Community", in Sbagria, *European Politics*, pp.75-122; D.Wincott. 1995. "Institutional Interaction and European Integration: Towards an Everyday Critique of Liberal Intergovernmentalism". *Journal of Common Market Studies*, Vol.33, No.4, December, pp.597-609.

demonstrates that the history of this enlargement will not be able to be written by looking only at the "big decisions" taken around the European Council meetings.

This confused and confusing policy-making scenario was particularly evident with respect to the question of pillars. It cannot be stressed enough that the system of separating "foreign policy in the hands of the member states" and "external relations in the hands of the EC" completely melted down. Dehousse and Morgan have already called our attention to the intergovernmental "pollution" which "communitarized" policy areas have been suffering as a result of the communication between pillars<sup>18</sup>.

This research supports their arguments. Furthermore, it shows how this process was already visible before the Maastricht Treaty. Member states had more than enough avenues for controlling the costs of the policy package, irrespective of the stage, pillar, level, or policy area. However, once engaged in defending their particular interests, they proved less able to control the effects for the policy package of the dynamic they had unleashed. Furthermore, their participation was often uncoordinated, unstructured, and scarcely coherent. The result was that member states did not only weaken the comprehensiveness of the policy package placed before them. As the two crises of September (France) and December (Spain) 1991 exemplified, when member states attempted to escape the pressure to agree, they ended up much worse off than if they had negotiated how to accommodate to such pressures.

The picture at the Commission is equally confusing. DG I captured foreign policy, but as it inherited already existing problems and new ones developed, its leadership role was progressively constrained. DG I had resources to which the whole system was not very sensitive, i.e. long-term collective interests and external pressures. But other DGs had more efficient resources, i.e. pre-existing policies, principles and interests, as well as an ability to construct around these coalitions including member states and transnational groups. We have seen how neofunctional dynamics (issue-linkage and pay-offs) assured

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<sup>18</sup> Dehousse, "From Community to Union", pp.5-15; Morgan, "How Common Will Foreign and Security Policies be?", pp.189-199.

the satisfactory conclusion of intergovernmental bargains at a time when the latter alone did not serve for agreement. However, it has also been seen how the neofunctional dynamics of each policy area thwarted, rather than fostered, the achievement of foreign policy goals.

As "pollution" was a two way street between pillars and intergovernmental and neofunctional dynamics, the extent and width of such "hybridation" process should lead us to reconsider whether we should inherit the categories of a system which has collapsed and the theories which attempted to explain it<sup>19</sup>.

Explanations of the type "the intergovernmental pillar worked better than the supranational one" do not make much sense. Though both may offer useful explanations for some particular features, neither intergovernmentalism nor neofunctionalism seem able to come to terms with the complexity of the system. Demands that the complexity of the analysis be increased to match the complexity of the decision-making system are scarcely original. However, a good starting point could be to change the whole perspective from which we look at foreign policy gaps. Whilst in the past, it could be claimed that foreign policy gaps were likely to derive from the existence of two separate watertight compartments, now we should rather turn to the

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<sup>19</sup> Some have tried to resolve these problems by adding new "levels" in between "day-to-day politics" and "big decisions". Peterson, for example, proposes distinguishing between "super-systemic", "systemic" and "meso-level". According to him, policy networks theory would best explain outcomes at this meso level. But again, the whole exercise seems a futile attempt to separate rather than to communicate decision-making levels so as to preserve one's theoretical claims. See Peterson, "Decision-Making in the European Union", pp.69-94. For a critique, see Kassim, "Policy Networks, Networks and European Union Policy Making: A Sceptical View", pp.15-27. Modelling will be difficult as far as actors in the Community process "have diverse goals, part functional, part national, part bureaucratic and part idealistic, a mix of objectives which influence their attitudes both on particular issues and on the general evolution of the Community [...] the attitudes they express are very much influenced by which hat they wear in any given situation 'where you stand depends on where you sit'" (H.Wallace, "Negotiation, Conflict and Compromise, p.47).

opportunities for progressive slippage which the fusion of the two pillars creates.

## **ANNEX I: CHRONOLOGY**

### **1987**

January, EC and CMEA open negotiations  
June 4, EC and Hungary open TCA negotiations  
October 13, CMEA Summit in Moscow

### **1988**

June 9, Initialling of EC-CMEA Joint Declaration  
June 16, EP approves Joint Declaration  
June 22, CAG approves Joint Declaration  
June 25, EC-CMEA sign Joint Declaration  
June 27-28, European Council meeting in Hannover  
July 1, Initialling of EC-Hungary TCA  
July 22, Poland proposes EC to establish official relations  
August 10, EC establishes official relations with Hungary, USSR, Bulgaria and the GDR  
September 16, EC establishes official relations with Poland  
September, 26, Signing of EC-Hungary TCA  
October 15-16, Informal meeting of EC foreign ministers in Ioannina  
October 20, Initialling of EC-Czechoslovakia Trade Agreement  
December 1, EC-Hungary TCA comes into force  
December 2-3, European Council meeting in Rhodes  
December 13, EC-Hungary TCA first Mixed Committee meeting  
December 19, Signing of EC-Czechoslovakia Trade Agreement

### **1989**

April 24, EC suspends TCA talks with Romania  
May 1, Trilateral Commission proposes association agreements  
June 1-2, EC-Czechoslovakia first Advisory Committee Meeting  
June 6, Solidarity wins Polish elections

June 26-27 European Council meeting in Madrid  
July 14-16, G-7 Summit in Paris  
August 1, G-24 first Ministerial meeting  
August 8, Initialling of EC-Poland TCA  
August 14, Tadeusz Mazowiecki proposed as Prime Minister in Poland  
September 8, Gerasimov declares Brezhnev Doctrine abolished  
September 10, Hungary opens borders  
September 12, Polish Sejm approves Mazowiecki naming  
September 19, Signing of EC-Poland TCA  
September 21, G-24 plan for Poland  
September 26, Delors warns on dissolution  
September 26, Commission launches PHARE  
October 24, Mitterrand proposes the EBRD  
November 9, fall of Berlin Wall  
November 13, Thatcher proposes association agreements  
November 16, EP Political Committee proposes association agreements  
November 18, Informal European Council meeting in Paris  
November 28, Kohl's "Ten Points" on German reunification  
November 29-30, EC-Hungary TCA second Mixed Committee meeting  
December 4-5, EC-Poland TCA first Mixed Committee meeting  
December 6, GAC widens EC-Hungary TCA  
December 8-9, European Council meeting in Strasbourg  
December 18, EC-USSR sign TCA  
December 18, Czechoslovakia asks for association agreement  
December 20, EC suspends diplomatic relations with Romania

## 1990

January 9, CMEA meeting in Sofia  
January 20, EC foreign ministers informal meeting in Dublin  
March 13, Initialling of EC-GDR TCA  
March 18, Elections in East Germany  
March 21, GAC widens 1988 EC-Czechoslovakia Trade Agreement  
April 3, Poland demands association agreement  
April 4, Czechoslovakia quits CMEA's transferable roubles agreement

- April 8, Democratic Forum wins elections in Hungary
- April 9, Poland, Hungary, and Czechoslovakia Summit in Bratislava
- April 19, Kohl-Mitterrand joint initiative for strengthening the EC
- April 21, GAC approves Commission's plan for German unification
- April 28, European Council meeting in Dublin (I)
- May 8, Signing of EC-Czechoslovakia, EC-Bulgaria, and EC-GDR TCA
- May 17, Polish formal demand of association agreement
- May 18, Union Treaty between the two Germanies
- May 23, Antall becomes Hungary's Prime Minister
- May 29, EBRD inaugurates
- May 31, EPC consultations with Poland in Warsaw
- June 8, EC-Romania initial TCA
- June 8-9, Civic Forum-Public Against Violence wins elections in Czechoslovakia
- June 12, Poland, Hungary and Czechoslovakia-EFTA cooperation agreements
- June 18-19, GAC delays EC-Romania TCA ratification
- June 21, Poland presents association agreements memorandum to Andriessen
- June 25-26, European Council meeting in Dublin (II)
- July 1, Monetary Union between the two Germanies
- July 26-27, DG I-Poland preliminary consultations on association agreements
- August 1, Commission offers association agreements
- August 2, Irak invades Kuwait
- September 9, Czechoslovakia demands association agreement
- September 12, Treaty on the Final Settlement with Respect to Germany
- September 17, CAG approves Commission's association framework
- September 20-21, Delors in Prague
- September 28-29, Second EC-Poland TCA Mixed Committee meeting
- October 2-3, EC-Poland exploratory talks on association
- October 3, German unification
- October 9-10, EC-Czechoslovakia exploratory talks on association
- October 16-17, EC-Hungary exploratory talks on association



October 27-28, European Council meeting in Rome (I)  
November 1, EC-Czechoslovakia TCA comes into force  
November 7, Commission proposes association directives  
November 12, GAC holds orientative debate on association directives  
November 19-21, CSCE Paris Summit  
December 14, Mazowiecki resigns  
December 14-15, European Council meeting in Rome (II)  
December 17, EP green light to association negotiations  
December 18-19, CAG approves association directives  
December 20-23, First round of association negotiations

## **1991**

January 5, the CMEA dissolves  
January 19, Krzysztof Bielecki named Polish Prime Minister  
January 30, Kohl says association agreements will lead to membership  
February 8-14, Second round of association negotiations  
February 15, Warsaw Pact Summit in Visegrad (Hungary)  
February 15, Poland, Hungary, and Czechoslovakia Summit in Visegrad  
February 25, Warsaw Pact to dissolve its military structure  
February 27-28, Last CMEA Summit in Budapest  
March 9, First EC-Czechoslovakia TCA Mixed Committee meeting  
March 18-26, Third round of association negotiations  
March 20, Havel meets Delors in Brussels  
March 23, Havel meets Mitterrand in Paris  
April 1, Warsaw Pact dissolves its military structure  
April 3, Mitterrand warns on the "illusions on an easy access to the EC"  
April 8, Schengen countries abolish visa for Visegrad citizens  
April 13, Mitterrand says "dozens and dozens of years" for Visegrad membership  
April 15, CAG revises the association directives  
April 19, Andriessen launches "associate membership" proposals  
April 22-23, EC-Poland fourth round of association negotiations  
April 29-30, EC-Hungary fourth round of association negotiations  
May 6-7, EC-Czechoslovakia fourth round of association negotiations  
May 8, González warns the "EC is not going to pay the bill"

May 27-29, EC-Hungary fifth round of association negotiations  
June, 10-11 EC-Poland fifth round of association negotiations  
June 19-21, EC-Czechoslovakia fifth round of association negotiations  
June 27-28, EC-Hungary sixth round of association negotiations  
June 28-29, European Council meeting in Luxembourg  
July 3, Walesa meets Delors in Brussels  
July 9-11, EC-Poland sixth round of association negotiations  
July 29, CAG postpones the revision of the directives  
July 31, EC-Czechoslovakia sixth round of association negotiations  
July 31, Farmers demonstrations in France  
August 7, EC-EFTA EEA negotiations stall  
August 19-21, Coup d'état in the Soviet Union  
August 20, EPC Ministerial meeting in The Hague  
September 4, Andriessen seeks to place association in membership perspective  
September 6, France blocks the widening of the directives  
September 8, Poland threatens to cancel association negotiations  
September 29, 200.000 farmers demonstrate in Paris  
September 30, CAG widens association directives  
October 5-6, Visegrad Three Summit in Cracow  
October 14-15, EC-Hungary seventh round of association negotiations  
October 20-21, EC-Poland seventh round of association negotiations  
October 23-24, EC-Czechoslovakia seventh round of association negotiations  
November 5-6, EC-Czechoslovakia eight round of association negotiations  
November 7-8, EC-Poland eight round of association negotiations  
November 11, GAC suspends EC-Yugoslavia 1980 TCA  
November 13-19, EC-Hungary eight round of association negotiations  
November 18, ECJ questions the EC-EFTA EEA agreement  
November 22, Commission and Visegrad Three initial association agreements  
November 23, Commission debates enlargement  
November 25-26, EP approves 1,250 mecu credit to the USSR  
November 27, Spanish Foreign Minister threatens to veto association agreements

December 3, EC Home Ministers coordinate immigration policies  
December 9-10, European Council meeting in Maastricht  
December 16, EC and Visegrad Three sign association agreements  
December 16, GAC adopts guidelines for recognition of new states  
December 26, USSR ceases to exist

## 1992

January 14, Hurd supports Visegrad membership before year 2000  
January 15, EC recognizes Croatia and Slovenia  
January 17, EP gives its assent to interim agreements  
January 24, Greek truck-drivers block Czechoslovak and Hungarian lorries  
February 4, Initialling of EC-Lithuania, EC-Latvia TCA  
February 4, Genscher supports Visegrad membership "as soon as possible"  
February 7, Twelve sign Maastricht Treaty  
February 17, Opening of EC-Poland car quota crisis  
March 1, EC-Visegrad interim agreements comes into force  
March 1, Referendum in Bosnia-H supports independence  
March 3, Meeting of 10 Baltic foreign ministers  
March 30, Kohl supports Visegrad membership before the end of the century  
April 2, EPC Troika Political Directors meet with Visegrads in Lisbon  
April 17, Visegrad Three set up "Central European Cooperation Committee"  
May 5, EPC Troika Political Directors meet with Visegrads in Prague  
May 6, Visegrad Three Summit in Prague  
May 14, Opening of EC-Bulgaria association negotiations  
May 21, First EC-Czechoslovakia IA Mixed Committee meeting  
May 27, Major supports Visegrad membership  
June 2, "No" to Maastricht wins in Danish referendum  
June 5, Kohl-Major meeting to accelerate enlargement to EFTA countries  
June 8, Hanna Suchocka becomes Poland's Prime Minister  
June 22, First EC-Hungary IA Mixed Committee meeting  
June 26-27, European Council meeting in Lisbon

June 29-30, First EC-Poland IA Mixed Committee meeting  
August 18, Commission curbs Czechoslovak steel exports  
September 8, Jacques Attali demands association agreements to be renegotiated  
September 16, EP ratifies EC-Poland and EC-Hungary association agreements  
September 20, Close "Yes" to Maastricht referendum in France  
October 5, EPC Troika Foreign Ministers Summit in Luxembourg with Visegrad Three  
October 16, European Council meeting in Birmingham  
October 28, Major-Delors Summit with the Visegrad Three in London  
November 17, Commission-Romania initial association agreements  
December 6, Swiss "No" to the EEA agreement  
December 11-12, European Council meeting in Edinburgh

### **1993**

January 1, Czechoslovakia splits  
January 11, Vaclav Klaus calls Visegrad grouping "artificial"  
February 1, EC-Romania sign association agreement  
February 25, Commission curbs Eastern steel exports  
March 1, CEFTA agreements enters into force  
March 8, EC-Bulgaria sign association agreement  
April 7, EC bans all meat imports from Eastern Europe  
April 11, Poland, Hungary and Czechoslovakia adopt symmetric retaliation ban  
April 15-16, East-West Conference in Copenhagen  
June 8, GAC approves improvement of association agreements  
June 21-22, European Council meeting in Copenhagen  
October 4, Signing of EC-Czech Republic and EC-Slovakia association agreements  
October 29, European Council meeting in Brussels (I)  
November 9, EC offers Russia association agreement  
December 10-11, European Council meeting in Brussels (II)

### **1994**

April 1, Hungary submits membership application

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April 7-8, First EC-Hungary, EC-Poland Association Council meeting

April 8, Poland submits membership application

June 24-25, European Council meeting in Corfu

December 9-10, European Council meeting in Essen

## ANNEX II: THE MANDATE

### 1. Methodology

In contrast to documents referring to the Council or COREPER meetings, in which the Commission thoroughly summarized the oral proceedings (*SI* series), there are no available written reports by the Commission's representatives on the debates around the mandate in the Group of Eastern Europe (GEO). Thus, except for the handwritten notes in the margin of the documents, we have no detailed summaries of the GEO meetings which the Commission's representatives otherwise usually draft. Still, I will show, the comparison of the incoming and outgoing documents of each GEO meeting offers a good means to discovering what happened actually in the Group.

First, the objections of member states and the reactions of the Commission to them are included at the end of each paragraph of the proposal under discussion. These remarks, of the type "*D*: [meaning Germany] *réserve sur le par. 2 et 3 (en faveur d'une suppression des limitations pour le TPP)*" or "*ESP souhaite renforcer par un référence à la volonté des parties de remplir pleinement leurs obligations au titre de GATT*" can be classified as follows.

Any member state can introduce a *réserve d'étude* (or *réserve d'examen*), meaning that the representative's national administration is studying the text, either in its original form or a proposal or agreement suggested during the debates in the GEO. A similar reservation, the *réserve d'attente*, implies that the technical study of the text has already been carried out but that a country's delegation needs time to define its negotiation position or is actually engaged in negotiating it.

In response to such reservations, the Presidency can, in any given session, call on member states to drop them or turn them into

formal reservations. These latter constitute the strongest expression of a member state's position to the text: a simple *réserve* implies deep dissatisfaction or rejection to a particular paragraph or article, while a *réserve générale* is a type of preliminary veto by which a state warns the Group that it objects to the whole text because of such a particular point. Apart from casting formal *réserves*, member states also express their positions, either individually or collectively, in a variety of ways. A delegation may *demand, wish, be in favor of, esteem* or *point* to its particular preferences with respect to the text, seeking the Group and the Commission to accept them.

Apart from the written comments to the articles, member states, and the Commission, express their positions through proposals and counter-proposals, which are usually annexed in brackets into the text, or by particular declarations, which are placed at the end of the document. Through these *déclaration au procès-verbal*, the Council, the Commission, a particular country, or the Council and the Commission together, express the particular nuances or interpretations with respect to the article which the author of the declaration wants to stress. Most frequently often, they quite accurately reflect the bargainings which have made final agreement possible or, alternatively, highlight the weaknesses of these agreements<sup>1</sup>.

Besides the detailed examination of the articles of the Commission proposal, the Group periodically produces a summary of the negotiations (or *Résultat des Travaux*). When the capacity of the members of the Group to conclude agreements is exhausted, the Group prepares the text for its submission to the COREPER by way of a *Rapport du Group au Coreper*. These reports include, along with a detailed account of the remaining reservations, a thorough description of the most problematic issues and member states' positions. Thus, notwithstanding the absence of minutes, taken

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<sup>1</sup> On the exact meaning of the various types of statements see W.Nicoll. 1993. "Note the Hour - and File the Minute". *Journal of Common Market Studies*, Vol.31, No.4, December, pp.559-566.

together all these texts permit sufficiently accurate understanding of the dynamics of negotiations at the Group level<sup>2</sup>.

Various types of opportunities are created by the availability of such extensive documentation. First and foremost, there is the possibility of comparing DG I's proposal (SEC 90 2122) of 30 October 1990 with the final Council decision of 17 December 1990, i.e. the mandate (11043/90 EST 152). This simple comparison of the text proposed by the DG I and the final mandate approved by the Council enables us to understand better the subsequent negotiations, specially taking into account that the directives were kept secret throughout all the ensuing formal negotiations. Moreover, such comparisons are crucial to establish some conclusions as to the particular roles played by both DG I and the Council throughout the policy process. Of these roles, it is important to stress that neither the GEO nor the COREPER have any formal authority to make decisions. In theory, they only prepare the texts for the approval of the Ministers, who are the only people with formal decision-making power. In practice, as we have seen, most of the negotiations were carried out in the GEO, a few items were left to the COREPER, and even fewer subjects were actually debated in the Council of General Affairs (CAG). As is well-known, the COREPER prepares two lists: points "A" are automatically adopted by the CAG without debate and points "B" are subject to discussion. But in fact, similar rules governed the relationship between the GEO and the COREPER. The GEO's task was to unload as much as possible the agenda of COREPER and, in practice, most of the mandate was agreed on at the GEO level.

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<sup>2</sup> On how the Group works see the writings of two Council insiders: E.González Sánchez. 1992. *Manual del negociador en la Comunidad Europea*. Madrid: OID; and R.Giménez Peris. 1995. *Manual de procedimiento de la Unión Europea*. Madrid: Ministerio de Agricultura y Pesca. See also F.Hayes-Renshaw and H.Wallace. 1995. "Executive Power in the European Union: the functions and limits of the Council of Ministers". *Journal of European Public Policy*, Vol.2, No.4, December, pp.559-582; and N.Nuggent. 1991. *The Government and Politics of the European Community*, London: Macmillan, pp.100-128. I am indebted to a Cabinet Member interviewee with long experience of both the Council's Group and Commission's Cabinet dynamics.



The tables included in this annex are of two types. In the first case, I have broken down DG I's proposal and the final Council's mandate into different sections and presented both texts side by side. In the columns corresponding to the mandate (to the right), emphasis means that the point is new, i.e. that it was not included in DG I's proposals. Thus, emphasized points represent all the modifications introduced after the internal negotiations. Points originally contained in DG I's proposal but later suppressed have been eliminated. Finally, a number between brackets [] indicates the position of this item in the original proposal.

The second type of table reflects the total number of reservations presented by each member state to each section, either in the GEO or by the Commission (excluding DG I) during the inter-service consultation process. The table identifies the author of the reservation (column I); the total number of reservations presented by each actor (column II); the content of the reservation and the point it referred to (column III); whether it sought to upgrade or downgrade DG I's proposal (column IV); whether it was accepted or (column V); as well as a briefly highlighting either the way the issue was resolved, whether there was any coalition or further details on the object of the reservation (column VI), comments which can be better understood looking at the preceding tables or in the text in Chapter II.

The table summarizing the results of the process which I have already presented in Chapter II, and which I reproduce here again (Table IV), is the result of the combination of these two types of tables and the information provided by texts, i.e. the positions of delegations on each article, the introductory briefings to the *Résultat des Travaux* or the *Rapport du Groupe au Coreper*, and the *déclarations au procès-verbal*.

Table III classifies the reservations presented by member states and the other Commission's services to DG I's proposals. Identifying when an actor presented a *réserve* proved more difficult than expected. First, because, as mentioned, there are various types of formal reservations. Second, because "suggestions", "opinions", "wishes", "calls of attention", "demands" etc., often imply a more stronger positioning of a delegation than *réserves* themselves.

In these circumstances, the decision to attribute the authorship of a *réserve* to an actor has been based on qualitative rather than in strictly quantitative analysis of all the relevant documents, which I also present in this section. Though I will understand if the reader may disagree with this particular way of proceeding, specially because it provides him or her few elements to judge the correctness of my decisions, I would like to stress that the "quantitative" analysis of these reservations merely complements of the qualitative analysis and in no way attempts to replace it. In any event, I believe that the tables detailing the content of the position of each actor do offer some clues to why I have decided that a particular actor was either "for" or "against" a particular point of DG I's proposal.

To continue with the problems presented by the analysis of the successive versions of the mandate, I acknowledge that by concentrating on the documents I have left aside the crucial verbal and/or informal component of any negotiations. Needless to say, such an opening of the black-box would require research of its own, including intensive interviews with the members of the Group, extensive access to Council's and member states' national administration documentation of the Council, and hence the narrowing of the research to the mandate itself.

A further difficulty is added by the fact that the minutes of the COREPER proceedings were not available. Thus, the only way to know what went on in the COREPER is the comparison of the incoming and the outgoing documents. Hence, only having Commission often illegible hand-written in the margins of the documents, instead of all participants' notes, and without a knowledge of the verbal process which dominates any negotiation, one has to conclude that the results of the analysis may be more indicative than exhaustive in this particular respect. Thus, the analytical tools I have developed are inevitably rather rudimentary.

Two further points should be noted. First, that the text which served as the basis for all the mandate negotiations were the directives for Poland. This does not pose a problem of generalization given that all the services concerned at the Commission and Council level negotiated the Polish version in the understanding that only minor differences would emerge on the Hungarian and Czechoslovak's texts.

I confirmed this point by comparing the directives for Hungary and Czechoslovakia with the ones for Poland (documents 7H and 7C).

Second, that in accordance with according to the goals of the thesis stated in the introduction, the analysis excludes the sections on economic cooperation and assistance, except the one dealing with financial cooperation. Thus, the study covers there major sections:

(i), political relations, including the Preamble and the Political Dialogue sections, i.e. point *III. Contenu de l'accord*, section *A. Préambule*, section *B. Dialogue Politique*,

(ii), the free trade area, comprising industrial products; particular regimes (coal, steel, textiles, transformed agricultural products, agriculture and fisheries), accompanying measures (standstill dates, safeguard clauses etc), circulation of persons, services and capitals, i.e. point *III. Contenu de l'accord*, section *C. Libre Circulation des marchandises*, heading *C.1. Échanges de produits industrielles*, heading *C.2. Échanges de produits agricoles et de la pêche*, heading *C.3. Mesures d'accompagnement*, section *D. Personnes, Services, Capitaux*, and

(iii), financial cooperation, i.e., section *III. Contenu de l'accord*, point *G. Coopération Financière*.

## 2.Documents

The approval of a mandate required, besides the meetings at the Commission level, eight meetings of the Council's Group of Eastern Europe (GEO), three of the COREPER and two Councils of General Affairs (GAC)<sup>3</sup>. The available documents on the negotiation process are fifteen, besides the minutes of the two Council meetings. These are:

Table I: Commission's documents. 1) DG I's proposal of 30 October 1990; 2) version revised by the Commissioners' Chiefs of Cabinet meeting on 31 October; 3) version approved by the Commission on 7 November 7; 4) version presented in the GEO on

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<sup>3</sup> See Annex II for a review of the policy process.

8 November for preliminary debate before the CAG's orientative debate of 12 November.

Table II: The second group of documents correspond to the debates of the GEO in 14, 16, 23, and 27 November, and the COREPER meeting of 28 November.

Table III: GEO sessions of 3, 7, and 10, December and the official Council Decision of 18 December 1990, i.e. the mandate, *stricto sensu*.

Except for the last document, i.e. the final Council Decision, all the documents represent the result of a given meeting and the incoming draft to the following meeting. In other words, document 10, for example, was the result of the debates of the Group on 7 November and, at the same time, the base for the debate of the Group on 10 November.

**TABLE I. Commission's documents**

Doc. No.	Date	Author	Code No.	Specifications	Title
1	30.10.90	General Secretary Commission	SEC 90 (2122) F	O/291/90 a) O.J. 1034 07/11/90 b) Réunion spéciale des Chefs de Cabinet Communication de M. Andriessen	Négociation des accords européens avec respectivement la République Federative Tchèque et Slovaque, la République de Pologne et la République de Hongrie
2	5.11.90	General Secretary Commission	SEC 90 (2122/2)	O/291/90 O.J. 1034 07/11/90 p.15. Version révisé suite à la réunion des Chefs de cabinet du 31 octobre 1990	Recommandation por une décision du Conseil autorisant la Commission a négocier un accord européen avec la République de Pologne
3	07.11.90	General Secretary Commission	SEC 90 (2122)	Modification partie B (Dialogue Politique)	Recommandation por une décision du Conseil autorisant la Commission a négocier un accord européen avec la République de Pologne
4	08.11.90	General Secretary Commission	SEC 90 (2122)	Presented at Eastern Europe Council's Group	Recommandation por une décision du Conseil autorisant la Commission a négocier un accord européen avec la République de Pologne

**TABLE II. Council's first reading**

Doc. No.	Fecha	Author	Code No.	Specifications	Title
5	20.11.90	Groupe Europe Orientale Council	9973/90 EST 124	Résultats des Travaux du Groupe Europa Orientale en date du 8, 15, et 16 novembre 1990	Accords Européens. Projet de recommandation pour une décision du Conseil autorisant la Commission à négocier un accord européen avec la Pologne, la Hongrie et la Tchécoslovaquie
5bis	20.11.90	Council	9973/90 EST 124	Résultats des Travaux du Groupe Europa Orientale en date du 8, 15, et 16 novembre 1990	Accords Européens. Projet de recommandation pour une décision du Conseil autorisant la Commission à négocier un accord européen avec la Pologne, la Hongrie et la Tchécoslovaquie
6	26.11.90	Groupe Europe Orientale Council	9974/90 EST 125	Rapport du Groupe Europe Orientale en date du 23 novembre 1990 au Coreper II du 28 novembre 1990	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
7p	28.11.90	Groupe Europe Orientale Council	9974/1/90 EST 125 REV 1	Rapport du Groupe Europe Orientale en date du 27 novembre 1990 au Coreper	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie (Text: Pologne)

7h	28.11.90	Groupe Europe Orientale Council	9974/1/90 EST 125 REV 1 ADD 1 HONGRIE	Rapport du Groupe Europe Orientale en date du 27 novembre 1990 au Coreper	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie (Text: Hongrie)
7c	28.11.90	Groupe Europe Orientale Council	9974/1/90 EST 125 REV 1 ADD 2 CZECH	Rapport du Groupe Europe Orientale en date du 27 novembre 1990 au Coreper	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie (Text: Tchécoslovaquie)
8	30.11.90	Coreper Council	9975/90 EST 126	Résultats des travaux du Coreper en date du 28 novembre 1990	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie

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**TABLE III. Council's second reading**

Doc. No.	Fecha	Author	Code No.	Specifications	Title
9	4.12.90	Groupe Europe Orientale Council		Document de Séance (3.12.90)	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
10	10.12.90	Groupe Europe Orientale Council		Document de Séance N. 2 (7.12.90)	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
11	10.12.90	Groupe Europe Orientale	10275/90 EST 130	Rapport du Groupe Europe Orientale en date du 10 décembre 1990 au COREPER	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
12	19.12.90	Conseil	11043/90 EST 152	Décision du Conseil en date du 18 décembre 1990	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne



### 3. The results

**TABLE IV.**Cross-examination of *réserve*s in selected chapters of the mandate

Country	Sector							Character			Result					
	POL	FTA	RP	MA	PSC	FIN	TOT	Neg	Pos	Lin	Fai	Suc	Pos Suc	Neg Suc	Pos Fai	Neg Fai
D	2	0	6	3	2	3	16	9	7	0	4	12	4	8	3	1
UK	3	1	4	2	4	2	16	7	8	1	8	8	3	5	5	3
IT	2	2	2	0	0	0	6	2	4	0	3	3	1	2	3	0
FR	5	5	3	3	4	1	21	17	2	2	6	13	1	12	1	5
SP	4	2	6	4	2	3	21	21	0	0	5	16	0	16	0	5
NL	1	0	1	0	3	0	5	3	2	0	2	3	1	2	1	1
GR	1	1	2	2	1	0	7	5	2	0	1	6	1	5	1	0
BE	1	2	1	1	1	0	6	5	1	1	1	5	1	4	0	1
POR	2	1	1	2	0	1	7	7	0	0	1	6	0	6	0	1
DK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IR	0	0	1	0	0	0	1	1	0	0	0	1	0	1	0	1
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
All	2	0	0	0	0	0	2	2	0	0	0	2	0	2	0	0
Cion	2	1	0	0	5	0	8	7	1	0	2	6	1	5	0	2
Total	25	15	27	17	22	10	116	86	27	3	33	81	13	67	14	19

Keys:

- SECTORS: "POL" includes the Preamble (PR) and Political Dialogue (DP); "FTA", the Free Trade Area for Industrial Products; "RP", Particular Regimes (Textiles, Coal and Steel, Agriculture and Fisheries and PAT products); "PSC", regulations concerning persons or workers, services and capitals; "MA" refers to accompanying measures and "FIN" to the financial cooperation section.

- CHARACTER OF RESERVATIONS: "Neg", "Pos" and "Lin" refer to the object of the *réserve*: "Negative" means an attempt to modify in a restrictive sense DG I's proposal; "Positive" an attempt to upgrade such proposal or a firm objection to its downgrading and "linkage" when a *réserve* is used

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conditioned to the resolution of another part of the text referring to the same issue.

- RESULTS: "Pos-Suc" means and UPGRADE in the final document; "Neg-Suc" a DOWNGRADE and "Pos-Fai" and "Neg-Fai" describe unsuccessful attempts either to upgrade or to downgrade.

Source: Author's elaboration from the documents cited in section 1.4.

4. The preamble and the political dialogue

TABLE V.The preamble

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152 December 19, 1990
<p><b>PR</b> Le préambule pourra notamment exprimer les idées suivantes:</p> <p>1. les liens traditionnels existent entre les parties et les valeurs communes qu'elles partagent; la volonté des parties de renforcer ces liens, d'établir des relations étroites et durables sur une base de réciprocité permettant à la Pologne de participer au processus d'intégration européenne.</p> <p>2. de l'attachement des parties à la liberté du commerce et notamment au dispositions du GATT.</p> <p>3. une référence à la possibilité pour la Pologne, en tant qu'état européen de demander à devenir membre de la Communauté</p>	<p><b>PR</b></p> <p>1 [1]. les liens traditionnels existant entre les parties et les valeurs communes qu'elles partagent; la volonté des parties de renforcer ces liens, d'établir des relations étroites et durables sur une base de réciprocité permettant à la Pologne de participer au processus d'intégration européenne, <b>en renforçant et en étendant ainsi les relations précédemment établies notamment par l'accord de commerce et de coopération</b></p> <p><b>2.</b> [5] l'attachement des parties au renforcement des libertés de nature politique et économique constituant le fondement même du contrat d'association <b>et à la nécessaire transition de la Pologne vers un nouveau système économique et politique respectant l'état de droit et les droits de l'homme, appliquant la règle du multipartisme, organisant des élections libres et démocratiques et libéralisant l'économie en vue d'instaurer l'économie de marché</b></p> <p><del>3. une référence à la possibilité pour la Pologne, en tant qu'état européen de demander à devenir membre de la Communauté</del> <b>(vid déclaration a PV)</b></p> <p><b>3</b> [12]. l'attachement ferme des deux parties au processus d'Helsinki et notamment aux principes établis dans le documents de conclusion des Conférences de Vienne, Sofia, Bonn, <b>Copenhague</b>, Palma de</p>

4. la nécessité de consolider les réformes politiques et économiques en cours en Pologne et de faciliter la transition vers un nouveau système économique et politique proche de celui de la Communauté

5. l'attachement des parties au renforcement des libertés de nature politique et économique constituant le fondement même du contrat d'association

6. le lien à établir entre d'une part la pleine mise en œuvre de l'association et d'autre part l'accomplissement effectif des réformes politiques et économiques en Pologne et le rapprochement effectif entre les systèmes des deux parties

7. La volonté de la Communauté d'apporter un soutien décisif à la mise en œuvre des réformes et à aider la Pologne à faire face aux conséquences économiques et sociales du réajustement structurel

8. la volonté de la Communauté de mettre en œuvre des instruments de coopération et d'assistance économiques, techniques et financiers sur une base pluriannuelle

9. La conviction des parties que l'accord d'association créera un nouveau climat pour leurs relations économiques et, en particulier, pour le développement du commerce et des investissements, instruments indispensables à la restructuration économique et au renouveau technologique

10. l'opportunité d'instaurer un dialogue politique régulier sur les problèmes bilatéraux et internationaux d'intérêt mutuel

Majorque et ainsi que du Sommet de Paris

**4 [n] l'importance de l'accord d'association pour la création d'un système de stabilité reposant sur la coopération dont l'un des piliers est la Communauté européenne**

**5 [10]. l'opportunité d'intégrer dans l'accord** un dialogue politique régulier sur les problèmes bilatéraux et internationaux d'intérêt mutuel

**6 [7]. la volonté de la Communauté d'apporter un soutien résolu** à la mise en œuvre des réformes et à aider la Pologne à faire face aux conséquences économiques et sociales du réajustement structurel

**7 [6]. le lien à établir entre d'une part la pleine mise en œuvre de l'association et d'autre part l'accomplissement effectif des réformes politiques et économiques en Pologne et le rapprochement effectif entre les systèmes de deux parties**

8. la volonté de la Communauté de mettre en œuvre des instruments de coopération et d'assistance économiques, techniques et financiers sur une base pluriannuelle

**9 [2]. l'attachement des parties à la liberté du commerce et notamment au respect des droits et obligations découlant** du GATT.

**10 [9]. la conviction des parties que l'accord d'association créera un nouveau climat pour leurs relations économiques et, en particulier, pour le développement du commerce et des investissements,**

11. la volonté d'instaurer une coopération culturelle et d'améliorer les flux d'informations

12. L'attachement ferme des deux parties au processus d'Helsinki et notamment aux principes établis dans le documents de conclusion des Conférences de Vienne, Sofia, Bonn, Palma de Majorque et Paris

instruments indispensables à la restructuration économique et au renouveau technologique

11. la volonté d'instaurer une coopération culturelle et de **développer les échanges** d'information

**TABLE VI. Political dialogue**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>DP 1.</b> L'accord constituera, sous la forme appropriée, le cadre pour le développement d'un dialogue politique entre la Communauté et la Pologne. Ce dialogue politique répond à deux exigences majeures:</p> <p>Faciliter l'intégration pleine de la Pologne dans la communauté des nations démocratiques et son rapprochement progressif de la Communauté. Le rapprochement économique sous la forme de l'association trouve son prolongement dans une meilleure convergence politique. Dans ce contexte le dialogue politique portera aussi bien sur l'évolution de la Pologne et les progrès des réformes que sur l'évolution de la Communauté, en particulier vers de nouvelles formes d'intégration</p> <p>Assurer une convergence croissante des positions sur les problèmes internationaux, en particulier sur les problèmes susceptibles d'avoir des répercussions importantes sur l'une ou l'autre partie.</p> <p>2. Au niveau ministériel, le dialogue politique aura lieu au sein du Conseil d'Association. Celui-ci aura une compétence générale pour</p>	<p><b>DP 1. Le dialogue politique constituera un élément essentiel de l'accord: il est destiné à être développé et intensifié. Il accompagnera et consolidera le rapprochement entre Pologne et la Communauté, fournira un soutien aux changements politiques et économiques en cours dans ce pays et contribuera à créer de nouveaux liens de solidarité.</b> L'accord <b>prevoyra</b>, sous les formes appropriées, le cadre pour ce dialogue politique <b>qui</b> répond à deux exigences majeures.</p> <p>Faciliter l'intégration pleine de la Pologne dans la Communauté des nations démocratiques et son rapprochement progressif de la Communauté. Le rapprochement économique sous la forme de l'association trouve son prolongement dans une meilleure convergence politique. <del>Dans ce contexte le dialogue politique portera aussi bien sur l'évolution de la Pologne et les progrès des réformes que sur l'évolution de la Communauté, en particulier vers de nouvelles formes d'intégration</del></p> <p>Assurer une convergence croissante des positions sur les problèmes internationaux, en particulier sur les problèmes susceptibles d'avoir des répercussions importantes sur l'une ou l'autre partie.</p> <p>2. Au niveau ministériel, le dialogue politique aura lieu au sein du Conseil d'Association. Celui-ci aura une compétence générale pour</p>

tous problèmes que les parties voudront lui soumettre

3. Les autres modalités du dialogue politique, y compris celles relatives à la préparation des réunions du Conseil d'association seront examinées dans le cadre approprié

4. Le dialogue politique se déroulera par ailleurs dans le cadre de la Commission parlementaire d'association.

tous problèmes que les parties voudront lui soumettre

3. **D'autres modalités et mécanismes** du dialogue politique **avec la Pologne seront mise en place à partir de ceux qui existent déjà et notamment sous les formes suivantes**

- **des rencontres au niveau des directeurs politiques entre les responsables polonais, d'une part, et la Présidence et la Commission, de l'autre**
- **la pleine utilisation des voies diplomatiques**
- **l'inclusion de la Pologne dans le groupe des pays qui bénéficieront régulièrement des informations sur les activités de la Coopération Politique Européenne**
- **toute autre modalité utile qui pourrait contribuer à consolider, développer et à intensifier ce dialogue**

4. **Pour ce qui est des échanges en matière de dialogue politique au niveau parlementaire ils pourront se dérouler** dans le cadre de la Commission parlementaire d'association.

**TABLE VII. *Réserves* to the preamble and political dialogue**

<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
France	5	PR3 For membership clause	Positive	Failed	German compromise
		PR4 For more conditionality	Negative	Successful	France + Cion
		PR8 Financial commitments	Linkage		Call attention
		PR9 Financial commitments	Linkage		Call attention
		PR12bis Against closer to EC	Negative	Failed	PR4new
Spain	4	PR2 Stress associates obligations	Negative	Successful	PR9
		PR3 Against membership clause	Negative	Successful	German compromise
		PR12 Against closer to EC	Negative	Failed	PR4new
		DP Reserve on whole section	Negative	Failed	Reluctancy
UK	3	PR1 For stress on new relations	Positive	Successful	Compromise
		PR3 For membership clause	Positive	Failed	German compromise
		PR11 Against cultural cooperation	Linkage		Call attention



Germany	2	PR3 For membership clause	Positive	Failed	German compromise
		PR12 For closer to EC	Positive	Successful	PR4new
Italy	2	PR3 For membership clause	Positive	Failed	German compromise
		PR12 For closer to EC	Positive	Successful	PR4new
Port	2	PR3 Against membership clause	Negative	Successful	German compromise
		PR12 Against closer to EC	Negative	Failed	PR4new
Cion	2	PR4 For more conditionality	Negative	Successful	France + Cion
		DP Whole section upgraded	Positive	Successful	EPC intervention
All	2	PR7 Against "decisive" support	Negative	Successful	"Resolú"
		DP1-1 Limit dialogue contents	Negative	Successful	EC evolution
Greece	1	PR3 For membership clause	Positive	Failed	German compromise
Belg	1	PR3 Against membership clause	Negative	Successful	German compromise
Neth	1	PR3 Against membership clause	Negative	Successful	German compromise

## 5. The free trade area

**TABLE VIII. Industrial products: general dispositions**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>LC</b> Les parties contractantes établiront progressivement une zone de libre échange fondée sur des obligations réciproques et équilibrées, conformément aux dispositions du présent accord et à celles du GATT. La Communauté, qui avancera plus rapidement sur la voie du libre échange que la Pologne, soutiendra de la sorte sa restructuration économique</p> <p>1. Echanges de produits industrielles La Pologne adoptera la nomenclatura combinée des marchandises. Les concessions que s'accorderont mutuellement les deux parties contractants se feront sur la base des droits effectivement appliqués à l'entrée en vigueur de l'accord</p> <p>2. Importations dans la Communauté A l'importation dans la Communauté, les produits industriels originaires de Pologne bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent</p> <p>3. Importations en Pologne A l'importation en Pologne, les produits originaires de la Communauté bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent.</p> <p>1.3 Les étapes de la libéralisation</p>	<p><b>LC</b> Les parties contractantes établiront progressivement une zone de libre échange fondée sur des obligations réciproques et équilibrées, conformément aux dispositions du présent accord et à celles du GATT. La Communauté qui avancera plus rapidement sur la voie du libre échange que la Pologne, soutendra de la sorte sa restructuration économique</p> <p>1. Echanges de produits industrielles La Pologne adoptera la nomenclatura combinée des marchandises. Les concessions que s'accorderont mutuellement les deux parties contractants se feront sur la base des droits effectivement appliqués <b>en principe à partir du 1er janvier 1991</b></p> <p>2. Importations dans la Communauté A l'importation dans la Communauté, les produits industrielles originaires de Pologne bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent</p> <p>3. Importations en Pologne A l'importation en Pologne, les produits industrielles originaires de la Communauté bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent.</p> <p>1.3 Les étapes de la libéralisation</p>

La libéralisation s'accomplira en deux grandes étapes dont la première pourrait avoir une durée de cinq ans et la seconde une durée, en principe, de cinq ans. Leurs contenus respectifs sont précisés sur les points 1.4 et 1.5. Au cours de l'année précédant le passage à la deuxième étape, le Conseil d'Association examinera les progrès réalisés par la Pologne dans la mise en place d'une économie de marché, sa situation économique ainsi que la convergence des économies des deux parties afin de décider du passage à la deuxième étape

La libéralisation s'accomplira en deux grandes étapes dont la première pourrait avoir une durée de cinq ans et la seconde une durée, en principe, de cinq ans. Leurs contenus respectifs sont précisés sur les points 1.4 et 1.5. Au cours de l'année précédant le passage à la deuxième étape, le Conseil d'Association examinera les progrès réalisés par la Pologne dans la mise en place d'une économie de marché, **et la introduction d'elements qui sont neccessaires pour la cooperation economique (notamment en matière de garantie de la propriété privée et de la liberté d'entreprises)** sa situation économique ainsi que la convergence des économies des deux parties afin de décider du passage à la deuxième étape, **en tenant en compte des conclusions de la Conference de Bonn de la CSCE, notamment les principes enumeres en annexe III**

**TABLE IX. The first phase**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>LC 1.4.</b> La première étape</p> <p>1.4.1. Au cours de la première étape la Communauté consolidera l'élimination des restrictions quantitatives spécifiques. Elle procèdera à une très large consolidation de l'élimination de las restrictions quantitatives non spécifiques actuellement suspendues. Elle consolidera les avantages déjà octroyés au titre des préférences généralisées. Cette consolidation, qui constitue un apport substantiel de la Communauté au processus de libéralisation des échanges avec la Pologne, tiendra compte du caractère bilatéral, préférentiel et permanent des concessions et de la sensibilité de certains produits</p> <p>Les modalités d'application de la première étape consisteront pour les mesures tarifaires en:</p> <ul style="list-style-type: none"> <li>- un désarmement tarifaire total et immédiat pour les produits non sensibles</li> <li>- un désarmement tarifaire progressif des produits non couverts par le SPG</li> <li>- des contingents tarifaires sur les produits affectés actuellement de montants fixes à droit nul ou plafonds tarifaires, avec une augmentation progressive annuelle des volumes ou de la valeur de ces contingents ou plafonds</li> </ul> <p>1.4.2</p>	<p><b>LC 1.4.1</b></p> <p><b>La Communauté, ayant déjà éliminé les</b> restrictions quantitatives spécifiques, procèdera à <b>plus tard à la fin de la première étape</b> a l'élimination de las restrictions quantitatives non spécifiques actuellement suspendues. Elle consolidera les avantages <b>qui auraient été</b> octroyés au titre des préférences généralisés <b>qui ne seront donc plus d'application.</b> Cette consolidation, que constitue un apport substantiel de la Communauté au processus de libéralisation des échanges avec la Pologne, tiendra compte de caractère bilatéral, préférentiel et permanent des concessions et de la sensibilité de certains produits</p> <p>Les modalités d'application de la première étape consisteront pour les mesures tarifaires en:</p> <ul style="list-style-type: none"> <li>- un désarmement tarifaire total et immédiat pour les produits non sensibles</li> <li>- un désarmement tarifaire progressif des produits non couverts par le SPG</li> <li>- des contingents tarifaires sur les produits affectés actuellement de montants fixes à droit nul ou plafonds tarifaires, avec une augmentation progressive annuelle des volumes ou de la valeur de ces contingents ou plafonds <b>modulée selon les produits</b></li> </ul> <p>1.4.2</p>

La Pologne procèdera à des efforts de libéralisation pendant la première étape. Ces efforts devraient avoir un caractère préférentiel vis à vis la Communauté.

En particulier, la Pologne mettra en oeuvre un démantèlement tarifaire progressif et total sur les produits non sensibles au terme de cette étape.

En ce qui concerne les produits sensibles, il devra être demandé à la Pologne un abaissement des droits jusqu'au niveau accordé aux nouveaux pays industrialisés dans le cadre de son propre SPG. Pour les produits sensibles soumis à contingent quantitatif existant ou futur en Pologne, une préférence devra être accordée à la Communauté par ce pays. Des exceptions sectorielles pourront être prévues sur la base de critères bien définis (industries naissantes -difficultés graves se traduisant notamment par des problèmes sociaux importants- opérations de restructuration dans certains secteurs).

La négociation devra aussi porter sur toute taxe d'effet équivalent à des droits de douane, dont l'impact est parfois très largement supérieur à celui des droits, ainsi que sur toute mesure d'effet équivalent à des restrictions quantitatives

La Pologne procèdera à des efforts de libéralisation pendant la première étape. Ces efforts devraient avoir un caractère préférentiel vis à vis la Communauté.

En particulier, la Pologne mettra en oeuvre un démantèlement tarifaire progressif et total sur les produits non sensibles au terme de cette étape.

En ce qui concerne les produits sensibles, il devra être demandé à la Pologne un abaissement des droits jusqu'au niveau **dont bénéficient certains nouvellement** pays industrialisés dans le cadre de son propre SPG. Pour les produits sensibles soumis à contingent quantitatif existant ou futur en Pologne, une préférence devra être accordée à la Communauté par ce pays.

Des exceptions sectorielles, **limités dans leur durée, quantifiés en valeur d'importations en provenance de la Communauté et plafonnés en termes de tarif applicable** pourront être prévues ~~sur la base de critères bien définis~~ (industries naissantes -difficultés graves se traduisant notamment par des problèmes sociaux importants- opérations de restructuration dans certains secteurs).

La négociation devra aussi porter sur toute taxe d'effet équivalent à des droits de douane, dont l'impact est parfois très largement supérieur à celui des droits, ainsi que sur toute mesure d'effet équivalent à des restrictions quantitatives.

**Une attention particulière sera également consacrée à** toute taxe d'effet équivalent à des droits de douane, dont l'impact est ~~parfois très~~ largement supérieur à celui des droits, ainsi que sur toute mesure d'effet équivalent à des restrictions quantitatives

**TABLE X. The second phase**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>LC 1.5.</b> La seconde étape</p> <p>1.5.1. Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits et l'élimination des restrictions quantitatives qui subsistent afin d'arriver à une libéralisation totale pour tous les produits a la fin de cette étape.</p> <p>1.5.2</p> <p>La Pologne devrait progressivement améliorer sa position concurrentielle et rattraper la Communauté dans le processus d'ouverture des marchés par un désarmement des droits et des taxes d'effet équivalent à des droits de douane ainsi que qu'un démantèlement des contingents envers la Communauté et des mesures d'effet équivalent. Pour les contingents quantitatifs qui seraient maintenus pendant le deuxième étape, la Pologne continuera à accorder une préférence à la Communauté. Des exceptions sectorielles pourront être prévues pour accompagner le mouvement de privatisation et les difficultés sociales mais devraient avoir un caractère provisoire et dégressif, étant entendu qu'à la fin de la deuxième étape le régime du libre échange réciproque</p>	<p><b>LC 1.5</b> La seconde étape</p> <p>1.5.1. Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits <del>et l'élimination des restrictions quantitatives qui subsistent afin d'arriver à une libéralisation totale pour tous les produits a la fin de cette étape</del></p> <p>1.5.2</p> <p>La Pologne devrait progressivement améliorer sa position concurrentielle et rattraper la Communauté dans le processus d'ouverture des marchés par un désarmement des droits et des taxes d'effet équivalent à des droits de douane ainsi que qu'un démantèlement des contingents envers la Communauté et des mesures d'effet équivalent. <del>Pour les contingents quantitatifs qui seraient maintenus pendant le deuxième étape, la Pologne continuera à accorder une préférence à la Communauté.</del> Des exceptions sectorielles pourront être prévues pour accompagner le mouvement de privatisation et les difficultés sociales mais devraient avoir un caractère provisoire et dégressif, étant entendu qu'à la fin de la deuxième étape le régime du libre échange réciproque</p>

devra être réalisé.

1.5.3 Les modalités d'application relatives au points 1.5.1 et 1.5.2 ci-dessus devraient être prises au moment opportun par le Conseil d'association.

devra être réalisé. **Dans ce processus la Pologne continuera á accorder une préférence à la Communauté.**

1.5.3 Les modalités d'application relatives au points 1.5.1 et 1.5.2 ci-dessus devraient être prises au moment opportun par le Conseil d'association.

**TABLE XI.***Réserves* to the free trade area

	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
France	5	LC1 Bring forward standstill LC13 Stricter criteria P.A. to 2nd phase LC141 For specific EC QR's to 2nd phase LC141 For EC SPG suppression LC142 Limit P.A. exceptions	Negative Negative Negative Negative Negative	Successful Successful Failed Successful Successful	France vs UK Conditionality Compromise
Spain	2	LC13 Stricter criteria P.A. 2nd phase LC141 General reserve on section	Negative Negative	Successful Successful	Conditionality Accession treaty
Belgium	2	LC141 For specific EC QR's to 2nd phase LC141 Limit EC SPG concessions	Negative Negative	Failed Successful	Compromise
Italy	2	LC141 For specific EC QR's 1st phase LC141 Against raising plafonds for P.A.	Positive Negative	Failed Successful	Compromise
Portugal	1	LC141 Limit EC SPG concessions	Negative	Successful	
Greece	1	LC141 Limit EC SPG concessions	Negative	Successful	
UK	1	LC141 For specific EC QR's 1st phase	Positive	Failed	Compromise



Commission	1	LC151 Limit EC liber. in 2nd phase	Negative	Successful	Vid 1.5.1
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## 6. "Sensitive" sectors

**TABLE XII. Textiles**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>TEXT</b> 1.6.1 En ce qui concerne le secteur textile, un protocole additionnel à l'accord d'association prévoierait à l'expiration de l'accord actuel sur le commerce des textiles, le 31 décembre 1991, un nouveau cadre pour le commerce des produits textiles tenant compte de l'évolution des négociations internationales au GATT et de l'évolution des échanges entre la Communauté et la Pologne</p> <p>L'élimination progressive des droits et des RQ devrait être réalisée au terme d'une période de transition dont l'achèvement serait conditionné notamment par l'élimination de toutes les restrictions au libre accès au marché de la Pologne pour les textiles communautaires. Cette période ne pourrait en tout cas pas être inférieure à celle prévue par l'Accord d'association.</p> <p>Le trafic de perfectionnement passif devrait pendant cette période continuer à être traité en conformité avec le</p>	<p><b>TEXT</b> 1.6.1 En ce qui concerne le secteur textile, un protocole additionnel à l'accord d'association prévoierait à l'expiration de l'accord actuel sur le commerce des textiles, le 31 décembre 1991, un nouveau cadre pour le commerce des produits textiles tenant compte de l'évolution des négociations internationales au GATT et de l'évolution des échanges entre la Communauté et Pologne.</p> <p>L'élimination progressive des droits et des <b>restrictions</b> devrait être réalisé au terme d'une période de transition dont l'achèvement serait conditionné notamment par l'élimination de toutes les restrictions au libre accès au marché de la Pologne pour les textiles communautaires. Cette période ne pourrait en tout cas pas être inférieure à <del>celle prévue par l'Accord d'association</del> <b>période de libéralisation qui sera décidé pour ce secteur dans le cadre de l'Uruguay Round.</b></p> <p>Le trafic de perfectionnement passif devrait pendant cette période continuer à être traité en conformité avec le</p>

règlement 636/82 qui établit entre autres la délivrance d'autorisations préalables. Les limites quantitatives s'y référant devraient faire partie intégrale de l'arrangement

règlement 636/82 qui établit entre autres la délivrance d'autorisations préalables. Les limites quantitatives s'y référant devraient faire partie intégrale ~~de l'arrangement~~ **du protocole précité et au début de la seconde étape, la possibilité de les libéraliser devrait être examinée en tenant compte des résultats de l'Uruguay Round**

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**TABLE XIII. Steel and coal products**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>CECA</b> 1.6.2 En ce qui concerne les produits CECA, un protocole addtionel à l'accord d'association prévoierait:</p> <ul style="list-style-type: none"> <li>- un démantèlement progressif des droits de douane et des taxes d'effet équivalent</li> <li>- l'élimination progressive des RQ existant dans certains Etats membres</li> </ul> <p>Les dipositions ci-dessus n'affecteront pas les actuels arrangements d'autolimitation négociés et ceux qui pourraient éventuellement y succéder. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure</p>	<p><b>CECA</b> En ce qui concerne les produits CECA, un protocole addtionel à l'accord d'association prévoierait - un démantèlement progressif des droits de douane et des taxes d'effet équivalent <b>en vue d'atteindre mutuellement une libéralisation maximum des échanges pour ces produits. Toutefois, pour le charbon, ce démantèlement ne commencerait qu'a partir de 1995</b></p> <p><del>- l'élimination progressive des RQ existant dans certains Etats membres</del></p> <p>Les dipositions ci-dessus n'affectaront pas les actuels arrangements d'autolimitation négociés et ceux qui pourraient éventuellement y succéder <b>ni les restrictions nationales non discriminatoires à l'égard des pays tiers actuellement en vigueur dans certains Etats membres en ce qui concerne le charbon. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure.</b></p>

**TABLE XIV.Processed agricultural products**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>PAT</b> 1.6.3 En ce qui concerne les produits agricoles transformés ne relevant pas de l'annexe II du traité CEE, ils feront l'objet d'un protocole additional, établissant les modalités de démantèlement des impositions. L'accord ne fera pas obstacle à la perception à l'importation d'un élément mobile ou d'un montant forfaitaire ou à l'application de mesures intérieures de compensation de prix, ni à l'application de mesures à l'exportation pour tenir compte des différences du coût des produits agricoles incorporés.</p>	<p><b>PAT</b> En ce qui concerne les <b>concessions réciproques pour les</b> produits agricoles transformés ne relevant pas de l'annexe II du traité CEE, elles feront l'objet d'un protocole additional, <del>établissant les modalités de démantèlement des impositions.</del> L'accord ne fera pas obstacle <b>à la application des mécanismes communautaires en vigueur</b> <del>à la perception à l'importation d'un élément mobile ou d'un montant forfaitaire ou à l'application de mesures intérieures de compensation de prix, ni à l'application de mesures à l'exportation pour tenir compte des différences du coût des produits agricoles incorporés.</del></p>

**TABLE XV. Agriculture and fisheries**

DGI proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>AGR 2.1</b> Des dispositions particulières seront prévues en vue de promouvoir les échanges des produits de l'agriculture et de la pêche, compte tenu à la fois de:</p> <ul style="list-style-type: none"> <li>- leur sensibilité particulière</li> <li>- des règles de la politique agricole commune et de la politique commune de la pêche</li> <li>- des résultats éventuels des négociations multilatérales menées dans le cadre du GATT</li> </ul> <p>Les dispositions susvisées comprendront notamment:</p> <ul style="list-style-type: none"> <li>- des concessions que les deux parties s'accordent mutuellement</li> <li>- la possibilité de nouvelles concessions, produit par produit, sur une base harmonieuse et réciproque</li> </ul> <p>Par ailleurs et compte tenu de la sensibilité des secteurs et des produits concernés ainsi que du caractère permanent des</p>	<p><b>AGR 2.1</b> Des dispositions particulières seront prévues en vue de promouvoir les échanges des produits de l'agriculture et de la pêche, compte tenu à la fois de:</p> <ul style="list-style-type: none"> <li>- leur sensibilité particulière</li> <li>- des règles de la politique agricole commune et de la politique commune de la pêche</li> <li>- des résultats éventuels des négociations multilatérales menées dans le cadre du GATT</li> </ul> <p>Les dispositions susvisées comprendront notamment:</p> <ul style="list-style-type: none"> <li>- des concessions que les deux parties s'accordent mutuellement</li> <li>- la possibilité de nouvelles concessions, produit par produit, sur une base harmonieuse et réciproque</li> </ul> <p>Par ailleurs et compte tenu de la sensibilité des secteurs et des produits concernés ainsi que du</p>

concessions octroyées dans le cadre de l'accord, il sera procédé:

- à la consolidation des suspensions des RQ non spécifiques
- à la consolidation éventuelle et/ou aménagée des concessions actuelles que les deux parties contractantes se sont accordées.

**FISH 2.2** Pour ce qui concerne le secteur de la pêche, la Communauté tiendra compte, pour l'octroi des préférences commerciales dans le cadre de l'accord d'association, des progrès réalisés pour un accord de pêche entre la Communauté et la Pologne.

caractère permanent des concessions octroyées dans le cadre de l'accord, il sera procédé à la consolidation **et/ou aménagée** des suspensions des RQ non spécifiques **et des avantages accordés au titre des préférences généralisées** [~~à la consolidation éventuelle et/ou aménagée des concessions actuelles que les deux parties contractantes se sont accordées.~~]

Les dispositions ci-dessus n'affecteront pas les actuels arrangements négociés et ceux qui pourraient éventuellement y succéder. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure.

**FISH 2.2** Les aspects de l'accord relatifs aux échanges, aux droits de pêche et à la coopération devront être considérés comme un ensemble. Au cours de la négociation, une référence pourrait être faite à la possibilité d'octroyer des préférences commerciales en fonction des résultats des négociations de l'accord de pêche entre la Communauté et Pologne. Dans ce cas, les principes énoncés sous 2.1 s'appliquent mutatis

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mutandis aux produit de la pêche



**TABLE XVI. *Réserves* to particular regimes**

<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
Germany	6	TEXT161 For more liberal regime	Positive	Failed	Uruguay Round
		TEXT161 For improving TPP	Positive	Failed	Uruguay Round
		CECA162 Less coal liberalization	Negative	Successful	To 1995
		CECA162 Maintain national quotas in EC	Negative	Successful	Coal
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
		AGR21 For less liberal approach	Negative	Successful	Maintain P.A. VER's
Spain	6	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
		CECA162 Maintain P.A. steel VER's	Negative	Successful	
		CECA162 Maintain national quotas in EC	Negative	Successful	
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
		AGR21 For less liberal approach	Negative	Successful	
		FISH22 Concerns	Negative	Successful	Postponement
UK	4	TEXT161 For more liberalisation	Positive	Failed	
		CECA162 For supressing P.A. VER's	Positive	Failed	

		CECA162 For supressing national quotas in EC PAT163 For less liberal approach	Positive Negative	Failed Successful	Coal Reciprocity
France	3	TEXT161 For more restrictive regime CECA162 Maintain national quotas EC PAT163 For less liberal approach	Negative Negative Negative	Successful Successful Successful	Support Cion  Reciprocity
Greece	2	TEXT161 For more restrictive regime AGR21 For less libeal approach	Negative Negative	Successful Successful	Support Cion
Italy	2	TEXT161 For more restrictive regime PAT163 For more liberal regime	Negative Positive	Successful Failed	Support Cion TPP
Portugal	1	TEXT161 For more restrictive regime	Negative	Successful	General Reserve
NL	1	TEXT161 For more liberal regime	Positive	Failed	
Ireland	1	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
Belgium	1	CECA162 Maintain national quotas in EC	Negative	Successful	

## 7. Accompanying measures

**TABLE XVII. Accompanying measures (I)**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>MA 3.1 Standstill</b>  Aucun nouveau droit ou taxe d'effet équivalent et aucune nouvelle restriction quantitative ou mesure d'effet équivalent ne pourront être introduits dans les échanges entre la Communauté et la Pologne</p> <p><b>3.2 Non Discrimination</b>  L'accord devra interdire toute mesure ou pratique de nature fiscale interne ou autre se traduisant directement ou indirectement dans une discrimination entre les produits d'une parties contractante et les produits similaires originaires de l'autre partie contractante</p> <p>Par ailleurs, le régime des échanges des parties contractantes avec des parties tierces (y compris les pays membres du CAEM) ne pourra donner lieu à aucune discrimination vis à vis de la Communauté</p> <p><b>3.3 Dumping</b>  Si l'une des parties contractantes constate des pratiques</p>	<p><b>MA 3.1 Standstill</b>  Aucun nouveau droit ou taxe d'effet équivalent et aucune nouvelle restriction quantitative ou mesure d'effet équivalent ne pourront être introduits dans les échanges entre la Communauté et la Pologne</p> <p><b>3.2 Non Discrimination</b>  L'accord devra interdire toute mesure ou pratique de nature fiscale interne ou autre se traduisant directement ou indirectement dans une discrimination entre les produits d'une parties contractante et les produits similaires originaires de l'autre partie contractante</p> <p>Par ailleurs, le régime des échanges des parties contractantes avec des parties tierces (y compris les pays membres du CAEM) ne pourra donner lieu à aucune discrimination vis à vis de la Communauté</p> <p><b>3.3 Dumping</b>  Si l'une des parties contractantes constate des pratiques</p>

de dumping dans ses relations avec l'autre partie contractante, elle pourra après consultation au sein du Comité d'Association réuni en session spéciales, prendre des mesures de défense appropriés contre ces pratiques, conformément à l'accord relatif a la mise en oeuvre de l'article VI de le GATT, dans les conditions et selon les procédures prévus par l'accord d'association

#### 3.4 Salvaguarde

Si les importations d'un produit donné se font dans des quantités ou dans des conditions telles qu'elles provoquent ou risquent de provoquer un préjudice grave à une activité productrice exercée dans le territoire d'une des parties contractantes, la partie contractante interesée peut prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord.

de dumping dans ses relations avec l'autre partie contractante, elle pourra après consultation ~~[au sein du Comité d'Association réuni en session spéciales]~~ **entre les parties sauf en case d'urgence**, prendre des mesures de défense appropriés contre ces pratiques, conformément à l'accord relatif a la mise en oeuvre de l'article VI de le GATT, dans les conditions et selon les procédures prévus par l'accord d'association

#### 3.4 Salvaguarde

Si les importations d'un produit donné se font dans des quantités ou dans des conditions telles qu'elles provoquent ou risquent de provoquer un préjudice grave à une activité productrice exercée dans le territoire d'une des parties contractantes **ou à un desequilibre grave et persistent de sa balance de paiements**, la partie contractante interesée peut prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord.

**En cas de perturbations sérieusses dans un sector de l'activité économique ou de difficultés pouvant se traduire par l'alteration grave d'une situation économique regionale, la partie contractante interesée pourra prendre les mesures appropriées dans les conditions prévues par**

### 3.5 Concurrence et aides d'état

L'accord stipulera qui sont incompatibles avec le bon fonctionnement de l'accord, dans la mesure 'ou lis sont susceptibles d'affecter les échanges entre la Communauté et la Pologne:

- tous accords entre entreprises, et toutes pratiques concertées entre entreprises qui ont pour objet de restreindre ou de fausser le jeu de la concurrence en ce qui concerne la production et les échanges de marchandises
- l'exploitation abusive par une ou plusieurs entreprises d'une position dominante sur l'ensemble des territoires des parties contractantes ou dans une partie substantielle de celui-ci
- les aides publiques qui faussent ou menacent de fausser la concurrence. Des dérogations en la matière pourront être envisagées

Si une partie contractante estime qu'une pratique donnée est incompatible avec le présent article, elle pourra prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord

### **l'accord.**

### 3.5 Concurrence et aides d'état

L'accord stipulera qui sont incompatibles avec le bon fonctionnement de l'accord, dans la mesure 'ou lis sont susceptibles d'affecter les échanges entre la Communauté et la Pologne:

- tous accords entre entreprises, et toutes pratiques concertées entre entreprises qui ont pour objet de restreindre ou de fausser le jeu de la concurrence en ce qui concerne la production et les échanges de marchandises
- l'exploitation abusive par une ou plusieurs entreprises d'une position dominante sur l'ensemble des territoires des parties contractantes ou dans une partie substantielle de celui-ci
- les aides publiques qui faussent ou menacent de fausser la concurrence. Des dérogations en la matière pourront être envisagées

Si une partie contractante estime qu'une pratique donnée est incompatible avec le présent article, elle pourra prendre les mesures appropriées **y compris les droits compensatoires** dans les conditions et selon les procédures prévues par l'accord **et par le GATT**

TABLE XVIII. Accompanying measures (II)

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
MA	MA 3.6 En ce qui concerne les entreprises relevant exclusivement ou majoritairement de la propriété publique, les parties à l'association son d'avis que l'application des principes du traité CEE, notamment l'article 90, ainsi que du Document final de la Conférence CSCE de Bonn d'avril 1990 (et notamment l'égalité du traitement de formes de propriété ainsi que la liberté de décision des entrepreneurs) sera assuré par le Conseil d'Association
3.6 Règlement des litiges Les parties contractantes devront rechercher le règlement des litiges éventuels dans le cadre des institutions de l'accord. Elles auront, le cas échéant, recours à un arbitrage selon des règles à définir dans l'accord	3.7 Règlement des litiges Les parties contractantes devront rechercher le règlement des litiges éventuels <b>entre elles</b> dans le cadre des institutions de l'accord. Elles auront, le cas échéant, recours à un arbitrage selon des règles à définir dans l'accord
3.7 Etablissement de règles d'origine de nature préférentielle et méthodes de coopération administrative Un protocole relatif à la notion de "produits originaires" et aux méthodes de coopération administrative sera annexé a l'accord	3.8 Etablissement de règles d'origine de nature préférentielle et méthodes de coopération administrative Un protocole relatif à la notion de "produits originaires" et aux méthodes de coopération administrative sera annexé a l'accord <b>La Communauté proposera d'inclure dans ce protocole le</b>

### 3.8 Restrictions

L'accord ne préjugera pas l'application d'interdictions ou de restrictions d'importations, d'exportation ou de transit visées à l'article 36 du Traité de Rome

### 3.9 Propriété intellectuelle, industrielle et commerciale

Des mesures garantissant une protection effective et adéquate de la propriété intellectuelle et commerciale, d'un niveau similaire à ce qui existe dans la Communauté seront prises par la Pologne. La Pologne devrait s'engager à demander d'adhérer ou d'être partie à terme aux accords multilatéraux existants dans ce domaine auxquels elle n'est pas encore partie

### 3.10 Clause de pénurie

A la demande de Pologne, il pourrait être prévu dans l'accord qu'en cas de pénurie grave d'un produit donnée sur le territoire de Pologne, cette dernière pourra prendre, dans les conditions et selon les procédures prévues dans l'accord des mesures appropriées visant à interdire ou réduire

cumul bilatéral de produits originaire d'une part de la Communauté, d'autre part de la Pologne. Ce traitement pourrait s'appliquer au cours de la première étape. Des améliorations à ce régime pourraient être prévues pour la deuxième étape quand conditions sont jugées appropriées.

### 3.9 Restrictions

L'accord ne préjugera pas l'application d'interdictions ou de restrictions d'importations, d'exportation ou de transit visées aux articles 36 **et 223 et 224** du Traité de Rome

### 3.10 Propriété intellectuelle, industrielle et commerciale

Des mesures garantissant une protection effective et adéquate de la propriété intellectuelle et commerciale, d'un niveau similaire à ce qui existe dans la Communauté seront prises par la Pologne. La Pologne devrait s'engager à demander d'adhérer ou d'être partie à terme aux accords multilatéraux existants dans ce domaine auxquels elle n'est pas encore partie

### 3.11 Clause de pénurie

A la demande de Pologne, il pourrait être prévu dans l'accord **pour la première étape seulement** qu'en cas de pénurie grave d'un produit donnée sur le territoire de Pologne, cette dernière pourra prendre, dans les conditions et selon les procédures prévues dans l'accord des mesures

l'exportation du produit en question vers le territoire de la Communauté. De telles mesures ne pourraient avoir un caractère discriminatoire envers la Communauté	appropriées visant à interdire ou réduire l'exportation du produit en question vers le territoire de la Communauté. De telles mesures <b>auraient un caractère temporaire et conjoncturel</b> ne pourraient avoir un caractère discriminatoire envers la Communauté
3.11 Clause relative à l'adhésion de l'Espagne et du Portugal à la Communauté Les dispositions de l'accord relatives aux échanges commerciaux tiendront compte des mesures prises dans l'acte d'adhésion de l'Espagne et du Portugal à la Communauté	3.12 Clause relative à l'adhésion de l'Espagne et du Portugal à la Communauté Les dispositions de l'accord relatives aux échanges commerciaux tiendront compte des mesures prises dans l'acte d'adhésion de l'Espagne et du Portugal à la Communauté



**TABLE XIX.** *Réserves* to accompanying measures

	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
Spain	4	MA33 For more antidumping provisions MA34 Regionalising safeguard clause MA35 Compensations for P.A. state aids MA312 General reserve	Negative Negative Negative Negative	Failed Successful Successful Successful	Protection Coalition  Accession treaty
Germany	3	MA33 Balance of payment exceptions MA36new Stricter on state aids MA38 More liberal origin rules	Positive Negative Positive	Successful Successful Success	New article AELE vs Yugoslav
France	3	MA34 Regionalising safeguard clause MA38 Against liberal origin rules MA310 Stricter controls	Negative Negative Negative	Successful Failed Failed	Coalition  Intellectual prop.
UK	2	MA38 More liberal origin rules MA39 Stricter control on technology	Positive  Negative	Successful  Successful	  CoCom issues
Greece	2	MA34 Regionalizing safeguard clause MA311 Less exemptions	Negative Negative	Successful Successful	Coalition temporary et conj.
Portugal	2	MA34 Regionalizing safeguard clause	Negative	Successful	Coalition

		MA312 General reserve on accession	Negative	Successful	Accession
Belgium	1	MA311 Less exemptions	Negative	Successful	première étape

## 8. Persons, services and capital

**TABLE XX.**Circulation of persons

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>PER 1.</b> Circulation des personnes</p> <p>La libre circulation des personnes est un élément clé du marché unique européen. Le problème de la main d'oeuvre revêt aussi une grande importance sociale, économique et politique pour la Pologne. D'autre part, il est dans l'intérêt de la Communauté d'éviter un afflux important vers la Communauté de travailleurs en situation illégale et surcroît non qualifiés.</p> <p>Des améliorations pourraient donc être recherchées dans l'accord d'association sur la base du principe de réciprocité. Deux étapes et trois domaines principaux peuvent être envisagés.</p> <p>Première étape:</p> <p>a) assistance technique de la part de la Communauté pour la mise en place d'un système adéquat de sécurité sociaux et afin d'amortir les répercussions sociales des mesures de réformes économiques</p> <p>b) amélioration de la situations des travailleurs légalement employés dans la Communauté en ce qui concerne les</p>	<p><b>PER 1.</b> Circulation des <del>travailleurs</del> <del>personnes</del></p> <p><b>Au cours de la première étape, et compte tenu des compétences de la Communauté et des Etats membres, il conviendra d'examiner la possibilité d'améliorer de la situations des travailleurs légalement employés dans la Communauté et des membres de leur famille légalement admis sur le territoire des</b></p>

conditions de travail, de rémunération et de licenciement et de sécurité sociale. De plus, l'accord devrait permettre l'accès à l'emploi des membres de la famille des travailleurs provenant de Pologne et légalement employés dans la Communauté.

c) exploration des possibilités d'améliorer l'accès de la main d'oeuvre provenant de Pologne au marché de l'emploi communautaire selon les principes suivants: l'accès accordé aux travailleurs polonais ne peut être que modeste, séjour et ne concerner que la main d'oeuvre qualifiée

#### Deuxième étape

Lorsque les conditions socio-économiques en Pologne se seront suffisamment rapprochés de celles prévalant dans la Communauté, le Conseil d'association sera appelé à étudier les moyens d'améliorer la libre circulation des personnes.

#### Etats Membres

**Au cours de la deuxième étape, si** les conditions socio-économiques en Pologne se ~~sont suffisamment~~ rapprochés **en grand partie** de celles **des états membres** ~~prévalant dans la Communauté, et si la situation de l'emploi dans la Communauté le permet, la Communauté et les organes d'association devraient~~ ~~sera~~ ~~appelé à~~ étudier les moyens d'améliorer la libre circulation des ~~travailleurs personnes.~~

**En outre, il conviendrait de prévoir une assistance technique pour la mise en place d'un système adéquat de sécurité sociale en Pologne. Celui-ci aura, en effet, une importance capitale pour le processus d'ajustement économique et le redéploiement de la main-d'oeuvre**

**TABLE XXI.Services**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>SER 2.</b> Circulation des services</p> <p>Vu la volonté exprimée par la Pologne de créer un secteur moderne et compétitif des services adapté à la concurrence internationale et devant contribuer à la transition vers l'économie de marché, les négociations devraient notamment porter sur deux aspects</p> <p>a) D'une part, les dispositions concernant la libéralisation et l'ouverture du marché des services devraient tenir compte de l'état des réformes économiques, des intérêts mutuels et des règles internationales définis dans le cadre de l'Uruguay Round, et devraient être basées sur le principe de réciprocité</p> <p>b) D'autre part, les possibilités d'assistance technique de la part de la Communauté dans ce domaine devront être explorées. Le cadre d'une telle assistance est repris ci-dessous dans le chapitre relatif a la coopération économique.</p> <p>Las négociations porteront en particulier sur les secteurs des services financiers, des assurances et des transports.</p>	<p><b>SER 2. Etablissement</b> <del>Circulation</del> des services</p> <p>Vu la volonté exprimée par la Pologne de créer un secteur moderne et compétitif des services adapté à la concurrence internationale et devant contribuer à la transition vers l'économie de marché, les négociations devraient notamment porter sur deux aspects</p> <p>a) D'une part, les dispositions concernant la libéralisation et l'ouverture <b>mutuelles</b> du marché des services devraient tenir compte de l'état des réformes économiques, des intérêts mutuels et des règles internationales définis dans le cadre de l'Uruguay Round, <del>et devraient être basées sur le principe de réciprocité</del></p> <p>b) D'autre part, les possibilités d'assistance technique de la part de la Communauté dans ce domaine devront être explorées. Le cadre d'une telle assistance est repris ci-dessous dans le chapitre relatif a la coopération économique.</p> <p>Las négociations porteront en particulier sur les secteurs des services financiers, des assurances <b>des transports, des</b></p>

Dans une première phase, la Pologne procèdera à l'adoption graduelle de règles identiques à celles de la législation et des directives communautaires dans les domaines des services, dans le but d'atteindre un degré d'harmonisation élevé. De plus, pendant cette période, la Pologne introduira la liberté d'établissement de banques et des compagnies d'assurances de la Communauté, ce qui permettra d'offrir des modèles de référence pour le développement et la promotion de ces secteurs en Pologne. Ceci influencera positivement la création d'un climat d'accueil aux investissements étrangers

Dans une deuxième phase, lorsque l'harmonisation des règles polonaises régissant la circulation des services qui sera suffisamment rapprochée de celles de la Communauté,

#### **télécommunications et de l'ingénierie**

Dans ~~la une~~ première ~~étape phase~~, la Pologne procèdera à l'adoption graduelle de règles identiques à celles de la législation et des directives communautaires dans les domaines des services, dans le but d'atteindre un degré d'harmonisation élevé. De plus, pendant cette période, la Pologne ~~facilitera~~ ~~introduira la liberté~~ l'établissement des banques, compagnies d'assurances, **des services comptables et des bureaux d'étude** de la Communauté, ce qui permettra d'offrir des modèles de référence pour le développement et la promotion de ces secteurs en Pologne. **Dans le secteur de transports, elle facilitera la circulation des voyageurs et des marchandises ainsi que l'accès au marché des transports par la suppression d'obstacles administratifs, techniques et autres.** Ceci influencera positivement la création d'un climat d'accueil aux investissements étrangers. **Le Conseil d'association sera habilité à prendre les mesures nécessaires pour étendre la liberté d'établissement dans d'autres secteurs.**

Dans ~~la une~~ deuxième ~~étape phase~~, lorsque ~~l'harmonisation~~ les règles polonaises régissant la circulation des services **se seront** suffisamment rapprochées

le Conseil d'Association sera appelé à étudier les moyens  
d'améliorer la libre circulation des services

de celles de la Communauté, le Conseil d'Association  
sera appelé à étudier les moyens **de créer les conditions  
de la liberté d'établissement** et améliorer la libre  
circulation des services.

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**TABLE XXII. Réserves to circulation of persons, services and capital**

<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
Cion	5	PER11 Against reference to importance PER11 Against reference to workers PER11b Against improving legally employed PER11b Against family employment PER11c Against P.A. workers access	Negative Negative Negative Negative Negative	Successfu l Successfu l Failed Failed Successfu l	Persons
France	4	PER11b Against improving legally employed PER13 Limit 2nd phase liberalization scope SER22 Extend establishment scope SER23 Against transport liberalization	Negative Negative Positive Negative	Failed Successfu l Successfu l Success	EC employment Teleco & engineering Support Germany
UK	4	PER11a Against social security assistance PER13 Limit 2nd phase liberalization scope SER23 Extend establishment scope CAP32 Stricter protection of investments	Negative Negative Positive Negative	Failed Successfu l Successfu	Two coalitions Consulting & auditing Coalition



				1 Successful	
Neth	3	PER11 No reference to workers free circulation PER11b Against family employment SER23 Maintain transport liberalization	Negative Negative Positive	Successful Failed Successful	Two coalitions
Germany	2	SER23 Against transport liberalization CAP32 Stricter protection of investments	Negative Negative	Failed Successful	Two coalitions Coalition
Spain	2	PER11 No reference to workers free circulation PER13 For stricter social rules for P.A.	Negative Negative	Successful Failed	
Greece	1	SER23 Maintain transport liberalization	Positive	Successful	Two coalition
Belgium	1	SER23 Maintain transport liberalization	Positive	Successful	Two coalitions

TABLE XXIII.Capital

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>CAP 3.</b> Circulation des capitaux</p> <p>La circulation des capitaux est un élément essentiel du grand marché. La Pologne souhaite pouvoir bénéficier elle aussi de cette liberté dès que sa compétitivité et l'instauration de la convertibilité de sa monnaie le permettront. De même que dans le cas des produits industriels et des services, les négociations devraient prévoir une démarche en plusieurs étapes.</p> <p>Au cours de la première étape, la Pologne s'engagerait à libéraliser les mouvements de capitaux relatifs aux paiements concernant les échanges de marchandises et en matière de services. Certains améliorations pourraient être amportées à l'accès au marché de capitaux pendant que les parties cherchent à créer les conditions nécessaires por l'application graduelle des règles communautaires en matière de de libre circulation des capitaux. A ce stade de la coopération technique, les actions de formation et les co-entreprises peuvent apporter une contribution importante à la mise en place d'un secteur financier compétitif en Pologne</p>	<p><b>CAP 3.</b> Circulation des capitaux</p> <p>La circulation des capitaux est un élément essentiel du grand marché. La Pologne <b>bénéficiera</b> <del>souhaite pouvoir bénéficier elle aussi</del> de cette liberté dès que sa compétitivité et l'instauration de la convertibilité de sa monnaie le permettront. De même que dans le cas des produits industriels et des services, les négociations devraient prévoir une démarche en plusieurs étapes.</p> <p>Au cours de la première étape, la Pologne s'engagerait à libéraliser les <b>paiements mouvements de capitaux relatifs</b> <del>aux paiements concernant</del> <b>afférent aux</b> échanges de marchandises et services <b>y compris par une garantie d'accès aux devises pour des entreprises. Elle favoriserait aussi le développement et la protection des investissements en Pologne en autorisant les mouvement des capitaux relatif à ces investissements, leur liquidation et leur repraticeament.</b> Certains améliorations pourraient être apportées à l'accès au marché de capitaux pendant que les parties cherchent à créer les conditions nécessaires por l'application graduelle des règles</p>

Durant la seconde étape, le Conseil d'Association sera appelé à étudier les moyens qui permettront l'application pleine et entière des règles communautaires régissant les mouvements de capitaux.

Toutes les dispositions concernant la circulation de capitaux seront basées sur le principe de la réciprocité.

communautaires en matière de de libre circulation des capitaux. A ce stade de la coopération technique, les actions de formation et les co-entreprises peuvent apporter une contribution importante à la mise en place d'un secteur financier compétitif en Pologne

Durant la seconde étape, le Conseil d'Association sera appelé à étudier les moyens qui permettront l'application pleine et entière des règles communautaires régissant les mouvements de capitaux.

Toutes les dispositions concernant la circulation de capitaux seront basées sur le principe de la réciprocité.

## 9. Financial cooperation

**TABLE XXIV. Financial cooperation**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>FIN</b> 1. Les interventions financières de la Communauté consisteront en une combinaison de prêts et d'aides non remboursables, destinées en partie à des bonifications d'intérêts des crédits</p> <p>2. Jusqu'à la fin de l'exercice 1992, le support de l'aide financière communautaire à la Pologne sera assuré par le programme PHARE. Au-delà, les crédits d'engagement et de paiement nécessaires seront établis sur une base annuelle dans le cadre d'un montant pluriannuel global prévu à titre indicatif pour l'ensemble des pays associés (prêts et aides non remboursables). Des engagements relatifs à des projets concrets s'étendant sur une période supérieure à un an pourront être effectués dans la limite des crédits disponibles</p>	<p><b>FIN</b> 1. Des interventions financières <b>autonomes et transitoires peuvent être décidées pour</b> la Communauté et consisteront en <b>dons et/ou prêts</b> <del>une combinaison de prêts et d'aides non remboursables, destinées en partie à des bonifications d'intérêts des crédits</del></p> <p>2. Jusqu'à la fin de l'exercice 1992, le support de l'aide financière communautaire à la Pologne sera assuré par le programme PHARE. <b>Après 1992, les engagements annuels et les crédits de paiement nécessaires</b> seront établis sur une base <b>indicative à l'intérieur d'un cadre global et pluriannuel, en fonction de l'évaluation par la Communauté des besoins et des niveaux de développement de trois pays associés. Les crédits définitifs</b> seront alloués par la suite sur base de l'évaluation la plus récente de ces facteurs et dans les limites imposées par un nouvel accord sur la discipline budgétaire qui succèdera à l'Accord Interinstitutionnel actuel.[Former ']' Cette approche souple marquera la volonté de la Communauté d'aider au redéploiement</p>

3. L'expérience acquise dans le cadre de l'opération PHARE servira à évaluer les besoins prioritaires et la capacité d'absorption de la Pologne. L'estimation de l'intervention communautaire tiendra également compte, concernant le prêts, de la capacité de remboursement de ce pays. En outre, l'aide accordée sera modulée en fonction des besoins constatés, des priorités retenues, de la capacité d'absorption et de remboursement de la Pologne ainsi que des mesures de mise en œuvre des réformes économiques et de restructuration de ce pays.

4. La définition des actions concernant les secteurs jugés prioritaires, la recevabilité des projets proposées et le niveau de l'intervention communautaire se fera en

économique des pays associé et permettra ~~de mieux mesurer l'effort envisagé~~ de répartir de façon optimale les dépenses dans le temps et entre les pays **suivant les objectifs recherchés.** ~~Des engagements relatifs à des projets concrets s'étendant sur une période supérieure à un an pourront être effectués dans la limite des crédits disponibles~~

3. L'expérience acquise dans le cadre de l'opération PHARE servira à évaluer les besoins prioritaires et la capacité d'absorption de la Pologne. L'estimation de l'intervention communautaire tiendra également compte, concernant le prêts, de la capacité de remboursement de ce pays. En outre, l'aide accordée sera modulée en fonction des besoins constatés, des priorités retenues, de la capacité d'absorption et de remboursement ~~de la Pologne ainsi que des mesures de mise en œuvre~~ des réformes économiques et de restructuration de ce pays. **L'évaluation de ces facteurs sera faite par écrit dans le processus de préparation des réunions annuelles du Conseil d'Association.**

4. La définition des actions concernant les secteurs jugés prioritaires, la recevabilité des projets proposées et le niveau de l'intervention communautaire se fera en

concertation avec le gouvernement polonais.

5. A fin de permettre une utilisation optimale des ressources disponibles, une coordination étroite entre les deux parties sera développée. Elle portera sur les contributions de la Communauté et autres donateurs tels que les Etats Membres de la Communauté et les institutions financières internationales, notamment le FMI, la BIRD et la BERD.

6. D'autres instruments financiers pourront être développées et mis en oeuvre: assurances crédits à la exportation et garanties d'investissements, capitaux à risques, instruments destinées à surmonter les problèmes macroéconomiques liés à la restructuration économique, prêts CECA et prêts de la BEI.

<sup>1</sup> Cette enveloppe, non contraignante et ajustable, marquera la volonté de la Communauté d'aider au redéploiement économique des pays associé et permettre de mieux mesurer l'effort envisagé et de répartir de façon optimiste les dépenses dans le temps et entre les pays.

concertation avec le gouvernement polonais.

5. A fin de permettre une utilisation optimale des ressources disponibles, une coordination étroite entre les deux parties sera développée. Elle portera sur les contributions de la Communauté et autres donateurs tels que les Etats Membres de la Communauté et les institutions financières internationales, notamment le FMI, la BIRD et la BERD.

~~6. D'autres instruments financiers pourront être développées et mis en oeuvre: assurances crédits à la exportation et garanties d'investissements, capitaux à risques, instruments destinées à surmonter les problèmes macroéconomiques liés à la restructuration économique, prêts CECA et prêts de la BEI.~~

**En ce qui concerne des instruments financiers pour la Pologne, y compris des instruments communautaires existants, il devrait être décidé au cours de la négociation si une référence dans l'Accord est possible**

**TABLE XXV. Réserves to financial cooperation**

<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
Germany	3	FIN2 Against linking to PVDALA	Positive	Successful	Linkage
		FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition
		FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
Spain	3	FIN1 Aid should be transitory	Negative	Successful	Linkage
		FIN6 For linking PECOS to PVADALA	Negative	Failed	Linkage
		FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
UK	2	FIN1 Against global finance facility	Negative	Failed	Budget-linkage
		FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition

Portugal	1	FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
France	1	FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition



## EC DOCUMENTS

### 1. AGREEMENTS

#### *1.1 Europe Association Agreements*

Hungary. Signed on 16 December 1991. In force since 1 March 1994. *OJ-L* No.348 of 31 December 1993.

Poland. Signed on 16 December 1991. In force since 1 March 1994. *OJ-L* No.347 of 31 December 1993.

Czechoslovakia. Signed on 16 December 1991. Never entered into force. Replaced by:

Czech Republic. Signed on 4 October 1993. In force since 1 January 1995. *OJ-L* No.359 of 31 December 1994.

Slovakia. Signed on 4 October 1993. In force since 1 January 1995. *OJ-L* No.360 of 31 December 1994.

#### *1.2. Interim Agreements on Trade and Accompanying Measures*

Poland. Council Decision 92/228 of 25 February 1992. *OJ-L* No.114 of 30 April 1992.

Czechoslovakia. Council Decision 92/229 EEC of 25 February 1992. *OJ-L* No.115 of 30 April 1992.

Hungary. Council Decision 92/230 of 25 February 1992. *OJ-L* No.116 of 30 April 1992.

#### *1.3. Trade and Cooperation Agreements*

Czechoslovakia. Agreement on trade in industrial products. COM (88) 673/f of 28 January 1988.

Hungary. Council Decision of 21 November 1988. Trade and Economic Cooperation Agreement. *OJ-L* No.327 of 30 November 1988.

Poland. Council Decision of 30 October 1989. Trade and Economic Cooperation Agreement. *OJ-L* No.339 of 22 November 1989.

Czechoslovakia. Council Decision of 24 September 1990. Trade and Economic Cooperation Agreement. *OJ-L* No.291 of 23 November 1990

## **2. EUROPEAN COMMISSION**

### *2.1 COM series*

COM (89) 470/f. "Action Plan for coordinated Assistance to Poland and Hungary". 17 December 1989.

COM (90) 398/f "Acuerdos de asociación con las países de Europa central y oriental: un esbozo general". 27 August 1990.

COM (92) 400/f. "Informe sobre la aplicación de la ayuda financiera a medio plazo a las balanzas de pagos de los países de Europa Central y Oriental. 16 January 1992.

COM (93) 321/f. "Como consecuencia del Consejo Europeo de Copenhague: medidas de acceso al mercado en favor de los países de la Europa Central y Oriental". 7 July 1993.

COM (94) 320/f. "The Europe Agreements and Beyond: a Strategy to Prepare the Countries of Central Eastern Europe for Accession". 13 July 1994.

### *2.2 SEC series*

SEC (89) 1420. "Assistance concertée en faveur de la Pologne et la Hongrie". Communication de M. Andriessen. 2 August 1989.

SEC (90) 16. "Relations between the Community and the countries of Central and Eastern Europe: implications of recent developments in the German Democratic Republic, Czechoslovakia, Bulgaria and Romania". 4 January 1990.

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DG I proposal. SEC 90 2122, October 30, 1990

**LC 1.5.** La seconde étape

1.5.1. Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits et l'élimination des restrictions quantitatives qui subsistent afin d'arriver à une libéralisation totale pour tous les produits à la fin de cette étape

**1.5.2**

La Pologne devrait progressivement améliorer sa position concurrentielle et rattraper la Communauté dans le processus d'ouverture des marchés par un désarmement des droits et des taxes d'effet équivalent à des droits de douane ainsi que qu'un démantèlement des contingents envers la Communauté et des mesures d'effet équivalent. Pour les contingents quantitatifs qui seraient maintenus pendant la deuxième étape, la Pologne continuera à accorder une préférence à la Communauté. Des exceptions sectorielles pourront être prévues pour accompagner le mouvement de privatisation et les difficultés sociales mais devraient avoir un caractère provisoire et dégressif, étant entendu qu'à la fin de la deuxième étape le régime du libre échange réciproque devra être réalisé.

1.5.2 Les modalités d'application relatives au points 1.5.1 et 1.5.2 ci-dessus devraient être prises au moment opportun par le Conseil d'association.

Council Decision. 11043 EST 152, December 19, 1990

**LC 1.5.1**

Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits et l'élimination des restrictions quantitatives qui subsistent afin d'arriver à une libéralisation totale pour tous les produits à la fin de cette étape

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1.5.2 Les modalités d'application relatives au points 1.5.1 et 152 ci-dessus devraient être prises au moment opportun par le Conseil d'association.

	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
France	5	LC1 Bring forward standstill	Negative	Successful	France vs UK
		LC13 Stricter criteria P.A. to 2nd phase	Negative	Successful	Conditionality
		LC141 For specific EC QR's to 2nd phase	Negative	Failed	Compromise
		LC141 For EC SPG suppression	Negative	Successful	
		LC142 Limit P.A. exceptions	Negative	Successful	
Spain	2	LC13 Stricter criteria P.A. 2nd phase	Negative	Successful	Conditionality
		LC141 General reserve on section	Negative	Successful	Accession treaty
Belgium	2	LC141 For specific EC QR's to 2nd phase	Negative	Failed	Compromise
		LC141 Limit EC SPG concessions	Negative	Successful	
Italy	2	LC141 For specific EC QR's 1st phase	Positive	Failed	Compromise
		LC141 Against raising plafonds for P.A.	Negative	Successful	
Portugal	1	LC141 Limit EC SPG concessions	Negative	Successful	
Greece	1	LC141 Limit EC SPG concessions	Negative	Successful	
UK	1	LC141 For specific EC QR's 1st phase	Positive	Failed	Compromise
Commission	1	LC151 Limit EC liber. in 2nd phase	Negative	Successful	Vid 1.5.1

## 6. "Sensitive" sectors

### DG I proposal. SEC 90 2122, October 30, 1990

**TEXT** 1.6.1 En ce qui concerne le secteur textile, un protocole additionnel à l'accord d'association prévoierait à l'expiration de l'accord actuel sur le commerce des textiles, le 31 décembre 1991, un nouveau cadre pour le commerce des produits textiles tenant compte de l'évolution des négociations internationales au GATT et de l'évolution des échanges entre la Communauté et la Pologne

L'élimination progressive des droits et des RQ devrait être réalisée au terme d'une période de transition dont l'achèvement serait conditionné notamment par l'élimination de toutes les restrictions au libre accès au marché de la Pologne pour les textiles communautaires. Cette période ne pourrait en tout cas pas être inférieure à celle prévue par l'Accord d'association.

Le trafic de perfectionnement passif devrait pendant cette période continuer à être traité en conformité avec le règlement 636/82 qui établit entre autres la délivrance d'autorisations préalables. Les limites quantitatives s'y référant devraient faire partie intégrale de l'arrangement

### Council Decision. 11043 EST 152, December 19, 1990

**TEXT** 1.6.1 En ce qui concerne le secteur textile, un protocole additionnel à l'accord d'association prévoierait à l'expiration de l'accord actuel sur le commerce des textiles, le 31 décembre 1991, un nouveau cadre pour le commerce des produits textiles tenant compte de l'évolution des négociations internationales au GATT et de l'évolution des échanges entre la Communauté et Pologne.

L'élimination progressive des droits et des **restrictions** devrait être réalisée au terme d'une période de transition dont l'achèvement serait conditionné notamment par l'élimination de toutes les restrictions au libre accès au marché de la Pologne pour les textiles communautaires. Cette période ne pourrait en tout cas pas être inférieure à celle prévue par l'Accord d'association **période de libéralisation qui sera décidée pour ce secteur dans le cadre de l'Uruguay Round.**

Le trafic de perfectionnement passif devrait pendant cette période continuer à être traité en conformité avec le règlement 636/82 qui établit entre autres la délivrance d'autorisations préalables. Les limites quantitatives s'y référant devraient faire partie intégrale de l'arrangement **du protocole précité et au début de la seconde étape, la possibilité de les libéraliser devrait être examinée en tenant compte des résultats de l'Uruguay Round**

**DG I proposal. SEC 90 2122, October 30, 1990**

**CECA** 1.6.2 En ce qui concerne les produits CECA, un protocole addtionel à l'accord d'association prévoierait:

- un démantèlement progressif des droits de douane et des taxes d'effet équivalent
- l'élimination progressive des RQ existant dans certains Etats membres

Les dipositions ci-dessus n'affecteront pas les actuels arrangements d'autolimitation négociés et ceux qui pourraient éventuellement y succéder. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure

**Council Decision. 11043 EST 152, December 19, 1990**

**CECA** En ce qui concerne les produits CECA, un protocole addtionel à l'accord d'association prévoierait - un démantèlement progressif des droits de douane et des taxes d'effet équivalent **en vue d'atteindre mutuellement une libéralisation maximum des échanges pour ces produits. Toutefois, pour le charbon, ce démantèlement ne commencerait qu'a partir de 1995**

~~- l'élimination progressive des RQ existant dans certains Etats membres~~

Les dipositions ci-dessus n'affectaront pas les actuels arrangements d'autolimitation négociés et ceux qui pourraient éventuellement y succéder **ni les restrictions nationales non discriminatoires à l'égart des pays tiers actuellement en vigueur dans certains Etats membres en ce qui concerne le charbon.** Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure.

**DG I proposal. SEC 90 2122, October 30, 1990**

**PAT** 1.6.3 En ce qui concerne les produits agricoles transformés ne relevant pas de l'annexe II du traité CEE, ils feront l'objet d'un protocole additional, établissant les modalités de démantèlement des impositions. L'accord ne fera pas obstacle à la perception à l'importation d'un élément mobile ou d'un montant forfaitaire ou à l'application de mesures intérieures de compensation de prix, ni à l'application de mesures à l'exportation pour tenir compte des différences du coût des produits agricoles incorporés.

**Council Decision. 11043 EST 152, December 19, 1990**

**PAT** En ce qui concerne les **concessions réciproques pour les** produits agricoles transformés ne relevant pas de l'annexe II du traité CEE, elles feront l'objet d'un protocole additional, ~~établissant les modalités de démantèlement des impositions.~~ L'accord ne fera pas obstacle à la perception à **la application des mécanismes communautaires en vigueur** à l'importation d'un élément mobile ou d'un montant forfaitaire ou à l'application de mesures intérieures de compensation de prix, ni à l'application de mesures à l'exportation pour tenir compte des différences du coût des produits agricoles incorporés.

DGI proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>AGR 2.1</b> Des dispositions particulières seront prévues en vue de promouvoir les échanges des produits de l'agriculture et de la pêche, compte à tenu à la fois de:</p> <ul style="list-style-type: none"> <li>- leur sensibilité particulière</li> <li>- des règles de la politique agricole commune et de la politique commune de la pêche</li> <li>- des résultats éventuels des négociations multilatérales menées dans le cadre du GATT</li> </ul> <p>Les dispositions suivies comprendront notamment:</p> <ul style="list-style-type: none"> <li>- des concessions que les deux parties s'accordent mutuellement</li> <li>- la possibilité de nouvelles concessions, produit par produit, sur une base harmonieuse et réciproque</li> </ul> <p>Par ailleurs et compte tenu de la sensibilité des secteurs et des produits concernés ainsi que du caractère permanent des concessions octroyées dans le cadre de l'accord, il sere procéde:</p> <ul style="list-style-type: none"> <li>- à la consolidation des suspensions des RQ non spécifiques</li> <li>- à la consilidation éventuelle et/ou aménagée des concessions actuelles que les deux parties contractantes se sont accordées.</li> </ul> <p><b>FISH 2.2</b> Pour ce qui concerne le secteur de la pêche, la Communauté tiendra compte, pour l'octroi des préférences commerciales dans le cadre de l'accord d'association, des progrès réalisés pour un accord de pêche entre la Communauté et la Pologne.</p>	<p><b>AGR 2.1</b> Des dispositions particulières seront prévues en vue de promouvoir les échanges des produits de l'agriculture et de la pêche, compte à tenu à la fois de:</p> <ul style="list-style-type: none"> <li>- leur sensibilité particulière</li> <li>- des règles de la politique agricole commune et de la politique commune de la pêche</li> <li>- des résultats éventuels des négociations multilatérales menées dans le cadre du GATT</li> </ul> <p>Les dispositions suivies comprendront notamment:</p> <ul style="list-style-type: none"> <li>- des concessions que les deux parties s'accordent mutuellement</li> <li>- la possibilité de nouvelles concessions, produit par produit, sur une base harmonieuse et réciproque</li> </ul> <p>Par ailleurs et compte tenu de la sensibilité des secteurs et des produits concernés ainsi que du caractère permanent des concessions octroyées dans le cadre de l'accord, il sere procéde à la consolidation <b>et/ou aménagée</b> des suspensions des RQ non spécifiques <b>et des avantages accordés au titre des préférences généralisées</b> [<del>à la consolidation éventuelle et/ou aménagée des concessions actuelles que les deux parties contractantes se sont accordées.</del>]</p> <p><b>Las dispositions ci-dessus n'affecteront pas les actuels arrangements négociés et ceux qui purraient éventuellement y succéder. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant le période ultérieure.</b></p> <p><b>FISH 2.2 Les aspects de l'accord relatifs aux échanges, aux droits de pêche et à la coopération devront être considérés comme un ensemble. Au cours de la négociation, une référence pourrait être faite à la possiblité d'octroyer des préférences commerciales en fonction des résultats des négociations de l'accord de pêche entre la Communauté et Pologne. Dans ce cas, les principes énoncés sous 2.1 s'appliquent mutatus mutandis aux produit de la pêche</b></p>





	Réserves				
Country	No.	Item/Content	Type	Result	Comment/Method
Germany	6	TEXT161 For more liberal regime	Positive	Failed	Uruguay Round
		TEXT161 For improving TPP	Positive	Failed	Uruguay Round
		CECA162 Less coal liberalization	Negative	Successful	To 1995
		CECA162 Maintain national quotas in EC	Negative	Successful	Coal
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
		AGR21 For less liberal approach	Negative	Successful	Maintain P.A. VER's
Spain	6	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
		CECA162 Maintain P.A. steel VER's	Negative	Successful	
		CECA162 Maintain national quotas in EC	Negative	Successful	
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
		AGR21 For less liberal approach	Negative	Successful	
		FISH22 Concerns	Negative	Successful	Postponement
UK	4	TEXT161 For more liberalisation	Positive	Failed	
		CECA162 For supressing P.A. VER's	Positive	Failed	
		CECA162 For supressing national quotas in EC	Positive	Failed	Coal
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
France	3	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
		CECA162 Maintain national quotas EC	Negative	Successful	
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
Greece	2	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
		AGR21 For less libeal approach	Negative	Successful	
Italy	2	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
		PAT163 For more liberal regime	Positive	Failed	TPP
Portugal	1	TEXT161 For more restrictive regime	Negative	Successful	General Reserve
NL	1	TEXT161 For more liberal regime	Positive	Failed	
Ireland	1	TEXT161 For more restrictive regime	Negative	Successful	Support Cion



## **7. Accompanying measures**

**DG I proposal. SEC 90 2122, October 30, 1990**

**MA 3.1 Standstill**

Aucun nouveau droit ou taxe d'effet équivalent et aucune nouvelle restriction quantitative ou mesure d'effet équivalent ne pourront être introduits dans les échanges entre la Communauté et la Pologne

**3.2 Non Discrimination**

L'accord devra interdire toute mesure ou pratique de nature fiscale interne ou autre se traduisant directement ou indirectement dans une discrimination entre les produits d'une parties contractante et les produits similaires originaires de l'autre partie contractante

Par ailleurs, le régime des échanges des parties contractantes avec des parties tierces (y compris les pays membres du CAEM) ne pourra donner lieu à aucune discrimination vis à vis de la Communauté

**3.3 Dumping**

Si l'une des parties contractantes constate des pratiques de dumping dans ses relations avec l'autre partie contractante, elle pourra après consultation au sein du Comité d'Association réuni en session spéciales, prendre des mesures de défense appropriées contre ces pratiques, conformément à l'accord relatif à la mise en oeuvre de l'article VI de le GATT, dans les conditions et selon les procédures prévus par l'accord d'association

**3.4 Salvaguarde**

Si les importations d'un produit donné se font dans des quantités ou dans des conditions telles qu'elles provoquent ou risquent de provoquer un préjudice grave à une activité productrice exercée dans le territoire d'une des parties contractantes, la partie contractante intéressée peut prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord.

**3.5 Concurrence et aides d'état**

L'accord stipulera qui sont incompatibles avec le bon fonctionnement de l'accord, dans la mesure où ils sont susceptibles d'affecter les échanges entre la Communauté et la Pologne:

- tous accords entre entreprises, et toutes pratiques concertées entre entreprises qui ont pour objet de restreindre ou de fausser le jeu de la concurrence en ce qui concerne la production et les échanges de marchandises
- l'exploitation abusive par une ou plusieurs entreprises d'une position dominante sur l'ensemble des territoires des parties contractantes ou dans une partie substantielle de celui-ci
- les aides publiques qui faussent ou menacent de fausser la concurrence. Des dérogations en la matière pourront être envisagées

Si une partie contractante estime qu'une pratique donnée est incompatible avec le présent article, elle pourra prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord

**Council Decision. 11043 EST 152, December 19, 1990**

**MA 3.1 Standstill**

Aucun nouveau droit ou taxe d'effet équivalent et aucune nouvelle restriction quantitative ou mesure d'effet équivalent ne pourront être introduits dans les échanges entre la Communauté et la Pologne

**3.2 Non Discrimination**

L'accord devra interdire toute mesure ou pratique de nature fiscale interne ou autre se traduisant directement ou indirectement dans une discrimination entre les produits d'une parties contractante et les produits similaires originaires de l'autre partie contractante

Par ailleurs, le régime des échanges des parties contractantes avec des parties tierces (y compris les pays membres du CAEM) ne pourra donner lieu à aucune discrimination vis à vis de la Communauté

**3.3 Dumping**

Si l'une des parties contractantes constate des pratiques de dumping dans ses relations avec l'autre partie contractante, elle pourra après consultation ~~au sein du Comité d'Association réuni en session spéciales~~ **entre les parties sauf en cas d'urgence**, prendre des mesures de défense appropriées contre ces pratiques, conformément à l'accord relatif à la mise en oeuvre de l'article VI de le GATT, dans les conditions et selon les procédures prévus par l'accord d'association

**3.4 Salvaguarde**

Si les importations d'un produit donné se font dans des quantités ou dans des conditions telles qu'elles provoquent ou risquent de provoquer un préjudice grave à une activité productrice exercée dans le territoire d'une des parties contractantes **ou à un déséquilibre grave et persistant de sa balance de paiements**, la partie contractante intéressée peut prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord. **En cas de perturbations sérieuses dans un secteur de l'activité économique ou de difficultés pouvant se traduire par l'altération grave d'une situation économique régionale, la partie contractante intéressée pourra prendre les mesures appropriées dans les conditions prévues par l'accord.**

**3.5 Concurrence et aides d'état**

L'accord stipulera qui sont incompatibles avec le bon fonctionnement de l'accord, dans la mesure où ils sont susceptibles d'affecter les échanges entre la Communauté et la Pologne:

- tous accords entre entreprises, et toutes pratiques concertées entre entreprises qui ont pour objet de restreindre ou de fausser le jeu de la concurrence en ce qui concerne la production et les échanges de marchandises
- l'exploitation abusive par une ou plusieurs entreprises d'une position dominante sur l'ensemble des territoires des parties contractantes ou dans une partie substantielle de celui-ci
- les aides publiques qui faussent ou menacent de fausser la concurrence. Des dérogations en la matière pourront être envisagées

Si une partie contractante estime qu'une pratique donnée est incompatible avec le présent article, elle pourra prendre les mesures appropriées **y compris les droits compensatoires** dans les conditions et selon les procédures prévues par l'accord **et par le GATT**





DG I proposal. SEC 90 2122, October 30, 1990

Council Decision. 11043 EST 152, December 19, 1990

MA

**MA 3.6 En ce qui concerne les entreprises relevant exclusivement ou majoritairement de la propriété publique, les parties à l'association son d'avis que l'application des principes du traité CEE, notamment l'article 90, ainsi que du Document final de la Conférence CSCE de Vonn d'avril 1990 (et notamment l'égalité du traitement de formes de propriété ainsi que la liberté de décision des entrepreneurs) sera assuré par le Conseil d'Association**

3.6 Règlement des litiges

Les parties contractantes devront rechercher le règlement des litiges éventuels dans le cadre des institutions de l'accord. Elles auront, le cas échéant, recours à un arbitrage selon des règles à définir dans l'accord

3.7 Règlement des litiges

Les parties contractantes devront rechercher le règlement des litiges éventuels **entre elles** dans le cadre des institutions de l'accord. Elles auront, le cas échéant, recours à un arbitrage selon des règles à définir dans l'accord

3.7 Etablissement de règles d'origine de nature préférentielle et méthodes de coopération administrative

Un protocole relatif à la notion de "produits originaires" et aux méthodes de coopération administrative sera annexé a l'accord

3.8 Etablissement de règles d'origine de nature préférentielle et méthodes de coopération administrative

Un protocole relatif à la notion de "produits originaires" et aux méthodes de coopération administrative sera annexé a l'accord

**La Communauté proposera d'inclure dans ce protocole le cumul bilatéral de produits originaire d'une part de la Communauté, d'autre part de la Pologne. Ce traitement pourrait s'appliquer au cours de la première étape. Des améliorations à ce régime pourraient être prévues pour la deuxième étape quand conditions sont jugées appropriées.**

3.8 Restrictions

L'accord ne préjugera pas l'application d'interdictions ou de restrictions d'importations, d'exportation ou de transit visées à l'article 36 du Traité de Rome

3.9 Restrictions

L'accord ne préjugera pas l'application d'interdictions ou de restrictions d'importations, d'exportation ou de transit visées aux articles 36 **et 223 et 224** du Traité de Rome

3.9 Propriété intellectuelle, industrielle et commerciale

Das mesures garantissant une protection effective et adéquate de la propriété intellectuelle et commerciale, d'un niveau similaire à ce qui existe dans la Communauté seront prises par la Pologne. La Pologne devrait s'engager à demander d'adhérer ou d'être partie à terme aux accords multilatéraux existants dans ce domaine auxquels elle n'est pas encore partie

3.10 Propriété intellectuelle, industrielle et commerciale

Das mesures garantissant une protection effective et adéquate de la propriété intellectuelle et commerciale, d'un niveau similaire à ce qui existe dans la Communauté seront prises par la Pologne. La Pologne devrait s'engager à demander d'adhérer ou d'être partie à terme aux accords multilatéraux existants dans ce domaine auxquels elle n'est pas encore partie

3.10 Clause de pénurie

A la demande de Pologne, il pourrait être prévu dans l'accord qu'en cas de pénurie grave d'un produit donnée sur le territoire de Pologne, cette dernière pourra prendre, dans les conditions et selon les procédures prévues dans l'accord des mesures appropriées visant à interdire ou réduire l'exportation du produit en question vers le territoire de la Communauté. De telles mesures ne pourraient avoir un caractère discriminatoire envers la Communauté

3.11 Clause de pénurie

A la demande de Pologne, il pourrait être prévu dans l'accord **pour la première étape seulement** qu'en cas de pénurie grave d'un produit donnée sur le territoire de Pologne, cette dernière pourra prendre, dans les conditions et selon les procédures prévues dans l'accord des mesures appropriées visant à interdire ou réduire l'exportation du produit en question vers le territoire de la Communauté. De telles mesures **auraient un caractère temporaire et conjoncturel** ne pourraient avoir un caractère discriminatoire envers la Communauté

3.11 Clause relative à l'adhésion de l'Espagne et du Portugal à la Communauté

Les dispositions de l'accord relatives aux échanges commerciaux tiendront compte des mesures prises dans l'acte d'adhésion de l'Espagne et du Portugal à la Communauté

3.12 Clause relative à l'adhésion de l'Espagne et du Portugal à la Communauté

Les dispositions de l'accord relatives aux échanges commerciaux tiendront compte des mesures prises dans l'acte d'adhésion de l'Espagne et du Portugal à la Communauté







	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
Spain	4	MA33 For more antidumping provisions	Negative	Failed	Protection Coalition
		MA34 Regionalising safeguard clause	Negative	Successful	
		MA35 Compensations for P.A. state aids	Negative	Successful	
		MA312 General reserve	Negative	Successful	Accession treaty
Germany	3	MA33 Balance of payment exceptions	Positive	Successful	New article AELE vs Yugoslav
		MA36new Stricter on state aids	Negative	Successful	
		MA38 More liberal origin rules	Positive	Success	
France	3	MA34 Regionalising safeguard clause	Negative	Successful	Coalition
		MA38 Against liberal origin rules	Negative	Failed	
		MA310 Stricter controls	Negative	Failed	Intellectual prop.
UK	2	MA38 More liberal origin rules	Positive	Successful	CoCom issues
		MA39 Stricter control on technology	Negative	Successful	
Greece	2	MA34 Regionalizing safeguard clause	Negative	Successful	Coalition
		MA311 Less exemptions	Negative	Successful	temporary et conj.
Portugal	2	MA34 Regionalizing safeguard clause	Negative	Successful	Coalition
		MA312 General reserve on accession	Negative	Successful	Accession
Belgium	1	MA311 Less exemptions	Negative	Successful	première étape

## **8. Persons, Services and Capital**

DG I proposal. SEC 90 2122, October 30, 1990

**PER 1. Circulation des personnes**

La libre circulation des personnes est un élément clé du marché unique européen. Le problème de la main d'œuvre revêt aussi une grande importance sociale, économique et politique pour la Pologne. D'autre part, il est dans l'intérêt de la Communauté d'éviter un afflux important vers la Communauté de travailleurs en situation illégale et de surcroît non qualifiés.

Des améliorations pourraient donc être recherchées dans l'accord d'association sur la base du principe de réciprocité. Deux étapes et trois domaines principaux peuvent être envisagés.

Première étape:

- a) assistance technique de la part de la Communauté pour la mise en place d'un système adéquat de sécurité sociaux et afin d'amortir les répercussions sociales des mesures de réformes économiques
- b) amélioration de la situations des travailleurs légalement employés dans la Communauté en ce qui concerne les conditions de travail, de rémunération et de licenciement et de sécurité sociale. De plus, l'accord devrait permettre l'accès à l'emploi des membres de la famille des travailleurs provenant de Pologne et légalement employés dans la Communauté.
- c) exploration des possibilités d'améliorer l'accès de la main d'œuvre provenant de Pologne au marché de l'emploi communautaire selon les principes suivants: l'accès accordé aux travailleurs polonais ne peut être que modeste, séjour et ne concerner que la main d'œuvre qualifiée

Deuxième étape

Lorsque les conditions socio-économiques en Pologne se seront suffisamment rapprochés de celles prévalant dans la Communauté, le Conseil d'association sera appelé à étudier les moyens d'améliorer la libre circulation des personnes.

Council Decision. 11043 EST 152, December 19, 1990

**PER 1. Circulation des ~~personnes~~ travailleurs**

**Au cours de la première étape, et compte tenu des compétences de la Communauté et des Etats membres, il conviendra d'examiner la possibilité d'améliorer de la situations des travailleurs légalement employés dans la Communauté et des membres de leur famille légalement admis sur le territoire des Etats Membres**

**Au cours de la deuxième étape, si les conditions socio-économiques en Pologne se ~~sont suffisamment~~ sont suffisamment rapprochés en grand partie de celles des Etats membres prévalant dans la Communauté, et si la situation de l'emploi dans la Communauté le permet, la Communauté et les organes d'association devraient ~~s'être appelés à~~ étudier les moyens d'améliorer la libre circulation des ~~personnes~~ travailleurs**

**En outre, il conviendrait de prévoir une assistance technique pour la mise en place d'un système adéquat de sécurité sociale en Pologne. Celui-ci aura, en effet, une importance capitale pour le processus d'ajustement économique et le redéploiement de la main-d'œuvre**



**DG I proposal. SEC 90 2122, October 30, 1990**

**SER 2. Circulation des services**

Vu la volonté exprimée par la Pologne de créer un secteur moderne et compétitif des services adapté à la concurrence internationale et devant contribuer à la transition vers l'économie de marché, les négociations devraient notamment porter sur deux aspects

a) D'une part, les dispositions concernant la libéralisation et l'ouverture du marché des services devraient tenir compte de l'état des réformes économiques, des intérêts mutuels et des règles internationales définies dans le cadre de l'Uruguay Round, et devraient être basées sur le principe de réciprocité

b) D'autre part, les possibilités d'assistance technique de la part de la Communauté dans ce domaine devront être explorées. Le cadre d'une telle assistance est repris ci-dessous dans le chapitre relatif à la coopération économique.

Las négociations porteront en particulier sur les secteurs des services financiers, des assurances et des transports.

Dans une première phase, la Pologne procèdera à l'adoption graduelle de règles identiques à celles de la législation et des directives communautaires dans les domaines des services, dans le but d'atteindre un degré d'harmonisation élevé. De plus, pendant cette période, la Pologne introduira la liberté d'établissement de banques et des compagnies d'assurances de la Communauté, ce qui permettra d'offrir des modèles de référence pour le développement et la promotion de ces secteurs en Pologne. Ceci influencera positivement la création d'un climat d'accueil aux investissements étrangers

Dans une deuxième phase, lorsque l'harmonisation des règles polonaises régissant la circulation des services qui sera suffisamment rapprochée de celles de la Communauté, le Conseil d'Association sera appelé à étudier les moyens d'améliorer la libre circulation des services

**Council Decision. 11043 EST 152, December 19, 1990**

**SER 2. Etablissement** ~~Circulation~~ des services

Vu la volonté exprimée par la Pologne de créer un secteur moderne et compétitif des services adapté à la concurrence internationale et devant contribuer à la transition vers l'économie de marché, les négociations devraient notamment porter sur deux aspects

a) D'une part, les dispositions concernant la libéralisation et l'ouverture **mutuelles** du marché des services devraient tenir compte de l'état des réformes économiques, des intérêts mutuels et des règles internationales définies dans le cadre de l'Uruguay Round, ~~et devraient être basées sur le principe de réciprocité~~

b) D'autre part, les possibilités d'assistance technique de la part de la Communauté dans ce domaine devront être explorées. Le cadre d'une telle assistance est repris ci-dessous dans le chapitre relatif à la coopération économique.

Las négociations porteront en particulier sur les secteurs des services financiers, des assurances **des transports, des télécommunications et de l'ingénierie**

Dans ~~la une~~ première **étape phase**, la Pologne procèdera à l'adoption graduelle de règles identiques à celles de la législation et des directives communautaires dans les domaines des services, dans le but d'atteindre un degré d'harmonisation élevé. De plus, pendant cette période, la Pologne **facilitara** ~~introduira la liberté~~ l'établissement des banques, compagnies d'assurances, **des services comptables et des bureaux d'étude** de la Communauté, ce qui permettra d'offrir des modèles de référence pour le développement et la promotion de ces secteurs en Pologne. **Dans le secteur de transports, elle facilitera la circulation des voyageurs et des marchandises ainsi que l'accès au marché des transports par la suppression d'obstacles administratifs, techniques et autres.** Ceci influencera positivement la création d'un climat d'accueil aux investissements étrangers. **Le Conseil d'association sera habilité à prendre les mesures nécessaires pour étendre la liberté d'établissement dans d'autres secteurs.**

Dans ~~la une~~ deuxième **étape phase**, lorsque ~~l'harmonisation les~~ règles polonaises régissant la circulation des services **se seront** suffisamment rapprochées de celles de la Communauté, le Conseil d'Association sera appelé à étudier les moyens **de créer les conditions de la liberté de l'établissement** et améliorer la libre circulation des services.



	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
Cion	5	PER11 Against reference to importance	Negative	Successful	Persons
		PER11 Against reference to workers	Negative	Successful	
		PER11b Against improving legally employed	Negative	Failed	
		PER11b Against family employment	Negative	Failed	
		PER11c Against P.A. workers access	Negative	Successful	
France	4	PER11b Against improving legally employed	Negative	Failed	EC employment
		PER13 Limit 2nd phase liberalization scope	Negative	Successful	
		SER22 Extend establishment scope	Positive	Successful	Teleco & engineering
		SER23 Against transport liberalization	Negative	Success	Support Germany
UK	4	PER11a Against social security assistance	Negative	Failed	Two coalitions
		PER13 Limit 2nd phase liberalization scope	Negative	Successful	
		SER23 Extend establishment scope	Positive	Successful	Consulting & auditing
		CAP32 Stricter protection of investments	Negative	Successful	Coalition
Neth	3	PER11 No reference to workers free circulation	Negative	Successful	Two coalitions
		PER11b Against family employment	Negative	Failed	
		SER23 Maintain transport liberalization	Positive	Successful	
Germany	2	SER23 Against transport liberalization	Negative	Failed	Two coalitions
		CAP32 Stricter protection of investments	Negative	Successful	Coalition
Spain	2	PER11 No reference to workers free circulation	Negative	Successful	
		PER13 For stricter social rules for P.A.	Negative	Failed	
Greece	1	SER23 Maintain transport liberalization	Positive	Successful	Two coalition
Belgium	1	SER23 Maintain transport liberalization	Positive	Successful	Two coalitions







**DG I proposal. SEC 90 2122, October 30, 1990**

**CAP 3. Circulation des capitaux**

La circulation des capitaux est un élément essentiel du grand marché. La Pologne souhaite pouvoir bénéficier elle aussi de cette liberté dès que sa compétitivité et l'instauration de la convertibilité de sa monnaie le permettront. De même que dans le cas des produits industriels et des services, les négociations devraient prévoir une démarche en plusieurs étapes.

Au cours de la première étape, la Pologne s'engagerait à libéraliser les mouvements de capitaux relatifs aux paiements concernant les échanges de marchandises et en matière de services. Certains améliorations pourraient être apportées à l'accès au marché de capitaux pendant que les parties cherchent à créer les conditions nécessaires pour l'application graduelle des règles communautaires en matière de libre circulation des capitaux. A ce stade de la coopération technique, les actions de formation et les co-entreprises peuvent apporter une contribution importante à la mise en place d'un secteur financier compétitif en Pologne

Durant la seconde étape, le Conseil d'Association sera appelé à étudier les moyens qui permettront l'application pleine et entière des règles communautaires régissant les mouvements de capitaux.

Toutes les dispositions concernant la circulation de capitaux seront basées sur le principe de la réciprocité.

**Council Decision. 11043 EST 152, December 19, 1990**

**CAP 3. Circulation des capitaux**

La circulation des capitaux est un élément essentiel du grand marché. La Pologne ~~bénéficiera~~ ~~souhaite pouvoir~~ ~~bénéficier elle aussi~~ de cette liberté dès que sa compétitivité et l'instauration de la convertibilité de sa monnaie le permettront. De même que dans le cas des produits industriels et des services, les négociations devraient prévoir une démarche en plusieurs étapes.

Au cours de la première étape, la Pologne s'engagerait à libéraliser les ~~paievements~~ ~~mouvements de capitaux relatifs~~ ~~aux paiements concernant~~ ~~aux échanges de~~ ~~merchandise et services~~ **relatifs aux échanges de marchandises et services y compris par une garantie d'accès aux devises pour des entreprises. Elle favoriserait aussi le développement et la protection des investissements en Pologne en autorisant les mouvement des capitaux relatif à ces investissements, leur liquidation et leur rapatriement.** Certains améliorations pourraient être apportées à l'accès au marché de capitaux pendant que les parties cherchent à créer les conditions nécessaires pour l'application graduelle des règles communautaires en matière de libre circulation des capitaux. A ce stade de la coopération technique, les actions de formation et les co-entreprises peuvent apporter une contribution importante à la mise en place d'un secteur financier compétitif en Pologne

Durant la seconde étape, le Conseil d'Association sera appelé à étudier les moyens qui permettront l'application pleine et entière des règles communautaires régissant les mouvements de capitaux.

Toutes les dispositions concernant la circulation de capitaux seront basées sur le principe de la réciprocité.

## 9. Financial cooperation

**DG I proposal. SEC 90 2122, October 30, 1990**

**FIN 1.** Les interventions financières de la Communauté consisteront en une combinaison de prêts et d'aides non remboursables, destinées en partie à des bonifications d'intérêts des crédits

2. Jusqu'à la fin de l'exercice 1992, le support de l'aide financière communautaire à la Pologne sera assuré par le programme PHARE. Au-delà, les crédits d'engagement et de paiement nécessaires seront établis sur une base annuelle dans le cadre d'un montant pluriannuel global prévu à titre indicatif pour l'ensemble des pays associés (prêts et aides non remboursables). Des engagements relatifs à des projets concrets s'étendant sur une période supérieure à un an pourront être effectués dans la limite des crédits disponibles

3. L'expérience acquise dans le cadre de l'opération PHARE servira à évaluer les besoins prioritaires et la capacité d'absorption de la Pologne. L'estimation de l'intervention communautaire tiendra également compte, concernant les prêts, de la capacité de remboursement de ce pays. En outre, l'aide accordée sera modulée en fonction des besoins constatés, des priorités retenues, de la capacité d'absorption et du remboursement de la Pologne ainsi que des mesures

**Council Decision. 11043 EST 152, December 19, 1990**

**FIN 1.** Des interventions financières **autonomes et transitoires peuvent être décidées pour** la Communauté et consisteront en **dons et/ou prêts** une combinaison de prêts et d'aides non remboursables, destinées en partie à des bonifications d'intérêts des crédits

2. Jusqu'à la fin de l'exercice 1992, le support de l'aide financière communautaire à la Pologne sera assuré par le programme PHARE. **Après 1992, les engagements annuels et les crédits de paiement nécessaires** seront établis sur une base **indicative à l'intérieur d'un cadre global et pluriannuel, en fonction de l'évaluation par la Communauté des besoins et des niveaux de développement de trois pays associés. Les crédits définitifs seront alloués par la suite sur base de l'évaluation la plus récente de ces facteurs et dans les limites imposées par un nouvel accord sur la discipline budgétaire qui succèdera à l'Accord Interinstitutionnel actuel.** [Former <sup>1</sup>] Cette approche souple marquera la volonté de la Communauté d'aider au redéploiement économique des pays associés et permettra de mieux mesurer l'effort envisagé de répartir de façon optimale les dépenses dans le temps et entre les pays **suivant les objectifs recherchés. Des engagements relatifs à des projets concrets s'étendant sur une période supérieure à un an** pourront être effectués dans la limite des crédits disponibles

3. L'expérience acquise dans le cadre de l'opération PHARE servira à évaluer les besoins prioritaires et la capacité d'absorption de la Pologne. L'estimation de l'intervention communautaire tiendra également compte, concernant les prêts, de la capacité de remboursement de ce pays. En outre, l'aide accordée sera modulée en fonction des besoins constatés, des priorités retenues, de la capacité d'absorption et du remboursement de la Pologne ainsi que des mesures



<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
Germany	3	FIN2 Against linking to PVDALA	Positive	Successful	Linkage
		FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition
		FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
Spain	3	FIN1 Aid should be transitory	Negative	Successful	Linkage
		FIN6 For linking PECOS to PVADALA	Negative	Failed	Linkage
		FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
UK	2	FIN1 Against global finance facility	Negative	Failed	Budget-linkage
		FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition
Portugal	1	FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
France	1	FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition

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**TABLE XVI. Comparison of the trade packages agreed in 1991 (IA) and 1993 (Copenhagen)**

Item	Interim Agreements 1991	European Council 1993	Commission's description of impact
Annex IIb base metals tariffs	January 96	January 94	"Insignificant": four products (ferrosilicium, aluminum, raw lead and zinc). Advance by two years suppression of residual rights otherwise ranging between 1.4 and 2.4%
Annex III industrial tariffs	January 97	January 95	Duties were only applied to quantities exceeding quotas. The reestablishment of duties has only taken place in 10 cases during 1992. Average actual medium tariff is 2.3%. "The most visible concession within an already modest package"
Annex III industrial quotas	20% year increase 1992-1997	30% year increase 1992-1995	If duties are abolished by 1995 instead of by 1997 (above proposition) the annual increase of quotas could be raised 10%. According to 1992 trade figures these would entail 6,8 and 13,6 million ecus of additional imports during 1993 and 1994, respectively. "Quotas are very few and only half of them have been used by the PECOS".
Agriculture Levies/duties within quotas	60% reduction on January 1994	Six months anticipation July 1993	Anticipate by 6 months concessions already foreseen, implying a 10% increase in quotas each year: "assez faible", "an absolute minimum concession"
Textile OPT	January 1994	effective on	Outward Processing Traffic liberalization, envisaged for 1994,

		January 1994	was colluding with restrictive regulations (R 636/82). Commitment to revise the regulation to achieve effective OPT liberalization on all products not subject to quantitative restrictions and demanded by EC manufacturers, not by traders.
Textile duties	January 1998	January 1997	Duties which would have continued to exist for 1997-1998 would have been 1-1,5% in average. "It is already an absolute minimal concession"
ECSC steel duties	January 1997	January 1996	"Insignificant impact". Residual duties for 1996-1997 would have been 0.5% in average. It does not prejudice the introduction of safeguard measures when appropriate

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*Sources:* Compiled from the author from CEC. DG I L-1. "Impact des propositions de concessions commerciales additionnelles pour le PECOS présentées par la Commission pour le Conseil Européen de Copenhague". Bruxelles, le 12/05/1993 and CEC. DG I L-1. "What the Commissioner can and cannot accept on each proposal and why". Brussels, 4 June 1993.

**TABLE I. Commission's documents**

Doc. No.	Date	Author	Code No.	Specifications	Title
1	30.10.90	General Secretary Commission	SEC 90 (2122) F	O/291/90 a) O.J. 1034 07/11/90 b) Réunion spéciale des Chefs de Cabinet Communication de M. Andriessen	Négociation des accords européens avec respectivement la République Federative Tchèque et Slovaque, la République de Pologne et la République de Hongrie
2	5.11.90	General Secretary Commission	SEC 90 (2122/2)	O/291/90 O.J. 1034 07/11/90 p.15. Version révisé suite à la réunion des Chefs de cabinet du 31 octobre 1990	Recommandation por une décision du Conseil autorisant la Commission a négocier un accord européen avec la République de Pologne
3	07.11.90	General Secretary Commission	SEC 90 (2122)	Modification partie B (Dialogue Politique)	Recommandation por une décision du Conseil autorisant la Commission a négocier un accord européen avec la République de Pologne
4	08.11.90	General Secretary Commission	SEC 90 (2122)	Presented at Eastern Europe Council's Group	Recommandation por une décision du Conseil autorisant la Commission a négocier un accord européen avec la République de Pologne

**TABLE II. Council's first reading**

Doc. No.	Fecha	Author	Code No.	Specifications	Title
5	20.11.90	Groupe Europe Orientale Council	9973/90 EST 124	Résultats des Travaux du Groupe Europa Orientale en date du 8, 15, et 16 novembre 1990	Accords Européens. Projet de recommandation pour une décision du Conseil autorisant la Commission à négocier un accord européen avec la Pologne, la Hongrie et la Tchécoslovaquie
5bis	20.11.90	Council	9973/90 EST 124	Résultats des Travaux du Groupe Europa Orientale en date du 8, 15, et 16 novembre 1990	Accords Européens. Projet de recommandation pour une décision du Conseil autorisant la Commission à négocier un accord européen avec la Pologne, la Hongrie et la Tchécoslovaquie
6	26.11.90	Groupe Europe Orientale Council	9974/90 EST 125	Rapport du Groupe Europe Orientale en date du 23 novembre 1990 au Coreper II du 28 novembre 1990	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
7p	28.11.90	Groupe Europe Orientale Council	9974/1/90 EST 125 REV 1	Rapport du Groupe Europe Orientale en date du 27 novembre 1990 au Coreper	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie (Text: Pologne)

7h	28.11.90	Groupe Europe Orientale Council	9974/1/90 EST 125 REV 1 ADD 1 HONGRIE	Rapport du Groupe Europe Orientale en date du 27 novembre 1990 au Coreper	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie (Text: Hongrie)
7c	28.11.90	Groupe Europe Orientale Council	9974/1/90 EST 125 REV 1 ADD 2 CZECH	Rapport du Groupe Europe Orientale en date du 27 novembre 1990 au Coreper	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie (Text: Tchécoslovaquie)
8	30.11.90	Coreper Council	9975/90 EST 126	Résultats des travaux du Coreper en date du 28 novembre 1990	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie

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**TABLE III. Council's second reading**

Doc. No.	Fecha	Author	Code No.	Specifications	Title
9	4.12.90	Groupe Europe Orientale Council		Document de Séance (3.12.90)	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
10	10.12.90	Groupe Europe Orientale Council		Document de Séance N. 2 (7.12.90)	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
11	10.12.90	Groupe Europe Orientale	10275/90 EST 130	Rapport du Groupe Europe Orientale en date du 10 décembre 1990 au COREPER	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne, la Hongrie et la Tchécoslovaquie
12	19.12.90	Conseil	11043/90 EST 152	Décision du Conseil en date du 18 décembre 1990	Relations avec les Pays d'Europe Centrale et Orientale. Directives de négociations pour les accords d'association avec la Pologne

### 3. The results

**TABLE IV.**Cross-examination of *réserve*s in selected chapters of the mandate

Country	Sector							Character			Result					
	POL	FTA	RP	MA	PSC	FIN	TOT	Neg	Pos	Lin	Fai	Suc	Pos Suc	Neg Suc	Pos Fai	Neg Fai
D	2	0	6	3	2	3	16	9	7	0	4	12	4	8	3	1
UK	3	1	4	2	4	2	16	7	8	1	8	8	3	5	5	3
IT	2	2	2	0	0	0	6	2	4	0	3	3	1	2	3	0
FR	5	5	3	3	4	1	21	17	2	2	6	13	1	12	1	5
SP	4	2	6	4	2	3	21	21	0	0	5	16	0	16	0	5
NL	1	0	1	0	3	0	5	3	2	0	2	3	1	2	1	1
GR	1	1	2	2	1	0	7	5	2	0	1	6	1	5	1	0
BE	1	2	1	1	1	0	6	5	1	1	1	5	1	4	0	1
POR	2	1	1	2	0	1	7	7	0	0	1	6	0	6	0	1
DK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IR	0	0	1	0	0	0	1	1	0	0	0	1	0	1	0	1
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
All	2	0	0	0	0	0	2	2	0	0	0	2	0	2	0	0
Cion	2	1	0	0	5	0	8	7	1	0	2	6	1	5	0	2
Total	25	15	27	17	22	10	116	86	27	3	33	81	13	67	14	19

Keys:

- SECTORS: "POL" includes the Preamble (PR) and Political Dialogue (DP); "FTA", the Free Trade Area for Industrial Products; "RP", Particular Regimes (Textiles, Coal and Steel, Agriculture and Fisheries and PAT products); "PSC", regulations concerning persons or workers, services and capitals; "MA" refers to accompanying measures and "FIN" to the financial cooperation section.

- CHARACTER OF RESERVATIONS: "Neg", "Pos" and "Lin" refer to the object of the *réserve*: "Negative" means an attempt to modify in a restrictive sense DG I's proposal; "Positive" an attempt to upgrade such proposal or a firm objection to its downgrading and "linkage" when a *réserve* is used



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conditioned to the resolution of another part of the text referring to the same issue.

- RESULTS: "Pos-Suc" means and UPGRADE in the final document; "Neg-Suc" a DOWNGRADE and "Pos-Fai" and "Neg-Fai" describe unsuccessful attempts either to upgrade or to downgrade.

Source: Author's elaboration from the documents cited in section 1.4.

4. The preamble and the political dialogue

TABLE V.The preamble

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152 December 19, 1990
<p><b>PR</b> Le préambule pourra notamment exprimer les idées suivantes:</p> <p>1. les liens traditionnels existent entre les parties et les valeurs communes qu'elles partagent; la volonté des parties de renforcer ces liens, d'établir des relations étroites et durables sur une base de réciprocité permettant à la Pologne de participer au processus d'intégration européenne.</p> <p>2. de l'attachement des parties à la liberté du commerce et notamment au dispositions du GATT.</p> <p>3. une référence à la possibilité pour la Pologne, en tant qu'état européen de demander à devenir membre de la Communauté</p>	<p><b>PR</b></p> <p>1 [1]. les liens traditionnels existant entre les parties et les valeurs communes qu'elles partagent; la volonté des parties de renforcer ces liens, d'établir des relations étroites et durables sur une base de réciprocité permettant à la Pologne de participer au processus d'intégration européenne, <b>en renforçant et en étendant ainsi les relations précédemment établies notamment par l'accord de commerce et de coopération</b></p> <p><b>2.</b> [5] l'attachement des parties au renforcement des libertés de nature politique et économique constituant le fondement même du contrat d'association <b>et à la nécessaire transition de la Pologne vers un nouveau système économique et politique respectant l'état de droit et les droits de l'homme, appliquant la règle du multipartisme, organisant des élections libres et démocratiques et libéralisant l'économie en vue d'instaurer l'économie de marché</b></p> <p><del>3. une référence à la possibilité pour la Pologne, en tant qu'état européen de demander à devenir membre de la Communauté</del> <b>(vid déclaration a PV)</b></p> <p><b>3</b> [12]. l'attachement ferme des deux parties au processus d'Helsinki et notamment aux principes établis dans le documents de conclusion des Conférences de Vienne, Sofia, Bonn, <b>Copenhague</b>, Palma de</p>

4. la nécessité de consolider les réformes politiques et économiques en cours en Pologne et de faciliter la transition vers un nouveau système économique et politique proche de celui de la Communauté

5. l'attachement des parties au renforcement des libertés de nature politique et économique constituant le fondement même du contrat d'association

6. le lien à établir entre d'une part la pleine mise en œuvre de l'association et d'autre part l'accomplissement effectif des réformes politiques et économiques en Pologne et le rapprochement effectif entre les systèmes des deux parties

7. La volonté de la Communauté d'apporter un soutien décisif à la mise en œuvre des réformes et à aider la Pologne à faire face aux conséquences économiques et sociales du réajustement structurel

8. la volonté de la Communauté de mettre en œuvre des instruments de coopération et d'assistance économiques, techniques et financiers sur une base pluriannuelle

9. La conviction des parties que l'accord d'association créera un nouveau climat pour leurs relations économiques et, en particulier, pour le développement du commerce et des investissements, instruments indispensables à la restructuration économique et au renouveau technologique

10. l'opportunité d'instaurer un dialogue politique régulier sur les problèmes bilatéraux et internationaux d'intérêt mutuel

Majorque et ainsi que du Sommet de Paris

**4 [n] l'importance de l'accord d'association pour la création d'un système de stabilité reposant sur la coopération dont l'un des piliers est la Communauté européenne**

**5 [10]. l'opportunité d'intégrer dans l'accord** un dialogue politique régulier sur les problèmes bilatéraux et internationaux d'intérêt mutuel

**6 [7]. la volonté de la Communauté d'apporter un soutien résolu** à la mise en œuvre des réformes et à aider la Pologne à faire face aux conséquences économiques et sociales du réajustement structurel

**7 [6]. le lien à établir entre d'une part la pleine mise en œuvre de l'association et d'autre part l'accomplissement effectif des réformes politiques et économiques en Pologne et le rapprochement effectif entre les systèmes de deux parties**

8. la volonté de la Communauté de mettre en œuvre des instruments de coopération et d'assistance économiques, techniques et financiers sur une base pluriannuelle

**9 [2]. l'attachement des parties à la liberté du commerce et notamment au respect des droits et obligations découlant** du GATT.

**10 [9]. la conviction des parties que l'accord d'association créera un nouveau climat pour leurs relations économiques et, en particulier, pour le développement du commerce et des investissements,**

11. la volonté d'instaurer une coopération culturelle et d'améliorer les flux d'informations

12. L'attachement ferme des deux parties au processus d'Helsinki et notamment aux principes établis dans le documents de conclusion des Conférences de Vienne, Sofia, Bonn, Palma de Majorque et Paris

instruments indispensables à la restructuration économique et au renouveau technologique

11. la volonté d'instaurer une coopération culturelle et de **développer les échanges** d'information

**TABLE VI. Political dialogue**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>DP 1.</b> L'accord constituera, sous la forme appropriée, le cadre pour le développement d'un dialogue politique entre la Communauté et la Pologne. Ce dialogue politique répond à deux exigences majeures:</p> <p>Faciliter l'intégration pleine de la Pologne dans la communauté des nations démocratiques et son rapprochement progressif de la Communauté. Le rapprochement économique sous la forme de l'association trouve son prolongement dans une meilleure convergence politique. Dans ce contexte le dialogue politique portera aussi bien sur l'évolution de la Pologne et les progrès des réformes que sur l'évolution de la Communauté, en particulier vers de nouvelles formes d'intégration</p> <p>Assurer une convergence croissante des positions sur les problèmes internationaux, en particulier sur les problèmes susceptibles d'avoir des répercussions importantes sur l'une ou l'autre partie.</p> <p>2. Au niveau ministériel, le dialogue politique aura lieu au sein du Conseil d'Association. Celui-ci aura une compétence générale pour</p>	<p><b>DP 1. Le dialogue politique constituera un élément essentiel de l'accord: il est destiné à être développé et intensifié. Il accompagnera et consolidera le rapprochement entre Pologne et la Communauté, fournira un soutien aux changements politiques et économiques en cours dans ce pays et contribuera à créer de nouveaux liens de solidarité.</b> L'accord <b>prevoyra</b>, sous les formes appropriées, le cadre pour ce dialogue politique <b>qui</b> répond à deux exigences majeures.</p> <p>Faciliter l'intégration pleine de la Pologne dans la Communauté des nations démocratiques et son rapprochement progressif de la Communauté. Le rapprochement économique sous la forme de l'association trouve son prolongement dans une meilleure convergence politique. <del>Dans ce contexte le dialogue politique portera aussi bien sur l'évolution de la Pologne et les progrès des réformes que sur l'évolution de la Communauté, en particulier vers de nouvelles formes d'intégration</del></p> <p>Assurer une convergence croissante des positions sur les problèmes internationaux, en particulier sur les problèmes susceptibles d'avoir des répercussions importantes sur l'une ou l'autre partie.</p> <p>2. Au niveau ministériel, le dialogue politique aura lieu au sein du Conseil d'Association. Celui-ci aura une compétence générale pour</p>

tous problèmes que les parties voudront lui soumettre

3. Les autres modalités du dialogue politique, y compris celles relatives à la préparation des réunions du Conseil d'association seront examinées dans le cadre approprié

4. Le dialogue politique se déroulera par ailleurs dans le cadre de la Commission parlementaire d'association.

tous problèmes que les parties voudront lui soumettre

3. **D'autres modalités et mécanismes** du dialogue politique **avec la Pologne seront mise en place à partir de ceux qui existent déjà et notamment sous les formes suivantes**

- **des rencontres au niveau des directeurs politiques entre les responsables polonais, d'une part, et la Présidence et la Commission, de l'autre**
- **la pleine utilisation des voies diplomatiques**
- **l'inclusion de la Pologne dans le groupe des pays qui bénéficieront régulièrement des informations sur les activités de la Coopération Politique Européenne**
- **toute autre modalité utile qui pourrait contribuer à consolider, développer et à intensifier ce dialogue**

4. **Pour ce qui est des échanges en matière de dialogue politique au niveau parlementaire ils pourront se dérouler** dans le cadre de la Commission parlementaire d'association.

**TABLE VII. *Réserves* to the preamble and political dialogue**

<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
France	5	PR3 For membership clause	Positive	Failed	German compromise
		PR4 For more conditionality	Negative	Successful	France + Cion
		PR8 Financial commitments	Linkage		Call attention
		PR9 Financial commitments	Linkage		Call attention
		PR12bis Against closer to EC	Negative	Failed	PR4new
Spain	4	PR2 Stress associates obligations	Negative	Successful	PR9
		PR3 Against membership clause	Negative	Successful	German compromise
		PR12 Against closer to EC	Negative	Failed	PR4new
		DP Reserve on whole section	Negative	Failed	Reluctancy
UK	3	PR1 For stress on new relations	Positive	Successful	Compromise
		PR3 For membership clause	Positive	Failed	German compromise
		PR11 Against cultural cooperation	Linkage		Call attention

Germany	2	PR3 For membership clause	Positive	Failed	German compromise
		PR12 For closer to EC	Positive	Successful	PR4new
Italy	2	PR3 For membership clause	Positive	Failed	German compromise
		PR12 For closer to EC	Positive	Successful	PR4new
Port	2	PR3 Against membership clause	Negative	Successful	German compromise
		PR12 Against closer to EC	Negative	Failed	PR4new
Cion	2	PR4 For more conditionality	Negative	Successful	France + Cion
		DP Whole section upgraded	Positive	Successful	EPC intervention
All	2	PR7 Against "decisive" support	Negative	Successful	"Resolú"
		DP1-1 Limit dialogue contents	Negative	Successful	EC evolution
Greece	1	PR3 For membership clause	Positive	Failed	German compromise
Belg	1	PR3 Against membership clause	Negative	Successful	German compromise
Neth	1	PR3 Against membership clause	Negative	Successful	German compromise



## 5. The free trade area

**TABLE VIII. Industrial products: general dispositions**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>LC</b> Les parties contractantes établiront progressivement une zone de libre échange fondée sur des obligations réciproques et équilibrées, conformément aux dispositions du présent accord et à celles du GATT. La Communauté, qui avancera plus rapidement sur la voie du libre échange que la Pologne, soutiendra de la sorte sa restructuration économique</p> <p>1. Echanges de produits industrielles La Pologne adoptera la nomenclature combinée des marchandises. Les concessions que s'accorderont mutuellement les deux parties contractants se feront sur la base des droits effectivement appliqués à l'entrée en vigueur de l'accord</p> <p>2. Importations dans la Communauté A l'importation dans la Communauté, les produits industriels originaires de Pologne bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent</p> <p>3. Importations en Pologne A l'importation en Pologne, les produits originaires de la Communauté bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent.</p> <p>1.3 Les étapes de la libéralisation</p>	<p><b>LC</b> Les parties contractantes établiront progressivement une zone de libre échange fondée sur des obligations réciproques et équilibrées, conformément aux dispositions du présent accord et à celles du GATT. La Communauté qui avancera plus rapidement sur la voie du libre échange que la Pologne, soutendra de la sorte sa restructuration économique</p> <p>1. Echanges de produits industrielles La Pologne adoptera la nomenclature combinée des marchandises. Les concessions que s'accorderont mutuellement les deux parties contractants se feront sur la base des droits effectivement appliqués <b>en principe à partir du 1er janvier 1991</b></p> <p>2. Importations dans la Communauté A l'importation dans la Communauté, les produits industrielles originaires de Pologne bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent</p> <p>3. Importations en Pologne A l'importation en Pologne, les produits industrielles originaires de la Communauté bénéficieront de l'élimination progressive des droits de douane et des taxes d'effet équivalent, des restrictions quantitatives et des mesures d'effet équivalent.</p> <p>1.3 Les étapes de la libéralisation</p>

La libéralisation s'accomplira en deux grandes étapes dont la première pourrait avoir une durée de cinq ans et la seconde une durée, en principe, de cinq ans. Leurs contenus respectifs sont précisés sur les points 1.4 et 1.5. Au cours de l'année précédant le passage à la deuxième étape, le Conseil d'Association examinera les progrès réalisés par la Pologne dans la mise en place d'une économie de marché, sa situation économique ainsi que la convergence des économies des deux parties afin de décider du passage à la deuxième étape

La libéralisation s'accomplira en deux grandes étapes dont la première pourrait avoir une durée de cinq ans et la seconde une durée, en principe, de cinq ans. Leurs contenus respectifs sont précisés sur les points 1.4 et 1.5. Au cours de l'année précédant le passage à la deuxième étape, le Conseil d'Association examinera les progrès réalisés par la Pologne dans la mise en place d'une économie de marché, **et la introduction d'elements qui sont neccessaires pour la cooperation economique (notamment en matière de garantie de la propriété privée et de la liberté d'entreprises)** sa situation économique ainsi que la convergence des économies des deux parties afin de décider du passage à la deuxième étape, **en tenant en compte des conclusions de la Conference de Bonn de la CSCE, notamment les principes enumeres en annexe III**

**TABLE IX. The first phase**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>LC 1.4.</b> La première étape</p> <p>1.4.1. Au cours de la première étape la Communauté consolidera l'élimination des restrictions quantitatives spécifiques. Elle procèdera à une très large consolidation de l'élimination de las restrictions quantitatives non spécifiques actuellement suspendues. Elle consolidera les avantages déjà octroyés au titre des préférences généralisées. Cette consolidation, qui constitue un apport substantiel de la Communauté au processus de libéralisation des échanges avec la Pologne, tiendra compte du caractère bilatéral, préférentiel et permanent des concessions et de la sensibilité de certains produits</p> <p>Les modalités d'application de la première étape consisteront pour les mesures tarifaires en:</p> <ul style="list-style-type: none"> <li>- un désarmement tarifaire total et immédiat pour les produits non sensibles</li> <li>- un désarmement tarifaire progressif des produits non couverts par le SPG</li> <li>- des contingents tarifaires sur les produits affectés actuellement de montants fixes à droit nul ou plafonds tarifaires, avec une augmentation progressive annuelle des volumes ou de la valeur de ces contingents ou plafonds</li> </ul> <p>1.4.2</p>	<p><b>LC 1.4.1</b></p> <p><b>La Communauté, ayant déjà éliminé les</b> restrictions quantitatives spécifiques, procèdera à <b>plus tard à la fin de la première étape a</b> l'élimination de las restrictions quantitatives non spécifiques actuellement suspendues. Elle consolidera les avantages <b>qui auraient été</b> octroyés au titre des préférences généralisés <b>qui ne seront donc plus d'application.</b> Cette consolidation, que constitue un apport substantiel de la Communauté au processus de libéralisation des échanges avec la Pologne, tiendra compte de caractère bilatéral, préférentiel et permanent des concessions et de la sensibilité de certains produits</p> <p>Les modalités d'application de la première étape consisteront pour les mesures tarifaires en:</p> <ul style="list-style-type: none"> <li>- un désarmement tarifaire total et immédiat pour les produits non sensibles</li> <li>- un désarmement tarifaire progressif des produits non couverts par le SPG</li> <li>- des contingents tarifaires sur les produits affectés actuellement de montants fixes à droit nul ou plafonds tarifaires, avec une augmentation progressive annuelle des volumes ou de la valeur de ces contingents ou plafonds <b>modulée selon les produits</b></li> </ul> <p>1.4.2</p>

La Pologne procèdera à des efforts de libéralisation pendant la première étape. Ces efforts devraient avoir un caractère préférentiel vis à vis la Communauté.

En particulier, la Pologne mettra en oeuvre un démantèlement tarifaire progressif et total sur les produits non sensibles au terme de cette étape.

En ce qui concerne les produits sensibles, il devra être demandé à la Pologne un abaissement des droits jusqu'au niveau accordé aux nouveaux pays industrialisés dans le cadre de son propre SPG. Pour les produits sensibles soumis à contingent quantitatif existant ou futur en Pologne, une préférence devra être accordée à la Communauté par ce pays. Des exceptions sectorielles pourront être prévues sur la base de critères bien définis (industries naissantes -difficultés graves se traduisant notamment par des problèmes sociaux importants- opérations de restructuration dans certains secteurs).

La négociation devra aussi porter sur toute taxe d'effet équivalent à des droits de douane, dont l'impact est parfois très largement supérieur à celui des droits, ainsi que sur toute mesure d'effet équivalent à des restrictions quantitatives

La Pologne procèdera à des efforts de libéralisation pendant la première étape. Ces efforts devraient avoir un caractère préférentiel vis à vis la Communauté.

En particulier, la Pologne mettra en oeuvre un démantèlement tarifaire progressif et total sur les produits non sensibles au terme de cette étape.

En ce qui concerne les produits sensibles, il devra être demandé à la Pologne un abaissement des droits jusqu'au niveau **dont bénéficient certains nouvellement** pays industrialisés dans le cadre de son propre SPG. Pour les produits sensibles soumis à contingent quantitatif existant ou futur en Pologne, une préférence devra être accordée à la Communauté par ce pays.

Des exceptions sectorielles, **limités dans leur durée, quantifiés en valeur d'importations en provenance de la Communauté et plafonnés en termes de tarif applicable** pourront être prévues ~~sur la base de critères bien définis~~ (industries naissantes -difficultés graves se traduisant notamment par des problèmes sociaux importants- opérations de restructuration dans certains secteurs).

La négociation devra aussi porter sur toute taxe d'effet équivalent à des droits de douane, dont l'impact est parfois très largement supérieur à celui des droits, ainsi que sur toute mesure d'effet équivalent à des restrictions quantitatives.

**Une attention particulière sera également consacrée à** toute taxe d'effet équivalent à des droits de douane, dont l'impact est ~~parfois très~~ largement supérieur à celui des droits, ainsi que sur toute mesure d'effet équivalent à des restrictions quantitatives

**TABLE X. The second phase**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>LC 1.5.</b> La seconde étape</p> <p>1.5.1. Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits et l'élimination des restrictions quantitatives qui subsistent afin d'arriver à une libéralisation totale pour tous les produits a la fin de cette étape.</p> <p>1.5.2</p> <p>La Pologne devrait progressivement améliorer sa position concurrentielle et rattraper la Communauté dans le processus d'ouverture des marchés par un désarmement des droits et des taxes d'effet équivalent à des droits de douane ainsi que qu'un démantèlement des contingents envers la Communauté et des mesures d'effet équivalent. Pour les contingents quantitatifs qui seraient maintenus pendant le deuxième étape, la Pologne continuera à accorder une préférence à la Communauté. Des exceptions sectorielles pourront être prévues pour accompagner le mouvement de privatisation et les difficultés sociales mais devraient avoir un caractère provisoire et dégressif, étant entendu qu'à la fin de la deuxième étape le régime du libre échange réciproque</p>	<p><b>LC 1.5</b> La seconde étape</p> <p>1.5.1. Au cours de la deuxième étape, la Communauté poursuivra le démantèlement des droits <del>et l'élimination des restrictions quantitatives qui subsistent afin d'arriver à une libéralisation totale pour tous les produits a la fin de cette étape</del></p> <p>1.5.2</p> <p>La Pologne devrait progressivement améliorer sa position concurrentielle et rattraper la Communauté dans le processus d'ouverture des marchés par un désarmement des droits et des taxes d'effet équivalent à des droits de douane ainsi que qu'un démantèlement des contingents envers la Communauté et des mesures d'effet équivalent. <del>Pour les contingents quantitatifs qui seraient maintenus pendant le deuxième étape, la Pologne continuera à accorder une préférence à la Communauté.</del> Des exceptions sectorielles pourront être prévues pour accompagner le mouvement de privatisation et les difficultés sociales mais devraient avoir un caractère provisoire et dégressif, étant entendu qu'à la fin de la deuxième étape le régime du libre échange réciproque</p>

devra être réalisé.

1.5.3 Les modalités d'application relatives au points 1.5.1 et 1.5.2 ci-dessus devraient être prises au moment opportun par le Conseil d'association.

devra être réalisé. **Dans ce processus la Pologne continuera á accorder une préférence à la Communauté.**

1.5.3 Les modalités d'application relatives au points 1.5.1 et 1.5.2 ci-dessus devraient être prises au moment opportun par le Conseil d'association.

**TABLE XI.***Réserves* to the free trade area

	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
France	5	LC1 Bring forward standstill LC13 Stricter criteria P.A. to 2nd phase LC141 For specific EC QR's to 2nd phase LC141 For EC SPG suppression LC142 Limit P.A. exceptions	Negative Negative Negative Negative Negative	Successful Successful Failed Successful Successful	France vs UK Conditionality Compromise
Spain	2	LC13 Stricter criteria P.A. 2nd phase LC141 General reserve on section	Negative Negative	Successful Successful	Conditionality Accession treaty
Belgium	2	LC141 For specific EC QR's to 2nd phase LC141 Limit EC SPG concessions	Negative Negative	Failed Successful	Compromise
Italy	2	LC141 For specific EC QR's 1st phase LC141 Against raising plafonds for P.A.	Positive Negative	Failed Successful	Compromise
Portugal	1	LC141 Limit EC SPG concessions	Negative	Successful	
Greece	1	LC141 Limit EC SPG concessions	Negative	Successful	
UK	1	LC141 For specific EC QR's 1st phase	Positive	Failed	Compromise

Commission	1	LC151 Limit EC liber. in 2nd phase	Negative	Successful	Vid 1.5.1
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## 6. "Sensitive" sectors

**TABLE XII. Textiles**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>TEXT</b> 1.6.1 En ce qui concerne le secteur textile, un protocole additionnel à l'accord d'association prévoierait à l'expiration de l'accord actuel sur le commerce des textiles, le 31 décembre 1991, un nouveau cadre pour le commerce des produits textiles tenant compte de l'évolution des négociations internationales au GATT et de l'évolution des échanges entre la Communauté et la Pologne</p> <p>L'élimination progressive des droits et des RQ devrait être réalisée au terme d'une période de transition dont l'achèvement serait conditionné notamment par l'élimination de toutes les restrictions au libre accès au marché de la Pologne pour les textiles communautaires. Cette période ne pourrait en tout cas pas être inférieure à celle prévue par l'Accord d'association.</p> <p>Le trafic de perfectionnement passif devrait pendant cette période continuer à être traité en conformité avec le</p>	<p><b>TEXT</b> 1.6.1 En ce qui concerne le secteur textile, un protocole additionnel à l'accord d'association prévoierait à l'expiration de l'accord actuel sur le commerce des textiles, le 31 décembre 1991, un nouveau cadre pour le commerce des produits textiles tenant compte de l'évolution des négociations internationales au GATT et de l'évolution des échanges entre la Communauté et Pologne.</p> <p>L'élimination progressive des droits et des <b>restrictions</b> devrait être réalisé au terme d'une période de transition dont l'achèvement serait conditionné notamment par l'élimination de toutes les restrictions au libre accès au marché de la Pologne pour les textiles communautaires. Cette période ne pourrait en tout cas pas être inférieure à <del>celle prévue par l'Accord d'association</del> <b>période de libéralisation qui sera décidé pour ce secteur dans le cadre de l'Uruguay Round.</b></p> <p>Le trafic de perfectionnement passif devrait pendant cette période continuer à être traité en conformité avec le</p>

règlement 636/82 qui établit entre autres la délivrance d'autorisations préalables. Les limites quantitatives s'y référant devraient faire partie intégrale de l'arrangement

règlement 636/82 qui établit entre autres la délivrance d'autorisations préalables. Les limites quantitatives s'y référant devraient faire partie intégrale ~~de l'arrangement~~  
**du protocole précité et au début de la seconde étape, la possibilité de les libéraliser devrait être examinée en tenant compte des résultats de l'Uruguay Round**

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**TABLE XIII. Steel and coal products**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>CECA</b> 1.6.2 En ce qui concerne les produits CECA, un protocole addtionel à l'accord d'association prévoierait:</p> <ul style="list-style-type: none"> <li>- un démantèlement progressif des droits de douane et des taxes d'effet équivalent</li> <li>- l'élimination progressive des RQ existant dans certains Etats membres</li> </ul> <p>Les dipositions ci-dessus n'affecteront pas les actuels arrangements d'autolimitation négociés et ceux qui pourraient éventuellement y succéder. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure</p>	<p><b>CECA</b> En ce qui concerne les produits CECA, un protocole addtionel à l'accord d'association prévoierait - un démantèlement progressif des droits de douane et des taxes d'effet équivalent <b>en vue d'atteindre mutuellement une libéralisation maximum des échanges pour ces produits. Toutefois, pour le charbon, ce démantèlement ne commencerait qu'a partir de 1995</b></p> <p><del>- l'élimination progressive des RQ existant dans certains Etats membres</del></p> <p>Les dipositions ci-dessus n'affectaront pas les actuels arrangements d'autolimitation négociés et ceux qui pourraient éventuellement y succéder <b>ni les restrictions nationales non discriminatoires à l'égard des pays tiers actuellement en vigueur dans certains Etats membres en ce qui concerne le charbon. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure.</b></p>

**TABLE XIV.Processed agricultural products**

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>PAT</b> 1.6.3 En ce qui concerne les produits agricoles transformés ne relevant pas de l'annexe II du traité CEE, ils feront l'objet d'un protocole additional, établissant les modalités de démantèlement des impositions. L'accord ne fera pas obstacle à la perception à l'importation d'un élément mobile ou d'un montant forfaitaire ou à l'application de mesures intérieures de compensation de prix, ni à l'application de mesures à l'exportation pour tenir compte des différences du coût des produits agricoles incorporés.</p>	<p><b>PAT</b> En ce qui concerne les <b>concessions réciproques pour les</b> produits agricoles transformés ne relevant pas de l'annexe II du traité CEE, elles feront l'objet d'un protocole additional, <del>établissant les modalités de démantèlement des impositions.</del> L'accord ne fera pas obstacle <b>à la application des mécanismes communautaires en vigueur</b> <del>à la perception à l'importation d'un élément mobile ou d'un montant forfaitaire ou à l'application de mesures intérieures de compensation de prix, ni à l'application de mesures à l'exportation pour tenir compte des différences du coût des produits agricoles incorporés.</del></p>

**TABLE XV. Agriculture and fisheries**

DGI proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>AGR 2.1</b> Des dispositions particulières seront prévues en vue de promouvoir les échanges des produits de l'agriculture et de la pêche, compte tenu à la fois de:</p> <ul style="list-style-type: none"> <li>- leur sensibilité particulière</li> <li>- des règles de la politique agricole commune et de la politique commune de la pêche</li> <li>- des résultats éventuels des négociations multilatérales menées dans le cadre du GATT</li> </ul> <p>Les dispositions susvisées comprendront notamment:</p> <ul style="list-style-type: none"> <li>- des concessions que les deux parties s'accordent mutuellement</li> <li>- la possibilité de nouvelles concessions, produit par produit, sur une base harmonieuse et réciproque</li> </ul> <p>Par ailleurs et compte tenu de la sensibilité des secteurs et des produits concernés ainsi que du caractère permanent des</p>	<p><b>AGR 2.1</b> Des dispositions particulières seront prévues en vue de promouvoir les échanges des produits de l'agriculture et de la pêche, compte tenu à la fois de:</p> <ul style="list-style-type: none"> <li>- leur sensibilité particulière</li> <li>- des règles de la politique agricole commune et de la politique commune de la pêche</li> <li>- des résultats éventuels des négociations multilatérales menées dans le cadre du GATT</li> </ul> <p>Les dispositions susvisées comprendront notamment:</p> <ul style="list-style-type: none"> <li>- des concessions que les deux parties s'accordent mutuellement</li> <li>- la possibilité de nouvelles concessions, produit par produit, sur une base harmonieuse et réciproque</li> </ul> <p>Par ailleurs et compte tenu de la sensibilité des secteurs et des produits concernés ainsi que du</p>

concessions octroyées dans le cadre de l'accord, il sera procédé:

- à la consolidation des suspensions des RQ non spécifiques
- à la consolidation éventuelle et/ou aménagée des concessions actuelles que les deux parties contractantes se sont accordées.

**FISH 2.2** Pour ce qui concerne le secteur de la pêche, la Communauté tiendra compte, pour l'octroi des préférences commerciales dans le cadre de l'accord d'association, des progrès réalisés pour un accord de pêche entre la Communauté et la Pologne.

caractère permanent des concessions octroyées dans le cadre de l'accord, il sera procédé à la consolidation **et/ou aménagée** des suspensions des RQ non spécifiques **et des avantages accordés au titre des préférences généralisées** [~~à la consolidation éventuelle et/ou aménagée des concessions actuelles que les deux parties contractantes se sont accordées.~~]

Les dispositions ci-dessus n'affecteront pas les actuels arrangements négociés et ceux qui pourraient éventuellement y succéder. Toutefois, à l'issue de la première étape, les parties se concerteront sur le régime applicable pendant la période ultérieure.

**FISH 2.2** Les aspects de l'accord relatifs aux échanges, aux droits de pêche et à la coopération devront être considérés comme un ensemble. Au cours de la négociation, une référence pourrait être faite à la possibilité d'octroyer des préférences commerciales en fonction des résultats des négociations de l'accord de pêche entre la Communauté et Pologne. Dans ce cas, les principes énoncés sous 2.1 s'appliquent mutatis

mutandis aux produit de la pêche

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**TABLE XVI. *Réserves* to particular regimes**

	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
Germany	6	TEXT161 For more liberal regime	Positive	Failed	Uruguay Round
		TEXT161 For improving TPP	Positive	Failed	Uruguay Round
		CECA162 Less coal liberalization	Negative	Successful	To 1995
		CECA162 Maintain national quotas in EC	Negative	Successful	Coal
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
		AGR21 For less liberal approach	Negative	Successful	Maintain P.A. VER's
Spain	6	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
		CECA162 Maintain P.A. steel VER's	Negative	Successful	
		CECA162 Maintain national quotas in EC	Negative	Successful	
		PAT163 For less liberal approach	Negative	Successful	Reciprocity
		AGR21 For less liberal approach	Negative	Successful	
		FISH22 Concerns	Negative	Successful	Postponement
UK	4	TEXT161 For more liberalisation	Positive	Failed	
		CECA162 For supressing P.A. VER's	Positive	Failed	



		CECA162 For supressing national quotas in EC PAT163 For less liberal approach	Positive Negative	Failed Successful	Coal Reciprocity
France	3	TEXT161 For more restrictive regime CECA162 Maintain national quotas EC PAT163 For less liberal approach	Negative Negative Negative	Successful Successful Successful	Support Cion  Reciprocity
Greece	2	TEXT161 For more restrictive regime AGR21 For less libeal approach	Negative Negative	Successful Successful	Support Cion
Italy	2	TEXT161 For more restrictive regime PAT163 For more liberal regime	Negative Positive	Successful Failed	Support Cion TPP
Portugal	1	TEXT161 For more restrictive regime	Negative	Successful	General Reserve
NL	1	TEXT161 For more liberal regime	Positive	Failed	
Ireland	1	TEXT161 For more restrictive regime	Negative	Successful	Support Cion
Belgium	1	CECA162 Maintain national quotas in EC	Negative	Successful	

## 7. Accompanying measures

**TABLE XVII. Accompanying measures (I)**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>MA 3.1 Standstill</b>  Aucun nouveau droit ou taxe d'effet équivalent et aucune nouvelle restriction quantitative ou mesure d'effet équivalent ne pourront être introduits dans les échanges entre la Communauté et la Pologne</p> <p><b>3.2 Non Discrimination</b>  L'accord devra interdire toute mesure ou pratique de nature fiscale interne ou autre se traduisant directement ou indirectement dans une discrimination entre les produits d'une parties contractante et les produits similaires originaires de l'autre partie contractante</p> <p>Par ailleurs, le régime des échanges des parties contractantes avec des parties tierces (y compris les pays membres du CAEM) ne pourra donner lieu à aucune discrimination vis à vis de la Communauté</p> <p><b>3.3 Dumping</b>  Si l'une des parties contractantes constate des pratiques</p>	<p><b>MA 3.1 Standstill</b>  Aucun nouveau droit ou taxe d'effet équivalent et aucune nouvelle restriction quantitative ou mesure d'effet équivalent ne pourront être introduits dans les échanges entre la Communauté et la Pologne</p> <p><b>3.2 Non Discrimination</b>  L'accord devra interdire toute mesure ou pratique de nature fiscale interne ou autre se traduisant directement ou indirectement dans une discrimination entre les produits d'une parties contractante et les produits similaires originaires de l'autre partie contractante</p> <p>Par ailleurs, le régime des échanges des parties contractantes avec des parties tierces (y compris les pays membres du CAEM) ne pourra donner lieu à aucune discrimination vis à vis de la Communauté</p> <p><b>3.3 Dumping</b>  Si l'une des parties contractantes constate des pratiques</p>

de dumping dans ses relations avec l'autre partie contractante, elle pourra après consultation au sein du Comité d'Association réuni en session spéciales, prendre des mesures de défense appropriés contre ces pratiques, conformément à l'accord relatif a la mise en oeuvre de l'article VI de le GATT, dans les conditions et selon les procédures prévus par l'accord d'association

#### 3.4 Salvaguarde

Si les importations d'un produit donné se font dans des quantités ou dans des conditions telles qu'elles provoquent ou risquent de provoquer un préjudice grave à une activité productrice exercée dans le territoire d'une des parties contractantes, la partie contractante interesée peut prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord.

de dumping dans ses relations avec l'autre partie contractante, elle pourra après consultation ~~[au sein du Comité d'Association réuni en session spéciales]~~ **entre les parties sauf en case d'urgence**, prendre des mesures de défense appropriés contre ces pratiques, conformément à l'accord relatif a la mise en oeuvre de l'article VI de le GATT, dans les conditions et selon les procédures prévus par l'accord d'association

#### 3.4 Salvaguarde

Si les importations d'un produit donné se font dans des quantités ou dans des conditions telles qu'elles provoquent ou risquent de provoquer un préjudice grave à une activité productrice exercée dans le territoire d'une des parties contractantes **ou à un desequilibre grave et persistent de sa balance de paiements**, la partie contractante interesée peut prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord.

**En cas de perturbations sérieusses dans un sector de l'activité économique ou de difficultés pouvant se traduire par l'alteration grave d'une situation économique regionale, la partie contractante interesée pourra prendre les mesures appropriées dans les conditions prévues par**

### 3.5 Concurrence et aides d'état

L'accord stipulera qui sont incompatibles avec le bon fonctionnement de l'accord, dans la mesure 'ou lis sont susceptibles d'affecter les échanges entre la Communauté et la Pologne:

- tous accords entre entreprises, et toutes pratiques concertées entre entreprises qui ont pour objet de restreindre ou de fausser le jeu de la concurrence en ce qui concerne la production et les échanges de marchandises
- l'exploitation abusive par une ou plusieurs entreprises d'une position dominante sur l'ensemble des territoires des parties contractantes ou dans une partie substantielle de celui-ci
- les aides publiques qui faussent ou menacent de fausser la concurrence. Des dérogations en la matière pourront être envisagées

Si une partie contractante estime qu'une pratique donnée est incompatible avec le présent article, elle pourra prendre les mesures appropriées dans les conditions et selon les procédures prévues par l'accord

### **l'accord.**

### 3.5 Concurrence et aides d'état

L'accord stipulera qui sont incompatibles avec le bon fonctionnement de l'accord, dans la mesure 'ou lis sont susceptibles d'affecter les échanges entre la Communauté et la Pologne:

- tous accords entre entreprises, et toutes pratiques concertées entre entreprises qui ont pour objet de restreindre ou de fausser le jeu de la concurrence en ce qui concerne la production et les échanges de marchandises
- l'exploitation abusive par une ou plusieurs entreprises d'une position dominante sur l'ensemble des territoires des parties contractantes ou dans une partie substantielle de celui-ci
- les aides publiques qui faussent ou menacent de fausser la concurrence. Des dérogations en la matière pourront être envisagées

Si une partie contractante estime qu'une pratique donnée est incompatible avec le présent article, elle pourra prendre les mesures appropriées **y compris les droits compensatoires** dans les conditions et selon les procédures prévues par l'accord **et par le GATT**

TABLE XVIII. Accompanying measures (II)

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p>MA</p> <p>3.6 Règlement des litiges Les parties contractantes devront rechercher le règlement des litiges éventuels dans le cadre des institutions de l'accord. Elles auront, le cas échéant, recours à un arbitrage selon des règles à définir dans l'accord</p> <p>3.7 Etablissement de règles d'origine de nature préférentielle et méthodes de coopération administrative Un protocole relatif à la notion de "produits originaires" et aux méthodes de coopération administrative sera annexé à l'accord</p>	<p>MA 3.6 En ce qui concerne les entreprises relevant exclusivement ou majoritairement de la propriété publique, les parties à l'association son d'avis que l'application des principes du traité CEE, notamment l'article 90, ainsi que du Document final de la Conférence CSCE de Bonn d'avril 1990 (et notamment l'égalité du traitement de formes de propriété ainsi que la liberté de décision des entrepreneurs) sera assuré par le Conseil d'Association</p> <p>3.7 Règlement des litiges Les parties contractantes devront rechercher le règlement des litiges éventuels <b>entre elles</b> dans le cadre des institutions de l'accord. Elles auront, le cas échéant, recours à un arbitrage selon des règles à définir dans l'accord</p> <p>3.8 Etablissement de règles d'origine de nature préférentielle et méthodes de coopération administrative Un protocole relatif à la notion de "produits originaires" et aux méthodes de coopération administrative sera annexé à l'accord <b>La Communauté proposera d'inclure dans ce protocole le</b></p>

### 3.8 Restrictions

L'accord ne préjugera pas l'application d'interdictions ou de restrictions d'importations, d'exportation ou de transit visées à l'article 36 du Traité de Rome

### 3.9 Propriété intellectuelle, industrielle et commerciale

Des mesures garantissant une protection effective et adéquate de la propriété intellectuelle et commerciale, d'un niveau similaire à ce qui existe dans la Communauté seront prises par la Pologne. La Pologne devrait s'engager à demander d'adhérer ou d'être partie à terme aux accords multilatéraux existants dans ce domaine auxquels elle n'est pas encore partie

### 3.10 Clause de pénurie

A la demande de Pologne, il pourrait être prévu dans l'accord qu'en cas de pénurie grave d'un produit donnée sur le territoire de Pologne, cette dernière pourra prendre, dans les conditions et selon les procédures prévues dans l'accord des mesures appropriées visant à interdire ou réduire

cumul bilatéral de produits originaire d'une part de la Communauté, d'autre part de la Pologne. Ce traitement pourrait s'appliquer au cours de la première étape. Des améliorations à ce régime pourraient être prévues pour la deuxième étape quand conditions sont jugées appropriées.

### 3.9 Restrictions

L'accord ne préjugera pas l'application d'interdictions ou de restrictions d'importations, d'exportation ou de transit visées aux articles 36 **et 223 et 224** du Traité de Rome

### 3.10 Propriété intellectuelle, industrielle et commerciale

Des mesures garantissant une protection effective et adéquate de la propriété intellectuelle et commerciale, d'un niveau similaire à ce qui existe dans la Communauté seront prises par la Pologne. La Pologne devrait s'engager à demander d'adhérer ou d'être partie à terme aux accords multilatéraux existants dans ce domaine auxquels elle n'est pas encore partie

### 3.11 Clause de pénurie

A la demande de Pologne, il pourrait être prévu dans l'accord **pour la première étape seulement** qu'en cas de pénurie grave d'un produit donnée sur le territoire de Pologne, cette dernière pourra prendre, dans les conditions et selon les procédures prévues dans l'accord des mesures

l'exportation du produit en question vers le territoire de la Communauté. De telles mesures ne pourraient avoir un caractère discriminatoire envers la Communauté	appropriées visant à interdire ou réduire l'exportation du produit en question vers le territoire de la Communauté. De telles mesures <b>auraient un caractère temporaire et conjoncturel</b> ne pourraient avoir un caractère discriminatoire envers la Communauté
3.11 Clause relative à l'adhésion de l'Espagne et du Portugal à la Communauté Les dispositions de l'accord relatives aux échanges commerciaux tiendront compte des mesures prises dans l'acte d'adhésion de l'Espagne et du Portugal à la Communauté	3.12 Clause relative à l'adhésion de l'Espagne et du Portugal à la Communauté Les dispositions de l'accord relatives aux échanges commerciaux tiendront compte des mesures prises dans l'acte d'adhésion de l'Espagne et du Portugal à la Communauté

**TABLE XIX. *Réserves* to accompanying measures**

	<i>Réserves</i>				
Country	No.	Item/Content	Type	Result	Comment/Method
Spain	4	MA33 For more antidumping provisions MA34 Regionalising safeguard clause MA35 Compensations for P.A. state aids MA312 General reserve	Negative Negative Negative Negative	Failed Successful Successful Successful	Protection Coalition  Accession treaty
Germany	3	MA33 Balance of payment exceptions MA36new Stricter on state aids MA38 More liberal origin rules	Positive Negative Positive	Successful Successful Success	New article AELE vs Yugoslav
France	3	MA34 Regionalising safeguard clause MA38 Against liberal origin rules MA310 Stricter controls	Negative Negative Negative	Successful Failed Failed	Coalition  Intellectual prop.
UK	2	MA38 More liberal origin rules MA39 Stricter control on technology	Positive  Negative	Successful  Successful	  CoCom issues
Greece	2	MA34 Regionalizing safeguard clause MA311 Less exemptions	Negative Negative	Successful Successful	Coalition temporary et conj.
Portugal	2	MA34 Regionalizing safeguard clause	Negative	Successful	Coalition



		MA312 General reserve on accession	Negative	Successful	Accession
Belgium	1	MA311 Less exemptions	Negative	Successful	première étape

## 8. Persons, services and capital

**TABLE XX.**Circulation of persons

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>PER 1.</b> Circulation des personnes</p> <p>La libre circulation des personnes est un élément clé du marché unique européen. Le problème de la main d'oeuvre revêt aussi une grande importance sociale, économique et politique pour la Pologne. D'autre part, il est dans l'intérêt de la Communauté d'éviter un afflux important vers la Communauté de travailleurs en situation illégale et surcroît non qualifiés.</p> <p>Des améliorations pourraient donc être recherchées dans l'accord d'association sur la base du principe de réciprocité. Deux étapes et trois domaines principaux peuvent être envisagés.</p> <p>Première étape:</p> <p>a) assistance technique de la part de la Communauté pour la mise en place d'un système adéquat de sécurité sociaux et afin d'amortir les répercussions sociales des mesures de réformes économiques</p> <p>b) amélioration de la situations des travailleurs légalement employés dans la Communauté en ce qui concerne les</p>	<p><b>PER 1.</b> Circulation des <del>travailleurs</del> <del>personnes</del></p> <p><b>Au cours de la première étape, et compte tenu des compétences de la Communauté et des Etats membres, il conviendra d'examiner la possibilité d'améliorer de la situations des travailleurs légalement employés dans la Communauté et des membres de leur famille légalement admis sur le territoire des</b></p>

conditions de travail, de rémunération et de licenciement et de sécurité sociale. De plus, l'accord devrait permettre l'accès à l'emploi des membres de la famille des travailleurs provenant de Pologne et légalement employés dans la Communauté.

c) exploration des possibilités d'améliorer l'accès de la main d'oeuvre provenant de Pologne au marché de l'emploi communautaire selon les principes suivants: l'accès accordé aux travailleurs polonais ne peut être que modeste, séjour et ne concerner que la main d'oeuvre qualifiée

#### Deuxième étape

Lorsque les conditions socio-économiques en Pologne se seront suffisamment rapprochés de celles prévalant dans la Communauté, le Conseil d'association sera appelé à étudier les moyens d'améliorer la libre circulation des personnes.

#### Etats Membres

**Au cours de la deuxième étape, si** les conditions socio-économiques en Pologne se ~~sont suffisamment~~ rapprochés **en grand partie** de celles **des états membres** ~~prévalant dans la Communauté, et si la situation de l'emploi dans la Communauté le permet, la Communauté et les organes d'association devraient~~ ~~sera~~ ~~appelé à~~ étudier les moyens d'améliorer la libre circulation des ~~travailleurs personnes.~~

**En outre, il conviendrait de prévoir une assistance technique pour la mise en place d'un système adéquat de sécurité sociale en Pologne. Celui-ci aura, en effet, une importance capitale pour le processus d'ajustement économique et le redéploiement de la main-d'oeuvre**

**TABLE XXI.Services**

<b>DG I proposal. SEC 90 2122, October 30, 1990</b>	<b>Council Decision. 11043 EST 152, December 19, 1990</b>
<p><b>SER 2.</b> Circulation des services</p> <p>Vu la volonté exprimée par la Pologne de créer un secteur moderne et compétitif des services adapté à la concurrence internationale et devant contribuer à la transition vers l'économie de marché, les négociations devraient notamment porter sur deux aspects</p> <p>a) D'une part, les dispositions concernant la libéralisation et l'ouverture du marché des services devraient tenir compte de l'état des réformes économiques, des intérêts mutuels et des règles internationales définis dans le cadre de l'Uruguay Round, et devraient être basées sur le principe de réciprocité</p> <p>b) D'autre part, les possibilités d'assistance technique de la part de la Communauté dans ce domaine devront être explorées. Le cadre d'une telle assistance est repris ci-dessous dans le chapitre relatif a la coopération économique.</p> <p>Las négociations porteront en particulier sur les secteurs des services financiers, des assurances et des transports.</p>	<p><b>SER 2. Etablissement</b> <del>Circulation</del> des services</p> <p>Vu la volonté exprimée par la Pologne de créer un secteur moderne et compétitif des services adapté à la concurrence internationale et devant contribuer à la transition vers l'économie de marché, les négociations devraient notamment porter sur deux aspects</p> <p>a) D'une part, les dispositions concernant la libéralisation et l'ouverture <b>mutuelles</b> du marché des services devraient tenir compte de l'état des réformes économiques, des intérêts mutuels et des règles internationales définis dans le cadre de l'Uruguay Round, <del>et devraient être basées sur le principe de réciprocité</del></p> <p>b) D'autre part, les possibilités d'assistance technique de la part de la Communauté dans ce domaine devront être explorées. Le cadre d'une telle assistance est repris ci-dessous dans le chapitre relatif a la coopération économique.</p> <p>Las négociations porteront en particulier sur les secteurs des services financiers, des assurances <b>des transports, des</b></p>

Dans une première phase, la Pologne procèdera à l'adoption graduelle de règles identiques à celles de la législation et des directives communautaires dans les domaines des services, dans le but d'atteindre un degré d'harmonisation élevé. De plus, pendant cette période, la Pologne introduira la liberté d'établissement de banques et des compagnies d'assurances de la Communauté, ce qui permettra d'offrir des modèles de référence pour le développement et la promotion de ces secteurs en Pologne. Ceci influencera positivement la création d'un climat d'accueil aux investissements étrangers

Dans une deuxième phase, lorsque l'harmonisation des règles polonaises régissant la circulation des services qui sera suffisamment rapprochée de celles de la Communauté,

#### **télécommunications et de l'ingénierie**

Dans ~~la une~~ première ~~étape phase~~, la Pologne procèdera à l'adoption graduelle de règles identiques à celles de la législation et des directives communautaires dans les domaines des services, dans le but d'atteindre un degré d'harmonisation élevé. De plus, pendant cette période, la Pologne ~~facilitara~~ ~~introduira la liberté~~ l'établissement des banques, compagnies d'assurances, **des services comptables et des bureaux d'étude** de la Communauté, ce qui permettra d'offrir des modèles de référence pour le développement et la promotion de ces secteurs en Pologne. **Dans le secteur de transports, elle facilitera la circulation des voyageurs et des marchandises ainsi que l'accès au marché des transports par la suppression d'obstacles administratifs, techniques et autres.** Ceci influencera positivement la création d'un climat d'accueil aux investissements étrangers. **Le Conseil d'association sera habilité à prendre les mesures nécessaires pour étendre la liberté d'établissement dans d'autres secteurs.**

Dans ~~la une~~ deuxième ~~étape phase~~, lorsque ~~l'harmonisation~~ **les** règles polonaises régissant la circulation des services **se seront** suffisamment rapprochées

le Conseil d'Association sera appelé à étudier les moyens  
d'améliorer la libre circulation des services

de celles de la Communauté, le Conseil d'Association  
sera appelé à étudier les moyens **de créer les conditions  
de la liberté d'établissement** et améliorer la libre  
circulation des services.

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**TABLE XXII. Réserves to circulation of persons, services and capital**

<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
Cion	5	PER11 Against reference to importance PER11 Against reference to workers PER11b Against improving legally employed PER11b Against family employment PER11c Against P.A. workers access	Negative Negative Negative Negative Negative	Successfu l Successfu l Failed Failed Successfu l	Persons
France	4	PER11b Against improving legally employed PER13 Limit 2nd phase liberalization scope SER22 Extend establishment scope SER23 Against transport liberalization	Negative Negative Positive Negative	Failed Successfu l Successfu l Success	EC employment Teleco & engineering Support Germany
UK	4	PER11a Against social security assistance PER13 Limit 2nd phase liberalization scope SER23 Extend establishment scope CAP32 Stricter protection of investments	Negative Negative Positive Negative	Failed Successfu l Successfu	Two coalitions Consulting & auditing Coalition

				1 Successful	
Neth	3	PER11 No reference to workers free circulation PER11b Against family employment SER23 Maintain transport liberalization	Negative Negative Positive	Successful Failed Successful	Two coalitions
Germany	2	SER23 Against transport liberalization CAP32 Stricter protection of investments	Negative Negative	Failed Successful	Two coalitions Coalition
Spain	2	PER11 No reference to workers free circulation PER13 For stricter social rules for P.A.	Negative Negative	Successful Failed	
Greece	1	SER23 Maintain transport liberalization	Positive	Successful	Two coalition
Belgium	1	SER23 Maintain transport liberalization	Positive	Successful	Two coalitions



TABLE XXIII.Capital

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>CAP 3. Circulation des capitaux</b>  La circulation des capitaux est un élément essentiel du grand marché. La Pologne souhaite pouvoir bénéficier elle aussi de cette liberté dès que sa compétitivité et l'instauration de la convertibilité de sa monnaie le permettront. De même que dans le cas des produits industriels et des services, les négociations devraient prévoir une démarche en plusieurs étapes.</p> <p>Au cours de la première étape, la Pologne s'engagerait à libéraliser les mouvements de capitaux relatifs aux paiements concernant les échanges de marchandises et en matière de services. Certains améliorations pourraient être amportées à l'accès au marché de capitaux pendant que les parties cherchent à créer les conditions nécessaires por l'application graduelle des règles communautaires en matière de de libre circulation des capitaux. A ce stade de la coopération technique, les actions de formation et les co-entreprises peuvent apporter une contribution importante à la mise en place d'un secteur financier compétitif en Pologne</p>	<p><b>CAP 3. Circulation des capitaux</b>  La circulation des capitaux est un élément essentiel du grand marché. La Pologne <b>bénéficiera</b> <del>souhaite pouvoir bénéficier elle aussi</del> de cette liberté dès que sa compétitivité et l'instauration de la convertibilité de sa monnaie le permettront. De même que dans le cas des produits industriels et des services, les négociations devraient prévoir une démarche en plusieurs étapes.</p> <p>Au cours de la première étape, la Pologne s'engagerait à libéraliser les <b>paiements mouvements de capitaux relatifs</b> <del>aux paiements concernant</del> <b>afférent aux</b> échanges de marchandises et services <b>y compris par une garantie d'accès aux devises pour des entreprises. Elle favoriserait aussi le développement et la protection des investissements en Pologne en autorisant les mouvement des capitaux relatif à ces investissements, leur liquidation et leur repraticeament.</b> Certains améliorations pourraient être apportées à l'accès au marché de capitaux pendant que les parties cherchent à créer les conditions nécessaires por l'application graduelle des règles</p>

Durant la seconde étape, le Conseil d'Association sera appelé à étudier les moyens qui permettront l'application pleine et entière des règles communautaires régissant les mouvements de capitaux.

Toutes les dispositions concernant la circulation de capitaux seront basées sur le principe de la réciprocité.

communautaires en matière de de libre circulation des capitaux. A ce stade de la coopération technique, les actions de formation et les co-entreprises peuvent apporter une contribution importante à la mise en place d'un secteur financier compétitif en Pologne

Durant la seconde étape, le Conseil d'Association sera appelé à étudier les moyens qui permettront l'application pleine et entière des règles communautaires régissant les mouvements de capitaux.

Toutes les dispositions concernant la circulation de capitaux seront basées sur le principe de la réciprocité.

## 9. Financial cooperation

TABLE XXIV. Financial cooperation

DG I proposal. SEC 90 2122, October 30, 1990	Council Decision. 11043 EST 152, December 19, 1990
<p><b>FIN</b> 1. Les interventions financières de la Communauté consisteront en une combinaison de prêts et d'aides non remboursables, destinées en partie à des bonifications d'intérêts des crédits</p> <p>2. Jusqu'à la fin de l'exercice 1992, le support de l'aide financière communautaire à la Pologne sera assuré par le programme PHARE. Au-delà, les crédits d'engagement et de paiement nécessaires seront établis sur une base annuelle dans le cadre d'un montant pluriannuel global prévu à titre indicatif pour l'ensemble des pays associés (prêts et aides non remboursables). Des engagements relatifs à des projets concrets s'étendant sur une période supérieure à un an pourront être effectués dans la limite des crédits disponibles</p>	<p><b>FIN</b> 1. Des interventions financières <b>autonomes et transitoires peuvent être décidées pour</b> la Communauté et consisteront en <b>dons et/ou prêts</b> <del>une combinaison de prêts et d'aides non remboursables, destinées en partie à des bonifications d'intérêts des crédits</del></p> <p>2. Jusqu'à la fin de l'exercice 1992, le support de l'aide financière communautaire à la Pologne sera assuré par le programme PHARE. <b>Après 1992, les engagements annuels et les crédits de paiement nécessaires</b> seront établis sur une base <b>indicative à l'intérieur d'un cadre global et pluriannuel, en fonction de l'évaluation par la Communauté des besoins et des niveaux de développement de trois pays associés. Les crédits définitifs</b> seront alloués par la suite sur base de l'évaluation la plus récente de ces facteurs et dans les limites imposées par un nouvel accord sur la discipline budgétaire qui succèdera à l'Accord Interinstitutionnel actuel.[Former ']' Cette approche souple marquera la volonté de la Communauté d'aider au redéploiement</p>

3. L'expérience acquise dans le cadre de l'opération PHARE servira à évaluer les besoins prioritaires et la capacité d'absorption de la Pologne. L'estimation de l'intervention communautaire tiendra également compte, concernant le prêts, de la capacité de remboursement de ce pays. En outre, l'aide accordée sera modulée en fonction des besoins constatés, des priorités retenues, de la capacité d'absorption et de remboursement de la Pologne ainsi que des mesures de mise en œuvre des réformes économiques et de restructuration de ce pays.

4. La définition des actions concernant les secteurs jugés prioritaires, la recevabilité des projets proposées et le niveau de l'intervention communautaire se fera en

économique des pays associé et permettra ~~de mieux mesurer l'effort envisagé~~ de répartir de façon optimale les dépenses dans le temps et entre les pays **suivant les objectifs recherchés.** ~~Des engagements relatifs à des projets concrets s'étendant sur une période supérieure à un an pourront être effectués dans la limite des crédits disponibles~~

3. L'expérience acquise dans le cadre de l'opération PHARE servira à évaluer les besoins prioritaires et la capacité d'absorption de la Pologne. L'estimation de l'intervention communautaire tiendra également compte, concernant le prêts, de la capacité de remboursement de ce pays. En outre, l'aide accordée sera modulée en fonction des besoins constatés, des priorités retenues, de la capacité d'absorption et de remboursement ~~de la Pologne ainsi que des mesures de mise en œuvre~~ des réformes économiques et de restructuration de ce pays. **L'évaluation de ces facteurs sera faite par écrit dans le processus de préparation des réunions annuelles du Conseil d'Association.**

4. La définition des actions concernant les secteurs jugés prioritaires, la recevabilité des projets proposées et le niveau de l'intervention communautaire se fera en

concertation avec le gouvernement polonais.

5. A fin de permettre une utilisation optimale des ressources disponibles, une coordination étroite entre les deux parties sera développée. Elle portera sur les contributions de la Communauté et autres donateurs tels que les Etats Membres de la Communauté et les institutions financières internationales, notamment le FMI, la BIRD et la BERD.

6. D'autres instruments financiers pourront être développées et mis en oeuvre: assurances crédits à la exportation et garanties d'investissements, capitaux à risques, instruments destinées à surmonter les problèmes macroéconomiques liés à la restructuration économique, prêts CECA et prêts de la BEI.

<sup>1</sup> Cette enveloppe, non contraignante et ajustable, marquera la volonté de la Communauté d'aider au redéploiement économique des pays associé et permettre de mieux mesurer l'effort envisagé et de répartir de façon optimiste les dépenses dans le temps et entre les pays.

concertation avec le gouvernement polonais.

5. A fin de permettre une utilisation optimale des ressources disponibles, une coordination étroite entre les deux parties sera développée. Elle portera sur les contributions de la Communauté et autres donateurs tels que les Etats Membres de la Communauté et les institutions financières internationales, notamment le FMI, la BIRD et la BERD.

~~6. D'autres instruments financiers pourront être développées et mis en oeuvre: assurances crédits à la exportation et garanties d'investissements, capitaux à risques, instruments destinées à surmonter les problèmes macroéconomiques liés à la restructuration économique, prêts CECA et prêts de la BEI.~~

**En ce qui concerne des instruments financiers pour la Pologne, y compris des instruments communautaires existants, il devrait être décidé au cours de la négociation si une référence dans l'Accord est possible**

**TABLE XXV. Réserves to financial cooperation**

<i>Réserves</i>					
Country	No.	Item/Content	Type	Result	Comment/Method
Germany	3	FIN2 Against linking to PVDALA	Positive	Successful	Linkage
		FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition
		FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
Spain	3	FIN1 Aid should be transitory	Negative	Successful	Linkage
		FIN6 For linking PECOS to PVADALA	Negative	Failed	Linkage
		FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
UK	2	FIN1 Against global finance facility	Negative	Failed	Budget-linkage
		FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition

Portugal	1	FIN6 Against EIB borrowing facilities	Negative	Successful	Coalition
France	1	FIN6 Against ECSC borrowing facilities	Negative	Successful	Coalition

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