

European Parliament resolution on relations between the European Community and the CIS (17 September 1992)

Caption: On 17 September 1992, the European Parliament adopts a resolution in which it advocates a new approach to relations between the European Community and the Commonwealth of Independent States and to the establishment of a renewed partnership between East and West.

Source: Official Journal of the European Communities (OJEC). 02.11.1992, No C 284. [s.l.].

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Publication date: 20/10/2012

Resolution on relations with the CIS

RESOLUTION B3-1261/92

The European Parliament,

- having regard to its resolutions of 9 July 1992 (1) on economic cooperation between the European Community and the CIS and on emergency assistance to the New Independent States of the former Soviet Union,
- taking note of the evidence given at the Hearing on 10/11 September 1992 on the economic and political problems of the states of the CIS organized jointly by the Committees on Foreign Affairs and Security, External Economic Relations, Budgets, Economic and Monetary Affairs and Industrial Policy, and the Delegation for Relations with the Republics of the Commonwealth of Independent States (CIS),
- taking note of the multilateral discussions in Lisbon on 22 to 24 May 1992 on assistance to the newly independent states of the former Soviet Union,
- having regard to the forthcoming Tokyo Conference on assistance to the newly independent states of the former Soviet Union,
- A. having regard to the imminent threat of hyper-inflation in the states of the CIS which could endanger the whole reform process,
- B. having regard to the dramatic and continuing drop in production, oil output, investment and real wages,
- C. having regard to the heavy inherited burden of external debt and the failure of creditors, so far, to agree any rescheduling; whereas it is unrealistic to expect repayment in the near future without help,
- D. having regard to the disproportion of defence production in the economies of Russia and Ukraine,
- E. having regard to the dependence of many major cities and regions on a few defence plants and the lack of finance for social support for redundant workers,
- F. whereas the Western democracies still spend \$100 billion a year on military hardware, most of which is redundant with the end of the cold war, but which will be needed again if not used as a source of aid to stabilize Eastern Europe,
- G. having regard to the length of time needed for conversion of defence plants, the lack of alternative employment and of social security systems,
- H. having regard to the recent dramatic increase in credit creation,
- I. having regard to the disruption of trade and payments between the CIS states,
- J. having regard to the administrative vacuum following the dissolution of the Communist Party,
- K. having regard to the need for time to develop new administrations in the completely new states,
- L. having regard to the absence so far of any substantial cash aid from the Community and other industrial democracies,
- M. having regard to the need for rapid development of storage, distribution and processing infrastructure for farm products,

- N. having regard to the imperative need to secure the safety of the nuclear power stations and the dismantlement of both nuclear and conventional weapons,
- O. having regard to the need for major rehabilitation in the oil industry to restore lost production in order to earn much needed hard currency,
- P. having regard to the need for finalization of the 'Energy Charter' to provide a fair basis for inward investment in the oil industry,
- Q. having regard to the need to encourage inward investment by the creation of a sound system of commercial law and for clear administrative structures to relate to foreign business,
- R. having regard to the need to revive the trade between the CIS and Central Europe and the Balkans,
- S. having regard to the enormous potential for trade between expanding economies in the CIS and the European Community,
- T. having regard to the very real danger that total economic collapse in the states of the CIS could lead to the replacement of the friendly new democracies by authoritarian regimes, to the destabilization of Central Europe and the need to return to full military defence of the Community,
- U. having regard to the extremely serious environmental and public health situation in several regions of the CIS,
- V. whereas the process of coordinating international assistance through the Washington and Lisbon Summits has not been put in hand with sufficient urgency, and has not yet led to a coherent, coordinated and substantial Western aid program,
- W. having regard to the power vacuum in the United States until a new President takes office in mid-January 1993,
- X. having regard to the unique opportunity for the European Community to act decisively and take a new and imaginative approach in forging a new East-West partnership,
1. Believes that the Member States of the Community, acting in European political cooperation, should put together, with such outside help as is needed, a financial package which will avoid hyper-inflation in the CIS; believes that this package is urgently needed to stabilize the rouble until the structural reforms in the industries of the CIS can take effect, oil can once more earn hard currency and farm reforms can obviate the need for food imports;
 2. Calls on the Member States to use their considerable influence to arrive at a quick agreement on debt rescheduling;
 3. Considers that the Community should help and encourage the CIS states to set up immediately a payments clearing system to avoid further disruption of inter-state trade;
 4. Believes that the Community should consider with the CIS states the setting up of a free trade zone (with whatever temporary safeguards are needed) to encourage trade between the states themselves, if possible including Central Europe;
 5. Considers that:
 - (a) the Community should consult with the CIS states and their defence industries to consider the reconstruction needs which could be met by those industries if they had the equipment,

- (b) Member States should consider an 'aid in place of arms' program so that instead of redundant arms orders, they should commission from their own arms industries the equipment needed to convert the arms industries of the CIS to meet the infrastructure needs of those countries,
- (c) Member States should commend such a program to other western arms producers with declining defense industries;
6. Believes that the Community's Budgetary Authority should see that the resources are provided to enable the Commission to enlarge as rapidly as possible its excellent pioneering program for technical assistance; calls on the Commission in particular:
- (a) to concentrate its efforts to organize aid to the CIS states to help them draft commercial laws which would encourage inward investment,
- (b) to work out, in agreement with the Republics, a program of assistance and guidance for the speedy improvement of distribution, storage and processing of farm products;
7. Calls on the Community to expand environmental aid to the different Republics in order to cope with the urgent situation of radioactive and chemical contamination and the destruction of unique habitats;
8. Urges the Member States acting in European political cooperation to come to an agreement on their own proposals for the Energy Charter and then encourage a speedy settlement to remove the uncertainty and encourage the substantial new investment needed to improve the oil flow and improve the main immediate source of hard currency earnings;
9. Considers, as regards the coordination of international aid, that although the IMF has a vital function in encouraging monetary reform, it is too specialized and too remote from political dialogue to coordinate the assistance effort which is unique in size and complexity and historically unprecedented;
10. Therefore believes that there should be a formal partnership between the major donors and recipients to set priorities and decide forms, levels and division of aid, governed by politically accountable ministers and with its own specialized staff of both local and international experts;
11. Instructs its President to forward this resolution to the Council, the Commission, EPC, the governments of the Member States and of the States of the CIS, and the participants at the forthcoming Tokyo Conference.

(1) Minutes of that Sitting, Part II, Item 7.