

TACIS Annual Report from the Commission: Commissioner's statement (23 July 1999)

Caption: In the Annual Report from the Commission on the TACIS programme for the year 1998, Leon Brittan, Commissioner for External Relations, emphasises that the Community aid programme is able to adapt to the political and economic circumstances in the partner countries.

Source: TACIS - Annual Report from the Commission - 1998. 23.07.1999, No COM(1999) 380 final. Brussels.

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TACIS Annual Report from the Commission - 1998

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Commissioner's statement

The TACIS programme is one of the key instruments of the EU to develop cooperation with the New Independent States and Mongolia. This report summarises how TACIS delivered assistance to these countries in 1998, both country by country, and across national borders. This report provides tangible evidence of what TACIS has done. It demonstrates how TACIS has helped the region move towards democracy, and how it has helped develop the region's capacity to operate in an international market economy environment - even in the face of the serious economic problems that the region has faced during the year.

The publication of this annual report coincides with the discussions on a new regulation to govern EC assistance to the region from 2000 onwards. The current TACIS regulation expires by the end of 1999. EC assistance to the development of these 13 countries is a continuously evolving process. It responds to change both among the partner countries, and within the EU itself. The regulation's content is discussed in more detail on page xxx, but I want to emphasise here the balance it strikes between continuity and innovation: continuity in reconfirming the EC's commitment to providing expertise - and funding - to help the countries in the region through the difficulties of transition; and innovation in gearing the approach more precisely than ever before towards the evolving needs of partner countries.

The contractual relations between the EC and the countries in the region have recently changed drastically. In the last few years, the EC has developed a new framework for these relations, known as the Partnership and Cooperation Agreements (PCAs). The first of these PCAs - with Russia - came into force in December 1997, and the first joint steps in its implementation were taken during 1998. PCAs also came into force with Ukraine in March 1998 and Moldova in July, followed by the creation of the implementation bodies for them. PCAs have now been signed with nearly all the countries of the region. The Commission has worked with the European Parliament and the Member States throughout 1998 to progress their ratification, so that all remaining PCAs except with Belarus and Turkmenistan, which is still in the ratification process, will enter into force on 1 July 1999.

Another major EC development with implications for TACIS in 1998 was the formal launch of the next round of the EU enlargement process. TACIS will be affected by the accession, over the coming years, of countries in central and Eastern Europe, which will extend EU boundaries up to the frontiers of the TACIS region. This gives added significance to the cross-border and transnational programmes including customs cooperation that TACIS currently operates with EU candidate countries during the preparations for their accession, and to the development of transport and telecommunications infrastructure linking the region to a larger EU. It will also bring further changes to trading and investment patterns, and provides additional urgency to cooperation in the fields of economics, law approximation, environment, migration policy, and justice and home affairs.

The management of TACIS has been adapted following the creation in 1998 of a common service within the Commission for the implementation of all EC external assistance programmes. This new body, known as the Joint Relex Service, has been given the responsibility for the implementation of the external assistance activities programmed by DG1A and other external relations Directorates General. The new arrangement is intended to generate economies of scale and greater efficiencies -although there was inevitably some temporary slowing down of TACIS delivery during the year before the new service came fully on-stream. There are external factors that limit what TACIS can achieve, too - notably circumstances in the recipient countries. It was not possible for the EU to normalise relations with Belarus in 1998, so country-specific actions there remained limited. In line with the December 1997 invitation from the Council of Ministers, the Commission did, however, propose a programme for Belarus in the field of civil society and democracy, and substantial progress was reached on this proposal by the year end. Similarly, circumstances in Tajikistan remained too unstable for TACIS to operate there during the year.

But in Russia, hit by its own acute economic problems in August, TACIS showed a high degree of flexibility in its timely response. Within weeks of the midsummer crisis, TACIS had prepared to switch, the focus of many of its assistance projects to provide expertise for banks, debt management, and for reinforced EBRD cooperation on bank restructuring. A series of high-level EU-Russia contacts during the second half of the year helped to define where the EC might most effectively redirect its assistance. An EC proposal was also devised and approved to meet Russian requests to provide food aid, which otherwise would have had to be imported on commercial terms, thus allowing Russia to use scarce budget resources to pay outstanding wages and pensions.

The scale of the Russian crisis, and its impact on other countries in the region, provoked a general EU review of how best to help in tackling the consequences. While the solution lies essentially in the hands of Russia and the other NIS themselves, the EU is also committed to assist in whatever way it can. An outline plan was developed by the General Affairs Council during the autumn, and, in December, the European Council in Vienna gave the highest political endorsement to developing a new Common Strategy for Russia and Ukraine, and to proposals of the Commission for assistance for other NIS to cope with the effects of the Russian crisis.

A Commission Communication in April spelt out how the EC would direct its assistance in the nuclear safety field, i.e. increasingly at projects that have a clearly defined and manageable role for TACIS. The Commission also continued its contribution to the preparatory work for the sarcophagus for Chernobyl, and is a major player in the execution of the G7 Memorandum of Understanding on the closure of Chernobyl by 2000.

The management of the TACIS nuclear safety programme was the subject of a special Court of Auditors report published in 1998. Although the report was quite critical, it also recognised the achievements of the programme in difficult circumstances. Moreover, the report made constructive suggestions for improving the programme. The Commission's own planning has already taken account of several of these, most notably by matching EC ambitions to the resources available.

The interstate dimension of TACIS has demonstrated with increased force during 1998 how it can promote cooperation across the countries of the region. The TRACECA programme in the transport field and INOGATE in the energy field both proved their value in stimulating economic cooperation and thereby bridging political differences. The signature at the highest level by 12 countries of a Multilateral Transport Agreement in Baku in September 1998, took TRACECA into a new phase. The Agreement had been prepared with the assistance of TACIS. The extension of INOGATE to Romania and Bulgaria, too, has provided a logical link of practical value for immediate programming - and prefigures closer NIS ties with an enlarged EU. It also symbolises how underlying common interests can be reflected across what might otherwise become artificial boundaries.

Now that the EC is moving towards a new regulation, it is a good time to take stock of what TACIS has and has not been able to do. Some of this balance sheet can be inferred from the approach taken by the new regulation, which has been developed after intensive and extensive consultation within the EC and with the partner countries. The new regulation is designed to ensure that EC assistance is even more focused and visible. The Commission proposes greater concentration in activities, i.e. new assistance should target a limited number of areas of cooperation, with ambitions matched even more closely to funding absorptive capacity and human resources. Future assistance will be able to target the increasingly divergent needs of the different regions covered under the proposed regulation. Overall, EC programmes in the NIS will in future reflect even more closely Member State concerns on crime, recognise the social aspects of developing a market economy, boost investment promotion, put a premium on quality and innovation (the proposed regulation suggests a new allocation for projects selected on a competitive basis, as an incentive scheme), make more use of twinning between EU Member State institutions and the NIS, and focus nuclear safety more tightly.

Across the 13 countries there is hard evidence of the contribution that TACIS has made. Unprecedented challenges have been faced by the countries of the former Soviet Union, as they have struggled for nearly a

decade to build democracy and market economies, while laying the foundation for improved living standards. TACIS has provided exceptional help to this process. Of course, setbacks have occurred. The process has faltered from time to time in the partner countries - and 1998 has reminded everyone how fragile the entire process still is. Arguably, the process is, however, by now irreversible. But, just as the process continues in the region, so too the EU remains committed to devising and delivering assistance. And despite any incidental failings in TACIS inevitable in a difficult and untried environment, the achievements of TACIS in 1998, significant as they are - like in previous years - are a powerful testimony to the effectiveness and durability of that EC commitment.