European Community aid to Eastern Europe

European Community aid to Eastern Europe

There was, of course, no question of the European Economic Community (EEC) admitting the countries of Eastern Europe until they were capable of participating in the Single Market. However, they needed help in developing a liberal economy and political democracy.

The first step was taken by Gorbachev, President of the USSR, when he decided to allow the Member States of Comecon to negotiate individual trade agreements with the EEC. In September 1988, Hungary did just that, followed by Czechoslovakia in December, Poland in September 1989, the Soviet Union in December and East Germany and Bulgaria in May 1990. These trade agreements had no more than a limited effect, abolishing quantitative restrictions on products imported by the EEC from the Eastern bloc countries, which, as a result of the crisis in the USSR, had seen their exports in that direction drastically reduced and were seeking outlets in the West. Within the EEC, however, there was already a surplus of those products that the East might export, such as agricultural products, steel, coal and textiles.

Accordingly, it was necessary to take further measures and to implement an aid programme. In response to a request made at the Summit of the seven industrialised countries (G7), which took place in Paris on 4 July 1989, the Community established the PHARE programme (Poland and Hungary Assistance for the Restructuring of the Economy). In 1990, that programme was extended to all the countries of Central and Eastern Europe (CEECs). It comprised financial aid for economic restructuring and private investment, as well as export credits and guarantees. As part of the management of Community aid to Central and Eastern Europe, the European Bank for Reconstruction and Development (EBRD) was established on 15 April 1991. It was made responsible for the granting of loans for productive investment in the CEECs, which, in turn, were committed to applying the principles of multiparty democracy and the market economy and to promoting private and entrepreneurial initiative.

In addition to these emergency measures, and with a view to a new, larger Europe, the Community decided to establish specific links with the CEECs. On a proposal from the Commission, arrangements for association were adopted to benefit these countries: the ‘Europe Agreements’. These Association Agreements were intended gradually to establish bilateral free trade in industrial products between the EEC and each of the CEECs, to develop industrial, technical and scientific cooperation as regards vocational training, the environment and structural reforms, and to establish guaranteed, multiannual financial aid. Institutional dialogue would enable views on political issues to be approximated. The implementation of the agreements would depend on the progress made with regard to human rights, multiparty democracy and economic liberalisation. Each of these bilateral agreements was managed by a Joint Council composed of delegations from the EU Member States and from the country in question. Europe Association Agreements, adjusted so as to take account of the situation in each country, were signed with Poland and Hungary (16 December 1991), Romania (1 February 1993), Bulgaria (8 March 1993) and, after the division of Czechoslovakia, with the Czech Republic and Slovakia (4 October 1993). On 1 March 1993, the four Visegrad countries (Hungary, Poland, Czech Republic and Slovakia) signed the Central European Free Trade Agreement with a view to strengthening ties between these countries and the European Union. In practice, however, relations between these countries and the European Union remained bilateral. Having benefited from trade and cooperation agreements, the Baltic States — Estonia, Latvia and Lithuania — also signed Europe Agreements (12 June 1995), with Slovenia following their example a year later (10 June 1996).

The aim of Europe Agreements was to prepare for the eventual accession of the CEECs to the European Union. The Copenhagen European Council (21–22 June 1993) confirmed that the countries that held associate membership might become full members of the European Union, provided that they fulfilled the given economic and political criteria: 'stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.' The European Council drew up a list of the Central European countries that might accede to the European Union: Poland, Hungary, the Czech Republic, Slovakia, Romania, Bulgaria, Slovenia, Estonia, Latvia and Lithuania.

Since applications for accession to the EU started to be made by the CEECs in the mid-1990s, the Phare programme mainly aimed to support candidate countries in the process of adopting and implementing the Community acquis and in preparing them for the management of the Structural Funds. During the period 2000–2006, the Phare programme was supplemented by the ISPA programme for the environment and transport and the SAPARD programme for agriculture.

Whereas the aim of the Phare programme was to help the countries of Central and Eastern Europe in their transition to a market economy and to consolidate democratic regimes, the Tacis programme was intended for the Commonwealth of Independent States (CIS), the countries of the former Soviet Union. As opposed to the Phare programme, Tacis was a neighbourhood instrument, not a pre-accession instrument.

This Community aid programme was originally intended for the USSR. Following the Dublin and Rome European Councils in 1990, the European Communities adopted a programme of technical assistance for economic reform and recovery in the Soviet Union. When the Commonwealth of Independent States was created in December 1991, marking the end of the USSR, the European Communities decided to apply the financial instrument for technical assistance which had been devised for the Soviet Union to the CIS. The Community programme was therefore known as Tacis (Technical Assistance to the Commonwealth of Independent States).

The Tacis I programme covered the period 1991–1999. It took a sectoral and transversal approach, and the technical and financial aid granted under the programme was mainly intended for the restructuring of businesses and human resources and to ensure nuclear safety. In order to address the shortcomings of the first programme, the Council recommended in its new Tacis II regulation for the period 2000–2006 that a concentration of projects be carried out with a limited number of neighbourhood objectives so that the planning and monitoring of the projects would be more in line with the realities on the ground. Whereas the Tacis I programme was mainly managed at central Commission headquarters in Brussels, Tacis II tended to use European Commission delegations in the countries which had been granted the Community aid. Moreover, a cross-border programme (Tacis CBC) was established to improve contacts between adjoining communities. Tacis II also redefined its priorities: nuclear safety and institutional, legal and administrative reform were the priorities for the 2000–2006 programme. For the first time, an EU technical assistance programme was used as a conditionality tool following the Russian army's intervention in Chechnya in 1999.

For the period 2007–2013, the European Union has established new external aid instruments. Phare and the other pre-accession instruments (ISPA and SAPARD) have been replaced by the IPA (Instrument for Pre-Accession Assistance). The CARDS neighbourhood programme, which aimed to provide Community assistance to the countries of South-Eastern Europe so that they might participate in the process of stabilisation and association with the EU, was also absorbed by the IPA. As EU candidate countries, Turkey, Croatia and the former Yugoslav Republic of Macedonia, along with the potential candidate countries (Western Balkans), benefit from the IPA. The European Neighbourhood and Partnership Instrument (ENPI) replaced the Tacis and MEDA neighbourhood instruments in 2007.