

PRESS RELEASE
Luxembourg, 30 April 1997
UE-PL 1406/97 (Presse 151)

**FOURTH MEETING OF THE ASSOCIATION COUNCIL BETWEEN THE
EUROPEAN UNION AND THE REPUBLIC OF POLAND**

JOINT PRESS RELEASE

1. The EU-Poland Association Council held its fourth meeting in Luxembourg on Wednesday, 30 April 1997. The meeting was chaired by Mr Dariusz ROSATI, Minister of Foreign Affairs of the Republic of Poland. The European Union delegation was headed by Mr Hans VAN MIERLO, Vice Premier and Minister of Foreign Affairs of the Kingdom of the Netherlands and President In-Office of the Council of the European Union. The European Commission was represented by Mr Hans VAN DEN BROEK, member.

This fourth meeting of the Association Council marks an important juncture in the pre accession relations between the Parties. It took place mid-way between the Dublin European Council, which confirmed the timetable for enlargement as set at Madrid, and the European Council meeting in Amsterdam, which is expected to conclude the IGC and thereby take key decisions on the future shape of the European Union. Shortly thereafter, the European Commission will submit its opinions on the membership applications of the various candidate countries, as well a number of other reports.

2. The Association Council noted that the Decision to replace Protocol No. 4 to the Europe Agreement with a new text will be adopted by written procedure. The new protocol will extend the system of European cumulation of rules of origin to Poland, which represents an important step in the implementation of the pre accession strategy and will greatly facilitate trade and industrial cooperation not only between the Parties, but at a pan-European level.

The Association Council noted that progress had been made on other issues and that further decisions could be adopted by written procedure in the future, particularly with regard to the concrete modalities of Poland's participation in Community programmes, as well as a possible extension of the period for state aids mentioned in Article 63.4.(a) of the Europe Agreement. The Association Council also recalled that exchanges of letters were currently being prepared in order to formalize agreements found earlier concerning product certification, as well as certain measures taken by Poland with regard to its oil sector.

3. Concerning the state of their bilateral relations under the Europe Agreement, the Parties noted that significant efforts had been made on both sides to resolve some outstanding and often long-running trade difficulties. Since the last meeting of the Association Council, difficult issues of mutual concern have been addressed via improved cooperation and the adoption of negotiated solutions.

In this context, the Association Council took note of Poland's commitment to fully align the VAT for citrus fruits to the preferential rate of 7 % as of 1 January 1998, as well as of the intention of the Polish Government to apply the same rate without exemption to all other fruits as soon as possible. The Association Council welcomed the phasing out of the 3% import surcharge in Poland as of 1 January 1997. It also welcomed the liberalisation of oil prices in February 1997 ahead of the July timetable requested by the Union. Other examples of good cooperation include the identification of a new legislative approach to the establishment of foreign lawyers, the agreement on a mutually satisfactory approach concerning the certification of industrial products, and the conclusion of the negotiations on the adaptation of the Europe Agreement following enlargement and the conclusion of the Uruguay Round. With regard to the latter, in view of the time necessary for the additional protocols to enter into force, the Community has extended the autonomous measures for 1997 in order to avoid even transitory disturbances of mutual exchanges; the Union will make every effort to provisionally introduce the relevant provisions of the additional protocol in the form of autonomous measures as soon as possible. The Polish side expressed its expectation that the European Union side will adopt flexible position toward opening of Community markets to agri food products coming from Poland.

Concerning the steel sector, the Association Council noted an agreement in principle on a three-year extension, until 31 December 1999, of the period during which Poland can grant state aids for restructuring purposes under the conditions mentioned in Article 8.4 of Protocol 2 to the Europe Agreement; discussions on the restructuring of the Polish steel sector will continue. The Association Council may, taking into account the economic situation of Poland and the implementation of the restructuring of the Polish steel sector in the period 1996-1999, decide to further extend that period until 31 December 2001.

While noting the positive development of the relations between the Parties, the Association Council stressed that some issues remain unresolved, and that solutions should be found in the near future.

Regarding motor vehicles, the Association Council noted that mutually acceptable solutions had been found with respect to the commercial vehicles sector. It emphasized that plans by Poland to introduce a new licensing system on industrial assembly need to respect the provisions of the Europe Agreement and Poland's TRIMS obligations. Taking note of the latest Polish proposals with regard to the treatment granted to the DAFWOO motor company, the Union side stressed that it expects these proposals to be implemented on the agreed date flanked by precise control mechanisms. The Union side stressed that it would follow the development of this matter very closely and it reserved its right to come back to it at a later stage.

Concerning the opening of Community programmes, the Association Council noted that Poland had ratified the Additional Protocol on 31 December 1996, and it expressed the hope that participation in the three human resources programmes (LEONARDO, SOCRATES and Youth for Europe) will be possible in 1997 and that the relevant Association Council decision will be adopted by written procedure. The modalities for Poland's participation in MEDIA II, KALLIDOSCOPE and programmes related to the internal market should be defined as soon as possible.

4. Concerning the state of preparations for accession and enlargement, the Association Council welcomed the adoption, on 28 January 1997, of a National Strategy for Integration by the Polish Council of Ministers and the harmonogramme for implementation of the National Strategy for Integration.

The Association Council noted that the approximation of Polish legislation to that of the Union is a crucial element in this process. Over and above its adoption, legislation also needs to be implemented and enforced, which requires important administrative reforms at central and decentralized levels, as well as the creation of the necessary administrative structures. It is therefore vital that the administration at large be rapidly familiarized with European Union legislation. In this context, the Association Council welcomed the significant efforts made by the Polish authorities in creating a Committee for European Integration under the responsibility of the Prime Minister as part of a wide-ranging administrative restructuring of ministries, which is already having a positive impact on the relations between the Parties. The Association Council took note of the information by the Polish side on the planned presentation of the Polish Government's memorandum on pre-accession funds for the restructuring of the Polish agricultural sector.

As far as the economic situation is concerned, the Association Council warmly welcomed the results obtained in Poland in economic growth, employment and the reduction in inflation. The EU side emphasized the need to make further progress with economic reforms, particularly with regard to the privatisation and restructuring process, as well as the agricultural and financial sectors.

5. The Association Council noted that co-operation in the context of the Common Foreign and Security Policy between the EU and the associated countries has continued to develop. In this context, it welcomed the association of Poland with the EU declaration on Iran. In particular, the Association Council recognized Poland's support for the peace implementation effort in Bosnia-Herzegovina.

Emphasizing that regional stability is of the utmost importance, the Association Council commended Poland on its fruitful co-operation with its neighbours. It underlined the role of CEFTA as a necessary complement to the far-reaching bilateral economic integration between the associated countries and the Union, and it welcomed the success achieved by member countries of CEFTA in their efforts to widen the scope of their co-operation and to take in new applicants. The Association Council reiterated its view of the Central European Initiative as a useful instrument to promote good neighbourly relations, encourage political

stability, reinforce human rights and democracy and develop economic and commercial co-operation. The Union's current instruments - Phare, Tacis and Interreg - could provide additional support to projects presented under the roof of the CEI, over and above their contribution to regional cooperation in general. The Association Council also noted the positive contribution of the Baltic Sea States Cooperation.

6. In conclusion, the Association Council reaffirmed its support for Poland's efforts to prepare for accession and it re-emphasized its trust in the continued positive development of the relations between the Parties.