



# The European Parliament and German unification



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# TABLE OF CONTENTS

<b>INTRODUCTION</b>	<b>5</b>
<b>I. THE EVENTS</b>	<b>7</b>
<b>I.1. Joy and distrust: European Community reactions in the weeks following the fall of the Berlin Wall</b>	<b>7</b>
<b>I.2. The Parliament reacts: setting up of the Temporary Committee to consider the impact of the process of German unification on the European Community</b>	<b>9</b>
<b>I.3. 'Accession' under extraordinary conditions</b>	<b>12</b>
<b>II. THE ESSENTIAL ISSUES FOR THE EP</b>	<b>17</b>
<b>II.1. Institutional issues</b>	<b>17</b>
The many possibilities engendered by unification and risks for the EP	17
The need to revise the Community Treaties	19
The issue of representation of the former GDR in the EC	20
Diverging views on institutional issues within the EP	21
<b>II.2. Budgetary implications</b>	<b>23</b>
'Pre-accession' aid	24
Revenue	24
Expenditure	25
<b>II.3. Implications for the Community foreign and security policy</b>	<b>27</b>
The issue of the GDR's trade commitments	28
The future of military alliances	29
<b>CONCLUSION</b>	<b>31</b>
<b>ANNEXES</b>	<b>33</b>
<b>ANNEX 1</b>	<b>35</b>
Interim report drawn up on behalf of the Temporary Committee to consider the impact of the process of German unification on the European Community (rapporteur: Donnelly)	
<b>ANNEX 2</b>	<b>63</b>
Debates of the European Parliament Sitting of 12 July 1990 on German unification	
<b>ANNEX 3</b>	<b>83</b>
Resolution of 12 July 1990 on the implications of German unification for the European Community	
<b>ANNEX 4</b>	<b>95</b>
Minutes of the meeting of Thursday, 28 June 1990 and Friday 29 June 1990	
<b>ANNEX 5</b>	<b>105</b>
Temporary Committee to consider the impact of the process of German unification on the European Community: Activity report for the enlarged Bureau	



# INTRODUCTION

The fall of the Berlin Wall in the night of 9-10 November 1989 symbolised the end of the Cold War and set in motion a chain of events that would forever change the face of Europe. As a direct consequence, Germany was fully unified in less than a year.

Although the heads of state of the four occupying forces and the two German states are seen as the principal architects of unification, the influence of the European Community (EC) should not be underestimated. Faced with the possibility of profound change affecting one of its founder members at all levels, the EC could not stand idly by.

This study intends to present the political work carried out by the European Parliament (EP) with regard to German unification. It will first analyse the EC's reaction to the reappearance of the German question. The EP was the first European institution to make a statement on the possibility of German unification. It will then present the Parliament's assessment of the possible repercussions of German unification on the EC, drawn up by the Temporary Committee to consider the impact of the process of German unification on the European Community (temporary/ad hoc committee), which the EP set up for this purpose.

The second chapter will provide an overview of the make-up, objectives and working methods of this committee, which became the central body for all EP activities relating to the process of German unification.

The extremely rapid pace of the unification process forced the EC to adapt to changes as they occurred. To give the reader a better understanding of reactions from the EC, a further chapter presents a chronology of major events.

The temporary committee's work concerned numerous different fields. The scope of this study is, however, limited to three particular aspects relating to the remit of the EC, and the action it took, in the areas of institutional affairs, budgetary implications and security policy.



## I. THE EVENTS



### I.1. Joy and distrust: European Community reactions in the weeks following the fall of the Berlin Wall

The metamorphosis of the GDR from a Stalinist Communist country into five federal states forming an integral part of the Federal Republic of Germany took less than a year. The great speed of the process of German unification can be explained largely by the desire for freedom and unity of an entire people, which made a concerted push for self-determination. Until autumn 1989, no one could have imagined the events that would come. The fall of the Berlin Wall saw the German question return to the international agenda, particularly within the European Community. It is apparent that the various bodies of the EC were taken completely unawares by this question: although at the inception of the EC, West Germany had insisted on including the possibility of a revision of the Treaties in a statement,<sup>1</sup> the EC had no plan or project to prepare for this eventuality.

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<sup>1</sup> Die Bundesregierung geht von der Möglichkeit aus, dass im Falle der Wiedervereinigung Deutschlands eine Überprüfung der Verträge über den Gemeinsamen Markt und Euratom stattfindet', Meyer Carsten, Die Eingliederung der DDR in die EG, Cologne, 1993, p. 16. See also Die Kündigung des Vertrages zur Gründung der Europäischen Atomgemeinschaft (EURATOM). Ein Gutachten von Prof. Dr. Bernhard Wegener, Friedrich-Alexander-Universität Erlangen-Nürnberg im Auftrag von Bündnis 90/Die Grünen Bundestagsfraktion, ed. Bündnis 90/Die Grünen, s.l., 2007, pp. 39-40. This statement was repeated a few days later by the secretary of state to the German Ministry for Foreign Affairs at a German parliamentary debate at the Bundestag on the Treaties of Rome, see Rede von Walter Hallstein in Verhandlungen des deutschen Bundestages. 2. Deutscher Bundestag - 200. Sitzung vom 21. März 1957. pp. 11327-11334, available at <http://www.ena.lu?lang=3&doc=25371> (consulted on 20 March 2009).



In response to the fall of the Berlin Wall on 9 November 1989, the European Council held an extraordinary meeting in Paris (18 November 1989) but the question of German unification was not discussed. The European Parliament was the first to react, by adopting a resolution on the general situation in Central and Eastern Europe supporting, in addition to pluralist democracy and respect for human rights, the East German people's right to self-determination, including 'the possibility of forming part of a United Germany within a united Europe'.<sup>2</sup>

Furthermore, calling as it did for 'greater support for EC integration', 'emergency aid' and a 'support and cooperation plan', this resolution already encompassed the principal demands made by the EP in the months immediately following the fall of the Berlin Wall.<sup>3</sup>

The events in Central and Eastern Europe were covered in two successive debates in which both François Mitterrand, then president of the Council of Ministers of the European Community, and German Chancellor Helmut Kohl spoke on events in Eastern Europe.<sup>4</sup> The overwhelming majority of MEPs enthusiastically welcomed these events. A sense of distrust towards West Germany could, however, be detected among a certain number of MEPs: the fact that it had yet to explicitly endorse the location of the eastern border of the GDR gave rise to fears of future German revisionism.<sup>5</sup> The EP responded by stating in the aforementioned resolution that 'in the spirit of the Helsinki Final Act, all the peoples of Europe including the Polish people are entitled, both now and in future, to live in security within their present borders'.<sup>6</sup>

The EP also feared a slowdown in the process of European integration as defined in the Single Act of 1986.<sup>7</sup> In the months immediately following the fall of the Berlin Wall, French MEPs especially were not shy to express their doubts regarding possible German unification: for example, Simone Veil, former EP President, stated that nothing should be rushed, while Valéry Giscard d'Estaing, president of the Liberal and Democratic Reformist Group, expressed the view in an interview that a united Germany would be virtually unthinkable for the European Community.<sup>8</sup>

The German question was finally discussed at the Strasbourg summit of 8 and 9 December 1989, at which ministers expressed their support for the principle of self-determination for the German people paving the way for German unification, provided that existing borders were respected, in accordance with the Helsinki Agreement, and unification took place in a wider context of

<sup>2</sup> EP Resolution of 23 November 1989 on the recent developments in Central and Eastern Europe, OJ C323 of 27 December 1989, pp. 109-110. After the fall of the Berlin Wall, the European Commission President, Jacques Delors, sent a telegram to the West German Chancellor, Helmut Kohl, expressing his joy and support. See Knodt Michèle, *Unterordnung der EG-Integration der DDR unter den deutschen Einigungsprozeß*, Frankfurt am Main, 1992, p. 34, including note No 35.

<sup>3</sup> Ibid.

<sup>4</sup> Events in Central and Eastern Europe, in Debates of the European Parliament. Session of 22 November 1989, pp. 165-205 pp. 151-187 and Session of 23 November 1989, pp. 289-383 pp. 265-268.

<sup>5</sup> See for example the speech by Mr Gerd Walter, MEP of the Socialist Group, in the parliamentary debate of 22 November 1989: 'Poland's western boundary must therefore be recognised, with no ifs and buts'. From Events in Central and Eastern Europe, in Debates of the European Parliament. Session of 22 November 1989, pp. 165-205 and Session of 23 November 1989, 165-205 pp. 151-187, here p. 172. The Oder-Neisse Line had been set by the Allies as Germany's eastern border notwithstanding a future peace accord. Although the Federal Republic of Germany recognised the border in 1950, the GDR demanded that it be revised. In signing the Warsaw Treaty of 1970, West Germany undertook to recognise the border, but did not rule out future changes if a peace accord was reached.

<sup>6</sup> EP, Resolution of 23 November on the recent developments in Central and Eastern Europe, as cited above, pp. 109-110.

<sup>7</sup> This fear was illustrated by the fact that many MEPs stressed the urgent need of effective European integration in response to the profound changes in Eastern Europe. See Debates of the European Parliament. Session of 22 November 1989, as cited above and Session of 23 November 1989, as cited above.

<sup>8</sup> See Jetzt beginnt die Freiheit, Interview mit Simone Veil, in EG-Magazin, No 1-2, 1990, p. 50; 'Sonderkonferenz noch im Frühjahr? Deutschlandpolitische Offensive der EG', in Das Parlament, 9 March 1990. See also Meyer Carsten, Die Eingliederung der DDR in die EG, as cited above, pp. 24-25 including footnotes 111-112.

European integration.<sup>9</sup> This statement in favour of future unification concealed a diplomatic tug-of-war behind the scenes between the European Council, under French presidency, and Bonn.<sup>10</sup> The Council eventually managed to come to a consensus on a position supporting unification on condition that Germany made efforts towards European integration.

The European Commission did not explicitly comment on the German question until its President, Jacques Delors, addressed the EP in a speech on 17 January 1990, which can be seen as the turning point in the European Community's position on German unification.<sup>11</sup> Delors stated that 'East Germany [is] a special case ... there is a place for East Germany in the Community should it so wish'.<sup>12</sup> The GDR was now seen as an exceptional case for which accession to the EC was now a genuine possibility. The European institutions began to take initial measures to prepare for this.

## **I.2. The Parliament reacts: setting up of the Temporary Committee to consider the impact of the process of German unification on the European Community**

Jacques Delors's statement envisaging a possible unification of Germany or the accession of the GDR into the European Community took recent events into account: the people of East Germany, shaken to the core by their exposure to the Western lifestyle when the GDR's borders opened, rather than pushing for structural reforms in their country, demanded German unification.<sup>13</sup> At the same time, thousands of people were fleeing the GDR each day. The East German government, in profound turmoil, was incapable of stemming these calls for unification. Pressure on the international stage was building.

With the momentum created by Delors's political offensive, the European Community began to intervene directly in the process of German unification, fully aware of both the risks for the EC's existing structures and the potential boost to European integration.<sup>14</sup> Given this turn of events, the European institutions began the administrative process of analysing the possible repercussions and creating a Community structure to support an envisaged unification. Between December 1989 and January 1990, for example, the European Commission set up no fewer than five working groups. The EP followed suit in February by forming a temporary committee 'to consider the impact of the process of German unification on the European Community'.<sup>15</sup>

<sup>9</sup> 'We seek the strengthening of the state of peace in Europe in which the German people will regain its unity through free self-determination. This process should take place peacefully and democratically, in full respect of the relevant agreements and treaties and of all the principles defined by the Helsinki Final Act, in a context of dialogue and East-West cooperation. It also has to be placed in the perspective of European integration'. Conclusions of the Presidency, European Council, Strasbourg 8 and 9 December 1989, European Parliament Activities, Special Edition, SN 441/2/89, available at: [http://www.europarl.europa.eu/summits/strasbourg/default\\_en.htm](http://www.europarl.europa.eu/summits/strasbourg/default_en.htm)

<sup>10</sup> For a more complete picture of French and German positions during the unification process, see Meyer Carsten, *Die Eingliederung der DDR in die EG*, op; cit., pp. 20-21 and 23-24. For a very detailed account, see Bozo Frederique, *Mitterrand, la fin de la guerre froide et l'unification allemande*. De Yalta à Maastricht, Paris, 2005, pp. 119-156.

<sup>11</sup> For the few comments made by President Delors before the Strasbourg summit, see Meyer Carsten, *Die Eingliederung der DDR in die EG*, as cited above, p.25.

<sup>12</sup> Presentation of the annual programme of the Commission for 1990, Debates of the European Parliament, Session of 17 January 1990, pp. 108-129, here p. 111.

<sup>13</sup> Weber Hermann, *Geschichte der DDR*, Updated and expanded 2nd edition, Munich, 2000, p. 356.

<sup>14</sup> Meyer Carsten, *Die Eingliederung der DDR in die EG*, as cited above, pp. 27-29.

<sup>15</sup> EP, Resolution of 15 February 1990 on the setting-up of a temporary committee on 'examination of the impact of the process of unification on the European Community', in OJ of 19 March 1990, No C 68, pp. 144-145. The resolution was adopted in the session following President Delors' speech on 17 January.

As its official name suggests, the committee was entrusted with the task of studying the possible consequences of unification. Its scope was therefore wide, and the first working document drawn up by Alan John Donnelly, who had been named rapporteur at the first committee meeting, set priorities and defined working methods.<sup>16</sup>

The temporary commission's remit was thus to analyse the impact the GDR's joining the EC would have on the Community's fields of activity in order to 'make a constructive Community contribution to the unification process and for the Community's own adaptation to the new circumstances'.<sup>17</sup> The committee would be obliged to adapt its work in line with the accelerating speed of the process of unification. The independence of the committee's work throughout this procedure should be highlighted: by relying on the EP's own Directorate-General for Research and outside experts for the necessary assessments, the committee collected all data independently of the other EC bodies. Furthermore, direct links between the EP and both West Germany and the GDR were forged in order to obtain first-hand information.

The importance of the temporary committee is underlined by the status of its members: with Claude Cheysson, Fernando Morán Lopez and Leo Tindemanns it contained no fewer than three former foreign ministers. Major figures in European politics such as former EP President Simone Veil and former West German ambassador to the UN Rüdiger von Wechmar also sat on the committee. It was composed of a total of 20 MEPs, including five from France and five from West Germany.<sup>18</sup> It should be added that the positions of president, vice-president and rapporteur were filled by non-Germans with the obvious intention of avoiding conflicts of interest.

In order to draw its conclusions, the committee began collecting information, especially opinions from across the political spectrum, on the GDR. For this purpose, short summary reports were drawn up by the Parliament's Directorate-General for Research.<sup>19</sup> Some of these documents were produced in collaboration with experts and institutes from outside the Community, such as the German Economic Research Institute (DIW) in West Berlin or the Zentralinstitut für Wirtschaftswissenschaften der Akademie der Wissenschaften of the GDR in East Berlin. Other papers were produced by outside organisations.<sup>20</sup>

The committee held regular meetings which were normally attended by one or more members of the European Commission. Discussions were held at these meetings with representatives of the

<sup>16</sup> Temporary committee to consider the impact of the unification of Germany on the European Commission (UNIF), Minutes of the inaugural meeting of 1 March 1990, Brussels, held in the EP's historical archives (EPHA), ref.: PE3 AP PV/UNIF.1990 UNIF-19900301. See also Initial working document of the Initial working document of the Temporary Committee to consider the impact of the process of German unification on the European Community (author: Donnelly), EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90 0110.

<sup>17</sup> Initial working document of the Temporary Committee to consider the impact of the process of German unification on the European Community, as cited above, p. 6.

<sup>18</sup> Committee members: Gerardo Fernández Albor (Spain, PPE), president; Simone Veil (France, LDR), vice-president; Kirsten Jensen (Denmark, S), vice-president; Alan John Donnelly (UK, S), rapporteur; Claude Cheysson (France, S); Fernando Morán-Lopez (Spain, S); Klaus Wettig (Germany, S); Eisso Wöltjer (Netherlands, S); Elmar Brok (W. Germany, PPE); Maria Luisa Cassanmagnago Cerretti (Italy, PPE); Fritz Pirkel (W. Germany, PPE); Leo Tindemanns (Belgium, PPE), oldest member; Adrien Zeller (France, PPE); Rüdiger von Wechmar (W. Germany, LDR); Michael Welsh (UK, ED); Birgit Cramon Daiber (W. Germany, V); Luigi Alberto Colajanni (Italy, GUE); Henry Chabert (France, RDE); René-Émile Piquet (France, CG).

<sup>19</sup> Some of these studies were published by the European Parliament. See *The impact of the unification of Germany on the European Commission* (Study and documentation files), ed. European Parliament Research DG Luxembourg, 1990. See also *Europäisches Parlament und deutsche Einheit (Materialien und Dokumente)*, ed. Europäisches Parlament, Informationsbüro für Deutschland, Bonn, 1990, pp. 50-226. All of these documents are held in the EP's Archive and Documentation Centre (CARDOC).

<sup>20</sup> See for example, *Social situation in the GDR*, study produced by the German Economic Research Institute on behalf of the European Parliament, Berlin, 1990, EPHA, ref.: PE3 AP RP/UNIF.1990-A3-0183/90 0690.

governments of the GDR, West Germany and even the USA and the USSR.<sup>21</sup> As German unification had the potential to affect every aspect of the EC, the committee regularly sought the opinions of the other parliamentary committees.



The schedule for work drawn up by rapporteur Donnelly was adopted with minor changes at the meeting of 21-22 March. According to the schedule, the committee did not expect unification to take place before the end of 1990. It planned for an initial oral question with debate in plenary, followed by a resolution in April 1990. An interim report was then to be adopted in plenary in July, followed by a final report in the winter of 1990.<sup>22</sup>

The temporary committee sat for nine months between March and December 1990. During this period it 'play[ed] a pivotal role in all parliamentary activity relating to German unification'.<sup>23</sup>

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<sup>21</sup> See, for example, speeches by the GDR ambassador to the EC, Mr Öser, at the meeting of the temporary commission on 15 May 1990, UNIF, *Minutes of the meeting of 14 May 1990*, Strasbourg, EPHA, ref.: PE3 AP PV/UNIF.1990 UNIF-19900514; or by guests from the GDR *Volkammer* at the following meeting on 22-23 May 1990, see: UNIF, *Minutes of the meeting of 22 and 23 May*, Brussels, EPHA, ref.: PE3 AP PV/UNIF.1990 UNIF-19900522. GDR representatives were also present at the meeting on 29 August with the ambassador to the EC, Mr Trumpf, and his adviser, Mr Cuntz, see UNIF, *Minutes of the meeting of 29 August 1990*, Brussels, EPHA, ref.: PE3 AP PV/UNIF.1990 UNIF-19900829.

<sup>22</sup> For the complete schedule of work, see UNIF, *Initial working document of the Temporary Committee to consider the impact of the process of German unification on the European Community*, as cited above, p. 8. It was approved at the meeting of 21-22 March, see UNIF, *Minutes of the meeting of 21-22 March 1990*, Brussels, EPHA, ref.: PE3 AP PV/UNIF.1990 UNIF-19900321, p. 5.

<sup>23</sup> UNIF, *Activity report for the enlarged Bureau*, submitted by Messrs G. Fernández Albor and A. Donnelly, EPHA, ref: PE3 AP PV/UNIF.1990 UNIF-19901211, p. 3.

### I.3. 'Accession' under extraordinary conditions

German unification, and thus the inclusion of the GDR in the EC, posed many unprecedented problems and questions. This was why European Commission President Jacques Delors described the GDR as a 'special case' at a speech addressing the EP on 17 January 1990. As such, the exceptional nature of this process merits in-depth analysis.<sup>24</sup> This chapter will first present a chronology of the most important events.

It should be noted that no treaty between the GDR and the EC had ever been signed before 1990. It was only after the fall of the Berlin Wall in November 1989 that a genuine rapprochement began. Following this thaw in relations, an initial treaty on trade and economic and trade cooperation was signed on 8 May 1990.<sup>25</sup> This agreement was negotiated by the European Commission under a Council directive of 22 December 1989.<sup>26</sup> The EP, which had been studying the utility of entering into a possible trade treaty since October 1989 in the forum of its Committee on External Economic Relations, was not involved in the process of drafting the treaty; its participation was limited to presenting a resolution adopted on 16 March 1990 underlining the importance of this agreement.<sup>27</sup>

However, the agreement, which presupposed the medium-term survival of the GDR, was already irrelevant when it was signed, overtaken by events which suggested German unification would happen within a matter of months.<sup>28</sup>

This stage is an excellent illustration of the essential characteristic of the process whereby the GDR became part of the EC: the breakneck speed of events, pushed along not by European or national authorities but by the resolve of the German people. The will of the German people to press ahead with unification would force the Community to adjust many times to the changes that took place.

The victory of the Christian-conservative coalition 'Allianz für Deutschland' at the GDR's elections, which had been brought forward to 18 March 1990, paved the way for German unification under Article 23 of West Germany's Basic Law.<sup>29</sup> This article, by anticipating the full incorporation of the GDR into the Federal Republic of Germany, precluded the normal procedure of accession of a country to the Community via a treaty.

Furthermore, the procedure for unification would be essentially decided between the German states and at 'two plus four' meetings between the foreign affairs ministers of the two Germanies and the four member states of the Allied Control Council, which held authority over Berlin and

<sup>24</sup> It should be noted that this chapter will only include a description of how the unification process took place and its exceptional nature. Various other aspects will be covered in Part II of this study.

<sup>25</sup> For details of the background to and content of this agreement, see Scherer Peter, *Das Handels- und Kooperationsabkommen der EG mit der DDR*, in *Europäische Zeitschrift für Wirtschaftsrecht*, vol. 1, 1990, pp. 241-246.

<sup>26</sup> EP, Committee on External Economic Relations, Political Affairs Committee, *Notice to members concerning a memorandum concerning the negotiating brief*, 13 February 1990, EPHA, ref.: PE3 AP RP/RELA.1989 A3-0057/90.

<sup>27</sup> EP, Resolution of 16 March 1990 on the significance of the agreement between the EC and the German Democratic Republic on trade and commercial and economic cooperation, in OJ of 17 April 1990, No C 96, p. 353.

<sup>28</sup> See Meyer Carsten, *Die Eingliederung der DDR in die EG*, as cited above, pp. 42-44. A similar fear had already been expressed by Cano Pinto, MEP in the Socialist Group, at question time on 14 March 1990: 'does the Council not think it imprudent in this context to continue negotiations in view of an agreement between the EC and the GDR? Would it not also be wiser to suspend negotiations until such time as the situation is stable and secure enough for such an agreement to be signed?' *Debates of the European Parliament, Session of 14 March 1990*, question H-297/90, p. 143. The Council's president in office, Mr Collins rejected this proposal.

<sup>29</sup> See Meyer Carsten, *Die Eingliederung der DDR in die EG*, as cited above, pp. 44-45, including note 209. For the various possible ways the GDR could join the Federal Republic, see chapter II.A.

Germany.<sup>30</sup> Conferences were held regularly throughout 1990, and the parties arrived at a final agreement, signed on 12 September 1990 in Moscow, in favour of German unification.<sup>31</sup>

Although the EC's influence on this part of the procedure was limited, its impact on the process of unification as a whole should not be underestimated.



At a special European Council meeting in Dublin on 28-29 April 1990, the Council approved a proposal from the European Commission whereby EU law would be introduced in the GDR by means of a three-stage procedure<sup>32</sup> consisting of an interim, a transitional and a final phase. The European Commission was officially instructed to present, 'as part of an overall report, proposals in view of the adoption of any transitional measures deemed necessary'.<sup>33</sup>

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<sup>30</sup> These conferences between the USA, UK, USSR and France served to iron out doubts and reticence with regard to German unification (particularly on the part of the USSR) and were held regularly throughout 1990 (5 May in Bonn, 22 June 1990 in Berlin, 17 July 1990 in Paris with the participation of the Polish foreign minister and 12 September 1990 in Moscow). For further details, see Kaiser, Karl, *Deutschlands Vereinigung. Die internationalen Aspekte. Mit den wichtigen Dokumenten bearbeitet von Klaus Becher, Bergisch-Gladbach, 1991 (Schriften des Forschungsinstituts der deutschen Gesellschaft für auswärtige Politik E. V. Bonn), passim*; Weber Hermann, *Geschichte der DDR*, as cited above, pp. 364-365; Stern Klaus. / Schmidt-Bleibtreu Bruno. (ed.), *Zwei-plus-Vier-Vertrag: Partnerschaftsverträge, EG-Maßnahmenpaket mit Begründungen und Materialien*, München, 1991; Brand Christophe-Matthias, *Souveränität für Deutschland. Grundlagen, Entstehungsgeschichte und Bedeutung des Zwei-plus-Vier-Vertrages vom 12. September 1990*, Cologne, 1993.

<sup>31</sup> Treaty on the Final Settlement with respect to Germany (Moscow, 12 September 1990), in *Bundesgesetzblatt* 1990 II. 13.10.1990, No 38, pp. 1318-1327, available at <http://www.ena.lu/> (viewed on 6 April 2009).

<sup>32</sup> The Commission's proposal was presented to the EP by Vice-President Andriessen in the plenary session of 4 April 1990, see: *Unification of Germany, Debates of the European Parliament. Session of 4 April 1990*, p. 127.

<sup>33</sup> *Special meeting of the European Council in Dublin, 28 April 1990. Conclusions of the Presidency*, available (in French) at [http://cuej.u-strasbg.fr/archives/europe/europe\\_conclusion/cons\\_43\\_63/43\\_dublin\\_29\\_04\\_1990.html](http://cuej.u-strasbg.fr/archives/europe/europe_conclusion/cons_43_63/43_dublin_29_04_1990.html) (consulted on 6 April 1990).

The Council and other European institutions stressed how important it was for European integration to continue at its current pace. In the late 1980s, the Community was undergoing profound changes. The Single Act had been in force since 1987 and the creation of the internal market was under way. The GDR was thus brought into the EC at a critical moment in the Community's history. In this time of upheaval within the EC, the accession of the GDR was an additional challenge that pushed the Community to its limits.

The interim phase of GDR accession into the EC, proposed by the Commission and approved by the Council, began with a State Treaty. On 18 May 1990, the two Germanies signed a State Treaty in order to move the integration process forward. This treaty, which entered into force in July 1990, established monetary, economic and social union between the two countries with the intention of slowing the economic and social decline of the GDR before final unification.<sup>34</sup> The treaty also contained a passage in which the GDR undertook to carry out the following before unification: 'the German Democratic Republic, taking into consideration the foreign trade relations that have evolved with the member countries of the Council for Mutual Economic Assistance, shall progressively bring its policy into line with the law and the economic policy goals of the European Communities'.<sup>35</sup>

Following the signing of this treaty, the European Commission drew up initial legislative proposals with a view to establishing a 'de facto customs union between the Community and the GDR'.<sup>36</sup>

The EP gave its view on the possible implications of German unification for the EC by adopting the interim report of the temporary committee presented in plenary on 12 July.<sup>37</sup> In the debate preceding the resolution's adoption, the Commission's Vice-President had announced a package of measures for 12 September.<sup>38</sup>

However, the pace of events accelerated once again with the final date for unification now set, following a positive outcome from the 'two plus four' meetings and a statement from the East German People's Assembly on 23 August 1990 in favour of joining the Federal Republic of Germany under Article 23 of the Basic Law. Discussions then took place between the two Germanies to decide on how to proceed with unification. The unification date was set as 3 October 1990.

Confronted with this *fait accompli*, the European Commission had no choice but to take on the onerous and unprecedented task of putting before the EP and Council, on time, the package of measures for the gradual introduction of EC law in the former GDR. This task was completed on 21 August 1990, but despite the sterling efforts of the Commission, the European institutions realised that the package could not be implemented before German unification. Faced with this unprecedented problem, the Commission came up with a solution that was unique in the history of the European Community. It proposed a set of temporary measures that, owing to

<sup>34</sup> Lasserre René, *L'unification économique de l'Allemagne: bilan et perspectives*, in *Matériaux pour l'histoire de notre temps*, vol. 23, 1991, p. 14, available at [http://www.persee.fr/web/revues/home/prescript/article/mat\\_0769-3206\\_1991\\_num\\_23\\_1\\_404062](http://www.persee.fr/web/revues/home/prescript/article/mat_0769-3206_1991_num_23_1_404062) (consulted on 14 April 2009).

<sup>35</sup> Treaty between the Federal Republic of Germany and the German Democratic Republic establishing a Monetary, Economic and Social Union (Bonn, 18 May 1990), available at <http://www.ena.lu/> (consulted on 14 April 2009).

<sup>36</sup> This union would concern industrial, agricultural and ECSC products. As the EP's consultation was only necessary for agricultural products, it entrusted the Committee on Agriculture with analysing the proposal and adopted the report presented by the committee on 13 July 1990. For an overview of initial legislative measures and the role of the temporary committee, see UNIF, *Activity report for the enlarged Bureau*, as cited above, p. 7. See also Spence David, *Enlargement without Accession: The European Community Response to the Issue of German Unification*, as cited above., pp. 352-353.

<sup>37</sup> See UNIF, *Interim Report on the implications of German unification on the European Community* (rapporteur: Donnelly), EPFA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90, also published in *Europäisches Parlament und deutsche Einheit (Materialien und Dokumente)*, pp. 2-40 (only parts A and B of the report).

<sup>38</sup> *Unification of Germany*, in *Debates of the European Parliament. Session of 12 July 1990*, pp. 218-235, here p. 234.

time constraints, were to be applied before their adoption by the Community legislative authority. This step involved a major delegation of power to the Commission. The EP finally accepted this exceptional proposal, but only after including a number of amendments designed to curb the Commission's powers.<sup>39</sup>

Owing to the exceptional circumstances, the presidents of the various European institutions met on 6 September and arrived at an institutional agreement declaring that 'Parliament [would] be consulted on all legislative measures proposed, irrespective of the legal basis, and ... the legislative package [would] be considered and adopted in its entirety after Parliament [had] given its views at two readings on the individual measures and the package as a whole'.<sup>40</sup> The EP's involvement in the process of merging the GDR into the Federal Republic of Germany was thus ensured.<sup>41</sup> The institutional agreement brought further innovations and simplifications to the process of cooperation between the Council, Commission and Parliament concerning, for example, the EP's processing of provisional measures within a week, the deadline for submitting amendments before official receipt of Commission proposals and the explanatory statement in oral form following a first reading in plenary.<sup>42</sup>

The package of measures consisted of 23 proposals subject to either the cooperation or the consultation procedure. The Council entitled proposals submitted via the latter process 'texts ... given sympathetic consideration' which it classed as "'common orientations'" within the meaning of the Joint Declaration of 4 March 1975 on the legislative conciliation procedure', another unprecedented development in institutional relations.<sup>43</sup>

Within the EP, the temporary committee requested opinions from the standing committees concerned by the 23 proposals and drew up a legislative report, which was adopted in plenary on 24 October.<sup>44</sup>

The package of measures was finally adopted in November 1990. At the final meeting of the temporary committee, on 11 December 1990, rapporteur Donnelly stated that 'the Council had accepted the spirit, if not always the letter, of Parliament's compromise proposals, but unfortunately had rejected nearly all the other amendments'.<sup>45</sup> In its activity report, the committee thus judged that it had played a positive role in the process of German unification.<sup>46</sup>

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<sup>39</sup> Delegation of powers took place via a draft directive and a draft regulation. The temporary committee was entrusted with analysing these texts. Following a procedure encompassing two readings in under a week, on 11 and 13 September 1990, The EP accepted the Commission proposals with a number of pre-prepared amendments to the two reports of the temporary committee. See UNIF, *Report of the Temporary Committee to consider the impact of the process of German unification on the European Community on a proposal from the Commission to the Council and -on the proposal from the Commission to the Council for a Regulation* (rapporteur: Donnelly), EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0203/90; UNIF, *Recommendation on the common position established by the Council with a view to the adoption of a directive ... and a regulation ...* (rapporteur: Donnelly), EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0204/90. These reports were adopted in plenary on 11 and 13 September respectively, following parliamentary debates.

<sup>40</sup> UNIF, *Activity report for the enlarged Bureau*, as cited above, p. 3.

<sup>41</sup> It should be added that under ordinary circumstances the EP would have not have had a significant influence on the process, due the lack of an accession treaty and its consequent inability to endorse or reject an application for accession.

<sup>42</sup> For the full list of institutional exceptions, see Spence David, *Enlargement without Accession: The European Community Response to the Issue of German Unification*, as cited above, pp. 356-357.

<sup>43</sup> UNIF, *Activity report for the enlarged Bureau*, as cited above, p. 11.

<sup>44</sup> UNIF, *Report on the Commission proposals to the Council for legislation concerning 'The Community and German unification'* (rapporteur: Donnelly), EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0240/90.

<sup>45</sup> 'The Council had accepted the spirit, if not always the letter, of Parliament's compromise proposals, but unfortunately had rejected nearly all the other amendments' UNIF, *Temporary Committee to consider the impact of the process of German unification on the European Community Minutes of the meeting of 11 December 1990*, EPHA, ref.: PE3 AP PV/UNIF.1990 UNIF-19901211.

<sup>46</sup> UNIF, *Activity report for the enlarged Bureau*, as cited above





## II. THE ESSENTIAL ISSUES FOR THE EP

German unification and the accession of the GDR to the EC affected a wide range of areas, of which some of the most important analysed by the temporary committee will be covered in the pages that follow.



### II.1. Institutional issues

#### THE MANY POSSIBILITIES ENGENDERED BY UNIFICATION AND RISKS FOR THE EP

When the temporary committee was set up, in February 1990, it already appeared more than likely that the accession of the GDR to the EC would happen via German unification. Other options, such as a simple trade agreement between the GDR and the EC or the GDR's accession as a third country, as suggested by Commission President Delors, were quickly ruled out.<sup>47</sup>

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<sup>47</sup> For details on these proposals and why they were rejected, see Meyer Carsten, *Die Eingliederung der DDR in die EG*, as cited above, pp. 29-31.

The committee's analysis of possible consequences of German unification began by concentrating on institutional issues. Following the committee's inaugural meeting, rapporteur Donnelly drew up an initial working document presenting unification as a crucial issue for the Community.<sup>48</sup> As mentioned in the previous chapter, the decision on how to proceed with unification was entirely in the hands of the German people. The EP stressed on numerous occasions its respect for the people's right to self-determination.<sup>49</sup> The Allies – the former occupying forces: the USA, USSR, UK and France – alone had the right to decide on possible German unification, but their positions gradually became favourable to it as the 'two plus four' conferences progressed. Alongside the form the GDR's entry into the EC would take, the temporary committee concentrated above all on the manner in which German unification would take place. The Federal Republic of Germany's Basic Law, which entered into force on 24 May 1949, provided for two possible routes to unification. The first, under Article 23, entailed the GDR joining the Federal Republic by adopting the Basic Law.<sup>50</sup> The second possibility, as per Article 146, was for a new constitution to be drawn up for a unified Germany.<sup>51</sup>

From the outset the temporary committee gathered information on the possible forms unification could take and the possible institutional implications for the EC. In March, the Legal Service of the EP's Directorate-General for Committees and Delegations sent the committee a memo on the provisions of the Basic Law on German unity. This document stressed that none of the law's articles precluded a different unification procedure: 'it would therefore be conceivable for a common constitution to be drawn up between several parts of Germany, which would then be adopted by the nation as a whole. In this way the objectives laid down in the Basic Law and at the same time the condition laid down in the Article 146 for the lapse of the Basic Law are fulfilled'.<sup>52</sup>

The manner of German unification had direct consequences on the way in which the former GDR would join the EC. For the GDR to join the EC by any other means than an accession treaty would exclude the EP from the legislative process. Under Article 237 of the Treaty establishing the European Community, as amended by Article 8 of the Single European Act, the EP must give its assent to any accession treaty. Also, Article 238 stipulates that the EP must give its assent to any association agreement between the EC and a third country or union of countries.

The former GDR's joining the EC with neither an accession treaty nor an association agreement would have represented a major loss of influence and run counter to the spirit of the Community. The provisions of Article 23 would have allowed just such a situation. The EP therefore declared its preference for unification under Article 146, which would create a new state – a new entity subject to international law –, thereby necessitating an accession treaty.<sup>53</sup>

<sup>48</sup> UNIF, *Initial working document of the Temporary Committee to consider the impact of the process of German unification on the European Community*, as cited above, p. 2.

<sup>49</sup> See for example the Resolution on the recent developments in Central and Eastern Europe, as cited above, p. 109; Resolution of 4 April 1990 by the Temporary Committee to study the impact on the European Community of the German unification process, OJ of 7 May 1990, No C 113, p. 98.

<sup>50</sup> 'For the time being, this Basic Law shall apply in the territory of the Länder of Baden, Bavaria, Bremen ... In other parts of Germany it shall be put into force on their accession', *Notice to members of 15 March 1990 concerning a note from the Legal service on the provisions relating to German unity laid down in the Basic Law for the Federal Republic of Germany*, study conducted by the EP's Legal Service, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90, p. 2.

<sup>51</sup> 'This Basic Law shall cease to be in force on the day on which a constitution adopted by a free decision of the German people comes in force', *ibidem*, P. 2

<sup>52</sup> *Ibidem*, p. 4.

<sup>53</sup> This idea had already been considered in the initial working document by the committee rapporteur, Mr Donnelly: 'It is clear, for example, that the Article 146 process inevitably requires more time but also allows more scope for other factors such as the impacts on the Community'. UNIF, *Initial working document of the Temporary Committee to consider the impact of the process of German unification on the European Community*, as cited above, p. 2.

## THE NEED TO REVISE THE COMMUNITY TREATIES

Aside from questions of how unification would take place, the committee's work also concerned the need to amend the EC Treaties. The latter issue was directly linked to the former and an assessment was necessary to ascertain what method of German unification would necessitate revision of the Treaties. The GDR would be able to join the EC much more quickly if no revision of Treaties was necessary. An in-depth analysis of the legal context was thus of the essence. It should be added that the various bodies consulted within the EP sometimes gave conflicting opinions.

A note from its Legal Service dated 12 March 1990 advised the Parliament on the implications of German unification for the EC Treaties.<sup>54</sup> This document expressed the view that unification in any form would create a new subject of law. Despite this conclusion, no amendments were necessary and what was required was for 'all parties to the Treaty to conclude an agreement accepting the change in the territorial scope of the EC Treaties'.<sup>55</sup> However, the note added that Treaties that did not include provisions to extend their scope to the application of Community law to the new territory and the new population should be revised.<sup>56</sup> The Legal Service took the view that such an extension of the scope of Community law could not be justified under the theory of territorial flexibility, as this applied solely to international organisations which did not create a directly applicable body of law. Furthermore, 'the application of many provisions of derived EC law [would] also necessitate the implementation of transitional measures' and thus 'derogations of this kind require[d] authorisation in the Treaties'.<sup>57</sup> The Legal Service went on to propose revision of the Community Treaties regardless of how unification took place.

On this highly sensitive subject, the temporary committee consulted the committees concerned with institutional affairs. The Committee on Legal Affairs and Citizens' Rights expressed the opinion that that the legal personality of the FRG would not be not affected by unification.<sup>58</sup> The committee took the view that the annexation of new territory into a country represented a precedent and as such, 'pursuant to Article 29 of the 1969 Vienna Convention on the Law of Treaties it is to be assumed that Community Treaties would apply to the entire, expanded territory'.<sup>59</sup> As a result, accession under Article 23 would not require formal amendment of the treaty.

The differing opinions can be explained by both the complexity of the issue and a gradual shift in perception within the EP. The two opinions are separated by three months, the former dating from mid-March while the latter, the opinion of the Legal Affairs Committee, was given in June, after the GDR elections and when the economic and monetary union of the two Germanies was already in place.

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<sup>54</sup> Notice to members of 12 March 1990 concerning a note from the Legal Service on the provisions of the Basic Law of the Federal Republic of Germany in respect of German unity. Subject: Implications of the German unification process for the EC Treaties, Study conducted by the EP's Legal Service, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90.

<sup>55</sup> *Ibidem*, p. 5. This idea had already been considered in the initial working document by the committee rapporteur, Mr Donnelly, published on 7 March: 'treaty modifications may not be technically necessary, if the new German entity is prepared to accept the present name of the Federal Republic'. UNIF, Initial working document of the Temporary Committee to consider the impact of the process of German unification on the European Community, as cited above, p. 5.

<sup>56</sup> Notice to members of 12 March 1990 concerning a note from the Legal Service on the provisions of the Basic Law of the Federal Republic of Germany in respect of German unity. Subject: Implications of the German unification process for the EC Treaties, as cited above, pp. 5-8.

<sup>57</sup> *Ibidem*, p. 13.

<sup>58</sup> See *Opinion of the Committee on the Legal Affairs and Citizen's Rights*, UNIF, *Interim Report on the implications of German unification on the European Community* (rapporteur: Donnelly), as cited above, Part C: Opinions of other committees, p. 57.

<sup>59</sup> *Ibidem*, p. 58.

A great deal had happened in the period between the submission of these two opinions. At the beginning of the EP's involvement in the process of consultation on unification, its position was markedly different from that of the Commission, which preferred a solution under Article 23 which would, it believed, not require any revision of the Treaties.<sup>60</sup>

This difference of opinion came to the fore at the temporary committee's fifth meeting during a hearing of experts on the legal and institutional framework for German unification.<sup>61</sup> Whereas both the Parliament's legal expert, Mr Bieber, and a law professor from the University of Strasbourg, Mr Jacqué, 'felt that international legal precedents, and the need for sufficient legal certainty, militated strongly in favour of such Treaty change',<sup>62</sup> the European Commission's expert, Mr Timmermanns, stated that 'Treaty change was not necessarily required'.<sup>63</sup>

The opinion of the Commission that unification under Article 23 would not require any revision of the Treaties was shared by the EP's Legal Affairs Committee and by a majority of legal experts outside the EC.<sup>64</sup> The Commission's interpretation finally prevailed, thus saving the Community months of work in a unification process whose most striking feature was its speed.

With the approval of unification under Article 23 and the EC's decision not to revise its Treaties, the EP could have found itself excluded from the GDR's accession process, but the Interinstitutional Agreement of 6 September 1990 allowed it to take part.

#### THE ISSUE OF REPRESENTATION OF THE FORMER GDR IN THE EC

The GDR's accession into the EC raised the question of representation of its 17 million inhabitants within the Community. From the beginning of negotiations, the Federal Republic of Germany agreed not to request any more EC Commissioners. It also undertook not to seek to increase its voting power within the European Council. Nonetheless, it did demand an unequivocal solution to the issue of the representation of a united Germany in the European Parliament.<sup>65</sup> The system of representation within the EP was based on the size of each country's population, but with an equal number of MEPs (81) for each of the EC's most populous countries – France, Italy, West Germany and the UK. Any changes in the number of MEPs would thus disturb this balance.

<sup>60</sup> See for example the speech by the vice-president of the European Commission, Mr Bangemann, at one of the earliest meetings of the temporary committee: 'he thought that it was through union with the FRG, on the basis of Article 23 of the Basic Law, and without amendment of the Treaties, that the GDR would become a member of the Community. It was not therefore a question of accession within the meaning of the Treaties, but a special case'. UNIF, *Temporary Committee, Minutes of the meeting of 21-22 March 1990, Brussels*, EPHA, p. 6 ref.: PE3 AP PV/UNIF.1990 UNIF-19900321, p. 6. On the overall position of European Commission as to amendment of the Treaties, see Giegerich Thomas, 'The European Dimension of German Reunification: East Germany's Integration into the European Communities', as cited above, pp. 418-425.

<sup>61</sup> UNIF, *Temporary Committee ... Minutes of the meeting of 19 and 20 April 1990, Brussels*, EPHA, ref.: PE3 AP PV/UNIF.1990 UNIF-19900419, p. 4.

<sup>62</sup> Ibid.

<sup>63</sup> This issue was also discussed in a parliamentary sessions. At the debate of 4 April on German unification Mr Wettig stated that 'many committee members were not satisfied by what Commission President Delors and three commissioners told the committee'. *Debates of the European Parliament, session of 4 April 1990*, as cited above, p. 131.

<sup>64</sup> See for example Hailbronner Kay, *Völker- und europarechtliche Fragen der deutschen Wiedervereinigung*, *Juristen Zeitung*, vol. 45, 10/1990, pp. 455-456; Sedemund Joachim, *Deutsche Einheit und EG in Europäische Zeitschrift für Wirtschaftsrecht*, vol. 1, 1/1990, pp. 11-12; Scherer Joachim, *EG und DDR: Auf dem Weg zur Integration*, in *DDR-Rechtsentwicklungen (Folge 5)*, Beilage 6 zu *Recht der internationalen Wirtschaft*, 4/1990, p. 14. For a more complete account of statements from German legal experts on this issue, see Meyer Carsten, *Die Eingliederung der DDR in die EG*, as cited above, p. 31, including note 143.

<sup>65</sup> For further information on demands made by the Federal Republic of Germany within the EC, see Meyer Carsten, *Die Eingliederung der DDR in die EG*, as cited above, p. 33 and Spence David, *Enlargement without Accession: The European Community Response to the Issue of German Unification*, as cited above, p. 345.

Within the EP, both the Legal Service and the temporary committee analysed the issue of parliamentary representation. Basing itself on Article 1 of the Act of 20 September 1976 concerning the election of the Members of the European Parliament by direct universal suffrage, the Legal Service stated that ‘it would be incompatible with basic democratic principles if, following German reunification, the 17 million inhabitants of what had been the GDR were to be represented in the European Parliament, for a considerable period of time, by Members they did not help to elect’. The Legal Service thus judged that revision of the Treaties would also be necessary in respect of the representation of the former GDR’s population within the EP.

In the temporary committee, rapporteur Donnelly, taking due account of both the Legal Service’s view and the fact that no change could be made to the number of MEPs in the Parliament before the end of the legislative term, in 1994, followed the advice of the Committee on Legal Affairs and Citizens’ Rights and proposed that the former GDR be represented by non-voting observers.<sup>66</sup>

The Committee on the Rules of Procedure, the Verification of Credentials and Immunities, given the task of analysing this proposal, proposed adding a new article to the Rules of Procedure concerning the status of observers, which was adopted on 24 October 1990.<sup>67</sup> This enabled the EP to ‘warmly welcome observers, elected by the citizens of the GDR but nominated by the Bundestag, to the Parliament’.<sup>68</sup>

In the event, 18 observers – 18 being the number proposed in the temporary committee’s interim report – from the former GDR were invited to the EP to set the future number of MEPs.<sup>69</sup> In the temporary committee’s view, a further 18 MEPs could be added ‘without affecting other states’ membership’.<sup>70</sup>

It can thus be seen that, as far as the institutional issues were concerned, the work of the temporary committee and the EP as a whole principally concerned areas that affected them directly: they pushed for unification under Article 146 of the Basic Law and for a revision of the Community Treaties. These were all decisions that would enable the EP’s to influence the process of German unification and former GDR accession to the EC more effectively.

## DIVERGING VIEWS ON INSTITUTIONAL ISSUES WITHIN THE EP

Institutional questions came up a number of times in the EP debates on German unification, with a wide range of views expressed. At a debate on 4 April, MEPs appeared favourable to unification under Article 23 of the German Basic Law, accompanied by negotiations. Mechthild von Aleman (LDR) stressed the need for consultations between the two Germanies, even for unification under Article 23.<sup>71</sup> Referring to Article 239 of the EC Treaty, under which the protocols form an integral part thereof, Leendert van der Waal (NI) pointed out that a protocol on trade between the two

<sup>66</sup> See UNIF, *Interim Report on the implications of German unification on the European Community* (rapporteur: Donnelly), as cited above, *Part B: Explanatory statement*, pp. 40-42 and *Part C: Opinions of other committees*, p. 61.

<sup>67</sup> Report of the Committee on the Rules of Procedure, the Verification of Credentials and Immunities on the insertion of a new rule in the Rules of Procedure of the European Parliament on transitional provisions concerning observers from the territory of the former GDR, EPHA, ref: PE3 AP RP/REGL.1989 A3-0250/90. See also EP, Resolution of 24 October 1990 on the Community and German unification, (c) Insertion of a new Rule 136a in Parliament’s Rules of Procedure, OJ 26 November 1990, No C 295, pp. 78-79.

<sup>68</sup> EP, Resolution of 24 October 1990 on the Community and German unification, in OJ of 26 November 1990, No C 295, pp. 31-35, here p. 35.

<sup>69</sup> See UNIF, *Interim Report on the implications of German unification on the European Community* (rapporteur: Donnelly), as cited above, *Part B: Explanatory statement*, p. 41.

<sup>70</sup> *Ibid.*

<sup>71</sup> Debates of the European Parliament, Session of 4 April 1990, as cited above, p. 129.

Germanies had existed since 1955 and that any amendment would necessitate the same procedure as for accession under Article 146.<sup>72</sup>

The Socialists in particular appeared unconvinced by the Commission's statements, especially its insistence that accession under Article 23 would not require the Community Treaties to be modified. Claude Desama spoke of the need for more attention to be paid to legal elements of the accession procedure and the West German Klaus Wettig, a member of the temporary committee, described the Commission's position as 'vague'.<sup>73</sup> A similar view was expressed by Birgit Cramon Daiber of the Green Party, another member of the temporary committee. She believed that unification under Article 23 would lead to a constitutional deficit which it would require a constituent assembly to resolve.<sup>74</sup>

The debate on 12 July 1990 included lengthy discussions on representation of the former GDR within the EP. Birgit Cramon Daiber (V) stated that 'after the unification of the states, the German Members should resign as a body, making possible new elections to the European Parliament throughout Germany, thus serving the cause of democracy'.<sup>75</sup> Other MEPs such as Carlos Carvalhas (CG) and Fritz Pirkel (PPE), merely stressed the constitutional deficit and their wish to see some East Germans be given observer status until 1994.<sup>76</sup>

During the debate on 22 October, the Italian MEP Maria Luisa Cassanmagnano Cerretti (PPE), a member of the temporary committee, pointed out the need for a harmonised law on elections.<sup>77</sup> Simone Veil commented that, contrary to her recommendations, the temporary committee had decided against consulting a legal adviser 'to find out exactly how the new territories could be validly, democratically, represented within this Parliament'. She concluded, whether in resignation or anger, that 'we [the temporary commission] have chosen ambiguity over transparency'.<sup>78</sup>

Birgit Cramon Daiber (V), went even further in rejecting in her party's name the resolution proposed by the committee, despite being one of its members. She expressed her disappointment at the rejection of the proposal submitted by her party in July which called for collective resignation of all West German MEPs and for fresh elections to be held in a united Germany.<sup>79</sup> Neil Blaney (ARC) even described it as a scandal.<sup>80</sup> Lastly, Marco Pannella (NI) spoke of his disappointment that the GDR observers were not elected representatives but could rather 'be anyone', who had been entrusted with 'doing a butcher's job with the "partyocracy"'.<sup>81</sup>

There were also supporters of the method of representation. Socialists such as Klaus Wettig and Luis Marinho defended observer status as the best way of guaranteeing representation for the former GDR pending the 1994 election.<sup>82</sup> Elmar Brok (PPE) pointed out that this status would leave

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<sup>72</sup> Ibidem, p. 131

<sup>73</sup> Ibidem, p. 121 and 132

<sup>74</sup> Ibidem, p. 123.

<sup>75</sup> *Debates of the European Parliament, Session of 12 July 1990*, as cited above, p. 223.

<sup>76</sup> Ibidem, p. 226 and 231.

<sup>77</sup> *Debates of the European Parliament, Session of 22 October 1990*, as cited above, p. 12.

<sup>78</sup> Ibidem, p. 15.

<sup>79</sup> Ibidem, pp. 16-17.

<sup>80</sup> Ibidem, pp. 20-21.

<sup>81</sup> Ibidem, p. 21.

<sup>82</sup> Ibidem, p. 23 and 32.

the composition of the political groups unchanged and avoid destabilising the project of further European integration.<sup>83</sup>

There was therefore a relatively wide spectrum of opinions within the EP on how the GDR should be represented. The status of observers was finally granted to 18 representatives from the former GDR and a definitive solution was achieved with the European elections of 1994.



## II.2. Budgetary implications

A major proportion of the Parliament's work during the process of German unification concerned the implications of unification for the EC budget. In the run-up to the Dublin summit the EP adopted a resolution stressing the Community's desire to make a financial contribution to rebuilding the former GDR's economy.<sup>84</sup> The lack of precise statistics and reliable data on this matter meant that the various departments of the Directorate-General for Research and the parliamentary committees were obliged to rely on estimates.

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<sup>83</sup> Ibidem, p. 24.

<sup>84</sup> EP, Resolution of 4 April 1990 by the Temporary Committee to study the impact on the European Community by the German unification process, as cited above, p. 100: 'considers that the Community must contribute to the costs of the restructuring of the GDR's economy ...'



However, even with no precise figures on the GDR economy, the fact that 16.6 million East German people were joining the EC's population and thus increasing its GDP gave a rough idea of the impact on the Community budget.<sup>85</sup> The EP also expected an increase in Community spending once the former GDR has joined the EC.

#### 'PRE-ACCESSION' AID

Shortly after the fall of the Berlin wall the EP expressed its support for emergency aid for Eastern Europe, including the GDR. A resolution passed on 23 November 1989 mentioned 'financial cooperation' without expanding further on what it would entail.<sup>86</sup> This idea was also discussed at a meeting between the temporary committee and European Commission Vice-President Frans Andriessen on 21-22 March 1990.<sup>87</sup>

The first parliamentary resolution on unification, adopted on 4 April 1990, included a statement in which the EP 'call[ed] for the rapid preparation of a special Community aid programme for the GDR during the interim period before unification [was] completed'.<sup>88</sup>

The Dublin summit on 28-29 April 1990, however, did not include this request in its conclusions, at which the expressed regret in its resolution of 17 May 1990.<sup>89</sup>

#### REVENUE

According to the studies quoted, accession of the former GDR would bring not only budgetary expenses but also revenue via both trade between East Germany and third countries and the levying of VAT in the GDR.<sup>90</sup>

Since the third decision on the system of own resources came into force in 1988, the EC could claim a maximum of 1.2% of the Community's total GNP in own resources (in 1992).<sup>91</sup> According to the Committee on Budgets, following accession East Germany could make a contribution of some 1.4 billion ecus for 1992.<sup>92</sup>

Lastly, the opening up of East Germany and, subsequently, the rest of Eastern Europe to the West could lead to an increase of around 0.5% in the EC's overall growth rate, thus bringing some 1.4 billion ecus in extra revenue for the Community's budget.<sup>93</sup>

<sup>85</sup> *The impact of German unification on revenue and expenditure under the Community budget*, study conducted by the Directorate-General for Research, Luxembourg, 8 May 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90, p. 2.

<sup>86</sup> EP, Resolution of 23 November 1989 on the recent events in Central and Eastern Europe, as cited above, p. 89.

<sup>87</sup> UNIF, *Minutes of the meeting of 21-22 March 1990*, Brussels, as cited above, p. 3.

<sup>88</sup> EP, Resolution of 4 April 1990 by the Temporary Committee to study the impact on the European Community by the German unification process, as cited above, p. 100.

<sup>89</sup> EP, Resolution of 17 May 1990 on the conclusions of the special meeting of the European Council in Dublin on 28 and 29 April 1990, OJ of 18 June 1990, No C 149, pp. 172-174, here p. 173.

<sup>90</sup> *The impact of German unification on revenue and expenditure under the Community budget*, as cited above, p. 5.

<sup>91</sup> See Brussels European Council (11, 12 and 13 February 1988), *Conclusions of the Presidency, section: Non-compulsory expenditure, Chapter C: System of own resources* SN/461/1/88, available at: <http://www.ena.lu?lang=1&doc=21710> (consulted on 9 July 2009). Maufort Laurence, *The development of the Communities' and the Union's own resources*, available at: <http://www.ena.lu?lang=1&doc=23355> (consulted on 9 July 2009).

<sup>92</sup> *Opinion of the committee on budgets* (rapporteur: Luigi Alberto Colajanni), in UNIF, *Interim Report on the implications of German unification on the European Community* (rapporteur: Donnelly), as cited above, *Part C: Opinions of the other committees* pp. 19-26, here p. 22. See also *The impact of German unification on revenue and expenditure under the Community budget*, as cited above, p. 5.

<sup>93</sup> *Opinion of the committee on budgets*, as cited above, p. 23.

As the studies were careful to stress, these data were merely estimates of varying accuracy made on the basis of hastily prepared and often incomplete statistics. Using these figures on forecast income, the parliamentary resolution of 12 July 1990 highlighted the benefits of German unification for the Community budget.<sup>94</sup>

## EXPENDITURE

The possible expenditure was expected to outweigh income. Most issues concerning expenditure were linked to the structural funds. Closer analysis of the budgetary implications of unification was thus required.

When German unification took place, the structural funds were made up of the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG).

From the very beginning of the committee's working life, a great many studies envisaged the allocation of structural funds to upgrade some sectors of the East German economy to the level of EC as a whole. One said that 'the crux of the necessary structural adjustments [would] be to diversify a monolithic economy overwhelmingly dominated by heavy industry', a planned economy organised in collective industrial units often under the direct supervision of government ministries or district authorities.<sup>95</sup> The level of productivity was below West German levels, owing to the 'technological underdevelopment and the out-dated production facilities in the GDR' and the 'intensive use of energy and raw materials'.<sup>96</sup>

The economic crisis of course threatened to trigger social turmoil. In order to address the tide of rapidly rising unemployment following the restructuring of the East German economy, a study by the Directorate-General for Research recommended granting loans from the European Social Fund. The study proposed that loans totalling 120-150 million ecus per year be granted in order to be combat unemployment effectively.<sup>97</sup>

What is more, at the time of unification, the GDR was suffering the effects of an environmental crisis caused by the state of its industry. As a consequence, loans from the EC were also required to clean up the East German environment. This gave rise, in 1990, to a major debate in the EP on the proposed creation of an environmental fund. Discussions on an environmental fund, which could be used to help East Germany, among others, were well under way in 1990. Otherwise, as a study by the Directorate-General for Research pointed out, appropriations could be granted via the existing structural funds.<sup>98</sup>

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<sup>94</sup> EP, European Parliament resolution of 12 July 1990 on the implications of German unification for the EC, OJ of 17 September 1990, No C 231, p. 161.

<sup>95</sup> *The impact of enlargement on the Community's structural funds*, study conducted by the Directorate-General for Research in cooperation with the Central Institute for Economic Sciences in the Academy of Sciences of the GDR in East Berlin, Luxembourg, 8 May 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90, p. 4.

<sup>96</sup> See *The Structure of GDR Industry and Problems of Transition and Integration in the Common Market*, study produced by the Directorate General for Research in cooperation with the Deutsches Institut für Wirtschaftsforschung (German Institute for Economic Research), Berlin, Luxembourg, 10 May 1990, p. 6; *Problems of applying Community legislation in the field of competition and State aid*, study conducted by the Directorate-General for Research, Luxembourg, 8 May 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90.

<sup>97</sup> *The social situation in the GDR (income, employment, unemployment, migration, etc.) and problems of transition and adaptation for the Community*, study conducted by the Directorate-General for Research, Luxembourg, 8 May 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90, p. 10.

<sup>98</sup> *The environmental protection situation in the GDR and problems concerning adjustment to European provisions*, study conducted by the Directorate-General for Research, Luxembourg, 8 May 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90, p. 12.

Another question related to the need for environmental and economic aid for East Germany from the structural funds was whether the country fulfilled the award criteria for structural funds laid down in the relevant regulations. These funds were awarded according to a system based on a scale of objectives. The Research DG's studies were predicated on the hypothesis that, after unification, East Germany would meet all the criteria to be eligible for objective-one status. These criteria stipulated that GDP must be below 75% of the Community average and unemployment must be equal or above the Community average.<sup>99</sup> East Germany was indeed considered eligible for objective-one status and for the award of a loan of 1.8 billion ecus from 1991, when it was calculated that its level of unemployment would rise above the Community average.<sup>100</sup>

However, these plans came up against a crucial stumbling block: the financing of the structural funds and the geographical spread of projects they would benefit had already been decided up to 1993.<sup>101</sup> In order for the former GDR to receive structural funds, the study conducted by the Research DG, in cooperation with the East German Central Institute for Economic Sciences, proposed the opening of new credit lines. This would also enable other countries in need of the structural funds, such as Spain and Portugal, the 'young' Member States, would run no risk of seeing reductions in the structural funds they had already been awarded.<sup>102</sup> Any reallocation of Member States' individual contributions to the budget could have provoked conflict within the Community.<sup>103</sup>

The possibility of opening new credit lines was incorporated in an opinion of the Committee on Economic and Monetary Affairs and Industrial Policy delivered to the temporary committee for the purposes of preparing a parliamentary resolution.<sup>104</sup> In the report that preceded the resolution, Mr Donnelly wrote that 'the system of own resources [would] again have to be modified, following a new and special revision of the financial perspective for 1991 and 1992. In the short term there [would] have to be an amending and supplementary budget for 1990, and the preliminary draft budget for 1991 [would] have to take account of a unification which could well take place at the very beginning of the year'.<sup>105</sup>

The resolution of 12 July took up ideas developed by the Research DG and temporary committee when it stressed the need for new budgetary resources and reliable statistics on the basis of which to make more precise calculations.<sup>106</sup>

The amount of the structural funds and the procedure for awarding them were only finalised after German unification. In November 1990, owing to the continuing unreliability of statistics, the EP agreed to a legislative proposal from the Commission entrusting the Federal Republic of Germany

<sup>99</sup> See The impact of enlargement on the Community's structural funds, as cited above, pp. 9-11; The impact of German unification on revenue and expenditure under the Community budget, as cited above, p. 5.

<sup>100</sup> The impact of enlargement on the Community's structural funds, as cited above, p. 11; See also The impact of German unification on revenue and expenditure under the Community budget, as cited above, p. 6 which quotes a figure of 1.5 billion ecus.

<sup>101</sup> For details of these funding arrangements and the related wide-ranging changes in the structure of the Community budget, see Hamon Dominique and Keller Ivan Serge, *Fondements et étapes de la construction européenne*, Paris, 1997, pp. 372-373.

<sup>102</sup> *The impact of German unification on revenue and expenditure under the Community budget*, as cited above, pp. 6-7.

<sup>103</sup> *Ibid.*

<sup>104</sup> EP, *Opinion of the Committee on Economic and Monetary Affairs and Industrial Policy* (rapporteur: Pedro Bofill Abeilhe), UNIF, *Interim Report on the implications of German unification on the European Community* (rapporteur: Donnelly), as cited above, *Part C: Opinions of other committees*, p. 33.

<sup>105</sup> UNIF, *Interim Report on the implications of German unification on the European Community* (rapporteur: Donnelly), as cited above, *Part B: Explanatory statement*, p. 37.

<sup>106</sup> EP Resolution on the implications of German unification for the EC, as cited above

with drawing up a development plan and a Community support framework, and defining areas for priority action.<sup>107</sup> In February 1991, the EC adopted a funding programme providing for annual appropriations of three billion ecus between 1991 and 1993. Since the funding of appropriations for the former GDR came from new resources, aid from the structural funds awarded to other regions was unaffected, which greatly reassured the EC Member States.<sup>108</sup> The structural funds were thus a major source of aid to the united Germany and proof of the Community's solidarity with this Member State.



### II.3. Implications for the Community foreign and security policy

The fall of the Berlin Wall and German unification marked the beginning of the end of the Cold War and conflict between East and West. As it was dependent on the agreement of the four victorious allied powers in World War II, German unification was far from a purely domestic matter. Moreover, by virtue of their international obligations and commitments, the two Germanies were strongly

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<sup>107</sup> EP, Legislative Resolution embodying the opinion of the European Parliament on the Commission proposal to the Council for a Regulation concerning the activities of the structural funds in the territory of the former German Democratic Republic, OJ of 26 November 1990, No C 295, pp. 71-72 (first reading) and OJ of 24 December 1990, No C 324, p. 143 (second reading).

<sup>108</sup> For further information on the funding programme in the former GDR, see Meyer Carsten, *Die Eingliederung der DDR in die EG*, op; cit., pp. 60-61 and Spence David, *Enlargement without Accession: The European Community Response to the Issue of German Unification*, as cited above, pp.367-368.

linked to their respective blocs. German unification was thus certain to change relations on the political stage both in Europe and throughout the world.

Following the fall of the Berlin Wall, the EP was the first European institution to make an explicit statement on possible security problems caused by unification. In its resolution dated 23 November 1989, the EP gave its unequivocal support for keeping the existing borders, including the Oder-Neisse line separating the GDR and Poland.<sup>109</sup> Up until then, the GDR authorities had not yet explicitly recognised the inviolable nature of this border, a fact that certain MEPs criticised in the debate preceding adoption of the resolution.<sup>110</sup> Addressing the leaders of the world's two superpowers, the USSR and the USA, the Parliament stressed 'that a policy to ensure reciprocal security must be pursued in Europe'.<sup>111</sup>

The temporary's commission's work focused in particular on two issues concerning foreign and security policy: the GDR's trade commitments and the implications of German unification for military alliances.

### THE ISSUE OF THE GDR'S TRADE COMMITMENTS

It was estimated that the GDR had entered into some 3 000 multi- or bilateral agreements of various types. Since most of them had been agreed under the aegis of the Council for Mutual Economic Assistance (COMECON), any changes to the GDR's status could greatly affect the other COMECON member states, notably the USSR. In a first stage, the temporary committee received two studies from the Research DG on the GDR's trade commitments, which, owing to a lack of reliable data, were relatively imprecise.<sup>112</sup> The committee's interim report stated that 'a number of criteria [would] have to be borne in mind in evaluating these agreements involving a delicate balance between the need to respect the GDR's existing commitments and the need to adapt the agreements to the realities of the market'.<sup>113</sup>

The package of measures drawn up by the European Commission included numerous dispositions on external trade, an area that falls entirely within the EC's remit.<sup>114</sup> The COMECON countries were accorded a one-year transitional period before Community measures setting up a common customs tariffs and Community trade policy vis-à-vis third countries were applied to them. Owing to pressure from the EP, especially the temporary committee, this period was extended

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<sup>109</sup> EP, Resolution of 23 November 1989 on the recent developments in Central and Eastern Europe, as cited above, p. 109.

<sup>110</sup> Events in Central and Eastern Europe, Debates of the European Parliament. Session of 22 November 1989, as cited above, and Session of 23 November 1989, as cited above.

<sup>111</sup> EP, Resolution on the recent developments in Central and Eastern Europe, as cited above, p. 109.

<sup>112</sup> See The trade commitments of the GDR towards the COMECON countries, study prepared for the Directorate-General for Research by the Central Institute for Economics of the GDR Academy of Sciences in East Berlin, Luxembourg, 8 May 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90; The external economic and trade relations of the GDR, study conducted by the Directorate-General for Research, Luxembourg, 7 May 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90.

<sup>113</sup> UNIF, Interim Report on the implications of German unification on the European Community (rapporteur: Donnelly), as cited above, Part B: Explanatory statement, pp. 34-35.

<sup>114</sup> EP, Transitional measures applicable in Germany in the context of the German unification (COM/90/400 final -C3-0261/90 à C3-0283/90), OJ of 26 November 1990 (first reading on 24 October 1990), EPHA, ref: PE3 AP RP/UNIF.1990 A3-0240/90 and OJ of 24 December 1990 (second reading on 21 November 1990), EPHA, ref: PE3 AP RP/UNIF.1990 A3-0304/90.

until 31 December 1991, solely for products from COMECON countries imported into the former East Germany and then either consumed or processed there.<sup>115</sup>

Therefore, by preserving East Germany's relations with the COMECON countries and offering a generous transitional period, the EC avoided a situation which could have caused serious economic problems for Eastern Europe's new democracies. The EC thus acted strategically and made a gesture of European solidarity with a view to its future expansion eastwards.

#### THE FUTURE OF MILITARY ALLIANCES

The unification of two states which formed part of two opposing military alliances, NATO and the Warsaw Pact, meant that the EC had to analyse how such alliances should evolve in order to guarantee peace, and assess how security policy could be reinforced in the future within a context of European cooperation. In the Parliament, possible disarmament in Europe and the future of NATO and the Warsaw Pact were discussed in the Political Affairs Committee and the temporary committee.<sup>116</sup> The EP's Resolution of 12 July 1990 stated 'that the role of existing security structures [would] change and that cross-alliance structures [would] grow in importance'. The Parliament also expressed its desire for a 'greatly reinforced' role for the EC within the Organisation for Security and Cooperation in Europe (OSCE) in order to ensure the success of Europe's security policy.<sup>117</sup>

Decisions concerning the future of the military alliances and the united Germany's position within them were taken at the 'two plus four' conferences. Finally, the unified Federal Republic continued to be a member of NATO, a situation approved by the EP in a resolution dated 24 October 1990.<sup>118</sup>

The EP also stated on several occasions that the GDR's becoming part of the EC should not destabilise the EC's foreign relations, in particular with EFTA or developing third countries.<sup>119</sup>

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<sup>115</sup> Mr Donnelly thus stated with regard to the second reading of the 'package' of measures: 'Your rapporteur is particularly pleased that the Commission and the Council (the latter after considerable discussions) have been able to support Parliament's positions as regards a two year duration of the transitional tariff measures for the Soviet Union and the other Eastern European countries, as well as accepting Parliament's position on antidumping measures'. In UNIF, *Recommendation of the Temporary Committee to consider the impact of the process of German unification on the European Community in respect of the common positions of the Council with a view to the adoption of the measures proposed by the Commission in connection with German unification*, (rapporteur: Donnelly), Session documents, 13 November 1990, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0304/90, p. 31.

<sup>116</sup> See *Summary of the public hearing on 'the significance for Europe of arms control and disarmament' on 19 and 20 March 1990*, Brussels, EPHA, ref.: PE3 AP RP/UNIF.1990 A3-0183/90; UNIF, *Minutes of the meeting of Thursday 28 June 1990 and of Friday 29 June 1990*, Brussels, EPHA, ref.: PE3 AP PV/UNIF.1990 UNIF-19900628.

<sup>117</sup> EP, Resolution of 12 July 1990 on the implications of German unification for the EC, as cited above, pp. 161-163; see also Resolution of 24 October 1990 on the Community and German unification, as cited above, p. 32.

<sup>118</sup> EP, Resolution of 24 October 1990 on the Community and German unification, p. 32.

<sup>119</sup> See inter alia EP, Resolution of 12 July 1990 on the implications of German unification for the EC, as cited above, p. 162; EP, Resolution of 4 April 1990 by the Temporary Committee to study the impact on the European Community by the German unification process, as cited above, p. 100.



## CONCLUSION



This study, written on the eve of the twentieth anniversary of the fall of the Berlin Wall, aims to give an overview of the political work undertaken by the European Parliament in the context of the German unification process.

To highlight the significance of this event, the first chapter of the first part of this study concerns the European Community's reactions to the fall of the Berlin Wall. Its initial reaction of joy and distrust quickly gave way to support for the idea of the GDR joining the Community (see chapter I.1).

The temporary committee created by the EP to give its views on the subsequent political process became the EP's hub for all issues regarding the future of the GDR. The objective of the committee, whose importance was underlined by the status of its members, was essentially to analyse the implications of the GDR's joining the EC on the Community's various fields of activity (see chapter I.2). Unification, when it happened, did so in an unprecedented manner (see chapter I.3).

The second part of the study is more specifically concerned with issues faced by the EC in the context of the German unification process, particularly with regard to institutional and budgetary affairs, foreign policy and security. These issues were mostly dealt with by the temporary committee (see chapters II.1, 2 and 3).





# ANNEXES



**Strasbourg, 16 May 1990**

*From right to left:*

**Lothar de Maizière**, first and last freely elected prime minister of the German Democratic Republic;  
**Enrique Barón Crespo**, President of the European Parliament;  
**Jacques Delors**, President of the Commission of the European Communities;  
**Charles Haughey**, Irish Prime Minister and President-in-Office of the Council of the European Communities;  
**Helmut Kohl**, Chancellor of the Federal Republic of Germany;  
**Gerard Collins**, Irish Minister for Foreign Affairs;  
(behind H. Kohl: **Siegbert Alber**, Vicepresident of the European Parliament)

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## **ANNEX 1**

**Interim report drawn up on behalf of the  
Temporary Committee to consider the impact of the process of  
German unification on the European Community**  
(rapporteur: Donnelly)





European Communities

**EUROPEAN PARLIAMENT****SESSION DOCUMENTS**

English Edition

9 July 1990

SERIES A

DOCUMENT A3-183/90/PART B

**INTERIM REPORT**

drawn up on behalf of the Temporary Committee to  
consider the impact of process of German unification  
on the European Community

on the implications of German unification on the  
European Community

Rapporteur : Mr A.J. DONNELLY

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Part B : Explanatory Statement

PE 141.041/fin/Part B

*A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)*



= Consultation procedure requiring a single reading



= Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment



= Cooperation procedure (first reading)



= Parliamentary assent which requires the votes of a majority of the current Members of Parliament

## B.

EXPLANATORY STATEMENTIntroduction

1. Since the creation of the Temporary Committee, the pace of developments as regards German unification has been extremely fast. The first democratic elections in the GDR were held on March 18, and resulted in electoral success for those parties which supported German unification on the most rapid possible basis. The Dublin European Council of 28 April 1990 endorsed the principle of German unification under a "European roof". Negotiations between the new coalition government of the GDR, and the government of the FRG have resulted in the presentation of a State Treaty as a framework for the introduction of Germany economic, monetary and social union as of 1 July 1990. The Commission has been asked to submit an overall report containing the measures (such as proposals for derogations, transitional arrangements, etc.) that it considers necessary at Community level as regards unification. To this effect the Commission has now established a special task force, which is trying to put together a "package" of measures by around September of this year. Finally negotiations on the place of a unified Germany within European security structures are currently taking place within the two plus four framework, and between the superpowers.

2. Unification of the two German states is now a certainty rather than a probability. Moreover, it is now clear that this will be achieved by means of Article 23 of the FRG Constitution rather than by Article 146. It is also clear that unification will be a more rapid process than many had believed possible. The timetable is still highly uncertain, but unification could well take place by early 1991, and might conceivably even take place earlier.

3. The territory of the existing GDR will only become a full part of the European Community when unification is finally achieved. Nevertheless, what the Commission describes as a first "interim stage of adaptation" will begin immediately after German economic, monetary and social union and last until unification. After unification there will have to be a second "transitional" stage, when derogations will have to be granted to the GDR, and certain transitional measures applied. Only then can there be a third "definitive" stage, when the existing territory of the GDR will be fully integrated into the Community.

4. The speed of developments as regards German unification has forced the Temporary Committee and its rapporteur to respond rapidly and flexibly to new circumstances as they have developed. The classic parliamentary pattern of a final report or even of an interim report and a final report have proved to be insufficient in the present case. Already the Temporary Committee and the Parliament as a whole have had to pose a number of key issues prior to the Dublin European Council (oral questions with debate O-105, O-106 and O-107/90), outline some initial Parliament guidelines for this meeting (resolution of 4 April 1990) and react promptly to its outcome (resolution of 17 May 1990). In addition, your rapporteur had produced two working documents (PE 139.413 of 7 March 1990 and PE 140.423 of 14 May 1990). As a result of all these developments some of the issues posed in the initial working

document are no longer of central importance, while new issues have come to the fore.

5. The Committee and the Parliament have already taken a firm stand on certain points (e.g. support for German unification but within a European Community context and with the Community fully involved, the need for European integration to be accelerated as a result of these developments, and for its economic and social cohesion to be strengthened, the desirability of a special pre-adhesion Community aid package of the GDR, reaffirmation of Poland's western borders, the need for the impacts on other Eastern European countries to be borne in mind, and the imperative to develop new security structures within Europe).

6. Your rapporteur believes, however, that in spite of these positive contributions, the European Parliament has not yet played a sufficient role in helping to shape a Community response. In this context a significant opportunity was missed during the preparations for the State Treaty between the two German governments, when the European Commission had two meetings with the principal negotiator of the FRG, and submitted two memoranda to the FRG government, while the European Parliament remained completely uninvolved. Your rapporteur recognizes that this is now past-history, but considers that the Parliament must play a more active and direct role in the next stage of developments.

7. The present interim report begins with a general assessment of the impacts of German unification and by briefly reviewing the contents of the State Treaty and its implications for the Community. It goes on to look at the issues posed during the interim phase of adaptation of the still existing GDR to the rules and objectives of the European Community.

8. The second section of the report looks at the "package" of necessary Community measures currently being prepared by the Commission to enable the territory of the GDR to be smoothly absorbed within the Community. The report outlines the conditions under which the Parliament should give its initial and final views on the "package" (which will be akin to a Treaty of Accession in substance if not in legal form) both as a whole and on its component parts. Since the interim report is to be adopted before the presentation of the package your rapporteur also puts a high emphasis on outlining Parliament's priorities as regards what should go in the package.

9. The interim report also takes a more detailed look at two issues for which the Parliament has a special responsibility, firstly the budgetary issue and the need for immediate revision of the financial perspective, and secondly certain institutional consequences of unification, and, in particular, the questions posed by a possible increase in the number of German members of the European Parliament.

10. The final section of the interim report looks at the timetable for further action by the Temporary Committee and the Parliament.

11. Finally, your rapporteur would like to acknowledge the helpful background papers that have been drawn up on a wide range of issues (see list in Annex 1) by Parliament's Directorate-General for Studies, basing themselves in certain cases on external research. Your rapporteur would also like to thank those Committees which have submitted opinions to the Temporary Committee on specific issues within their own areas of responsibility. These various



contributions have helped to define some of the key factual and political issues that need to be taken into account in considering a process even more complex than those posed by previous accessions to the Community, and yet which has to be resolved within a much quicker time-frame.

German unification: overall assessment of the impacts, and general considerations

12. The evidence taken by the Temporary Committee has demonstrated that the process of German unification is a highly uncertain, but nevertheless manageable one. The uncertainty is due to the entirely unfamiliar situation of converting a centrally planned economy into a market economy, a process which is also taking place in other Eastern European countries, but which will have to occur earlier and quicker in East Germany than elsewhere. Considerable problems will probably be encountered. The situation should, however, be manageable, in that the East German economy is already more developed than its Eastern European counterparts, but above all, because of the relatively small size of the GDR, equivalent to the West German Land of North-Rhine Westphalia in terms of population, but to the much smaller Land of Hessen in terms of economic weight. The FRG itself has the largest and most powerful economy in Europe, and is in a better position to absorb the shock of unification than would other European Community countries.

13. The process also appears to be a manageable one in terms of the impacts on the European Community. The legal and constitutional problems posed are unique ones, in that there has never been a considerable increase in the territory and economic weight of the European Community except by means of a formal accession by a third country after lengthy negotiations. The process of German unification is not only taking place more rapidly than previous accessions, but is initially much more dependent on informal procedures, and on the goodwill of the German authorities. In certain areas controversial negotiations will be necessary, but the problems that will arise are not of an insuperable nature.

14. The evidence taken by the Committee has shown that the balance of advantage to the Community of the process of German unification is likely to be very considerable. German unification is clearly desired by the majority of the citizens of the GDR itself, and is part of a process which has extended freedom and democracy throughout Europe. In addition, however, extension of the Community through German unification will reinforce the strength of the Community, serve as a new outlet for Community goods and services, and as a catalyst for the economic development of the GDR itself. Moreover, the current GDR's accession to the Community will act as an important bridge between the Community and Eastern Europe and the Soviet Union, both in the political and economic fields. At a time when these latter countries are going through desirable but difficult periods of economic and political transition, stronger links between them and the Community are of the greatest importance. The existing formal and informal contacts of the GDR, and the GDR's knowledge of the political and economic system of Eastern Europe, will be of the greatest utility in reinforcing such links.

15. The outlook in the medium and long term is a promising one. In the shorter term, however, German unification will pose a number of problems, both within Germany and for the Community at large.

The restructuring of the GDR economy is vitally necessary, and is already beginning to take place. It will, however, be a painful process. Evidence taken by the Committee has indicated that many new jobs are likely to be created in the GDR, especially in small and medium size enterprises and in the services sector. Nevertheless in the short term such jobs gains are likely to be outweighed by job losses. Estimates given to your rapporteur in the GDR (but which must be treated with caution, given the problem concerning statistics outlined below) are that around half of existing GDR industries can only be put on a competitive basis through transitional aid and that a further 20% could not even be saved with such aid, and are likely to close.

16. The result could well be high unemployment in the GDR at least in the short term. Naturally it is not possible to give accurate estimates, but some commentators have put the possible figure within the range of 2-4 million within a year (until now there has been little overt unemployment in the GDR, although underemployment has been a serious problem). Moreover many of the new jobs that will be created to partially offset this figure will be relatively low paid, temporary or at least less secure jobs in the services sector. Two inevitable consequences will be further pressure on a social security system that will have to cope with a variety of new demands and further movement of skilled and other workers to the western part of Germany. This in its turn will accentuate an already difficult situation in parts of the existing FRG which have had to cope with a major influx of new residents. Another possible problem is even when there are jobs very low wages will also lead to pressures to move elsewhere in Germany. While lower wages are inevitable during a transitional period, and while productivity is increasing, too low wages could lead to the risk of social dumping. These short and perhaps medium term social problems will have to be carefully monitored and their negative effects will have to be mitigated primarily through action by the German authorities, but to some extent through Community action as well.

17. German unification will also entail great costs for the FRG budget (e.g. aids, infrastructure investments, social security payments, etc.), which may or may not entail tax increases, but will anyway have a considerable short term effect on its economy (e.g. higher interest rates, inflation, etc.).

18. The process of German unification, from the achievement of German Economic and Monetary Union onwards, poses a number of possible short term problems for other European Community countries as well. It appears likely, for example, to increase economic growth rates in the Community, but there may also be negative impacts on inflation, and upward pressure on already high interest rates. The impact on the existing European Monetary System are also uncertain. Even if, as pointed out at the outset of this section, the overall balance sheet of unification is likely to be highly positive, these short and medium term considerations must also be borne in mind. The more specific impacts on the Community itself are developed in more detail below.

19. Your rapporteur would like to make one other initial comment of a general nature, on the question of statistics on the GDR, which have been totally inadequate.

There are no accurate figures, for example, for the GDR's GNP for 1989, and not even estimates for 1990. The figures for such important sectors as agricultural production and foreign trade are also only approximate. The extent of GDR trade with the COMECON countries and the Soviet Union is especially difficult to calculate, in particular as a result of not knowing

which exchange rate coefficient to use. The much cited figure of 40% of GDR trade being with the Soviet Union is reduced to only 23% by one estimate using a new exchange rate coefficient, although this may go too far the other way. Even the exact population of the GDR itself is open to question. The initially quoted figure of 17 million inhabitants must probably be reviewed downward to nearer 16 million. In the words of one GDR spokesman interviewed by your rapporteur it is presently easier to have current statistics about Fiji than about the GDR.

20. Your rapporteur recognizes that a major effort is now being made by the German authorities to rectify the situation. At present, however, it is extremely hard to give precise calculations as to the impacts of unification both within Germany (on a micro as well as macro-economic basis) and on the Community. This also has major implications for Community policy-makers. Calculations, for example, as to possible structural fund entitlements for the existing territory of the GDR, and hence the possible impacts on the Community budget, must be treated with caution. In general, therefore, your rapporteur has sought to outline possible problem areas, but not to quantify them at the present juncture.

#### The State Treaty between the two German governments

21. In May 1990 the two German governments negotiated a State Treaty ("Staatsvertrag") on Economic, Monetary and Social Union between them, which would come into force on 1 July 1990, subject to ratification by the Volkskammer, the Bundestag and the Bundesrat.

22. The State Treaty would introduce a full monetary union between the two Germanies, with the West German DM becoming the unit of currency in both countries, and with responsibility for monetary policy being taken over by the West German Bundesbank. The debate as to which conversion rate should be used has ended with a decision that wages and pensions should be converted at a rate of 1:1, as well as savings up to limits which range from DM 2,000 in the case of children up to 14, DM 4,000 for citizens from 15 to 60, and DM 6,000 for those over 60. Debt and loans and other money in circulation would generally be converted at 2:1 rates.

The State Treaty also has extensive rules on the subject of public finances, including guidelines for transfer payments, introduction of the FRG tax system, the reduction or elimination of consumer subsidies and the creation of a German unity fund of 115 billion DM to help finance the GDR's budget deficit.

The market system would be introduced in the GDR. Goods of West or East German origin would circulate freely throughout both countries, but an inter-German frontier would still be required for goods of non-German origin, although this frontier should be rapidly abolished. The GDR government is also allowed to provide funds to help in industrial restructuring.

A social union is also introduced, with rules covering the management of health and unemployment schemes and of pensions.

An important feature of the State Treaty is that it not only lays down the conditions for alignment of the GDR's economy and social system to that of the FRG, but also has provisions for adaptation to the rules of the European

Community. The regulations of the Common Agricultural Policy, for example, would be immediately put into force.

23. Your rapporteur recognizes the difficult nature of the political and economic trade-offs that were necessary to agree upon the State Treaty. A less favourable exchange rate, for example (as originally supported by the Bundesbank) would have had considerable economic advantages, but would have caused great bitterness among the people of the GDR.

Without entering into a detailed assessment of its advantages and disadvantages, your rapporteur believes that the State Treaty represents an important step on the road to unification. Your rapporteur welcomes the fact that the State Treaty will begin the process of alignment of the GDR to Community rules before the GDR's full entry into the Community upon unification. This alignment process will be a complex and difficult one, and it is essential that it be initiated as rapidly as possible.

Your rapporteur regrets, however, that no formal clause was introduced into the State Treaty (in spite of proposals by the Commission) providing for equality of treatment between German citizens and firms, and those from other Community Member States.

Your rapporteur also welcomes the fact that the proposed Economic and Monetary Union has had a social dimension added to it. He recalls, however, that there are likely to be considerable social problems within the GDR over the next period, and that social safeguards may well need to be strengthened.

Issues posed during the interim phase of adaptation of the still existing GDR to the rules and objectives of the European Community

24. To a considerable extent this interim phase of adaptation has already begun, in particular through the adoption of new laws and regulations by the government of the GDR which are often closely modelled on their FRG equivalents or even Community provisions. This process will, however, be greatly accelerated by the achievement of German Economic and Monetary Union at the beginning of July 1990. It will then last until the date when German unification is to be achieved, presumably through the accession of the newly constituted GDR Länder to the territory of the FRG by means of Article 23 of the FRG Basic Law.

25. Although the timing of this unification is still uncertain it is already clear that the interim phase of adaptation will be of short duration, only around four months if a very fast track unification were achieved (in your rapporteur's view rather unrealistic, and undesirable in terms of the changes required), six months if unification were achieved by January 1991, and only one to one and a half years if a slower and more cautious approach was adopted.

26. In spite of its short duration this interim phase of adaptation poses a number of problems for the Community which will have to be immediately tackled.

27. During this period Community legislation will not directly apply, but actions taken will have direct impacts on the Community. Measures will have to be taken by the GDR, in conjunction with the FRG, to ensure a quicker and smoother transitional period after full unification. Decisions will also be

taken by economic operators with considerable implications for the Community, a good example being proposed mergers between former East German "Kombinate" with large firms in West Germany, which could clearly affect conditions of competition in the Community.

28. One central problem for the Community is that the means open to it to intervene in this interim period are generally of an informal rather than formal nature. The Community will be highly dependent on information to be provided by the German authorities, and on their goodwill in case that problems do arise. In certain areas the Commission would be able to take initiatives of its own, such as in competition policy, but the extraterritorial applications could also be controversial. Your rapporteur recognizes that there is a strong commitment on the part of both German governments to take into account Community concerns but also considers that the Community will have to maintain the strongest possible links, not just with the West German but also with the East German authorities during this interim period of adaptation. Not only should the Commission be involved, but also the Parliament, which should closely monitor the situation and keep in close contact with the Bundestag and the Volkskammer, and their appropriate committees. One suggestion, for example, would be to further develop the existing practice of Volkskammer attendance at the Temporary Committee's meetings to include a regular briefing from the Volkskammer members attending on the latest legislative and other developments. The European Commission and Parliament's proposed new offices in East Berlin could also play a useful role. Moreover links between the social partners at European level and their emerging equivalents in the GDR should be strongly encouraged. Reinforced links of this kind would act as valuable transmission belts, and also help to strengthen the informal process of monitoring.

The German authorities have made undertakings that there will be no discrimination against non-German firms in the East German market. Your rapporteur considers that there is probably little danger of formal discrimination, and also that cultural and linguistic affinities make it inevitable that West German firms will have the biggest impact on the East German market. He is concerned, however, about the risk of more hidden discrimination between German and other Community firms, due in particular to information being made readily available to the former, and not to the latter. This risk will be particularly great during the interim period of adaptation. Your rapporteur believes that the Community should immediately consider measures to reduce this potential information gap. The European Commission's information offices could provide details on developments within East Germany, and the network of Euro Info Centres could provide more specific details on investment opportunities. (Your rapporteur is already encouraged to learn that steps are also being taken to establish Euro Info Centres in the GDR). Moreover, the Community should try to ensure that calls for proposals in the field of public contracts in the GDR are published in the Official Journal of the European Communities, although there will presumably be no formal obligation to do so before unification.

The above suggestions are made, in order to ensure that the Community dimension is fully taken into account, during the interim phase of adaptation, and before formal changes are proposed to the Community's secondary legislation.

29. The Commission's services consider, however, that legislative adaptations are already needed in a few areas even during this interim phase namely as

regards transitional measures for agricultural and other trade with the GDR, accelerated customs union with the territory of the GDR, and modifications of the European Coal and Steel Community regime. These will have to be adopted in July 1990 if they are to be any use during the short interim period before unification (possible comments on the proposals or cross-reference to the reports of the competent Committees).

30. A number of other issues will have to be tackled in the interim phase. One important question concerns the continuing adequacy of the protocol on intra-German trade. Trade between the two parts of Germany will greatly increase, barriers will decrease and goods will continue to come into the GDR from other Eastern European countries and elsewhere. Will the protocol be able to cope with the new burdens put on it?

Another issue relates to the free circulation of persons to and from the GDR. At present travel restrictions are being lifted on a bilateral basis. Your rapporteur considers that all distinctions between German and other Community citizens in terms of access to the GDR must be removed as soon as possible.

A related issue in the interim phase concerns travellers allowances. The differences in third country and intra-Community allowances could lead to anomalies, such as differential treatment for travellers from an East Berlin or West Berlin airport.

VAT could present problems. Your rapporteur welcomes its rapid introduction in the GDR but would strongly oppose any idea of imposing a higher VAT on imported products, other than during a clearly defined transitional period.

Agriculture will also pose problems. While the broad framework of Community rules will be introduced in the GDR as a result of the State Treaty, production limits which may be set in the interim period without formal Community involvement may well have to be adapted again after unification.

31. One final issue on which your rapporteur wishes to make a brief comment in the context of the interim phase is the issue of pre-accession Community aid. This was a suggestion put forward by the Parliament, designed to help in priority areas such as the environment, and to demonstrate Community solidarity with the people at the GDR. This suggestion was not followed by the European Council at its meeting in Dublin, and Parliament expressed its regret at this decision in its resolution on the outcome of the Council meeting that was adopted at the May plenary. Your rapporteur reiterates his regret that a rapid decision could not be taken on a pre-accession aid package, but considers that it is now too late to propose such a package, in view of the extra-months that have passed by, and in view of the likely short duration of the interim phase before final unification. The financial actions that could be taken by the Community after unification, and their implications for the Community budget, are explored in more detail later on in this report.

In the interim period the GDR will, however, already benefit, although to an uncertain extent, from access to the Community loan facilities (European Investment Bank, Euratom, and European Coal and Steel Community loans), as well as from EUREKA projects and the PHARE programme being coordinated by the Commission, although aid to the GDR from PHARE would presumably be discontinued after unification. Your rapporteur considers that priority should be given to making the GDR's authorities fully aware of the possibilities offered by the Community loan facilities. Consideration should also be given

to examine which PHARE projects could be of benefit to the GDR in the short time which will be available.

The Commission's "package" of proposals

32. The European Council's meeting in Dublin on April 28 requested the Commission to outline the various proposals that will be necessary to ensure smooth integration of the GDR within the Community, including transitional measures and derogations, as well as adaptations of the Community's secondary legislation. The Commission was asked to produce these proposals within the framework of an overall report or "package" agreement. The Commission's recently established Task Force is now coordinating the work of the Commission's various specialised services aimed at assessing the situation in the GDR and the specific problems posed for the Community by German unification, and at putting forward the necessary implementing proposals. While the work involved is very great, and the Commission's assessment is much further advanced in some areas (e.g. the implications for Community agriculture) than in others (e.g. the nature of and implications of the GDR's existing commercial agreements) the Commission is hoping to complete its review by around September. A formal "package" of proposals will then be put forward.

33. The specific components of the package will be primarily concerned with three types of Community legislative action required as a result of German unification, proposed adaptations to the existing body of Community law (many, but not all of which, will be of a minor or technical nature, such as changes in nomenclature), proposed derogations for the existing territory of the GDR from specific provisions of Community law, and finally proposed transitional clauses in other areas.

34. It is already evident that the package will be similar to a formal Treaty of Accession for a new member state of the Community in all but name. It is clearly extremely important that the European Parliament give its views on the priorities that it believes should be contained within the package before it is formally presented. Your rapporteur has suggested certain such priorities below.

35. Nevertheless, your rapporteur believes that there are certain wider issues of principle that need to be immediately raised at the present stage.

36. Your rapporteur has already pointed out his dissatisfaction at the extremely limited contribution that the Parliament was able to play in the negotiations leading up to the presentation of the State Treaty between the two German governments in May 1990. While primarily a matter for the two governments concerned there were important implications for the Community, and this was recognized through the involvements of the Commission, but unfortunately not of the Parliament, in the consultation process.

The stakes, however, are even higher as regards the "package" agreement, which is a matter of primary and central Community concern.

A normal Treaty of Accession would be subject to Article 237 of the Treaty as modified by Article 8 of the Single European Act.

This requires the assent of the European Parliament. Moreover, Article 238 of the Treaty stipulates that even a mere association agreement between the

Community and a third state, or group of states, must be subject to the assent of the Parliament.

The unique circumstances of GDR accession to the Community through German unification has understandably meant that special and informal procedures have had to be used. In the view of your rapporteur, however, it is unacceptable that these should deprive the Parliament of the formal involvement and assent that it would otherwise have had, and will again have in the important but, nevertheless, less constitutionally significant cases of the proposed new Association Agreements with the emerging democracies of Central and Eastern Europe.

Your rapporteur believes, therefore, that Parliament should seek to formalize its involvement to the greatest possible extent. After outlining its priorities in this interim report it should then hold an initial debate on the package once it has been presented by the Commission. It should then seek to formally ratify a final framework agreement.

Besides ensuring proper democratic legitimacy at the European Community level such an approach would also have considerable benefits for the other parties concerned. A fragmented approach, with the different committees of the Parliament responsible for different policy areas giving their views within the framework of normal consultation or cooperation procedures on the individual components of the package could be a lengthy process, and one that would be difficult to coordinate. Ratification of the package as a whole would be both speedier and more efficient.

To ensure that this would be the case, however, there would have to be close coordination between the Temporary Committee and the specialised committees of the Parliament, so that a common timetable could be agreed. One procedure that might be envisaged, for example, would be to devote the majority of one plenary session to ratifying the package, with both a general report, and also specific opinions or reports from the specialised committees on those parts of the package within their specific competence. In many cases simplified and accelerated procedures might have to be used (e.g. procedures without report or debate).

For Parliament to carry out its responsibilities in this way, however, it will have to be kept more closely involved and informed than it has until the present. Special procedures will have to be devised to ensure this.

37. Another general concern of your rapporteur that should be mentioned at the outset is on "commitology". The large number of technical changes to Community secondary legislation that will be required, and the short time available to implement them, means that heavy reliance is likely to be put on delegation of powers to the Commission.

Your rapporteur believes that the following principles should be observed in entrusting such delegated powers to the Commission:

- (i) As common an approach as possible should be adopted as regards the large number of Committees that will be required. Similar committee procedures should be developed, and not a mosaic of advisory, management and regulatory committees.



- (ii) The Commission should be given the maximum of discretion, but in view of the sensitivity of some of the subjects, the Council should also retain some role, but not by means of regulatory committees. Procedure II Management Committees (and preferably the more rapid procedure II(a)) would best achieve the needed balance, and should be used wherever possible.
- (iii) The European Parliament should not get too involved in the details but should be kept fully informed, so that it can comment where really necessary. The agreement between Commission and Parliament (exchange of letters Delors/Plumb) that draft committee decisions be forwarded to Parliament should be much better implemented than at present. Finally the Parliament must reserve the right to insist that certain important issues should be treated through legislative procedures (even if on an accelerated basis) rather than through delegated legislation.

Specific issues that need to be raised

38. In the sections that follow your rapporteur briefly examines some of the issues that should be taken account of in the presentation of the package (while not trying to second guess the Commission by attempting an extensive list of possible derogations and transitional arrangements). These have emerged during the Committee's investigations, and as a result of the studies that it has commissioned. A number of specific recommendations and options are put forward. Your rapporteur has also outlined some central principles that he believes should be observed in preparing the Community's response.

Your rapporteur has examined these specific issues under the broad headings he outlined in his initial working document:

- internal market and the development of the common policies
- Economic and Monetary Union
- Economic and social cohesion
- Environmental policy
- Budgetary implications
- External policy implications (economic and political)
- Institutional implications

Internal market and the development of the common policies

- General internal market

39. The process of German unification coincides with the final run-up to 1992, and the achievement of a proper internal market. It is essential that these two objectives do not clash, since German unification poses a number of short term problems as regards the internal market.

The new approach to the internal market is essentially based on the twin principles of mutual recognition of national standards, and on essential requirements as laid down in Community framework directives. Since East German products are often of low quality, and meeting standards below those set by Community essential requirements, considerable problems will be posed.

The first step to remedy this (apparently already being initiated by the German authorities) is a careful evaluation of GDR standards, and testing and certification procedures, product by product and sector by sector. There will then have to be a major effort to align them to West German and Community

standards. Until this is achieved a number of temporary measures will be required.

Firstly, there will have to be a considerable number of derogations from Community standards. There should not be too many of them, however, nor should they be of too long duration, so as to prevent longer term competitive distortion and not to undercut the 1992 objective.

Derogations will be required after unification, and yet will apply to only part of a Community Member State. One solution to this problem would be to maintain customs frontiers between the two parts of Germany. There is a clear political will to avoid this to the maximum possible extent, in view of the bitter experience of a people divided by the Berlin wall and the Iron Curtain and of the objective of removing all Community internal frontiers as soon as possible. It might be feasible, however, to have some kind of light controls on the lines of those exercised in the United States between adjacent states.

Another measure, and one which is currently favoured by the German authorities, is clear labelling of East German products. This could be combined with controls on the market instead of at frontiers.

#### - Industrial and competition policy considerations

40. The current GDR is a highly industrialized country, and its entry into the Community will have important implications for Community industrial strategies, as well as on competition policy, social and environmental policies as described later on in this report.

Several of the industrial sectors in the GDR, such as precision instruments and optics are believed to be capable of facing up to Community competition while others, such as the antiquated chemicals industry, appear to have much less chance of survival. A large intermediate group, however, should be able to survive but only with the help of state aids and subsidies. The necessary supporting industries will also have to be built up or improved, notably the inadequate telecommunications network.

This whole complex process of industrial restructuring and modernization will pose major problems for Community competition policy, which will have to allow sufficient time for a proper mixed economy to be introduced and to give East German industries a fair chance to survive (and to honour commitments made in pre-market economy days with other Eastern European countries and elsewhere), while not disadvantaging other firms elsewhere in the Community to too great an extent, or allowing West German firms to enjoy privileged status. This latter problem, posed particularly by the privatization of the old state monopolies (the Kombinate) and their possible mergers with large West German firms, will be particularly acute in the interim phase, but the situation will still have to be carefully monitored after unification.

Aids and subsidies must continue to be as transparent as possible, and should be gradually phased out. The privatization of the "Kombinate" must not lead to the creation of new private sector monopolies.

A particular problem will be posed in those sectors where East German industrial production will lead to further Community overcapacity in such sensitive areas as steel and shipbuilding. At the very least Community state aid codes will have to be re-examined. It would be more satisfactory,

however, if these were placed within a wider framework of properly formulated Community industrial strategies for the sectors concerned.

Implementation of the common policies

- Agricultural policy issues

41. The GDR has a much higher percentage of its labour force in agriculture and forestry than does the FRG. Its structure is also very different with 95% of land in large state-owned estates and only 5% in private hands. Labour productivity is low. High producer prices are matched by state-subsidies and often extremely low consumer prices. GDR agricultural self-sufficiency is very great. GDR agriculture is one of the most fertilizer-intensive in the world, and soil erosion and other environmental damage is rife.

As a result of all these factors it will not be an easy task to convert GDR agriculture into a market-based system, and to adapt it to the requirements and rules of the Common Agricultural Policy.

The existing structure will have to be radically changed, but not in too brusque a fashion. Existing high producer prices will have to be reduced, as will consumer subsidies, but not too rapidly. Productivity will have to improve, but the emphasis should be on improving production quality rather than quantity, so as to avoid even larger Community surpluses for such products as cereals and milk. Agricultural structures will have to change, but family farms cannot replace the big state holdings overnight (indeed the Agriculture Committee's opinion points out that the advantages of existing GDR cooperatives should not be completely thrown away). The issue of property ownership should also be tackled, but without causing too much hardship. Some of the existing high labour force will have to leave the land, but not in too large numbers, as this would reinforce the anticipated problem of high industrial unemployment in the DDR in the short and medium term. One possibility would be to use some surplus labour in projects to clean up the DDR environment, many of whose problems have been created by agriculture. Application of existing CAP mechanisms such as set aside and early retirement schemes could help in the GDR.

The Common Agricultural Policy will have to be introduced as fast as possible, but a number of transitional measures will be necessary as regards EC quality rules, the condition of GDR agricultural installations, etc. Sensitive issues such as redistribution of or increases in milk quotas and the level of maximum guaranteed quantities will have to be tackled. A particular problem will be posed by agricultural trade, where the GDR is apparently prepared to abandon its levies and duties with regard to other EC countries than Germany (on whose products there will be no such charges after July), but on the basis of reciprocal treatment. On the other hand it appears that the GDR wishes to maintain a system of quantitative import controls by means of import licenses, in order to protect GDR farmers (and food processors) in a still undefined interim period. In your rapporteur's view such a system must be strictly limited in duration, and be completely non-discriminatory in its effects.

- Fisheries policy

42. This will be a highly sensitive policy area in forthcoming negotiations at Community level. The GDR has a very large fishing fleet, which is approximately double the size of that in the FRG. This will have to be reduced

in size. Nevertheless, it will still pose a considerable problem in terms of changing the balance of the existing Common Fisheries policy. Quotas will have to be renegotiated. A particularly sensitive issue is that the GDR's fishing fleet will enjoy, upon unification, access to Community waters still denied to Spanish and Portuguese fleets. Another issue concerns the fate of the GDR's existing bilateral fisheries agreements, one of which is not paralleled by a Community equivalent (the GDR agreement with Canada), and others of which are different in content from the Community agreements.

**- Transport policy**

43. The GDR's transport network will have to be strengthened, as it is integrated into the Community. New infrastructure such as high speed rail links to Berlin, will have to be developed.

A controversial transport issue at Community level is that of the redistribution of quotas in road traffic cabotage, where German quotas will have to be increased. Another issue will be that of the status of air traffic control in the existing, and soon to be obsolete, Berlin corridor. Berlin will have to be fully integrated into the European air transport regime.

**- Energy and research policy**

44. Restructuring and diversification of the DDR's existing energy supplies will have to be a key policy priority within the current territory of the GDR. The most serious problem is the massive dependence on highly polluting brown coal. Nuclear power is an unpromising substitute, since the GDR's own nuclear power stations are not up to Community standards (and indeed reactors at Greifswald are being closed).

One possible solution is to make much more use of natural gas, especially from the Soviet Union, which could help to maintain trading links with the Soviet Union at a time when that country is in particular economic difficulties. This would inevitably be on a more costly basis once the existing pattern of trade with the USSR is modified.

Integration within the European Community could also help in a number of ways. The costly self-sufficiency policy can be gradually removed. The GDR could be linked up with the Western European electricity grid and the GDR should be fully integrated into proposed transeuropean energy infrastructure networks. The REGEN programme (dealing with gas and electricity transmission networks in peripheral areas) should also be extended to the GDR. Cleaner coal from other European countries could be used. In the longer term Community support for research into renewable energies could be of benefit. In the shorter term, however, the most promising solution will be energy conservation, since the GDR has one of the least efficient energy consumption and energy efficient structures, with per capita energy consumption well above that in the FRG. THERMIE should be immediately extended to the GDR, as well as other programmes such as SAVE, VALOREN and STRIDE.

Another issue is that the implications of GDR accession for the ECSC and EURATOM Treaties should be fully explored, including the problem of the GDR's nuclear fuel trade with the USSR.

45. The GDR should participate fully and as soon as possible in other Community research and development policies. The results of Community research

programmes should be widely disseminated. Integrated broad band telecommunications networks should be extended into the existing territory of the GDR.

#### Economic and Monetary Union

46. German Economic and Monetary Union is now becoming a reality. As mentioned earlier on in this report the implications of GEMU under the conditions laid out in the State Treaty, are highly uncertain in the short term, both as regards Germany itself and the European Community as a whole. The effects on growth, inflation, interest rates and on the strength of currencies within the European Monetary System are all hard to calculate. There is little evidence, however, that the EMS will be seriously destabilized.

Indeed, the Parliament has already strongly emphasized that GEMU should be accompanied by accelerated moves to achieve Economic and Monetary Union at European level. In the interim phase the DDR government should be closely associated with the new coordinating mechanisms in the first phase of EMU, whose introduction coincides with GEMU.

In one important aspect GEMU will represent an interesting prototype for the Community, in that full German Monetary Union is being achieved at a time when there are still enormous disparities in structures and performance between the economies of the two Germanies. It will give an opportunity of assessing the impacts of a monetary union preceding convergence in economic results.

At European level, however, Economic and Monetary Union can only work if it is accompanied by moves to strengthen economic and social cohesion at Community level.

#### Economic and social cohesion

47. German unification will bring a relatively poor region into the European Community, posing new challenges for its economic and social cohesion. The problems of restructuring of its economy, and the accompanying social problems will place new demands on the Community's structural funds, and raise issues as to their overall volume and distribution. There will also be major implications for other Community policies.

The GDR has a variety of regional problems that would entitle it to resources from the Community's Regional Fund. The GDR as a whole meets the conditions of having under 75% of the EC average for GDP per head. It also has industrial regions where major industrial restructuring will take place, and heavy unemployment is likely to occur. These are mainly in the southern part of the GDR. On the other hand the north of the GDR suffers more from the problem of rural underdevelopment. Moreover, the north has pockets of industrialization where the workforce is dependent on a single industry, such as shipbuilding. In certain parts of the GDR changes in agricultural structure may lead to considerable numbers leaving the land.

To a very limited extent new regional expenditure in the territory of the GDR will be offset by a decline in regional spending in the FRG, where the hitherto underprivileged border regions and Berlin will no longer have such a claim to resources. These should, however, be gradually rather than abruptly phased out. The special provisions for Germany under Articles 92(3)(a) and (c)

of the Treaty of Rome concerning state aids will have to be adapted in consequence.

Likely structural fund expenditure in the unified Germany is particularly difficult to estimate because of the unreliable nature of GDR statistics and also because of the uncertainty as to the precise implications of industrial restructuring on employment levels, and so on. What is certain is that it will be entitled to a considerable sum.

48. This raises an important issue of principle about the overall volume and distribution of the Community's structural funds. The Parliament has already expressed the strong view that resources for East Germany should not be at the expense of the disadvantaged and peripheral regions of the existing Community. This does not appear to be a danger in terms of existing commitments but it could be in term of new and longer-term commitments. An even greater risk is posed by a possible shift in perceptions in favour of Eastern Germany and Eastern Europe as a whole at the expense of certain other regions (the recent loss of a projected Volkswagen investment in Portugal being one recent illustration of this). Developing countries are also very sensitive on this point. It should be made clear that the Community's new priorities in Central and Eastern Europe should not lead to neglect of the poorer regions of the Community, and of the developing countries. The budgetary implications of this are discussed below.

49. Some of the short and medium term social consequences of reunification have already been discussed above and will require continuous monitoring. The major restructuring that will be involved requires large scale training and retraining programmes that can partly be funded by the Community's Social Fund.

Besides the issues already mentioned a couple of additional social problems should be raised here. One is the position of immigrant workers currently in East Germany, especially from such countries as Vietnam, Cuba and Poland. It is unclear what will happen to them and what rights they will have.

The second and wider issue concerns the position of women in the GDR. A distinctive feature of the GDR has been the very high number of women in the workplace, far higher than in the FRG. The reason for this has often been economic necessity rather than a positive choice in favour of working. Moreover, few women are in senior management positions. Unemployment may well affect women workers first.

Nevertheless, the number of women in the workforce has had one beneficial side-effect, namely the development of a comprehensive child care network from which lessons could be drawn on a number of other Community countries, and which could help in the formulation of guidelines on child care at European level.

#### Environmental policy

50. One of the very highest priorities for Community action to help the GDR is in the field of environmental policy. The situation in the GDR is catastrophic. Among the main reasons are the use of highly polluting brown coal, outmoded heavy industry (such as chemical plants from the 1930's), low standards fro disposal of waste, poor agricultural techniques. Moreover, the government has traditionally put a higher emphasis on quantity of production

than on environmental objectives, and the environmental laws that do exist have not been effectively applied. Environmentally related investments have been around 0.4% of GDP, compared, for example, to 1.1% in the FRG.

As a result air pollution is among the worst in Europe, with extremely high emissions of sulphur dioxide in particular (over four times the European average). Water pollution is also very serious. The Elbe river is in a far worse condition than the Rhine, and its water is often unusable. Land use is wasteful, and soil erosion is rife. Acid rain has damaged a high percentage of the GDR's forests.

In certain parts of East Germany, such as south of Dresden or in the Bitterfeld industrial region, the situation is such as to be a serious threat to the health of the local inhabitants. Few regions in the GDR are without major environmental problems.

It is also in the interest of other European countries to help in the clean-up of the East German environment. One small statistic is illustrative. In spite of the much smaller size of the GDR, and its greater distance from the countries concerned, more sulphur emissions in France and the United Kingdom are of East German than West German origin.

51. Your rapporteur welcomes the fact that the German authorities have added the objective of an "Umweltunion" (Environmental Union) to that of Economic, Monetary and Social Union. West German assistance in tackling the environmental problems of the GDR will be of the very greatest value. Nevertheless, a number of important issues are also raised for the Community.

The Community will have to tackle two sets of questions in particular, firstly the speed at which it will force the GDR to adapt to Community environmental standards, and secondly the type of financial and other assistance that it will give to the GDR to help clean up its environment.

52. It is clear that the GDR will not be in a position to immediately apply Community environmental standards, and limit values for water and air quality. To do so would destroy much of its existing industrial fabric and would provoke even higher unemployment than that currently predicted. It has been estimated, for example, that the GDR would have to stop using more than 25% of its industrial capacity in the short term if it were to produce a 50% reduction in overall pollution. If West German environmental standards were applied in the GDR at least half of its firms would have to close.

While Community environmental standards should be applied as rapidly as possible the GDR will also have to be granted a large number of derogations from Community directives and regulations in the short and perhaps even medium term. The Commission should list its proposed derogations and an estimate of how long they will have to last.

53. The Community should also provide financial assistance such as through low interest loans. GDR entry in the Community should also be a catalyst for the creation of a European Environmental Fund, whose role will be of ever greater importance as the Community turns increasingly towards Eastern Europe.

Community actions to help the GDR should be closely coordinated with those to help other Eastern European countries, notably in the context of the PHARE programme.

A major programme of environmental investments in the GDR could also provide a considerable number of new jobs, for those losing their jobs on the land or in the restructured industries.

Your rapporteur also welcomes moves to establish an international convention to protect the waters of the Elbe. Community involvement in cleaning up the GDR's environment will be of direct value and significance to the people of the GDR.

#### The budgetary implications

54. The impact of German unification on the Community budget is very hard to calculate at the present stage. Many factors complicate any analysis, such as the lack of accurate statistics, the timing of unification, the degree to which the necessary funding will come from the Federal Republic of Germany, and the degree to which it will come from the Community and the impact of any derogations and transitional measures, and so on.

The balance between increased revenue stemming to the Community from the extension of its territory, and the increased expenditure that will be required, is therefore uncertain, although the logical assumption is that the net result will be a considerable but not overwhelming new burden on the Community budget. One estimate is that the net burden could be of the order of one billion ECU, or around 2.1% of the Community budget in 1990. The dynamic effects of German unification for the Community economy should rapidly reduce the burden in the future.

If the overall funds required are not likely to be too high, however, it is not possible to provide them out of existing resources without politically unacceptable modifications to existing commitments. The distribution of the structural funds has already been decided upon for the next few years. The sums set aside for cooperation with Central and Eastern Europe in the existing financial perspective are quite inadequate.

Another highly sensitive problem would be the possible reallocation of budgetary contributions between the Member States, which would again open up one of the more bitter debates within the Community.

In the view of your rapporteur the funds required for East Germany will have to come out of new resources. The system of own resources will again have to be modified, following a new and special revision of the financial perspective for 1991 and 1992. In the short term there will have to be an amending and supplementary budget for 1990, and the preliminary draft budget for 1991 will have to take account of a unification which could well take place at the very beginning of the year.

#### External policy implications

##### - The GDR's existing commitments

55. The GDR has a large number of agreements with third countries (3000 by some estimates) of different types (e.g. annual protocols, economic cooperation agreements, sectoral agreements, etc.) and of different duration. Inevitably many of these are with the Soviet Union and other Eastern European countries within COMECON, as well as with developing countries such as Vietnam



and Cuba. Many of these agreements are not on a normal commercial basis and have been developed on political grounds and on the basis of specialization within COMECON. There is often a barter element, many are based on state subsidies and settlements are often in non-convertible transferable roubles.

These agreements are often of great importance for the GDR's trading partners and in certain cases have considerable strategic significance for the Soviet Union and the Warsaw Pact. They are also important for the GDR's own economy, which has developed or maintained certain patterns of industrialization in response to these agreements. These patterns are often not based on underlying competitiveness and would disappear or be greatly weakened if world market forces were to apply. The Cuban sugar agreement, for example, is not only important for Cuba, but also for those mills in the GDR, which are specially geared to deal with Cuban sugar.

The precise economic and strategic significance of these agreements is again difficult to evaluate. It has been generally assumed that over 65% of the GDR's trade has been with COMECON countries, of which 40% with the Soviet Union alone, but even these figures have been questioned since the value of these agreements is so difficult to quantify in normal commercial terms.

The entry of the GDR into the Community will obviously lead to fundamental changes. The GDR will have to adopt the Community's common external tariff and apply Community and GATT rules, almost certainly with a number of derogations and transitional rules. Most of its existing commitments will have to be fulfilled, but agreements will have to be put on a more market-related basis, using convertible currency and so on. A number of difficult questions will be posed, such as how the GDR will be able to fulfil many of its existing politically motivated agreements without continuing to use subsidies, or granting favourable conditions in breach of Community or GATT rules. Another difficult issue is how the GDR will be able to use its existing credit balances in non-convertible transferable roubles. Moreover, major parts of the GDR's industry will be adversely affected by these changes as a result of a decline in its trade in such sectors as machinery and equipment.

56. These GDR agreements will also have a considerable impact on the Community with its exclusive competence in the field of commercial policy. The Community will have to study these agreements and find out how they can fit into the Community's external policy framework. These agreements will certainly create new burdens for the Community, but will also confer significant advantages as well, especially in terms of developing links with Eastern Europe and the Soviet Union, but also with certain developing countries.

The first task for the Community, however, is to have a list of all the GDR's agreements, their duration and the nature of their commitments. Your rapporteur understands that the Commission has not yet received a full list of agreements, and he would strongly urge the German authorities to provide such a list as rapidly as possible.

The various agreements will then need to be categorized into those agreements which can be accepted by the Community as they are, those which will need only minor adaptations, those which will require major modifications and those which will have to be rejected.

57. A number of criteria will have to be borne in mind in evaluating these agreements involving a delicate balance between the need to respect the GDR's

existing commitments and the need to adopt the agreements to the realities of the market. At the same time these adaptations should not lead to too great a destabilization of the GDR's trading partners (the newly emerging democracies of Eastern Europe which are themselves going through difficult periods of transition, the Soviet Union which is increasingly isolated and in such severe economic crisis, or those developing countries such as Vietnam or Cuba which could also be more isolated in the future), nor of the GDR's existing industrial structure, at least in the short term.

A specific issue which will have to be tackled is what to do with exports from the GDR to the Soviet Union which are on the existing COCOM list, and notably dual use technologies such as optics, machine tools or informatics. Revision of the COCOM list and to which it is to apply, is already under study. Your rapporteur believes that the whole concept of COCOM will need review.

- Wider external implications

58. Accelerated GDR accession to the Community through German unification is obviously a unique case. Nevertheless your rapporteur has constantly emphasized the need to place the whole process within the wider context of relations with Eastern Europe as a whole.

59. While this is not a formal accession to the Community decisions taken now will form an important precedent in possible negotiations with other former state-trading countries in Eastern Europe, which may well wish to apply to the Community in the relatively near future. It is important that the Community does not have fragmented, ad hoc relations with these countries, but develops instead a coherent overall strategy, of which the first element will be the negotiation of association agreements with the countries concerned. Moreover, as emphasized on several occasions in this report, German unification has an important bridge function between the Community and Eastern Europe in terms of the GDR's shared political and economic experiences and contacts and knowledge of the countries concerned.

60. On the other hand, the process of German unification will inevitably arouse certain concerns in neighbouring Eastern European countries. In this context your rapporteur strongly welcomes the clear statements from the newly elected Volkskammer aimed at reassuring the GDR's Polish and Czech neighbours. The unambiguous recognition of the German-Polish frontier by both existing German states is another positive step in this regard.

The wider political and security dimension

61. One of the most important results of the process of German unification has been its role as a catalyst in leading to a review of existing European security structures, the place of a united Germany in these structures, the future of NATO and the Warsaw Pact, and whether new pan-European structures can emerge out of the CSCE process.

The current focus of attention is on the negotiations between the superpowers, and in the two plus four framework on the future status of Germany and of foreign troops on its soil. This is the one outstanding question mark over the process of German unification. Both German governments have expressed their wish that a unified Germany should belong to NATO. There also seems to be agreement that NATO troops should not be stationed on the existing territory of the GDR and that Soviet troops need not be immediately withdrawn. The role

of Germany within NATO, the issue of which weapons should be placed on its soil, whether foreign troops should remain and for how long, and the wider future of NATO itself are all unresolved questions. The attitude of the Soviet Union, while it does not apparently want to block the process of German unification, is still also unclear. The Warsaw Pact itself is increasingly beginning to disintegrate.

In the autumn attention is likely to concentrate more intensely on developments within the CSCE framework, whether the CSCE can evolve into a security structure with a real role, and how it can co-exist with NATO and what is left of the Warsaw Pact. A subsidiary but important issue is that of the role of the European Community in the CSCE process.

These issues have not yet been explored in detail by the Temporary Committee (although the Committee will have heard Soviet and American representatives before voting on this interim report, and the Committee has also benefited from the recent hearing on security policy in the Political Affairs Committee). They will be an important focus of attention for the Committee in the course of this autumn.

(possibility of adding interim conclusions by the rapporteur)

#### Institutional issues

##### - General considerations

62. The European Parliament has strongly emphasized the need for the process of German unification to be matched by accelerated progress towards European Union. Most of the issues at stake are not discussed further in this interim report, as they are the subject of complementary reports in Parliament's Institutional Committee and elsewhere. As a result your rapporteur has limited himself to examining just one set of issues which is of more direct relevance to the work of the Temporary Committee, namely the impact of German unification on the present institutional balance within the Community, and more specifically the question of the number of German members within the European Parliament.

##### - The issue of increased German membership in the European Parliament

63. A united Germany will have almost 80 million inhabitants, and will thus have a much larger population than Italy, the United Kingdom and France, the next largest Community Member States in terms of population. This raises the sensitive but important question of whether any institutional modifications need to be made to the Treaties to take account of this change. Among the possible changes are to Germany's number of Commissioners (not formally fixed by the treaties, but which has been agreed at two for all the larger Member States), its voting weight in the Council and its number of members in the European Parliament.

The balance of power within the European Community decision-making apparatus is evidently a matter of great sensitivity, and one which cannot be lightly changed. Various spokesmen for the Federal Republic of Germany have recognized this, and have stated that they are not looking for increases in the number of German Commissioners, nor in the weighting of votes in the Council. On the other hand there does appear to be considerable interest in the third possible

change outlined above, namely an increase in German representation within the European Parliament.

Your rapporteur has thus concentrated his attention on this third issue. He does not want this issue to take up too much time out of the special committee's already limited schedule, but does recognize that there are important matters of principle which need to be discussed directly and openly at this present stage.

64. The issue of the number of representatives of each Member State within the European Parliament is a complex one. Certain federal states, like the United States or Switzerland, have two elected chambers, one based on the criterion of equality of representation of their component units, and one based on the criterion of proportionality to population. The European Parliament, on the other hand, is a single-chamber parliament, and both criteria have to be reconciled. The larger states do have many more members than the smaller ones, with the range spreading from 6 to 81, but the smaller ones are also over represented in terms of their population. In the extreme case, Luxembourg has one MEP per 60.000 citizens, and the FRG one per 3/4 million. Moreover an additional criterion also plays a role, namely equality of representation of the four largest states, which thus each have 81 MEPs, even though the FRG, for example, has 6 million more people than France.

The addition of 16 million German citizens to the Federal Republic will clearly put the existing compromise under considerable strain. The existing proportional discrepancies between the representation of the largest and smallest Member States, and between the four largest Member States, would be greatly increased. The weight of individual votes in the FRG would be less than elsewhere to a greater degree than at present.

There is thus a clear case for increasing German membership of the European Parliament. This would breach, however, the existing criterion of equality of representation of the four largest states, and might even lead to demands from other states (e.g. Spain) for their own representation to be increased.

The Council could take an ad hoc decision to increase German membership of the European Parliament, by say 17 or 18 seats, without affecting other states' membership. A more satisfactory solution would be to link such an increase with final adoption of a uniform electoral system. Moreover possible additional adhesions to the European Community will pose the issue of the overall size of the European Parliament, which could thus be reviewed now rather than progressively increased on an ad hoc basis (the European Parliament is already one of the largest parliaments in the world.)

Unless an ad hoc decision is taken to immediately increase German membership (which would still require a Treaty change and ratification by the governments and parliaments of the Member States), no solution is possible until 1994, the earliest date for a uniform electoral system, or an adjusted system of Member State representation, to come into force. There will thus still be a problem as to the representation of the 16 million new German citizens within the European Parliament from now until 1994. Informal observer status, without voting rights, (as pioneered by the Temporary Committee's invitation to members of the Volkskammer) is a perfectly acceptable solution until German unification, but not afterwards, when a large number of Community citizens (more than the population of seven of the existing Member States) would find

themselves represented in the European Parliament by German MEPs for whom they had not voted.

One solution to this problem would be for the existing 81 MEPs from the FRG to resign, and for new European elections to be held in the whole of a unified Germany, presumably at the same time as national elections. Nevertheless the present MEPs from the FRG have been elected for five-year terms, and if any of them do not wish to resign, it is not legally possible for them to be forced to do so.

65. There are thus two options on which the Temporary Committee should make a recommendation to the Parliament as a whole.

- (i) A rapid decision to increase German membership of the European Community. In this case, Parliament should make a recommendation as to the increase in numbers. Any such solution would require Treaty change, and be subject to ratification. Once a Council decision to this effect was ratified, a subsequent choice would have to be made between
  - resignation of the existing German members, and new European elections within the unified Germany
  - elections only for the additional German members, with the existing FRG members finishing their five-year terms. (In this case, elections would presumably only take place in the existing territory of the GDR (on a Länder basis) and also in Berlin, whose existing anomalous status would thus end
- (ii) German membership remains as it is until 1994, when it is either maintained at its present level (but with the 81 MEPs clearly representing the whole of unified Germany) or increased, preferably within the context of an overall review of membership of the European Parliament within a uniform electoral system. If this second option is chosen there should be strong informal involvement of Volkskammer representatives from now until unification, followed either by new German elections to fill the 81 seats of the enlarged Germany from that date until 1994, or else keeping the existing German members (including the existing nominated members for Berlin), with the present members taking on new responsibilities toward the population of the former GDR.

#### Future timetable

66. As mentioned before the Commission is planning to transmit its overall report or "package" to the Parliament by September. It has already indicated that it would like the Parliament to give an opinion by the second October-plenary, and, at any rate, in time to adopt the package by the end of the year.

In the view of your rapporteur it will first be necessary to examine the package before preparing a firm timetable for its examination by the Parliament. Speed will be of the essence, but the Parliament should not give a blank cheque either, and should examine the main issues with the full attention that they deserve. Moreover the timetable will also depend on the speed of events within Germany itself. It would be quite wrong to telescope Parliament consideration of a complex package into just over a month if the

timetable for unification had slowed down. At present your rapporteur is assuming that a rapid timetable will be adopted, possibly leading to unification early in 1991, but this will have to be confirmed.



## **ANNEX 2**

### **Debates of the European Parliament Sitting of 12 July 1990 on German unification**





4. *Question Time*

**BANGEMANN, Vice-President of the Commission.** — (DE) I have heard that Members of this House were wondering yesterday what would happen with the unanswered questions after the cancellation of Question Time. The Commission is quite prepared if you, Mr President, so wish, to reply in writing to the questions that would have been called yesterday. We would ask you to inform us which authors would like to receive a written reply.

**PRESIDENT.** — Anyone wishing for an oral reply can inform the Bureau and the Bureau will inform the Commission to that effect.

**ROBLES PIQUER (PPE).** — (ES) Mr President, if I am not mistaken, Commissioner Bangemann has just asked a question which requires an answer, concerning yesterday's Questions Time. It was my understanding that there are two possibilities: either these questions can be transferred *en bloc* to another part-session, or else the Commission can provide written replies to all the questions it was unable to answer orally. But we shall have to adopt one or other of these two solutions: we cannot have both. Nor, apparently, is it necessary for those of us who had tabled questions to state now that we would like written answers. That is not necessary. Someone must decide which of these two options is to be applied.

5. *Welcome*

**PRESIDENT.** — Ladies and gentlemen, I would like to welcome a delegation from the Volkskammer of the German Democratic Republic who have taken their seats in the official gallery. The delegation is led by the chairman of the External Relations Committee of the Volkskammer, Mr Schreiber.

The visit of the East German delegation and their attendance at today's debate is one of a series of contacts between political groups and committees of the European Parliament and the Volkskammer that have taken place since the democratic change in East Germany last October. We are glad that you are able to be here as observers at this debate, and we hope that both the debate itself and your discussions today will leave you pleasantly aware of the positive stance of this Parliament towards the political developments in Germany. On behalf of the House I wish you an enjoyable stay in Strasbourg and a safe return to Berlin.

(Applause)

I would also like to welcome the delegation from the Chamber of Deputies and the Senate of Brazil, led by Mr Fernando Henrique Cardoso, who have also taken their seats in the official gallery.

(Applause)

6. *German unification*

**PRESIDENT.** — The next item is the interim report (Doc. A3-183/90) by Mr Donnelly, on behalf of the Temporary Committee for the study of the impact of the process of German unification on the European Community, on the impact of the process of German unification on the European Community.

**PANNELLA (NI).** — (FR) Mr President, you have announced that we are going to discuss the Donnelly report. If I am not mistaken, the Council is in full retreat. There's no one there.

I have the impression, Mr President, that the Commission is here. We are going to begin this debate. We must deeply deplore the lack of style, and I must also say to one of those two jokers, the absence of the Council, which is totally and utterly unrepresented at the moment when Parliament is about to begin the debate on a matter that is of direct concern to it.

**DONNELLY (S), rapporteur.** — Mr President, could I echo the remarks by Mr Pannella. This debate this morning will centre largely on the inter-institutional arrangement that we need to facilitate the derogations and transitional arrangements in Community legislation so that unification can occur after the elections in December. The Council, leaving the Chamber this morning, gives exactly the wrong signals to this House on the way in which we will deal with this matter over the next few months. I hope, as President, you will express our concern to the Council.

It is appropriate that I should present my interim report so soon after German economic and monetary union on 1 July. The historic significance of this and the all-German elections which will take place now in December cannot be overstressed. In the last nine months Europe has undergone an incredible metamorphosis. The easy assumptions of the Cold War, the bloc mentality which endangered the world and imprisoned many millions of people both ideologically and physically are beginning to be wiped away. I believe that the importance of these events require a carefully measured response by the institutions of the European Community. I am very glad that we have representatives of the *Volkskammer* here today to listen to our debate.

We are now at the point where decisions have to be made which will equal the events of the last few months, perhaps not in speed, but certainly in significance. The European Parliament, the Commission and the Council of Ministers must act in a rapid yet carefully considered way. The practical impact of unification on the Community necessitates this. It is these practical effects which my report addresses. This interim report tries to deal with the practical way forward for the institutions of the Community.

My report calls for an interinstitutional arrangement to be reached between the institutions of this Community. We cannot move forward on the global package of

DONNELLY

measures that will come before the Community in September unless, before the recess, we know exactly what the timetable will be and unless we have clear guidelines under which the legislation will be considered. I hope when Mr Bangemann addresses this House he can assure us that an interinstitutional arrangement can be reached so that we can deal with this whole matter in a constructive way. We need the timetable, we need the procedures and I would say to Mr Bangemann that, conditional upon that package and upon the inter-institutional arrangement, this House will, of course, cooperate to ensure that we consider the legislation in advance of the all-German elections in December. But this House does not sign blank cheques. It does not rubber-stamp decisions of the Council or the Commission. We intend to be fully involved as joint partners in this procedure.

Can I also turn to the question of the state treaties and perhaps address some of these remarks to our friends from the *Volkskammer*. The first state treaty involved some consultation with the Commission. There were certain areas of Community competence. The Commission did not consult with the European Parliament on that matter and I hope that since the Commission is going to be involved in discussing the second state treaty, that this House will be consulted on the second state treaty where Community competence is involved. It will help to facilitate the process of unification if we are involved at that stage.

On information, Mr President, I am sure everyone including the Commission and the Council, recognize that one of our big problems has been the lack of information on the state of the economy in the GDR. We need a proper flow of information between the institutions and the German authorities which will allow us to take reasoned decisions in the autumn. If we are going to be debating agriculture, state aids and competition policy then we need the information upon which we can make those decisions and I hope Mr Bangemann, and perhaps the German authorities, will guarantee us a proper flow of information in the next few months.

We also need to recognize, when the interim package comes before the House and during the transitional period, that this House must assess in clear steps in the impact of those transitional measures upon the Community. We constantly approve the package and then forget about it. We need to monitor the effects that all of these transitional measures will have on all of the key policies of the Community and again I hope that Mr Bangemann will talk about the measures that will be taken to monitor the effects of German unification in the next months and next few years as we move through the transitional stages.

We have all learned in the last few months, and certainly the Temporary Committee has learned, that the question of unification is a very complex one. It touches every policy of the Community: whether it is the structural funds or whether it is the budget of our

Community; whether it is our relations with external countries outside the Community or whether it is a consideration of our research and energy policies. Our discussions in the autumn must reflect the fact that all these issues will be touched by German unification and therefore we need procedures to allow us to deal with these matters efficiently.

As far as the European Community is concerned, we want to offer to the citizens of the GDR after unification, a welcome. We want them to play their full part in the Community. We want them to benefit from being part of the family of the European Community. We know from the statistics that after unification, after a very short time, we will start to see an increase in the overall wealth and growth within the Community because of the positive contribution that the citizens of the GDR will make.

We want to send a message today in this interim report that we look forward to the unification process when it occurs in December. But we also need to send a message externally to the neighbours that we have around the European Community: to Mr Gorbachev and to the emerging democracies in Central and Eastern Europe. This European Community, through German unification, does not want to destabilize the situation in the Soviet Union and we want unification to act as a bridge into Central and Eastern Europe. We want it to be the catalyst which will develop closer links with those nations and I hope that this will be emphasized during this debate.

On the question of security, President Delors asked us some weeks ago in the German Unification Committee what our views were and we would like to turn the question back to the Commission. We feel that the European Community should be involved in the CSCE process and I would welcome the Commission in the next few months to come forward with proposals on how the European Community can be involved in that CSCE process. It is important that our voice is heard. But it is equally important that we say to NATO and to the Warsaw pact that they must start to end the bloc mentality and they must start to develop closer links.

In conclusion, Mr President, can I say that this debate is important. In the autumn we have to come back to look at the institutional question of representations in Parliament in the long term. In the short term we want observers from the *Volkskammer* to take part in our debate. It is an important debate. We send a positive message to the citizens of the GDR and we welcome the unification process.

(Applause)

BOFILL ABEILHE (S). — (ES) Mr President, I should like to begin by saying that for all of us here, German unification is one of the events which during the last year has shown the importance of the transformations the European continent is undergoing. For us it symbolizes one of the most important aspects of the rediscovery of Europe. Together with the under-

**BOFILL ABEILHE**

standable joy that the German people has undoubtedly shown at recovering its unity, we, as citizens of Europe, must emphasize our great satisfaction at the fact that, at long last, political reason has triumphed over that irrational division of a continent which found its most potent expression in the Berlin Wall. We thus attach special significance to the fact that political reason has imposed itself through the momentum of historical reason. We thus also consider that German unification has a fundamentally European and Community dimension.

All the foregoing implies a commitment to generosity and understanding on the part of each and every member of the European Community, so as to ensure that the difficulties associated with this process — and there will doubtless be many — can be surmounted as swiftly as possible. Such difficulties will arise not only from the need to adapt Community norms, but also from the need to adapt the economic, legal and political structures of a centrally planned economy to a social market economy.

I must also point out that we in the Socialist Group are asking for a flexible approach, to focus on the fact that these transformations will no doubt also have social repercussions. For among all the hopes sown today in the hearts of the population of the German Democratic Republic, there is also the hope that it will be possible to alleviate the social effects of transforming a centralized production structure into a structure governed by the principle of private ownership.

**BREYER (V).** — *(DE)* Mr President, ladies and gentlemen, the State Treaty on German unification has left a legal vacuum in the area of energy structures which will be exploited by the West German electricity-generating companies. I very much hope that the planned takeover by RWE, Bayern-Werke and Preussen-Elektra will be fiercely opposed here in Parliament.

What is being planned by the electricity companies is the replacement of the state monopoly by a capital monopoly with the public being largely pushed out of the picture. I therefore call on the Commission to stop this attempted conquest by the three electricity-supply companies. The project is a clear infringement of Article 85 — prohibition of agreements and decisions which prevent competition — and Article 86 of the EEC Treaty — abuse of a dominant market position.

If the Commission genuinely wants to establish fair competition in the energy sector, then it cannot remain an idle onlooker while the three electricity-supply undertakings seek to establish control over the East German market. The Commission must take legal action, whether or not the GDR's Office for the Protection of Competition and the Federal Cartels Office give their go-ahead.

At the same time the East German safety provisions applicable to nuclear power stations must be brought up to the level of West European nuclear power stations.

Where these safety provisions cannot be met, these power stations must be shut down forthwith, for the potential danger to the population would be unacceptable.

Air pollution in the GDR from the use of brown coal, the global problems, such as the impending climatic disaster, and the dangers associated with the use of nuclear power call for a complete overhaul of energy policy, with the inefficient public utilities being abandoned in favour of a proper energy services sector. The potential savings to be made in the GDR as far as power and heating are concerned are enormous, and a rational energy policy must therefore concentrate on systematically exploiting this potential on a local and regional basis. Local authorities must be put in a position to take over energy production and distribution plants. Only such a decentralized approach can ensure that all conceivable savings are achieved and that the widest possible use is made of regenerative forms of energy in the GDR.

**DESAMA (S).** — *(FR)* Mr President, it is clear that in the squall that swept through all the Community institutions after the fall of the Berlin Wall, our Parliament contributed more than any other institution to maintaining a steady course. First the setting up of a Committee to consider the impact of the process of German unification, and now the excellent report by our colleague Mr Donnelly, are tangible evidence of this.

Speaking on behalf of the Socialist Group in the debate we held on this subject in April, I stressed the importance of not getting ahead of ourselves, and of advancing simultaneously along the paths of German unification, European construction and a new collective security.

Despite the encouraging conclusions of the recent Dublin summits and the promise of a conference on political union, one would need to be endowed with singular optimism to consider that condition as fulfilled. In fact, the whole balance of the system proposed by Chancellor Kohl at the Strasbourg summit has been upset by the speed-up in the process of German unification.

The general elections formally establishing Germany's legal unity will take place as early as December; yet we shall still have to wait a good year at least before what might be the political architecture of tomorrow's Europe is sketched out. As for the CSCE, even its staunchest proponents do not suppose that by the time of the Paris session in November it will be in a position to define the new concepts of security which would make it possible gradually to leave behind the strategy of blocs.

Thus, under the pressure of events, but also of human will, the double parallelism announced by Chancellor Kohl has become a variable-geometry parallelism. This curious figure being drawn before our eyes is not our only subject of concern. More immediately and

## DESAMA

more specifically, we are confronted with a situation without precedent in our Community: a procedure not of enlargement but of extension, entailing amendments in the secondary legislation and measures derogating from the Treaty in favour of a state that is already a member. It is an unprecedented situation, the legal basis of which remains uncertain, but which nevertheless — I would even be tempted to say, all the more so for that reason — calls for adequate supervision by the only democratic institution of our Community, namely Parliament.

The Socialist Group thus attaches the utmost importance to ensuring that all the necessary conditions exist to permit a proper examination by Parliament of all — I repeat, *all* — the provisions contained in the global report to be submitted by the Commission on 12 September.

It is thus essential that agreement be reached as soon as possible between the three institutions of the Community on the arrangements and timetable for examining that report. The Socialist Group has already proposed that the vote in Parliament should take place in November, at a special session to be held in Berlin, once a symbol of division, today the scene of regained unity.

No doubt, many other fears still assail us: fears associated with the economic, environmental and social development of what is at present the GDR; fears regarding the Community's capacity to respond to these challenges without jeopardizing its own economic and social cohesion; and also fears that the Europe of the Twelve may fail to speak with one voice during the major debates on security.

We must now approach this crucial milestone in our history with lucidity, but also with confidence. Confidence, because a united Germany is first and foremost a new Germany, forged over almost half a century in the melting-pot of democracy. Confidence, because Germany's economic and financial strength is also, and above all, the strength of a free Europe united in solidarity. Confidence, lastly, because our movement towards European Union has begun, and because we now know that no one and nothing will stop it.

FERNÁNDEZ-ALBOR (PPE), *Chairman of the Temporary Committee to consider the impact of German unification on the European Community.* — (ES) Mr President, ladies and gentlemen, as Chairman of this Temporary Committee I shall not detail, in the brief time available to me, all the work, studies and meetings in which our Committee has been involved since March of this year. What I do wish to tell you is that the work has been intensive, and that the persons with whom we have met have contributed a variety of information that you will find set out in the report drawn up on behalf of our Temporary Committee by Mr Donnelly. We have worked in Brussels, in Strasbourg, in Bonn, in East Berlin, and we have steeped ourselves in the concerns of all the protagonists in this process of German unifi-

cation. Naturally we have also worked with representatives of the *Volkskammer*, which I wish here to salute, and to thank for its contribution.

During the April part-session — on 4 April to be exact — we had occasion to hold a debate on three oral questions put to the Council, the Commission and the Foreign Ministers meeting in Political Cooperation. On that occasion we passed a resolution at the conclusion of the debate which was adopted by this Parliament by a large majority. Today we are again addressing you, to report on the work that has been done, which I think will be deemed worthy of Parliament's support, in the conviction that it is an act of solidarity with the German people. This is the spirit that inspired all of us working in this Committee. And I can assure you that all members of the Committee have performed their work with a strong sense of responsibility and in a spirit of consensus, given the extreme importance of the subject with which Parliament has seen fit to entrust us. This report, on which you are going to vote today, so ably drawn up by Mr Donnelly, will be followed by a final report this autumn. I think that by then all the questions that are still pending will have been resolved.

I do not want to finish without once again stressing the importance of this matter, not only for the German people, but also for the Community itself and for Europe as a whole; or without pointing out that if the enthusiasm and fervour we have observed among the German people at the prospect of unity serves as an example and an incentive to us here in the European Parliament, I truly believe that we could achieve in this legislature the political unity of Europe that so many of us have dreamed of and longed for.

VEIL (LDR). — (FR) Mr President, ladies and gentlemen, once again we have to debate German unification. Once again we must welcome these upheavals that have enabled millions of people to regain their freedom and to hope for a better life.

On this occasion we must welcome the circumstances in which these peoples are shouldering their responsibilities to restore democracy and introduce a market economy, with all the constraints which that implies in the short term. But, in speaking of German unification, we cannot forget all those peoples who, for more than 50 years, were the victims of History. They were also the victims of our own weakness, since we sometimes sacrificed them to our own security, to our own freedom.

We welcome these upheavals. It is incumbent on us, as European parliamentarians, emphatically to point out that they represent a victory for Europe, that it is our Community which in every case constituted the model they chose and by which they are inspired today, contrary to the predictions of the prophets of doom over the years.

That is why we must constantly stress how fortunate it is that the Community exists; for just imagine the problems that German unification would pose today if

VEIL

the Community did not exist, and if it did not constitute that pole of stability and security it has constructed over the last 40 years. By virtue of the very existence of the Community, by virtue of the Basic Law and the enlargement of the territory of the Federal Republic of Germany, the *Länder* of the GDR are about to become part of our Community. We know — and we welcome the fact — that all this will be automatic; but we would have preferred the transitional measures to be the subject of a treaty, or at any rate to have been discussed at greater length. At the same time, we are aware that this process has to take place rapidly, that we could not keep these populations waiting, for, by flocking to West Germany in such adverse conditions, they threatened to compromise the future.

We accept, then, that the process should be a rapid one, but we want to see it take place as smoothly as possible. That can only happen if we are closely associated with it, as European parliamentarians, and if the Commission itself is not only kept constantly informed, but also involved in each decision. At the same time — and all of us stressed this during the work of the special committee — it is essential that the European Community should grow stronger. We may have doubted whether it was capable of doing so; now we are reassured, and we hope, after yesterday's debate, that the European Council will follow up its decisions to their logical conclusion, and that as a result, at the December summit, a decision will be taken on the unification of Germany, and that simultaneously, or almost simultaneously, important decisions will be taken on European construction.

But, on the question of unification, let us keep in mind the fact that we have ourselves to be vigilant with regard to certain consequences, particularly financial consequences, for some Member States, which must not be penalized by this enlargement of Europe and on whose behalf it will thus be necessary to adopt an amendment so as to take account of the fact in the 1991 budget. Security must be brought in, and, with particular regard to COCOM, we must not act too hastily in completely liberalizing all products, for we know that the Soviet Union is still a very great power, a fact we must not forget. We must also preserve the structures of NATO, which guarantee the American presence on our soil.

Lastly, let us be mindful of non-member states. We know that all this is going to be costly, and we must be able to meet all these expenditures. When I speak of non-member states, I am thinking as much of the developing countries as of the other countries of Eastern Europe. But above all, let us approach this unification and incorporation into the European Community in a spirit of confidence. Ensuring the success of unification is a problem that concerns all of us, because its failure would be a serious failure for all of us. It would entail a grave risk of destabilization for the whole of Europe. The war is over at last, and we rejoice at the fact. It is a symbol. It is also a symbol for our Europe as a whole, which has been a Europe of reconciliation; but the

message would not have had its full impact but for the reunification of Germany.

So let us approach unification with confidence on both sides. Let us do so in a spirit of cooperation, mutual provision of information and friendship, for it is beneath the sign of friendship that our Europe must grow, with the addition of these millions of Europeans who are joining us.

(Applause)

WELSH (ED). — Mr President, our friends from the *Volkskammer* have no doubt been gratified to hear all the speakers who this morning have welcomed as I do, East German unification unreservedly. They certainly would not have got that impression if they read the Donnelly resolution. The text which was adopted by the Socialist majority in the special committee reeks of ambivalence and ambiguity. The European Parliament notes things, it occasionally regrets and most of the time it nannies. Of course it is not difficult to see the reasons. The Socialist Group and the left general, are deeply split on the question of German unification. Only last week, the rapporteur's colleague and close comrade in arms, the honourable Member for Lancashire East, was telling my constituents that what he described as the 'take over' by West Germany of the East presented severe economic dangers to the rest of us and would lead to the diversion of large sums of aid from the northeast. The trouble is that the left have never been able to come to terms with the fact that this particular state, which in the past they have so often held up as a model for the rest of us, has been an abject failure. It has been a little pathetic to see their attempts to justify it *ex post facto* with the idea that behind every Stasi operative lay a caring social worker struggling to get out. Although these Germans may have destroyed their economy, they did have a wonderful system of workplace nurseries. With these contradictions behind him, even the rapporteur's formidable powers of being all things to all men have understandably been stretched almost to breaking point. This attitude has manifested itself in the resolution in two ways. First of all, there has been an excessive concern with form rather than substance, and secondly, an addiction to the politics of gesture. The last is most obvious in the suggestion that the entire Parliament should up-sticks and go to Berlin in November to do its legislative job. I presume an event that would culminate with the apotheosis of the rapporteur on top of the Brandenburg Gate while the angel choirs sing extracts from Parsifal, or perhaps it ought to be Blyden Races. It is all very well to provide a photo opportunity for an ambitious young politician, especially one as engaging as the rapporteur, but the European Parliament really cannot allow its procedures to be abused and distorted in this way.

Listening to Mr Cot yesterday, I got the impression that the only concern of our socialist friends was to get the whole job done as quickly as possible, devil take the substance, let's get the job done and over and get off to do the important things like chatting to the press. We do

## WELSH

not take this view. We take the view that the European Parliament is the only elected body that will have any chance whatever to analyze and scrutinise this legislation. The national parliaments will not do it because there is going to be no treaty for them to ratify. So we have a particularly heavy duty to get it right. We shall put a premium on getting it right before we get it quick. We expect Parliament to analyze the legislation in depth, to comment on it with sobriety and good sense, and do a proper job for the people we represent. It is by that test that we shall be judged.

I would like to commend to the House today two principles which I believe we should follow when we come to do our legislative task in September. First of all, let us be as generous as possible with constructive policies to help the people of East Germany adapt their economy provided — and always provided — that is done within the regular rules of the budget with an increased financial perspective, and the funds being voted on the lines where they belong in a transparent and clear manner.

Secondly, let us be as niggardly as possible with derogations. Derogations mean the suspension of the normal operation of Community law. It would be a very bad precedent indeed, and bad for the East Germans themselves, if huge derogations were granted in the name of getting them absorbed quickly. I hope that every derogation will be justified narrowly on an exceptional basis, that it will be specific, and it will be time limited. If we can do that and do it well, then maybe we can go along to Berlin in January with Mr Donnelly and have a real celebration of German unification and welcome the accession of our 17 million brother Germans to the European Community.

CRAMON DAIBER (V). — (DE) Mr President, ladies and gentlemen, I find the remarks we have just heard deplorable. We support the Donnelly report as adopted in committee, apart from the security aspects, about which my colleague will have more to say in a moment. Moreover, we must address one or two issues on which we in the Green Group have strong reservations. In particular, neither are the rules of democracy observed in Germany itself, nor are the laws laid down in the Treaty of Rome obeyed in regard to the incorporation of the GDR into the European Community.

Although the Treaties do not require the new Germany to negotiate its accession, it would certainly have been essential for this new legal body to conclude a treaty with all the other partners accepting the change in territorial validity. That would also have entailed, to put the matter on a proper legal footing, giving the Commission a negotiating mandate and involving the European Parliament in a consultation procedure. All that was in fact necessary, but it has not been done.

Some of the difficulties confronting us stem from the fact that the incorporation of the GDR is based solely on approval by acclamation of the Heads of Government for the strategy pursued by the Federal Government.

The process of German unification itself is taking the form purely and simply of the annexation of East Germany.

West Germany is dictating the terms which are to be applied in future to East Germany. The consequences of the first State Treaty are already discernible. East Germany is becoming a disadvantaged region. To that extent the new Germany fits into the normal scheme of things of the other Member States. In future, we shall have, not a *Mezzogiorno*, but a *Mezzo-East*, and there is a further defect right from the start, namely that with the union of the states the applicability of the Basic Law is simply extended. Those clauses which stipulate that the Basic Law shall be provisionally applicable are merely deleted. Despite the invocation of Article 23, a new constitution ought to have been worked out and put to a referendum, for although the Basic Law is well drafted it suffers from a constitutional shortcoming: It has never been ratified by referendum.

What are the implications of neglecting this fundamental element in a democracy, namely the legitimization of a constitution by submitting it for approval to all the citizens? What will that mean for the concept of democracy in this new Germany? We come to the next fundamental defect: The traditional parties in West Germany want to force through the West German electoral procedure, complete with the 5% clause, for the first all-German elections. In so doing, they would disregard political structures specific to the GDR. The smaller groups, which were at the forefront of the fight for democracy, would be excluded from representation in parliament. This we regard as intolerable.

The question is being considered in the European Parliament of how the 16 million new citizens of the Community are to be represented in this House. In tackling this issue the European Parliament is at least taking its democratic role seriously. We should like to make the most far-reaching proposal in this debate. It is that, after the unification of the states, the German Members should resign as a body, making possible new elections to the European Parliament throughout Germany, thus serving the cause of democracy.

IVERSEN (GUE). — (DA) Mr President, the political geography on the map of Europe is changing dramatically and rapidly in these years, months and weeks. The tremendous changes in the eastern part of Europe are a victory for democracy and a defeat for dictatorship. It is clear to everyone that a united Germany will be a major factor in the new Europe of which we can barely discern the contours at the moment.

Today we are discussing — as we have done before — the consequences of German unification for the European Community. And, while there should be no doubt whatsoever that our Group supports German reunification, we cannot overlook the enormous problems which will in fact arise from the rapid absorption of the GDR, not just into the Federal Republic of Germany, but into the European Com-

## IVERSEN

munity as well. We agree that German unification should take place with the full involvement of the Community, and we agree with the rapporteur's comments in the report to the effect that the European Parliament was not sufficiently involved in the earlier stages and should be involved more in the process than has been the case hitherto, notably in connection with the second State Treaty between the two Germanies.

It is vital for us to emphasize that European integration — and, in case anyone is in doubt, I stress that we are talking about European integration — will be hastened by the developments we have been witnessing. It is absolutely crucial. It is also vital that the economic, social and environmental cohesion of the countries of Europe be strengthened in the years to come and that we take the task seriously, not just as the concern of twelve EC countries, but as a European project.

German reunification poses a large number of questions for the Community, relating to the internal market, the development of common policies and economic and monetary union, which will affect all twelve EC countries. It raises crucial questions for us in the field of institutional changes and will impose major tasks in the field of environmental policy and, not least, in connection with the budgetary consequences for the Community. The budgetary consequences are altogether uncertain; that is only to be expected, but we must nevertheless take them very seriously, starting with 1991.

I should like to devote a little time to the question of environmental policy. I think it is to be welcomed that the two German states have added the objective of an environmental union to the economic, monetary and social union which is to be forged between them. It would also be gratifying if the forthcoming intergovernmental conference between the EC countries took up a proposal for an environmental union, and it would be of value if the EC countries attached as much importance to such a union as they do to their efforts to create an economic and monetary union.

When we look at the environmental problems and German reunification in relation to the EC, we are immediately confronted with two sets of questions to which we must address ourselves in any event — there are certainly many more. To begin with, the question how quickly the GDR can adjust to the Community's environmental standards. The second question is of course what financial and other forms of support the EC is willing to offer the GDR in order to ease the country's catastrophic environmental situation.

On the first question we favour the earliest possible application of the EC's environmental standards. A certain number of departures from the EC directives will of course be necessary, but it is important for the Commission to take this question seriously. I therefore ask you, Mr Bangemann, to state if possible in your answer today whether you are prepared to draw up a catalogue at the earliest opportunity of what departures will be needed, what exemption provisions should be

applied in the field of the environment and what periods they should cover.

The second question on support for the GDR is at least of equal importance. It is vital that the Commission put forward plans on what financial resources can be made available to ease the grave environmental situation in the GDR. In my view that will serve as a pump primer in setting developments in motion to improve the environmental situation, which after all is just as catastrophic, in the other Eastern European countries. What we do to help clean up the environment in the GDR will be the touchstone of our ability to help the rest of Eastern Europe.

Lastly I should like to thank the rapporteur for the considerable work he has accomplished. He can moreover continue to count on our cooperation in the Temporary Committee on German Unification.

**CHABERT (RDE).** — (FR) Mr President, ladies and gentlemen, our Group will of course be voting for the Donnelly report. It expresses, clearly and in detail, the intensive work done by the Temporary Committee under the chairmanship of Mr Albor. The Committee was able to observe, often at the actual scene of the events, the effectiveness of cooperation between the leaders and economic operators of West Germany and those of the GDR in bringing about in just a few months a metamorphosis that would have been unthinkable only last November. Gradually, the structures that will enable the GDR to move over from a centrally planned economy to a market economy are being put in place, or will be in the weeks to come: the banking and monetary systems, insurance, treatment of employment problems, training, legal, tax and accounting skills. Our feeling is that it will be a success, and we welcome the fact. It augurs well for the future of the other countries of Central and Eastern Europe. However, let us take care to ensure that this development is not just confined to Germany, but falls squarely within European perspectives, and let us gauge some of its consequences.

At the budgetary level, it will be necessary to revise the financial perspective. The regions of East Germany will have to be able to benefit from the structural funds. It is essential that this should not be at the expense of the other regions of Europe that benefit from these funds, especially the peripheral regions. Community revenue will thus have to be reviewed, and in particular, specific measures such as those adopted at Fontainebleau in 1984 will have to be revised, even if these changes need to be phased in gradually, to take account of the specific circumstances of each state.

At the institutional level, implementation of Article 23 of the German Basic Law does not imply a revision of the Treaties, and we must formally acknowledge the fact that the leaders of the GDR have several times — indeed, here in this very Assembly — affirmed that in consequence there would be no renegotiation of a united Germany's representation in the various Community bodies. This is important, if the balance of our



## CHABERT

institutions — even if it sometimes appears unjust to some — is to be preserved. However, we do of course welcome the presence of observers from the GDR and the future *Länder*, pending the recomposition of Germany's representation.

With regard to defence and security, very fortunately the new situation emerging in Europe is providing us with an incentive to rethink our whole system of security. It will have to be based on the principle of dissuasion with regard to potential dangers which, while they have changed in aspect and in origin, nonetheless remain real. The rise of certain forms of religious or nationalistic fanaticism oblige us to remain vigilant and, before thinking of doing away completely with a given defence system, it would be more appropriate to think in terms of a dissuasive, pacific and co-operative evolution of that system.

Lastly, at the level of our European development, why should we not take advantage of the opening up of all the countries of the East to provide our Community with new major projects on transport, the environment, and telecommunications, which is one of the weak points of the countries of the East generally? Any field in which the technological capacities of our enterprises can show their worth, united in major projects, with substantial financial support in the framework of an extended PHARE programme, or through the financial resources of EBRD, will constitute a challenge for our countries.

SCHLEE (DR). — (DE) Mr President, ladies and gentlemen, it must be acknowledged that Mr Donnelly and the Temporary Committee have worked hard since 15 February 1990, as evidenced by an interim report presented in three sections and covering 132 pages. Mention should also be made of the supporting document prepared by the European Parliament's Directorate-General for Research.

I join Mr Donnelly in taking the Commission to task for failing to secure Parliament's involvement in its contacts and initiatives at this crucial stage in European politics. At this point I also wish to use this opportunity to object most strongly on behalf of the Technical Group of the European Right to our group's exclusion from the Temporary Committee's proceedings.

In the interests of the credibility of this House as a democratic institution, we demand that this unworthy situation be ended forthwith. The interim report contains much that is constructive, but leaves considerable room for improvement.

Since time is short, I shall confine myself to a few problem areas in the interim report. The last sentence of point 12 of the explanatory statement, on p. 18, says: 'The GFR itself has the largest and most powerful economy in Europe, and is in a better position to absorb the shock of unification than would other European Community Countries'.

I can well believe that the uprising of Central Germans in the name of freedom and German unity came as a

shock for the political parties in Bonn, since such a possibility had been largely discounted, despite the clear reference to it in the preamble to the Basic Law, which many would have liked to see amended for that very reason. The fact that numerous European friends and long-standing partners of Germany perceived it as a shock became painfully obvious to Germans from the concerns and misgivings voiced, even in this House. But why should it have been a shock? Was it not the most natural thing in the world and truly European that Germans should seek to be free and put an end to an injustice they had suffered for 45 years?

The statement in point 5 on p. 17 of the explanatory statement, that '...support for German unification but within a European Community context and with the Community fully involved...' reminds one very much of Chancellor Kohl's declaration that everyone, in both East and West Germany, was agreed that recognition of the Oder-Neisse line was an essential condition for German unification. Incidentally, I would point out that Central Germans are not East Germans. As a native of Mecklenburg, I ought to know what I am talking about. Do you not realize that both demands are at odds with the right to self-determination and all other basic principles of national and international law? In all this haste conditions are being imposed which have no place in any genuine European peace settlement worthy of the name.

The interim report bristles with dubious premises and despite all the positive aspects — which I readily acknowledge — unnecessarily undermines its own position. We welcome the unification of Germany but condemn the far-reaching interference with sovereign German decisions.

(Applause from the Technical Group of the European Right)

CARVALHAS (CG). — (PT) Mr President, in our opinion — one which, furthermore, is widely shared — the question of German unification is not a question of concern only to Germany. This question also affects the European institutions, all the European states and the 35 states linked to the Helsinki process.

In this regard, we should like to make an initial observation. The Commission, though formally associated with the negotiations between the two German states, was in fact almost always presented with a *fait accompli*, whether regarding the decisions of the Government of the Federal Republic of Germany or those of the Bundesbank. But instead of learning from this experience when it came to its relations with Parliament, the Commission also to a large extent adopted the same principle of the *fait accompli* in its relations with this institution. In this respect we agree with Mr Donnelly's report when he considers that no decision must be taken in the framework of the Commission's global package of measures, a promissory note that it will present in September to accompany German unification, without that package

## CARVALHAS

first having been approved by the European Parliament. That is the minimum we can demand so as to ensure that the democratic deficit so often spoken of here does not become still more acute.

We thus agree with the remarks made by Mr Donnelly a few moments ago when he said that we are not prepared to sign blank cheques for the Commission. We think that, before the start of the negotiations between the two German states on the conclusion of a second treaty, we should be informed of, and officially associated with, all the negotiations regarding the European aspects of the question.

The lack of information, for example, on the social situation and the economic situation in the GDR is significant; but that is not all. In our view, while it is on the whole positive, the interim report by Mr Donnelly does not yet offer all the necessary guarantees that the process of German unification will respect the interests of the peoples of Europe.

We are therefore submitting proposals in three crucial areas — the social area, democracy, and security. At the social level, although we are delighted that, following our proposal, Parliament is expressing the desire that German unification should respect existing social rights in both German states, what is certain is that after the first treaty we already have adverse social consequences, unemployment and insecurity, resulting from the process of unification. This question cannot be oversimplified.

With regard to representation, we consider that the report should be improved in one essential area: that of the representation of citizens of the two German states in European decisions and institutions after unification. The Donnelly report provides for East German observers in Parliament, but only until the date of unification. From 1991 to 1994 the eastern part of Germany would not be represented. That is an unacceptable state of affairs.

Lastly, the question of security. On this issue the Donnelly report reiterates the position already adopted by this parliament, but the text implicitly implies, and without any proposal for a change in the two blocs, accession by the unified Germany to NATO. We think that this is not a move conducive to peace, cooperation and collective security for the whole of Europe.

**PIERMONT (ARC).** — (DE) Mr President, the committee that has presented this report bears a name which is scarcely surpassable for sheer bureaucratic pompousness: Temporary Committee to consider the impact of German unification on the European Community. The report fully lives up to this name by its pedantry and its fearfulness of treading on the toes of the mighty Federal Republic. If you keep your short-sighted eyes glued to your calculators, then you may know just how many ECU all this will cost, but your shopkeeper's mentality makes you blind to the fact that you are helping the construction of a German Europe.

That unification is bringing about a resurgence of German nationalism is either expressly denied or, as in this report, deliberately ignored, although the pitiful West German 'triumph' at the World Football Championships was celebrated by neo-Nazis in many towns, but especially in East Berlin, with street battles which resulted in fatalities and hundreds of people injured, although the motorways between Italy and Germany on Monday were teeming with horns blaring and displaying huge West German flags or black-red-yellow scarves.

Is the committee, is this Parliament blind? Does it not see that for some time now the world has been gripped by a kind of new policy of appeasement towards West Germany? That the Federal Republic is daily raising the tempo of unification, not shirking in the process from pressures or from cattle trading on an enormous scale? How else can one explain that only about three weeks ago the GDR's Prime Minister, Mr de Maizière, threatened to resign if all-German elections were to be forced through already this year by the West Germans for electoral reasons, but that shortly afterwards, under pressure from the Federal Government, it should be precisely the GDR who should be calling for elections to be held in December 1990? How else is one to interpret the 5 billion-mark credit with which the Federal Government is seeking to buy the USSR's consent to united Germany's membership of NATO? Just compare this calculated generosity with the humiliating treatment meted out to the Modrow Government when it asked for financial assistance laughably smaller by comparison! One cannot escape the conclusion that here a position of strength is being inexorably exploited.

Does the rapporteur believe, does this Parliament believe, that in these circumstances the security interests of the USSR and the other countries which fell victim to the Second and Third German Reich are adequately served if no NATO troops are stationed on GDR territory? Cast your minds back, just how long was the treaty laying down the demilitarization of the Rhineland respected? What are we to think about the statements on the Polish western border when as recently as in May of this year in the Federal Republic a Luftwaffe pocket book was printed in which Western Poland and the region around Kaliningrad were claimed as German? The committee did not even dare to call for the sovereign Germany produced by the '4+2' negotiations to adopt a constitution under which it would commit itself neither to develop nor to manufacture, stockpile, possess nor use A, B, or C weapons.

If the Federal Government once again bases its political action on the motto '*Deutschland, Deutschland über alles*', then it should have been the duty of this Parliament to respond with the words 'never again Germany'. Its failure to do so I regard as a grave mistake, for which you will bear the responsibility!

**VAN DER WAAL (NI).** — (NL) Mr President, after 2 December German unification will, if all goes according to plan, be a reality. Community law will

VAN DER WAAL

then begin to apply in what is at present the GDR and practically the whole of the legislation of the Federal Republic will take effect there. Although this last matter is an internal German affair I do venture to hope that in the process the legislation of the GDR regarding abortion, which conflicts with the West German basic law, will be written out of the statute book.

Concerning the implications of unification for the EEC I can mention only a few points. First of all transport. Even though a big share of the anticipated growth will have to be taken up by road transport, efforts must be made to maintain the dominant position currently held by rail transport in the GDR. The position expressed in the Donnelly report regarding the strengthening of infrastructures is important in this respect. I would also like to see a paragraph on inland waterway navigation included under the transport heading. Establishing this as a priority will give additional underpinning to the case for the environment set out in the report.

In the field of free trade and competition many things still need to be clarified. We must guard against the imposition by the GDR of import tariffs against the countries of the EEC during the transitional period. The Commission's proposal for a customs union is deserving of support therefore. And in order to forestall distortions of competition from the Federal Republic it is also desirable that mergers and forms of cooperation arranged before formal unification be made consistent with the rules of the Community on mergers and competition.

Finally, the most significant and pleasing aspect of German unification is that from the centre of Europe it will again be possible to look both west and east. In this changed situation new and stable relations will have to be shaped out from the existing EC and NATO cooperation structures.

**CRAWLEY (S).** — Mr President, I add my congratulations to Mr Donnelly and the Temporary Committee on German Unification. Mr Donnelly has done an enormous amount of work. I also thank him for the very good relations he has established with my committee with regard to our opinion on that report.

It is a pity in this very serious debate on the future of Europe — a very positive debate from all sides of the House — that Mr Welsh should choose to make cheap party political points at the expense of a serious debate. He made very snide remarks about workplace nurseries in the GDR. Perhaps he would like to find a workplace nursery for his Tory minister, Mr Nicholas Ridley, who seems to be unable to grow up on Europe and realize that Europe has moved on and left reactionary conservatives like him behind.

Mr President, if we look at the position of women in the GDR, there are important points that need to be made. Some 91% of women of employment age are in employment in the GDR. Although on paper the workforce is highly qualified, their qualifications will not necessarily be adequate in the context of the current

restructuring of the economy. The very high proportion of women in employment has been made possible by the very extensive system of child care. Every child in the GDR is entitled to a nursery place. There is also pregnancy and maternity leave. Basic wages are payable from six weeks before to twenty weeks after childbirth. Women are entitled to choose abortion facilities during the first twelve weeks of pregnancy. The family law code of 1965 envisaged equality for women in all areas and equal responsibility for men and women for providing for family child care and for housework.

But in practice in the GDR, as in many EEC countries, women are regarded as primarily responsible for family work of every type in addition to their paid employment. What do we need to do? The following things need to be implemented. As women are strongly represented in the lower wage bracket, they will be particularly susceptible to the unemployment that is expected to follow the process of restructuring in the economy. They will therefore need, in addition to material assistance, short and medium term further training and retraining programmes. We need to extend to the GDR the third European Community action programme to promote equal opportunities for men and women. The legally enshrined right for every child in the GDR to have a place in a nursery could, with enormous improvements, serve as an example and set a standard for the entire European Community. Parliament has been calling for many years for a Commission directive on child care, a key issue in ensuring equal opportunities for men and women. The Committee on Women's Rights will continue to take an active part in developing the next stage of the Temporary Committee's report. We wish them well.

*(Applause)*

IN THE CHAIR: MR TELKÄMPER

*Vice-President*

**WETTIG (S).** — *(DE)* Mr President, ladies and gentlemen, Mr Donnelly's report has quite rightly received repeated praise. I should like to thank him especially because the report displays such openness towards the changes taking place in East Germany that it will help us to conduct a candid discussion in a situation in which these changes have provoked anxiety throughout Europe.

We have been talking about it since November of last year, and in this debate the sentiments expressed have not always been friendly. In the meantime we have succeeded in making clear that, although problems remain, the changes in the GDR and in the whole of Europe are creating great opportunities for the entire European Community, and that it will be possible not only to maintain the Community's dynamic role, but also to give an impulse to the further development of the Community and its policies. That is the prospect offered

## WETTIG

by the changes now taking place in East Germany, which are leading us to the unification of the two German states by the end of the year.

Nevertheless the report rightly raises a series of questions connected with the future of the Community and its policies. In particular, the attitude of the people of East Germany to this process is still uncertain, as are their expectations. Demands are being made. These demands are directed at the Community and we shall have to consider them. Many demands are addressed to the Federal Republic of Germany, with which the GDR is to merge, and above all to the Federal Government itself.

Disagreement has arisen about whether the committee has always been adequately informed. The one thing we can be sure of is that the Commission was fully informed. Much of this information, however, never reached us, so that we were in large measure obliged to make our own investigations, assisted by research organizations which supplied the background information for our interim report, as they will for the further report. We can only hope that in the autumn, when the Commission package is ready, the situation will change and we shall be able to work on a different basis.

The rehabilitation of the GDR, for that is what it is, the transformation of a run-down, centrally directed economy into a market economy is unique in economic history. Quite exceptional efforts will therefore be needed to carry the process through. It is not merely a matter of finding the money, but in particular of the developed market economies transferring their know-how to the GDR, which will be important as it will serve as an example to the other countries in Eastern Europe showing them how such problems can be tackled.

This process offers unprecedented opportunities but, on the basis of the developments of the last few days, these opportunities are not always exploited as we politicians should wish. Enormous efforts will have to be made to make clear that the opportunities must not be exploited at the cost of the people affected. Political measures will have to be taken to arrest some of the developments in East Germany and ensure that hard-won political democracy is also accompanied by an improvement in the standard of living of the people of the GDR. That will be a major socialist objective in the autumn of this year when the European Parliament comes to examine the entire package.

**TINDEMANS (PPE).** — (NL) Mr President, when talking politics it is not in my nature to overplay things. However, this debate on the Donnelly report certainly is very special and it can also be viewed as a test of the new European spirit which should be galvanizing us. Mr Donnelly's knowledge of the issues and his courtesy and moderation earned him authority in the Temporary Committee and the work proceeded well as a consequence.

Concerning the report bearing Mr Donnelly's name there are two considerations that I would like to concentrate on. After having played a very positive part in the Temporary Committee's proceedings the EPP Group ultimately had to withhold support from the report. I do not wish to reopen the debate over the mandate and role of the Temporary Committee. We went over all of that yesterday. However, and Mr Brok made this clear on our behalf in the committee, positions have been insinuated into this report for which the committee certainly has no competence. On the question of abortion for instance, and also uncalled-for and politically unsafe positions regarding the monitoring of German reunification. This is no longer coordination, but rather politics in the dangerous sense of the word. And for this reason it will be difficult if not impossible for the EPP Members to support the report unless changes are made to it.

Secondly, the question of preparing for the future. As a good example of a European initiative I always point to the European Coal and Steel Community and to how it has triumphed over dangerously antithetical industrial competition positions of the sort that existed between Great Britain, Germany and France before 1914. In 1978 the American Harvard University professor, Kinderberger, published a book in which he says that the principal cause of the First World War was, in fact, this industrial competition. Who among us here would dream of suggesting that these industrial activities of the member states could ever be a cause of war now? In the new Europe, the Europe of economic and monetary union, the German question and German reunification have to be seen in a totally different perspective. Furthermore — as was said here yesterday also, among others by Mr Giscard d'Estaing and myself — we have been won over to the federal formula, with a second chamber in which the member states would have equal representation. This is a totally new situation that is taking shape, therefore, by virtue of these factors, and a new and promising chapter in the history of Europe is being heralded in.

The Bocklet amendment concerning the representation of the GDR in this Parliament must be considered in this light. Bocklet is proposing that GDR representatives be granted observer status until 1994. This strikes me as a sensible, modest and fair proposal, and we therefore ask for it to be accepted. My country has unique acquaintance with the tragic history of Europe. That being so I strongly endorse the Bocklet amendment, and I know that there are many who in the light of the present circumstances, and given the factors that I have just outlined, feel the same way.

The matter will certainly be on the agenda of the forthcoming intergovernmental conference on the institutional questions, but there everything will hinge on what is proposed. Let us not for heaven's sake spoil the very positive stance on the future that the European Parliament has so far taken by indulging now in a baleful debate about such a sensitive point. We in Europe are living through extraordinary times, and

## TINDEMANS

German reunification is an imposing element in the scenario. History will judge whether we in this European Parliament were up to the task of correlating these momentous developments not to the past but to a shared and better future for us all.

**MENDES BOTA (LDR).** — (PT) Mr President, this was not an easy report to prepare, and Mr Donnelly deserves our gratitude for the work he has done. But we note that the present draft resolution devotes a mere two-and-a-half lines to German economic and monetary union: that is too small a space in which to express the exportable turmoil that results from placing the eastern framework on the same footing as the western framework, whether at the monetary or the economic level. All this is important for the disparity in the relationship between average wage levels and the competitiveness of the two Germanys in the industrial sector: the doors are open and there is freedom of circulation. If the priority is to make the GDR's industry more competitive, it is not possible to bring wages into line, and we shall witness a massive transfer of the working class to the western part of Germany. There is not a line in this resolution guaranteeing the migrant communities in the FRG protection against the unemployment and wage dumping to which the volume of supply on the labour market will certainly lead. It is as well not to forget that those communities include particularly large numbers of Spaniards, Portuguese, Greeks and Italians.

Lastly, we must beware of the consequences that integration of the GDR may entail for the Community fisheries sector, given the size of the East German high-sea fishing fleet, with more than 150 ships, and the scarce fishing resources contained in Member States' present quotas. It will be necessary to provide very strict guarantees that a unified Germany's fishing rights will be the sum of the present rights of the two Germanys, and that there will be no demand in the future for additional rights at the expense of other Member States. But in order to ensure this, the Community must also guarantee the continuity of the fishing agreements concluded between the GDR and third countries. German unification was welcomed unanimously in this Assembly, but the fact is, the analysis of its consequences requires equal doses of pragmatism and of solidarity.

**FERNEX (V).** — (FR) Mr President, the Temporary Committee recognizes, of course, the importance of the Conference on Security and Cooperation in Europe which is to meet this autumn in Paris. That is a good thing, and we approve of it. However, it does not spell out why the CSCE must base joint security in Europe on a European Security Council, with the establishment of a timetable for disarmament, and above all, for conversion of the armed forces and the arms industry. The fact is that our Temporary Committee should have sent a very clear signal in two directions; but it failed to do so, and we very much regret the fact.

Firstly, a signal to the Two-plus-Four Talks. These talks should, as quickly as possible, bid a final farewell to Yalta, by means of a treaty to guarantee permanent frontiers, particularly in the East; to establish a timetable for the withdrawal of the allied occupying forces that are still in Germany, namely the French, British, American and Soviet troops; to solve the problem of banning the stationing of nuclear, biological and chemical weapons on German soil; and lastly, to set up a purely defensive defence system.

Secondly, a very clear signal to NATO. NATO and the Warsaw Pact are fossils left over from Yalta. The Warsaw Pact is already disintegrating, and several countries have asked to leave it. The small strategic adjustments agreed last week at the NATO Summit in London are not enough. NATO must not be re-suscitated at inordinate cost and with the aid of an iron lung. German unity, and beyond that, the opening up to the countries of the East, require, as we have heard at great length, very substantial funds, enormous sums to be spent on the environment, and in the social sphere — particularly with regard to policy on women — and in converting the arms industry.

Throughout the world, unfortunately, our military budgets continue to grow, and the few reductions planned are totally inadequate. In saying that, I am speaking of the West, because in the East the German Democratic Republic has already announced reductions, but one wonders what will become of this when there is no longer a German army, a matter of concern to us. So it is of absolutely paramount importance to set up a programme to convert the arms industry, naval dockyards, munitions factories and especially the nuclear weapons industry. I would draw your attention to the French nuclear tests which are taking place at a time when everyone is talking of détente. Atomic bombs are not the way to secure stability in a Europe that we wish to see governed by peace, solidarity and fraternity. So let us stop channelling brains and money away from life and towards death.

**NIANIAS (RDE).** — (GR) First of all I want to compliment Mr Donnelly on the comprehensiveness and clarity of his report and on his recommendations. I hope that as the expression of the views of the European Parliament this report will receive the future that it deserves.

German unification is becoming a reality and it is something that should move us deeply because it is bringing an end to the division of a nation. There are of course many areas of difficulty associated with this process and it is essential that we act from the basis of a clear European policy with regard to these. I am pleased that very precise views on how to tackle these difficulties are already emerging at quite a number of levels of European thinking and political life. German unification must be viewed within the wider European perspective. The Community, likewise, is viewed from a particular perspective in the East, and therefore the news today of Gorbachev's election, which means that

## NIANIAS

the forces of peace and understanding in the East have again prevailed, also pleases me greatly.

Mr President, I have tabled an amendment and a question on a difficult matter that to a large extent has been resolved after a fashion but which still remains to be dealt with fully. Germany has recognized the Oder-Neisse border and that must be good news, but the question of frontiers needs to be addressed in a much wider context. The old Fourçans report, which called for the Community to define its land and sea frontiers, should have been acted on. It is to this need that my question and amendment in connection with paragraph 70 of the Donnelly resolution refer. The Community must define its own frontiers so that we can know with absolute certainty where it begins and ends, and it must do this quickly. When we speak about security we need to know the exact extent of the geographical area we are seeking to protect. When we speak about the application of Community law we need to know precisely where the Community's writ runs. During the last part-session I received a favourable reply from Mr Collins, and I hope that the matter will be taken up and that the Commission and the Council will provide us with a precise definition of the Community area because the unambiguous implementation of Community policies demands this. No response on the question of the frontiers will just mean more anxiety and more complications. That is the position I take with my amendment and question.

FUCHS (S). — (FR) Mr President, ladies and gentlemen, the French Socialists have always favoured the unification of the two German states. They have always considered that the post-war split, linked to the East-West confrontation, was artificial and temporary. It is true that over the years such talk had become very largely rhetoric, for any evolution in the real situation seemed not to be a credible prospect. It was thus only to be expected that, once we had got over our initial wonder and joy at the fall of the Berlin Wall, a number of questions should surface.

First, with its main focus of attention a distant prospect of unity that had suddenly once again become a topical issue, would the FRG turn in on itself, to the detriment of the European Community, among others? For a moment it seemed as though that might happen, when, at the end of 1989, it refused to sign the Schengen Accord; or when Chancellor Kohl hesitated categorically to recognize the Oder-Neisse frontier.

Today, we are completely reassured on that score. The conditions for the relaunching of Europe begun in Dublin clearly show that, on both sides of the Rhine, absolute priority is being accorded to strengthening our solidarity in all its various forms. It is a logical choice. It is no longer possible for any one of our countries to claim that in the future it will be able to cope single-handed with the technological developments that will increasingly condition our future. No one country can any longer claim to benefit from a broad zone of monetary stability, without the decisions involved being

equitably shared. And we shall not ensure our future security and defence other than by a concerted effort — unless we are once again to place ourselves in the hands of an external protector who would inevitably influence our cultural and societal choices.

Over and above simple logic, however, the evolution of the Community towards a political union strengthening its federal characteristics is also an historical satisfaction, for it rules out once and for all any temptation to embark on some solitary adventure. But there was also another question: what would be the effect on German public opinion of the prospect of unity? On that point, too, we have now been reassured. There has been no delirious or excessive enthusiasm either in the GDR, where the fear of unemployment is growing, or in the FRG, where the question who is to pay for all this is more and more on people's minds.

On both sides, progress towards unity is being welcomed with justifiable satisfaction. But the recent electoral setbacks for the extreme right, as well as its internal rifts, confirm that everything is going ahead without any upsurge of nationalism. It is thus the future responsibility of the Community to contribute to the maintenance of the current climate, to ensuring that the rise in unemployment in the GDR is contained and that the cost of its integration is shared.

The conclusions of the report presented today by Alan Donnelly represent the first contribution by our Parliament to these objectives. They will continue to retain the attention of all the European Socialists, for the terms under which the territory of the GDR joins our Community will be examined with the greatest attention by the other countries of Central Europe and will undoubtedly have an important bearing on our future relations with them.

In less than three years now, the frontiers between our twelve states will have vanished. Far more than a mere confederation, our Community will be moving towards a form of federal structure without precedent. When that time comes, the history of our West European tribal conflicts will seem a distant memory. Let us never forget, however, that this victory over war will have been a victory of democracy over totalitarianism of every complexion; and above all, let us not forget that it is the values of that democracy, freedom but also solidarity, that are our best guarantee against any backsliding.

PIRKL (PPE). — (DE) Mr President, ladies and gentlemen, I also wish to begin by thanking the chairman of the committee, Mr Fernández Albor, and its rapporteur, Mr Donnelly. Going about their work in a competent and constructive manner, they have managed to produce respectable results. However, let me explain briefly why I cannot wholeheartedly endorse the outcome of their work.

It seems to me that the report lays much greater stress at many points on reservations and problems connected with German unity than on the satisfaction of the

## PIRKL

Community and of this Parliament with the welcome fact of German unification in peace and freedom.

After all, what should have been highlighted in the report is our happiness at the fact that one of the cardinal principles of the international order, namely the right of every nation to determine its own fate, can now also be enjoyed by the German people, or that 16.5 million Germans, who feel they belong in a Member State of the Community but have hitherto been kept apart from it by force, may now freely join the European Community, that these 16.5 million Germans can now hope to share in the spiritual and material achievements of the Community, and that these new citizens will open up new markets and provide a new impetus for the Community as a whole, from which we can all derive many benefits.

In many of its points the Donnelly report strikes me and many of my political friends as objectionable because it attempts to go into matters which without any doubt fall outside the Community's sphere of activities. A particularly serious example of that is paragraph 51 on abortion, which to us is quite simply unacceptable. Such a matter of conscience should not be turned into a Community issue and anyone who does so is putting the Community's integrity in peril.

There are unfortunately other instances of the report's seeking to meddle in matters which fall outside the Community's powers, notably in connection with the political, economic and social organization of the future united Germany. A glaring example of that is the quite incomprehensible demand put forward in paragraph 42 for the decentralization of the German power station structure. This is a question to be settled exclusively at national level. One should from the outset avoid giving any grounds for suspecting that terms and conditions are being imposed on a united Germany which no other Member State has ever been required to fulfil. Let me state quite plainly: The sovereignty of the united Germany must be as paramount, within the framework of course of Community law wherever it takes precedence, as that of any other Member State.

As Chancellor Kohl has already pointed out in this House on more than one occasion, the united Germany will owe the opportunities and freedoms derived from its self-determination to the fact that the Federal Republic is bearing the lion's share of the financial burden of unification, without endangering the Community's structural programmes or development aid projects.

We also find unsatisfactory in its present wording paragraph 76 concerning the representation of the people of the GDR in the European Parliament in the period leading up to the elections in 1994. A solution must be found covering the whole period and not merely up to unification in December of this year.

The extent to which the reservations outlined above are mitigated by the adoption of the amendments we have tabled will determine our group's attitude when it comes to the vote.

HOLZFUSS (LDR). — (DE) Mr President, ladies and gentlemen, the breathtaking speed with which the process of German unification is advancing is matched by our Parliament's reaction. Anticipating the German parliament by a few months, it decided to set up an *ad hoc* committee, which has worked so assiduously as to impress many people in both parts of Germany. I therefore welcome yesterday's decision, taken in the face of considerable resistance, to retain the Temporary Committee, for only by doing so shall we be able to keep up with the pace of events.

Unification will soon be upon us, so we should be concentrating already now on the package of measures to be applied afterwards. The German Governments and the Commission will look after the business of the day.

The interim report is now before us, and all concerned deserve our thanks for their commitment to the task and the result achieved. Nevertheless, I cannot help agreeing with Mr Pirkl that, in their enthusiasm, the committee has overstepped the mark. It is essential, therefore, that the report be reviewed before the final version is produced.

Mr Pirkl referred to abortion as an example. Even though, unlike him, I am in favour of the rules applied in the GDR, the fact remains that we have not attempted to interfere to the same extent in the domestic legislation of any other country. It may be that the subject will yet lead to intra-German — and not only intra-German — battles royal, like those to which Mrs Piermont constantly treats us.

All in all, we must continue working as speedily as we have so far. What is important is that we should secure the participation of the people of the GDR in our work, not merely in the period up to unification, but also up to the next European elections, in which they will be taking part.

I really cannot endorse the suggestion that we move to Berlin in the midst of the electoral campaign for the German Bundestag. That should be left to a later stage, when we can celebrate German unity. Before concluding, may I just add a comment on security policy, namely that it is high time for the European Community to acquire powers in the area of security policy.

LANE (RDE). — Mr President, I welcome the debate on the process of German unity. I also welcome the parliamentary delegation from the GDR. I look forward to the day when a similar delegation from Northern Ireland will be present in this House prior to the unification of my own country, which will also, let us hope, proceed in a peaceful manner.

The Donnelly report outlines the very complex problems related to the assimilation of the GDR into the European Community. A number of important points must be made. I agree that the temporary committee should continue to play a coordinating role. However, the standing committees of this House must be fully involved in processing all legislation concerning the

LANE

GDR's entry into the European Community. This will put an immense workload on these committees, especially the Committee on Agriculture. We cannot hand over any of our functions to a temporary or interim committee. The report points out that agriculture in the GDR is far removed from the family farms system of the European Community. I believe that in a short time we will see the break up of state and cooperative farms. Rigid management systems, low productivity, poor structures, worn out machinery and excessive use of chemicals have no place in modern farming. The GDR will, I believe, revert to a family farm structure. All this will require massive investments in training, education, in development of an effective regional policy and in the normal process of running the common agricultural policy. This will put a strain on the Regional Fund, the social fund and both the Guidance and Guarantees sections of the EAGGF. We must ensure that we open new budget lines to cater for these needs. We cannot and must not neglect the poorer, peripheral regions of the existing European Community. We will not accept the transfer of resources from the West to the East. The 1991 budget must cater for this new requirement.

The common agricultural policy itself will need much change. Our stabilizer system must be adjusted, the GDR will require a milk quota, a sugarbeet quota, and the 160 million tonnes of grain production within the Community must be adjusted upwards. Again we cannot allow our much needed quotas to be reduced.

JENSEN (S). — (DA) Mr President, one of the reasons why it has been so difficult for the European Parliament to get a grip on this issue is that we are not talking about taking in a new Member State. What is happening is that the Federal Republic of Germany is extending its rules to apply to the GDR. The two Germanies set out as far as possible to settle matters themselves, hence no-one felt it necessary to devote two or three years to working out Treaty amendments before reunification could take place. Germany's neighbours and the EC respected that, and even admired it. If the Treaties are not affected, the same applies to the number of members of the Commission, the Council and Parliament. There is at present a uniform number of members for the four large countries and there is a balance between them and the smaller ones. It may become a vicious spiral if that balance is to be maintained while at the same time the number of members is increased. Cooperation in the Community will suffer if the balance is distorted.

Until common German elections are held on actual reunification, the East Germans will be represented by a delegation from the *Volkskammer*. In quite a short time the European Parliament has succeeded in establishing itself as a factor in a matter over which it otherwise has no automatic influence. We had to resort to extraordinary means, such as the Temporary Committee to consider the impact of the process of German unification on the European Community. In my view the most important function of this committee has been to

publicize the various aspects of unification and to insist on involving democratically elected East Germans in the deliberations. The Donnelly Report gives a good impression of the insight it is necessary to have. The report is concerned to make the transition to reunification as open, effective and short as possible. In order to ensure that East Germans quickly begin to benefit from the rights and entitlements enjoyed by EC citizens we must act to draw up exemption provisions as soon as possible. In order not to mess things up for ourselves, it is important that new firms and plants in East Germany comply immediately with the Community's environmental regulations. We must do everything to prevent prolonging the environmental catastrophe in East Germany.

I call on Parliament to support a motion to secure minority rights. The amendment refers to the positive experience gained with the German minority in Denmark and the Danish minority in Germany. The motion is a call to Germany, but it is so important for Europe that it has a natural place in this report. It is important to peace in Europe that we should know how to treat minorities properly. We do so by highlighting differences and by supporting possibilities of development, not by suppressing them.

WELSH (ED). — Mr President, on a point of order, in view of the opening remarks made by Mr Lane, I think that we should point out that there are three duly elected Members of this House from the Northern part of Ireland. I am sure the honourable gentleman would not wish to cast aspersions on the validity of their mandates. I hope he will withdraw the statement he made that implied that there might be something wrong with their mandates.

PRESIDENT. — That was not a point of order. I shall not allow this discussion to continue.

BROK (PPE). — (DE) Mr President, ladies and gentlemen, the unity of Germany, for which the Germans have striven so often in our history and which, for a variety of reasons, was never a matter for Germans alone, can be achieved for the first time because we are assured of freedom, unity, peace and the consent of our neighbours. I believe that here lies the great distinction from the past.

German unification is taking place in parallel with the movement towards a united Europe. This united Europe finds its expression above all in the European Community and in the fact that we are all, on a footing of equality, handing over part of our sovereignty to the European institutions, in order to build confidence, increase our interdependence, and make it possible for anyone in Europe ever again to fight for hegemony. But it is also important that no Member State should be obliged or forbidden to play any special role. Our group therefore considers it vital that no special control mechanisms be introduced for the GDR territory or that the legal system of a united Germany be judged



**BROK**

differently from that of any other Member State, as is being attempted, for example, with the issue of abortion.

Setting out along the path towards a united Europe means, however, that we have to construct a new security system for the whole of Europe that protects the interests of all concerned, including the Soviet Union. In working towards that objective we must avoid the pitfalls of the past. A CSCE, which can only be inter-governmental, has had some success in recent years, but it has not prevented any wars. In the medium term, therefore, we need the integrative solution of the Atlantic Alliance, which also keeps the Americans in Europe.

It is gratifying to note that German unification will not entail any amendment to the Treaties or process of ratification, and that simple adjustment of administrative provisions will permit the Community's legal system to be applied to the territory of the GDR. It is of course essential that all the partners be fully consulted and informed, which, according to the Commission and the Council, the Federal Government has done. I would also point out that a Commission representative is taking part in the negotiations on the Second State Treaty. With the Commission's help, our Parliament can also be kept abreast of events. For instance, the Governments of both the GDR and the Federal Republic have received the Temporary Committee and have passed on a mass of information to it.

The people of the GDR have demonstrated an exceptional sense of their responsibility in connection with the introduction of economic, monetary and social union. All the same, it is only now that the full extent of the destruction wrought by 40 years of socialism is becoming apparent. Furthermore, the state-trading monopolies, which have been protected from all forms of competition, had been doing their best to exploit the citizens of the GDR. The East German parliament was therefore quite right to disband these trade organizations to make way for the genuine competition of a market economy. Once again we can see how the planned economy destroys wealth without bringing social benefits and at the same time lays waste the environment. The introduction of the market economy in the GDR offers the chance of a fresh start, enabling the people to live in a free democracy and enjoy a reasonable standard of living.

I have today learned that Sir Fred Catherwood, Vice-President of this Parliament, has called for the resignation of Nicholas Ridley, minister in the United Kingdom Government. He gave his reasons as follows: 'Fifty years and two generations after the war the present generation of Germans repudiate absolutely the nationalism which destroyed the country twice in this century. They are more securely inoculated against nationalism than any other country.' I should like to thank Sir Fred for his remarks.

**LAMBRIAS (PPE).** — (GR) Mr President, ladies and gentlemen, the temporary committee set up by Parliament to consider the impact of this momentous event in world affairs has had to grapple with an intrinsic difficulty, namely that the progression through the successive stages of the process has generated *de facto* unification more rapidly than anyone foresaw. It is exceptionally moving to note how the East German people's longing to cast off enslavement and embrace democracy and to integrate with the rest of their nation and with Europe as it moves towards political union has triumphed and dictated the speed of events.

There were many who failed to understand that this longing would sweep timetables, diplomatic processes and monetary and other such qualms aside. And some who have spoken here today have persisted in devaluing the enormous political significance of this occurrence by resorting to sterile legalism or by raising various doubts purely for the purpose of justifying a lack of enthusiasm rooted in stubborn prejudice.

The chairman of the committee, Mr Fernandes Albor, and Mr Donnelly, the rapporteur, have worked hard to fulfil the task assigned to them. However, many of the amendments which have been discussed reflect if not a negative at least a hesitant stance and if adopted would make it seem as if Parliament is reluctant to embrace this historic development with any degree of zeal. I have time to mention only two other points. Firstly, it will be essential to involve the East German people in our proceedings during the interim period by granting, at the least, observer status. Secondly, we must ensure that the integration of East Germany does not result in a reduction of support for the regions in the Community with similar structural problems.

This, in my opinion, is the only position that this Parliament can credibly adopt towards a development that we should all sincerely welcome.

**BANGEMANN, Vice-President of the Commission.** — (DE) Mr President, when, at the beginning of November of last year, even before 9 November, the Commission considered the attitude to be adopted by the Community in the face of the developments taking place in Eastern Europe in general and in the GDR in particular, we decided where the Commission's starting point ought to be and then made proposals to the other Community institutions accordingly.

Our view then was that if the GDR — be it as a separate German state or as a part of the Federal Republic — wished to join the European Community, then this would be a special case. Such a request could not be treated as a normal accession. We would not only have to return to the rules which we had always had and which described this special case correctly — these are more or less the rules governing intra-German trade — but we would also have to bear in mind that, if the people of the GDR should wish to avail themselves of the possibilities offered by Article 23 of the Basic Law, we should have to deal with the unification of the two

## BANGEMANN

German states according to special rules. We have not changed our view since.

That means too — and I should like at the very start to thank the rapporteur and the *ad hoc* committee for the important premise which we now share — that the Treaties do not need to be amended. All that we need to do in fact is to transfer the Community's secondary legislation to the GDR and apply it with the necessary adjustments. We can now look out from a secure starting point and assess everything that has happened so far and that is still to happen.

What has happened so far — and I want to state this explicitly, because there has been criticism, some of it quite sharp, of the information provided by the Commission — does *not yet* amount to an adjustment of the Community's legal rules. Our transitional measures, in other words all the steps we are preparing for the months ahead, go hand in hand with the negotiations between the two German states on a fundamental treaty, the State Treaty, which has created conditions permitting the two German states to move closer without social or other complications.

The Commission was informed about everything. We have no complaints about the Federal Government keeping things back from us in any way. The *ad hoc* committee, and also the other specialist committees of Parliament, were kept informed about progress. The President of the Commission and six Commissioners attended meetings of the *ad hoc* committee, and several of them came to the specialist committees. The chairman of the working party we had set up, our Secretary-General, spent 15 hours passing on information to this committee.

I do not entirely understand the significance of these complaints, unless they mean that there has not yet been an opportunity to influence matters directly. But that is only understandable, for the State Treaty as such regulates relations between the Federal Republic and the GDR. Now we shall be proposing a comprehensive package of legislative measures which will be necessary against the background of the unification of the states.

I felt it necessary to say all this because I do not want the feeling to get abroad that we have not given adequate support to the work of the *ad hoc* committee. We have done so, and I thank Mr Donnelly and his committee for their outstanding work.

I now want to go on to some of the areas where we now have problems to settle. First, the environment. Of course the planned economy in the GDR resulted in farreaching destruction of the environment, and this is a fact we have to cope with. The only thing we can do is to help put right the damage and at the same time make an effort to transfer our own rules on the environment to the GDR with as few derogations as possible.

This applies for example to the problem of the safety of nuclear power stations, which has been referred to. As you know, the Federal Government has already reached

an agreement with the GDR Government on these matters.

We must in any event be concerned to hold down all derogations as far as we can, because only if the Community's rules are applied as quickly and as fully as possible can we ensure that there are no discriminations and that the GDR can rapidly reach the average standard of the Community and perhaps even exceed it.

The sooner the rules of the market economy are applied in the GDR, the better, and in that connection I feel obliged to contradict something Mr Pirkl said. I do so reluctantly, for as holder of the Bavarian Order of Merit perhaps I ought not to do that.

I consider it would be wrong not to apply the Community's legal rules, for example on competition, to the GDR. The Commission will be vigilant in ensuring that no monopolies arise, particularly in the area of energy production and distribution, to prevent situations arising which might infringe not only national, but also European laws. We must make every effort from the outset to see that European laws are applied wherever possible.

A whole series of decisions will be required. We want them adopted by the Community institutions, in other words by Parliament and the Council, in accordance with the procedures prescribed.

This will signify an enormous workload for us. We shall have to work to an extremely tight schedule, because we have to reckon on unification taking place by the beginning of December. We have to adapt our laws before that deadline, and I can therefore only support Mr Donnelly's proposal that we reach an interinstitutional agreement about the manner in which that is to be achieved. I would make only one exception: You will understand that we cannot accept the committee's request for a kind of conciliation procedure on the legal basis.

In connection with other matters I have already pointed out that one cannot just choose any legal basis one likes. Each of the Community's legislative bodies, the Commission with its power of initiative as well as Parliament and the Council, must decide on their own responsibility on the legal basis for their proposals. There can be no negotiation, and therefore no conciliation. You just cannot have that. It is legally impossible.

In this act, which will involve a variety of legislative measures, we shall of course also be dealing with finance. An estimate of the costs will be made and a proposal put forward concerning the manner in which the resources are to be raised. We shall naturally keep to the principle which Chancellor Kohl offered us from the start. We do not want the cost to be paid by the weaker Member States or regions. The solution must be found in accordance with the Community's general rules.

This package will be presented on 12 September and I hope that Parliament and the Council will be able to complete both reading by the end of November. I

## BANGEMANN

believe that we can reach agreement very quickly. The information available to us will be passed on to you. I have invited the committee chairmen and rapporteurs to a meeting next week, at which I shall give them the information. The Commission will attend the further negotiations between the GDR and the Federal Republic as an observer, so that we can give you the information, enabling you to begin your deliberations in full knowledge of the current position. Problems will arise in connection with a series of Community policies, of which I shall mention only the structural funds and the question of transport infrastructure.

I have already spoken about nuclear safety and the environment. In the case of agriculture and fisheries the Commission considers it right to incorporate the GDR into the system of common policies at the time of unification. There, too, some adaptation measures will no doubt be necessary. We think it right that they should be integrated in the mechanisms, and we have taken the trouble to draw up a list of the international treaties, in particular trade treaties, which could play a part here.

Allow me to make an observation here concerning security policy and the Community's role in the CSCE process. This question goes a little beyond what has to be negotiated with the GDR, but I may refer Mr Donnelly, who asked about it, to the decision of the Dublin Summit, which for the first time gave the Commission a basis on which it can act.

The relevant passage reads: 'Considering the importance of the Paris Summit, the European Council has agreed that the Community and its Member States will strengthen their coordination with a view to defining and expressing a common position on all questions, in the various sectors of the CSCE, in which they have an essential common interest'. This is the first time that we have a declaration of its political will that the Community as such will have something to say at this conference.

What is the political background against which German unification is taking place and what is the European Community's role in this process? If it is repeatedly claimed that unification will create an opportunity for the Community, then this means not only in the material sense, but also in a direct political sense, because for the first time the Community will have a chance to show a country whose inhabitants have suffered for many decades under a dictatorship that it has never regarded freedom as an egotistical commodity to be enjoyed only by its own citizens, but that we extend our solidarity also to Europeans who have hitherto been obliged to remain outside the Community. This principle of solidarity distinguishes the Community from the history of its member countries.

Time and again there are people — even governments — who claim that European politics will continue to be determined by a balance of power. Balance of power is an outdated concept, which, moreover, has failed to achieve that which it was supposed to do. It was

supposed not only to prevent Europe being dominated by any one country but also to ensure peace, but wars have been fought to preserve the balance of power!

Today we are experiencing in the Community a solidarity that is far superior to balance of power. Whoever in the Community has something to contribute does so, without any intention of achieving dominance. That is why we no longer need these pointless efforts to achieve a balance of power. It has been replaced by the solidarity of the peoples in the European Community.

This new development has been well understood by many citizens, and we should not allow ourselves to be dissuaded by a few from pursuing our efforts.

(Applause)

PRESIDENT. — The debate is closed.

The vote will take place this evening at 6 p.m.

## 7. Cooperation Agreement EEC/Argentina

PRESIDENT. — The next item is the report (Doc. A3-112/90) by Mr Titley, on behalf of the Committee on External Economic Relations, on the conclusion of a framework agreement for trade and economic cooperation between the EEC and the Argentine Republic.

TITLEY (S), *rapporteur*. — Mr President, could I say straight away that this agreement with Argentina is an extremely important agreement. It is important for Latin America because over the last ten years there has been a considerable worsening of the situation in that Continent. In 1989 the *per capita* income in Latin America was lower than it was in 1979. For the last seven years debt servicing and other payments abroad have exceeded by \$170 billion the inflow of new funds. In short, Latin America is slowly bleeding to death. At the same time Latin American exporters face serious problems because of depressed commodity prices, and it is worth bearing in mind that a 1% fall in commodity prices wipes out £1 billion worth of purchasing power from Third World countries.

Of course these countries have great difficulty in maintaining proper access to our markets and they have great difficulty in developing the new technology which will modernize their new industry. Yet, at the same time, there have been great strides towards democracy in Latin America and the military dictatorships have gone. So such an agreement is welcome, because it will help to underpin democracy in Latin America. This agreement must also be seen in the context of a series of agreements with Chile and Paraguay and of the increasing funds which the Community has allocated to Latin America.

This agreement is important for the Community. It gives us a chance to put our money where our mouths are. We have passed many resolutions demanding democracy in Latin American countries. The time has

## **ANNEX 3**

### **Resolution of 12 July 1990 on the implications of German unification for the European Community**



Thursday, 12 July 1990

**PART II****Texts adopted by the European Parliament****1. Implications of German unification for the European Community**— **Doc. A3-183/90****RESOLUTION****on the implications of German unification for the European Community***The European Parliament,*

- having regard to the European Council Summits of 28/29 April 1990 and 25/26 June 1990 in Dublin,
- having regard to the State Treaty of 14 June 1990 between the two German states on Economic, Monetary and Social Union,
- having regard to its resolutions of 4 April 1990 <sup>(1)</sup> and 17 May 1990 <sup>(2)</sup>,
- having regard to the interim report of its Temporary Committee to consider the impact of the process of German unification on the European Community, and the opinions of the Committee on Agriculture, Fisheries and Rural Development, the Committee on Budgets, the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Energy, Research and Technology, the Committee on External Economic Relations, the Committee on Legal Affairs and Citizens' Rights, the Committee on Social Affairs, Employment and the Working Environment, the Committee on Regional Policy and Regional Planning, the Committee on Transport and Tourism, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Youth, Culture, Education, the Media and Sport, the Committee on Development and Cooperation, the Committee on Budgetary Control and the Committee on Women's Rights (Doc. A3-183/90)

***Initial considerations***

1. Notes the rapid progress that has been made towards achieving German unification;
2. Welcomes the efforts made to bring about European integration in parallel with German unification;
3. Considers that rapid progress towards European Union will lessen the threat of a resurgence of narrow nationalism at European level;
4. Believes that German unification must contribute to strengthening the Community politically and economically, act as a spur for the economic, social and ecological development of the former GDR and of the Community and serve as a valuable bridge between the Community and the countries of Central and Eastern Europe, including the Soviet Union;

<sup>(1)</sup> Part II, Item 8 of that day's Minutes.

<sup>(2)</sup> Part II, Item 15(b) of that day's Minutes.

Thursday, 12 July 1990

5. Considers that the process of German unification and of East German adaptation to a social market economy and to the rules of the Community will be a manageable one, but that considerable economic, social and ecological problems will emerge in the short and medium term, which will have to be minimized by a combination of action at German and Community level;

6. Considers, that the following conditions should be observed throughout the rapid adaptation process :

- having regard also to the understandable emphasis on unification at as fast a speed as possible, the Community institutions should promptly draw up a thorough and careful response to the many consequences of the unification process within the given deadline,
- that any derogations and transitional measures granted to the former GDR should not weaken central Community objectives, including the full achievement of the internal market and of Economic and Monetary Union but are, nevertheless, sufficient to cushion its economy during the difficult period of adaptation to market conditions,
- that accurate statistics on the GDR and its economy must be notified to the Community institutions as soon as they become available,
- that Community financial assistance to help in the process of adaptation must not be at the expense of the Community's present commitments to its disadvantaged and peripheral countries and regions, and to the developing world, and welcomes the declarations by the EC and both German Governments to that effect,
- that measures are taken by the Community to help lessen the potentially severe social impacts within the territory of the existing GDR in the short and medium term,
- that measures are taken by the Community to help mitigate the severe ecological problems within the territory of the existing GDR in the short and medium term,
- that the emerging democracies of Eastern Europe and the Soviet Union are not destabilized as a result of the inevitable changes in existing trading relations,
- that the opportunity is taken to develop new security structures within Europe, overcoming Cold War divisions and enabling the European Community to play a much greater role,
- that the momentum for European Union is fully maintained;

*The State Treaty and the interim phase of adaptation*

7. Believes that the signing and ratification of the State Treaty between the two Germanies represents an important step on the road to unification;

8. Recognizes the fact that the State Treaty begins the complex process of alignment of the GDR to Community rules before unification is completed;

9. In that this interim period of adaptation poses considerable practical problems for the Community, in that Community legislation will generally not directly apply, and the means open for it to intervene will be of an informal rather than formal nature;

10. Recognizes, therefore, that the Community's response during this period will be dependent on information to be provided by the German authorities, and on their cooperation should problems arise; welcomes the willingness of the competent German offices to do so and the fact that a representative of the Commission will take part in the negotiations for the second State Treaty;

Thursday, 12 July 1990

11. Considers that there must be a strong commitment on the part of both German governments to take into account Community concerns during this period, and calls for conciliation procedures to be established to ensure that the Institutions of the Community, including Parliament, are fully informed of developments and fully involved in the decision-making on Community-related matters; calls, further, for regular reports to be given to Parliament by the German authorities on progress made during this vital interim period; believes, moreover, that direct contacts should also be established and strengthened during this period between the GDR government, the Volkskammer and the Community institutions;
12. Notes that the State Treaty conforms to EC legislation currently in force, and that equality of treatment consequently applies between German citizens and firms and those from other Community Member States;
13. Calls, moreover, for the maximum transparency of state aids granted by the German authorities during the interim period and hopes that the Federal Government will inform the Commission in future of all aid measures for the GDR;
14. Believes that two information gaps will have to be closed as fast as possible, that of East German citizens about the European Community and its rules, and that of non-German Community citizens and firms about the situation in the GDR; in this context:
  - will consider the possibility of holding a special plenary session in November in Berlin to discuss the integration of the GDR within the European Community and should decide on this at its September part-session;
  - recommends that European Commission and Parliament offices and Euro-Info Centres ('Euroguichets') be promptly established in East Germany, and be given the appropriate resources;
  - recommends that European Commission information offices, and the network of Euro-Info Centres elsewhere in the Community be used to disseminate information about East Germany, and to help promote investment;
  - recommends that the other European Community institutions follow the example of Parliament, and invite East German observers to participate in a systematic way during the interim period of adaptation;
  - recommends that the Community institutions open their recruitment procedures to applicants from the GDR with immediate effect. The same should also apply to the recruitment of temporary trainees and the number of these posts should be increased accordingly;
  - recommends that relevant East German legislation be published in a special annex of the Official Journal of the European Communities;
  - recommends that the GDR apply the Community's rules on public procurement and that public tenders in the GDR during the interim period be published in the Official Journal;
15. Calls for close monitoring of, and reporting to the relevant committee of Parliament on, the functioning of the protocol on inter-German trade during the forthcoming interim period, when major new burdens will be placed upon it;
16. Calls for the fullest prior information from the GDR concerning any planned restrictions on imports during this period, so that the Community point of view can be expressed before such measures are adopted;
17. Calls on the GDR and all the Community Member states to immediately remove restrictions on the movement of their citizens to and from the GDR on the basis of reciprocity;



Thursday, 12 July 1990

18. Recalls the European Council's decision on 28 April that the GDR was eligible for Community loan facilities, PHARE (up to the time East Germany joins the Community territory) and EUREKA resources and calls for rapid implementation of this decision;

#### ***Second State Treaty***

19. Notes that the Commission, according to its own information, was fully informed of preparations for the first State Treaty by the West German Government; regrets that this information was not passed on to Parliament in full and calls for this negative experience to be avoided for the second State Treaty;

20. Recognizes that the second State Treaty will also cover the implementation law in the territory of the GDR which is based on decisions of the EC. Considers that the Commission and the German authorities have to ensure that the EP is informed and associated with all the relevant negotiations concerning the European aspects of the second State Treaty;

#### ***The Commission's package : General points***

21. Recalls that the European Council has requested the Commission to provide a list of the transitional measures and derogations as well as other adaptations of the Community's secondary legislation that will be required as a result of German unification, and to present these proposals within the framework of an overall report or 'package';

22. Regrets, in view of the significance for the European Community of the measures involved, that the European Council did not consider it to be necessary to present these proposals in the form of a Treaty giving rise to an assent procedure for the European Parliament and ratification by national parliaments; considers, however, that even in these exceptional circumstances where such a procedure will not apply the European Parliament must still participate in the process pursuant to its role under the Treaties, and give its opinion both on the package as a whole, and on the detailed proposals contained within it;

23. Emphasizes therefore that its rapid examination of the package is conditional upon an Inter-Institutional arrangement on the timetable and the working method (concluded between the Community institutions) in order to ensure that no decision can be taken without the opinion of Parliament on the package as a whole. Believes that its final resolution on the package will, if adopted, provide the necessary democratic legitimacy for the expansion of the Community and must, therefore, precede the act of unification itself;

24. Considers it essential, however, that the European Parliament be consulted on all the transitional measures and derogations as well as other adaptations of the Community's secondary legislation that will be required as a result of German unification, and that the legal base of these measures be determined in concertation between the institutions of the European Community;

#### **Transitional measures**

##### ***Internal market***

25. Recognizes that certain temporary measures and derogations will be required until this process is completed but considers that the number of these should be minimized, and that they should be maintained only as long as is strictly necessary. Calls for a list of these measures to be submitted as soon as possible, along with a timetable for their abolition;

26. Notes that East German products are often below the minimum standards required by the Community for the free circulation of products in the internal market. Calls, therefore, for a rapid alignment of GDR standards and testing and certification procedures to Community requirements;

Thursday, 12 July 1990

27. Notes that any special rules will only apply to one part of a Community Member State. Requests clarification as to how such rules will be enforced, and whether some form of customs frontier between East and West Germany will still be required after unification;
28. Points out that the Community institutions must arrange for the correct application of the transitional derogations and provisions to be applied in the existing GDR;
29. Believes that a radical fiscal reform is required if the market economy is to be applied in the GDR;
30. Stresses that the importance of banking and financial services to the restructuring of the East German economy makes it vital that the full range of market liberalization measures be applied in the former territory of the GDR with effect from 1 January 1993;
31. Considers that an active small business sector is an important element in creating new jobs and urges the Commission to develop programmes to encourage the development of small businesses and self-employment particularly in the fields of tourism, leisure facilities, entertainment and personal services;
32. Notes that continuing uncertainty over the laws of property and landowners is discouraging external investment and insists that the four freedoms on which the Single Market is based implies that all its citizens are free to own and transfer property in every part of the Community;

#### ***Industrial and competition policy considerations***

33. Notes that the transition from the GDR's previous economic system to a market economy will require a period of adaptation during which the provisions of the Community's competition policy will have to be applied flexibly to those firms which demonstrate their competitiveness; insists, however, that the process be carefully monitored, in order to avoid the creation of new private sector monopolies or dominant positions;
34. Recognizes that large sectors of the GDR's industry are unable to compete under free market conditions. In order to facilitate the necessary structural changes, the following criteria should be taken into account for the granting of national and Community aid:
- priority for small and medium-sized undertakings;
  - priority for productive investment to create lasting employment;
  - the need to create a viable services sector;
  - priority for the weaker regions of the GDR;
35. Points out that the Community institutions must monitor carefully the possible repercussions of the economic impact of German unification on certain sectors or economic activities in other Member States; this would facilitate the rapid adoption of the measures needed to alleviate adverse effects;

#### ***Agriculture and fisheries***

36. Calls for the structure and priorities of East German agriculture to be rapidly changed through adaptation to market conditions and integration within the common agricultural policy. Insists that there be a new emphasis on improving product quality rather than quantity; that the food processing industry be modernized; that environmental practices should comply with European Community standards; and that environmental damage be substantially reduced. Considers that the Agricultural Guidance Fund must play a significant role in the modernization

Thursday, 12 July 1990

37. Calls for urgent assessment of the impact and financial consequences of East German agriculture on the CAP and on the current efforts to remove Community overcapacity in numerous sectors;

38. Considers that the size of the East German fishing fleet should be reduced in order to integrate it into the common fisheries policy. The adaptation of the GDR's existing bilateral fisheries agreements may entail a renegotiation of the quotas;

#### *Transport and telecommunications policy*

39. Stresses that completion of the internal market in the transport sector will remain an objective of the common transport policy; notes that major projects, particularly in transport infrastructure, undertaken through a joint effort on the part of the two Germanies could be accompanied by complementary Community action based on the criteria applied for other regions of the Community; supports the modernization of the obsolete road transport system of the GDR and calls for full integration by the Commission of the territory of the GDR in the Community's transport infrastructure plans; welcomes the plans for a new high-speed rail link to Berlin and the Leipzig-Halle-Dresden region as part of a European high-speed rail network which will also help develop the peripheral region and supports modernization of the air traffic control system in line with the standards for a future common European system; supports a speedy agreement on termination of Allied rights and full application of Community law to flights to and from Berlin; calls on the Commission to adopt transitional measures with time limits for bringing the transport sector in the territory of the GDR in line with the internal market, for example a transitional scheme valid until 1 January 1993 for the allocation of Community licences for the transport of goods, and to eschew any long-term derogations;

40. Calls on the German authorities to undertake significant improvements in the infrastructure of the present GDR's telecommunications, transport and property sectors with a view to attracting home and foreign investors, so as to limit the need to seek public finance;

41. Believes that a special effort must be made to help the GDR and the other countries of Eastern Europe as regards their telecommunications infrastructure so that the quality of those countries' networks in that sector is substantially improved;

#### *Energy and research policy*

42. Considers that restructuring and diversification of the GDR's existing energy supplies must be a key priority, especially in terms of reducing its massive dependence on highly polluting brown coal;

43. Recommends for GDR territory a programme to establish environmentally acceptable energy supplies, also to be supported by the European Community, and providing for the conversion and modernization of brown-coal-fired power stations (installation of desulphurization, denitrification and dust-removal facilities), the establishment of a decentralized power station structure, the use of heat-energy linkage, the achievement of energy-saving potentials and the use of renewable energy sources;

44. Calls on the Commission, together with the German authorities, to undertake an immediate examination of the safety standards of all the GDR's nuclear power plants, with the immediate decommissioning of any plant which does not meet European standards;

45. Calls for East Germany to be fully integrated into proposed transeuropean energy infrastructure networks, and considers that it could benefit greatly from Community programmes to conserve energy and to extend the use of renewable energy resources. Believes that programmes such as REGEN, THERMIE, SAVE, VALOREN and STRIDE should be immediately extended to the GDR and that the GDR should participate fully in other Community research and development programmes;

Thursday, 12 July 1990

***Economic and Monetary Union***

46. Insists that German Economic, Monetary and Social Union should be accompanied by accelerated moves to achieve Economic and Monetary Union within the European Community;

***Economic and social cohesion***

47. Considers that the territory of the existing GDR will have a claim to Community Structural Funds, but that this should not lead to any cutback in fund measures to aid the less-favoured regions of the Community; to this end considers that the structural funds should be given adequate additional resources;

48. Points out that to overcome social and economic problems arising from the merger of the two parts of Germany, state aid from the Federal Republic of Germany will be required; stresses in this connection the need for the existing aid to the current West German border regions and Berlin to be so restructured as to ensure that suitable forms of aid for economic and social reconstruction can be provided for a transitional period;

49. Emphasizes that any social problems which may arise must be dealt with in the context of the social union and that Community legislation on workers' rights must be applied in full — this would include immigrant workers. Considers that action must be taken in response to the specific problems of women, who are present in the workforce to a great extent in the GDR;

50. Considers that a special effort should be made to combat unemployment and less secure forms of employment, to protect workers from individual and collective redundancies and to promote relations between both sides of industry, particularly through collective bargaining;

51. Calls, therefore, for provision to be made at Community level for aid to worker retraining and redeployment in East Germany and for this to be financed mainly from the Social Fund;

52. Stresses that the evolution of social conditions must be monitored during the transitional period so that the situation of the most vulnerable population groups, women, pensioners and migrant workers, may be evaluated;

53. Calls for a continuation of existing practice regarding abortion in GDR territory, even after German unification;

54. Points out that economic and social cohesion in the Community is an essential objective of the completion of the internal market, enshrined in the Single European Act and adopted by all the Community institutions, and that safeguarding the economic and social cohesion of the extended Community resulting from the integration of the GDR must continue to be a priority objective;

***Environmental policy***

55. Considers, that the environmental situation of the GDR is one of the worst in Europe, and that measures to improve it are of vital importance for the citizens of East Germany and for the European Community as a whole, as it is a serious disincentive to potential investors;

56. Notes that East Germany is not in a position immediately to apply Community environmental standards, but points out that derogations should be allowed only during a narrowly defined transition period;

57. Believes that environmental investments in the GDR could also provide a considerable number of new jobs, especially for those losing jobs on the land or in restructured industries;

Thursday, 12 July 1990

58. Believes that firms that open subsidiaries or investors who establish new firms must be subject immediately to European Community environmental protection standards, and should not be allowed to benefit from derogations;

59. Calls for the Community to give financial and technical assistance to help clean up the East German environment, which should be closely coordinated with measures to aid other Eastern European countries, notably in the context of the PHARE programme. Considers, moreover, that East German entry to the Community should also be the catalyst for the creation of a European Environment Fund;

60. Believes, however, that in the border area which has been relatively untouched for 40 years there is a unique opportunity for creating and preserving large-scale nature conservation areas which must not be destroyed through excessive development;

#### ***Budgetary implications***

61. Emphasizes that East German entry into the Community through German unification will lead to new financial resources being made available to the Community, from the existing territory of East Germany and from the dynamic effects of unification. Notes, however, that there will also be additional demands on Community financial resources;

62. Considers it vital that the Commission submit an overall assessment of the impact produced by the integration of the GDR on revenue and expenditure in the Community budget, with particular reference to the effects on CAP mechanisms, the resources required from the other structural funds and the costs deriving from the EEC's assumption of the GDR's commitments in the trade and fisheries sectors;

63. Insists, therefore, that the Commission present a rectifying letter to the 1991 Preliminary Draft Budget to cover the budgetary impacts of the incorporation of East German territory into the Community. Further considers that this must be accompanied by a revision of the existing Financial Perspective pursuant to the Interinstitutional Agreement; asks that these financial arrangements should accompany the first batch of legislative measures, which will be submitted to Parliament from September 1990;

64. Insists, moreover, that any new expenditure be funded out of the new resources rather than from a redistribution of existing ones. Believes that any necessary measures should not lead to a weakening of budgetary discipline, notably in the field of agricultural spending;

65. Emphasizes that both new and existing EC funds intended for the GDR should be utilized rationally. This means that:

- criteria and instruments existing in the present budget must be carefully analyzed, to verify whether they are applicable to the special structures of the GDR or whether they need to be adapted in any way;
- the impact of the Community budget in the GDR must be assessed;
- stricter controls must be set up on the external frontiers of the GDR, to prevent fraud which could be committed as a result of the early abolition of checks at the East-West German frontier;
- the training of GDR officials who will be assigned to Community resources management, in the fields of both expenditure and own resources, must be improved;

#### ***External policy considerations***

66. Understands that a full list of the GDR's numerous international agreements, their duration, and the nature of their commitments, has still not been made available to the Commission and the Parliament, and calls for this to be done immediately;

Thursday, 12 July 1990

67. Calls for these agreements to be subject to an in-depth review so that a decision may be taken on those which may be accepted by the Community as they are and those which must be the subject of renegotiation with a view to their amendment or cancellation;
68. Considers that, in evaluating these agreements, the Community must give careful consideration to the needs of the GDR's trading partners in Central and Eastern Europe, the Soviet Union, those developing countries with traditionally close links with the GDR, and the GDR's own industrial structure in the short term;
69. Notes the specific problem of what to do with exports from the GDR to the Soviet Union which are on the present COCOM list, and recommends a review of the continued existence of COCOM so that the COCOM list is abolished with the exception of purely military technology and atomic energy technology;
70. Welcomes the fact that the GDR has adopted, as of 1 July 1990, the Community's external tariff and calls for the GDR to apply Community and GATT rules as rapidly as possible, subject to the minimum of derogations and transitional rules, which should be listed by the Commission in the forthcoming package;
71. Calls on the Commission to carry out a study to determine to what extent developing countries that have received aid from the GDR and have been granted most-favoured nation status can be admitted to the Lomé Agreement and benefit from European Community development policy; however, the Community's commitments towards ACP, Mediterranean and Latin American countries must be honoured; in general, cooperation policy in favour of the Third World must be one of the Community's priority objectives;
72. Further underlines the need to place the whole process of GDR accession to the Community through German unification within the wider context of relations with Eastern Europe as a whole, for which the Community must develop a coherent overall strategy;
73. Welcomes the unambiguous recognition of the German-Polish frontier by both existing German States, since this is an essential precondition for allaying concerns about German unification in neighbouring countries, especially Poland;

*The wider political and security dimension*

74. Confirms its decision of 4 April 1990 that the forthcoming intergovernmental conference should consider in detail how the security policy aspects of European Political Cooperation could in future be strengthened and linked to a pan-European security system to be established in the framework of the CSCE with the active involvement of the European Community; takes the view, also, that the role of existing security structures will change and that cross-alliance structures will grow in importance; takes the view that no NATO troops and military installations must be deployed in a united Germany on the territory of what is now the GDR;
75. Considers it to be essential in this context that the European Community play a greatly reinforced role in its own right in the CSCE process;
76. Believes that such a development of the Community's role in the foreign policy and security spheres must stem out of the decisive progress that should be made towards European Union in the forthcoming intergovernmental conference;

*Other institutional issues*

77. Notes that the FRG has indicated that it is not seeking a change in the balance of power within the European Community decision-making apparatus, through such measures as an increase in the number of German Commissioners, nor in the weighting of votes within the Council;

Thursday, 12 July 1990

78. Considers, however, that the addition of 16 million German citizens to the European Community as a result of unification poses the question as to how they will be represented in the European Parliament in the short term, and of whether German membership of the European Parliament should be altered in consequence;

79. Recommends that the question of the representation in the European Parliament of the people of the present GDR should be resolved in the context of the revision of the relevant Treaty provisions due to take place before the next elections to the European Parliament in 1994 and that such representation should be based on a balanced system in line with the structure of the Treaties. As an interim solution, representatives of the people of the present GDR should be given observer status until such time;

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\* \* \*

80. Instructs its President to forward this resolution to the Commission and Council, to the Governments and parliaments of the Member States, the Government of the GDR and the Volkskammer.

## 2. European Union

(a) Doc. A3-163/90

### RESOLUTION

#### on the principle of subsidiarity

*The European Parliament,*

- having regard to the ECSC, EEC and EURATOM Treaties and the Single European Act,
- having regard to the Draft Treaty establishing the European Union,
- having regard to the future development of the Community, in particular its commitment to draw up a draft constitution for European Union and the fact that this process of transforming the European Community requires a clear distinction to be made between the competences of the Union and those of the Member States,
- having regard to the special nature of the Community, which is based on the principles of democracy, the precedence of Community law over national law, respect for the individual character of the Member States and a unique institutional pattern,
- having regard to the Draft Treaty establishing the European Union which defines the principle of subsidiarity in its preamble and in Articles 12 and 66,
- having regard to the interim report of the Committee on Institutional Affairs and the opinion of the Committee on Youth, Culture, Education, the Media and Sport (Doc. A3-163/90),

1. Notes that the principle of subsidiarity is already implicit in the Treaties, that express reference is made to it there as a result of the Single European Act and that the European Parliament was at pains to give prominent and unequivocal political endorsement to that principle in its Draft Treaty establishing the European Union;

## **ANNEX 4**

**Minutes of the meeting of  
Thursday, 28 June 1990 and Friday 29 June 1990**





**EUROPEAN PARLIAMENT**

PE/XXVII/PV/90-10

**TEMPORARY COMMITTEE TO CONSIDER THE IMPACT OF  
THE PROCESS OF GERMAN UNIFICATION ON THE EUROPEAN COMMUNITY**

Minutes

of the Meeting of

Thursday, 28 June 1990

and Friday, 29 June 1990

BRUSSELS

CONTENTS

	<u>Page</u>
1. Adoption of draft agenda (PE 141.420 + PE 141.420/Add.) .....	3
2. Approval of minutes of meetings of 19-20 April 1990 (PE 140.469), 14 May 1990 (PE 141.169), 31 May-1 June 1990 (PE 141.393) and 12 June 1990 (PE 143.050) .....	3
3. Chairman's announcements .....	3
4. The impact of the process of German unification on the European Community - rapporteur: Mr DONNELLY .....	3
Exchange of views on the foreign policy aspects of German unification with the participation of:	
- Mr KRAVCHENKO, member of the Supreme Soviet of the USSR, and Director General of the TASS News Agency;	
- Mr A. P. BONDARENKO, member of the College of the Ministry of Foreign Affairs;	
- Mr John KORNBLUM, Embassy Counsellor, US Mission to NATO	
5. Exchange of views on the action to be taken on the Commission proposals for the establishment of a customs union with the GDR, to include the agricultural and fisheries sector and ECSC products (COM(90) 282 - SEC(90) 1229) .....	5
6. Exchange of views on the communication from the Commission concerning the State Treaty between the FRG and the GDR (SEC(90) 1138 - final) ..	5

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17 September 1990

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PE 143.413  
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7. Interim report on the impact of the process of German unification on the European Community  
- rapporteur: Mr DONNELLY  
- Exchange of views ..... 5

8. Exchange of views on the work programme of the temporary committee ... 5

9. Other business ..... 5

0. Date and place of next meeting ..... 5

Annex : Record of attendance ..... 6

Thursday 28 June 1990

The meeting opened at 3.25 p.m. with the first Vice-chairman, Mrs Veil, in the chair.

1. The agenda was adopted in the order shown in these minutes.  
Mr Donnelly, rapporteur, proposed that a coordinators' meeting should be held on the following morning from 9 a.m. to 9.30 a.m., followed by the committee meeting.  
The committee approved the proposal.
2. The minutes of the meetings of 19-20 April 1990, 14 May 1990, 31 May-1 June 1990 and 12 June 1990 were approved without amendment.
3. There were no announcements from the Chairman.
4. Mrs Veil, Vice-chairman, welcomed Mr Kravchenko (member of the Supreme Soviet of the USSR and Director-General of the TASS News Agency) and Mr Bondarenko (ambassador in the Ministry of Foreign Affairs) as representatives of the Soviet Union. She also welcomed Mr Kornblum (Deputy Minister and seconded to the US Mission to NATO in Brussels) as the representative of the United States of America.

By way of introduction, she asked the Soviet Union representatives for their views on the external aspects of the process of German unification.

The representatives outlined the opinion of their government on the Two plus Four talks and on the Soviet Union's express opposition to a peace treaty and its refusal to allow a united Germany to join NATO:

They saw a transitional period of 3 to 5 years as being necessary to allow the former military alliances to define their future role and thus to enable Soviet troops and all other troops stationed in the GDR to be withdrawn from the GDR.

In the opinion of the Soviet representatives, the timing of the ending of four-power status in Germany remained open. German unification would not in any case be synonymous with the ending of this status.

Mrs Veil then asked the US representative for his views on the same issues.

Mr Kornblum began by emphasizing that the USA fully appreciated the concern of the Soviet Union and stated two of his government's basic principles for the outcome of the Two plus Four talks:

- Germany should not be subject to any more discriminatory measures when the talks ended.
- Four-power status must end on unification.

He subsequently referred to the significance of the current disarmament negotiations, the strengthening of the CSCE, the principle of not stationing NATO troops on former GDR territory and the importance of fixed German borders for Germany's European neighbours.

There was an exchange of views in which the following members spoke:

Mr Donnelly, Mr Welsh, Mrs Fernex, Mr Avgerinos, Mr von Wechmar, Mr Zeller and Mr Wettig. The subjects discussed included the future role of NATO and the Warsaw Pact, the outlook for perestroika and Mr Gorbachev, possible Community aid for the Soviet Union and the schedule of the 2+4 talks, with provision made for the possibility that the talks might not be concluded before unification.

Mr Kornblum replied to the questions put to him and hoped that the Two plus Four talks could be concluded in good time. He urged the Soviet Union representatives to adopt a somewhat more flexible attitude. Although NATO continued to be the USA's top priority as a guarantee of political security, he would nevertheless encourage a strengthening of both EC institutions and the CSCE in this area.

Mr Fernandez Albor took the chair.

Mr Kravchenko and Mr Bondarenko then replied to the questions put to them. Subjects dealt with included the current internal state of the Soviet Communist Party and the volatile economic situation which could be stabilized through closer cooperation with the EC.

They also pointed out that the outcome of the Two plus Four talks must not result in people in the Soviet Union wondering whether the sacrifices they had made during World War 2 had been in vain.

Mrs Veil took the chair.

She asked the Soviet Union representatives once again to have their government draw up a precise list showing their priorities and planned uses for the financial resources which they hoped to obtain from the EC. She thanked the representatives of both governments for their remarks and said that the exchange of views could be continued informally over dinner that night.

The meeting adjourned at 6.10 p.m.

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Friday, 29 June 1990

The meeting resumed at 9.05 a.m. with the Chairman, Mr Fernandez Albor, in the chair.

- 5/6. The Commission representative, Mr Trojan, outlined the proposals and communications.

After remarks by Mr Donnelly, Mr von Wechmar, Mr Cramon-Daiber, Mr Welsh, Mr Zeller, Mr Kriepps, Mr Brok and Mrs Veil and a summary by Mr Donnelly, the deadline for tabling amendments was set at 5 July 1990, on condition that the committee should be responsible.

7. Mr Donnelly outlined his draft interim report. Mrs Veil spoke on the future work of the committee and Mr Janssen van Raay outlined the opinion of the Committee on Legal Affairs and Citizens' Rights.

After remarks by Mr Welsh, Mr Cramon-Daiber, Mr Desama, Mr Brok, Mr Kriepps, Mr Zeller and Mrs Veil, the Commission representative, Mr Williamson, gave a general overview of the anticipated package of transitional measures and the appropriate timetable for this.

Mr Donnelly summarized the result of the exchange of views and proposed that a coordinators' meeting should be held in Brussels on 5 July 1990 to discuss the anticipated amendments. The committee approved the proposal.

The committee set 12 noon on 4 July 1990 as the deadline for tabling amendments.

8. The chairman drew attention to the amended timetable for committee meetings scheduled for September to November.
9. Mr Desama spoke on the possibility of holding a part-session of the EP in Berlin.
10. The next meeting would be held in Strasbourg at 5 p.m. on Monday, 9 July 1990.

The meeting closed at 12.05 p.m.

**DELTAGERLISTE/ANWESENHEITSLISTE/ΚΑΤΑΣΤΑΣΗ ΠΑΡΟΝΤΩΝ/  
RECORD OF ATTENDANCE/LISTA DE ASISTENCIA/LISTE DE PRESENCE/  
ELENCO DEI PRESENTI/PRESENTIELIJST/LISTA DE PRESENÇAS**

<p>Til stede Anwesend Παρόντες Present Presentes Présents Presenti Aanwezig</p>	<p><b>Formandskabet/Vorstand/Προεδρείο/Bureau/Ufficio di Presidenza/Mesa: (*)</b></p> <p>FERNANDEZ ALBOR (P) VEIL (VP)</p> <p><b>Medlemmer/Mitglieder/Μέλη/Members/Diputados/Députés/Deputati/Leden/Deputados:</b></p> <p>BROK (2), COLAJANNI (2), CRAMON-DAIBER, DONNELLY, TINDEMANS (1), von WECHMAR, WELSH, WETTIG, WOLTJER, ZELLER</p> <p><b>Stedfortrædere/Stellvertreter/Αναπληρωτές/Substitutes/Suplentes/Suppléants/Membri supplenti/ Plaatsvervangers/Membros suplentes:</b></p> <p>AVGERINOS (1), BOFILL (2), CAPUCHO (2), COONEY (1), DESAMA, FERNEX, HOFF, JANSSEN van RAAY (2), KRIEPS (2), PACHECO HERRERA (2), ROTH-BEHRENDT,</p>
<p>Art. 111,2</p>	
<p>Art. 124,4</p>	
<p>Endv. deltog/Weitere Teiln./ Συμμετείχαν επίσης/Also present Participaron igualmente/Participant également/Hanno partecipato altresi'/Andere deelnemers/Outros participantes/  (Dagsorden/Tagesordnung/ Ημερήσια Διάταξη/OJ/OG/Agenda/ Ordem do dia-Pkt./Σημελο/Point/ Punto/Punt/Punto):</p>	<p>Invités URSS : MM. KRAVTCHENKO et BONDARENKO Invité USA : M. KORNBLUM</p>

(\*) (P) = Formand/Vorsitz./Πρόεδρος/Chairman/Prés./Presidente/Voorzitter/Presidente  
(VP) = Næstform./Stellv. Vorsitz./Αντιπρόεδρος/Vice-Ch./Vice-Prés./Vicepres./  
Ondervoorz./Vice-Pres./Vicepres.

Til stede den/Anwesend am/Παρών στις/Present on/Présent le/Presente il/Aanwezig op/Presente em/Presente el  
(1) 28 juin 1990  
(2) 29 juin 1990  
(3)

Efter indbydelse fra formanden/Auf Einfeldung d. Vorsitzenden/Με πρόσκληση του Προέδρου/  
At the invitation of the Chairman/Por invitación del presidente/Sur l'invitation du président/Su invito del  
presidente/Op uitnodiging van de voorzitter/A convite do presidente/:

Rådet/Rat/Συμβούλιο/Council/Consejo/Conseil/Consiglio/Raad/Conselho: (\*)

GASTALDI (F),  
SERAF (Rep. Perm. Grèce)

Kommissionen/Kommission/Επιτροπή/Commission/Comisión/Commissione/Commissie/Comissão: (\*)

WILLIAMSON (Secret. Gen.), TROJAN (Secret. Gen. Adj.),  
FITZMAURICE (F), HEINE (F), ROMANO (F), SPENCE (F), TAK (F),

Cour des comptes:

C.E.S.

Andre deltagere  
Andere Teilnehmer  
Επίσης παρόντες  
Also present  
Otros participantes  
Autres participants  
Altri partecipanti  
Andere aanwezigen  
Outros participantes

M. FISHER, Prem. Secret., Mission des Etats-Unis

Gruppernes sekretariat Sekretariat der Fraktionen Γραμματεία των Πολ. Ομάδων Secretariat of pol. groups Secr. de los grupos políticos Secr. des gr. politiques Segr. dei gruppi politici Secr. van de fracties Secr. dos grupos políticos	SOC PPE LDR ED Verts GUE RDE DR CG ARC NI	STAHL, BONET BAUSCH, CARRO TRAUFLER - de ROO, SKORUBSKI GAROSI GAY - LEHVEDE PEREZ -
Cab. du Président		
Cab. du Secr. Gén.		
Generaldirektorat Generaldirektion Γενική Διεύθυνση Directorate-General Dirección general Direction générale Direzione generale Directoraat-generaal Direcção geral Contrôle financier Service juridique	I II III IV V VI VII	KYRANAKI NEUNREITHER NAETS WIEHLER
Udvalgssekretariatet Ausschußsekretariat Γραμματεία επιτροπής Committee secretariat Secretaría de la comisión - Secrétariat de la commission Segretariato della commissione Commissiesecretariaat Secretaria da comissão		VANHAEREN ENGSTFELD FRANJULIEN JACOBS FOSCOLOS
Assist./Βοηθός		DETRY

- \*) (P) = Formand/Präs./Πρόεδρος/Chairman/Prés./Pres./Voorzitter  
(VP) = Nestform./Vize-Präs./Αντιπρόεδρος/Vice-Ch./Vice-Prés./Ondervoorz./Vice-pres.  
(M) = Medlem./Mitglied/Μέλος/Member/Miembro/Membre/Membro/Lid/Membro  
(F) = Tjenestemand/Beamter/Υπάλληλος/Official/Funcionario/Fonctionnaire/Funzionario/Ambtenaar/  
Functionário.





## **ANNEX 5**

**Temporary Committee to consider the impact of the process of  
German unification on the European Community:  
Activity report for the enlarged Bureau**



# EUROPEAN PARLIAMENT

**TEMPORARY COMMITTEE**  
to consider the impact of the process of  
German unification  
on the European Community

**ACTIVITY REPORT**  
for the enlarged Bureau  
submitted by  
M.G. FERNANDEZ ALBOR, chairman  
and M.A. DONNELLY, rapporteur

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12 december 1990

PE 145.035/Def.

1. At the end of 1989 the irresistible pressure from the unprecedented liberalization movement which had sprung up in the countries of Central and Eastern Europe, led to the opening up of the borders with Western Europe and the fall of the Berlin Wall on 9 November 1989. On 17 January 1990, Mr Delors, President of the Commission, pointed out to the European Parliament that, given the special situation of the GDR, it was conceivable that it might be integrated rapidly into the Community. During its subsequent part-session, on 15 February 1990, Parliament decided to set up a Temporary Committee to consider the impact of the process of German unification on the European Community (B3-415/90). It decided on the number of members and the composition of the committee on the following day. (OJ No. C 68, p. 169).

2. The following were named as members of the Committee :

Socialist Group : DONNELLY, MORAN, CHEYSSON, BETTIZA, JENSEN and WOLTJER  
Group of the European People's Party : BROK, FERNANDEZ-ALBOR,  
CASSANMAGANGO-CERRETTI, PIRKL, TINDEMANS and ZELLER  
Liberal, Democratic and Reformist Group : VEIL and von WECHMAR  
European Democratic Group : WELSH  
The Green Group in the European Parliament : CRAMON DAIBER  
Group for the European Unitarian Left : COLAJANNI  
Group of the European Democratic Alliance : CHABERT  
Left Unity : PIQUET

Subsequently the following members were also named as substitutes :

Socialist Group : CRAVINHO, DESAMA, DESMOND, FUCHS, KRIEPS (passed away on 8.8.90 and was not replaced) ROMEOS, and ROTH-BEHRENDT  
Group of the European People's Party : COONEY, GALLENZI (joined the committee on 12.3.90), KLEPSH, LAMBRIAS, LUCAS PIRES, PENDERS  
Liberal, Democratic and Reformist Group : HOLZFUSS, CAPUCHO  
European Democratic Group : PROUT  
The Green Group in the European Parliament : FERNEX  
Group for the European Unitarian Left : IVERSEN  
Group of the European Democratic Alliance : LALOR  
Rainbow group in the European Parliament : VANDEMEULEBROUCKE (replaced by Mr PACHECO HERRERA and subsequently by Mrs PIERMONT on 12 September).

3. This report will summarize the activities of the Temporary Committee under the following headings:

Work programme;  
Information stage;  
Interim report;  
First legislative measures;  
Extension of terms of reference;  
The Institutional Agreement  
Provisional measures;  
Follow-up group;  
Transitional measures;  
Final report;  
Conclusions

4. At its constituent meeting on 1 March 1990, the Temporary Committee elected Mr Fernández Albor, chairman, Mrs Veil and Mrs Jensen first and second vice-chairmen and Mr Donnelly rapporteur.

5. At this meeting, Mr Williamson, Secretary-General of the Commission, stressed that the latter was willing to take an active part in the work of the Temporary Committee.

#### WORK PROGRAMME

6. At its constituent meeting the Temporary Committee drew up a plan of action enabling it to consider together the institutional aspects of German unification, the overall political context and the impact on sectoral policies. It was aware that its ambition to play a pivotal role in all parliamentary activity relating to German unification would require the establishment of a set of special procedures and administrative support systems without precedent in Parliament's history. It therefore submitted its work programme to the enlarged Bureau, which approved it on 13 March 1990.

7. Furthermore, the Temporary Committee made it clear from the outset that it did not intend to confine itself to consideration of the impact of German unification on the rest of the Community, but also to take full account of the impact on Germany as a whole. In response to a proposal by the Temporary Committee, the President of Parliament therefore began by issuing an initial invitation on 10 and 12 April 1990 to the governments and parliaments of the FRG and the GDR to send representatives to take part in the activities of the Temporary Committee. This led to successful cooperation with the Permanent Representatives, Mr Trumpf for the FRG and Mr Öser for the GDR, and, as of 19 April 1990, the participation of members of the GDR Parliament, the 'Volkskammer', in the meetings of the Temporary Committee.

8. In the same context, the Temporary Committee made every effort to ensure close cooperation with Parliament's delegation for relations with the GDR and Czechoslovakia, whose chairman, Mrs Jensen, is also vice-chairman of the Temporary Committee. The bureau of the delegation was asked to take part in all activities with a bearing on German unification.

#### INFORMATION STAGE

9. In accordance with its programme, the Temporary Committee started by collecting all the information needed for the statement of its political position. It therefore met Mr Delors, President of the Commission (on 14 March 1990), Mr Collins, President of the Council (22 May 1990) and Mrs Adam-Schwätzer, FRG Minister of State for Foreign Affairs (on 14 March (bureau and rapporteur), 19 April, 10 September and 12 November) to discuss the general political situation. In the same context, the Temporary Committee was responsible for arranging the attendance of Mr Lothar de Maizière, Prime Minister of the GDR after the free elections of 18 March 1990, at the May part-session, where he was also able to address the enlarged Bureau at a session open to all Members.

10. On 19 April the Temporary Committee organized a hearing of experts on the legal and institutional framework of German unification. This hearing was

attended by the legal services of the Commission (Mr Timmermans) and Parliament (Mr Bieber) and Professor Jacque of the University of Strasbourg.

11. The Temporary Committee then focused on sectoral policies in discussions with the Commission Vice-Presidents, Andriessen (external relations, on 21 March 1990), Bangemann (the internal market and the schedule for unification, on 22 March 1990), Christophersen (economic and monetary union, on 3 April 1990), and Sir Leon Brittan (competition and state aid, on 23 May 1990), and with Commissioner Millan (economic and social cohesion, on 22 May 1990).

12. During this period, at the request of the Temporary Committee and with the help of outside experts, the Directorate-General for Research had prepared a document outlining the essential features of the situation in the GDR and their impact on Community policies (Working Document No. 1, 6-1990). It presented the document to the Temporary Committee on 22 May. At this meeting the Temporary Committee again met Mr Williamson, Secretary-General of the Commission, to assess the impact of the Inter-German Treaty on Economic, Monetary and Social Union, signed on 18 May 1990. On 14 June the Commission forwarded an official communication on the implications of the Treaty of Union between the German States ('Staatsvertrag') (SEC(90) 1138).

13. Equipped with this information, the Temporary Committee went to Germany to see how its ideas compared with the actual situation. In Bonn, on 31 May and 1 June, it met not only Chancellor Kohl, but also Mr Waigel, Minister for Financial Affairs, Mr Haussmann, Minister for Economic Affairs, Mr Vogt, State Secretary for Social Affairs, a Bundestag delegation led by Mr Antretter, Deputy Speaker of the Bundestag, and a Bundesrat delegation led by Mr Wagner, Prime Minister of Rhineland-Palatinate.

14. On this occasion the Temporary Committee organized a hearing with the following representatives of socio-economic organizations: Mrs Engelen-Kefer, vice-chairman of the German Trade Union Confederation (DGB); Mr Richter, representative of the German Chamber of Commerce and Industry (DIHK) and Mr Fels, Director of the German Institute of Economic Affairs (WI).

15. Three weeks later, from 25 to 27 June 1990, the Temporary Committee visited East Berlin, where preparations for economic, monetary and social union between the German states had reached their final stages. The Temporary Committee met Mr Reichenbach, Minister of State assisting the Prime Minister, Mr Hildebrandt, Minister for Social Affairs, Mr Prietzel, State Secretary for Economic Affairs, Mr Skowron, State Secretary for Financial Affairs, and representatives of the Volkskammer led by Mr Höppner, the Deputy Speaker. The members of the Temporary Committee also met Mr Walter Momper, Mayor of West Berlin and Mr Tino Schwierzina, Mayor of East Berlin.

16. The Temporary Committee organized another hearing with local experts, in which the following took part: Professor G. Beckmann of the Higher Technical Institute; Dr R. Caspar, spokesman for the Ministry of the Environment, the Protection of Nature, Energy and Nuclear Safety; Dr Heydt of the Central Institute of Economic Sciences of the Academy of Sciences; Mr W. Krause, vice-president of the trustee establishment ('Treuhandanstalt'), Professor W. Ostwald, Director of the Town and Country Planning Research Service; Dr G. Paar, member of the Volkskammer for the CDU and a specialist in

agricultural matters; Mr Stadermann, President of the GDR businessmen's association; Dr H. Ufer of the Central Institute of Economic Sciences of the Academy of Sciences; Dr H. Watzek, member of the GDR Parliament for the DBD and former Minister of Agriculture in the Modrow Government; and Dr Wilke, Head of the Economics Department of the Regional Council of Halle. In addition to the hearing, the Temporary Committee organized a reception to which representatives of all the political movements, business and trades union organizations of the GDR were invited. Accompanied by members of the Volkskammer, the Temporary Committee made four fact-finding visits in key sectors:

- The environment, energy, industry (Bitterfeld)
- Agriculture (Frankfurt an der Oder)
- Health and consumer protection (East Berlin)
- Regional policy and tourism (Potsdam)

17. On its return from Berlin, the Temporary Committee wound up the information stage of its programme with an exchange of views on the external aspects of unification held on 28 and 29 June 1990 with representatives of the United States and the USSR: Mr John Kornblum, Minister-Counsellor at the United States Mission to NATO; Mr Fisher, First Secretary at the United States Mission to NATO; Mr Kravtchenko, member of the Supreme Soviet of the USSR and Director-General of the news agency TASS; and Mr Bondarenko, ambassador and member of the college of the Ministry of Foreign Affairs.

18. In addition the rapporteur made a number of visits to meet Ministers in Bonn and Berlin, as well as party spokesmen, trade union representatives, etc, and to visit the headquarters of the former GDR central bank and of the 'Treuhandaanstalt'.

#### THE INTERIM REPORT

19. The Temporary Committee has aimed not only to keep the plenary informed of the progress of its work, but also to give the political groups an opportunity to express their views on the progress of German unification. During the ten months of its existence the Temporary Committee has organized seven debates at six of Parliament's part-sessions.

20. At the April part-session the Temporary Committee submitted three oral questions with debate (B3-426 - 428), to the Commission, the Council and the Foreign Ministers meeting in EPC respectively, and a resolution to wind up the debate and determine Parliament's position in preparation for the special European Council meeting to be held on 28 and 29 April in Dublin (B3-651; vote taken on 4 April 1990).

21. At the May part-session a second debate was held in plenary, focusing on the results of the European Council meeting. The President of the Council, Mr Haughey, Chancellor Kohl of the FRG and the President of the Commission, Mr Delors, took part in the debate; Mr de Maizière, Prime Minister of the GDR, and a delegation from the Volkskammer followed the debate from the special visitors' gallery. The debate was wound up with a resolution submitted by the Temporary Committee (B3-1041, adopted on 17 May 1990). This resolution also incorporated Parliament's reply to the communication presented by the



Commission on 19 April on the Community and German unification (SEC(990)751 final).

22. At the July part-session, immediately after the entry into force of inter-German Economic, Monetary and Social Union, the Temporary Committee presented its interim report, bringing the information stage of its programme to a close. The report was based on the opinions of as many as 14 standing parliamentary committees. A meeting of the chairmen and rapporteurs of all the committees concerned, to coordinate their positions, was held on 12 June.

23. The interim report (A3-183/90) was adopted in plenary on 12 July 1990. It continued to welcome the unification process, but set down a number of basic principles and objectives.

Firstly it emphasized the need to bring about European integration in parallel with German unification. Derogations and transitional measures for the GDR should not weaken central Community objectives, including the full achievement of the internal market and of Economic and Monetary Union. Moreover, Community financial support for the GDR should not be at the expense of Community commitments to its existing disadvantaged and peripheral countries and regions and to the developing world.

Secondly the report emphasized the need to place the unification process within the wider context of relations with Central and Eastern Europe as a whole. GDR entry into the Community could play an important bridge function with those countries. The impacts of changed trading relations on the GDR's former trading partners and on the GDR itself should be carefully monitored. The report then examined the wider political and security dimensions of the unification process, and the opportunities that were provided for a new security order.

24. The report also looked at a number of other specific policy issues that were raised by the unification process, internal market questions (including the need for adequate controls), industrial and competition policy considerations, transport and telecommunications, energy and research, and economic and social cohesion (including the need for a sensitive phasing out of existing aid to Berlin and the old border regions). Particular emphasis was also given to the need for reform of East German agriculture and fisheries and above all to improvement of the disastrous environmental situation. The budgetary implications of the unification process were then discussed.

The report considered the role of the Community institutions, and especially of the European Parliament, in the next stages of the unification process. It insisted on the need for the Parliament to give its opinion both on the forthcoming package of legislative measures as a whole and on the detailed proposals to be contained within it, and it called for an inter-institutional agreement on the timetable and working methods for adoption of the package.

25. The report regretted the lack of information that Parliament had received on the negotiations for the second State Treaty, and called for further information in the future, including from the German authorities. The report emphasized two wider information gaps that had to be closed, of East German citizens about the European Community and of non-German Community citizens about the situation and opportunities within the GDR, and went on to make some

practical suggestions for tackling these problems. Finally the report suggested that representatives from the GDR should be given observer status at the European Parliament, pending a wider examination of the issue of representation within the Parliament before the 1994 elections.

#### FIRST LEGISLATIVE MEASURES

26. In the meantime, on 20 June the Commission had presented the first legislative proposals linked with German unification. After the establishment of inter-German Economic and Monetary Union, the Commission proposed the setting up of a de facto Customs Union between the Community and the GDR, with particular emphasis on agricultural products (COM(90) 282), industrial products (COM(90) 265) and ECSC products (SEC(90) 1229). As there was no legal obligation for Parliament to be consulted except in the case of the proposal on agricultural products, the other proposals were forwarded to Parliament for information purposes only.

27. Pending a possible extension of the terms of reference of the Temporary Committee, the Committee on Agriculture, Fisheries and Rural Development had been designated the committee responsible for the proposal on agricultural products. The Temporary Committee considered the three proposals at its meetings of 29 June and 9 July. Since it was not the committee responsible and the proposals had not been referred to it for an opinion either, it was unable to set out its position in formal terms. On 13 July Parliament adopted the report submitted by the Committee on Agriculture, Fisheries and Rural Development (A3-187/90).

28. The next proposal, submitted by the Commission on 29 June, amending Decision 77/270/EURATOM in order to empower the Commission to issue EURATOM loans for projects in the GDR (SEC(90)1076) was the first legislative proposal referred to the Temporary Committee, and, indeed the first legislative proposal referred within Parliament to a temporary committee. At its meeting of 29 August, the Temporary Committee came to the conclusion that the proposal had been overtaken by events, given the increasing pace of the process of German unification. In response to a question on the subject in the form of a letter of 6 September from the President of Parliament, the Council and the Commission confirmed this interpretation by letters of 11 and 30 October 1990 respectively.

#### EXTENSION OF TERMS OF REFERENCE

29. Owing to the pressure of events in the two Germanies, the Commission was obliged to speed up considerably its adjustment of secondary Community legislation with a view to the integration of the GDR into the Community. Parliament responded immediately, adopting a resolution on 12 July making the Temporary Committee the committee responsible for the legislative package relating to German unification and asking it to incorporate in its reports the positions of the standing committees most directly concerned with the matter. Parallel to this decision, at its meetings of 29 August and 11 September the Bureau further reinforced its instructions that priority logistical support should be given to the work of the Temporary Committee.

30. The Temporary Committee is most grateful to the Conference of the Chairmen of Parliamentary Committees, which readily agreed to facilitate the temporary

transfer of competence without conflict. The Conference of Chairmen invited the members of the Temporary Committee to its meeting of 17 July in order to discuss the issue. The Conference even convened another meeting on 29 August, which was organized as a joint meeting of the Conference and the Temporary Committee. At each of these meetings Mr Bangemann took an active part in seeking a solution, explaining the content of the measures envisaged and going on to examine those actually proposed by the Commission in document COM(90)400 of 21 August.

31. The Temporary Committee stressed that its main objective was to take a comprehensive approach to all the legislative measures proposed. It therefore intended to focus on the horizontal issues which exceeded the scope of a single standing committee, and particularly on those in which the specialized committees would opt for differing solutions.

32. To implement these policy decisions within the extremely short time-scale allotted to Parliament, the Secretariat was obliged to set up new administrative procedures based on close cooperation between the specialized services which often went beyond the usual allocation of tasks. In this context it became obvious that as far as legislative matters of the complexity of German unification are concerned, the procedure normally followed within Parliament<sup>1</sup> leads to the duplication of certain tasks, which could be avoided if a procedure more akin to that followed in the budgetary sphere<sup>2</sup> were used.

#### THE INSTITUTIONAL AGREEMENT

33. In view of the historically exceptional nature of German unification, Parliament decided not to consider the integration of the GDR into the Community as being equivalent to the accession of a third country, which would require ratification by the national parliaments. To compensate at least in some measure for this democratic deficit, Parliament successfully demanded from the other Institutions the application of a procedure which would guarantee it a real impact on the prospective legislative decisions.

34. At the triologue of 6 September 1990, Mr Barón Crespo, President of Parliament, Mr Michelis, President of the Council, and Mr Delors, President of the Commission, concluded an agreement on this point (PE 143.416). The conclusions of the three Presidents make provision for Parliament to be consulted on all legislative measures proposed, irrespective of the legal basis, and for the legislative package to be considered and adopted in its entirety after Parliament has given its views at two readings on the individual measures and the package as a whole. For the first time, then, a procedure comparable to the cooperation procedure was applied to proposals covered by the simple consultation procedure, thereby creating a new frame of reference for issues linked with the optional consultation of Parliament on

<sup>1</sup> Nearly all amendments tabled in committee and not included in the committee's report are tabled again in plenary.

<sup>2</sup> The deadline for the tabling of amendments in plenary is fixed before the decisive meeting of the committee responsible, which delivers an opinion to the plenary on all the amendments. However, this opinion has no bearing on whether or not the amendments are maintained in plenary.

legislative matters. Moreover, this political commitment on the part of the Council was backed up by an indirect reference to the legislative conciliation procedure, suggesting that the legal instrument needed to resolve potential conflicts at the end of the process would be provided. In response, Parliament was obliged to commit itself to a very tight work schedule, which prompted the Temporary Committee to withhold its formal assent to the agreement.

#### PROVISIONAL MEASURES

35. When the vote on extending the competence of the Temporary Committee was taken in July, the institutions were basing their work forecasts on an assumption date that German unification would be completed around 1 January 1991. However, it became clear in August that the GDR would be integrated into the Community on 3 October. The Union Treaty ('Einigungsvertrag') was in fact signed on 31 August 1990.

36. Following this, the Commission called for a delegation of powers to enable it to implement the proposed legislative package before its adoption by the Community's legislative authority. The Council and Parliament accepted this proposal, though the latter gave its consent only once it had obtained assurances that the balance between the institutions would be maintained during this period.

37. By using a procedure involving two readings during the September part-session (A3-203/90 and A3-204/90), and having met Mr Vitalone, President-in-Office of the Council, on 12 September, the Temporary Committee ensured that the regulatory committees (3a) were replaced by management committees (2a) and gained acceptance for a time-limit on the delegation of powers, a requirement that the Commission present an exhaustive report on the verifications to be carried out, practical measures to facilitate the access of non-German nationals to the GDR market, the consent of the Council Presidency and the Member State concerned to the establishment of direct contacts between that state (the GDR) and Parliament, and the extension of the Delors-Plumb procedure to all the Commission proposals submitted to the management committees in the context of these provisional measures.

38. Matters relating to the delegation of legislative powers now appear in a completely different framework, as regards both the political and technical scope of the relevant measures and the guarantees which must accompany them in order to avoid upsetting the institutional balance required by the Treaties.

#### THE FOLLOW-UP GROUP

39. Before accepting Parliament's involvement in the implementation of the provisional measures, the Commission - and, indirectly, the FRG too, as the party primarily affected - insisted on having a partner within Parliament who could be consulted at very short notice.

40. The Temporary Committee therefore set up an internal follow-up group to monitor the provisional measures, made up of members of its bureau, the rapporteur and the group coordinators. The group met on 18 and 25 September 1990 and 16 October 1990. The meetings were open to all the members of the

Temporary Committee and to the chairmen and rapporteurs of the relevant standing committees.

41. The Commission instructed its Deputy Secretary-General, Mr Trojan, who had already played an important part in seeking a compromise on the provisional measures, to represent it in the Follow-up Group. The Group considered those of the Commission's proposals which had been adopted through the committee procedures. It examined problems arising in the monitoring of trade with the territory of the former GDR, agricultural reform, aid to the Berlin Region and problems relating to the privatization of the economy of the former GDR.

42. Within the framework of its brief the Group invited representatives of the relevant FRG ministries (Foreign Affairs, Economic Affairs, Finance and Agriculture), Mr Dittberner, State Secretary for Economic Affairs in West Berlin and Mr Firnhaber, Legal Director of the 'Treuhandanstalt' (trustee establishment), in addition to Mr Trojan and representatives of specialized directorates-general of the Commission. The Council, represented by the presidency or the secretariat of its ad hoc group on German unification, and the Permanent Representation of the FRG, represented by the Ambassador, Mr Trumpf, or one of his staff, were constantly present on these occasions.

#### TRANSITIONAL MEASURES

43. Wishing to underline the vital role of the standing committees in the initial consideration of the transitional measures, the Temporary Committee postponed its ordinary meeting scheduled for September. At its meetings of 4-5 and 8 October 1990 it conducted its first reading of the transitional measures on the basis of the amendments tabled by the standing committees and the additional or compromise amendments tabled by its rapporteur.

44. On 8 October it also adopted an opinion for the Committee on Budgets (PE 144.216) on a Commission proposal amending the financial perspective of the Communities in view of German unification (SEC(90)1780).

45. The Temporary Committee's legislative report (A3-249/90) was adopted in plenary on 24 October. In addition to this report on 23 legislative proposals, Parliament adopted the Temporary Committee's second interim report (A3-248/90).

46. Through its Vice-President, Mr Bangemann, the Commission immediately announced - both orally and in writing - its revised proposal on the legislative package (COM(90)495). In accordance with one of Parliament's amendments, it appended to it a new draft regulation on the export of certain Spanish and Portuguese agricultural products to the territory of the former GDR.

47. The Council, which was late in formulating its position, particularly in the field of agriculture, owing to its concomitant deliberations on the GATT Uruguay Round, was forced, in extremis, to speed up its work. It forwarded the result to Parliament on 7 November (C3-364 and 365).

48. In accordance with the institutional agreement of 6 September, the documents forwarded related both to the proposals subject to the cooperation procedure and to those covered by the simple consultation procedure. The

Council had defined these as being texts to which it had 'given sympathetic consideration' which represented yet another innovation in inter-institutional relations. The Commission and the Temporary Committee, anxious to avoid disregarding Parliament's competence in the matter, decided that these texts should be viewed as 'common orientations' within the meaning of the Joint Declaration of 4 March 1975 on the legislative conciliation procedure.

49. On 2 November, before going on to the second reading, the Temporary Committee took stock of the implementation of the provisional measures and their impact on the transitional measures with Mrs Adam-Schwätzer and Mr Trojan. The committee then considered the Council's common positions on the basis of the amendments tabled by its rapporteur, certain standing committees and a political group. At the same time, it instructed its rapporteur to check with the Council and the Commission the possibility of reaching a compromise whereby the second reading could be maintained on the agenda of the November part-session, as initially planned.

50. On 19 November 1990, the Temporary Committee adopted the rapporteur's proposals for a compromise and therefore wound up its legislative activities (A3-304/90 - second-reading recommendation under the cooperation procedure; A3-314/90 - legislative report as new opinion under the conciliation procedure, and A3-316 - single-reading report on the new draft regulation on agriculture).

51. This compromise was agreed subject to a number of commitments made by Mr BANGEMANN on behalf of the Commission, both at the meeting of the Temporary Committee on 19 November 1990, and later in the week in plenary. The Commission accepted a number of amendments put forward by the rapporteur emphasizing that any modifications made by Commission and Council within the framework of comitology would only be those of a technical nature. To back this up the Commission made a declaration that any new measure or significant adjustment of existing measures should be subject to normal legislative procedures involving formal consultation of the European Parliament. The Commission also made a second declaration that all implementing measures that would not be the subject of legislation would be transmitted to the European Parliament without any exceptions. This confirms the procedures agreed on for the emergency measures in September, and represents a considerable reinforcement of the procedures agreed upon for implementing measures outside the German unification context by President DELORS and former President Plumb, which are subject to significant exceptions, such as requirements of urgency or confidentiality.

The Commission also made two other declarations to the Committee and to Parliament on the sensitive issues of agriculture and of the structural funds.

52. Mr VITALONE, the President-in-Office of the Council, in his contribution to the debate in plenary on 20 November 1990 referred to the compromise proposals outlined above, and said that he would seek the Council's support for such approach during the Council's final consideration of the package.

53. The vote on the Council's common positions and orientations was held on 21 November.

## THE FINAL REPORT

54. During its meeting of 19 November 1990 the Temporary Committee adopted its final political report, which was also adopted in plenary on 21 November 1990.

The report welcomed the spirit of cooperation that had been developed between the Community institutions in the context of German unification, and notably for the adoption and implementation of the emergency measures, but expressed concern that this cooperation might only be an isolated precedent conceded because of exceptional circumstances rather than serving as a real model for the future. The report then went on to provide a more detailed explanation of its views on the final legislative package, and on the reasons for the suggested compromise.

55. The report again stated that German unification should be considered as a step towards European union, and also emphasized the need for closer cooperation between the Community and Central and Eastern Europe.

The report also expressed considerable concern about some of the continuing problems after unification in the territory of the former GDR, putting particular emphasis on social and economic problems (including the sharp rise in unemployment, and the especially difficult position of women), the appalling state of the environment, the serious situation in agriculture, and the risks in the energy sector.

56. The final section of the report outlined the necessary follow-up measures in implementing the package, including the need for parliamentary review of the workings of derogations and of the control measures and of the impacts of the measures on the GDR itself, on other Community countries and also on other European countries, notably those in Eastern Europe. The report also called for the issue of representation of the different Community countries within the European Parliament to be thoroughly debated in the forthcoming intergovernmental conference on political union.

## CONCLUSIONS

57. The Temporary Committee met for the last time on 11 December, noting that the Council had essentially supported the compromise proposals (while not following Parliament's exact wording) but regretting that the Council had rejected practically all of Parliament's other amendments in second reading. The members of the Committee believed that Parliament had played a highly constructive role in adopting the legislative package in time, and considered that the Council had not been sufficiently responsive in this final phase of the legislative process. The Committee was dissolved after adopting the following conclusions, which it wishes to submit to the enlarged Bureau.

58. The Temporary Committee:

- (a) is glad that its work enabled Parliament to take an active part in the Community debate on German unification and the adaptation of secondary Community legislation, thereby facilitating the rapid integration of the former GDR into the Community.

- (b) stresses that through its participation Parliament has helped to reduce the initial democratic deficit to which it alluded in regretting 'that the European Council did not consider it to be necessary to present these proposals in the form of a Treaty giving rise to a consent procedure for the European Parliament and ratification by national parliaments'. (paragraph 22 of the interim report).
- (c) underlines the importance of the institutional agreement concluded by the Presidents of Parliament, the Commission and the Council on 6 September 1990, on the procedure for adapting secondary Community legislation to take account of the incorporation of the GDR in the Community. This agreement:
- helped to create the essential climate of mutual trust between the Institutions, thereby facilitating the consideration of some thirty legislative proposals concerning 18 different policy areas at two readings, over a period of a few months;
  - contains a number of valuable precedents for the strengthening of Parliament's impact on the legislative decision-making process, with regard both to inter-institutional relations and the application of Parliament's Rules of Procedure;
- (d) recognises that the success of its work would not have been possible without the active support of the Bureau and the enlarged Bureau in approving the Committee's work programme, endowing it with legislative powers and defining clear-cut priorities, thus facilitating appropriate logistic support;
- (e) recalls the important role played by the Conference of Chairmen of Parliamentary Committees in transferring legislative powers from the standing committees to the Temporary Committee; therefore proposes that this Conference be charged with coordinating the verification of the implementation of the transitional measures, as described in the annex, and progress in the institutional sphere.
- (f) is convinced that it would have been unable to conclude its activities under such satisfactory conditions without the consistent and active support of the Commission, at the highest political and administrative levels; also draws attention to the spirit of inter-institutional cooperation shown by the Council Presidencies, particularly during the period before the examination of the transitional measures were considered.
- (g) wishes to thank Parliament's Secretariat, in particular, for its prompt response to Parliament's changed political priorities, which obliged nearly all the services responsible for the smooth running of parliamentary matters, including those concerned mainly with logistics, to take on still more work at a time when their workload was very heavy, owing to preparations for the intergovernmental conferences at the end of 1990 and the budgetary procedure. Pays tribute, in this context, to the invaluable assistance given to it by the secretariat of the Temporary Committee.





*ON PERMANENT LOAN FROM THE BUNDESTAG  
SIX PHOTOGRAPHS BY GERMAN ARTIST  
**FRANK THIEL**  
ILLUSTRATING THE FALL OF THE BERLIN WALL  
ARE EXHIBITED WITHIN THE EUROPEAN PARLIAMENT'S  
PREMISES ON THE SECOND FLOOR  
OF THE LOUISE WEISS BUILDING IN STRASBOURG*



## PREVIOUS PUBLICATIONS:

Out of print: *Towards a Single Parliament – The influence of the ECSC Common Assembly on the Treaties of Rome*, Luxembourg, March 2007, 231 pp., OR: IT, published in all Community languages (except Irish).

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