

EDITORIAL

The results of the European Council Summit of Nice in December 2000 were ambivalent. The good news is that Nice produced a result opening the way for EU-Enlargement; a resolution to the problem of the future composition of the Commission is also in sight. Small states will maintain one Commissioner beyond 2005 enhancing the support for the overall new construction. Germany will gain more seats in the European Parliament consistent with its population and the first new candidate countries will participate in the next election to the European Parliament in 2004.

The bad news however is that qualified majority voting is not truly being extended limiting the European Parliament's core decision making rights. The democratic deficit of the European Union has not really been resolved, most unfortunately in the key fields of composition of structural funds and asylum and immigration and tax policies.

The final good news is that a new intergovernmental conference has been decided upon for 2004 to deal with the re-arrangement of competencies in the governmental system of the European Union, the inclusion of the Charter of European Basic Rights into the European treaties as well as simplification of those treaties. It would have been better news, however, if instead of a new intergovernmental conference, a new convention - in line with that which produced the European Charter of Basic Human Rights in 2000 - had been reactivated, making for a more public and political debate possible between now and 2004. Nevertheless, the Treaty of Nice has not undermined the supranational intentions and perspectives of the European integration process. The time has come to realize a European Constitution as a frame for the future development of the Political Union.



Prof. Dr. Ludger Kühnhardt

Cost Control Mechanisms Employed by Health Services Under Scrutiny of European Competition Laws

by Katrin Mayer and Claude Sander

A higher life expectancy coupled with an increase in age related illnesses, ever increasing expectations regarding the quality of medical care and an explosion in the costs of the health service have all contributed to the need for cost control and containment. Not only is the public very interested in this topic, but the provision of health care has also attracted attention at the Community level. The Maastricht Treaty was the first to insert a specifically health-related clause into the EC Treaty: In its post-Amsterdam version, Art. 152 EC Treaty provides that "Community action shall complement national policies" to ensure "a high level of human health protection". However, the Treaty of Amsterdam again emphasizes that the organization and delivery of health services remains the responsibility of the Member States. Thus, "incentive measures designed to protect and improve human health" are only permissible "excluding any harmonization of the laws and regulations of the Member States".

OBSERVANCE OF COMMUNITY LAW IN THE HEALTH CARE SYSTEM

Until April 1998, those German authorities and institutions responsible for the implementation of health policy believed themselves to be in a field as yet untouched by European law. However, the rulings by the European Court of Justice in *Kohll* and *Decker* proved that legal aspects of the health care system and even its domestic organization may be evaluated in the light of Community law and its inherent tension between national sovereign rights and the requirements of the internal market. Although the ECJ stressed in its rulings that Community law does not impinge on the Member States'

jurisdiction to organize their systems of social security, it also emphasized that Member States have to observe Community law when exercising this jurisdiction - a somewhat self-evident proviso. Therefore, the categorization of a measure as forming part of the provision of health services or the social security network does not exclude the measure from the application of European competition law or the "four freedoms". The ECJ's rulings caused major reverberations: To begin with, the German Government denied that the judgments which were based on litigation before Belgian and Luxembourgian courts were also applicable to the provision of health services in Germany.

IMPACT ON THE PHARMACEUTICAL SECTOR

However, it soon became clear that the German courts were willing to follow the ECJ. For the legislator, this became painfully obvious concerning the cost control of expenditure incurred by the statutory health insurance funds when providing medication to those insured by them. The large number of regulatory cost-cutting mechanisms - prescription fees, price reductions, guidelines on the prescription of drugs (*Arzneimittelrichtlinien*), negative and positive lists as well as reference pricing - employed by the German health care system show that (cross-border) competition in relation to national markets for the provision of medicines continues to be largely an illusion. Thus, it comes as no great surprise that regulations forming part of the national health care system are frequently challenged under competition law before national courts: Especially those divisions of the civil courts which apply competition law have recently

ensured the application of EC competition law to the statutory health insurance sector. In the first major judgement, an action brought by drug manufacturers, the court declared reference pricing to be a violation of competition law and prohibited the manufacturers from basing their reimbursement rules on the system of reference pricing attacked in court. Since, manufacturers have also successfully attacked the publication of the “*Gemeinsames Aktionsprogramm zur Einhaltung der Arznei- und Heilmittelbudgets 1999*” as well as the publication of the draft guidelines on the prescription of drugs (*Arzneimittelrichtlinien-Entwurf*) drawn up by a federal commission composed of medical practitioners and health insurance funds, their legal actions being based on European antitrust law alleging an abuse of a dominant position. Thus, within a short period of time, the health insurance funds were no longer able to make use of their most important cost control mechanisms for containing costs concerning the provision of medicines.

THE ROLE OF HEALTH INSURANCE FUNDS

The main link for the application of European competition law to the cost control mechanisms mentioned above is the cartel-like cooperation between statutory health insurance funds when containing costs for the provision of medicines. Under the political slogan of “*Right of way for self administration (Vorfahrt für die Selbstverwaltung)*”, the legislator has assigned the responsibility for implementing cost control mechanisms into specific rules to institutions which, due to their composition, largely represent the interests of the statutory health insurance funds. The decisions made by these institutions are binding and frequently serve to ensure a uniform procedure on the part of the insurance funds when deciding whether or not to bear or reimburse costs. After all, it has to be borne in mind that, due to the obligation to provide benefits in kind which applies to the entire field of statutory health insurance, the insurance funds represent the demand side of the market for medicines. The statutory health insurance funds must directly provide those persons insured by them with all medication required (*Sachleistungsprinzip*), while private health insurance funds merely reimburse costs already incurred. As a result of employing cost controlling mechanisms, statutory health insurance funds are now in a position to bargain at least indirectly with drug manufacturers as far as marketing and pricing conditions of drugs reimbursed by the statutory health insurance are concerned. To take one example, the effect of reference pricing is that the insured may only obtain certain drugs at the expense of the

statutory health insurance funds up to the level of the reference price. If a doctor prescribes a drug the price of which exceeds the reference price, any surplus costs have to be borne by the insured. As the purchase of drugs more expensive than the reference price constitutes a burden for the insured, the insured inevitably demand those drugs which do not necessitate additional payment. Therefore, reference pricing exerts a



Photo: E. Lichtenscheidt

major influence on market demand and, in fact, has the same effect as maximum prices for the drug categories concerned. For the purposes of EC competition law and especially Art. 81 EC Treaty, the result of the statutory health insurance funds' setting of reference prices at a uniform level is a purchase price cartel on the part of the insurance funds.

UNIFORM INSURANCE FUND PROCEDURES - A VIOLATION OF COMPETITION LAW

The fact that these regulatory cost controlling mechanisms appear to violate competition law may be seen as an unavoidable consequence of the legislator's wish for a uniform procedure on the part of the various statutory health insurance funds. From the perspective of EC competition law, it

would be desirable to find a solution to the problem of controlling costs which would permit individual health insurance funds to determine the level of reimbursement for a certain drug themselves or to stipulate the conditions for reimbursement depending on the kind of illness suffered. However, the present procedure employed by the health insurance funds which has also been endorsed by the legislator constitutes a clear

violation of competition law. Now that both reference pricing and the guidelines on the prescription of drugs (*Arzneimittelrichtlinien*) have been the subject of decisions by competition law divisions of civil courts, it is high time to develop a new system not only in conformity with EC competition law, but also specific to individual health insurance funds. Such a system should permit individual insurance funds to elaborate on which

benefits in kind and services they intend to cover. As long as all health insurance funds continue to have to adhere to the same regulatory framework, it will remain impossible to introduce aspects of competition into the health system as has long been desired by the legislator. Against this background, European competition law cannot be said to have stirred up trouble, but has proven to be a catalyst for an urgently required reform of the statutory health insurance system. ■

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EMU Monitor opposes publication of ECB inflation forecast

by Boris Hofmann

On Wednesday, 29 November 2000, the EMU Monitor, a panel of six renowned European macroeconomists launched by ZEI at the start of the European Monetary Union, met for the sixth time.

At the Frankfurt Press Club, the panel commented on EMU monetary policy issues and responded to questions raised by interested economic journalists. This time the EMU Monitor focused on the weakness of the EURO, the publication of the ECB's in-

flation forecast and monetary policy orientation for 2001.

The EMU Monitor argued that the weakness of the EURO could well reflect fundamentals and that intervention by the ECB alone will fail to provide any long term boost to the EURO. Publication of the ECB's inflation forecast was viewed critically by the panel, because the ECB may then come under pressure to adjust rates in the event the forecast differs from the ECB's inflation objective, even if this were to be premature.

For 2001 the EMU Monitor advised to maintain the reference value for M3 growth at 4.5 percent, and before taking further action on interest rates, the ECB should wait and see whether the current slow down in economic activity proves to be transitory only. ■

Fiscal Policy in Central and Eastern Europe

Reform of the public finance system plays an important role in the transformation process in the Central and Eastern European countries aspiring to become EU members. A project at ZEI examined tendencies and institutional factors.

by Holger Gleich and Jürgen von Hagen

The reform agenda of the public sector is a pivotal part of the Central and Eastern European countries' (CEEC) path into the EU. It includes adjustments of the tax and social security systems, the setting of new expenditure priorities, and the decentralization of administrative structures. These developments are reflected in the development of the size and structure of the public budgets. The average ratio of government expenditure to Gross Domestic Product (GDP) of the 10 CEECs that have applied for EU membership dropped from over 50 percent in the early 1990s to 42 percent in 1998. The average budget deficit has been on average about three percent of GDP since 1992.

At the same time we are able to observe a surprising degree of fiscal convergence in this group of countries. In 1993 the difference between the highest and the lowest ratio of government expenditure (Hungary and Romania respectively) was 23.3 percent. By 1998 this difference decreased to 10.5 percent. The expenditure to GDP ratio of six of these 10 accession countries rested in 1998 within an area of a little over two percentage points, around an average of 41.7 percent. The development of government revenue followed the same pattern.

The structure of public revenue also shows a high degree of convergence. Typically, revenue from income tax adds approximately 22 percent and from value-added tax approximately 30 percent to total revenue. In contrast, the share of social security contributions varies between 19 percent (Bulgaria) and 28 percent (Lithuania) of total revenue. This high portion of indirect taxes and non-tax related revenue is also typical for the lower income countries of the EU. Because these forms of revenue have a regressive distributional effect, this trend indicates that distributional aspects have played a

minor role so far in the structural reform of public revenue within the public budgets of the CEEC.

There are still sizable differences in the structure of government expenditure. The share in total expenditure of the usually largest spending items in government budgets – public consumption and transfers – shows for the year 1998 even a higher dispersion around the mean than in 1993. We therefore observe that while the share of total public spending in GDP in these countries became more similar, the composition of expenditure became more heterogeneous. In those countries with the lowest transfer payments, Bulgaria, Estonia and Lithuania, the share of transfers in total expenditure has remained almost unchanged since 1993 and 1998, while in those countries with the highest expenditure for transfers, Poland and the Czech Republic, the share has increased.

Empirical studies show that the convergence of government expenditure to GDP ratios and the composition of revenue, and on the other hand, the heterogeneity of the expenditure structure, reflect both common requirements for EU accession as well as similarities and differences in fiscal preferences. The influence of historical conditions is significant only with regard to transfer and state debt related payments. This reflects political resistance against the cutting of social security expenditures.

Since the beginning of the transformation, governments in accession countries have gradually established new institutions that govern political decision-making with regard to public finances. Recent research in political economy has shown that the institutional framework of budget processes can systematically influence budgetary decisions by shaping the behavioral incentives and strategic choices of the actors involved in the decision-making. The institutional structures of budget processes can be described with indices. These indices are composed of several elements that translate qualitative characteristics of institutional arrangements into quantitative numbers. The elements evaluate for example the existence of numerical fiscal rules, the relative standing of the minister of finance vis-à-vis other ministers, the relative power of the government compared to the parliament, and the stringency by which the annual budget is implemented. A high index value signifies an institutional framework that should lead to a higher level of fiscal discipline.

PUBLICATIONS

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ARTICLES

Christian Koenig: „Fremd- und Eigenkapitalzufuhr an Unternehmen durch die öffentliche Hand auf dem Prüfstand des EG-Beihilfenrechts“, ZIP 2000, pp. 53 ff.

Christian Koenig and Jürgen Kühling: „Grundfragen des EG-Beihilfenrechts“, NJW 2000, pp. 1065.

Christian Koenig and Andreas Neumann: „Zusammenschaltungs-Entgeltregulierung unterhalb der Schwelle „beträchtlicher Marktmacht“, Rtkom 2000, pp. 27 ff.

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Christian Koenig and Eva-Maria Müller: „EG-rechtliche Vorgaben zur Patentierbarkeit gentherapeutischer Verfahren unter Verwendung künstlicher Chromosomen nach der Richtlinie 98/44/EG“, GRUR Int. 4/2000, pp. 295.

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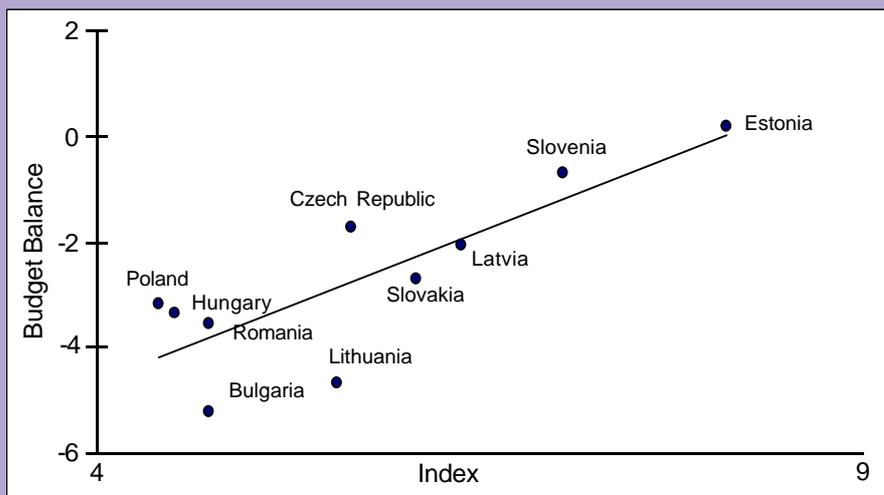
Franz-Joseph Meiers: Europäische Sicherheits- und Verteidigungsidentität (ESVI) oder Gemeinsame Europäische Sicherheits- und Verteidigungspolitik (GESVP)?

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FISCAL INSTITUTIONS INDEX AND GENERAL GOVERNMENT BALANCES IN CEEC (AVERAGES OVER 1994 - 1998, IN % OF GDP)



The above figure shows the correlation between such an index and the average national budget deficits for the accession countries during the years 1994-98. Countries with a high index value – “good” budgetary institutions – show a noticeably lower budget deficit. The visual effect is corroborated by statistical tests.

These results confirm the significance of the design of the budget process for the fiscal discipline of governments. To ensure

long-term stability of public finances in the accession countries the European Commission should ascribe a high level of significance to the design of appropriate budgetary institutions.

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What can we expect after Nice?

Just hours after the Intergovernmental Conference concluded in Nice the Commissioner accountable for the Eastern enlargement of the Union, Günter Verheugen, gave a first assessment on 11 December at ZEI of the conference results.

by Rafael Biermann

“Standing before you is a potential victim”, Günter Verheugen commented on the decision of the EU Head of Government with a smile, a decision which could cost him his office in 2005, when the large member states, including Germany, will each lose a Commissioner.

On 11 December, within the framework of a ZEI-Europaforum, the EU Commissioner took stock of the outcome of Nice before an audience of over 250 representatives from politics, science, economics as well as the media. “The progress is not sensational, but

there is no standstill, nor has there been a setback”.

Verheugen is confident, that the decision of the Helsinki Summit of December 1999 to make the Union internally fit for enlargement by the year 2002 can be fulfilled. Subsequent to the financial framework being established in Berlin in 1999 and a strategy for negotiation being adopted on 8 December 2000, now after Nice the institutional reform as the third prerequisite for EU enlargement has been decided upon.

According to Verheugen, the most consequential debate, and one which did not find consensus in Nice, concerns the future conception of Europe. While some member states expressed their goal of a Europe of strong solidarity and unity, others clearly demonstrated their preference of returning to a “Europe of mutual cooperation among the states”.

Verheugen placed significant importance on two aspects. First of all, the candidate countries “have the right to expect that we do our homework”. For a long time, the Union made appeals to the accession can-



EU Commissioner Günter Verheugen at ZEI on 11.12.2000
Photo: ZEI

didates. Now, however, the 15 member states need to reach a consensus on the most sensitive chapters of the negotiations. The accession strategy of 8 December signifies a strong "self obligation" on the part of the member states, thus ensuring timely agreement on each individual chapter of the negotiations. The aim to conclude the negotiations by 2002 remains unchanged. The decision in Nice for the first new member countries to participate with full member rights already in the 2004 elections to the European Parliament was expressly welcomed by Verheugen.

With regard to the cost of EU enlargement, Verheugen clearly held the view, that funding until the year 2006 is "at no risk". The Commission has three billion Euro per

year at its disposal for this purpose - more will not be available. As far as Germany is concerned, the enlargement process to date has "cost nothing". On the contrary, of all countries Germany has profited through enormous flow backs as a result of a balance of trade surplus with each of the individual candidate countries. From a total EU surplus of 20 billion Euro, 50 percent has gone to Germany alone. Just how serious a "united Europe" is for the member countries will only truly be known if they themselves have to start "foregoing".

By and large, following Nice, according to Verheugen, all lights are "go" for EU enlargement. Formulation prior to the Intergovernmental Conference of any self binding "minimum requirements" of internal reform had been consciously avoided.

Concluding with some impressive remarks on the philosophy of enlargement, Verheugen reminded all of the "historical responsibility" the member states bear, at the same time, however, calling upon the candidate countries to increase anew the speed of reform in the "final spurt". Verheugen to a Czechoslovakian participant: "The ball's in your court again".

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Monetary Transmission and Credit Characteristics in the EURO area

by Boris Hofmann

There is empirical evidence that the transmission of monetary policy in the EURO area is asymmetric. For example, among the largest EURO area countries, the output response to a monetary impulse in Italy appears to be significantly faster than in France, Germany and Spain.

What is the reason for these asymmetries? Differences in the structure of loan markets could provide an explanation. In the EURO area, the main source of finance for the non-government sector are bank loans. Therefore, the speed of monetary policy transmission is likely to depend on the pass-through of policy rates to lending rates. Fast pass-through can be expected if lending rates are mainly variable. The share of lending at adjustable rates is over 70 percent in Italy and around 40 percent in France, Germany and Spain. Thus, the degree of adjustability of lending rates can provide an explanation for the observed differences in monetary policy transmission in the four largest EURO area countries.

It is often claimed that the introduction of the EURO will revolutionize financial structures in Europe. However, the credit characteristics of national markets will most likely change at a slow pace, so that asymmetric monetary policy transmission is likely to remain a problem for the ECB, at least in the near future.

Institutional Reform of the EU

by Peter Zervakis

The Academy of European Law (ERA), Trier, in co-operation with ZEI, with the support of the European Union and German Foreign Office, organized a conference in Trier "Institutional Reform of the European Union: Unfinished Business or Root and Branch Reform?" on 25/26 September 2000.

At the Cologne summit of the European Council in June 1999 it was agreed that an Intergovernmental Conference be convened early in 2000 "to resolve the institutional issues left open in Amsterdam that need to be settled before enlargement". The first international conference of ZEI and ERA which took place at the Academy of European Law in Trier addressed the following key issues with the help of 13 well reputed

legal experts and political scientists as well as practitioners from different member states and the EU-institutions:

- discussing institutional structures and procedures after taking into force the Treaty of Amsterdam (the political and legal basics of the governmental conference, decision-making and legislation with reference to EU social and regional policy)
- debating political and legal reforms of EU institutions (size and composition of the European Commission, weighting of votes in the Council, possible extension of qualified-majority voting in the Council, the role of the European Court of Justice)
- analyzing the influence of the European integration process on member states and accession countries (constitutional and political adaptations of the various national political systems, limits and opportunities of the EU-Council Presidency)

- emphasizing European people, European rights (Charter of Fundamental Rights)

The two day seminar on comprehensive institutional reforms of the EU which was simultaneously translated into German, English and French took place at a time when the French Presidency intensively prepared the convocation of the European summit planned for December 2000 in Nice. The participants successfully took up the threads of the continuing debate and reflected clearly on the idea of reshaping the Treaties taking thereby fuller account of the principles of the rule of law, democracy, transparency, flexibility and efficiency.

On 8 and 9 March continuation of the conference will take place in Trier during which the future of the European Union according to the outcome in Nice will be interdisciplinarily debated. (See also ZEI-Calendar).

Summer Seminar „European Affairs“

by Stefan Comes

With their return tickets held firmly in their hands, they were able to look back on nine strenuous days of a tightly packed agenda of lectures and excursions which only allowed minimal time for a leisure program.

15 students and young professionals in international relations from Azerbaijan, Kazakhstan and Uzbekistan visited Bonn in August 2000, the purpose of the visit being to familiarize themselves with the policies, institutions and functioning of the European Union.

After the end of the Soviet Union many former Soviet Republics, now independent states, suffered a dramatic shortage of trained diplomatic staff. Against this background, ZEI, jointly with the German Aca-

dem Exchange Service (DAAD), organized a “European Affairs” seminar from 24 August until 1 September 2000. The seminar particularly targeted qualified students and young professionals in international relations from central Asia, who in just a few years could very well belong to the political decision-makers in foreign policy in their home countries.

In addition to fundamental topics such as law and the institutions of the European Union as well as its policies, the seminar focused heavily on the area of EU foreign relations.

During a one day visit to Brussels, the participants were given the opportunity of gaining a personal impression of the work of the Commission and the “European capital” in Brussels.

Due to the success of the 2000 seminar, a second seminar will held in summer 2001 - the duration of which will be twice as long. ■

lize, the new members will lose their most productive, highly skilled workers. Moreover, wages may rise dramatically as scores of workers leave and some industries may soon struggle with a lack of qualified labor. Rising wages, without an accompanying increase in productivity, will eliminate much of the relative advantage that they currently have in trade with the West. None of this will occur, though, if the EU imposes temporary restraints on labor mobility. Instead, since the new members will enjoy the other two freedoms of the common market—free movement of capital and free trade—they can expect accelerated inflows of Foreign Direct Investment (FDI), both from the current EU member states as well as from third countries. The current EU members will still face competition from the acceding countries’ cheap labor, but it will affect them through free trade rather than migration. However, the benefits will accrue to the new members because of the positive effects of FDI on growth and tax receipts.

“Nice” Arguments

Nice has now cleared the way for EU enlargement. Just what impact this could have on the labor market and real estate sales is discussed in the following article.

by Jan Fidrmuc

At the meeting in Nice, the EU cleared the way for the next enlargement, which may happen as early as 2003 or 2004. Nevertheless, just a few days later, German Chancellor Gerhard Schröder assured the German citizens that they would not have to fear cheap labor as a flow-on of immigration from the new EU members. He emphasized that he would insist on transitional barriers to labor mobility for the new members for several additional years—until 2010. This proposal is likely to receive emphatic support also in other current EU members, most notably Austria. To compensate the acceding countries, the EU will most likely allow them to retain temporary restrictions on land sales to foreigners—thus giving in to a request, which several candidate countries raised during the pre-accession negotiations. This compromise should ensure that enlargement will be politically acceptable both in the West and in the East.

Economic theory tells us that restrictions on market forces lead to inefficient out-

comes and lower overall welfare. In the case of temporary restraints on labor mobility and land sales, the two sides in the pre-accession negotiations not only strive to implement inefficient policies, but they do so for the wrong reasons too. It is ironical that the restraints will eventually do little good to those who requested them and instead are more likely to bring benefits for the other side.

LABOR MOBILITY

On the one hand, West Europeans fear that an inflow of cheap labor from the East will drive down wages and increase unemployment in their countries. Never mind arguments about ageing, unsustainable pension systems, and the rising need for high-skilled migrants—not only in the IT industry. Suppose that enlargement without restraints on labor mobility would indeed bring about large immigration from the new member states—massive enough to have a non-negligible effect on the current members’ wages and unemployment. Consider what effects such massive emigration would have on the origin countries’ wages and employment. (Of course, one might argue that migration of labor will not have any effect on wages or employment if trade is free—at least so trade theory tells us—but then why impose any restrictions in the first place?). In fact, it is the accession candidate countries who have reasons to be afraid of massive emigration. If the flows indeed materia-

LAND SALES

On the other hand, it is also hard to understand the East Europeans’ fear of land and real estate sales to foreigners. An often invoked argument is that rich Westerners will buy up land and real estate—largely to use it for recreational purposes—and in the process, drive out the poorer locals from the housing markets. One could respond that such increased demand would invigorate the construction industry in the new member states and thus improve the overall housing stock, or that the inflow of German, Austrian and Dutch vacationers will sharply boost receipts from tourism. But the most important aspect of this issue has been completely neglected so far. The beneficiaries of rising prices in the housing market will be the current owners—private home owners and/or their governments. Rising prices will imply a dramatic wealth gain for a large segment of the society (whether they decide to sell or not), as much of the housing stock has been recently privatized in the accession candidate countries. It is ironical to see asset owners trying to block a policy that will dramatically increase the prices of assets they are holding.

In summarizing, the most efficient enlargement strategy would indeed be one that does away with any measures of restriction. Nonetheless, since the restrictions now appear almost certain, the political focus of attention should be directed to the possible pitfalls of these restrictions. ■

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Maria Dolores Cristina

**Maria Dolores Cristina is
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"I am disappointed with the slow down in the Euro-Mediterranean Process".

ZEI: Malta is among the EU-Candidate countries, however, the country less discussed in the context of the EU enlargement process. From a Maltese perspective, how do you see the enlargement process and how controversial will the enlargement issue be in Malta?

Cristina: Well, the issue itself in Malta is controversial at the moment. We do not have parliamentary consensus on accession. Our people are now deciding with their heads more than with their political affiliations. And we are working very hard of course to present the EU to our people as a citizens union. It is very hard to convince people on technicalities and bureaucratic terms. So one has to ensure that the Union becomes alive to people because at the end of the day what mostly concerns our citizens is the future, employment, the future of their children and of the elderly and the welfare state as such.

We believe that in the years to come the Union will become much more popular than it is at the moment. Although we do have a poll that indicates that 55 percent of Maltese people are in favour of accession, there is a group of "I don't know" and those are the ones who we have to target. Yes, Malta is the least discussed. Sometimes, I feel very dwarfed by the Central and the Eastern European countries. But that is understandable. We are also told very often

that we do not have the problems that these countries have. I will therefore try to view the fact positively that we are less in the discussions than countries such as Poland and Hungary, Romania and Bulgaria.

ZEI: Given its history and its role in the Mediterranean, however, Malta is a giant and probably this is one of the dimensions which you will be able to add to the discussion about the contribution of new members to the European Union.

Cristina: Yes, we are aware of our strategic position in the Mediterranean. And we have always felt that we are a bridge between the south and the north of the Mediterranean. I must admit that I am disappointed with the slow down in the Euro-Mediterranean process. The feeling is that the European Union has not shown enough interest in that area to the detriment not only of the area itself but also to the detriment of the European Union. We cannot see a stable Europe without a stable Mediterranean region.

ZEI: Sometimes there is the misconception particularly north of the Alps that the whole Barcelona process is somewhat of a trade-off to appease or to please the interests of the southern European countries while the northern European countries are looking to the EU-enlargement issue. What is the value in itself of the whole process of developing European relations in the Mediterranean basin with the southern neighbours?

Cristina: I do not think that we need another wall in the Mediterranean and that we really need to see any divide there come down. Culturally we have a lot to offer one another and I believe we should make the most of Malta as a bridge between these two areas.

ZEI: Malta's history itself is one of the most impressive expressions of cultural diversity and development on the basis of an interaction of cultures which has come across Malta in the course of thousands of years. How do you see the prospects of a dialogue among civilizations particularly among Christianity and Islam in the context of this whole Euro-Mediterranean project?

Cristina: Well, we feel that we have rather absorbed the essence of so many cultures that we ourselves are now part of many different cultures. It is a two-way-system and I have always felt this is something that we can bring with us. It is an understanding of cultures that is not gained through academia or through studies but develops through experience, and we feel that we have that

experience which is invaluable and which as I say we hope to bring to all the areas around us. It might sound rather big-headed coming from someone from such a small country, but we do feel that the essence of Europe as well as that of the north African countries is somehow all really inside Malta and this is something that we look forward to being able to offer Europe in the future.

ZEI: Malta as the core of the Mediterranean?

Cristina: Yes, indeed. We feel that we are the core and the heartthrob of the Mediterranean. We empathize with the north African countries in some ways and with Europe in many more ways. Similarly, we feel that both Europeans and north Africans are able to empathize with Malta's situation as well because a part of them rests in Malta - and it is a part that can only come, as you said, through thousands of years of civilisation.

ZEI-CALENDAR ZEI-CALENDAR

MARCH 2001

07. ZEI Europaforum (5.30 - 7.00 pm, ZEI): Viviane Reding, Member of EU-Commission: „Europa der Bürger - vom Schlagwort zur Realität“.
- 08./09. Conference: „Verfassungsrechtliche und politische Fragen in der EU nach Nizza: Leftovers of the Left-Overs?“, Trier. In cooperation with the Academy of European Law (ERA) in Trier. Registration via the ERA-Website: www.era.int (Seminar fee: 300 Euro, concessions available).
30. Expert Meeting: „Rechtliche und wirtschaftliche Aspekte der UMTS-Nutzung“, one day's duration, at ZEI.

APRIL/MAY 2001

Europeum/ZEI/BMWi Conference on Telecommunication, one day's duration, at ZEI (date to be announced via the internet: www.zei.de).

JUNE 2001

27. ZEI Europaforum (4.30 - 6.00 pm, ZEI): Rainer Hertrich, Management EADS: „EADS als industrielle Basis für eine integrierte europäische Beschaffungspolitik“.

Multiculturalism and Ethnic Minorities in Europe

What can politics do to provide for better integration of ethnic minorities in Europe? This question was the topic of discussion among participants at a seminar organized by the British Embassy and ZEI and held in Berlin on 1 December 2000.

by Ludger Kühnhardt

At the invitation of the British Embassy and ZEI, leading representatives from German and British politics – among whom were the Parliamentary State Secretary of the British Ministry for Foreign and Commonwealth Affairs, Baroness Scotland and the Parliamentary State Secretary in the German Federal Ministry of the Interior, Dr. Cornelia Sonntag-Wolgast – met in Berlin to discuss one of the most current topics of our time: multiculturalism and ethnic minorities in Europe. While the growing number of ethnic minorities and foreigners in the EU has brought a scope of opportunities, a series of problems has also unfolded – an opinion which was shared among participants. However, what can or should governments do to act against racist tendencies and to promote measures for improved integration? Here, particular attention was given to the

perspective of a common European Immigration and Integration Policy as well as the elaboration of a framework for European citizenship.

The seminar lectures and discussions extended over a broad spectrum of topics: The “remnants of nationalist thinking” in Germany was a focal point of discussion along with the concept of a republican constitution at the EU level. Britain’s successful integration of ethnic minorities in London, the city with the greatest number of ethnic groups in Europe, was also demonstrated, as were Slovakia’s experiences in the 20th century with villages in the country’s east which were required to change their national affiliation on some eight occasions.

The Commissioner of Foreigners’ Affairs of the Berlin Senate, Barbara John, described the migrant groups in the federal capital city as tending to be younger, greater risk takers and more success oriented than the German national population. She also pointed however to the negative aspects characterized by language deficiency, a lower level of education and the consequences of confined housing conditions, all of which promote segregated living.

General consensus was formed among both British and German participants that, in order to circumvent larger problems of integration, the national concept and the

democratic principle must not diverge too significantly. Thus, the need to expand traditional nationally defined cultural concepts was emphasized. The seminar showed the continuing problems in achieving shared European understanding of the definition of foreigners and immigrants.

The issues surrounding the implementation of an immigration policy out of economic necessity were intensively debated. Suffragan Bishop Josef Voß, Chairman of the Migration Commission of the Episcopal Conference and the Anglican Bishop from Bradford, Reverend David Smith, as well as Vural Öger, representative of the German-Turkish Forum, all appealed for immigrants to be perceived as human beings and not merely as economic factors. According to State Secretary Baroness Scotland, the term “British” cannot be construed much longer as being static. State Secretary Dr. Cornelia Sonntag-Wolgast explained the need to elaborate the criteria for a future immigration policy for Germany, the necessity for which has resulted through the massive fall in the national birth rate among German nationals.

The seminar provided valuable contribution towards achieving European concord with regard to the basic objectives and mechanisms of the gradual development of a common EU Immigration and Asylum Policy, a policy which needs to be developed and adopted based on the principle of majority rule, thereby ensuring European worth.

Prof. Ludger Kühnhardt is director of the Department “European Value Systems, Cultures and Languages” at ZEI.

Parliaments’ Forum 2000

On 19 and 20 October 2000 the “Second Parliaments’ Forum on EU Accession” took place at ZEI, this time co-sponsored by the European Commission. “As valuable as three or four official meetings”, said one of the participants from Estonia at the end of the conference which was again held in a confidential atmosphere. As in the previous year, the Chairpersons of the Parliamentary Committees dealing with European integration issues of all candidate countries were invited, in order to discuss current topics of Eastern enlargement with high-level representatives of European and German politics. The remarkable openness, which predominated the Forum, motivated speakers such as Eneko Landaburu, Director General of the DG Enlargement of the European Commission, and Hans-Ulrich Klose, Chairman of the Foreign Relations Committee of the German Bundestag, to candidly express their views on the enlargement process. Even delicate issues, such as the timetable



Eneko Landaburu, Director General, DG Enlargement of the EU Commission and Ludger Kühnhardt, Director at ZEI, at the Parliaments’ Forum at ZEI

Photo: ZEI

of enlargement and the preparedness for accession of the individual candidates were touched on. The second day was again dedicated to a specific topic - the structural and regional funds of the European Union. In particular, the experiences of the new German states with these funds since German unification could be passed on. Given the considerable scepticism among the public

of both the EU and candidate countries towards enlargement, the participants expressed at the end of the conference their desire to also discuss next year the public relations strategies for EU enlargement of their own and of the EU countries.

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