

Editorial



Dr. Wolfram Schrettl,
head of the "Central and Eastern Europe"
department, asks:

"Central and Eastern European integra-
tion into the EU: A role for Germany?"

What association with the European Union really means for the countries of Central and Eastern Europe, quipped a politician from the CEE region, is association with Germany. While clearly an exaggeration, this claim does not entirely lack a basis in fact. To begin with, CEE countries' trade with Germany, which had stagnated in 1993, again leapt ahead strongly in 1994: CEE exports to Germany grew at a rate close to 30 percent, while CEE imports from Germany increased by more than 20 percent. Available data for 1995 point to a continuation of this expansion. Thus, CEE countries seem to have received a considerable boost from Germany's cyclical recovery that gained momentum in 1994. Already, unified Germany weighs heavily in the foreign trade of the CEE region with western industrialised countries. In 1994, as much as 59 percent of CEE exports to the European Union, and 46 percent of its sales to the OECD countries, went to Germany. On past trends, both shares seem to be on the rise. These figures do not include unregistered exports of goods and services from the CEE countries, especially from Poland and the Czech Republic, to the eastern border regions of Germany. In the case of Poland, according to some estimates, these exports may have been as high as US-\$ 6 billion in 1994, thus dwarfing the official trade deficit. On the whole, it would be surprising if, in the future, the CEE countries managed to steer clear of the ups and downs of Germany's economy. For better or for worse, the success of ongoing reforms in the CEE region has come to depend to a considerable extent on the continued health of the German economy.

Association agreements with the EU are meant as steps on the way towards full accession. There will soon be more than ten associated CEE countries, although it is by no means assured that all of them will actually succeed in becoming members, even less so simultaneously. The publication of the EU's White Paper has charted out the reform path ahead of the CEE countries in some detail. It is now up to the CEE countries to decide on the efforts they wish to expend in order to gain accession. In a sense, then, the transition not only leads to a competitive system but is itself a competitive process. The referees to decide on the winners in this competition will ultimately be those countries within the EU that have both a strong interest in granting membership to the CEE countries and the necessary weight to convince the more reluctant EU members. Germany clearly figures at the top of both lists. Thus, whatever accession to the EU may really mean in the end, the decision on accession will to a large extent depend on Germany. For the CEE countries, this coincidence of interests will be a blessing, although, given historical animosities, some may understandably perceive it as a blessing in disguise.