

## II

*(Acts whose publication is not obligatory)*

## COUNCIL

## COUNCIL DECISION

of 16 December 1991

granting a medium-term loan to the Soviet Union and its constituent Republics

(91/658/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (<sup>1</sup>),

Whereas bilateral links between the Community and the Soviet Union (USSR) were strengthened by the cooperation agreement which entered into force on 1 April 1990 ;

Whereas the Community wishes to support the efforts of the USSR and its constituent Republics to bring about political reform and economic restructuring ;

Whereas the USSR and its constituent Republics are facing a critical economic and financial situation ;

Whereas the Soviet authorities have asked the European Community, the United States of America, Japan, Canada and other industrialized countries for financial assistance to underpin the development of democratic processes within the USSR and its constituent Republics and to help the country face up to the worsening food and medical situation ;

Whereas the Soviet authorities have supplied adequate information on their needs in these areas ;

Whereas the granting by the Community of a medium-term loan of ECU 1 250 million to the USSR and its constituent Republics is an appropriate means of providing food and medical aid and supporting the continuation of the economic reforms ;

Whereas the assistance granted pursuant to this Decision is in addition to that already committed in the form of food aid to the USSR (food aid amounting to ECU 250 million and a credit guarantee of ECU 500 million for exports of agricultural and food products) ;

Whereas it is appropriate that the Community, in applying this Decision, should ensure balanced distribution between the Republics in accordance with their actual needs and that traditional trading links between the Republics are not disrupted ;

Whereas Community assistance to the USSR and its constituent Republics forms part of an overall package which should be based on balanced contributions by the main industrialized countries ;

Whereas provision should be made for measures to ensure that, while not compromising the normal conditions of supply according to the rules of the market, the Community loan is used to finance imports of agricultural and food products and medical supplies originating in the Community and in Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Lithuania, Latvia, Estonia and Yugoslavia in so far as these countries are able to supply them ;

Whereas exports financed pursuant to this Decision may help to restore trade between the countries of central and eastern Europe and between those countries and the USSR on the basis of transactions being paid for in convertible currencies ;

(<sup>1</sup>) OJ No C 326, 16. 12. 1991.

Whereas the question of the risks associated with guarantees from the general budget of the European Communities will be examined in the context of the renewal in 1992 of the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure ;

Whereas the Community loan should be managed by the Commission ;

Whereas the Treaty does not provide, for the adoption of this Decision, powers other than those of Article 235,

HAS DECIDED AS FOLLOWS :

#### *Article 1*

1. The Community shall grant to the USSR and its constituent Republics a medium-term loan of not more than ECU 1 250 million in principal, in three successive instalments and for a maximum duration of three years, in order to enable agricultural and food products and medical supplies originating in the Community, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Lithuania, Latvia, Estonia and Yugoslavia to be imported.

2. The overall proportion of the loan used to finance imports originating in Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Lithuania, Latvia, Estonia and Yugoslavia shall be 50 %, subject to the export capacities of these countries.

#### *Article 2*

For the purposes of Article 1, the Commission is hereby empowered to borrow, on behalf of the European Economic Community, the necessary resources that will be placed at the disposal of the USSR and its constituent Republics in the form of a loan.

#### *Article 3*

The loan referred to in Article 2 shall be managed by the Commission.

#### *Article 4*

1. The Community is hereby empowered to finalize, in concert with the authorities of the USSR and its constituent Republics and in consultation with the committee referred to in Article 6 and, for financial issues, with the Monetary Committee, the economic and financial conditions to be attached to the loan, the rules governing the provision of funds and the necessary guarantees to ensure loan repayment.

2. The economic conditions shall in particular relate to the pursuit of a process of economic reforms in the agri-

foodstuffs industry and markets in the USSR and its constituent Republics and especially to aspects linked to product distribution.

3. Imports of products financed by the loan shall be effected at world market prices. Free competition shall be guaranteed for the purchase and supply of products, which shall meet internationally recognized standards of quality.

4. The other detailed rules relating to the purchase, receipt, transport and distribution of products from the Community, the importation of which is financed by the loan, shall be adopted in accordance with the procedure set out in Article 6 (2) on the basis of the results of the contacts between the Commission and the authorities of the USSR and its constituent Republics.

5. The Commission shall keep the committee referred to in Article 6 regularly informed of the flow of imports into the USSR and its constituent Republics from Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Lithuania, Latvia, Estonia and Yugoslavia.

6. In administering the loan, the Commission shall ensure balanced distribution between the Republics in accordance with their actual needs. The Commission shall also avoid disrupting traditional trading links between the Republics.

7. The Commission will monitor the correct consignment of supplies at final beneficiary level, regardless of the origin of the products.

#### *Article 5*

The Commission shall, in liaison with the committee referred to in Article 6 and with the Monetary Committee, verify at regular intervals that the loan conditions referred to in Article 4 are being fulfilled.

#### *Article 6*

1. The Commission shall be assisted in matters falling within Articles 3 and 4 by a committee made up of representatives of the Member States and chaired by the representative of the Commission.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith. In that event:

- the Commission shall defer application of the measures which it has decided for a period of two months from the date of communication,
- the Council, acting by a qualified majority, may take a different decision within the time limit referred to in the first indent.

#### *Article 7*

The loan shall be made available to the USSR and its constituent Republics in three successive instalments, in accordance with Article 1 and subject to Article 5.

The initial instalment shall be released as soon as the borrowing operations have been concluded.

The USSR and its constituent Republics shall be responsible for repayment of the principal and interest on the basis of the procedures laid down in Article 4 (1).

#### *Article 8*

1. The borrowing and lending operations referred to in Articles 1 and 2 shall be carried out using the same value

date and shall not involve the Community in the transformation of maturities, in any exchange or interest-rate risk or in any other commercial risk.

2. The Commission shall take the necessary steps, if the USSR and its constituent Republics so wish, to ensure that an early repayment clause is included in the loan conditions and can be exercised.

3. All related costs incurred by the Community in concluding and carrying out the operations provided for in this Decision shall be borne by the USSR and its constituent Republics.

4. The Monetary Committee shall be kept informed of developments in the operations referred to in paragraph 2.

#### *Article 9*

At least once a year, the Commission shall address a report to the European Parliament and to the Council, which will include an evaluation, on the implementation of this Decision.

Done at Brussels, 16 December 1991.

*For the Council*

*The President*

W. KOK