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Conclusions of the Group of 24
on economic assistance to central and eastern European countries

1. The Group of 24 held their ninth meeting today in Brussels at the senior official level under the chairmanship of the Commission of the European Communities. The meeting was attended by representatives of the IMF, the World Bank, the EIB, the EBRD, the Paris Club and the OECD and, on this occasion, of the Bank for International Settlements and the International Energy Agency.

Representatives of Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia presented an assessment of their countries' current economic situation and reform perspectives on which they exchanged views with the Group of 24.

The G-24 welcomed the sustained effort in these countries to advance political and economic reform and they underlined the importance of this continuing. They noted progress in the reform process in Romania and therefore agreed to extend economic assistance to this country, while continuing to follow closely the implementation of political and economic reform measures.

2. Total commitments to the countries of central and eastern Europe to date amount to 27.5 billion ECU (US\$ 38 billion) broken down as follows: 5.7 billion ECU in grants, 9 billion ECU in loans and credits, 8 billion ECU pledged for the capital of the EBRD to be provided over 5 years and 4.6 billion ECU in the form of credits by the EIB, the World Bank and the ECSC.

3. It was noted that the economic reform programmes on which the countries of central and eastern Europe have embarked, including the liberalisation of prices and markets and the introduction of currency convertibility, are facing new difficulties by a deterioration in their terms of trade, uncertainty in energy supplies and the impact of the situation in the Gulf. Against this background it was acknowledged that the provision of assistance for these countries will be of crucial importance, particularly during 1991.

The Group of 24 therefore focused primarily on macro-economic financial aid as well as emergency supplies of food and energy.

4. Regarding macro-economic assistance, the Group of 24:

- appreciated that the Stabilisation Fund for Poland of one billion US\$ established last year has been renewed for 1991 and welcomed the attention given to the problem of Poland's external debt in the Paris Club aiming at early decisions.
- noted with satisfaction that total pledges for medium-term financial assistance to Czechoslovakia is rapidly approaching the intended goal of US\$ one billion and that these pledges have ensured an adequate financial basis for the IMF's support to the economic programme of Czechoslovakia. Further contributions are expected; the countries of the Gulf cooperation Council are considering substantial contributions. The G-24 welcomed the introduction of internal convertibility by Czechoslovakia at the beginning of this year which this financial assistance will support;

- analysed Hungary's external financial requirements, taking into account the accelerated disbursement of the second tranche of US\$ 350 million of the EC's US\$ one billion loan decided last year and Japan's Eximbank loans for co-financing with the World Bank. They agreed that more help - estimated at US\$ 500 million - is urgently needed in 1991 to complement an extended IMF arrangement. The Community is committed to contributing fifty percent, up to a maximum of US\$250 million, to G-24 supplementary financial assistance. Some members of the G-24 have also announced contributions, whilst other members undertook to give urgent consideration to this question with a view to the preparation of a G-24 financial experts' meeting in early February;
 - made a preliminary examination of the financial requirements of Bulgaria and Romania. These requirements will be taken up by G-24 financial experts in the light of the IMF programmes with the aim of reaching a decision which would supplement the financial assistance covered by the IMF and other international financial institutions;
 - confirmed the need for concerted action to be based on clear and common principles to respond to these requests.
5. The G-24 took note that the Community had decided on emergency aid of 100 million ECU in the form of food and medical products for Romania and Bulgaria and that other members of the group - the US (US\$ 86 million), Canada (US\$ 60 million), Italy (40 million ECU), Germany (DM 12 million), Turkey (US\$ 700,000), Spain (2 million ECU) and Japan, Austria and Switzerland - have also decided to make substantial deliveries. The G-24 agreed to intensify cooperation in monitoring distribution on-the-spot.

6. The G-24 welcomed the fact that the Community moreover has provided 40 million ECU and the US\$ 10 million in humanitarian and medical aid to Romania to benefit children, in particular in orphanages. Other members of the G-24 also participate in this programme.
7. The G-24 examined urgent energy needs and opportunities for joint actions in Bulgaria and Romania. It was noted that Germany is now supplying Romania with electricity to a value of DM 50 million. Turkey is providing considerable quantities of oil to Bulgaria and electricity to both Bulgaria and Romania. Austria offered financial support for energy supplies to Bulgaria. The US is already providing US\$10 million in grants for short-term energy efficiency measures.
8. The Commission presented an analysis of current problems in the energy sector which was prepared in close collaboration with the International Energy Agency, the World Bank and other bodies.

The G-24 examined opportunities for joint action to improve energy efficiency, production and distribution, by raising energy prices to world levels and by other means, as well as modernisation and diversification and agreed on a coherent approach in this respect.

9. The G-24 agreed that assistance should concentrate on efforts to improve the environment in which a market economy can develop, especially through support for privatisation, price liberalisation, restructuring of public enterprises, development of small and medium-sized enterprises and modernisation of the service sector.

The G-24 agreed that in the current state of economic reform in these countries private investment should play a major role in setting up market economies and in integrating these countries into the world economy. The establishment of a sound investment environment is essential in this regard and the G-24 will monitor progress in this direction.

In the pursuit of these goals joint programmes and projects should be promoted. At the project level, continuing efforts will be made to strengthen coordination on the spot, including the capacity of the recipient countries to coordinate.

10. Senior officials decided to meet again not later than mid-1991, and earlier if necessary.

