

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(90) 670 final

Brussels, 18 December 1990

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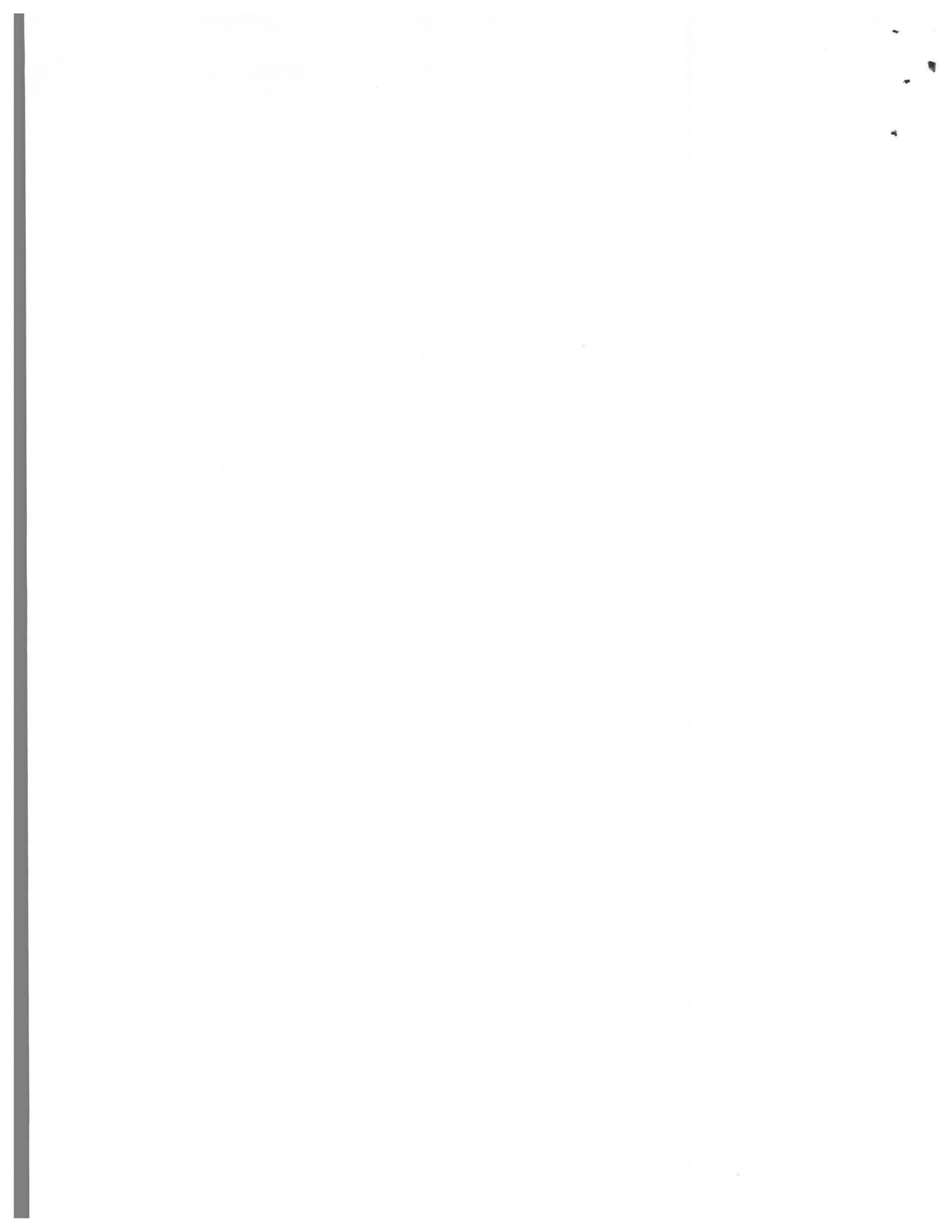
Proposal for a
COUNCIL REGULATION (EEC)

introducing a Community guarantee for exports of
foodstuffs from the European Community to the Union
of Soviet Socialist Republics

Proposal for a
COUNCIL REGULATION (EEC)

on urgent action to supply agricultural products
to the USSR, Rumania and Bulgaria

(presented by the Commission)



COUNCIL REGULATION (EEC)

introducing a Community guarantee for exports of
foodstuffs from the European Community to the Union
of Soviet Socialist Republics

EXPLANATORY MEMORANDUM

The objective of this part of the aid operation to the USSR is to provide a credit line to the USSR to use for the purchase of food produced in the EC. The credit line would be provided to the USSR at the terms (interest rate, etc.) available in the market to the Community. This means that the guarantee of the Community budget will be needed should the USSR default.

1. Detailed Description

A financial facility amounting to 500m ecus will be set up in the framework of an accord between the Commission and the USSR. This accord would concern the provision of the guarantee of the Community budget for a credit to be arranged between the USSR and a pool of commercial banks for the financing of the importation into the USSR of agricultural goods produced in the Community.

The credits would be of four year maturity, with only interest payments in 1991 and 1992. The principal will be repayed in equal instalments in 1993 and 1994. The main risk to the Community budget, should the USSR default on its loan repayments, would therefore occur after 1992.

2. Advantages

There are several advantages of this type of credit facility:

- the facility will be market-oriented, fitting into established commercial arrangements;
- little of the burden of arranging the financial conditions will fall on the Community.

3. Procedural Arrangements

The following procedural arrangements will need to be made in order to set up the financing facility:

- a Council Regulation has to be agreed setting up the loan guarantee by the Community;
- the guarantee of the Community budget will require a token entry (p.m.) by way of a Supplementary and Amending Budget in 1991;
- an agreement in principle would be needed that some form of "reserve for guarantees" will be put in place by 1 January 1993 within the Community financial framework.

II

(Preparatory Acts)

COMMISSION

Proposal for a Council Regulation (EEC) introducing a Community guarantee for exports of foodstuffs from the European Community to the Union of Soviet Socialist Republics

COM(90) 670 final

(Submitted by the Commission on 19 December 1990)

(91/C 22/09)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Union of Soviet Socialist Republics has asked the Community to supply it with agricultural and food products; whereas, in order to facilitate the export of these products to the USSR, the Community should provide a loan guarantee facility;

Whereas provision should be made for the said Community guarantee to be provided at the request of the USSR for food exports in conjunction with contracts between the USSR and Community exporters;

Whereas provision should also be made that the guarantee be extended solely for the purchase of agricultural and food products originating in the Community,

HAS ADOPTED THIS REGULATION:

Article 1

A medium-term credit guarantee scheme — hereinafter called 'the guarantee' — is hereby instituted to enable the Union of Soviet Socialist Republics to import agricultural and agri-food products from the European Community on the terms and conditions set out in this Regulation.

Article 2

The Community guarantee shall cover, in the event of default, the repayment of the principal and interest on loans in ecus granted to the USSR by a pool of commercial banks established in the Community for the

purchase and importation of agricultural and food products, in accordance with an agreement to be concluded between the Commission of the European Communities and the Government of the USSR. This agreement shall *inter alia* contain a list of the products to be purchased, the terms of purchase and importation, and provisions governing the said loans.

Article 3

The total credit for which the repayments are covered by the guarantee may not exceed ECU 500 million with a minimum maturity of four years.

Reimbursement of the loan capital shall be in equal instalments from the end of the third year at the earliest.

Article 4

The Commission and the pool of commercial banks shall draw up the conditions on which the Community guarantee is to be extended. The guarantee shall be extended only where the trade contracts financed with the credit backed by the guarantee are intended solely to cover the purchase of agricultural and food products originating in the Community and where there is free competition to supply these products.

Article 5

The Commission shall lay down, as required, the detailed rules for the implementation of this Regulation in accordance with the following procedure.

Where recourse is to be made to the procedure set out in this Article, the Commission shall be assisted by a committee of an advisory nature composed of representatives of the Member States and chaired by the representative of the Commission.

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, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the

committee of the manner in which its opinion has been taken into account.

Article 6

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Proposal for a Council Regulation (EEC) on urgent action to supply agricultural products to the Union of Soviet Socialist Republics, Romania and Bulgaria

COM(90) 670 final

(Submitted by the Commission on 19 December 1990)

(91/C 22/10)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas agricultural products should be made available to the USSR, Romania and Bulgaria to improve the food supply to the population; whereas the Community has agricultural products in storage as a result of intervention measures and, in view of the situation on the market, priority should be given to supplying these products; whereas, however, provision should be made for mobilizing products on the Community market in response to specific requests; whereas regularization of the agricultural markets may also be achieved by supplying such products in processed form;

Whereas the action proposed is essentially humanitarian in its aim and should therefore also be based upon Article 235 of the Treaty;

Whereas it is for the Commission to set detailed rules for this scheme,

HAS ADOPTED THIS REGULATION:

Article 1

The Community shall take urgent action to supply the USSR, Romania and Bulgaria with agricultural products. Expenditure on this scheme shall be limited to ECU(B) 350 million of the budget, namely ECU 250 million for the USSR, ECU 100 million for Romania and for Bulgaria.

Article 2

For the purposes of this scheme:

1. the Community shall transfer agricultural products available as a result of intervention free of charge to the USSR, Romania and Bulgaria; in response to specific requests, products may be mobilized on the Community market;
2. supply costs shall be met by the Community and suppliers shall be chosen by tendering procedure. Transport costs shall be borne by the Community unless the recipient country takes the products over in the Community. These costs may include processing of products mobilized as provided for in paragraph 1;
3. as an exception, and for reasons arising only from the urgency of the scheme, the Commission may choose the supplier by direct agreement;

4. no export refunds shall be granted or monetary compensatory amounts applied in respect of the products supplied under this scheme.

Article 3

The accounting value of the products transferred to the USSR, Romania and Bulgaria shall be determined using the procedure laid down in Article 13 of Regulation (EEC) No 729/70 ⁽¹⁾, as last amended by Regulation (EEC) No 2048/88 ⁽²⁾.

Article 4

Action taken under this Regulation shall count as intervention as specified in Article 3 of Regulation (EEC) No 729/70. It shall be financed from the European Agricultural Guidance and Guarantee fund (EAGGF), (Guarantee Section) appropriations.

Article 5

1. The Commission shall be responsible for implementing this scheme.

2. Detailed rules for the application of this Regulation shall be adopted using the procedure laid down in Article 27 of Regulation (EEC) No 2727/75 ⁽³⁾, as last amended by Regulation (EEC) No 201/90 ⁽⁴⁾, or, as appropriate, the corresponding article of other regulations on common organizations of the market.

Article 6

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

⁽¹⁾ OJ No L 94, 28. 4. 1970, p. 13.

⁽²⁾ OJ No L 185, 15. 7. 1988, p. 1.

⁽³⁾ OJ No L 281, 1. 11. 1975, p. 1.

⁽⁴⁾ OJ No L 22, 27. 1. 1990, p. 7.

CORRIGENDA

Corrigendum to the notice of initiation of an anti-dumping proceeding concerning imports into the European Community of certain thermal paper originating in Japan

(Official Journal of the European Communities No C 16 of 24 January 1991)

(91/C 22/11)

In the second column on the second line of the paragraph headed 'Procedure':

for: 'review',

read: 'proceeding'.

FINANCIAL RECORD

1. Budget line concerned

Article (B0-213) loan guarantee for aid to the USSR (to be created through an amending and/or supplementary Budget).

2. References (legal base)

Article 113 of the Treaty

3. Classification of the Expenditure

Obligatory

4. Description and justification for the action

a) Description of the action

Provision of a guarantee from the Community for a loan to the USSR for the exportation of food products from the Community to the USSR.

b) Justification for the action

- The USSR has asked the Community to supply food products, for which it is necessary that the Community guarantee the required loan.
- The budget entry is intended to provide a budgetary support for guarantee offered by the European Community to cover loan extended to the USSR.

5. Nature of the expenditure and method of calculation

a) Nature of the expenditure

A guarantee to loans to the USSR.

b) Method of calculation

A token entry is proposed given that the amount and timing of any call on this budget line cannot be calculated in advance and furthermore it is to be expected that this budget entry will not be called on.

6. Effect of the action on intervention credits

Only in the case of an effective call on the guarantee.

7. Financing of intervention expenditure

- Endowment of the line by transfer, by reutilisation of reimbursed amounts (Article 27(3) of the Financial Regulation of 1977), or by amended and/or supplementary budget.
- In order to fulfill its obligations, the Commission can provisionally ensure the debt service with funds from its treasury. In that case, Article 12 of the Council Regulation (EEC, Euratom) no. 1522/89 of 29.5.1989 will apply.

Article 5

The Commission shall lay down, as required, the detailed rules for the implementation of this Regulation in accordance with the following procedure.

Where recourse is to be made to the procedure set out in this Article, the Commission shall be assisted by a committee of an advisory nature composed of representatives of the Member States and chaired by the representative of the Commission.

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, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.

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This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ... ,

For the Council
The President

II/1

II.

COUNCIL REGULATION (EEC) No .../..
of

on urgent action to supply agricultural products
to the USSR, Rumania and Bulgaria

EXPLANATORY MEMORANDUM

At its meeting on 15 and 16 December 1990, the European Council decided in principle that humanitarian aid would be provided to the USSR and other countries in eastern Europe.

This aid is to be provided in two forms, viz: a direct supply of foodstuffs and a guarantee for loans granted to the USSR for the purchase of agricultural products.

Given the urgent nature of the direct supply of foodstuffs, the Commission is submitting this proposal for a Council Regulation with a view to adoption without delay.

The products requested by the countries concerned will be provided free of charge in accordance with the terms of the Regulation.

Since practical steps need to be taken immediately, the Commission hopes that the Council will be able to adopt this text quickly.

COMMISSION STATEMENT

for inclusion in the minutes of the Council meeting

In accordance with the results of the European Council held on 14 and 15 December, the scheme will be financed from EAGGF (Guarantee Section) appropriations carried over from budget year 1990.

The financial statement will be drawn up once the evaluation team has visited the Soviet authorities and reported on exact requirements.

Article 3

The accounting value of the products transferred to the USSR, Romania and Bulgaria shall be determined using the procedure laid down in Article 13 of Regulation (EEC) No 729/70², as last amended by Regulation (EEC) No .../...³.

Article 4

Action taken under this Regulation shall count as intervention as specified in Article 3 of Regulation (EEC) No 729/70. It shall be financed from EAGGF (Guarantee Section) appropriations.

Article 5

1. The Commission shall be responsible for implementing this scheme.
2. Detailed rules for the application of this Regulation shall be adopted using the procedure laid down in Article 27 of Regulation (EEC) No 2727/75⁴, as last amended by Regulation (EEC) No 201/90⁵ or, as appropriate, the corresponding Article of other Regulations on common organizations of the market.

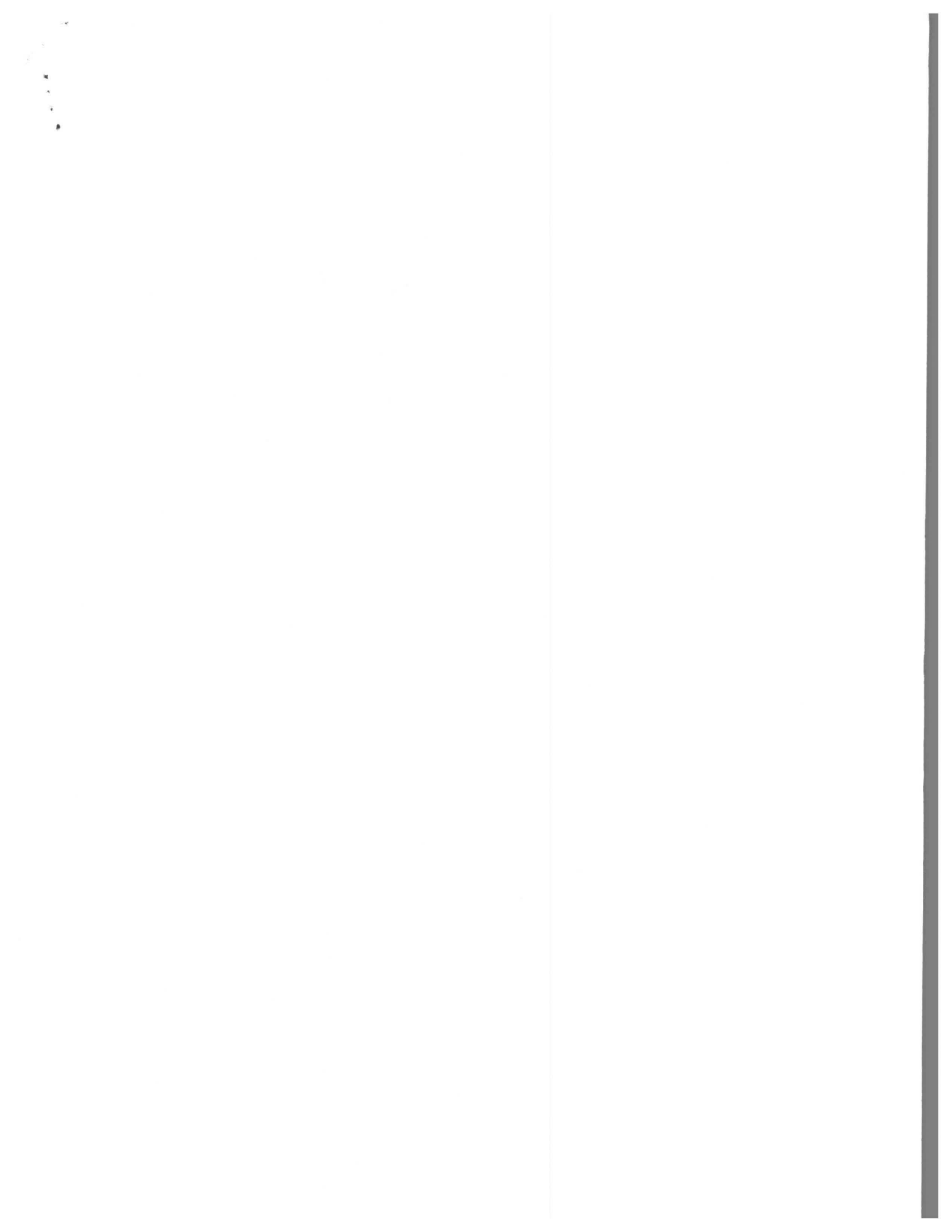
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This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at,
2 OJ No L 94, 28.4.1970, p.13.
3 OJ No L ...,, p. ...
4 OJ No L 281, 1.11.1975, p.1.

For the Council
The President



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DOCUMENTS

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