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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.11.1999
COM(1999) 606 final

1999/0248 (ACC)

Proposal for a

COUNCIL DECISION

on the position to be taken by the Community within the Association Council established by the Europe Agreement signed on 12 June 1995 between the European Communities and their Member States, of the one part, and the Republic of Estonia, of the other part, with regard to the extension for a further period of five years in accordance with the provisions of Article 63 § 4(a) of the Europe Agreement with the Republic of Estonia

(presented by the Commission)

EXPLANATORY MEMORANDUM

Extension for a further five year period in accordance with the provision of Article 63 (4)(a) of the Europe Agreement with the Republic of Estonia

1. Article 63 (4) (a) of the Europe Agreement with the Republic of Estonia provides that, for the purpose of applying certain provisions relating to public aid, during the first five years after the entry into force of the Agreement any public aid granted by the Republic of Estonia shall be assessed taking into account the fact that the Republic of Estonia shall be regarded as an area identical to those areas of the Community eligible for state aid pursuant Article 87(3) (a) of the Treaty establishing the European Economic Community.
2. The period of five years referred above will expire on 31 December 1999.
3. In accordance with the last sentence of Article 63(4)(a) of the Europe Agreement, the Association Council shall, taking into account the economic situation of the country concerned, decide whether that period should be extended for a further five years.
4. The Republic of Estonia has requested the extension of the above-mentioned provisions.
5. The main criterion for considering an area eligible for regional aid pursuant to Article 87(3)(a) provisions is that GDP per capita should be less than 75% of the average GDP of the EU-15, measured in PPS terms¹.
6. The Commission has examined the requests on the basis of the figures and information available for the Republic of Estonia.

The data shows that in the case of the Republic of Estonia GDP/capita measured in Purchasing Power Standards (PPS) reaches 37 % of the Community average in 1997.

7. Based on the above, the Commission believes that the figures available provide sufficient grounds for granting an extension to the Republic of Estonia under the condition of receiving regular information on the economic situation of the countries concerned relevant for the assessment of the application of Article 63 (4) (a), in particular regarding regional GDP per capita figures in PPS terms.

It is also necessary, in order to take due account of the differing levels of economic development, to modulate the maximum aid intensities within the different regions of the Republic of Estonia. To this effect, differentiation of aid intensities will have to be set up jointly by the Commission and the

¹ OJ C74 of 10.3.1998, p.9

Estonian monitoring authority on the basis of regionalised data in accordance with the provisions laid down in the Guidelines for national regional aid² applicable within the Community .

8. The Commission therefore requests the Council to adopt the attached proposal for a Council Decision.

² OJ C74 of 10.3.1998

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on the position to be taken by the Community within the Association Council established by the Europe Agreement signed on 12 June 1995 between the European Communities and their Member States, of the one part, and the Republic of Estonia, of the other part, with regard to the extension for a further period of five years in accordance with the provisions of Article 63 § 4(a) of the Europe Agreement with the Republic of Estonia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133 in conjunction with the first sentence of Article 300(2) thereof,

Having regard to the proposal of the Commission of the European Communities,

- (1) Whereas the European Community and their Member States signed the Europe Agreement with the Republic of Estonia on 12 June 1995;
- (2) Whereas Article 63(4)(a) of the Europe Agreement lays down that the Association Council shall, taking into account the economic situation of Estonia, decide whether the period within which any public aid granted by Estonia shall be assessed taking into account the fact that Estonia shall be regarded as an area identical to those areas of the Community described in Article 87(3)(a) of the Treaty establishing the European Economic Community should be extended for a further five years;

HAS DECIDED AS FOLLOWS:

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Estonia, of the other part, with regard to the extension for a further five years in accordance with Article 63 § 4(a) shall be based on the draft decision of the Association Council annexed to this Decision.

Done at Brussels,

*For the Council
The President*

ANNEX

**ASSOCIATION
BETWEEN THE
EUROPEAN UNION
AND THE REPUBLIC OF ESTONIA**

- The Association Council -

**DECISION No .../99 OF THE ASSOCIATION COUNCIL
BETWEEN THE EUROPEAN COMMUNITIES
AND THEIR MEMBER STATES, OF THE ONE PART,
AND THE REPUBLIC OF ESTONIA, OF THE OTHER PART,**

of

extending by five years the period within which any public aid
granted by Estonia will be assessed taking into account
the fact that Estonia is to be regarded as an area identical
to those areas of the Community described in Article 87(3)(a) of the Treaty
establishing the European Community

THE ASSOCIATION COUNCIL,

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Estonia, of the other part³ and in particular Article 63(4)(a) thereof,

Whereas Article 63(4)(a) of the Europe Agreement lays down that the Association Council shall, taking into account the economic situation of Estonia, decide whether the period within which any public aid granted by Estonia shall be assessed taking into account the fact that Estonia shall be regarded as an area identical to those areas of the Community described in Article 87(3)(a) of the Treaty establishing the European Community should be extended for a further period of five years;

Whereas the GDP/capita of Estonia measured in Purchasing Power Standards reached 37% of the Community average in 1997 it is appropriate to make such an extension,

³ OJ L 68, 9.03.1998, p. 3

HAS DECIDED AS FOLLOWS:

Article 1

The period within which any public aid granted by Estonia shall be assessed, taking into account the fact that Estonia shall be regarded as an area identical to those areas of the Community described in Article 87(3)(a) of the Treaty establishing the European Community, shall be extended for a further period of five years.

Article 2

Within six months from the date of adoption of this decision, the European Commission and the national monitoring authority shall jointly evaluate, on the basis of regionalised data delivered by Eurostat, the maximum aid intensities for national regional aid in accordance with the provisions laid down in the Community Guidelines for national regional aid⁴. Thereafter, the joint proposal shall be submitted to the Association Committee which shall establish a decision to this effect.

Article 3

This Decision shall enter into force on the day of its adoption. It shall apply as from 1 January 2000.

Done at Brussels,

For the Association Council
The President

⁴ OJ C74 of 10.3.1998