

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 375 final

Brussels, 14 June 1982

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

concerning exceptional aid for the Lebanese
community

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Following the Council of Ministers' decision of 20 December 1977, Lebanon received 20 million ECU from the EIB by way of exceptional assistance in addition to the normal resources provided for in the Financial Protocol to the EEC-Lebanon agreement. The Lebanese application, stemming from the country's particular situation and reconstruction requirements, was for 100 million ECU. The Commission had suggested at least 50 million ECU, but was unable to convince the Member States, who did, however, agree to consider "in due course" the principle of a possible second instalment. Since then the Lebanese Government has told the Commission and the Council of Ministers several times that it wished to obtain "a substantial new aid", further to that of 1977. The most recent approach was made by the Chairman of the Development and Reconstruction Council during the mission in April to plan the new Financial Protocol. It was stated that the Lebanese Government wished to obtain a loan of 50 million ECU from the EIB. Since then Israeli troops have invaded southern Lebanon.

The Commission considers that the application should be accepted as quickly as possible, as a political gesture on the part of the Community. It is obvious however that the aid cannot be made effective until fighting has ended.

The reasons why further exceptional aid should be granted are not primarily economic. It is clear that the Lebanese Government is not in a position to collect the revenue it is due and that it is difficult for it to maintain the country's basic infrastructure. But what the Lebanese authorities are seeking above all in applying for the aid is the demonstration of confidence and support that such action by the Community would represent for them.

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The 200,000 ECU in emergency aid granted by the Community to meet the population's most urgent needs following the Israeli invasion would constitute an immediate political gesture, but this sum is small and does not appear adequate as an appropriate response to the application for exceptional aid. For the moment the central Lebanese authorities are unable to free the national territory of the foreign armed forces that have violated the integrity and sovereignty of the country. Naturally, it is not known how long the Israeli troops will remain in the country and whether Syria will avoid a major battle with them. But it is the central Lebanese Government that constitutes the greatest hope for the future stability of the country and it will be up to the central government, yet again, to revive social and economic life and resume work on reconstruction.

In spite of all the security difficulties, the central government has in fact tried to keep up the basic infrastructure (electricity, water, roads) which are so necessary if anything resembling normal life is to be maintained. It made good use of the exceptional aid granted it in 1977 (exclusively for expanding the power station at Jieh, south of Beirut). It also made good use of most of the funds made available to it under the first Protocol (30 m ECU). For the second Protocol the sum was raised to 50 m ECU: the increase was calculated using the same criteria as are applied in respect of the other Masreq countries, without taking Lebanon's special needs into consideration.

Europe has stated several times over that it supported the Lebanese Government in its efforts to make democratic procedures effective, so that Lebanon can regain peace and sovereignty. On 26 April the European Parliament adopted a resolution on the subject. But the Lebanese authorities are asking us now for action, not just words.

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No part of the aid in the Lebanese application would not be repayable. Lebanon is asking for loans on normal market terms, as was the case in 1977, in the form of a line of credit enabling projects in the productive sector and in economic infrastructure to be financed forthwith to meet the most urgent reconstruction requirements.

With regard to the amount of the aid requested by the Lebanese, if it is to be of any political and economic value, the amount should be higher than in 1977 (20 m ECU). It should, naturally, be subject to the same conditions as in 1977, notably in respect of the guarantee given by the Community and the EIB.

In conclusion, the Commission considers:

- that the Council should accept Lebanon's application for exceptional aid, it being understood that the aid would not be actually made available until the Lebanese authorities were in a position to make effective use of it;
- that around 50 m ECU would be an appropriate sum for the aid;
- that the aid should be granted in the form of EIB loans on normal market terms, without interest subsidies;
- that, as regards the procedure to be followed, the Council should make an application to the EIB as in 1977 (Council document 1/296/77 (RL 3)).

