

EC PLEDGES CREDIT GUARANTEES FOR SOVIET UNION

The European Community has signed a convention with the Soviet Union which puts into effect a major aid operation in support of the reforms in that country.

The convention, signed November 26 by EC Commission President Jacques Delors, Commissioner Karel van Miert (whose portfolio includes credit and investment) and the President of the Soviet Union's Inter-State Economic Committee Ivan Silayev, establishes the logistics for the release of a 500 million ECU* loan to the Soviet Union for the purchase of agricultural and food products.

The signing enables Soviet purchasing agencies, PRODINTORG and EXPORTKHLEB, to begin buying desperately needed food supplies for the winter. The agencies may purchase up to 25 percent of agricultural and food products in so-called "triangular operations" from Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Lithuania, Latvia, and Estonia. The remainder of the purchases will be made in the Community.

The EC has guaranteed the loan through a separate convention with a syndicate of 29 banks from every EC member state. This syndicate, led by Deutsche Bank, has signed its own convention with the Soviet Union's Vneshecombank determining the credit conditions for the loan.

The decision to grant this credit to the Soviet Union was made by the European Council in December 1990, but the situation in the Baltic States in early 1991 followed by the August coup in Moscow delayed the signing.

The EC is already sending 250 million ECU worth of food-aid to the Soviet Union, and has taken a decision to provide a further loan of 1,250 million ECU which, when the operating rules are set, will finance imports of food and agricultural products, as well as medical supplies.

*ECU = \$1.27, as of November 27, 1991

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