

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 17 May 1977

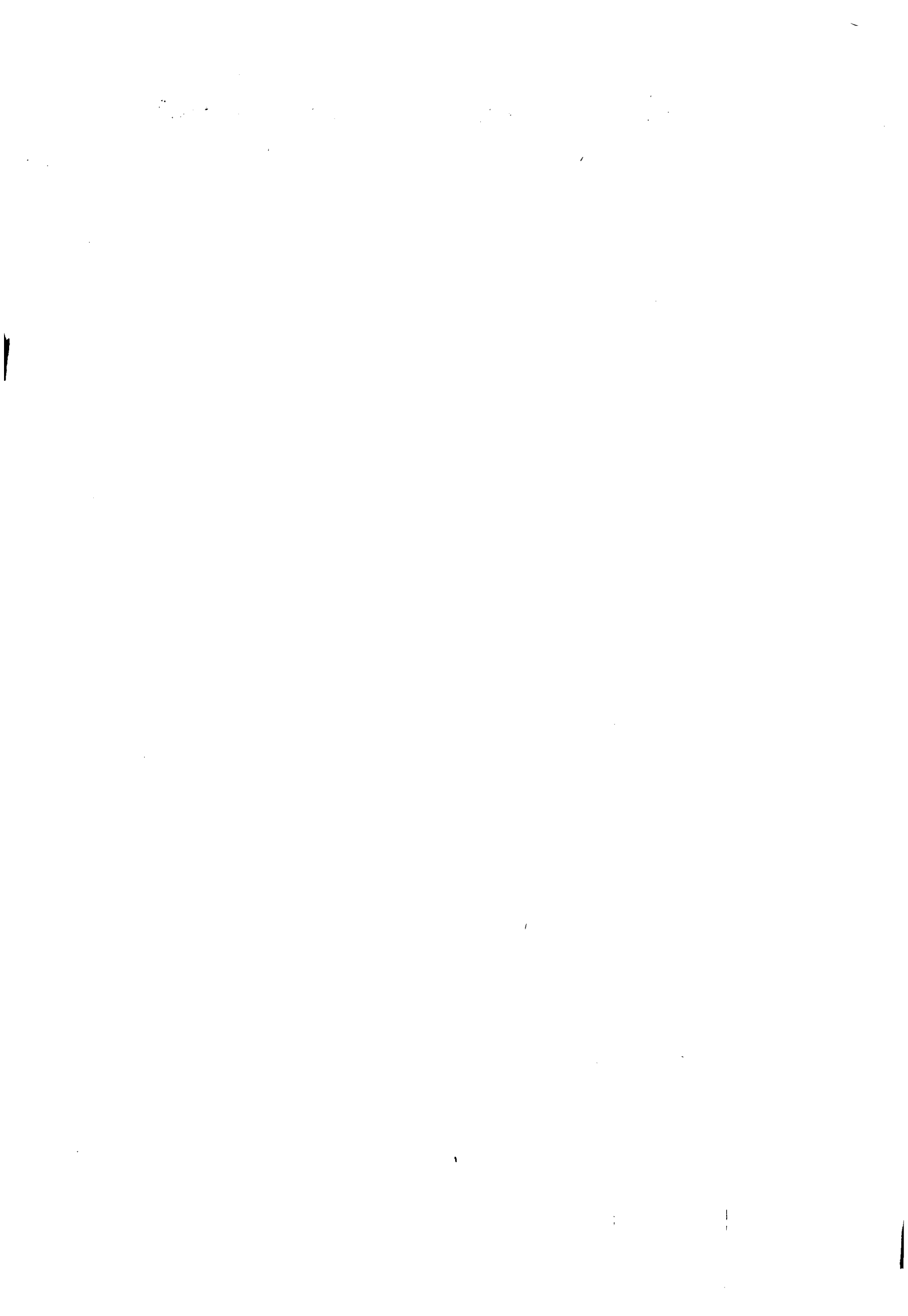
RECOMMENDATION

for a

COUNCIL DECISION

concluding a Financial Protocol between the
European Economic Community and Greece

(submitted to the Council by the Commission)



COMMISSION COMMUNICATION TO THE COUNCIL

1. On 13 January 1977, in accordance with the mandate conferred on it by the Council, the Commission concluded the negotiations for a second financial protocol in the context of the Association Agreement between the EEC and Greece. As the Community's delegation had indicated its agreement ad referendum, the Commission submitted the results of the negotiations to the Council which approved them at its meeting on 18 January 1977. The protocol was subsequently signed on 28 February 1977.

2. With a view to the conclusion of this protocol on behalf of the Community the Commission is requested to approve the draft communication to the Council on the negotiations and the recommendation for a Council decision to conclude the protocol.

EXPLANATORY MEMORANDUM

on the negotiation of a new Financial Protocol under the
EEC-Greece Association Agreement

1. By a Decision of 29 November 1976, the Council authorized the Commission to open negotiations with the Hellenic Republic for the conclusion of a new Financial Protocol under the EEC-Greece Association Agreement and issued the directives for those negotiations.

The Commission conducted the negotiations with the Greek Delegation within the Council of Association. They were completed on 13 January 1977. The delegations indicated their approval, ad referendum of the content of the texts of the draft Protocol, the Community declaration concerning the European unit of account and two exchanges of letters, and agreed that the second exchange of letters would not be published. These texts, which were drafted in French, are attached to this Communication.

2. In order to enable the Protocol to be signed at an early date, the Commission submitted the draft texts to the Council on the very day the negotiations were completed, proposing that it take the necessary steps to enable the signature to take place as soon as possible. At its meeting of 18 January 1977, the Council made the necessary arrangements for the signature, which was subsequently scheduled to take place on 28 February.

In order that this Protocol may be concluded on behalf of the Community, the Commission is transmitting to the Council herewith a recommendation for a decision concluding the Protocol, to which are annexed the Community declaration and the first exchange of letters. There is to be no formal conclusion of the unpublished exchange of letters.

The Commission also recommends that the representatives of the governments of the Member States, meeting in the Council, take the steps required for the implementation of the ratification, acceptance or approval procedures laid down in Article 13(1) of the Protocol.

The Commission draws the Council's attention to the fact that the Head of the Greek Delegation has asked for the approval procedures to be completed as quickly as possible in view of the delay which has occurred since the Community undertook on 2 December 1974 to open the negotiations for the Protocol at an early date.

RECOMMENDATION

for a

COUNCIL DECISION

concluding a Financial Protocol between the European Economic Community and Greece

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 238 thereof,

Having regard to the recommendation from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Financial Protocol between the European Economic Community and Greece,

signed atBrussels..... on ..28..February..1977....., should be concluded,

HAS DECIDED AS FOLLOWS:

Article 1

The Financial Protocol between the European Economic Community and Greece, the text of which is annexed to this Decision, is hereby concluded and approved on behalf of the Community.

Article 2

The President of the Council shall carry out, on behalf of the Community, the notification procedure provided for in Article 13(1) of the Protocol.

Done at.....,19

For the Council
The President

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FINANCIAL PROTOCOL
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND GREECE

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HIS MAJESTY THE KING OF THE BELGIANS,
HER MAJESTY THE QUEEN OF DENMARK,
THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,
THE PRESIDENT OF THE FRENCH REPUBLIC,
THE PRESIDENT OF IRELAND,
THE PRESIDENT OF THE ITALIAN REPUBLIC,
HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,
HER MAJESTY THE QUEEN OF THE NETHERLANDS,
HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND,
and,
THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE PRESIDENT OF THE HELLENIC REPUBLIC,

of the other part,

CONSCIOUS of the need to promote the accelerated development
of the Greek economy with a view to facilitating the pursuit
of the objectives of the Agreement establishing an Association
between the European Economic Community and Greece,

HAVE DESIGNATED as their Plenipotentiaries:

HIS MAJESTY THE KING OF THE BELGIANS:

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HER MAJESTY THE QUEEN OF DENMARK:

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY:

THE PRESIDENT OF THE FRENCH REPUBLIC:

THE PRESIDENT OF IRELAND:

THE PRESIDENT OF THE ITALIAN REPUBLIC:

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5 HI ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG:

HER MAJESTY THE QUEEN OF THE NETHERLANDS:

HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE PRESIDENT OF THE GREEK REPUBLIC:

WHO, having exchanged their Full Powers, found in good and
due form,

HAVE AGREED AS FOLLOWS:

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ARTICLE 1

Within the framework of the Association between the European Economic Community and Greece, the Community shall participate on the terms set out in this Protocol in measures designed to promote, by efforts additional to those made by Greece itself, the accelerated development of the Greek economy and the complementarity of Greek agriculture with that of the Community.

ARTICLE 2

1. For the purposes specified in Article 1, and for a period expiring on 31 October 1981, an aggregate amount of 280 million European units of account (EUA) may be committed as follows:

- (a) 225 million EUA in the form of loans from the European Investment Bank, hereinafter called the "Bank", granted from its own resources on the terms set out in its Statute;
 - (b) 45 million EUA in the form of grants;
 - (c) 10 million EUA in the form of loans on special terms granted by the Bank acting on instructions from the Community.
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2. Of the loans referred to in paragraph 1(a), the interest rates for a maximum amount of 150 million EUA shall be subsidized at 3% per annum, financed by means of funds indicated in paragraph 1(b), on the understanding that the cost to the Community of financing such subsidies may not exceed 30 million EUA.

3. The following shall be eligible for financing by means of the loans referred to in paragraph 1(a): *capital* projects that have been submitted to the Bank by the Greek State or, with the latter's agreement, by public or private undertakings having their seat or a place of business in Greece, and which:

(a) further the realization of the the objectives of the Association Agreement; and

(b) help to increase productivity and to diversify the Greek economy, and promote in particular the improvement of the economic infrastructure of the country and the modernization of its agriculture, while taking into account the objective of promoting the complementarity of Greek agriculture with that of the Community.

4. Examination of the eligibility of projects and the granting of the loans referred to in paragraph 1(a) shall be undertaken in accordance with the detailed rules, conditions and procedures laid down by the Bank's Statute.

The conditions governing amortization of each loan shall be established on the basis of the economic and financial characteristics of the project to be financed.

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5. The loans referred to in paragraph 1(a) shall carry the same rate of interest as that applied by the Bank on the day of signature of the loan agreement. However, priority in granting loans receiving the interest rate subsidy of 3% referred to in paragraph 2 shall be given to economic infrastructure or agricultural development projects, and to the financing of industrial projects for small and medium-sized undertakings through the intermediary of Greek development institutions.

This list of sectors may be revised by agreement between the Community and Greece.

6. The non-returnable grants provided for in paragraph 1(b) are intended, in addition to the financing of the interest rate subsidy on loans from the Bank, for technical co-operation projects, study projects, and projects for modernizing Greek agriculture.

Requests for the financing of such projects shall be addressed by the Greek Government to the Community.

7. The loans referred to in paragraph 1(c) shall be granted for a period of 30 years, have a deferment of amortization of eight years and be subject to interest at an annual rate of 2.5%. Investment projects submitted to the Bank by the Greek State and aimed at modernizing Greek agriculture shall be eligible for financing by means of these loans. Loans in this category may be combined with the loans from the Bank which are referred to in paragraph 1(a).

ARTICLE 3

1. The amounts to be committed each year shall be distributed as evenly as possible throughout the period of application of this Protocol. During the initial period of application, however, a proportionately higher amount may, within reasonable limits, be committed.
2. Any funds not committed may, by the end of the period referred to in Article 2(1), be used, until exhausted. In that case, the funds shall be used in accordance with the same arrangements as provided for in this Protocol.

ARTICLE 4

Aid from the Bank for the execution of projects may, with the agreement of Greece, take the form of co-financing.

ARTICLE 5

The execution, management and maintenance of schemes which are the subject of financing under this Protocol shall be the responsibility of Greece or of the other beneficiaries referred to in Article 2.

The Community shall ensure that its financial aid is expended in accordance with the agreed allocations and to the best economic advantage.

ARTICLE 6

Greece shall apply to contracts awarded for the execution of projects financed under this Protocol fiscal and customs arrangements at least as favourable as those applied in respect of other international organizations.

Greece shall take the necessary measures to ensure that interest and all other payments due to the Bank in respect of loans accorded under this Protocol are exempted from any national or local taxes or levies.

For the measures referred to in Article 2(6) and (7), participation in tendering procedures and other procedures for the award of contracts shall be open, on equal terms, to all natural or legal persons of the Member States and of Greece. However, for projects of a scale sufficiently limited so that in practice they are of interest solely to Greek undertakings, an accelerated tendering procedure involving a shorter period for the submission of tenders for the placing of bids may be organized after approval by the appropriate Community body.

ARTICLE 7

The loans may be used to cover expenditure on imports or the domestic expenditure required for carrying out approved capital projects, including expenditure on planning, on the services of consulting engineers and on technical assistance.

ARTICLE 8

Where a loan is accorded to a beneficiary other than the Greek State, the provision of a guarantee by the latter may be required by the Bank as a condition of the grant of the loan.

ARTICLE 9

Throughout the duration of the loans accorded pursuant to this Protocol, Greece shall undertake to make available to debtors enjoying such loans or to the guarantors of the loans the foreign currency necessary for the payment of interest, commission and other charges and for the repayment of capital.

ARTICLE 10

The results of financial co-operation may be examined within the Association Council.

ARTICLE 11

The Declaration and the Exchange of Letters annexed to this Protocol shall form an integral part thereof.

ARTICLE 12

This Protocol shall be annexed to the Agreement establishing an Association between the European Economic Community and Greece.

ARTICLE 13

1. This Protocol shall be subject to ratification, acceptance or approval in accordance with the Contracting Parties' own procedures; the Contracting Parties shall notify each other that the procedures necessary to this end have been completed.
2. This Protocol shall enter into force on the first day of the month following the date on which the notifications provided for in paragraph 1 have been given.

ARTICLE 14

This Protocol is drawn up in two copies in the Danish, Dutch, English, French, German, Italian and Greek languages, each of these texts being equally authentic.

Declaration of the European Economic Community
on Article 2 of the Financial Protocol

1. The European unit of account used to express the amounts specified in Article 2 of the Financial Protocol is defined as the sum of the following amounts in the currencies of the Member States of the Community:

German mark	0.828
Pound sterling	0.0885
French franc	1.15
Italian lira	109
Dutch guilder	0.286
Belgian franc	3.66
Luxembourg franc	0.14
Danish krone	0.217
Irish pound	0.00759

2. The value of the European unit of account in any given currency is equal to the sum of the equivalent in that currency of the amounts of currency referred to in paragraph 1. It is calculated by the Commission using daily market exchange rates.

The daily rates of exchange in the various national currencies are published in the Official Journal of the European Communities.

EXCHANGE OF LETTERS

A. Letter from the Chairman of the Community delegation

Sir,

I have the honour to inform you that the Community considers that the problem of the consequences of the possible accession of Greece to the Community for the provisions of the second EEC-Greece Financial Protocol should be dealt with in the framework of the accession negotiations. In this respect, I must remind you of the general principle whereby no further financial commitments under the Protocol may be undertaken from the date of the entry into force of the Accession Treaty.

The accession negotiations must therefore include detailed rules to ensure a harmonious transition, as regards financial aid, from the regime of an associated country to that of a Member State with access, under the usual conditions, to the various Community funds and financial instruments.

I would be grateful if you would acknowledge receipt of this letter.

Please accept, Sir, the assurance of my highest consideration.

(s.) Chairman of the Community
delegation

B. Letter from the Chairman of the Greek delegation

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Sir,

I have the honour to acknowledge receipt of your letter of today's date in which you informed me of the following:

"I have the honour to inform you that the Community considers that the problem of the consequences of the possible accession of Greece to the Community for the provisions of the second EEC-Greece Financial Protocol should be dealt with in the framework of the accession negotiations. In this respect, I must remind you of the general principle whereby no further financial commitments under the Protocol may be undertaken from the date of the entry into force of the Accession Treaty.

The accession negotiations must therefore include detailed rules to ensure a harmonious transition, as regards financial aid, from the regime of an associated country to that of a Member State with access, under the usual conditions, to the various Community funds and financial instruments.

I would be grateful if you would acknowledge receipt of this letter."

Please accept, Sir, the assurance of my highest consideration.

(s.) Chairman of the
Greek delegation

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EXCHANGE OF LETTERS

(unpublished)

A. Letter from the Chairman of the Community delegation

Sir,

In order to meet the concern expressed by the Greek authorities, the Community will apply the provision contained in the second sentence of Article 3(1) of the Protocol with the maximum flexibility compatible with the procedures and rules of the Community and of the Bank, particularly as regards the use of loans with interest rate subsidies referred to in Article 2(2) of the Protocol and of aids from budgetary resources as referred to in Article 2(6) and (7).

The examination of project applications may accordingly begin as soon as the Protocol is signed so as to enable financial co-operation to be implemented immediately after it enters into force. However no financing decision may be taken before the entry into force provided for in Article 13 of the Protocol.

I should be grateful if you would acknowledge receipt of this letter.

Please accept, Sir, the assurance of my highest consideration.

(s.) Chairman of the
Community delegation

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B. Letter from the Chairman of the Greek delegation

Sir,

I have the honour to acknowledge your letter of today's date in which you informed me of the following:

"In order to meet the concern expressed by the Greek authorities, the Community will apply the provision contained in the second sentence of Article 3(1) of the Protocol with the maximum flexibility compatible with the procedures and rules of the Community and of the Bank, particularly as regards the use of loans with interest rate subsidies referred to in Article 2(2) of the Protocol and of aids from budgetary resources as referred to in Article 2(6) and (7).

The examination of project applications may accordingly begin as soon as the Protocol is signed so as to enable financial co-operation to be implemented immediately after it enters into force. However no financing decision may be taken before the entry into force provided for in Article 13 of the Protocol.

I should be grateful if you would acknowledge receipt of this letter."

I have the honour to inform you that the Greek delegation, for its part, expects the Community, in appraising the flexibility which it is prepared to show in applying Article 3(1) of the Protocol, not to overlook the period of time which has elapsed since the signing of the Protocol.

Please accept, Sir, the assurance of my highest consideration.

(s.) Chairman of the
Greek delegation

FINANCIAL RECORD
for the 1977 Budget

A. PART 1: INTERVENTION APPROPRIATIONS

(for existing and new projects)

1. RELEVANT BUDGET HEADING CODE

Article 962

2. TITLE OF BUDGET HEADING

"Financial cooperation with certain non-member countries"

3. LEGAL BASIS

Article 238 of the EEC Treaty

4. DESCRIPTION, OBJECTIVE(S) AND JUSTIFICATION OF THE PROJECT

Second financial protocol between EEC and Greece, signed 28 February 1977, annexed to the Association Agreement between EEC and Greece.

5. APPROPRIATION (in u.a.)

No commitment will be made in the 1977 Budget under the head of the financial aid provided for in the financial protocol (the budget heading concerned is a token entry). The budget appropriations may be used only from the 1978 financial year onwards, after the protocol has been ratified. This protocol provides for a sum of 55 million EUA to be committed up to 31 October 1981 from budget appropriations (with an additional 225 million EUA in loans from the EIB). The breakdown of this sum will be decided annually in the course of the budget procedure.

6. TYPE OF CONTROL TO BE APPLIED

As laid down in the Financial Regulation of 25 April 1973 applicable to the General Budget of the European Communities.

B. PART 2: ADDITIONAL DATA TO BE PROVIDED FOR A NEW PROJECT

7. COST OF THE PROJECT (FOR THE WHOLE OF ITS EXPECTED DURATION)

55 million EUA charged against the Community Budget for the whole duration of application of the protocol, i.e. up to 31 October 1981.

8. INFORMATION REGARDING STAFFING AND THE APPROPRIATIONS FOR ADMINISTRATIVE EXPENDITURE NECESSARY FOR THE IMPLEMENTATION OF THE PROJECT

The project will be implemented within the framework of the Commission's establishment plan.

9. PROJECT FINANCED FROM:

The financial aid for the total duration of the financial protocol will be financed from Community Budget appropriations (55 million EUA) and EIB own resources (225 million EUA).

The budget appropriations will be broken down as follows:

10 million EUA in the form of special loans
45 million EUA in the form of grants.