

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 453/78

COMMON POSITION

from the Council of the European Communities

on the proposal from the Commission of the European Communities to the Council for a draft financial regulation on the application of the provisions of Protocol No 1 to the Co-operation Agreements concluded with Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan and Syria and of the Financial Protocols concluded with Malta and Cyprus

0.2.18

COUNCIL
OF THE
EUROPEAN COMMUNITIES

THE PRESIDENT

Brussels, 1 August 1978

Mr Emilio COLOMBO
President of the
European Parliament
Case Postale 1601
LUXEMBOURG
(Grand Duchy of Luxembourg)

Sir,

At its meeting on 25 July 1978, the Council examined the Commission proposal for a Regulation on the application of the Financial Protocols concluded with Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta and Cyprus.

At the end of its discussion the Council approved the enclosed common guidelines.

The Council would be grateful if, after comparing these common guidelines with the Opinion adopted by the European Parliament, you would inform it of whether the Parliament wishes the conciliation procedure to be applied or whether it is able to agree to adoption of the Regulation in question by the Council without recourse to that procedure.

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

K. von DOHNANYI

COUNCIL FINANCIAL REGULATION (EEC)
on the application of the provisions of
Protocol No 1 to the Co-operation Agreements
concluded with Algeria, Morocco, Tunisia,
Egypt, Lebanon, Jordan and Syria
and of the Financial Protocols concluded with Malta
and Cyprus

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 209 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Having regard to the Opinion of the Court of Auditors,

Whereas the Co-operation Agreement between the EEC and the People's Democratic Republic of Algeria, signed in Algiers on 26 April 1976, the Co-operation Agreement between the EEC and the Kingdom of Morocco, signed in Rabat on 27 April 1976, the Co-operation Agreement between the EEC and the Republic of Tunisia, signed in Tunis on 25 April 1976, the Co-operation Agreement between the EEC and the Arab Republic of Egypt, signed in Brussels on 18 January 1977, the Co-operation Agreement between the EEC and the Lebanese Republic, signed in Brussels on 3 May 1977, the Co-operation Agreement between the EEC and the Hashemite Kingdom of Jordan, signed in Brussels on 18 January 1977 and the Co-operation Agreement between the EEC and the Syrian Arab Republic, signed in Brussels on 18 January 1977, hereinafter referred to as "the Agreements", and the Financial Protocol between the EEC and Malta, signed in Brussels on 4 March 1976 and the Financial Protocol between the EEC and the Republic of Cyprus, signed in Brussels on 15 September 1977, hereinafter referred to as "the Protocols", fixed the amount of Community aid to these countries at 114, 130, 95, 170, 30, 40, 60, 26 and 30 million European units of account respectively, comprising 152 million European units of account in the form of loans on special terms, 175 million European units of account in the form of grants and 368 million European units of account in the form of loans accorded by the EIB from its own resources;

S/1311 e/78 {MED 17)
(FIN 105) ner/JF/jme

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Whereas these Agreements and Protocols contain characteristics peculiar to each case; whereas, however, common implementing rules should be established;

Whereas detailed rules for the administration of aid not covered by the Bank's own resources must be laid down;

Whereas the rules for the management of financial co-operation should be determined, the procedure for laying down guidelines for, examining and approving aid should be established and the detailed rules for supervising the use of that aid should be defined;

Whereas a Committee of representatives of the Governments of the Member States should be set up under the auspices of the Commission;

Whereas it should be stipulated that the draft financing decisions drawn up by the Bank for operations not covered from its own resources should be submitted for opinion to a Committee of representatives of the Governments of the Member States;

Whereas the work done by the Commission and the Bank to apply the Agreements should be harmonized;

Whereas the Council adopted on 16 July 1974 a Resolution on the harmonization and co-ordination of Member States' co-operation policies,

HAS ADOPTED THIS REGULATION:

S/1311 e/78 (MED 17) (FIN 105) (ANNEX I) ner/JF/jme

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Article 1

1. In implementing aid to Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan and Syria, the Commission shall be responsible for applying the aid policy defined by the Council and the general guidelines for financial and technical co-operation defined by the Co-operation Councils pursuant to Article 5 of the Agreements and Articles 9 and 16 of Protocol No 1 thereto.

2. In implementing aid to Malta and Cyprus, the Commission shall be responsible for applying the aid policy defined by the Council and the general guidelines for financial and technical co-operation defined pursuant to Article 21 of the Protocol laying down certain provisions relating to the Agreement establishing an association between the European Economic Community and Malta and Article 13 of the Additional Protocol to the Agreement establishing an association between the European Economic Community and Cyprus and Articles 9 and 16 of the Financial Protocols.

Article 2

1. The appropriations for the financing of aid not covered from the Bank's own resources shall be administered by the Commission, in accordance with the Financial Regulation applicable to the general budget of the Communities, subject in particular to Articles 9, 10 and 11 of this Regulation and without prejudice to the Bank's powers in administering certain forms of aid.

2. However, the Commission shall adopt detailed administrative rules, having particular regard to the appointment of financial implementing bodies and conditions guaranteeing equal competition, to the extent that such rules are necessary for the purpose of implementing the Financial Protocols.

Article 3

1. As regards Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan and Syria, a general mandate shall be given to the Bank by the Commission on behalf of the Community to administer the interest rate subsidies for loans from its own resources and the special loans and risk capital operations in the industrial, energy, mining, tourism and economic infrastructure sectors.

The Commission shall itself administer the grants for technical assistance programmes or schemes in whatever sector and the special loans for sectors other than those mentioned in the general mandate given to the Bank and specified in the previous subparagraph.

2. As regards Malta and Cyprus, a general mandate shall be given to the Bank by the Commission on behalf of the Community to administer the interest rate subsidies for loans from its own resources, the special loans and risk capital operations.

The Commission shall itself administer grants for technical assistance programmes or schemes.

3. The mandate given to the Bank in accordance with paragraphs 1 and 2, and in particular the provisions concerning movements of funds and the remuneration for executing the mandate, shall be the subject of an agreement between the Commission and the Bank after consulting the representatives of the Member States. This agreement shall include the provisions set out in Articles 9, 10 and 11.

Operations covered by the mandate established pursuant to paragraphs 1 and 2 and concerning special loans and risk capital shall be undertaken by the Bank on behalf and at the risk of the Community. The Bank shall act in accordance with the procedures laid down by its Statute and the detailed rules of the agreement referred to in the previous subparagraph.

Article 4

The Commission shall provide the Member States at least once a year with information obtained from Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta and Cyprus as regards the content of and prospects for their development plans, the objectives they have set themselves and projects already identified which are likely to attain these objectives.

The Commission shall compile this information in collaboration with the Bank.

At the same time, the Member States shall inform the Commission of any bilateral aid decided on for Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta or Cyprus.

Furthermore, the Commission shall forward to the Committee referred to in Article 6 all available information on any other bilateral or multilateral aid for Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta or Cyprus.

To this end, and in order to keep Member States informed, the Commission shall obtain all relevant information on aid for the States concerned.

Article 5

The position to be taken by the Community with a view to defining specific objectives for financial and technical co-operation within the Co-operation or Association Councils shall be adopted by the Council acting on a proposal from the Commission drawn up, in close collaboration with the Bank, on the basis of information obtained in accordance with Article 4. In the event of disagreement, the Bank shall state its position to the Council.

The implementation of financial and technical co-operation on the basis of the specific objectives referred to in the previous paragraph shall be discussed periodically by representatives of the Member States, the Commission and the Bank. These discussions shall cover in particular the information obtained by the Commission and the Bank from Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta and Cyprus, on the financing sought and on the projects which the Commission and the Bank intend to submit for opinions in accordance with Articles 7 and 10.

Article 6

1. A Committee, hereinafter referred to as the "Article 6 Committee", consisting of representatives of the Governments of the Member States, shall be set up under the auspices of the Commission.

The Article 6 Committee shall be chaired by a representative of the Commission; its secretarial services shall be provided by the Commission.

A representative of the Bank shall attend its meetings.

2. The Council, acting unanimously on a proposal from the Commission, shall adopt the Rules of Procedure of the Article 6 Committee.
3. Within the Article 6 Committee, the votes of the Member States shall be weighted in accordance with Article 148(2) of the Treaty.

The Article 6 Committee shall act by a majority of 41 votes.

Article 7

1. The Article 6 Committee shall give its opinion on draft financing decisions for projects or programmes submitted to it by the Commission.

2. The draft financing decisions for projects shall explain the relevance of those projects to the development prospects of the country or countries concerned and shall assess the effectiveness of each project or programme by setting the effects it is expected to produce against the resources to be invested in it. Where appropriate, they shall mention the use to which such countries have put previous Community aid.

They shall include in particular measures promoting, in accordance with Article 12 of the Financial Protocols, participation by Algerian, Moroccan, Tunisian, Egyptian, Lebanese, Jordanian, Syrian, Maltese and Cypriot undertakings in carrying out the projects.

Article 8

The draft financing decisions referred to in Article 7, together with the opinion of the Article 6 Committee, shall be submitted to the Commission for a decision.

If the Commission decides to differ from the opinion expressed by the Committee, or if the Committee has not delivered a favourable opinion, it shall either withdraw the financing proposal or, at the earliest opportunity, refer the proposal to the Council which shall decide on it under the conditions laid down in Article 6(3) ⁽¹⁾.

Article 9

1. A committee consisting of representatives of the Governments of the Member States, hereinafter referred to as the "Article 9 Committee", shall be set up under the auspices of the Bank.

The Article 9 Committee shall be chaired by the representative of the Government of the Member State currently holding the Presidency of the Board of Governors of the Bank; its secretarial services shall be provided by the Bank.

A representative of the Commission shall attend its meetings.

2. The Council, acting unanimously, shall adopt the Rules of Procedure of the Article 9 Committee.
3. Within the Article 9 Committee, the votes of the Member States shall be weighted as specified in Article 6(3).
4. The Article 9 Committee shall act by a majority of 41 votes.

⁽¹⁾ The text to be introduced in this paragraph will in any case be the same as that approved for the Regulation on financial and technical aid to non-associated developing countries [S/791/78 (GCD 44)] when it is adopted by the Council.

The Commission has proposed the following text:

"The Commission shall adopt decisions which shall apply immediately. However, if the Committee has not delivered a favourable opinion, these decisions shall forthwith be communicated by the Commission to the Council. In that event the Commission shall defer application of the decisions which it has adopted for not more than two months from the date of such communication. The Council, acting by a qualified majority, may take a different decision within two months."

Article 10

1. The Article 9 Committee shall give its opinion on the draft financing decisions drawn up by the EIB pursuant to Article 3.

The Commission representative shall state the Commission's position on these drafts.

The Commission's position shall cover the conformity of the projects with Community development aid policy, with the objectives of financial and technical co-operation laid down in the Agreements or Protocols and with the general guidelines adopted by the Co-operation or Association Councils.

2. In addition, the Committee shall be informed by the Bank of any loans without interest rate subsidies that it intends to grant from its own resources.

Article 11

1. The document in which the Bank submits draft financing decisions to the Article 9 Committee shall, in particular, explain the relevance of the projects to the development prospects of the country or countries concerned and, where appropriate, indicate the situation as regards loans granted by the Community.

2. Where the Article 9 Committee and the Commission deliver favourable opinions in respect of an application for a loan with an interest rate subsidy or a draft financing decision involving special loans or risk capital, the application or the draft shall be submitted for a decision to the Board of Directors of the Bank, which shall act in accordance with the provisions of the Bank's Statute.

In the absence of a favourable opinion from the Article 9 Committee or in the event of an unfavourable opinion from the Commission, the Bank shall either withdraw the application or draft or request the Member State holding the Chair of the Article 9 Committee to refer the matter to the Council at the earliest opportunity.

3. Where in the absence of a favourable opinion from the Article 9 Committee or where in the event of an unfavourable opinion from the Commission the matter is brought before the Council in accordance with paragraph 2, second subparagraph, the Bank's application or draft shall be submitted to the Council together with the reasoned opinions of the Article 9 Committee and of the Commission.

The Council shall take its decision under the conditions laid down in Article 6(3).

If the Council decides to confirm the position taken by the Article 9 Committee or by the Commission, the Bank shall withdraw its proposal.

If, however, the Council is in agreement with the Bank's proposal, the Bank shall implement the procedures under its Statute.

4. The Commission and the Bank shall make a joint selection of the branches of activity likely to benefit from a loan with an interest rate subsidy.

Where the Article 9 Committee delivers a favourable opinion in respect of an application for a loan with an interest rate subsidy, the application shall be submitted for a decision to the Board of Directors of the Bank, which shall act in accordance with the provisions of its Statute.

In the absence of a favourable opinion from the Article 9 Committee the Bank shall either withdraw the application or decide to retain it. In the latter case, the application, together with a reasoned opinion of the Committee, shall be submitted for a Decision to the Board of Directors of the Bank, which shall act in accordance with the provisions of its Statute.

Article 12

1. The Commission shall ensure that the mandate provided for in Article 2 is carried out and ascertain how the aid administered directly by it is used by Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta and Cyprus or by any other recipients referred to in Article 8 of the Financial Protocols concluded with these countries.
2. It shall also ascertain, in close collaboration with the relevant authorities of the country or countries concerned, how projects financed with Community aid are used by the recipients.
3. When carrying out the examinations provided for in paragraphs 1 and 2, the Commission shall, together with the Bank, examine to what extent the objectives defined pursuant to Article 5 of the Agreements with Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan and Syria, Article 13 of the Additional Protocol to the Agreement establishing an association between the EEC and the Republic of Cyprus, Article 21 of the Protocol laying down certain provisions relating to the Agreement establishing an association between the EEC and Malta and Articles 9 and 16 of the Financial Protocols with all the above-mentioned countries have been attained.
4. The Commission shall inform the Council and the European Parliament at their request and at least once a year of its findings pursuant to paragraphs 1, 2 and 3.

Article 13

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

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

Done at Brussels,
For the Council
The President