

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(90)633 final

Brussels, 18 December 1990

Recommendation for a

## COUNCIL DECISION

on the conclusion of a Protocol on financial and  
technical co-operation between the European Economic Community  
and the Syrian Arab Republic

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. On 17 September the Council adopted negotiating directives enabling the Commission to begin negotiations with Syria for a new protocol on financial and technical cooperation.

The negotiations have been concluded and the head of the Syrian delegation has initialled the draft protocol.

The outcome of the negotiations is fully in line with the directives referred to above.

2. The Commission recommends that the Council approve the result of the negotiations and initiate the signing and conclusion procedure.

Accordingly, it presents herewith:

- (1) a recommendation for a Council Decision concerning the conclusion of the protocol on financial and technical cooperation;
- (11) an annex to the recommendation containing the text of the draft protocol.

RECOMMENDATION FOR A COUNCIL DECISION

of

on the conclusion of a Protocol on financial and technical co-operation between the European Economic Community and the Syrian Arab Republic

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 Protocol on financial and technical co-operation between the European Economic Community and the Syrian Arab Republic should be approved,

HAS DECIDED AS FOLLOWS:

Article 1

The Protocol on financial and technical co-operation between the European Economic Community and the Syrian Arab Republic is hereby approved on behalf of the Community.

The text of the Protocol is attached to this Decision.

Article 2

The President of the Council shall give the notification provided for in Article 21 of the Protocol (1)

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(1) The date of entry into force of the Protocol will be published in the Official Journal of the European Communities by the General Secretariat of the Council.

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**Article 3**

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

Done at Luxembourg,

**For the Council**

**The President**

PROTOCOL  
ON FINANCIAL AND TECHNICAL CO-OPERATION BETWEEN  
THE EUROPEAN ECONOMIC COMMUNITY  
AND THE SYRIAN ARAB REPUBLIC

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC

of the other part,

REAFFIRMING their resolve to implement, under the Mediterranean policy of the enlarged Community, co-operation which will contribute to the economic and social development of Syria and promote the strengthening of relations between the Community and Syria.

ANXIOUS to pursue to this end the financial and technical co-operation provided for in the Co-operation Agreement between the European Economic Community and the Syrian Arab Republic,

HAVE DECIDED to conclude this Protocol and to this end have designated as their Plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC:

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

## ARTICLE 1

Within the framework of the financial and technical co-operation provided for in the Co-operation Agreement concluded between the European Economic Community and the Syrian Arab Republic the Community shall participate, on the terms set out in this Protocol, in the financing of measures intended to contribute to the economic and social development of Syria

## ARTICLE 2

1. For the purposes specified in Article 1 and for a period expiring on 31 October 1991, an aggregate amount of 110 million ECU may be committed as follows:

(a) 110 million ECU in the form of loans from the European Investment Bank, hereinafter referred to as "the Bank", made from its own resources;



(b) 34 million ECU from the Community's budgetary resources, in the form of grants;

(c) 2 million ECU from the Community's budgetary resources, in the form of contributions to risk capital formation.

2. The loans referred to in paragraph 1(a) - with the exception of those intended for financing the oil sector - shall carry a 2% interest rate subsidy financed by means of the funds referred to in paragraph 1(b).

3. The risk capital referred to in paragraph 1(c) shall contribute to the co-operation objectives and operations defined in Article 3, in particular those indicated in the second indent of paragraph 2 of that Article.

It shall be used primarily to make equity capital or the like available to Syrian private undertakings, public undertakings and undertakings with State participation, in particular those with which natural or legal persons who are nationals of a Community Member State are associated. It may be used under the same conditions to finance specific studies for the preparation and development of such undertakings' projects and to assist such undertakings in their starting-up period.

It shall be granted and administered by the Bank and may take the form of:

(a) subordinated loans, where repayment and payment of any interest will not be made until other bank claims have been settled;

Economic infrastructure and industrial development which are complementary to the above co-operation operations may also be financed.

2. Of the projects and operations eligible for financing, priority shall be given to those having the following aims:

- in the agricultural sector, developing the production of agricultural products in short supply, particularly food crops, inter alia in the framework of multiannual programmes and operations in the context of the national food strategy. For maximum effectiveness, concentration of resources in specific sectors shall be sought;
- in the industrial and service sectors, promotion of joint ventures between firms from the Community Member States and Syrian firms, direct contacts, exchange of information, promotion of investment, contribution of private capital, and support for small and medium-sized enterprises, including craft businesses, in order to promote employment;
- in the field of science and technology, expansion of Syria's training and research capability and establishment or development of links between Syrian and European private and public training and research institutions;
- in the trade sector, diversification and promotion of exports and organization of contacts between Syrian firms and firms from the Community Member States;
- in the priority areas referred to above, practical training schemes linked to projects or operations in firms and research institutions.

- (b) conditional loans, where repayment or duration will depend on the fulfilment of conditions specified at the time when the loan is granted;
- (c) acquisition of temporary minority holdings on behalf of the Community in the capital of undertakings established in Syria;
- (d) finance for the acquisition of holdings, in the form of conditional loans granted to Syria or, with the Syrian Government's agreement, to Syrian undertakings, either directly or through the intermediary of Syrian financial institutions.

### ARTICLE 3

1. The total amount fixed in Article 2 shall be used primarily for the financing or part-financing of co-operation projects or operations aimed at:

- developing and diversifying agricultural production so as to reduce Syria's food dependence, and efforts to diversify agricultural production and exports with a view to increasing the complementarity of the different Mediterranean regions;
- strengthening the economic links between the Community and Syria in their mutual interest by developing co-operation in the fields of industry, training and research, technology, commerce and other services;
- regional and multilateral co-operation.

3. The Community's financial contributions shall be used to cover internal and external costs necessarily incurred in carrying out approved projects or schemes (including costs in respect of studies, consulting engineers and technical assistance). They may not be used to cover current administrative, maintenance or operational expenditure.

#### ARTICLE 4

1. Capital projects shall be eligible for financing either by loans from the Bank, combined with interest rate subsidies on the terms set out in Article 2(2), or by risk capital, or by grants, or by a combination of these means.

2. Technical and economic co-operation shall normally be financed by grants.

#### ARTICLE 5

1. The amounts to be committed each year must be distributed as evenly as possible throughout the period of application of this Protocol.

2. Any funds not committed at the end of the period referred to in Article 2(1) shall be used until exhausted. In such cases, the funds shall be used in accordance with the same arrangements as those laid down in this Protocol.

## ARTICLE 6

1. Loans granted by the Bank from its own resources shall be made in accordance with the arrangements, conditions and procedures laid down in its statute. They shall, as regards their duration, be subject to terms established on the basis of the economic and financial characteristics of the projects for which these loans are intended, also taking into account the conditions obtaining on the capital markets on which the Bank procures its resources. The interest rate shall be determined in accordance with the Bank's practice at the time of signature of each loan contract, subject to the interest rate subsidy referred to in Article 2(2).

2. The terms and arrangements for contributions to risk capital formation shall be determined on a case-by-case basis.

3. Aid from the Community's budget resources, other than that in the form of interest rate subsidies for loans from the Bank or that intended for risk capital operations, shall be granted and administered by the Commission.

4. The funds referred to in Article 2 may be granted through the intermediary of the State or appropriate Syrian bodies, on condition that they allocate the amounts to the recipients on terms decided, by agreement with the Community, on the basis of the economic and financial characteristics of the projects and operations for which they are intended.

## ARTICLE 7

Aid contributed by the Community for the execution of certain projects may, with the agreement of Syria take the form of co-financing in which, in particular, credit and development bodies and institutions of Syria of Member States or of third States or international finance organizations would take part.

## ARTICLE 8

The following shall be eligible for financial and technical co-operation:

(a) in general:

- the Syrian State,

(b) with the agreement of the Syrian Government, for projects or operations approved by it:

- official Syrian development agencies,

- private agencies working in Syria for economic and social development,

- undertakings carrying on their activities in accordance with industrial and business management methods and set up as legal persons within the meaning of Article 12,

- groups of producers who are nationals of Syria and, exceptionally, where no such groups exist, the producers themselves,

- scholarship holders and trainees sent by Syria under the training schemes referred to in Article 3.

## ARTICLE 9

1. With a view to making optimum use of the instruments and means provided for in this Protocol and achieving the objectives laid down in Article 3, the Community and Syria shall, taking information provided by Syria as a basis, examine:

- the priority development objectives adopted at national level;
- the sector or sectors on which the Community contribution will be focussed, taking account in particular of the contributions of other providers of funds on a bilateral or multilateral basis and other Community instruments, including food aid;
- the measures and schemes best suited to achieving the sectoral objectives referred to in the second indent or, where such schemes are not sufficiently well defined, the broad objectives of the programmes for supporting the policies defined by the country in respect of those sectors;
- the regional action programmes which could be financed by the Community.

2. On this basis, the Community and Syria shall, by mutual agreement, draw up an indicative programme committing both parties and determining the specific objectives of financial and technical co-operation, the priority sectors for intervention and the action programmes envisaged.

3. The indicative programme may be reviewed by mutual agreement to take account of any changes in Syria's economic situation or in the objectives and priorities laid down by its development plan.

4. The Community and Syria shall continue their exchanges of views within the appropriate bodies and shall, make an assessment of the implementation of the indicative programme.

## ARTICLE 10

1. Within the framework laid down in accordance with Article 9, the Syrian State or, with the agreement of its Government, the other possible beneficiaries referred to in Article 8 shall submit their requests for financial aid to the Community.

2. The Community shall appraise the requests for financing in collaboration with the competent Syrian authorities and other beneficiaries, in accordance with the objectives referred to in Article 9, and shall inform them of the decisions taken on such requests.

## ARTICLE 11

1. The execution, management and maintenance of schemes that are the subject of financing under this Protocol shall be the responsibility of Syria or of the other beneficiaries referred to in Article 8.

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

2. The projects and action programmes shall be the subject of appropriate evaluation, the outcome of which shall be communicated to both parties, which shall take appropriate measures by mutual agreement.

3. Certain rules for administering the financial aid granted by the Community shall be the subject of an exchange of letters or a framework agreement between the Commission and Syria upon conclusion of this Protocol.



## ARTICLE 12

1. All natural and legal persons falling within the scope of the Treaty establishing the European Economic Community and all natural and legal persons of Syria may participate on equal terms in tendering procedures and other procedures for the award of contracts likely to be financed. Any such legal person formed in accordance with the law of a Member State of the European Economic Community or of Syria must have its registered office, its administrative head office or its principal establishment in the territories in which the EEC Treaty is applied or in Syria however, where only its registered office is in the said territories or in Syria the activities of such legal person must be effectively and continuously linked with the economy of those territories or of Syria.

2. In agreement with Syria and with the aim of encouraging regional co-operation, natural and legal persons who are nationals of developing countries associated with the Community through overall co-operation or association agreements may be authorized by the Community exceptionally, on a case by case basis, to participate in the operations referred to in paragraph 1 which are financed by the Community. The eligibility of the natural or legal persons shall be assessed on the terms set out in paragraph 1, *mutatis mutandis*.

### ARTICLE 13

To promote participation by Syrian undertakings in the performance of contracts and to ensure the rapid and effective implementation of projects and operations financed from resources administered by the Commission:

- 1) An accelerated procedure for issuing invitations to tender, involving shorter time limits for the submission of tenders, may be used by Syria in agreement with the Commission where it is a question of works contracts which, because of their scale, are mainly of interest to Syrian undertakings.

The organization of this accelerated procedure shall not rule out the possibility of issuing an international invitation to tender where it appears that the nature of the works to be carried out or the usefulness of widening participation justifies recourse to international competition;

- 2) Where urgency of the situation is established or where the nature, small scale or particular characteristics of certain works or supplies so warrant, Syria may, in agreement with the Commission, authorize, as an exception, the placing of contracts after restricted invitations to tender, the conclusion of contracts by direct agreement and the performance of contracts through public works departments.

The procedures referred to in points 1 and 2 may be used for operations whose estimated cost is less than 3 million ECU.

#### ARTICLE 14

1. Syria shall apply to contracts awarded for the execution of projects or operations financed by the Community fiscal and customs arrangements no less favourable than those applied vis-à-vis the most favoured State or international development organization.

2. The content of the arrangements referred to in paragraph 1 shall be established by means of an exchange of letters between the Parties.

#### ARTICLE 15

Syria shall take the necessary measures to ensure that interest and all other payments due to the Bank in respect of transactions concluded under this Protocol are exempted from any national or local tax or levy.

#### ARTICLE 16

Where a loan is accorded to a beneficiary other than the Syrian State, the provision of a guarantee by the latter or of other adequate guarantees shall be required by the Bank as a condition of the grant of the loan.

#### ARTICLE 17

Throughout the duration of the loans and risk capital operations provided for in Article 2, Syria shall undertake to:

- (a) place at the disposal of the beneficiaries or their guarantors the currency necessary for the payment of interest and commission and amortization of loans and risk-capital aid granted for the implementation of aid measures on their territory;
- (b) make available to the Bank the foreign currency necessary for the transfer of all sums received by it in national currency which represent the net revenue and proceeds from transactions involving the acquisition by the Community of holdings in the capital of companies or firms.

#### ARTICLE 18

The results of financial and technical co-operation may be examined within the Co-operation Council. The latter shall establish, where appropriate, the general guidelines for such co-operation.

ARTICLE 19

Before the expiry of this Protocol, the Contracting Parties will examine what arrangements could be made for financial and technical co-operation during a possible further period.

ARTICLE 20

This Protocol shall be annexed to the Co-operation Agreement concluded between the European Economic Community and the Syrian Arab Republic.

ARTICLE 21

1. This Protocol shall be subject to 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 second month following the date on which the notifications provided for in paragraph 1 have been given.

ARTICLE 22

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



FICHE FINANCIERE

1.	(Nomenclature 1991) <u>Ligne budgétaire concernée</u> : chapitre B7-40 - Coopération avec les pays du bassin méditerranéen - Poste B7 - 405 A - Troisièmes et quatrièmes protocoles financiers avec les pays méditerranéens du Sud
2.	<u>Intitulé de l'action</u> : Recommandation de décision du Conseil concernant la conclusion du protocole relatif à la coopération financière et technique entre la Communauté économique européenne et la République arabe syrienne .
3.	<u>Base juridique</u> : article 238 du Traité CEE
4.	<u>Objectifs de l'action</u> : Troisième protocole financier dans le cadre de l'accord de coopération CEE/Syrie, signé le 18.01.1977, couvrant la période jusqu'au 31.10.1991.
5.	<u>Incidences financières</u> : Exercice 1991 : les dépenses à la charge du budget des CE s'élèvent à 36 millions d'écus (crédits d'engagement prévisibles en 1991 : 36 millions d'écus).

Feche d'impact de certains actes législatifs  
sur les PME et l'emploi

1. OBLIGATIONS ADMINISTRATIVES DECOULANT DE L'APPLICATION DE LA  
LEGISLATION POUR LES ENTREPRISES

AUCUNE

2. AVANTAGE POUR L'ENTREPRISE

OUI

LESQUELLES

La coopération financière et technique pourra engendrer des avantages pour les PME dans les domaines services et fournitures de matériel.

3. INCONVENIENTS POUR L'ENTREPRISE  
(coûts supplémentaires)

NON

CONSEQUENCES

-

4. EFFETS SUR L'EMPLOI

Aucun effet négatif prévisible sur l'emploi dans la Communauté, car pas d'amélioration prévue pour les exportations industrielles des PTM.

5. Y A-T-IL EU CONCERTATION PREALABLE AVEC LES PARTENAIRES SOCIAUX?

NON

AVIS DES PARTENAIRES SOCIAUX

-

6. Y A-T-IL UNE APPROCHE ALTERNATIVE MOINS CONTRAIGNANTE?

NON



ISSN 0254-1475

COM(90) 633 final

# DOCUMENTS

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Catalogue number : CB-CO-90-653-EN-C  
ISBN 92-77-67364-8

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PRICE

1 - 30 pages: 3.50 ECU

per additional 10 pages: 1.25 ECU

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Office for Official Publications of the European Communities  
L-2985 Luxembourg