

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 119 final

Brussels, 16 March 1982

RECOMMENDATIONS FOR
COUNCIL REGULATIONS (EEC)
CONCERNING THE CONCLUSION OF THE NEW FINANCIAL PROTOCOLS BETWEEN THE
EUROPEAN ECONOMIC COMMUNITY AND THE SOUTHERN MEDITERRANEAN COUNTRIES

(submitted to the Council by the Commission)

COM(82) 119 final

EXPLANATORY MEMORANDUM

1. By a decision dated 27 July 1981 the Council authorized the Commission to open negotiations for new Financial Protocols with the Maghreb countries (Algeria, Morocco and Tunisia), the Mashreq countries (Egypt, Jordan, Lebanon and Syria) and Israel. The negotiating directives were adopted at the same time, with supplementary directives being approved at the 29-30 September Council meeting.

On the basis of these directives the Commission has up till now been able to conclude the negotiations with all these countries except Algeria and Tunisia. At the end of the negotiations which have already concluded the texts of the new Financial Protocols were initialled by the heads of the various delegations.

It was also agreed by the delegations that a number of statements would be recorded in the minutes of the negotiations ; these statements are set out in the annex to this communication.

It should be noted, in particular, that the Moroccan delegation, in a unilateral declaration, reserved the right to ask to renounce, for a particular project, the interest subsidy for the EIB loan. Additionally, in order to take account of certain constitutional problems peculiar to Morocco, amendments have had to be made to Article 21 concerning the procedures for approving the Financial Protocol to be concluded with that country.

As a general point relating to the outcome of these negotiations, the Commission would draw attention to the fact that all the partners to a greater or lesser extent expressed disappointment at the amount of aid made available by the Community for the next five-year period. They accordingly urged that everything possible be done to develop the other forms of cooperation.

2. The Commission recommends that the Council approve the results of the negotiations with Morocco, Egypt, Jordan, Lebanon, Syria and Israel and initiate the procedure for the signing and conclusion of the new Financial Protocols. It is therefore forwarding to the Council herewith recommendations for Council regulations concerning the conclusion of the initialled Protocols, the texts of which are appended thereto.

The Commission hopes to be in a position to submit, in the very near future, similar recommendations in respect of Algeria and Tunisia.

3. The Commission would also remind the Council that in 1977 and 1978 it put forward proposals for a regulation to lay down the arrangements for implementation within the Community of the first financial protocols with the Maghreb and Mashreq countries. On the basis of those proposals, the Council approved a set of joint guidelines (S/1311/78), but it proved impossible to adopt a regulation as the conciliation procedure with Parliament was never completed. Pending the adoption of such a regulation an ad hoc procedure was worked out so that Member States' representatives could be consulted on proposals to finance projects from the Community budget. This procedure was conceived as a means of avoiding delays in the performance of our undertakings to the countries concerned, and it was always intended to be a strictly temporary measure. The Commission therefore considers that a definitive procedure for the provision of financial aid under the budget, consistent with the decision-making process, should be established for the implementation of the new financial protocols. It accordingly calls on the Council to complete the conciliation procedure initiated with Parliament on the basis of the joint guidelines adopted in 1978.

**RECOMMENDATION
FOR A COUNCIL REGULATION
concerning the conclusion of a Financial Protocol
between the European Economic Community and the
KINGDOM OF MOROCCO**

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 the KINGDOM OF MOROCCO, signed on
, should be concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Financial Protocol between the European Economic Community and
the KINGDOM OF MOROCCO is hereby approved on behalf
of the Community.

The text of this Protocol is annexed to this Regulation.

Article 2

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

Article 3

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

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

Done at
For the Council
The President

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

PROTOCOL ON FINANCIAL AND TECHNICAL
COOPERATION BETWEEN THE EUROPEAN
ECONOMIC COMMUNITY AND THE KINGDOM
OF MOROCCO

THE COUNCIL OF THE EUROPEAN COMMUNITIES,
of the one part, and

THE GOVERNMENT OF THE KINGDOM OF MOROCCO,
of the other part,

REAFFIRMING their resolve to implement cooperation which will contribute to the economic and social development of the Kingdom of Morocco and promote the strengthening of relations between the Community and the Kingdom of Morocco,

ANXIOUS to pursue to this end the financial and technical cooperation provided for in the Cooperation Agreement ,

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

ARTICLE 1

Within the framework of the financial and technical cooperation provided for in the Cooperation Agreement concluded between the European Economic Community and the Kingdom of Morocco, 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 the Kingdom of Morocco.

ARTICLE 2

1. For the purposes specified in Article 1 and for a period expiring on 31 October 1986, an aggregate amount of 199 million ECU may be committed as follows :

- a) 90 million ECU in the form of loans from the European Investment Bank, hereinafter referred to as the "Bank", made from its own resources ;
- b) 109 million ECU from the Community's budgetary resources, composed of :
 - 42 million ECU in the form of loans on special terms ;
 - 67 million ECU in the form of grants.

Provision may be made for contributions to risk capital formation, to be charged against the amount shown in the first indent of b) ; these may take the form inter alia of subordinated loans, conditional loans or acquisitions of holdings.

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

ARTICLE 3

1. The total amount fixed in Article 2 shall be used for the financing or part-financing of :

- capital projects in the fields of production and economic infrastructure, aimed in particular at diversifying the economic structure of the Kingdom of Morocco and especially at promoting its industrialization and modernizing its agriculture ;
- technical cooperation schemes that are a preliminary or a complement to capital projects drawn up by the Kingdom of Morocco ;
- technical cooperation in the field of training.

2. 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, or by loans on special terms, or by grants, or by a combination of these three means.

2. Technical and economic cooperation shall normally be financed by grants.

ARTICLE 5

1. The amounts to be committed each year shall 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 that case, 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. Loans on special terms shall be granted for 40 years with 10 years' postponement of amortization and at an interest rate of 1 % per annum. The terms and arrangements for contributions to risk capital formation shall be determined on a case-by-case basis.

3. The loans may be granted through the intermediary of the State or appropriate Moroccan bodies, on condition that they lend 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 for which they are intended.

ARTICLE 7

Aid contributed by the Community for the execution of certain projects may, with the agreement of the Moroccan Government, take the form of co-financing in which, in particular, credit and development bodies and institutions of the Kingdom of Morocco, 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 cooperation :

a) in general :

- the Kingdom of Morocco ;

b) with the agreement of the Moroccan Government, for projects or measures approved by it :

- official development agencies of the Kingdom of Morocco,
- private agencies working in the Kingdom of Morocco for economic and social development,
- undertakings carrying on their activities in accordance with industrial and business management methods and set up as legal persons in accordance with the law of the Kingdom of Morocco,
- groups of producers who are nationals of the Kingdom of Morocco, and exceptionally, where no such groups exist, the producers themselves,
- scholarship holders and trainees sent by the Kingdom of Morocco under the training schemes referred to in Article 3.

ARTICLE 9

1. Upon the entry into force of the Agreement the Community and the Kingdom of Morocco shall establish by mutual agreement the specific objectives of financial and technical cooperation, by reference to the priorities set by the Kingdom of Morocco's development plan.

These objectives may be reviewed by mutual agreement to take account of changes in the Kingdom of Morocco's economic situation or in the objectives and priorities set by its development plan.

2. Within the framework established pursuant to paragraph 1, financial and technical cooperation shall apply to projects and schemes drawn up by the Moroccan Government or by other beneficiaries approved by that country.

ARTICLE 10

1. The requests for financial aid may be presented to the Community only by the Moroccan Government on its own behalf or on behalf of the other beneficiaries referred to in Article 8.

2. The Community shall appraise the requests for financing in collaboration with the competent authorities of the Kingdom of Morocco and other beneficiaries, in accordance with the objectives referred to in Article 9(1), 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 the Kingdom of Morocco or the other beneficiaries referred to in Article 8 of this Protocol.

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

2. Certain rules for administering the financial aid granted by the Community will be the subject of an exchange of letters between the Commission and the Kingdom of Morocco at the conclusion of this Protocol.

ARTICLE 12

All natural and legal persons which come within the scope of the Treaty establishing the EEC and all natural and legal persons of the Kingdom of Morocco may participate on equal terms in tendering procedures and other procedures for the award of contracts likely to be financed. Such legal persons formed in accordance with the law of a Member State of the EEC or of the Kingdom of Morocco must have their registered offices, their administrative head offices or their principal establishments in the territories in which the Treaty establishing the European Economic Community is applied or in Morocco ; however, where only their registered offices are in those territories or in Morocco, the activities of such legal persons must be effectively and continuously linked with the economy of those territories or of Morocco.

ARTICLE 13

To promote participation by Moroccan undertakings in the performance of works contracts, an accelerated procedure for issuing invitations to tender involving shorter time limits for the submission of tenders may be used where the works in question, because of their scale, are mainly of interest to Moroccan undertakings.

This accelerated procedure may be used for invitations to tender the value of which is estimated at less than two million ECU.

ARTICLE 14

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

2. The fiscal and customs arrangements shall be established by means of an exchange of letters between the Parties.

ARTICLE 15

The Kingdom of Morocco shall take the necessary measures to ensure that interest and all other payments due to the Community in respect of loans granted 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 Kingdom of Morocco the provision of a guarantee by the latter or of other adequate guarantees may be required by the Community as a condition of the grant of the loan.

ARTICLE 17

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

ARTICLE 18

The results of financial and technical cooperation may be examined within the Cooperation Council. The latter shall establish, where appropriate, the general guidelines of such cooperation.

ARTICLE 19

One year before the expiry of this Protocol, the Contracting Parties shall examine what arrangements could be made for financial and technical cooperation during a possible further period.

8.

ARTICLE 20

This Protocol shall be annexed to the Cooperation Agreement concluded between the European Economic Community and the Kingdom of Morocco.

ARTICLE 21

1. This Protocol shall enter into force after the Kingdom of Morocco, on one side, and the Community, on the other side, shall have notified their agreement on the terms of the protocol.

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

RECOMMENDATION
FOR A COUNCIL REGULATION
concerning the conclusion of a Financial Protocol
between the European Economic Community and the
ARAB REPUBLIC OF EGYPT

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 the Arab Republic of Egypt, signed on
, should be concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Financial Protocol between the European Economic Community and
the Arab Republic of Egypt is hereby approved on behalf
of the Community.

The text of this Protocol is annexed to this Regulation.

Article 2

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

Article 3

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

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

Done at

For the Council
The President

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

PROTOCOL ON FINANCIAL AND TECHNICAL COOPERATION
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE
ARAB REPUBLIC OF EGYPT

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT,

of the other part,

REAFFIRMING their resolve to implement cooperation which will contribute to the economic and social development of Egypt and promote the strengthening of relations between the Community and Egypt,

ANXIOUS to pursue to this end the financial and technical cooperation provided for in the Cooperation Agreement,

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

ARTICLE 1

Within the framework of the financial and technical cooperation provided for in the Cooperation Agreement concluded between the European Economic Community and the Arab Republic of Egypt, 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 Egypt.

ARTICLE 2

1. For the purposes specified in Article 1 and for a period expiring on 31 October 1986, an aggregate amount of 276 million ECU may be committed as follows :

- a) 150 million ECU in the form of loans from the European Investment Bank, hereinafter referred to as the "Bank", made from its own resources ;
- b) 126 million ECU from the Community's budgetary resources, composed of :
 - 50 million ECU in the form of loans on special terms ;
 - 76 million ECU in the form of grants.

Provision may be made for contributions to risk capital formation, to be charged against the amount shown in the first indent of b) ; these may take the form inter alia of subordinated loans, conditional loans or acquisitions of holdings.

2. The loans referred to in paragraph 1 (a) - with the exception of those intended for financing the oil sector - carry a 3% interest rate subsidy financed by means of the funds shown in the second indent of paragraph 1 (b).

ARTICLE 3

1. The total amount fixed in Article 2 shall be used for the financing or part-financing of :

- capital projects in the fields of production and economic infrastructure, aimed in particular at diversifying the economic structure of Egypt and especially at promoting its industrialization and modernizing its agriculture ;
- technical cooperation schemes that are a preliminary or a complement to capital projects drawn up by Egypt ;
- technical cooperation in the field of training.

2. 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, or by loans on special terms, or by grants, or by a combination of these three means.

2. Technical and economic cooperation shall normally be financed by grants.

ARTICLE 5

1. The amounts to be committed each year shall 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 that case, 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. Loans on special terms shall be granted for 40 years with 10 years' postponement of amortization and at an interest rate of 1 % per annum. The terms and arrangements for contributions to risk capital formation shall be determined on a case-by-case basis.

3. The loans may be granted through the intermediary of the State or appropriate Egyptian bodies, on condition that they lend 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 for which they are intended.

ARTICLE 7

Aid contributed by the Community for the execution of certain projects may, with the agreement of Egypt, take the form of co-financing in which, in particular, credit and development bodies and institutions of Egypt, 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 cooperation :

- a) in general :
 - the Egyptian State ;
- b) with the agreement of the Egyptian Government, for projects or measures approved by it :
 - Egyptian official development agencies,
 - private agencies working in Egypt 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 Egypt, and, exceptionally, where no such groups exist, the producers themselves,
 - scholarship holders and trainees sent by Egypt under the training schemes referred to in Article 3.

ARTICLE 9

1. Upon the entry into force of the Agreement the Community and Egypt shall establish by mutual agreement the specific objectives of financial and technical cooperation, by reference to the priorities set by Egypt's development plan.

These objectives may be reviewed by mutual agreement to take account of changes in Egypt's economic situation or in the objectives and priorities set by its development plan.

2. Within the framework established pursuant to paragraph 1, financial and technical cooperation shall apply to projects and schemes drawn up by Egypt or by other beneficiaries approved by that country.

ARTICLE 10

1. The Egyptian State or, with the agreement of its Government, the other possible beneficiaries referred to in Article 8 shall present their requests for financial aid to the Community.

2. The Community shall appraise the requests for financing in collaboration with the competent Egyptian authorities and the other beneficiaries, in accordance with the objectives referred to in Article 9 (1), 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 Egypt or the other beneficiaries referred to in Article 8 of this Protocol.

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

2. Certain rules for administering the financial aid granted by the Community will be the subject of an exchange of letters between the Commission and Egypt at the conclusion of this protocol.

ARTICLE 12

All natural and legal persons which come within the scope of the Treaty establishing the EEC and all natural and legal persons of Egypt shall have the right to participate on equal terms in tendering procedures and other procedures for the award of contracts likely to be financed. Such legal persons formed in accordance with the law of a Member State of the EEC or of Egypt must have their registered offices, their administrative head offices or their principal establishments in the territories in which the Treaty establishing the European Economic Community is applied or in Egypt; however, where only their registered offices are in those territories or in Egypt, the activities of such legal persons must be effectively and continuously linked with the economy of those territories or of Egypt.

ARTICLE 13

To promote participation by Egyptian undertakings in the performance of works contracts, an accelerated procedure for issuing invitations to tender involving shorter time limits for the submission of tenders may be used where the works in question, because of their scale, are mainly of interest to Egyptian undertakings. This accelerated procedure may be used for invitations to tender the value of which is estimated at less than two million ECU.

ARTICLE 14

1. Egypt shall apply to contracts awarded for the execution of projects or schemes financed by the Community fiscal and customs arrangements no less favourable than those applied vis-à-vis the most favoured international development organization.
2. The fiscal and customs arrangements shall be established by means of an exchange of letters between the Parties.

ARTICLE 15

Egypt shall take the necessary measures to ensure that interest and all other payments due to the Community in respect of loans granted 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 Egyptian State, the provision of a guarantee by the latter or of other adequate guarantees may be required by the Community as a condition of the grant of the loan.

ARTICLE 17

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

ARTICLE 18

The results of financial and technical cooperation may be examined within the Cooperation Council. The latter shall establish, where appropriate, the general guidelines of such cooperation.

ARTICLE 19

One year before the expiry of this Protocol, the Contracting Parties shall examine what arrangements could be made for financial and technical cooperation during a possible further period.

ARTICLE 20

This Protocol shall be annexed to the Cooperation Agreement concluded between the European Economic Community and Egypt .

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

**RECOMMENDATION
FOR A COUNCIL REGULATION
concerning the conclusion of a Financial Protocol
between the European Economic Community and the
HASHEMITE KINGDOM OF JORDAN**

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 the HASHEMITE KINGDOM OF JORDAN, signed on
, should be concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Financial Protocol between the European Economic Community and
the HASHEMITE KINGDOM OF JORDAN is hereby approved on behalf
of the Community.

The text of this Protocol is annexed to this Regulation.

Article 2

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

Article 3

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

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

Done at
For the Council
The President

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

PROTOCOL ON FINANCIAL AND TECHNICAL COOPERATION
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE
HASHEMITE KINGDOM OF JORDAN

THE COUNCIL OF THE EUROPEAN COMMUNITIES,
of the one part, and

HIS MAJESTY THE KING OF THE HASHEMITE KINGDOM OF JORDAN,
of the other part,

REAFFIRMING their resolve to implement cooperation which will contribute to the economic and social development of Jordan and promote the strengthening of relations between the Community and Jordan,

ANXIOUS to pursue to this end the financial and technical cooperation provided for in the Cooperation Agreement,

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

ARTICLE 1

Within the framework of the financial and technical cooperation provided for in the Cooperation Agreement concluded between the European Economic Community and the Hashemite Kingdom of Jordan, 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 Jordan.

ARTICLE 2

1. For the purposes specified in Article 1 and for a period expiring on 31 October 1986, an aggregate amount of 63 million ECU may be committed as follows :

- a) 37 million ECU in the form of loans from the European Investment Bank, hereinafter referred to as the "Bank", made from its own resources ;
- b) 26 million ECU from the Community's budgetary resources, composed of :
 - 7 million ECU in the form of loans on special terms ;
 - 19 million ECU in the form of grants.

Provision may be made for contributions to risk capital formation, to be charged against the amount shown in the first indent of b) ; these may take the form inter alia of subordinated loans, conditional loans or acquisitions of holdings.

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

ARTICLE 3

1. The total amount fixed in Article 2 shall be used for the financing or part-financing of :

- capital projects in the fields of production and economic infrastructure, aimed in particular at diversifying the economic structure of Jordan and especially at promoting its industrialization and modernizing its agriculture ;
- technical cooperation schemes that are a preliminary or a complement to capital projects drawn up by Jordan ;
- technical cooperation in the field of training.

2. 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, or by loans on special terms, or by grants, or by a combination of these three means.

2. Technical and economic cooperation shall normally be financed by grants.

ARTICLE 5

1. The amounts to be committed each year shall 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 that case, 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. Loans on special terms shall be granted for 40 years with 10 years' postponement of amortization and at an interest rate of 1 % per annum. The terms and arrangements for contributions to risk capital formation shall be determined on a case-by-case basis.

3. The loans may be granted through the intermediary of the State or appropriate Jordanian bodies, on condition that they onlend 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 for which they are intended.

ARTICLE 7

Aid contributed by the Community for the execution of certain projects may, with the agreement of Jordan, take the form of co-financing in which, in particular, credit and development bodies and institutions of Jordan, 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 cooperation :

a) in general :

- the Jordanian State ;

b) with the agreement of the Jordanian Government, for projects or measures approved by it :

- Jordanian official development agencies,
- private agencies working in Jordan 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 Jordan , and, exceptionally, where no such groups exist, the producers themselves,
- scholarship holders and trainees sent by Jordan under the training schemes referred to in Article 3.

ARTICLE 9

1. Upon the entry into force of the Agreement the Community and Jordan shall establish by mutual agreement the specific objectives of financial and technical cooperation, by reference to the priorities set by Jordan's development plan.

These objectives may be reviewed by mutual agreement to take account of changes in Jordan's economic situation or in the objectives and priorities set by its development plan.

2. Within the framework established pursuant to paragraph 1, financial and technical cooperation shall apply to projects and schemes drawn up by Jordan or by other beneficiaries approved by that country.

ARTICLE 10

1. The Jordanian State or, with the agreement of its Government, the other possible beneficiaries referred to in Article 8 shall present their requests for financial aid to the Community.

2. The Community shall appraise the requests for financing in collaboration with the competent Jordanian authorities and the other beneficiaries, in accordance with the objectives referred to in Article 9 (1), 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 Jordan or the other beneficiaries referred to in Article 8 of this Protocol.

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

2. Certain rules for administering the financial aid granted by the Community will be the subject of an exchange of letters between the Commission and Jordan at the conclusion of this protocol.

ARTICLE 12

All natural and legal persons which come within the scope of the Treaty establishing the EEC and all natural and legal persons of Jordan may participate on equal terms in tendering procedures and other procedures for the award of contracts likely to be financed. Such legal persons formed in accordance with the law of a Member State of the EEC or of Jordan must have their registered offices, their administrative head offices or their principal establishments in the territories in which the Treaty establishing the European Economic Community is applied or in Jordan ; however, where only their registered offices are in those territories or in Jordan , the activities of such legal persons must be effectively and continuously linked with the economy of those territories or of Jordan.

ARTICLE 13

To promote participation by Jordanian undertakings in the performance of works contracts, an accelerated procedure for issuing invitations to tender involving shorter time limits for the submission of tenders may be used where the works in question, because of their scale, are mainly of interest to Jordanian undertakings.

This accelerated procedure may be used for invitations to tender the value of which is estimated at less than two million ECU.

ARTICLE 14

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

2. The fiscal and customs arrangements shall be established by means of an exchange of letters between the Parties.

ARTICLE 15

Jordan shall take the necessary measures to ensure that interest and all other payments due to the Community in respect of loans granted under this Protocol are exempted from any national or local tax of levy.

ARTICLE 16

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

ARTICLE 17

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

ARTICLE 18

The results of financial and technical cooperation may be examined within the Cooperation Council. The latter shall establish, where appropriate, the general guidelines of such cooperation.

ARTICLE 19

One year before the expiry of this Protocol, the Contracting Parties shall examine what arrangements could be made for financial and technical cooperation during a possible further period.

ARTICLE 20

This Protocol shall be annexed to the Cooperation Agreement concluded between the European Economic Community and Jordan.

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

RECOMMENDATION
FOR A COUNCIL REGULATION
concerning the conclusion of a Financial Protocol
between the European Economic Community and the
LEBANESE 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 Financial Protocol between the European Economic Community
and the LEBANESE REPUBLIC, signed on
, should be concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Financial Protocol between the European Economic Community and
the LEBANESE REPUBLIC is hereby approved on behalf
of the Community.

The text of this Protocol is annexed to this Regulation.

Article 2

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

Article 3

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

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

Done at

For the Council
The President

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

PROTOCOL ON FINANCIAL AND TECHNICAL COOPERATION
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE
LEBANESE REPUBLIC

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE PRESIDENT OF THE LEBANESE REPUBLIC,

of the other part,

REAFFIRMING their resolve to implement cooperation which will contribute to the economic and social development of Lebanon and promote the strengthening of relations between the Community and Lebanon,

ANXIOUS to pursue to this end the financial and technical cooperation provided for in the Cooperation Agreement,

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

ARTICLE 1

Within the framework of the financial and technical cooperation provided for in the Cooperation Agreement concluded between the European Economic Community and the Lebanese 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 Lebanon.

ARTICLE 2

1. For the purposes specified in Article 1 and for a period expiring on 31 October 1986, an aggregate amount of 50 million ECU may be committed as follows :

- a) 34 million ECU in the form of loans from the European Investment Bank, hereinafter referred to as the "Bank", made from its own resources ;
- b) 16 million ECU from the Community's budgetary resources, composed of :
 - 5 million ECU in the form of loans on special terms ;
 - 11 million ECU in the form of grants.

Provision may be made for contributions to risk capital formation, to be charged against the amount shown in the first indent of b) ; these may take the form inter alia of subordinated loans, conditional loans or acquisitions of holdings.

ARTICLE 3

1. The total amount fixed in Article 2 shall be used for the financing or part -financing of :

- capital projects in the fields of production and economic infrastructure, aimed in particular at diversifying the economic structure of Lebanon and especially at promoting its industrialization and modernizing its agriculture ;
- technical cooperation schemes that are a preliminary or a complement to capital projects drawn up by Lebanon;
- technical cooperation in the field of training.

2. 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, or by loans on special terms, or by grants, or by a combination of these three means.

2. Technical and economic cooperation shall normally be financed by grants.

ARTICLE 5

1. The amounts to be committed each year shall 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 that case, 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.

2. Loans on special terms shall be granted for 40 years with 10 years' postponement of amortization and at an interest rate of 1 % per annum. The terms and arrangements for contributions to risk capital formation shall be determined on a case-by-case basis.

3. The loans may be granted through the intermediary of the State or appropriate Lebanese bodies, on condition that they onlend 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 for which they are intended.

ARTICLE 7

Aid contributed by the Community for the execution of certain projects may, with the agreement of Lebanon, take the form of co-financing in which, in particular, credit and development bodies and institutions of Lebanon or 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 cooperation :

a) in general :

- the Lebanon State ;

b) with the agreement of the Lebanon Government, for projects or measures approved by it :

- Lebanese official development agencies,
- private agencies working in Lebanon 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 Lebanon, and, exceptionally, where no such groups exist, the producers themselves,
- scholarship holders and trainees sent by Lebanon under the training schemes referred to in Article 3.

ARTICLE 9

1. Upon the entry into force of the Agreement the Community and Lebanon shall establish by mutual agreement the specific objectives of financial and technical cooperation, by reference to the priorities set by Lebanon's development plan.

These objectives may be reviewed by mutual agreement to take account of changes in Lebanon's economic situation or in the objectives and priorities set by its development plan.

2. Within the framework established pursuant to paragraph 1, financial and technical cooperation shall apply to projects and schemes drawn up by Lebanon or by other beneficiaries approved by that country.

ARTICLE 10

1. The Lebanese State or, with the agreement of its Government, the other possible beneficiaries referred to in Article 8 shall present their requests for financial aid to the Community.

2. The Community shall appraise the requests for financing in collaboration with the competent Lebanese authorities and the other beneficiaries, in accordance with the objectives referred to in Article 9 (1), 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 Lebanon or the other beneficiaries referred to in Article 8 of this Protocol.

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

2. Certain rules for administering the financial aid granted by the Community will be the subject of an exchange of letters between the Commission and Lebanon at the conclusion of this protocol.

ARTICLE 12

All natural and legal persons which come within the scope of the Treaty establishing the EEC and all natural and legal persons of Lebanon may participate on equal terms in tendering procedures and other procedures for the award of contracts likely to be financed. Such legal persons formed in accordance with the law of a Member State of the EEC or of must have their registered offices, their administrative head offices or their principal establishments in the territories in which the Treaty establishing the European Economic Community is applied or in Lebanon ; however, where only their registered offices are in those territories or in Lebanon , the activities of such legal persons must be effectively and continuously linked with the economy of those territories or of Lebanon.

ARTICLE 13

To promote participation by Lebanese undertakings in the performance of works contracts, an accelerated procedure for issuing invitations to tender involving shorter time limits for the submission of tenders may be used where the works in question, because of their scale, are mainly of interest to Lebanese undertakings.

This accelerated procedure may be used for invitations to tender the value of which is estimated at less than two million ECU.

ARTICLE 14

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

2. The fiscal and customs arrangements shall be established by means of an exchange of letters between the Parties.

ARTICLE 15

Lebanon shall take the necessary measures to ensure that interest and all other payments due to the Community in respect of loans granted under this Protocol are exempted from any national or local tax of levy.

ARTICLE 16

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

ARTICLE 17

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

ARTICLE 18

The results of financial and technical cooperation may be examined within the Cooperation Council. The latter shall establish, where appropriate, the general guidelines of such cooperation.

ARTICLE 19

One year before the expiry of this Protocol, the Contracting Parties shall examine what arrangements could be made for financial and technical cooperation during a possible further period.

ARTICLE 20

This Protocol shall be annexed to the Cooperation Agreement concluded between the European Economic Community and Lebanon.

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

RECOMMENDATION

FOR A COUNCIL REGULATION

concerning the conclusion of a Financial Protocol
between the European Economic Community and the
ARAB REPUBLIC OF SYRIA

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 the ARAB REPUBLIC OF SYRIA, signed on
, should be concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Financial Protocol between the European Economic Community and
the ARAB REPUBLIC OF SYRIA is hereby approved on behalf
of the Community.

The text of this Protocol is annexed to this Regulation.

Article 2

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

Article 3

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

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

Done at
For the Council
The President

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

**PROTOCOL ON FINANCIAL AND TECHNICAL COOPERATION
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 cooperation 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 cooperation
provided for in the Cooperation Agreement ,

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

ARTICLE 1

Within the framework of the financial and technical cooperation provided for in the Cooperation Agreement concluded between the European Economic Community and the Arab Republic of Syria, 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 1986, an aggregate amount of 97 million ECU may be committed as follows :

- a) 64 million ECU in the form of loans from the European Investment Bank, hereinafter referred to as the "Bank", made from its own resources ;
- b) 33 million ECU from the Community's budgetary resources, composed of :
 - 11 million ECU in the form of loans on special terms ;
 - 22 million ECU in the form of grants.

Provision may be made for contributions to risk capital formation, to be charged against the amount shown in the first indent of b) ; these may take the form inter alia of subordinated loans or conditional loans.

2. The loans referred to in paragraph 1 (a) - with the exception of those intended for financing the oil sector - carry a 3% interest rate subsidy financed by means of the funds shown in the second indent of paragraph 1 (b).

ARTICLE 3

1. The total amount fixed in Article 2 shall be used for the financing or part -financing of :

- capital projects in the fields of production and economic infrastructure, aimed in particular at diversifying the economic structure of Syria and especially at promoting its industrialization and modernizing its agriculture ;
- technical cooperation schemes that are a preliminary or a complement to capital projects drawn up by Syria ;
- technical cooperation in the field of training.

2. 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, or by loans on special terms, or by grants, or by a combination of these three means.

2. Technical and economic cooperation shall normally be financed by grants.

ARTICLE 5

1. The amounts to be committed each year shall 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 that case, 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. Loans on special terms shall be granted for 40 years with 10 years' postponement of amortization and at an interest rate of 1 % per annum. The terms and arrangements for contributions to risk capital formation shall be determined on a case-by-case basis.

3. The loans may be granted through the intermediary of the State or appropriate Syrian bodies, on condition that they lend 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 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 cooperation :

a) in general :

- the Syrian State ;

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

- Syrian official 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. Upon the entry into force of the Agreement the Community and Syria shall establish by mutual agreement the specific objectives of financial and technical cooperation, by reference to the priorities set by Syria's development plan.

These objectives may be reviewed by mutual agreement to take account of changes in Syria's economic situation or in the objectives and priorities set by its development plan.

2. Within the framework established pursuant to paragraph 1, financial and technical cooperation shall apply to projects and schemes drawn up by Syria or by other beneficiaries approved by that country.

ARTICLE 10

1. The Syrian State or, with the agreement of its Government, the other possible beneficiaries referred to in Article 8 shall present 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 the other beneficiaries, in accordance with the objectives referred to in Article 9 (1), 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 the other beneficiaries referred to in Article 8 of this Protocol.

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

2. Certain rules for administering the financial aid granted by the Community will be the subject of an exchange of letters between the Commission and Syria at the conclusion of this protocol.

ARTICLE 12

All natural and legal persons which come within the scope of the Treaty establishing the EEC 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. Such legal persons, formed in accordance with the law of a Member State of the EEC or of Syria must have their registered offices, their administrative head offices or their principal establishments in the territories in which the Treaty establishing the European Economic Community is applied or in Syria ; however, where only their registered offices are in those territories or in Syria , the activities of such legal persons must be effectively and continuously linked with the economy of those territories or of Syria.

ARTICLE 13

To promote participation by Syrian undertakings in the performance of works contracts, an accelerated procedure for issuing invitations to tender involving shorter time limits for the submission of tenders may be used where the works in question, because of their scale, are mainly of interest to Syrian undertakings.

This accelerated procedure may be used for invitations to tender the value of which is estimated at less than two million ECU.

ARTICLE 14

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

2. The fiscal and customs arrangements 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 Community in respect of loans granted under this Protocol are exempted from any national or local tax of 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 may be required by the Community as a condition of the grant of the loan.

ARTICLE 17

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

ARTICLE 18

The results of financial and technical cooperation may be examined within the Cooperation Council. The latter shall establish, where appropriate, the general guidelines of such cooperation.

ARTICLE 19

One year before the expiry of this Protocol, the Contracting Parties shall examine what arrangements could be made for financial and technical cooperation during a possible further period.

ARTICLE 20

This Protocol shall be annexed to the Cooperation Agreement concluded between the European Economic Community and Syria .

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

**RECOMMENDATION
FOR A COUNCIL REGULATION
concerning the conclusion of a Financial Protocol
between the European Economic Community and the
STATE OF ISRAEL**

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 the State of ISRAEL, signed on
, should be concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Financial Protocol between the European Economic Community and
the State of ISRAEL is hereby approved on behalf
of the Community.

The text of this Protocol is annexed to this Regulation.

Article 2

The President of the Council shall give the
notification provided for in Article 13 (1) of the Protocol. (1)

Article 3

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

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

Done at

For the Council
The President

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

PROTOCOL RELATING TO FINANCIAL COOPERATION
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND
THE STATE OF ISRAEL

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE STATE OF ISRAEL,

of the other part,

REAFFIRMING their resolve to implement cooperation which will contribute to the economic development of Israel and promote the strengthening of relations between the Community and Israel,

ANXIOUS to pursue to this end the financial cooperation,

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

ARTICLE 1

The Community shall participate, within the framework of financial cooperation, in the financing of projects designated to contribute to the economic development of Israel.

ARTICLE 2

1. For the purposes specified in Article 1, the Community will ask the European Investment Bank (hereinafter referred to as "the Bank") to make available to Israel funds of up to 40 million ECU. This amount may be committed, for a period expiring on 31 October 1986, in the form of loans granted in accordance with the conditions, detailed rules and procedures laid down by the Bank's Statute.
2. Capital projects helping to increase productivity and to achieve complementarity between the Contracting Parties' economies, and promoting in particular the industrialization of Israel which have been submitted to the Bank by the State of Israel or, with the latter's agreement, by public or private undertakings having their seat or a place of business in Israel shall be eligible for financing.
3. a) Examination of the eligibility of the projects and the granting of loans shall be undertaken in accordance with the detailed rules, conditions and procedures laid down by the Bank's Statute.

b) The loans 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.

c) The interest rate shall be determined in accordance with the Bank's practice at the time of signature of each loan contract.

ARTICLE 3

Any funds not committed at the end of the period referred to in Article 2.1 shall be used until exhausted. In that case, the funds shall be used in accordance with the same arrangements as those laid down in this Protocol.

ARTICLE 4

Aid contributed by the Bank for the execution of projects may, with the agreement of Israel, 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 Israel or the other beneficiaries referred to in Article 2.

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

ARTICLE 6

1. Israel shall apply to contracts awarded for the execution of projects financed by the Bank fiscal and customs arrangements no less favourable than those applied vis-à-vis the most favoured international development organization.
2. Israel shall take the necessary measures to ensure that interest and all other payments due to the Bank in respect of loans granted under this Protocol are exempted from any national or local taxes or levies.

ARTICLE 7

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

ARTICLE 8

All natural and legal persons which come within the scope of the Treaty establishing the EEC and all natural and legal persons of Israel may participate on equal terms in tendering procedures and other procedures for the award of contracts likely to be financed. Such legal persons formed in accordance with the law of a Member State of the EEC or of Israel must have their registered offices, their administrative head offices or their principal establishments in the territories in which the Treaty establishing the European Economic Community is applied or in Israel ; however, where only their registered offices are in those territories or in Israel, the activities of such legal persons must be effectively and continuously linked with the economy of those territories or of Israel.

ARTICLE 9

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

ARTICLE 10

The results of financial cooperation may be examined within the Cooperation Council.

ARTICLE 11

This Protocol shall form an integral part of the Agreement between the European Economic Community and the State of Israel signed on 11 May 1975.

ARTICLE 12

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

ARTICLE 13

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.

ANNEX

Minutes of the negotiation of a protocol on financial
and technical cooperation between the European Economic
Community and the Kingdom of Morocco.

Declaration of the Government of the Kingdom of Morocco on Article 2 paragraph 2

The Community notes that the Government of the Kingdom of Morocco reserves the right to ask that, for a particular project, the interest subsidy should not be applied.

Declaration of the Government of the Kingdom of Morocco on Article 5

The Community notes that the Government of the Kingdom of Morocco interprets the words "as evenly as possible" as not excluding the possibility of their presenting from the first years of application of the protocol a greater number of projects.

Joint declaration concerning Article 2 paragraph 1

It is understood that the definition of possible forms of risk capital as given in Article 2.1. is not exhaustive neither does it commit the Kingdom of Morocco nor the Community to one or more of those definitions. The Community clarifies the expression "acquisition of holdings" as referring to temporary, minority holdings.

Joint declaration concerning Article 2 paragraph 2

It is understood that by the words "oil sector" shall be meant "the prospection, extraction, transmission (excluding distribution within the Kingdom of Morocco) and refining (excluding petrochemical conversion) of hydrocarbons".

Joint declaration concerning Article 3 paragraph 1

The provisions of Article 3.1. do not exclude from eligibility for financing by the Community projects having as their objective the social development referred to in the preamble and in Article 1.

Joint declaration concerning Article 5 paragraph 2

It is understood that the application of Article 5.2. is dependent upon the submission by the Government of the Kingdom of Morocco of mutually acceptable projects.

Declaration of the Delegation of the Community concerning Article 12

The provisions of the Financial Protocol are without prejudice to the general question of the origin of aid eligible for financing by the Bank from its own resources and do not, in this connection, affect the exercise by the Bank's bodies of their powers under the Statute of the Bank.

The special loans and the grants for the financing of technical co-operation may be used to finance aid originating outside the Community and the Kingdom of Morocco, in the event of joint co-financing and where the wisdom of using that type of co-financing has been shown.

Minutes of the negotiation of a protocol on financial
and technical cooperation between the European Economic
Community and the Arab Republic of Egypt

Declaration of the Egyptian delegation concerning Article 2 paragraph 1

The European Economic Community took note of the request of the Egyptian party to re-consider favourably Article 2.1 (b) of the Protocol so as to maintain the proportions of both soft loans and grants as they were in Article 2.1 (b) and (c) of the 1977 Protocol.

Joint declaration concerning Article 2 paragraph 1

It is understood that the definition of possible forms of risk capital as given in article 2.1. is not exhaustive neither does it commit Egypt nor the Community, to one or more of those definitions. The Community clarifies the expression "acquisition of holdings" as referring to temporary, minority holdings.

Joint declaration concerning Article 2 paragraph 2

It is understood that by the words "oil sector" shall be meant "the prospection, extraction, transmission (excluding distribution within Egypt) and refining (excluding petrochemical conversion) of hydrocarbons".

Joint declaration concerning Article 3 paragraph 1

The provisions of article 3.1. do not exclude from eligibility for financing by the Community projects having as their objective the social development referred to in the preamble and in Article 1.

Joint declaration concerning Article 5 paragraph 2

It is understood that the application of article 5.2. is dependent upon the submission by the Government of Egypt of mutually acceptable projects.

Declaration of the Delegation of the Community concerning Article 12

The provisions of the Financial Protocol are without prejudice to the general question of the origin of aid eligible for financing by the Bank from its own resources and do not, in this connection, affect the exercise by the Bank's bodies of their powers under the Statute of the Bank.

The special loans and the grants for the financing of technical co-operation may be used to finance aid originating outside the Community and Egypt, in the event of joint co-financing and where the wisdom of using that type of co-financing has been shown.

Minutes of the negotiation of a protocol on
financial and technical co-operation between
the European Economic Community and the
Hashemite Kingdom of Jordan

Joint declaration concerning Article 2 paragraph 1

It is understood that the definition of possible forms of risk capital as given in Article 2.1. is not exhaustive neither does it commit Jordan nor the Community to one or more of those definitions. The Community clarifies the expression "acquisition of holdings" as referring to temporary, minority holdings.

Joint declaration concerning Article 2 paragraph 2

It is understood that by the word "oil sector" shall be meant "the prospection, extraction, transmission (excluding distribution within Jordan) and refining (excluding petrochemical conversion) of hydrocarbons".

Joint declaration concerning Article 3 paragraph 1

The provisions of Article 3.1. do not exclude from eligibility for financing by the Community projects having as their objective the social development referred to in the preamble and in Article 1.

Joint declaration concerning Article 5 paragraph 2

It is understood that the application of Article 5.2. is dependent upon the submission by the Government of Jordan of mutually acceptable projects.

Declaration of the Delegation of the Community concerning Article 12

The provisions of the Financial Protocol are without prejudice to the general question of the origin of aid eligible for financing by the Bank from its own resources and do not, in this connection, affect the exercise by the Bank's bodies of their powers under the Statute of the Bank.

The special loans and the grants for the financing of technical co-operation may be used to finance aid originating outside the Community and Jordan in the event of joint co-financing and where the wisdom of using that type of co-financing has been shown.

Minutes of the negotiation of a protocol on financial
and technical cooperation between the European Economic
Community and the Lebanese Republic.

Joint declaration concerning Article 2 paragraph 1

It is understood that the definition of possible forms of risk capital as given in article 2.1. is not exhaustive neither does it commit Lebanon nor the Community, to one or more of those definitions. The Community clarifies the expression "acquisition of holdings" as referring to temporary, minority holdings.

Joint declaration concerning Article 3 paragraph 1

The provisions of article 3.1. do not exclude from eligibility for financing by the Community projects having as their objective the social development referred to in the preamble and in Article 1.

Joint declaration concerning Article 5 paragraph 2

It is understood that the application of article 5.2. is dependent upon the submission by the Government of Lebanon of mutually acceptable projects.

Declaration of the Delegation of the Community concerning Article 12

The provisions of the Financial Protocol are without prejudice to the general question of the origin of aid eligible for financing by the Bank from its own resources and do not, in this connection, affect the exercise by the Bank's bodies of their powers under the Statute of the Bank.

The special loans and the grants for the financing of technical co-operation may be used to finance aid originating outside the Community and Lebanon, in the event of joint co-financing and where the wisdom of using that type of co-financing has been shown.

Minutes of the negotiation of a protocol on financial and technical cooperation between the European Economic Community and the Arab Republic of Syria.

Joint declaration concerning Article 2 paragraph 1

It is understood that the definition of possible forms of risk capital as given in article 2.1. is not exhaustive neither does it commit Syria nor the Community to one or more of those definitions.

Joint declaration concerning Article 2 paragraph 2

It is understood that by the words "oil sector" shall be meant "the prospection, extraction, transmission (excluding distribution within Syria and refining (excluding petrochemical conversion) of hydrocarbons".

Joint declaration concerning Article 3 paragraph 1

The provisions of article 3.1. do not exclude from eligibility for financing by the Community projects having as their objective the social development referred to in the preamble and in Article 1.

Joint declaration concerning Article 5 paragraph 2

It is understood that the application of article 5.2. is dependent upon the submission by the Government of Syria of mutually acceptable projects.

Declaration of the Delegation of the Community concerning Article 12

The provisions of the Financial Protocol are without prejudice to the general question of the origin of aid eligible for financing by the Bank from its own resources and do not, in this connection, affect the exercise by the Bank's bodies of their powers under the Statute of the Bank.

The special loans and the grants for the financing of technical co-operation may be used to finance aid originating outside the Community and Syria, in the event of joint co-financing and where the wisdom of using that type of co-financing has been shown.

**Minutes of the negotiation of a protocol on
financial co-operation between the European
Economic Community and the State of Israel**

Joint declaration concerning Article 3

It is understood that the application of Article 3 is dependent upon the submission by the Government of Israel of mutually acceptable projects.

Declaration of the Delegation of the Community concerning Article 8

The provisions of the Financial Protocol are without prejudice to the general question of the origin of aid eligible for financing by the Bank from its own resources and do not, in this connection, affect the exercise by the Bank's bodies of their powers under the Statute of the Bank.

FINANCIAL RECORD

Under Chapter 100 of the Budget for 1982 the following credits have been designated for the launching of the new Financial Protocols :

Commitment Credits : 50 Million ECU

Payment Credits : 5 Million ECU