

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(93) 56 final

Brussels, 19 February 1993

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Proposal for a
COUNCIL DECISION

on the conclusion of a Protocol on financial cooperation between
the European Economic Community and the Republic of Slovenia

(presented by the Commission)



EXPLANATORY MEMORANDUM

1. On 28 September 1992 the Council authorized the Commission to open negotiations with Slovenia with a view to the conclusion of a Financial Protocol.
2. On the basis of the negotiating directives issued by the Council a draft Protocol was initialled by the heads of the delegations on 6 January 1993, together with a draft agreement on transport. These two documents must be seen in the context of the cooperation agreement between the European Economic Community and Slovenia, which was initialled on 5 November 1992.
3. The Protocol initialled will expire on 31 December 1997; it provides for EIB loans totalling ECU 150 million to finance transport infrastructure projects.

The Community may also commit ECU 20 million from its budgetary resources for the purpose of providing a two-point interest-rate subsidy on the Bank loans provided for transport infrastructure of interest to the Community.

4. The Commission proposes that the Council approve the results of the negotiations and initiate the conclusion process.

It therefore presents the annexed proposal for a Council Decision on the conclusion of a Protocol on financial cooperation between the European Economic Community and the Republic of Slovenia.

Proposal for a
COUNCIL DECISION

on the conclusion of a Protocol on financial cooperation between
the European Economic Community and the Republic of Slovenia

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Protocol on financial cooperation between the European Economic
Community and the Republic of Slovenia signed on ... should be approved,

Whereas the Treaty provides no powers other than those in Article 235 for
the adoption of this Decision,

HAS DECIDED AS FOLLOWS:

Article 1

The Protocol on financial cooperation between the European Economic
Community and the Republic of Slovenia is hereby approved on behalf of the
Community.

The text of the Protocol is attached to this Decision.

II

(Preparatory Acts)

COMMISSION

Proposal for a Council Decision on the conclusion of a Protocol on financial cooperation between the European Economic Community and the Republic of Slovenia

(93/C 74/12)

COM(93) 56 final

(Submitted by the Commission on 19 February 1993)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the Protocol on financial cooperation between the European Economic Community and the Republic of Slovenia signed on . . . should be approved,

Whereas the Treaty provides no powers other than those in Article 235 for the adoption of this Decision,

HAS DECIDED AS FOLLOWS:

Article 1

The Protocol on financial cooperation between the European Economic Community and the Republic of Slovenia 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, on behalf of the European Economic Community, give the notification provided for in Article 16 (2) of the Protocol.

Article 3

This Decision shall be published in the *Official Journal of the European Communities*. It shall take effect on the day of its publication.

PROTOCOL

on financial cooperation between the European Economic Community and the Republic of Slovenia

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE GOVERNMENT OF THE REPUBLIC OF SLOVENIA,

of the other part,

REAFFIRMING their resolve to establish ties of cooperation which will contribute to the economic development of Slovenia and promote the strengthening of relations between the Community and Slovenia,

ANXIOUS to develop to this end the financial cooperation provided for in the Cooperation Agreement between the European Economic Community and the Republic of Slovenia,

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 REPUBLIC OF SLOVENIA:

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

HAVE AGREED AS FOLLOWS:

Article 1

The Community shall participate, within the framework of the financial cooperation provided for in the Cooperation Agreement between the European Economic Community and the Republic of Slovenia, and according to the conditions specified in this Protocol, in the financing of projects designed to contribute to the economic development of Slovenia and in particular projects of common interest to Slovenia and the Community.

Article 2

For the purposes specified in Article 1, the Community shall ask the European Investment Bank, hereinafter called 'the Bank', to make available to Slovenia a total of ECU 150 million. This amount may be committed, up to 31 December 1997, in the form of loans from the Bank's own resources according to the rules, conditions and procedures laid down in its statute.

These funds may be combined with resources from the Community budget on the conditions laid down in the Annex.

Article 3

1. The amount provided for in Article 2 shall be used to part-finance specific capital projects submitted to the

Bank with the agreement of Slovenia by public or private bodies or enterprises having their head office in Slovenia or by any other Slovenian institution.

2. As far as possible these loans shall be used to finance transport infrastructure projects.

3. (a) Projects shall be appraised for eligibility and loans made in accordance with the detailed rules, conditions and procedures laid down by the Bank's statute.

(b) Loans shall be subject to terms as to their duration established on the basis of the economic and financial characteristics of the projects, also taking into account the conditions obtaining on the capital markets on which the Bank obtains its resources.

(c) The interest rate for each loan contract shall be determined in accordance with the Bank's practice at the time of signing, subject to the provisions laid down in the Annex.

Article 4

1. The amounts to be committed each year shall be distributed as evenly as possible throughout the period of application of this Protocol. During the initial period, however, a proportionately higher amount may, within reasonable limits, be committed.

2. Any funds not committed by the end of the period referred to in Article 2 may be used until exhausted. In that event, the funds shall be used under the same conditions as provided for in this Protocol.

Article 5

Loans made by the Bank for the execution of projects may take the form of cofinancing in which notable participants would be banks, credit institutions of Slovenia, the Member States or third countries, or international financial institutions.

Article 6

Enterprises registered under Slovenian law, with or without foreign holdings, shall have access to the financing provided for under financial cooperation on equal terms.

Article 7

The execution, management and maintenance of projects financed under financial cooperation between the European Economic Community and Slovenia shall be the responsibility of the beneficiaries referred to in Article 3 (1).

The Bank shall ensure that its loans are used in accordance with the agreed allocations and under optimum economic conditions.

Article 8

All natural and legal persons coming within the scope of the Treaty establishing the European Economic Community and all natural and legal persons of the Republic of Slovenia may participate on equal terms in tendering procedures and other procedures for the award of contracts which may be financed. Such legal persons, formed in accordance with the law of a Member State of the European Economic Community or of Slovenia 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

Slovenia; however, where only their registered offices are in those territories or in Slovenia, the activities of such legal persons must be effectively and continuously linked with the economies of those territories or of Slovenia.

Article 9

Slovenia shall apply to contracts awarded for the execution of projects financed under financial cooperation, fiscal and customs arrangements at least as favourable as those applied to most favoured nations and most favoured international organizations in the field of development.

Article 10

The Republic of Slovenia shall take the necessary measures to ensure that interest and all other payments due to the Bank in respect of loans made under financial cooperation are exempt from any taxes or levies imposed by the national or local authorities.

Article 11

The provision of a guarantee by Slovenia, or other sufficient guarantees, shall be required by the Bank as a condition for according loans to beneficiaries other than the Republic of Slovenia.

Article 12

Throughout the duration of the loans made pursuant to this Protocol Slovenia shall undertake to make available to debtors holding such loans and to guarantors of such loans the foreign exchange necessary for the payment of interest, commission and other charges and repayment of the principal.

Article 13

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

Article 14

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

Article 15

1. The Annex shall form an integral part of this Protocol.

2. This Protocol shall form an integral part of the Cooperation Agreement between the European Economic Community and the Republic of Slovenia signed in ... on ...

Article 16

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 notification referred to in paragraph 1 have been given.

Portuguese, Spanish and Slovene languages, each of these texts being equally authentic.

In witness whereof, the undersigned plenipotentiaries have signed this Protocol.

Article 17

This Protocol is drawn up in two original copies in the Danish, Dutch, English, French, German, Greek, Italian,

For the Government of the Republic of Slovenia *For the Council of the European Communities*

*ANNEX***concerning Article 2**

1. The Community may, subject to the conditions set out below, commit ECU 20 million from its budgetary resources in the form of grants for the purpose of providing a two-point interest-rate subsidy on the Bank loans for the following transport infrastructure projects:

— *roads:*

- Karavanken tunnel (Austrian border) to Bregana via Ljubljana and Novo Mesto,
- south-west/north-east route from the Italian border to Sentilj (Austrian border) via Postojna, Ljubljana, Celje and Maribor, and to Lendava (Hungarian border) via Slovenska Bistrica, Ptuj, Ormoz and Ljutmer,
- Maribor to Ptuj and Macelj,

— *rail:*

- Jesenice (Austrian border) to Dobova, with a branch line to Sezana (Italian border),
- Ljubljana to Maribor via Zidani Most and Celje.

Slovenia notes that EIB loans used to finance transport infrastructure projects other than those listed above will not be subsidized.

2. These grants, and hence interest-rate subsidies, shall be subject to the conclusion of a mutually satisfactory agreement between the Community and Slovenia on the transport sector; such grants are of an exceptional nature and shall not set a precedent for financial cooperation between the Community and Slovenia.

Joint Declaration concerning Article 4

It is understood that the application of Article 4 is dependent upon the submission to the Bank by the Government of Slovenia 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 goods and services 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.

Declarations for insertion in the minutes**1. Declaration by the Contracting Parties**

The Community declares that it is prepared to grant ECU 20 million in interest-rate subsidies on EIB loans for the following transport infrastructure projects:

— *roads:*

- Karavanken tunnel (Austrian border) to Bregana via Ljubljana and Novo Mesto,
- south-west/north-east route from the Italian border to Sentilj (Austrian border) via Postojna, Ljubljana, Celje and Maribor, and to Lendava (Hungarian border) via Slovenska Bistrica, Ptuj, Ormoz and Ljutmer,
- Maribor to Ptuj and Macelj,

— *rail:*

- Jesenice (Austrian border) to Dobova, with a branch line to Sezana (Italian border),
- Ljubljana to Maribor via Zidani Most and Celje.

Slovenia notes that EIB loans used to finance transport infrastructure projects other than those listed above will not be subsidized.

2. Joint declaration by the Contracting Parties to be recorded in the minutes of the EEC-Slovenia negotiations

In January 1996 the Community and Slovenia will jointly assess the progress made at that date on providing transport infrastructure in Slovenia and the situation as regards the commitment of the appropriations made available to Slovenia by the Bank. On the basis of this assessment, the Community will examine the possibility of providing additional support for the implementation of investment projects of common interest.

3. Declaration by Slovenia concerning projects being financed and loans granted by the EIB before the entry into force of the EEC-Slovenia financial Protocol

1. The Republic of Slovenia will take all the steps necessary to ensure that EIB-financed projects under way in Slovenia are completed in conformity with the financing contracts and that a regular supply of funds is available to this end.
 2. The Republic of Slovenia will ensure that loans already granted by the EIB in Slovenia are promptly serviced (repayment of the principal, payment of interest and other charges) in accordance with the financing contracts. It will provide the foreign currency needed for that purpose.
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III

(Notices)

COMMISSION

Outcome of the invitations to tender (Community food aid)

(93/C 74/13)

as provided for in Article 9 (5) of Commission Regulation (EEC) No 2200/87 of 8 July 1987 laying down general rules for the mobilization in the Community of products to be supplied as Community food aid

(Official Journal of the European Communities No L 204 of 25 July 1987, page 1)

8 and 9 March 1993

Regulation (EEC) No	Lot	Action No	Recipient	Product	Quantity (tonnes)	Delivery stage	Number of tenders	Successful tenderer	Awarded price (ECU/tonne)
Decision of 1. 3. 1993	A	1484 + 1485/92	WFP/Kenya + Bangladesh	BLT	15 000	EMB	9	Soufflet — Nogent-sur-Seine (F)	130,69
	B	1479—1483/92	WFP/Malawi + Mozambique	MAI	38 088	EMB	7	Sigma — Paris (F)	92,44
389/93	A	1386/92	Madagascar	BLT	10 000	DEB	7	Ferruzzi France — Paris (F)	163,95
390/93	A	1446/92	CICR/Mozambique	HCOLZ	751	DEST	5	n.a.	(¹)
391/93	A	1124/92	UNRWA/Israel	BABYF	99	DEB	5	Ind. Bisc. Crich — Zenson di Piave (I)	868,00

n.a.: No contract was awarded.

(¹) Second invitation to tender: 23 March 1993. (Regulation amended)

BLT: Common wheat
 FBLT: Common wheat flour
 CBL: Long grain milled rice
 CBM: Medium grain milled rice
 CBR: Round grain milled rice
 BRI: Broken rice
 FHAF: Rolled oats
 FROF: Processed cheese
 SUB: Sugar
 ORG: Barley
 SOR: Sorghum
 DUR: Durum wheat
 GDUR: Durum wheat groats

MAI: Maize
 FMAI: Maize flour
 GMAI: Maize groats
 SMAI: Maize meal
 LENP: Whole milk powder
 LEP: Skimmed-milk powder
 LEPv: Vitaminized skimmed-milk powder
 CT: Tomato concentrate
 B: Butter
 BO: Buteroil
 HOLI: Olive oil
 HCOLZ: Refined rape or colza oil
 HPALM: Semi-refined palm oil

HTOUR: Refined sunflower oil
 CB: Corned beef
 RsC: Currants
 BABYF: Babyfood
 PAL: Pasta
 FEQ: Horse beans (*Vicia faba equina*)
 FMA: Broad beans (*Vicia faba major*)
 SAR: Sardines
 DEB: Free at port of landing — landed
 DEN: Free at port of landing — ex ship
 EMB: Free at port of shipment
 DEST: Free at destination

ITEM B7-4091: Financial Protocols with the former Yugoslav Republics
(Nomenclature 1993)

1. TITLE OF OPERATION: Financial Protocols with the former Yugoslav Republics.
2. BUDGET HEADING INVOLVED: B7-4091
3. LEGAL BASIS: Recommendation for a Council Decision authorizing the Commission to open negotiations for the conclusion of a Financial Protocol between Slovenia and the European Community, comprising:
 - ECU 150 million in the form of loans from the European Investment Bank's own resources;
 - ECU 20 million to be allocated from the general budget in the form of interest rate subsidies on EIB loans for transport infrastructure projects considered to be of interest to the Community.
4. DESCRIPTION OF OPERATION
 - 4.1. Specific objectives of operation

Interest subsidies on EIB loans granted to finance transport infrastructure projects considered to be of interest to the Community.
 - 4.2. Duration

Until 31 December 1997, or until any balance has been expended.
 - 4.3. Target population

That of Slovenia.
5. CLASSIFICATION OF EXPENDITURE
 - 5.1. Compulsory expenditure
 - 5.2. Differentiated appropriations
6. TYPE OF EXPENDITURE
 - 6.1. 100% grant for the entire budgetary contribution.
 - 6.2. Interest subsidies on loans granted by the EIB from its own resources.

7. FINANCIAL IMPACT

7.1. Method of calculating total cost of operation

First Financial Protocol with Slovenia¹ (million ECU)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Commitment						
appropriations PM	5	6	4	4	1	
Payment appropri. PM	5	6	4	4	1	

7.2. Breakdown by type of operation

Transport infrastructure projects: "PM" entered for the 1992 budget, with ECU 5 million entered for both commitment and payment appropriations in the 1993 budget (see 7.1.).

7.3. Administrative expenditure directly involved in the operation

None

7.4. Indicative schedule of commitment appropriations:

See 7.1.

8. ANTI-FRAUD MEASURES PLANNED IN THE PROPOSAL

Usual Commission measures.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1. Objectives

Specific objectives: links with the broader objectives and other measures proposed in the indicative financial programming:
The implementation, as part of the Community's new Mediterranean policy, of cooperation that will contribute to the economic development of Slovenia and consolidate the Community's relations with that Republic.

9.2. Grounds for the operation

9.2.1. Budgetary funds to subsidize EIB loans.

9.2.2. Spin-off effects (impact beyond the specific objective(s)):
Community contribution to the economic development of Slovenia.

9.2.3. Multiplier effect (ability to mobilize other sources of finance):
the Community contribution is designed to help expand Slovenia's transport infrastructure and thus boost domestic and foreign trade.

¹ These figures are given only as a guide, since payment of the subsidies will depend on whether or not Slovenia proposes transport infrastructure projects considered to be of interest to the Community.

This increase may also have a positive impact in terms of job-creation.

The opening-up of the Slovenian market may also benefit businesses commercially and as regards services and supplies.

9.3. Monitoring and evaluation

9.3.1. Performance indicators selected: improvement of transport infrastructure considered of interest to the Community.

9.3.2. Details and frequency of planned evaluation: projects financed under this Protocol will be evaluated during and after their implementation.

Annex concerning small and medium-sized enterprises

Being aimed at promoting cooperation with Slovenia, the Protocol could benefit SME conducting business with that country, and in particular construction firms which could be involved in the modernization of transport infrastructure.

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DOCUMENTS

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