Supplementary macro-financial assistance to the former Yugoslav Republic of Macedonia

2001/0213(CNS) - 19/09/2001 - Legislative proposal

PURPOSE: To extend financial assistance to the Former Yugoslav Republic of Macedonia (fYRoM).
CONTENT: In the wake of the Kosovo crisis the European Union agreed in 1999 to create a financial assistance package aimed at stabilising the economy of the fYRoM. Supplementary macro-finical assistance of up to EUR 80 million was awarded, which was then sub-divided into the following format: EUR 50 million to be awarded in the form of a loan and EUR 30 million to be awarded in the form of grants. The main objective of this assistance has been to support the balance of payments and help ease the county's external financial constraints. Assistance is conditional upon a satisfactory track record in the adjustment and reform programme of fYRoM in the framework of an IMF stand-by Arrangement. The guidelines for financial assistance are outlined in Council Decision 1999/733/EC. In accordance with the provisions of this Decision the European Community, in the year 2000, distributed the first tranch of EUR 30 million of which EUR 20 million was earmarked as a grant and EUR 10 million earmarked for loans. In light of escalating violence in the fYRoM over the last year however the economic situation has worsened considerably · in spite of the economic strengths in this Balkan state for the year 2000. As a result of this crisis government attempts to speed up reform have been hampered. Moreover, Council Decision 1999/733/EC stipulates that the financial package is valid for the 1999 and 2000 period only. However, the adverse circumstances of the past year has meant that the implementation of this provision has been impossible to achieve. Consequently, the Commission is seeking to amend Council Directive 1999/733/EC so as to allow the continued implementation of this assistance and in particular the remaining grant component of EUR 10 million beyond the year 2000. In line with the budgetary requirements, the amended Council Decision would stipulate an expiry date of funds by 31 December 2002.