Yugoslavia FRY: provision of further macro-financial assistance

2002/0192(CNS) - 30/07/2002 - Legislative proposal

PURPOSE : to provide further macro-financial assistance to the Federal Republic of Yugoslavia of the amount of EUR 130 million. CONTENT : the Commission is proposing that the Community will make available to the FRY a further macro-financial assistance in the amount of up to EUR 130 million. The proposed amount appears to be consistent with IMF projections of the financing gap for macro-financial support and the funding requirements. The loan component of this assistance shall amount to a maximum principal of EUR 55 million with a maximum maturity of 15 years. To this end, the Commission is empowered to borrow, on behalf of the European Community, the necessary resources that will be placed at the disposal of the Federal Republic of Yugoslavia in the form of a loan. The grant component of this assistance shall amount to a maximum of EUR 75 million. This Community financial assistance shall be managed by the Commission in close consultation with the Economic and Financial Committee and in a manner consistent with the agreements reached between the IMF and the Federal Republic of Yugoslavia. The loan and grant components of this assistance shall be made available to the Federal Republic of Yugoslavia in at least two instalments. The first instalment is to be released on the basis of a satisfactory track record of the macro-economic programme of the Federal Republic of Yugoslavia under the present Extended Arrangement with the IMF. The second and any further instalments shall be released on the basis of a satisfactory continuation of economic policies and not before one quarter after the release of the previous instalment. At least once a year, and before September, the Commission shall address to the European Parliament and to the Council a report, which will include an evaluation on the implementation of this Decision in the previous year. It should be noted that in accordance with the Guarantee Fund mechanism, the budgetary implications of a decision to make available a loan of up to EUR 55 million to the FRY would imply a EUR 4.95 million provisioning of the Guarantee Fund for which sufficient margins exist under the reserve for guarantees.