Armenia, Georgia: exceptional Community financial assistance

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The Committee adopted the report of Mr KITTELMANN (PPE,D) recommending the approval of the Commission·s proposal for a Council Decision providing exceptional financial assistance to Armenia and Georgia, with the purpose to offset their balance-of-payments deficits; the committee believes however that financial aid for Tajikistan must be treated separately, as the latter does not meet yet the necessary preconditions for such a commitment by the Community. In order to qualify for macroeconomic financial aid, recipient countries must take measures to stabilize their domestic economy and reform economic structures. They must also negotiate agreements for stand-by loans with international financial institutions (in particular with the IMF), with EU aid then covering the remaining financial requirements. Finally, recipient countries should fully meet their financial obligations vis-à-vis the EU. As the rapporteur points out in his explanatory statement, Armenia and Georgia have made significant progress in their attempts to stabilize the economy, although their balance of payments is still under heavy pressure. Both countries concluded stand-by arrangements with the IMF in 1995 and a 3-year Enhanced Structural Adjustment Facility was agreed upon in 1996, amounting to US $150 million for Armenia and US $245 million for Georgia. The Commission·s proposal foresees granting Armenia and Georgia a loan of up to ECU 170 million over 15 years. It further provides for a grant component of annually up to ECU 10 million for the 5-year period beginning in 1997. The committee has endorsed an amendement tabled by the Committee on Budgets, which seeks to ensure that the present combination of loan and grant components will not create a precedent for any other financial assistance to be granted to non-member countries in future.The rapporteur believes finally that there should be no doubt about the EU·s commitment to provide Tajikistan with macroeconomic aid as soon as the necessary preconditions are met.