Slovak Republic: macro-financial assistance

1996/0018(CNS) - 23/01/1996 - Legislative proposal

- OBJECTIVE: to repeal Decision 94/939/EC providing further macro-financial assistance for Slovakia. - SUBSTANCE: Under its Decision 94/939/EC the Council granted ECU 130 m as an additional medium-term loan to Slovakia, subject to a number of conditions including a review of those related to economic policy (first and foremost with a view to early abolition of the 10% surcharge levied on imported consumer goods). The fact that these conditions were not met and, above all, that the Slovak authorities, in June 1995, cancelled a major mass privatization scheme involving the exchange of shares for vouchers (a matter which the Commission regarded as central to Slovakia's transition to a genuine market economy) complicated the discussions connected with the loan. Furthermore, the mid-term review of the 'stand-by arrangement' between the IMF and Slovakia, referred to in Decision 94/939/EC, has proved impossible to complete. However, the economic situation in Slovakia has seen a marked improvement. The balance of payments has been stabilized and indeed greatly strengthened (the current account moved from a deficit of 5.4% of GDP in 1993 to a 6% surplus in 1994). The Commission therefore believes that there is no need to give effect to the additional ECU 130 m loan to Slovakia.