Serbia and Montenegro: further macro-financial assistance

2003/0190(CNS) - 25/11/2003 - Final act

PURPOSE : to amend Decision 2002/882/EC providing financial assistance to FRY and increase financial assistance to Serbia and Montenegro. LEGISLATIVE ACT : Council Decision 2003/825/EC amending Decision 2002/882/EC providing further macro-financial assistance to the Federal Republic of Yugoslavia with regard to additional macro-financial assistance to Serbia and Montenegro CONTENT : Decision 2002 /882/EC provides for further macro-financial assistance to be made available to the Federal Republic of Yugoslavia with a view to ensuring a sustainable balance of payments situation and strengthening the country's reserve position. On 4 February 2003, there was a constitutional change and the country is now called Serbia and Montenegro. Following the assassination of the Serbian Prime Minister on 11 March 2003, the external outlook of the country appears to be more uncertain, in particular with respect to the size of private capital inflows, including foreign direct investments, while important financing needs continue to put a heavy strain on the economy. Additional balance of payments needs in 2003 and possibly in 2004 have been identified in the context of the current IMF programme and Serbia and Montenegro will require significant additional external financing in 2003 and possibly in 2004 over and above official financing which could be provided by the International Monetary Fund, the World Bank and other donors, including the Community. This Decision comes about due to the fact that an increase in Community macro-financial assistance to Serbia and Montenegro will help, with other donors, ease the country's financial constraints. The Decision provides: - the term "FRY" shall be replaced by the term "Serbia and Montenegro"; - the loan component of the assistance will amount to a maximum principal of EUR 80 million with a maximum maturity of 15 years. To this end, the Commission is empowered to borrow, on behalf of the Community, the necessary resources that will be placed at the disposal of Serbia and Montenegro in the form of a loan; - the grant component of this assistance shall amount to a maximum of EUR 120 million; - the loan and grant components of the assistance will be made available to Serbia and Montenegro in at least three instalments. DATE EFFECTIVE : 27/11/03.