Basic information

2008/0086(CNS) CNS - Consultation procedure Decision	Procedure completed
Establishing a separate liability of Montenegro and reducing proportionately the liability of Serbia with regard to the long-term loans granted to the State Union of Serbia and Montenegro (formerly the Federal Republic of Yugoslavia) See also Decision 2001/549/EC 2001/0112(CNS) See also Decision 2002/882/EC 2002/0192(CNS) **Subject** 6.20.07 Macro-financial assistance to third countries **Geographical area** Montenegro, from 06/2006 Serbia, from 06/2006	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	MARKOV Helmuth (GUE/NGL)	27/05/2008

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Employment, Social Policy, Health and Consumer Affairs	2893	2008-10-02

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	ALMUNIA Joaquín

Key events

Date	Event	Reference	Summary
29/04/2008	Legislative proposal published	COM(2008)0228	Summary

27/05/2008	Vote in committee		Summary
19/06/2008	Committee referral announced in Parliament		
01/07/2008	Committee report tabled for plenary, 1st reading/single reading	A6-0281/2008	
02/09/2008	Decision by Parliament	T6-0376/2008	Summary
02/09/2008	Results of vote in Parliament		
02/10/2008	Act adopted by Council after consultation of Parliament		
02/10/2008	End of procedure in Parliament		
10/10/2008	Final act published in Official Journal		

Technical information

Procedure reference	2008/0086(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	See also Decision 2001/549/EC 2001/0112(CNS) See also Decision 2002/882/EC 2002/0192(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 308
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/62399

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A6-0281/2008	01/07/2008	
Text adopted by Parliament, 1st reading/single reading		T6-0376/2008	02/09/2008	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2008)0228	29/04/2008	Summary

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Decision 2008/0784
OJ L 269 10.10.2008, p. 0008

Summary

Establishing a separate liability of Montenegro and reducing proportionately the liability of Serbia with regard to the long-term loans granted to the State Union of Serbia and Montenegro (formerly the Federal Republic of Yugoslavia)

2008/0086(CNS) - 29/04/2008 - Legislative proposal

PURPOSE: to establish a separate liability of Montenegro and reducing proportionately the liability of Serbia with regard to the long-term loans granted by the Community to the State Union of Serbia and Montenegro (formerly the Federal Republic of Yugoslavia) pursuant to Council Decisions 2001/549 /EC and 2002/882/EC.

PROPOSED ACT: Council Decision.

CONTENT: the Commission proposes the adoption of a new Council Decision to establish a separate liability for Montenegro for the repayment of a part of the Community macrofinancial assistance ("MFA") loans granted to the former Federal Republic of Yugoslavia ("FRY"), later renamed the State Union of Serbia and Montenegro ("SUSaM"). MFA loans of a total amount of EUR 280 million were disbursed to the FRY/SUSaM between October 2001 and May 2005 pursuant to the now expired Council Decisions 2001/549/EC (see CNS/2001/0112) and 2002/882/EC (CNS/2002/0192).

Following the declaration of independence of Montenegro in June 2006, the SUSaM was dissolved and Serbia declared itself the successor state of the SUSaM. As a consequence, Serbia has succeeded the SUSaM as the legal entity liable for state debts contracted by the FRY or the SUSaM, including the above mentioned MFA loans.

However, on 10 July 2006 Serbia and Montenegro concluded a bilateral agreement on the distribution of the financial liabilities of the now dissolved SUSaM. According to this agreement, financial liabilities towards the European Community in respect of MFA loans are serviced in the proportion of 90% for Serbia and 10% for Montenegro.

In the event of a default, the Community would therefore be obliged to direct its claim against Serbia regardless of whether the non-payment or delayed payment occurs on a part of the loan for which Montenegro is liable according to the bilateral agreement.

As a consequence, the Commission proposes: (i) to adopt a new Council Decision, establishing (a) a separate liability of Montenegro to the European Community and (b) that Serbia's liability to the European Community is being reduced accordingly; and (ii) upon the adoption of the attached draft Council Decision, to conclude a loan agreement with Montenegro establishing its liability vis-à-vis the Community with regard to the proportion of the MFA loans for which Montenegro has assumed the liability vis-à-vis Serbia. At the same time, the Commission proposes to agree the appropriate amendments to the existing loan agreements with Serbia which will reduce its liability accordingly.

More specifically, the proposal states that:

- Montenegro shall assume separate liability for the payments of principal, interest and expenses associated with the servicing of EUR 6 703 388,62 out of the Community long-term loans of in total EUR 280 million granted to the FRY/SUSaM. To this end, the Commission is authorised to sign with the authorities of Montenegro a new loan agreement for the amounts attributed to Montenegro and essentially on the terms and conditions set out in the existing loan agreements;
- Serbia's liabilities to the Community under the existing loan agreements in its capacity of successor state to the SUSaM shall be reduced proportionately upon the signature of the new loan agreement between the Community and Montenegro. The Commission is to the extent appropriate authorised to conclude with Serbia arrangements to amend the existing loan agreements.

All related costs and expenses incurred by the Community in concluding and carrying out the arrangements set out in this proposal shall be borne by Montenegro and Serbia , respectively.

Establishing a separate liability of Montenegro and reducing proportionately the liability of Serbia with regard to the long-term loans granted to the State Union of Serbia and Montenegro (formerly the Federal Republic of Yugoslavia)

2008/0086(CNS) - 02/10/2008 - Final act

PURPOSE: to establish a separate liability of Montenegro and reduce proportionately the liability of Serbia with regard to the long-term loans granted by the Community to the State Union of Serbia and Montenegro, pursuant to Decisions 2001/549/EC and 2002/882/EC.

LEGISLATIVE ACT: Council Decision 2008/784/EC establishing a separate liability of Montenegro and reducing proportionately the liability of Serbia with regard to the long-term loans granted by the Community to the State Union of Serbia and Montenegro (formerly the Federal Republic of Yugoslavia) pursuant to Decisions 2001/549/EC and 2002/882/EC.

CONTENT: the Decision establishes a separate liability for Montenegro for the repayment of a part of the Community macrofinancial assistance ("MFA") loans granted to the former Federal Republic of Yugoslavia ("FRY"), later renamed the State Union of Serbia and Montenegro ("SUSaM"). MFA loans of a total amount of EUR 280 million were disbursed to the FRY/SUSaM between October 2001 and May 2005 pursuant to the now expired Council Decisions 2001/549/EC (see CNS/2001/0112) and 2002/882/EC (CNS/2002/0192).

Following the declaration of independence of Montenegro in June 2006, the SUSaM was dissolved and Serbia declared itself the successor state of the SUSaM. As a consequence, Serbia has succeeded the SUSaM as the legal entity liable for state debts contracted by the FRY or the SUSaM, including the above mentioned MFA loans.

However, on 10 July 2006 Serbia and Montenegro concluded a bilateral agreement on the distribution of the financial liabilities of the now dissolved SUSaM. According to this agreement, financial liabilities towards the European Community in respect of MFA loans are serviced in the proportion of 90% for Serbia and 10% for Montenegro.

As a result, the Community must bear in mind these institutional changes within the former FRY and redistribute the debt in accordance with the percentages established by the different entities formed following the separation of the FRY.

Therefore, the Decision provides that:

- **Montenegro shall assume separate liability** for the payments of principal, interest and expenses associated with the servicing of EUR 6 703 388,62 out of the Community long-term loans of in total EUR 280 million granted to the FRY/SUSaM (to this end, the Commission is authorised to sign with the authorities of Montenegro a new loan agreement for the amounts attributed to Montenegro and essentially on the terms and conditions set out in the existing loan agreements);
- **Serbia's liabilities to the Community under the existing loan agreements** in its capacity of successor state to the SUSaM shall be **reduced proportionately** upon the signature of the new loan agreement between the Community and Montenegro. The Commission is to the extent appropriate authorised to conclude with Serbia arrangements to amend the existing loan agreements

All related costs and expenses incurred by the Community in concluding and carrying out the arrangements set out in the proposal shall be borne by Montenegro and Serbia respectively.

Moreover, the Decision specifies that it does not entitle Serbia or Montenegro to any additional disbursement of macro-financial assistance from the Community.

ENTRY INTO FORCE: 13 October 2008.

Establishing a separate liability of Montenegro and reducing proportionately the liability of Serbia with regard to the long-term loans granted to the State Union of Serbia and Montenegro (formerly the Federal Republic of Yugoslavia)

2008/0086(CNS) - 02/09/2008 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted, by 668 votes to 9 with 10 abstentions under the consultation procedure, a legislative resolution approving the proposal for a Council decision establishing a separate liability of Montenegro and reducing proportionately the liability of Serbia with regard to the long-term loans granted by the Community to the State Union of Serbia and Montenegro (formerly the Federal Republic of Yugoslavia) pursuant to Council Decisions 2001/549/EC and 2002/882/EC. The report had been tabled for consideration in plenary by Helmuth **MARKOV** (GUE-NGL/DE) on behalf of the Committee on International Trade.