

COUNCIL DECISION

of 14 December 1998

amending Decision 97/256/EC so as to extend the Community guarantee granted to the European Investment Bank to cover loans for projects in Bosnia and Herzegovina

(98/729/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Whereas it is necessary to increase efforts to ensure a stable political environment in Bosnia and Herzegovina; whereas, within the regional approach defined by the Council, it is desirable to consider an exceptional action aimed at rebuilding infrastructure in Bosnia and Herzegovina; whereas, in order to finance this action, it is appropriate to call on the European Investment Bank, hereinafter referred to as 'the EIB'; whereas the Council has invited the Commission to present a proposal concerning the extension to EIB lending in Bosnia and Herzegovina of the arrangements laid down by Council Decision 97/256/EC of 14 April 1997 granting a Community guarantee to the European Investment Bank against losses under loans for projects outside the Community (Central and Eastern Europe countries, Mediterranean countries, Latin American and Asian countries, South Africa and the Former Yugoslav Republic of Macedonia) ⁽³⁾;

Whereas the involvement of the EIB in Bosnia and Herzegovina should be consistent with the policy of the Community in this country; whereas the EIB should operate within the framework of the reconstruction programme agreed at the various donors' conferences and should finance projects which are of interest to the Community and to Bosnia and Herzegovina;

Whereas the loans granted by the EIB, from its own resources under conditions laid down by it in accordance with its Statute, would need to be combined with a grant element from the Community budget for the EIB to

intervene effectively; whereas this grant should take the form of interest-rate subsidies; whereas, in addition, bank loans could also be combined with outright grants as project co-financing; whereas it is appropriate that the subsidy rate should be the same as that already granted under the protocols on financial cooperation to other ex-Yugoslav republics;

Whereas Council Regulation (EC) No 1628/96 of 25 July 1996 relating to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia ⁽⁴⁾, provides for aid measures; whereas Article 8 of that Regulation states that operations referred to in it may cover expenditure relating to interest-rate subsidies for loans granted by the EIB; whereas the procedures of that Regulation for the financing decisions relating to operations covered by it should apply to these new arrangements;

Whereas the provision of interest-rate subsidies is of an exceptional nature and should not set a precedent for Community financial assistance to Bosnia and Herzegovina;

Whereas the capacity of Bosnia and Herzegovina to service its external financial obligations should be secured by the implementation of macroeconomic reform programmes supported by the international financial institutions;

Whereas EIB lending should be conditional upon the discharge of all due and outstanding financial obligations of all public entities in Bosnia and Herzegovina towards the EIB and the Community and upon the acceptance by Bosnia and Herzegovina of responsibility by way of guarantee for such of those obligations as are not yet due;

Whereas Decision 97/256/EC should therefore be amended accordingly;

⁽¹⁾ OJ C 192, 19. 6. 1998, p. 12.

⁽²⁾ OJ C 341, 9. 11. 1998.

⁽³⁾ OJ L 102, 19. 4. 1997, p. 33. Decision as amended by Decision 98/348/EC (OJ L 155, 29. 5. 1998, p. 53).

⁽⁴⁾ OJ L 204, 14. 8. 1996, p. 1. Regulation as last amended by Regulation (EC) No 851/98 (OJ L 122, 24. 4. 1998, p. 1).

Whereas, the Treaty does not provide, for the adoption of this Decision, powers other than those set out in Article 235,

ECU 150 million
— Bosnia and Herzegovina:
ECU 100 million.

HAS DECIDED AS FOLLOWS:

Article 1

Decision 97/256/EC is hereby amended as follows:

1. In the title, '... Asian countries, South Africa and the Former Yugoslav Republic of Macedonia' shall be replaced by '... Asian countries, South Africa, the Former Yugoslav Republic of Macedonia and Bosnia and Herzegovina'.

2. The following recital shall be inserted after recital No 9:

'(9a) Whereas the Community guarantee to the EIB against losses under loans for projects in Bosnia and Herzegovina is an exceptional and special action and does not constitute a precedent for any future guarantees;'

3. In Article 1

(a) paragraph 1 shall be replaced by the following:

'1. The Community shall grant the European Investment Bank a global guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria for investment projects carried out in the Central and Eastern Europe countries, in the Mediterranean countries, in the Latin American and Asian countries, in the Republic of South Africa, in the Former Yugoslav Republic of Macedonia and in Bosnia and Herzegovina.

This guarantee shall be restricted to 70 % of the aggregate amount of the credits opened, plus all related sums. The overall ceiling of the credits opened shall be equivalent to ECU 7 355 million, broken down as follows:

- Central and Eastern Europe countries:
ECU 3 520 million
- Mediterranean countries:
ECU 2 310 million
- Latin American and Asian countries:
ECU 900 million
- Republic of South Africa:
ECU 375 million
- Former Yugoslav Republic of Macedonia:

That ceiling shall cover a period of three years beginning on 31 January 1997 for Central and Eastern Europe, Mediterranean and Latin American and Asian countries, on 1 July 1997 for the Republic of South Africa, and on 1 January 1998 for the Former Yugoslav Republic of Macedonia. For Bosnia and Herzegovina it shall cover a period of two years beginning on the date of publication of this Decision. If, on the expiry of each of these periods, the loans granted by the EIB have not attained the overall amounts referred to above, the relevant period shall be automatically extended by six months.'

(b) the following seventh indent shall be added to paragraph 2:

'— Bosnia and Herzegovina.'

4. The following Article shall be inserted:

Article 1a

1. This Article shall apply to EIB lending in Bosnia and Herzegovina.

2. The Community guarantee shall be conditional upon clearance in full by Bosnia and Herzegovina of its outstanding financial obligations towards the EIB and the Community and upon the acceptance by Bosnia and Herzegovina of responsibility by way of guarantee for such of those obligations as are not yet due.

3. EIB lending in Bosnia and Herzegovina shall be consistent with the policy of the Community in this country. The EIB shall operate within the framework of the reconstruction programme agreed at the various donors' conferences and shall finance projects of mutual interest in general infrastructure, including transport, energy and the environment, with the focus on the water, waste-water and sanitation projects designed to speed up the reconstruction process.

4. The Commission shall ensure appropriate coordination and consistency between operations undertaken pursuant to this Decision and those undertaken pursuant to Regulation (EC) No 1628/96 (*).

5. Grants from the Community budget for projects in Bosnia and Herzegovina under this Decision shall take the form of interest-rate subsidies for loans granted by the EIB. The subsidy rate shall be 2 %.

Financial decisions relating to this Decision shall be adopted in accordance with the procedures laid down in the Regulation (EC) No 1628/96.

6. Article 1(3) shall not apply to EIB lending in Bosnia and Herzegovina.

7. The Commission and the EIB shall cooperate whenever appropriate with all international financial institutions active in fields similar to its own in Bosnia and Herzegovina.

(*) OJ L 204, 14.8.1996, p. 1. Regulation as last amended by Regulation (EC) No 851/98 (OJ L 122, 24.4.1998, p. 1).

5. The following paragraph shall be added to Article 2:

‘The Commission shall submit to the European Parliament and the Council, at the latest by the end of 1999, a report on the implementation of this Decision,

including an assessment of its impact. This report shall in particular take into account the evolution of the economic and financial situation in Bosnia and Herzegovina and the commitment level of EIB loans and shall make appropriate recommendations. To this end, the EIB shall transmit to the Commission the appropriate information.’

Article 2

This Decision shall take effect on the day of its publication in the *Official Journal of the European Communities*.

Done at Brussels, 14 December 1998.

For the Council

The President

W. MOLTERER
