II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION
of 10 April 1995
providing macro-financial assistance for Belarus

(95/132/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) submitted after consulting the Monetary Committee,

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

Whereas Belarus is undertaking fundamental political and economic reforms and is making substantial efforts to implement a market economy model;

Whereas Belarus, the European Communities and their Member States have negotiated a Partnership and Cooperation Agreement which will help the development of a full cooperation relationship;

Whereas Belarus agreed with the International Monetary Fund (IMF) in 1993 on a first set of stabilization and policy reform measures to be supported by a purchase under the IMF's Systematic Transformation Facility (STF); whereas the IMF Board approved the release of the first STF instalment in 1993; whereas the Belarussian authorities adopted in Autumn 1994 an ambitious stabilization and structural reform programme; whereas the IMF Board approved in January 1995 the release of the second STF instalment and whereas Belarus and the IMF have reached an understanding on the support of this programme by a Stand-by Arrangement;

Whereas the authorities of Belarus have requested financial assistance from the international financial institutions, the Community and other bilateral donors; whereas, over and above debt restructuring arrangements and the estimated financing which could be provided by the IMF and the World Bank, a residual financing gap of some US $ 250 million during the programme period remains to be covered;

Whereas the Belarussian authorities have committed themselves to fully and timely service their external financial obligations towards the Community;

Whereas a Community long-term loan to Belarus is an appropriate measure to help easing the countries' external financial constraints and support the policy objectives attached to the government's reform effort;

Whereas the Community loan should be managed by the Commission;

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

HAS DECIDED AS FOLLOWS:

Article 1

1. The Community shall make available to Belarus a long-term loan facility of a maximum principal amount of ECU 75 million with a maximum maturity of ten years, with a view to ensuring a sustainable balance-of-payments situation and strengthening the country's reserve position.

(1) OJ No C 82, 4. 4. 1995.
(2) Opinion delivered on 17 March 1995 (not yet published in the Official Journal).

2. 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 Belarus in the form of a loan.

3. This loan will be managed by the Commission in close consultation with the Monetary Committee and in a manner consistent with any agreement reached between the IMF and Belarus.

Article 2

1. The Commission is empowered to negotiate with the Belarus authorities, after consultation with the Monetary Committee, the economic policy conditions attached to the loan. These conditions shall be consistent with the agreements referred to in Article 1 (3).

2. The Commission shall verify at regular intervals, in collaboration with the Monetary Committee and in close coordination with the IMF, that the economic policy in Belarus is in accordance with the objectives of this loan and that its conditions are being fulfilled.

Article 3

1. The loan shall be made available to Belarus in two instalments. Subject to the provisions of Article 2 (1), the first instalment shall be released after the approval of the Stand-by Arrangement by the Board of the IMF.

2. Subject to the provisions of Article 2 (2), the second instalment shall be released on the basis of a satisfactory track record in the implementation of the Stand-by Arrangement and not before two quarters after the release of the first instalment.

3. The funds shall be paid to the Central Bank of Belarus.

Article 4

1. The borrowing and lending operations referred to in Article 1 shall be carried out using the same value date and shall not involve the Community in the transformation of maturities, in any exchange or interest rate risk, or in any other commercial risk.

2. The Commission shall take the necessary steps, if Belarus so requests, to ensure that an early repayment clause is included in the loan terms and conditions and that it may be exercised.

3. At the request of Belarus, and where circumstances permit a reduction in the interest rate on the loans, the Commission may refinance all or part of its initial borrowings or restructure the corresponding financial conditions. Refinancing or restructuring operations shall be carried out in accordance with the conditions set out in paragraph 1 and shall not have the effect of extending the average maturity of the borrowing concerned or increasing the amount, expressed at the current exchange rate, of capital outstanding at the date of the refinancing or restructuring.

4. All related costs incurred by the Community in concluding and carrying out the operation under this Decision shall be borne by Belarus.

5. The Monetary Committee shall be kept informed of developments in the operations referred to in paragraphs 2 and 3 at least once a year.

Article 5

At least once a year the Commission shall address to the European Parliament and to the Council a report, which will include an evaluation, on the implementation of this Decision.

Done at Luxembourg, 10 April 1995.

For the Council

The President

A. JUPPÉ