II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 25 March 1996

providing further macro-financial assistance for Moldova

(96/242/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 of the Commission [1],

Having regard to the opinion of the European Parliament [2],

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

Whereas Moldova, on the one hand, and the European Communities and their Member States, on the other hand, have signed a Partnership and Cooperation Agreement which will help the development of a full cooperation relationship;

Whereas the authorities of Moldova have requested financial assistance from the international financial institutions, the European Community and other bilateral donors; whereas, over and above the estimated financing which could be provided by the International Monetary Fund (IMF) and the World Bank, a residual financing gap of some US $ 50 million remains to be covered in 1995, in order to support the policy objectives attached to the reform effort of the government of Moldova;

Whereas Moldova has agreed with the IMF on a stand-by arrangement in support of the country's economic programme; whereas this arrangement has been approved by the IMF Board on 22 March 1995;

Whereas, by Decision 94/346/EC [3], the Council approved macro-financial assistance for Moldova of up to ECU 45 million; whereas, however, further official support is required in order to support the balance of payments, consolidate the reserve position and comfort the necessary structural reforms in this country;

Whereas an additional Community loan facility to Moldova is an appropriate measure to help easing the country's external financial constraints;

Whereas the Community loan facility 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 Moldova a long-term loan facility of a maximum principal amount of ECU 15 million with a maximum duration of 10 years, with a view to ensuring a sustainable balance-of-payments situation, strengthening the country's reserve position and comforting the implementation of the necessary structural reforms.

2. To this end the Commission is empowered to borrow, on behalf of the European Community, the necessary resources that will be placed at the disposal of Moldova in the form of a loan.

[1] OJ No C 15, 20. 1. 1996, p. 11.
[2] OJ No C 65, 4. 3. 1996.
[3] OJ No L 155, 22. 6. 1994, p. 27.

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 Moldova.

Article 2

1. The Commission is empowered to agree with the Moldovan authorities, after consulting the Monetary Committee, the economic policy conditions attached to the loan facility. 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 Moldova is in accordance with the objectives of this loan facility and that its conditions are being fulfilled.

Article 3

1. The loan shall be made available to Moldova in a single tranche, which shall be released subject to the provisions of Article 2 and subject to satisfactory progress being recorded in Moldova's application of the stand-by arrangement agreed with the IMF.

2. The funds shall be paid to the National Bank of Moldova.

Article 4

1. The borrowing and lending operations referred to in Article 1 shall be carried out using the same value date and must 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 Moldova 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 Moldova, and where circumstances permit an improvement 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 Moldova.

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 Brussels, 25 March 1996.

For the Council

The President

S. AGNELLI