COUNCIL DECISION

of 6 November 2001

amending Decision 2000/24/EC so as to extend the Community guarantee granted to the European Investment Bank to cover loans for projects in the Federal Republic of Yugoslavia

(2001/778/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament [1],

Whereas:

(1) Recent political developments in the Federal Republic of Yugoslavia (FRY) have led to the establishment of democratic governments and the FRY has undertaken commitments to political and economic reform programmes in line with the conditions of the European Union's Stabilisation and Association process for the countries of south-eastern Europe.

(2) On 9 October 2000, the General Affairs Council agreed to lift the sanctions applied to Serbia and to integrate the FRY fully in the Stabilisation and Association process.

(3) The FRY is currently facing severe economic and financial challenges, with difficulties common to the transition economies being compounded by the aftermath of armed conflicts and sanctions.

(4) It is important to demonstrate the European Union's support to the FRY at this moment in implementing its political and economic reform programme, by supporting the FRY's investment activities in infrastructure and private sector development.

(5) It is therefore appropriate to provide a guarantee mandate to the European Investment Bank (EIB) to allow it to sign loan operations in the FRY.

(6) The EIB has indicated its ability and willingness to extend loans from its own resources in the FRY, in accordance with its Statute.

(7) EIB lending, under the Community guarantee, should be conditional upon clearance in full of all outstanding due financial obligations of all public entities of the FRY towards the European Communities and the EIB and upon the acceptance by the FRY of responsibility by way of guarantee of those obligations that are not yet due. The EIB applies in this case as in all other cases best banking practices to its lending under the Community guarantee, including not entering into new commitments involving borrowers or guarantors who fall into arrears in their obligations for debt to the EIB.

(8) The FRY has, in October 2001, cleared all its arrears outstanding as of that date towards the European Communities and the EIB.

Furthermore, the FRY Parliament has, in September 2001, ratified an agreement with the EIB, whereby the FRY has assumed responsibility for all financial obligations of all public entities of the FRY towards the EIB that are not yet due.

(9) On 31 October 1994 the Council adopted Regulation (EC, Euratom) No 2728/94 establishing a Guarantee Fund for external actions [2].

(10) The global guarantee covering the general EIB external lending mandate laid down in Council Decision 2000/24/EC of 22 December 1999 granting a Community guarantee to the European Investment Bank against losses under loans for projects outside the Community (Central and Eastern Europe, Mediterranean countries, Latin America and Asia and the Republic of South Africa) [3] should be extended to the FRY and the loan ceilings increased. Decision 2000/24/EC should therefore be amended accordingly.

(11) The Treaty does not provide, for the adoption of this Decision, powers other than those under Article 308,

HAS DECIDED AS FOLLOWS:

Article 1

Article 1 of Decision 2000/24/EC is hereby amended as follows:

1. the second sentence of the second subparagraph of paragraph 1 shall be amended as follows:

   (a) in the introductory phrase 'EUR 19 110 million' shall be replaced by 'EUR 19 460 million';

[1] Opinion delivered on 4 October 2001 (not yet published in the Official Journal).

[2] OJ L 293, 12.11.1994, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1149/1999 (OJ L 139, 2.6.1999, p. 1).

[3] OJ L 9, 13.1.2000, p. 24. Decision as last amended by Decision 2000/788/EC (OJ L 314, 14.12.2000, p. 27).

(b) in the first indent 'EUR 8 930 million' shall be replaced by 'EUR 9 280 million';

2. in the first indent of paragraph 2, 'Federal Republic of Yugoslavia' shall be inserted after 'Estonia'.

Article 2

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

Done at Brussels, 6 November 2001.

For the Council
The President
D. REYNDERS