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►B ►M1 **COUNCIL REGULATION (EEC) No 3906/89**
of 18 December 1989
on economic aid to certain countries of Central and Eastern Europe ◄

(OJ L 375, 23.12.1989, p. 11)

Amended by:

		Official Journal		
		No	page	date
►M1	Council Regulation (EEC) No 2698/90 of 17 September 1990	L 257	1	21.9.1990
►M2	Council Regulation (EEC) No 3800/91 of 23 December 1991	L 357	10	28.12.1991
►M3	Council Regulation (EEC) No 2334/92 of 7 August 1992	L 227	1	11.8.1992
►M4	Council Regulation (EEC) No 1764/93 of 30 June 1993	L 162	1	3.7.1993
►M5	Council Regulation (EC) No 1366/95 of 12 June 1995	L 133	1	17.6.1995
►M6	Council Regulation (EC) No 463/96 of 11 March 1996	L 65	3	15.3.1996
►M7	Council Regulation (EC) No 753/96 of 22 April 1996	L 103	5	26.4.1996
►M8	Council Regulation (EC) No 1266/1999 of 21 June 1999	L 161	68	26.6.1999
►M9	Council Regulation (EC) No 2666/2000 of 5 December 2000	L 306	1	7.12.2000

NB: This consolidated version contains references to the European unit of account and/or the ecu, which from 1 January 1999 should be understood as references to the euro — Council Regulation (EEC) No 3308/80 (OJ L 345, 20.12.1980, p. 1) and Council Regulation (EC) No 1103/97 (OJ L 162, 19.6.1997, p. 1).

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COUNCIL REGULATION (EEC) No 3906/89

of 18 December 1989

on economic aid to certain countries of Central and Eastern Europe

▼B

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

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

Having regard to the proposal from the Commission,

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

Whereas the Community and its Member States have decided to make a concerted effort together with certain third countries, in order to implement measures intended to support the process of economic and social reform under way in Hungary and Poland;

Whereas the Community has concluded Agreements on trade and commercial and economic cooperation with the Republic of Hungary and the Polish People's Republic;

Whereas the Community must have the necessary means at its disposal to be able to implement such measures;

Whereas the fields in which measures are to be undertaken should be determined;

Whereas it is necessary to estimate the amount of Community financial resources needed to carry out these measures in 1990;

Whereas the implementation of such measures will help to achieve the Community's aims and whereas the Treaty does not provide, for the measures in question, powers other than those of Article 235,

HAS ADOPTED THIS REGULATION:

▼M1

Article 1

The Community shall make economic aid available to the countries of Central and Eastern Europe listed in the Annex in accordance with the criteria laid down in this Regulation.

▼B

Article 3

1. The aid shall be used primarily to support the process of reform ►M1 in the countries referred to in Article 1 ◄, in particular by financing or participating in the financing of projects aimed at economic restructuring.

Such projects or cooperation measures should be undertaken in particular in the areas of agriculture, industry, investment, energy, training, environmental protection, trade and services; they should be aimed in particular at the private sector ►M1 of the countries referred to in Article 1 ◄.

▼M1

The aid may also be used to provide humanitarian assistance.

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[1] Opinion delivered on 14 December 1989 (not yet published in the Official Journal).

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2. Account shall be taken, *inter alia,* of the preferences and wishes expressed by the recipient countries concerned in the choice of measures to be financed pursuant to this Regulation.

▼M8

3. For applicant countries with accession partnerships with the European Union, funding under the PHARE programme shall focus on the main priorities for the adoption of the *acquis communautaire,* i.e. building up the administrative and institutional capacities of the applicant States and investment, except for the type of investments financed in accordance with Regulations (EC) No 1267/1999 ([1]) and (EC) No 1268/1999 ([2]). PHARE funding may also be used to finance the measures in the fields of environment, transport and agricultural and rural development which form an incidental but indispensable part of integrated industrial reconstruction or regional development programmes.

▼B

Article 4

The aid shall be granted by the Community, either independently or in the form of cofinancing with the Member States, the European Investment Bank, third countries or multilateral bodies or the recipient countries themselves.

Article 5

Community aid shall in general be in the form of grants. They may generate funds that can be used for financing cooperation projects or measures.

Article 6

1. The aid may cover expenditure on imports and local expenditure needed to carry out the projects and programmes.

Taxes, duties and charges and the purchase of property shall be excluded from Community financing.

2. Maintenance and operating costs may be covered for training and research programmes and for other projects; however, for the latter such costs may be covered only in the start-up stage and shall be degressive.

3. However, in the case of cofinancing, account shall be taken in each case of the procedures applied by the other providers of capital.

Article 7

1. In the case of assistance exceeding ECU 50 000 for which the Community is the sole source of external aid, participation in invitations to tender and contracts shall be open on equal terms to all natural and legal persons of the Member States and ►M1 of the countries referred to in Article 1 ◄.

2. Paragraph 1 shall apply also to cofinancing.

3. In the case of cofinancing, however, the participation of third countries in invitations to tender and contracts may be authorized by the Commission, but only on a case-by-case basis, after examination of the case.

Article 8

The Commission shall administer the aid taking into account the procedure laid down in Article 9. The general guidelines applicable to the aid and to sector-based programmes shall be adopted in accordance with that procedure.

([1]) OJ L 160, 26.6.1999, p. 73.
([2]) OJ L 160, 26.6.1999, p. 87.

▼B

Article 9

1. A committee on aid for economic restructuring ►M1 in the countries referred to in Article 1 ◄ is hereby set up at the Commission, consisting of representatives of the Member States and chaired by the Commission representative. An observer from the European Investment Bank shall take part in the Committee's proceedings with regard to questions concerning the Bank.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

3. The Commission shall adopt decisions which shall apply immediately. However, if these decisions are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith. In that event the Commission shall defer application of the measures which it has decided for a period of six weeks.

The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the first subparagraph.

Article 10

From 1990 the Commission shall draw up each year a report on the implementation of co-operation operations. The report shall be sent to the European Parliament, the Council and the Economic and Social Committee.

Article 11

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

▼**M1**

ANNEX

▼**M9**

▼**M1**

BULGARIA

▼**M9**

▼**M4**

CZECH REPUBLIC

▼**M2**

ESTONIA

LATVIA

LITHUANIA

▼**M1**

HUNGARY

POLAND

▼**M4**

SLOVAK REPUBLIC

▼**M3**

SLOVENIA

▼**M1**

ROMANIA

▼**M9**