


# Procedure file

Basic information	
CNS - Consultation procedure Decision	1997/0028(CNS) Procedure completed
Armenia, Georgia: exceptional Community financial assistance Amended by <a href="#">1999/0172(CNS)</a>	
Subject 6.30.02 Financial and technical cooperation and assistance	
Geographical area Georgia Tajikistan Armenia	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>RELA</b> External Economic Relations	PPE <a href="#">KITTELMANN Peter</a>	25/02/1997
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs, Security and Defense Policy	UPE <a href="#">CARRÈRE D'ENCAUSSE Hélène</a>	20/03/1997
	<b>BUDG</b> Budgets	I-EDN <a href="#">FABRE-AUBRESPY Hervé</a>	20/03/1997
	<b>ECON</b> Economic and Monetary Affairs, Industrial Policy	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2044</a>	17/11/1997
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">1987</a>	17/02/1997

Key events			
03/02/1997	Legislative proposal published	COM(1997)0024	Summary
17/02/1997	Debate in Council	<a href="#">1987</a>	
14/03/1997	Committee referral announced in Parliament		
17/06/1997	Vote in committee		Summary
17/06/1997	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0212/1997</a>	

18/07/1997	Debate in Parliament		
16/09/1997	Decision by Parliament	T4-0430/1997	Summary
17/11/1997	Act adopted by Council after consultation of Parliament		
17/11/1997	End of procedure in Parliament		
25/11/1997	Final act published in Official Journal		
09/01/2004	Additional information		Summary

### Technical information

Procedure reference	1997/0028(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
	Amended by <a href="#">1999/0172(CNS)</a>
Legal basis	EC before Amsterdam E 235
Stage reached in procedure	Procedure completed
Committee dossier	RELA/4/08705

### Documentation gateway

Legislative proposal	<a href="#">COM(1997)0024</a> <a href="#">OJ C 095 24.03.1997, p. 0064</a>	03/02/1997	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0212/1997</a> <a href="#">OJ C 222 21.07.1997, p. 0003</a>	17/06/1997	EP	
Text adopted by Parliament, 1st reading/single reading	T4-0430/1997 <a href="#">OJ C 286 22.09.1997, p. 0024-0038</a>	16/09/1997	EP	Summary

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

<a href="#">Decision 1997/787</a> <a href="#">OJ L 322 25.11.1997, p. 0037</a> Summary
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## Armenia, Georgia: exceptional Community financial assistance

OBJECTIVE: the provision of exceptional financial assistance to Armenia, Georgia and Tajikistan in the form of loans and grants.

SUBSTANCE: The assistance granted by the Community to Armenia, Georgia and Tajikistan is in the form of long-term loans and grants, with stricter conditions for Tajikistan than for Armenia and Georgia. Tajikistan can be eligible only on the proviso that the Tajik authorities formally undertake to fully service their outstanding debt obligations towards the Community and that the IMF Board negotiates with these authorities for an adjustment programme in the context of upper-credit tranches. - for loans, the assistance is for a maximum of ECU 170 million with a maximum maturity of fifteen years; - for grants, assistance involves a maximum annual amount of ECU 10 million from 1997 to 2001. The Commission is instructed to find the necessary resources and to manage this assistance in consultation with the Monetary Committee and in a manner which is compatible with any agreement reached between the IMF and the beneficiary countries. It will negotiate with the authorities of

these countries the amounts and terms and the conditions attached to this assistance. The assistance shall be made available to these countries in successive instalments. 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 assistance. ?

## Armenia, Georgia: exceptional Community financial assistance

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The Committee adopted the report of Mr KITTELMANN (PPE,D) recommending the approval of the Commission's proposal for a Council Decision providing exceptional financial assistance to Armenia and Georgia, with the purpose to offset their balance-of-payments deficits; the committee believes however that financial aid for Tajikistan must be treated separately, as the latter does not meet yet the necessary preconditions for such a commitment by the Community. In order to qualify for macroeconomic financial aid, recipient countries must take measures to stabilize their domestic economy and reform economic structures. They must also negotiate agreements for stand-by loans with international financial institutions (in particular with the IMF), with EU aid then covering the remaining financial requirements. Finally, recipient countries should fully meet their financial obligations vis-à-vis the EU. As the rapporteur points out in his explanatory statement, Armenia and Georgia have made significant progress in their attempts to stabilize the economy, although their balance of payments is still under heavy pressure. Both countries concluded stand-by arrangements with the IMF in 1995 and a 3-year Enhanced Structural Adjustment Facility was agreed upon in 1996, amounting to US \$150 million for Armenia and US \$245 million for Georgia. The Commission's proposal foresees granting Armenia and Georgia a loan of up to ECU 170 million over 15 years. It further provides for a grant component of annually up to ECU 10 million for the 5-year period beginning in 1997. The committee has endorsed an amendment tabled by the Committee on Budgets, which seeks to ensure that the present combination of loan and grant components will not create a precedent for any other financial assistance to be granted to non-member countries in future. The rapporteur believes finally that there should be no doubt about the EU's commitment to provide Tajikistan with macroeconomic aid as soon as the necessary preconditions are met. ?

## Armenia, Georgia: exceptional Community financial assistance

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In adopting the report by Mr KITTELMANN (PPE, D), Parliament approved the proposal for a Council Decision but limited the granting of assistance to Armenia and Georgia, excluding all references to Tajikistan. It did not believe that Tajikistan could offer the assurances needed for it to be granted financial assistance and stated that this was an exceptional case. Consequently, it called for the assurance that the combination of the loan and grant components would under no circumstances set a precedent for any other financial assistance to be granted in future to other non-member countries. ?

## Armenia, Georgia: exceptional Community financial assistance

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OBJECTIVE: to grant exceptional financial assistance to Armenia and Georgia. COMMUNITY MEASURE: Council Decision 97/787/EC providing exceptional financial assistance for Armenia and Georgia. SUBSTANCE: Community assistance to Armenia and Georgia takes the form of long-term loans and grants. It is entirely exceptional, and cannot under any circumstances be regarded as setting a precedent for the future. Loans are limited to ECU 170 m over a period not exceeding 15 years, with a grace period of 10 years. The grants total ECU 10 m in 1997 and ECU 17 m for 1998-2002. The grants are provided to the recipient countries on condition that their net debt position vis-à-vis the Community is reduced by at least an equivalent amount. The Commission is responsible for finding the necessary resources and managing the aid in consultation with the Monetary Committee and in accordance with any existing or future agreements between the IMF and the beneficiary countries. The aid is to be made available to these countries only if they have fully settled all existing obligations towards the Community and are satisfactorily implementing a comprehensive adjustment and reform programme in the context of the IMF. At least once a year the Commission is to forward to the European Parliament and Council a report on the implementation of this assistance, and before 31.12.2002 the Council is to consider the implementation of the Decision on the basis of a detailed report from the Commission. ENTRY INTO FORCE : 17.11.1997.?

## Armenia, Georgia: exceptional Community financial assistance

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As announced in Official Journal C 5 of 9 January 2004, the Commission decided to withdraw this proposal partially.