

Procedure file

| Basic information | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| CNS - Consultation procedure Decision | 2004/0204(CNS) Procedure completed |
| Macro-financial assistance to Serbia and Montenegro and further macro-financial assistance to Yugoslavia Amending Decision 2002/882/EC 2002/0192(CNS) | |
| Subject 6.20.07 Macro-financial assistance to third countries | |
| Geographical area Serbia and Montenegro, 02/2003-06/2006 Yugoslavia, Federal Republic - 01/2003 | |

| Key players | | | |
|-------------------------------|-----------------------------------------------------------------|-----------------------------------------------|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | INTA International Trade | | 25/10/2004 |
| | | PSE BARÓN CRESPO Enrique | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| | AFET Foreign Affairs | The committee decided not to give an opinion. | |
| | BUDG Budgets | The committee decided not to give an opinion. | |
| Council of the European Union | Council configuration | Meeting | Date |
| | Economic and Financial Affairs ECOFIN | 2628 | 07/12/2004 |
| European Commission | Commission DG Economic and Financial Affairs | Commissioner | |

| Key events | | | |
|------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------|---------|
| 21/09/2004 | Legislative proposal published | COM(2004)0605 | Summary |
| 25/10/2004 | Committee referral announced in Parliament | | |
| 25/10/2004 | Vote in committee | | Summary |
| 25/10/2004 | Committee report tabled for plenary, 1st reading/single reading | A6-0025/2004 | |
| 28/10/2004 | Results of vote in Parliament |  | |
| 28/10/2004 | Decision by Parliament | T6-0041/2004 | Summary |
| 07/12/2004 | Act adopted by Council after consultation | | |

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|------------|-----------------------------------------|--|--|
| | of Parliament | | |
| 07/12/2004 | End of procedure in Parliament | | |
| 17/12/2004 | Final act published in Official Journal | | |

Technical information

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|----------------------------|---------------------------------------------------------------|
| Procedure reference | 2004/0204(CNS) |
| Procedure type | CNS - Consultation procedure |
| Procedure subtype | Legislation |
| Legislative instrument | Decision |
| | Amending Decision 2002/882/EC 2002/0192(CNS) |
| Legal basis | EC Treaty (after Amsterdam) EC 308; Rules of Procedure EP 163 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | INTA/6/24176 |

Documentation gateway

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|-----------------------------------------------------------------|-------------------------------------------------------------------------------------|------------|----|---------|
| Legislative proposal | COM(2004)0605 | 21/09/2004 | EC | Summary |
| Committee report tabled for plenary, 1st reading/single reading | A6-0025/2004 | 25/10/2004 | EP | |
| Text adopted by Parliament, 1st reading/single reading | T6-0041/2004 OJ C 174 14.07.2005, p. 0063-0177 E | 28/10/2004 | EP | Summary |

Additional information

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| European Commission | EUR-Lex |
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Final act

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| Decision 2004/862 OJ L 370 17.12.2004, p. 0081-0081 Summary |
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Macro-financial assistance to Serbia and Montenegro and further macro-financial assistance to Yugoslavia

PURPOSE: to revise the expiry date for the release of the third tranche of funding under Council Decision 2002/882/EC.

PROPOSED ACT: Council Decision.

CONTENT: following the political changes in Serbia and Montenegro (SCG, the former "Federal Republic of Yugoslavia") in late 2000, the authorities of the country achieved remarkable results in economic reform and stabilisation. To recall, a first package of EUR 345 million was decided in July and December 2001 and implemented in 2001/2002. In November 2002, the Council decided to provide SCG with further Community macro-financial assistance of up to EUR 130 million to underpin economic policies in the context of the three-year IMF Extended Arrangement (2002-2005) approved in May 2002 and to support the balance of payments. A Memorandum of Understanding (MoU) signed in December 2002 specifies the economic policy conditions and structural measures for the release of the second and the third tranches of this assistance.

So far, the first and the second tranches of the original package of EUR 130 million, totaling EUR 105 million, have been released successfully. However, the implementation of the remaining third tranche (EUR 25 million) has been substantially delayed.

In November 2003, the Council decided to increase the current EC macro-financial assistance to up to EUR 200 million to help addressing additional financing needs identified by the IMF. The modalities of this additional assistance of up to EUR 70 million, including the precise tranching and attached conditionality, still remain to be negotiated with the authorities, once progress has been made with third tranche conditionality.

Serbia and Montenegro requires continued external financial support from the Community and other donors in support of its economic stabilisation and reform programme agreed with the IMF. Subject to further progress in meeting conditionality, the remaining third tranche of EC macro-financial assistance under Decision 2002/882/EC could help addressing the financing needs in 2004. However, the current legal base for this assistance provides for an expiry date of 9 November 2004. Furthermore, the topping up of up to EUR 70 million was decided by an amendment of Council Decision 2002/882/EC. It will hence not be possible to implement this additional assistance after the expiry of the current legal base. In conclusion, the current legal base does no longer provide for a full implementation of EC macro-financial assistance.

Against this background, it appears appropriate for the Community to modify the expiry date by amending Council Decision 2002/882/EC. It is suggested to change the expiry date to 30 June 2006. This would allow for a smooth and full implementation of this assistance, including of the topping up of up to EUR 70 million, based on appropriate conditionality to be fulfilled by the authorities of Serbia and Montenegro before the subsequent release of tranches.

FINANCIAL IMPLICATIONS:

- Budget line : 01 03 02 02 (Grant component of the assistance) EUR 45 million in commitment appropriations in 2004. Payment appropriations EUR 10 million and EUR 45 million in 2005.

This action is exceptional by nature and will not involve an increase in the number of Commission staff.

Macro-financial assistance to Serbia and Montenegro and further macro-financial assistance to Yugoslavia

The committee adopted the report by its chairman, Enrique BARÓN CRESPO (PES, ES), approving the proposal unamended under the consultation procedure.

Macro-financial assistance to Serbia and Montenegro and further macro-financial assistance to Yugoslavia

The European Parliament adopted a resolution drafted by Enrique BARÓN CRESPO (PES, ES) approving the Commission's proposal.

Macro-financial assistance to Serbia and Montenegro and further macro-financial assistance to Yugoslavia

PURPOSE: to revise the expiry date for the release of the third tranche of funding under Council Decision 2002/882/EC.

LEGISLATIVE ACT: Council Decision 2004/0862/EC on macro-financial assistance to Serbia and Montenegro and amending Decision 2002/882/EC providing further macro-financial assistance to the Federal Republic of Yugoslavia.

CONTENT: Council Decision 2002/882/EC providing further macro-financial assistance to the Federal Republic of Yugoslavia aims at ensuring a sustainable balance of payments situation and strengthening the country's reserve position. Two tranches under this assistance totalling EUR 105 million have been disbursed in 2002 and 2003. Due to the delays in the implementation of agreed structural measures, the implementation of the third tranche (EUR 25 million) is still outstanding. Terms and policy conditions for the additional amount of EUR 70 million decided in 2003 remain to be negotiated and agreed.

The country continues to require external financial support in addition to what can be provided by international financial institutions.

Therefore, Decision 2002/882/EC should be amended to permit the commitments and the payments of grant funds and loan disbursements beyond 9 November 2004.

This is the aim of the present Decision. It appears appropriate for the Community to modify the expiry date by amending Council Decision 2002/882/EC. The expiry date is extended to 30 June 2006. This would allow for a smooth and full implementation of this assistance, including of the topping up of up to EUR 70 million, based on appropriate conditionality to be fulfilled by the authorities of Serbia and Montenegro before the subsequent release of tranches.

ENTRY INTO FORCE : 07/12/2004.