II

(Preparatory Acts)

COMMISSION

Proposal for a Council Decision allowing for separate liability of the Czech Republic and the Slovak Republic with regard to the loan facility granted to Czechoslovakia pursuant to Council Decision 91/106/EEC

(93/C 257/06)

COM(93) 399 final

(Submitted by the Commission on 1 September 1993)

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 submitted following consultation of the Monetary Committee,

Having regard to the opinion of the European Parliament,

Whereas, pursuant to Decision 91/106/EEC [1], the Community has granted to the Czech and Slovak Federal Republic (CSFR) a medium-term loan of ECU 375 million in principal, with a view to ensuring a sustainable balance-of-payments situation, strengthening its reserves and facilitating the introduction of currency convertibility; whereas the loan was fully disbursed by the Commission on two instalments of respectively ECU 185 million in August 1991 and ECU 190 million in February 1992;

Whereas, in accordance with the constitutional act on the dissolution of the CSFR adopted by the Federal Assembly of the CSFR on 25 November 1992, the CSFR ceased to exist as of 31 December 1992 and its successor states are the Czech Republic and the Slovak Republic;

Whereas the constitutional act on the division of property of the CSFR between the Czech Republic and the Slovak Republic adopted by the Federal Assembly on 13 November 1992 stipulates that the loans accepted by the CSFR will be divided between the Czech Republic and the Slovak Republic in the ratio of two to one, corresponding to the relative proportion of their populations; and whereas the Czech and the Slovak authorities have requested the Community to agree accordingly on the division of the liability of the CSFR arising from the Community loan operation of ECU 375 million granted pursuant to Decision 91/106/EEC;

Whereas the Czech Republic and the Slovak Republic are jointly continuing to discharge fully their debt servicing obligations stemming from the Community loan operation of ECU 375 million as these obligations fall due; whereas these Republics have agreed to take over respectively two thirds and one third of the payment obligations of principal, interest and fees relating to this operation;

Whereas the Commission should be authorized to take the appropriate action to ensure that the liabilities arising under the loan granted pursuant to Decision 91/106/EEC should be divided between the Czech and Slovak Republics in conformity with the act of the Federal Assembly of 13 November 1992;

Whereas the Treaty does not provide, for the adoption of this Decision, powers other than those of Article 235,

HAS DECIDED AS FOLLOWS:

Sole Article

1. The Czech Republic and the Slovak Republic may assume separate liability for two thirds and one third respectively of all the payments of principal, interest and fees associated with the service of the Community medium-term loan of ECU 375 million granted to the Czech and Slovak Federal Republic (CSFR) pursuant to Decision 91/106/EEC.

2. To this end, the Commission is authorized to agree with the authorities of the Czech and the Slovak Republics, after consultation of the Monetary Committee, on the necessary adjustments to the original Loan Agreement between the Community and the CSFR.

3. The terms and conditions stipulated in Decision 91/106/EEC shall apply *mutatis mutandis* to the arrangements to be entered into pursuant to paragraph 2 and the financial terms of the original Loan Agreement will be preserved.

4. All related costs that may be incurred by the Community in concluding and carrying out the arrangements provided for by this Decision shall be borne by the Czech Republic and the Slovak Republic as to two thirds and one third respectively.

[1] OJ No L 56, 2. 3. 1991, p. 24.