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Financial Protocol between the European Economic Community and Greece

Brussels, 28 February 1977

[The Protocol entered into force on 1 August 1978]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
November 1978*

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**FINANCIAL PROTOCOL
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND GREECE**

His Majesty the King of the Belgians, Her Majesty the Queen of Denmark, The President of the Federal Republic of Germany, The President of the French Republic, The President of Ireland, The President of the Italian Republic, His Royal Highness the Grand Duke of Luxembourg, Her Majesty the Queen of the Netherlands, Her Majesty the Queen of the United Kingdom of Great Britain and Northern Ireland, and, The Council of the European Communities, of the one part,

The President of the Hellenic Republic, of the other part,

Conscious of the need to promote the accelerated development of the Greek economy with a view to facilitating the pursuit of the objectives of the Agreement establishing an Association between the European Economic Community and Greece⁽¹⁾,

Have designated as their Plenipotentiaries:

His Majesty the King of the Belgians:

Joseph Van der Meulen,

Ambassador Extraordinary and Plenipotentiary,
Permanent Representative to the European Communities;

Her Majesty the Queen of Denmark:

Niels Ersbøll,

Ambassador Extraordinary and Plenipotentiary,
Permanent Representative to the European Communities;

The President of the Federal Republic of Germany:

Ulrich Lebsanft,

Ambassador Extraordinary and Plenipotentiary,
Permanent Representative to the European Communities;

The President of the French Republic:

Emile Cazimajou,

Minister Plenipotentiary,
Deputy Permanent Representative of France to the European
Communities;

The President of Ireland:

Brendan Dillon,

Ambassador Extraordinary and Plenipotentiary,
Permanent Representative to the European Communities;

The President of the Italian Republic:

Eugenio Plaja,

Ambassador of Italy,
Permanent Representative to the European Communities;

⁽¹⁾ Official Journal of the European Communities, Special Edition, Second Series —I, External Relations (1), January 1974, available through Agency Section Her Majesty's Stationery Office, PO Box 569, London SE1 9NY—Tel. 01-928 6977, ext. 410.

His Royal Highness the Grand Duke of Luxembourg:
Jean Dondelinger,
Ambassador Extraordinary and Plenipotentiary,
Permanent Representative of Luxembourg;

Her Majesty the Queen of the Netherlands:
J. H. Lubbers,
Ambassador Extraordinary and Plenipotentiary,
Permanent Representative to the European Communities;

Her Majesty the Queen of the United Kingdom of Great Britain and Northern Ireland:
Sir Donald Maitland, C.M.G., O.B.E.,
Ambassador Extraordinary and Plenipotentiary,
Permanent Representative to the European Communities;

The Council of the European Communities:
Sir Donald Maitland, C.M.G., O.B.E.,
Ambassador,
Permanent Representative of the United Kingdom,
Chairman of the Permanent Representatives Committee;

Theodorus Hijzen,
Director-General of External Relations of the Commission of the European Communities;

The President of the Greek Republic:
Stephane Stathatos,
Ambassador Extraordinary and Plenipotentiary,
Permanent Delegate of Greece to the European Economic Community;

Who, having exchanged their Full Powers, found in good and due form,
Have agreed as follows:

ARTICLE 1

Within the framework of the Association between the European Economic Community and Greece⁽¹⁾, the Community shall participate on the terms set out in this Protocol in measures designed to promote, by efforts additional to those made by Greece itself, the accelerated development of the Greek economy and the complementarity of Greek agriculture with that of the Community.

ARTICLE 2

1. For the purposes specified in Article 1, and for a period expiring on 31 October 1981, an aggregate amount of 280 million European units of account (EUA) may be committed as follows:

- (a) 225 million EUA in the form of loans from the European Investment Bank, hereinafter called the "Bank", granted from its own resources on the terms set out in its Statute;

(b) 45 million EUA in the form of grants;

(c) 10 million EUA in the form of loans on special terms granted by the Bank acting on instructions from the Community.

2. Of the loans referred to in paragraph 1 (a), the interest rates for a maximum amount of 150 million EUA shall be subsidized at 3% per annum, financed by means of funds indicated in paragraph 1 (b), on the understanding that the cost to the Community of financing such subsidies may not exceed 30 million EUA.

3. The following shall be eligible for financing by means of the loans referred to in paragraph 1 (a): capital projects that have been submitted to the Bank by the Greek State or, with the latter's agreement, by public or private undertakings having their seat or a place of business in Greece, and which:

(a) further the realization of the objectives of the Association Agreement; and

(b) help to increase productivity and to diversify the Greek economy, and promote in particular the improvement of the economic infrastructure of the country and the modernization of its agriculture, while taking into account the objective of promoting the complementarity of Greek agriculture with that of the Community.

4. Examination of the eligibility of projects and the granting of the loans referred to in paragraph 1 (a) shall be undertaken in accordance with the detailed rules, conditions and procedures laid down by the Bank's Statute.

The conditions governing amortization of each loan shall be established on the basis of the economic and financial characteristics of the project to be financed.

5. The loans referred to in paragraph 1(a) shall carry the same rate of interest as that applied by the bank on the day of signature of the loan agreement. However, priority in granting loans receiving the interest rate subsidy of 3% referred to in paragraph 2 shall be given to economic infrastructure or agricultural development projects, and to the financing of industrial projects for small and medium-sized undertakings through the intermediary of Greek development institutions.

This list of sectors may be revised by agreement between the Community and Greece.

6. The non-returnable grants provided for in paragraph 1 (b) are intended, in addition to the financing of the interest rate subsidy on loans from the Bank, for technical co-operation projects, study projects, and projects for modernizing Greek agriculture.

Requests for the financing of such projects shall be addressed by the Greek Government to the Community.

7. The loans referred to in paragraph 1 (c) shall be granted for a period of 30 years, have a deferment of amortization of eight years and be

subject to interest at an annual rate of 2.5%. Investment projects submitted to the Bank by the Greek State and aimed at modernizing Greek agriculture shall be eligible for financing by means of these loans. Loans in this category may be combined with the loans from the Bank which are referred to in paragraph 1 (a).

ARTICLE 3

1. The amounts to be committed each year shall be distributed as evenly as possible throughout the period of application of this Protocol. During the initial period of application, however, a proportionately higher amount may, within reasonable limits, be committed.

2. Any funds not committed may, by the end of the period referred to in Article 2(1), be used, until exhausted. In that case, the funds shall be used in accordance with the same arrangements as provided for in this Protocol.

ARTICLE 4

Aid from the Bank for the execution of projects may, with the agreement of Greece, take the form of co-financing.

ARTICLE 5

The execution, management and maintenance of schemes which are the subject of financing under this Protocol shall be the responsibility of Greece or of the other beneficiaries referred to in Article 2.

The Community shall ensure that its financial aid is expended in accordance with the agreed allocations and to the best economic advantage.

ARTICLE 6

Greece shall apply to contracts awarded for the execution of projects financed under this Protocol fiscal and customs arrangements at least as favourable as those applied in respect of other international organizations.

Greece shall take the necessary measures to ensure that interest and all other payments due to the Bank in respect of loans accorded under this Protocol are exempted from any national or local taxes or levies.

For the measures referred to in Article 2(6) and (7), participation in tendering procedures and other procedures for the award of contracts shall be open, on equal terms, to all natural or legal persons of the Member States and of Greece. However, for projects for a scale sufficiently limited so that in practice they are of interest solely to Greek undertakings, an accelerated tendering procedure involving a shorter period for the submission of tenders for the placing of bids may be organized after approval by the appropriate Community body.

ARTICLE 7

The loans may be used to cover expenditure on imports or the domestic expenditure required for carrying out approved capital projects, including expenditure on planning, on the services of consulting engineers and on technical assistance.

ARTICLE 8

Where a loan is accorded to a beneficiary other than the Greek State, the provision of a guarantee by the latter may be required by the Bank as a condition of the grant of the loan.

ARTICLE 9

Throughout the duration of the loans accorded pursuant to this Protocol, Greece shall undertake to make available to debtors enjoying such loans or to guarantors of the loans the foreign currency necessary for the payment of interest, commission and other charges and for the repayment of capital.

ARTICLE 10

The results of financial co-operation may be examined within the Association Council.

ARTICLE 11

The Declaration and the Exchange of Letters annexed to this Protocol shall form an integral part thereof.

ARTICLE 12

This Protocol shall be annexed to the Agreement establishing an Association between the European Economic Community and Greece⁽¹⁾.

ARTICLE 13

1. This Protocol shall be subject to ratification, acceptance or approval in accordance with the Contracting Parties' own procedures; the Contracting Parties shall notify each other that the procedures necessary to this end have been completed.

2. This Protocol shall enter into force on the first day of the month following the date on which the notifications provided for in paragraph 1 have been given⁽²⁾.

ARTICLE 14

This Protocol is drawn up in two copies in the Danish, Dutch, English, French, German, Italian and Greek languages, each of these texts being equally authentic.⁽³⁾

In witness whereof, the undersigned Plenipotentiaries have affixed their signatures below this Financial Protocol.

Done at Brussels on the twenty-eighth day of February in the year one thousand nine hundred and seventy-seven.

[Here follow the signatures]

ANNEX

Declaration of the European Economic Community on Article 2 of the Financial Protocol

1. The European unit of account used to express the amount specified in Article 2 of the Financial Protocol is defined as the sum of the following amounts in the currencies of the Member States of the Community:

German mark	...	...	...	...	0·828
Pound sterling	...	...	...	...	0·0885
French franc	...	...	...	...	1·15
Italian lira	...	...	...	...	109
Dutch guilder	...	...	...	...	0·286
Belgian franc	...	...	...	...	3·66
Luxembourg franc	...	...	...	...	0·14
Danish krone	...	...	...	...	0·217
Irish pound	...	...	...	...	0·00759

2. The value of the European unit of account in any given currency is equal to the sum of the equivalent in that currency of the amounts of currency referred to in paragraph 1. It is calculated by the Commission using daily market exchange rates.

The daily rates of exchange in the various national currencies are published in the Official Journal of the European Communities.

⁽²⁾ The Protocol entered into force on 1 August, 1978.

⁽³⁾ For texts in Danish, Dutch, French, German and Italian see Official Journal of the European Communities No. L225 of 16 August 1978, available through Agency Section, Her Majesty's Stationery Office, PO Box 569, London SE1 9NY—Tel. 01-928 6977, ext. 410.