

AGREEMENT

between the European Community and the Republic of Cyprus establishing cooperation in the field of small and medium-sized enterprises within the framework of the third multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997 to 2000)

THE EUROPEAN COMMUNITY, hereinafter referred to as 'the Community'
of the one part, and

THE REPUBLIC OF CYPRUS, hereinafter referred to as 'Cyprus'
of the other part,

WHEREAS, pursuant to Council Decision 97/15/EC of 9 December 1996 ⁽¹⁾, a third multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997 to 2000) hereinafter referred to as 'the programme' was established;

WHEREAS Decision 97/15/EC provides, in its Article 7(2), for the opening of the programme to Cyprus;

WHEREAS the participation of Cyprus in the programme constitutes a significant step in the pre-accession strategy of Cyprus;

WHEREAS the Contracting Parties have a common interest in cooperation in the field of small and medium-sized enterprises as part of the wider cooperation between the Community and Cyprus and with the aim of contributing to a dynamic and homogeneous development in this field;

WHEREAS, in particular, cooperation between the Community and Cyprus, with a view to pursuing the objectives fixed for the Programme, within the context of transnational cooperation activities involving the Community and Cyprus, by its nature enriches the impact of the different actions undertaken pursuant to that programme, and strengthens the competitiveness of small and medium-sized enterprises in the Community and Cyprus;

WHEREAS the Contracting Parties consequently expect to obtain mutual benefits from the participation of Cyprus in the programme;

WHEREAS successful cooperation in this field implies a general commitment by the Contracting Parties to make complementary efforts to stimulate the European dimension in the field of small and medium-sized enterprises,

HAVE AGREED AS FOLLOWS:

Article 1

Field of cooperation

Cyprus shall participate in the programme in conformity, unless otherwise provided in this Agreement, with the objectives, criteria, procedures and deadlines laid down in Decision 97/15/EC and in particular Article 2, Article 7 and the Annex which forms an integral part of this Agreement. Specifically, Cyprus will participate in the measures: C, 'Help SMEs to Europeanise and internationalise their strategies in particular through better information and cooperation services' and E, 'Promote entrepreneurship and support special target groups'.

Article 2

Eligible institutions, organisations and individuals

The eligibility of institutions, organisations and individuals established in Cyprus shall be subject to the rules set out or deriving from Decision 97/15/EC, in particular Article 2, Article 7 and the Annex.

⁽¹⁾ OJ L 6, 10.1.1997, p. 25.

Article 3

Procedures

Eligible institutions, organisations and individuals established in Cyprus shall take part in the programme according to the conditions and rules set out or deriving from Decision 97/15/EC, in particular Article 2, Article 7 and the Annex. The terms and conditions for the submission, evaluation and selection of applications and proposals of pilot projects, programmes and any other measures shall be the same as those applicable to institutions, organisations and individuals of the Community.

Projects and activities carried out solely between Cyprus and EFTA/EEA States or any other third country, including those with an Association Agreement with the Community, to which participation in the programme is open, shall not be eligible for Community financial support.

Article 4

National structures

Cyprus shall provide, where necessary, the appropriate structures and mechanisms at national level and shall take all other necessary steps to ensure national coordination and organisation of the implementation of the programme, in conformity with Article 7(2) of Decision 97/15/EC.

*Article 5***Financial conditions**

To cover the costs arising from its participation in the Programme, Cyprus shall pay each year a contribution to the general budget of the European Union, according to the terms and conditions set out in the Annex to this Agreement.

*Article 6***Joint Committee**

A Joint Committee is hereby established.

The Joint Committee shall consist, on the one hand, of representatives of the Community, and, on the other, of representatives of Cyprus.

The Joint Committee shall be responsible for the implementation of this Agreement.

At the request of either Party, the Contracting Parties shall exchange information and hold consultations within the Joint Committee on activities covered by this Agreement and related financial aspects.

The Joint Committee shall act by agreement.

The Joint Committee shall meet at the request of either Contracting Party, in accordance with the conditions to be laid down in its rules of procedure.

*Article 7***Coordination meetings**

The representatives of the Community in the Joint Committee shall take the appropriate steps to ensure coordination between the implementation of the Agreement and the decisions taken by the Community in respect of the implementation of the programme.

In order to facilitate this coordination and without prejudice to the procedures referred to in Article 4 of Decision 97/15/EC, representatives of Cyprus shall be invited to coordination meetings on any question concerning the implementation of this Agreement prior to the regular meetings of the programme committee. The Commission shall inform Cyprus about the results of such regular meetings.

*Article 8***Free movement**

The Contracting Parties shall make every effort within the framework of existing provisions to facilitate the free movement and residence of all eligible persons to the programme moving between Cyprus and the Community for the purpose of participating in the activities covered by this Agreement.

*Article 9***Monitoring, evaluation and reports**

Without prejudice to the responsibilities of the Commission and the Court of Auditors of the Community in relation to the monitoring and evaluation of the programme pursuant to

Article 5 and Article 6 of Decision 97/15/EC, the participation of Cyprus in the programme shall be continuously monitored and evaluated on a partnership basis involving the Commission and Cyprus. On this basis, Cyprus shall submit the necessary reports to the Commission and take part in any other specific activity set out by the Commission or undertake any other specific steps set out on the basis of Article 7(2).

*Article 10***Use of languages**

The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the programme shall be one of the official languages of the Community.

*Article 11***Territories**

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Community is applied and under the conditions laid down in that Treaty and, on the other, to the territory of Cyprus.

*Article 12***Duration**

This Agreement is concluded for the duration of the programme (until 31 December 2000).

Should the programme be revised, this Agreement may be renegotiated or terminated. Cyprus shall be notified of the revised programme within one month of its adoption. Within a further two months, either Contracting Party may request a renegotiation or termination of this Agreement. In the event of termination, the practical arrangements for dealing with outstanding commitments shall be the subject of negotiations between the Contracting Parties.

Either Contracting Party may, at any time, request a revision of this Agreement. To this end, it shall submit a request to the other Contracting Party. The Contracting Parties may instruct the Joint Committee to examine this request and, where appropriate, to make recommendations to them, particularly with a view to opening negotiations.

Should the Community adopt a new multiannual programme for the SMEs, this Agreement may be renegotiated or renewed under mutually agreed conditions.

*Article 13***Entry into force**

This Agreement shall enter into force on the first day of the month following the notification by the Contracting Parties of the completion of their respective procedures.

*Article 14***Languages of the Agreement**

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, Finnish, German, Greek, Italian, Portuguese, Spanish and Swedish languages, each of these texts being equally authentic.

Done at Brussels, 24 July 2000.

For the European Community

For the Republic of Cyprus

Handwritten signature of P. Delors, consisting of a stylized 'P.' followed by a series of connected loops and a horizontal line.Handwritten signature of N. B. J., consisting of a stylized 'N' followed by 'B.' and a final flourish.

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ANNEX

FINANCIAL CONDITIONS

1. Cyprus shall pay an annual contribution to the general budget of the European Union to cover the subsidies or other financial support from the programme to be received by the Cypriot beneficiaries. This contribution will be:
 - (i) EUR 40 000 for the measure C, 'Help SMEs to Europeanise and internationalise their strategies in particular through better information services';
 - (ii) EUR 110 000 for the measure E, 'Promote entrepreneurship and support special target groups'.

Cyprus's annual contribution in 2000 will amount to a minimum of EUR 150 000.

For the budget year 2000, the aggregated amount of subsidies or any other financial support received from the programme by the Cypriot beneficiaries may not exceed the above contribution.

Should the aggregated amount of subsidies or the financial support received by the Cypriot beneficiaries from the programme be lower than the contribution and given that 2000 is the last possible year of participation, the Commission of the European Communities will reimburse the remaining amount to Cyprus.

2. In addition to the contribution referred to in point 1, Cyprus will pay in 2000, 7 % which on the basis of the minimum annual contribution (EUR 150 000) would come to an additional EUR 10 500 to cover supplementary administrative costs related to the management of the programme by the Commission stemming from Cyprus's participation. These amounts will not be subject to the provisions set out in the final paragraph of point 1.
3. The Financial Regulation applicable to the general budget of the European Community shall apply, in particular, to the management of the contribution of Cyprus.

After the entry into force of this Agreement, the Commission shall send to Cyprus a call for funds corresponding to its contribution referred to in points 1 and 2.

This contribution shall be expressed in euro and paid into a euro bank account of the Commission.

Cyprus shall pay its contribution at the latest within three months of the call for funds. Any delay in the payment of the contribution shall give rise to the payment of interest by Cyprus on the outstanding amount from the due date. The interest rate shall correspond to the rate applied by the European Central Bank, for the month of the due date, for its operations in euro ⁽¹⁾, increased by 1,5 percentage points.

4. If necessary to take into account programme developments, the contribution of Cyprus referred to in points 1 and 2 may be adapted by the Joint Committee.

⁽¹⁾ Rates published in the *Official Journal of the European Communities* — C series.