

**AMENDMENT IN ORDER TO ADMIT MONGOLIA AS A  
COUNTRY OF OPERATIONS TO THE AGREEMENT  
ESTABLISHING THE EUROPEAN BANK FOR  
RECONSTRUCTION AND DEVELOPMENT [EBRD], DONE AT  
PARIS ON 29 MAY 1990**

[1991] ATS 15

**Documents tabled on 7 December 2004:**

**National Interest Analysis**

**Text of the Proposed Treaty Action**

**Annexures:**

- **Current status list**

# NATIONAL INTEREST ANALYSIS: CATEGORY A TREATY

## SUMMARY PAGE

### **Amendment in order to admit Mongolia as a country of operations to the Agreement Establishing the European Bank for Reconstruction and Development [EBRD], done at Paris on 29 May 1990**

[1991] ATS 15

#### **Date of Tabling of Proposed Treaty Action**

1. 7 December 2004.

#### **Nature and Timing of Proposed Treaty Action**

2. The proposed treaty action is to accept a proposed amendment to the Agreement Establishing the European Bank for Reconstruction and Development (the Agreement) in order to admit Mongolia as a country of operations. The proposed amendment falls under the provisions of Article 56 of the Agreement. The proposed amendment was adopted by resolution of the EBRD Board of Governors on 30 January 2004.
3. It is proposed that Australia notify the Bank as soon as practicable of its acceptance of the amendment. The amendment will enter into force three months after the date of the Bank's formal communication confirming that each member has: (a) executed and deposited with the Bank an instrument stating that it has accepted the said amendment in accordance with its law; and (b) furnished evidence, in form and substance satisfactory to the Bank, that the amendment has been accepted and the instrument of acceptance executed and deposited in accordance with the law of that member.

#### **Overview and National Interest Summary**

4. The EBRD was established in 1991 to foster the transition towards open market oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics.
5. Australia is one of the 60 countries and two intergovernmental institutions that are members of the Bank. Each member appoints a Governor to the Bank. The Treasurer, the Hon Peter Costello MP, is Australia's Governor at the EBRD.
6. It is in Australia's national interest to take the proposed treaty action, as Mongolia stands to benefit from the amendment and it will not impose costs on Australia. As a party to this multilateral treaty, it would not be in Australia's interest to reject the amendment without a sound reason for doing so.

## **Reasons for Australia to Take the Proposed Treaty Action**

7. Mongolia has been a member of the EBRD since 9 October 2000. However, as a non-European country, it has not been eligible for EBRD lending.
8. Following a request from Mongolia, the EBRD Board of Governors voted on 30 January 2004 on a resolution to amend the Agreement to admit Mongolia as a country of operations (which would make it eligible for EBRD lending). All Governors voted in support of the resolution.
9. Australia was supportive of the resolution, as it would allow Mongolia to access, and benefit from, technical and financial assistance from the EBRD.
10. The amendment to the Agreement needs the approval of all members of the Bank. If Australia does not accept the amendment, then it will not be able to enter into force. The EBRD is unable to carry out financial operations in Mongolia until such time as all members of the Bank have accepted the amendment.
11. It is in Australia's national interest to take the proposed treaty action, as Mongolia stands to benefit from the amendment and it will not impose costs on Australia. As a party to this multilateral treaty, it would not be in Australia's interest to reject the amendment without a sound reason for doing so.
12. The EBRD's share capital is provided by its members. The EBRD's subscribed capital base totals €20 billion (€5 billion paid-in and €15 billion callable). The EBRD finances project lending and operational needs by borrowing funds on the international capital markets where its AAA/Aaa credit rating enables it to secure cost-effective market rates.
13. The EBRD works in both the public and private sectors in its countries of operation. It provides financing directly and through financial intermediaries, such as local banks and investment funds. It also provides support through business development programs that help to promote new skills.
14. EBRD financing can range from maturities of one year to 15 years for long-term sovereign infrastructure projects. Financing for private sector projects generally ranges from €5 million to €250 million, in the form of loans or equity. The average EBRD investment is €25 million. The EBRD typically funds up to 35 per cent of the total project cost or long-term capitalisation of the project company.
15. To be eligible for EBRD funding, a project must be located in an EBRD country of operations, have strong commercial prospects, involve significant equity contributions in-cash or in-kind from the project sponsor, benefit the local economy, help develop the private sector and satisfy banking and environmental standards.
16. Sectors supported by the EBRD include: agribusiness; energy efficiency; financial institutions; manufacturing; municipal and environmental infrastructure; natural resources; power and energy; property and tourism; telecommunications, information technology and media; and transport.
17. Projects are approved by the EBRD Board of Directors before funds are disbursed.

## **Obligations**

18. Australia will not incur any new obligations as a result of the proposed amendment to the Agreement.

## **Implementation**

19. As a result of the amendment, the *European Bank for Reconstruction and Development Act 1990* will need to be amended, as the Agreement is set out as a Schedule to the Act.

## **Costs**

20. The amendment to the Agreement will not impose extra costs on the Australian Government, State and Territory governments, business or industry.

## **Consultation**

21. The Department of Foreign Affairs and Trade, AusAID and the Department of the Prime Minister and Cabinet were consulted on the proposed amendment.

22. The Australian Government has not undertaken public consultations as the proposed amendment is minor and will not directly affect Australians.

## **Regulation Impact Statement**

23. The Office of Regulation Review (Productivity Commission) has been consulted and confirms that a Regulation Impact Statement is not required.

## **Future Treaty Action**

24. The amendment to the Agreement will not change Chapter IX of the Agreement which covers amendments, interpretation and arbitration.

## **Withdrawal or Denunciation**

25. The amendment to the Agreement will not change Chapter VII of the Agreement which covers the withdrawal and suspension of membership, temporary suspension and termination of operations.

## **Contact details**

Development Banks Unit  
International Finance Division  
Department of the Treasury

**AMENDMENT IN ORDER TO ADMIT MONGOLIA AS A  
COUNTRY OF OPERATIONS TO THE AGREEMENT  
ESTABLISHING THE EUROPEAN BANK FOR  
RECONSTRUCTION AND DEVELOPMENT [EBRD] DONE AT  
PARIS ON 29 MAY 1990**

[1991] ATS 15

**CURRENT STATUS LIST OF EBRD MEMBERS/SHAREHOLDERS**

*Source: The European Bank for Reconstruction and Development website at  
<http://www.ebrd.com/about/basics/index.htm> (accessed 25 November 2004)*

Member	Date of membership	Capital subscription, EUR million
Albania	18 Dec 1991	20.00
Armenia	7 Dec 1992	10.00
Australia	29 May 1990	200.00
Austria	29 May 1990	456.00
Azerbaijan	25 Sep 1992	20.00
Belarus	10 Jun 1992	40.00
Belgium	29 May 1990	456.00
Bosnia and Herzegovina	17 Jun 1996	33.80
Bulgaria	29 May 1990	158.00
Canada	29 May 1990	680.00
Croatia	15 Apr 1993	72.92
Cyprus	29 May 1990	20.00
Czech Republic	1 Jan 1993	170.66
Denmark	29 May 1990	240.00
Egypt	29 May 1990	20.00
Estonia	28 Feb 1992	20.00
Finland	29 May 1990	250.00
France	29 May 1990	1,703.50
Georgia	4 Sep 1992	20.00
Germany	29 May 1990	1,703.50
Greece	29 May 1990	130.00
Hungary	29 May 1990	158.00
Iceland	29 May 1990	20.00
Ireland	29 May 1990	60.00
Israel	29 May 1990	130.00
Italy	29 May 1990	1,703.50

Japan	29 May 1990	1,703.50
Kazakhstan	27 Jul 1992	46.00
Korea, Republic of	29 May 1990	200.00
Kyrgyz Republic	5 Jun 1992	20.00
Latvia	18 Mar 1992	20.00
Liechtenstein	29 May 1990	4.00
Lithuania	5 Mar 1992	20.00
Luxembourg	29 May 1990	40.00
Former Yugoslav Republic of Macedonia	21 Apr 1993	13.82
Malta	29 May 1990	2.00
Mexico	29 May 1990	30.00
Moldova	5 May 1992	20.00
Mongolia	9 Oct 2000	2.00
Morocco	29 May 1990	10.00
Netherlands	29 May 1990	496.00
New Zealand	29 May 1990	10.00
Norway	29 May 1990	250.00
Poland	29 May 1990	256.00
Portugal	29 May 1990	84.00
Romania	29 May 1990	96.00
Russia	9 Apr 1992	800.00
Serbia and Montenegro ( <i>formerly Federal Republic of Yugoslavia</i> )	19 Jan 2001	93.50
Slovak Republic	1 Jan 1993	85.34
Slovenia	23 Dec 1992	41.96
Spain	29 May 1990	680.00
Sweden	29 May 1990	456.00
Switzerland	29 May 1990	456.00
Tajikistan	16 Oct 1992	20.00
Turkey	29 May 1990	230.00
Turkmenistan	1 Jun 1992	2.00
Ukraine	13 Apr 1992	160.00
United Kingdom	29 May 1990	1,703.50
United States of America	29 May 1990	2,000.00
Uzbekistan	30 Apr 1992	42.00
<i>Federal Republic of Yugoslavia: see Serbia and Montenegro</i>		
European Community	29 May 1990	600.00
European Investment Bank	29 May 1990	600.00