

PROTOCOL
RELATING TO FINANCIAL,
ECONOMIC AND TECHNICAL ASSISTANCE
BETWEEN MALTA AND THE ITALIAN REPUBLIC

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The Government of Malta
and
The Government of the Italian Republic,

desirous of intensifying their friendly relations and of cooperating for their reciprocal development and the security of their region, as well as insofar as it relates to the fight against illicit trafficking of drugs with its ever increasing social and economic costs, have agreed as follows:

ARTICLE 1

The Government of the Italian Republic, with the aim of contributing directly towards the growth of the Maltese economy, undertakes to make available to the Government of Malta, for the period 1991-1994, financial assistance up to a maximum of 250 billion Italian lire, for the economic, social, technical and cultural development of Malta.

The said amount shall be availed of as follows:

a) 130 billion Italian lire shall be allocated for the purchase of Italian goods and primary products in accordance with a list to be agreed upon annually;

b) the remaining 120 billion Italian lire shall be allocated for development programmes and projects identified by mutual agreement as set out in Article 3 below.

In the implementation of this Protocol, the two Governments furthermore undertake to promote Italian investment in Malta, by encouraging contacts and exchange visits between industrialists and business associations as well as by furthering the establishment of joint Maltese - Italian ventures in the productive sector of the Island's economy.

For this purpose, the two Governments also undertake to make use of existing laws and regulations to encourage and support the investment of Italian capital in Malta in productive sectors, identified by mutual agreement, with special regard to the creation of employment opportunities

ARTICLE 2

The funds referred to in paragraph a) of Article 1 above shall be placed at the disposal of the Maltese Side to the amount of 40 billion Italian lire for the year 1991 and 30 billion Italian lire for each of the years 1992 to 1994 payable in two six-monthly instalments at the beginning of each semester. The Maltese Government undertakes to provide annually to the Italian Government a report showing the effective utilization of the sums allocated, specifying the goods and primary products of Italian origin, purchased from Italy in conformity with the agreed list, and their value.

ARTICLE 3

The funds referred to in paragraph b) of Article 1 above shall be allocated to the financing of programmes and projects identified by the Governments of the two countries and shall be distributed as follows:

- a) a grant amounting to 17.5 billion Italian lire annually, for each of the years covered by this Protocol;

- b) soft loans amounting to 12.5 billion Italian lire annually, for each of the years covered by this Protocol, repayable in Italian lire within 18 years, in six-monthly instalments, with five years' grace, at an annual rate of interest of 2.5%;

- c) direct aid to the Maltese budget at a rate not exceeding 25% of the funds indicated under paragraph a) above, to cover local costs for labour and materials incurred by the Maltese Side in respect of the identified programmes and projects.

The funds in respect of paragraphs a) and b) of this Article, excluding those referred to in paragraph c), shall be utilized for the procurement of Italian goods and services to effect contractual payments to Italian firms or to reimburse contractual payments already effected by Maltese sources out of their own funds.

The Maltese Side shall submit to the Italian Side, through diplomatic channels, development programmes and projects to be financed supported by the necessary technical and economic documentation to enable a satisfactory evaluation of the technical solutions to be adopted, of the costs involved and their impact on the Maltese economy,

bearing in mind the mutual interest to extend cooperation not only to infrastructural programmes and projects, but also to programmes and projects which are directly productive and which can be realized also with the contribution of Italian risk capital and in the form of joint venture.

The Italian Side shall proceed with the evaluation of the projects before agreeing jointly with the Maltese Side, through an ad hoc verbale, the list of programmes and projects to be accepted for financing, the mode of financing and the respective amounts.

A decision in this regard shall be taken, by agreement between the two countries, within two months of the presentation of the said projects.

ARTICLE 4

The sums allocated for the programmes and projects under Article 1, paragraph b) but not utilised in the relative year, can be utilised in the succeeding years but not beyond the 31st December, 1996, provided they concern programmes and projects agreed upon between the two Sides by the 31st December, 1994.

ARTICLE 5

In addition to the aid referred to in the foregoing articles and with the aim of supporting the efforts of the Government of Malta in the fight against illicit drug trafficking, Italy will provide, without charge to Malta, the equipment detailed in the annex to this Protocol.

The Malta Government undertakes to use the aforementioned equipment for the purposes set out in this Article, within the context of the cooperation between the two countries in the specific sector.

Should the Government of Malta no longer use the equipment, it will revert to the Italian Government.

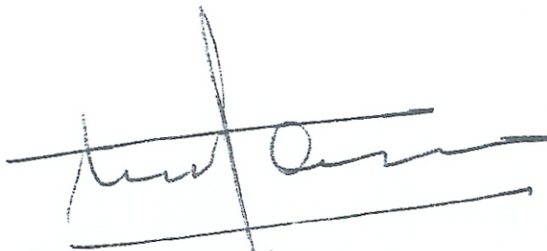
ARTICLE 6

This Protocol shall come into force when both Sides have notified each other that the procedures for its ratification have been completed.

This Protocol also applies to projects approved and commenced in the course of the preceding Protocol or to projects whose priority had already

been agreed upon between the two Sides and whose implementation had started after the 1st January, 1991.

Done in duplicate at Rome on the 5th November 1990 in the English and Italian languages, both texts being equally authentic.



For the Government
of Malta



For the Government of
the Italian Republic

ANNEX

concerning the specifications of material referred to in
Article 5 of this Protocol:

Naval_Craft

- Patrol Boat "G.L. 316"
- Patrol Boat "G.L. 324"
- Patrol Boat "G.L. 326"

Helicopters

- Helicopter NH 500M MM. 80848 VOLPE 49
- Helicopter NH 500M MM. 80854 VOLPE 55



