

Procedure file

Basic information		
CNS - Consultation procedure Decision	1996/0278(CNS)	Procedure completed
EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses		
Amended by 1998/0006(CNS)		
Amended by 1998/0175(CNS)		
Amended by 2000/0111(CNS)		
Subject 6.30.04 Loans to third-countries, Guarantee Fund		

Key players			
European Parliament	Committee responsible		Rapporteur
	BUDG Budgets		Appointed 26/02/1997
			PSE TOMLINSON The Lord John E.
	Committee for opinion		Rapporteur for opinion
	RELA External Economic Relations		Appointed 18/12/1996
			PPE VALDIVIELSO DE CUÉ Jaime
Council of the European Union	CONT Budgetary Control		
	Council configuration		Meeting
	Fisheries		1998
	Economic and Financial Affairs ECOFIN		1986
			Date
			14/04/1997
			27/01/1997

Key events			
13/11/1996	Legislative proposal published	COM(1996)0586	Summary
17/01/1997	Committee referral announced in Parliament		
27/01/1997	Resolution/conclusions adopted by Council		
10/03/1997	Vote in committee		
10/03/1997	Committee report tabled for plenary, 1st reading/single reading	A4-0078/1997	
14/03/1997	Debate in Parliament		
14/03/1997	Decision by Parliament	T4-0135/1997	Summary

14/04/1997	Act adopted by Council after consultation of Parliament		
14/04/1997	End of procedure in Parliament		
19/04/1997	Final act published in Official Journal		

Technical information

Procedure reference	1996/0278(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
	Amended by 1998/0006(CNS) Amended by 1998/0175(CNS) Amended by 2000/0111(CNS)
Legal basis	EC before Amsterdam E 235
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/08567

Documentation gateway

Legislative proposal		COM(1996)0586 OJ C 013 14.01.1997, p. 0009	13/11/1996	EC	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0078/1997 OJ C 115 14.04.1997, p. 0014	10/03/1997	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0135/1997 OJ C 115 14.04.1997, p. 0224-0233	14/03/1997	EP	Summary
Follow-up document		COM(2000)0524	06/09/2000	EC	Summary
Follow-up document		COM(2002)0685	03/12/2002	EC	Summary
Follow-up document		SEC(2004)1073	03/09/2004	EC	Summary
Follow-up document		COM(2005)0385	23/08/2005	EC	Summary
Follow-up document		SEC(2005)1053	23/08/2005	EC	
Follow-up document		COM(2006)0597	17/10/2006	EC	Summary
Follow-up document		COM(2007)0486	30/08/2007	EC	Summary
Follow-up document		SEC(2007)1079	30/08/2007	EC	

Additional information

European Commission	EUR-Lex
---------------------	-------------------------

Final act

Decision 1997/256 OJ L 102 19.04.1997, p. 0033 Summary

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

OBJECTIVE: the proposal aims, first, to enable the EIB to continue its lending operations to assist investment projects carried out in certain third countries and, second, to grant a Community guarantee to the EIB against partial losses under such loans. SUBSTANCE : The Community will grant the EIB (European Investment Bank) a 65% guarantee in respect of any payments not received by it but due under loans granted, in accordance with its usual criteria, for investment projects carried out in Central and Eastern Europe, in Mediterranean non-member countries, in Latin American and Asian (LAA) countries, and in South Africa, up to the end of 1999, with an overall loan ceiling of ECU 6 825 million. The guarantee is broken down as follows: Central and Eastern Europe ECU 3 450 million, - Mediterranean non-member countries ECU 2 100 million, - Latin America and Asia ECU 900 million, - South Africa ECU 375 million. If, on expiry of the above period, the loans granted by the Bank have not attained the overall amounts referred to above, the period will be automatically extended by six months. The Commission and the EIB will ensure appropriate coordination between EIB operations in the eligible third countries and the implementation of the Community's other financial instruments. The Commission will regularly inform the EP and the Council of the situation regarding loans signed. ?

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

In adopting the report by Mr John TOMLINSON (PSE, UK) Parliament approved this proposal for a decision with the following amendments: - the Community should grant a total bank guarantee (100% instead of 65%) to cover political risk on loans granted by the EIB to the countries concerned, with an overall ceiling of ECU 7 105 million. By political risk Parliament understands currency non-transfer, expropriation, war and civil disturbance. For each loan granted the Commission and the EIB should indicate whether political risks exist (the Bank may secure cover for its risks with third parties); - the break down of the bank guarantee is modified for the Mediterranean countries and the Latin American and Asian countries: Parliament calls for ECU 2 310 m for the Mediterranean countries (instead of ECU 2 100 m) and ECU 970 m for Latin America and Asia (instead of ECU 900 m); - the Commission should inform Parliament and the Council of the operation of the scheme established and its economic and social impact on the recipient countries. It should also ensure the high profile of the Union's financial operations. Parliament also called on the EIB to increase its involvement in the funding of model cross-border projects supporting cooperation between EU Member States and Mediterranean countries and the development of 'south-south' projects. ?

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

OBJECTIVE: to enable the EIB to continue its lending operations for investment projects in certain third countries and to grant it a Community budget guarantee of 70% to cover such lending. COMMUNITY MEASURE: Decision 97/256/EC granting a Community guarantee to the EIB against losses under loans for projects outside the Community (Central and Eastern European countries, Mediterranean countries, Latin American and Asian countries and South Africa). SUBSTANCE: The Community grants the EIB (European Investment Bank) a global guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria, for investment projects carried out in the Central and Eastern European countries, the Mediterranean countries, the Latin American and Asian (LAA) countries and South Africa. This guarantee is restricted to 70% of the aggregate amount of the credits opened, plus all related sums. The overall ceiling of the credits opened is equivalent to ECU 7105 million, broken down as follows: -Central and Eastern European countries ECU 3520 million, -Mediterranean countries ECU 2310 million, -Latin American and Asian countries ECU 900 million, -South Africa ECU 375 million. The guarantee is valid until 30 January 2000 for Central and Eastern European, Mediterranean and Latin American and Asian countries and until 30 June 2000 for South Africa. If, on the expiry of the two periods, the loans have not attained these amounts, the periods are automatically extended by six months. The decision recommends risk sharing. The EIB is thus invited, where possible, to obtain adequate third-party guarantees for commercial risks (the budget guarantee covering only political risks arising from currency non-transfer, expropriation, war and civil disturbance). The EIB is invited by the Council to aim to cover the commercial risk on 25% of its lending from non-sovereign guarantees to be expanded upon whenever possible where the market permits on an individual mandate basis. Every six months the Commission will inform Parliament and the Council of the situation as regards loans signed and progress made on risk sharing. The Council and Parliament will be informed each year of the general functioning of the scheme and of loan operations. The Council will evaluate the application of this decision on the basis of a report presented by the Commission and the EIB in June 1988. ENTRY INTO FORCE: 19 April 1997.?

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

PURPOSE : Report on the borrowing and lending activities of the Community in 1999. CONTENT : In view of the moratorium on the construction of nuclear power stations within the EU, the fact that the appropriations allocated by the Council to the New Community Instrument (NCI) have been used up and the cassation of ECSC loans as the expiry of the ECSC Treaty in 2002 approaches, the Commission does not consider that there is any need to report on Community lending activities under the instruments applicable within the Community. Borrowings by the European institutions fell in 1999 by 6.7%; EIB borrowings fell by 5.8%. The total amount of issues was thus EUR 28.5 billion, against 30.5 billion in the previous year. Taking into account repayments, cancellations and exchange-rate fluctuations, the total amount of net borrowings outstanding as at 31 December 1999 was 154.7 billion, 18.2% up on 1998. Following the adoption of the single currency, euro borrowings virtually quadrupled as compared to 1998. As for lending activities outside the Community, a decision adopted in 1997 requires the Commission to report on EIB loans guaranteed by the Community budget in Central and Eastern Europe, the Mediterranean countries, in the Latin American and Asian countries and in South Africa. This report describes these operations for each of the areas concerned. It also gives a brief summary of macrofinancial assistance provided by the Community to Central and Eastern European countries. The total financing outside the Community in 1999 was EUR 4143 million.?

EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses

This report describes the lending operations for South-Eastern Neighbours (SEN), in the Mediterranean countries (MED), in Asia and Latin America (ALA) and in the Republic of South Africa (RSA). It also gives a brief summary of the borrowing activities undertaken in order to finance the lending activities, of the macro-financial assistance provided by the Community to third countries and of the interest subsidies and guarantees associated with Community loans. In addition, it provides information on Euratom lending activities.

Borrowing activities in 2006: total borrowing by the EC and the EIB decreased in 2006 by 3.8% to EUR 48.1 billion, against EUR 50.0 billion the previous year. More than 99% of this amount has been borrowed by the EIB. The decrease in borrowing activities can be explained by a marginally reduced borrowing activity of EIB following a somewhat slower pattern of loan disbursements and treasury liquidity considerations as well as by the absence of new Decisions concerning Euratom, macrofinancial assistance and the balance of payments loans.

Taking into account repayments, cancellations and exchange-rate fluctuations, the total amount of borrowings outstanding at 31 December 2006 was EUR 248.4 billion, 0.7% down on 2005. The breakdown of borrowings by currency stays at the same level of 37.9% in the share of EUR-denominated borrowings in 2006 of all issues. Issues in other Community currencies decreased from 23.0% to 16.6%. Non-Community currencies took a higher share of borrowing, increasing from 39.5% to 45.4% of the total. Issues in USD were up from 27.9% to 30.4%. In 2006, after swaps, 94.5% of the loans were on a variable rate as compared to 97.3% in 2005.

Lending in non-Member States: financial support for non-member States that have concluded cooperation agreements with the Community generally takes the form of bilateral loans (macro-financial support or balance-of-payments support), where the Community helps to re-establish a country's macro-economic balance. The Commission administers these financial operations under decisions of the Council. In other cases loans are granted by EIB on its own resources either in the form of direct financing for individual projects or of global loans to banks, which then allocate funds to smaller-scale local projects. Some of these loans benefit from a guarantee of the Union budget.

Macro-financial assistance (MFA): the Community's assistance focuses on neighbouring regions, such as the Western Balkans and the Caucasus. Grants and loans disbursed under this instrument show that in 2006 an amount of EUR 19 million has been disbursed under existing MFA decisions. No new MFA decisions were taken in 2006.

With regard to EIB Lending in 2006 in the South-Eastern Neighbours, the report states that the Bank was active in 2006 in both the acceding and candidate States to help these countries to prepare for accession, in particular by financing investment aimed at integrating their infrastructure with that of the EU and by assisting SMEs. The EIB continued also to support investments in the other countries of the Western Balkans (Albania, Bosnia and Herzegovina, Montenegro and Serbia) with the aim of facilitating their ongoing integration process into the EU. The EIB gives priority to upgrading, modernising and developing the communications and energy sectors, with particular emphasis on Trans-European Networks (TENs) on the basis of the road and rail corridors. Environmental issues related to EIB projects, as well as environmental projects, are given priority in the framework of the gradual adaptation of the legislation of the countries concerned to that of the EU. The EIB also supports private sector development (SMEs), in particular Foreign Direct Investment (FDI), either directly or through its global loan instrument, in particular when involving EU partners.

In the Mediterranean region, the Bank's lending is carried out under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) mainly within the framework of the Euro-Mediterranean Partnership. FEMIP focuses its activities on support for the private sector and on creating an investment-friendly environment, mainly by financing enabling infrastructure for economic development. Furthermore, FEMIP supports sustainable energy development, competitiveness and security of supply. In November 2006, the Ecofin Council decided to reinforce FEMIP and marked two specific priority areas: private sector development and reinforcement of partnerships.

In Asia and Latin America, the Bank finances projects that are of interest to both the Community and the countries concerned ? co-financing with EU promoters, transfer of technology, cooperation in the fields of energy and environmental protection. The EIB also supported reconstruction efforts in the aftermath of the Tsunami disaster of 2004. In this context, the geographical scope of the ALA mandate was broadened to include the Maldives.

In South Africa, the Bank has been mandated to focus on infrastructure projects of public interest and private sector support, including SMEs. The Bank's operations have further to be complementary to the Community assistance policies, whose overriding objective is the reduction of poverty and inequality.

Risk sharing: at end-2006 the Bank had achieved a level of 18% of risk-sharing as a proportion of cumulative lending under mandate against the risk-sharing objective of 30%. This figure does not include the Community guarantee coverage under the Pre-Accession and Mediterranean Partnership Facilities. On a regional basis, the risk-sharing objective was met and exceeded in Asia and Latin America, where 72% of loans were signed under the risk-sharing regime. Both in South Eastern Europe and in the Mediterranean, risk-sharing operations represented 11% of lending under mandate. In accordance with the programming procedures of the countries concerned, most projects financed by the EIB under mandate are in the public sector and therefore outside the scope of risk-sharing. In South Africa, 10% of loans were risk-sharing. Under the First General Mandate, a level of 24% of risk-sharing of total lending was reached against a target of 25%. In terms of lending compared to the regional ceilings, the levels were 81% for ALA, 26% for Central and Eastern Europe Countries (CEEC) and 3% for the Mediterranean.

Total EIB lending in the ACP/OCT amounted to EUR 745 million in 2006, of which EUR 167 million from the Bank's own resources and EUR 578 million funded by the European Development Fund (EDF).

The Community guarantee is restricted to 65% of the aggregate amount of the credits opened, plus all related sums (compared with 70% under the First General Mandate). During 2006 (the seventh year of the Second General Mandate) the EIB signed loan agreements for a total of EUR 2 805 million, bringing total lending under this mandate to EUR 18 280 million corresponding to 96% of the ceiling.