


Procedure file

Basic information		
CNS - Consultation procedure Decision	1999/0212(CNS)	Procedure completed
EIB loans for Turkey: EC guarantee against losses, reconstruction of the regions stricken by the earthquake		
Subject		
3.70.11 Natural disasters, Solidarity Fund		
6.30.04 Loans to third-countries, Guarantee Fund		
Geographical area		
Turkey		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		08/09/1999
		GUE/NGL SEPPÄNEN Esko	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2225	29/11/1999
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs		

Key events			
20/10/1999	Legislative proposal published	COM(1999)0498	Summary
08/11/1999	Vote in committee		Summary
08/11/1999	Committee report tabled for plenary, 1st reading/single reading	A5-0054/1999	
15/11/1999	Committee referral announced in Parliament		
18/11/1999	Debate in Parliament		
19/11/1999	Decision by Parliament	T5-0124/1999	Summary
29/11/1999	Act adopted by Council after consultation of Parliament		
29/11/1999	End of procedure in Parliament		
03/12/1999	Final act published in Official Journal		

Technical information

Procedure reference	1999/0212(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 308
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/5/12234

Documentation gateway

Legislative proposal	COM(1999)0498 OJ C 116 26.04.2000, p. 0004 E	20/10/1999	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	A5-0054/1999 OJ C 189 07.07.2000, p. 0005	08/11/1999	EP	
Text adopted by Parliament, 1st reading/single reading	T5-0124/1999 OJ C 189 07.07.2000, p. 0249-0271	19/11/1999	EP	Summary

Additional information

European Commission	EUR-Lex
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Final act

Decision 1999/786 OJ L 308 03.12.1999, p. 0035 Summary

EIB loans for Turkey: EC guarantee against losses, reconstruction of the regions stricken by the earthquake

PURPOSE: to provide a bank guarantee for the EIB for loans granted by the Bank in favour of reconstruction and rehabilitation projects in regions of Turkey affected by the earthquake. **CONTENT:** Upon the request of the ECOFIN Council meeting on 08.10.1999, the Commission is presenting this proposal according a Community guarantee to the European Investment Bank (EIB) for any losses (resulting from loans granted in favour of projects aimed at the reconstruction of Turkish regions affected by the earthquake in August 1999. The guarantee would cover a special temporary loan of 3 years, of an amount of 600 million euros granted by the EIB in order to encourage investments relating to the replacement, rehabilitation or the reconstruction of infrastructures and industrial installations damaged by the earthquake. It will mainly involve reconstruction or the rehabilitation of surface and underground infrastructures (roads, bridges, railways, ports and electricity, gas, water and telecommunication services), industrial installations and SMEs, as well as housing and urban infrastructure. For all the operations depending on this facility, the loan agreed by the Bank will have to undergo the usual criteria and procedures. The various projects will be identified by the EIB in close consultation with the Turkish authorities. The EIB will also coordinate its investment priorities and its various operations with the other international financial institutions working in those regions of Turkey affected by the earthquake, and, where required, will organise co-financing. The facility will benefit from the same globalised guarantee as for other EIB loans granted in third countries (in line with Decision 97/256/EC). In the case of Turkey, however, the EIB will not be required to seek non-governmental guarantees (in other words, there will be no sharing of risk). With respect to budgetary implications, the Commission foresees in 1999 a ceiling of 180 million euros for EIB loans in favour of reconstruction in Turkey. Taking into account a globalised guarantee of 65%, it will be necessary to transfer a provision of 16.4 million euros to the Guarantee Fund for external actions. From 2000 onwards, when the regulation governing the new Guarantee Fund enters into force, the necessary provisioning for loans granted in the context of the special reconstruction facility for a ceiling of 200 million euros in 2000 and 2001 will amount to 11.7 million euros per year. It should be noted that there is provision for an annual report to inform the Parliament and the Council of the lending operations undertaken as a result of this proposal. This report will need to demonstrate how the loans have effectively contributed to the reconstruction and rehabilitation of the regions affected by the earthquake.?

EIB loans for Turkey: EC guarantee against losses, reconstruction of the regions stricken by the earthquake

The committee adopted a report by Mr SEPPÄNEN (EUL/NGL, FIN) approving the Commission proposal subject to three amendments on issues which it felt needed to be clarified despite the urgency of the proposal. The first amendment reiterates that, as provided for in the

Interinstitutional Agreement on budgetary discipline, the Commission can increase the annual ceiling of the reserve used to finance the Community guarantee fund for external loans, given that the margin left in the reserve will be considerably reduced following activation of the loan guarantee for Turkey. The other amendments propose a guarantee rate of 60% (as opposed to the 65% proposed by the Commission), in line with the guarantee rate which the committee is proposing for the decision reviewing the general guarantee for EIB lending.

EIB loans for Turkey: EC guarantee against losses, reconstruction of the regions stricken by the earthquake

The European Parliament adopted the report drafted by Mr. SEPPANEN (EUL/NGL, FIN) and approved the Commission's proposal without amendment.?

EIB loans for Turkey: EC guarantee against losses, reconstruction of the regions stricken by the earthquake

PURPOSE : to provide a bank guarantee for the EIB for loans granted by the Bank in favour of reconstruction and rehabilitation projects in regions of Turkey affected by the earthquake. **COMMUNITY MEASURE** : Council Decision 1999/786/EC granting a Community guarantee to the European Investment Bank (EIB) against losses under loans for projects for the reconstruction of the earthquake-stricken areas of Turkey. **CONTENT** : the Decision aims to accord a Community guarantee to the European Investment Bank (EIB) for any losses resulting from loans granted in favour of projects aimed at the reconstruction of Turkish regions affected by the earthquake in August 1999 and its recent aftershocks. The guarantee shall cover a special temporary loan of 3 years, of an amount of 600 million euros granted by the EIB in order to encourage investments projects carried out for the replacement, rehabilitation or the reconstruction of surface and subsurface infrastructure, industrial installations and SMEs, as well as urban infrastructure and housing affected by the earthquake. For all the operations depending on this facility, the loan agreed by the Bank will have to undergo the usual criteria and procedures. The various projects shall be identified by the EIB in close consultation with the Turkish authorities. The EIB will also co-ordinate its investment priorities and its various operations with the other international financial institutions working in those regions of Turkey affected by the earthquake, and, where required, will organise co-financing. The facility will benefit from the same globalised guarantee as for other EIB loans granted in third countries in line with Decision 97/256/EC (that is 65% of the aggregated amount of credits) until entry into force of a new decision on this subject. From now on, the Community guarantee shall cover any subsequent and additional credits opened by the EIB under this Decision shall form an extension of the global guarantee granted in the successor Decision. In the case of Turkey, however, the EIB will not be required to seek non-governmental guarantees to cover commercial risk. In addition, the Commission shall inform the European Parliament and the Council each year of the loan operations carried out under this Decision and shall, at the same time, submit an assessment of the implementation of this Decision and of co-ordination between the financial institutions involved in the reconstruction effort in Turkey. **ENTRY INTO FORCE** : 29.11.1999.?