


Procedure file

Basic information		
CNS - Consultation procedure Regulation	2001/0062(CNS)	Procedure completed
Economic Union: medium-term financial assistance for Member States' balances of payment (repeal. Regulation (EEC) No 1969/88)		
Amended by 2008/0208(CNS)		
Amended by 2009/0053(CNS)		
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		19/06/2001
		PPE-DE ANDRIA Generoso	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets		29/05/2001
		GUE/NGL SEPPÄNEN Esko	
Council of the European Union	Council configuration	Meeting	Date
	General Affairs	2409	18/02/2002
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs		

Key events			
07/03/2001	Legislative proposal published	COM(2001)0113	Summary
02/04/2001	Committee referral announced in Parliament		
12/07/2001	Vote in committee		Summary
12/07/2001	Committee report tabled for plenary, 1st reading/single reading	A5-0269/2001	
05/09/2001	Debate in Parliament		
06/09/2001	Decision by Parliament	T5-0445/2001	Summary
18/02/2002	Act adopted by Council after consultation of Parliament		
18/02/2002	End of procedure in Parliament		
23/02/2002	Final act published in Official Journal		

Technical information	
Procedure reference	2001/0062(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by 2008/0208(CNS) Amended by 2009/0053(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 308
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/14555

Documentation gateway					
Legislative proposal		COM(2001)0113 OJ C 180 26.06.2001, p. 0199 E	07/03/2001	EC	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0269/2001	12/07/2001	EP	
Text adopted by Parliament, 1st reading/single reading		T5-0445/2001 OJ C 072 21.03.2002, p. 0237-0312 E	06/09/2001	EP	Summary
Follow-up document		COM(2017)0459	30/08/2017	EC	Summary
Follow-up document		COM(2024)0041	29/01/2024	EC	

Additional information	
European Commission	EUR-Lex

Final act
Regulation 2002/332 OJ L 053 23.02.2002, p. 0001-0003 Summary

Economic Union: medium-term financial assistance for Member States' balances of payment (repeal. Regulation (EEC) No 1969/88)

PURPOSE : to establish a facility providing medium-term financial assistance for Member States' balances of payments. **CONTENT** : the present facility providing medium-term financial assistance for Member States' balances of payments was established by Council Regulation 1969/88/EEC of 24 June 1998. The Council has on several occasions since 1988 examined the financial assistance facility in light of the Commission's report and the opinions delivered by Economic Financial Committee and Parliament. on whether the facility still met, in its principle, arrangements and ceiling, the need which led to its creation. The Council was in favour of retaining the facility and adapting the legal reference framework. It also felt that the present Regulation, which provides for exclusive recourse to the capital market for financial loans granted under the facility, should be amended and the ceiling reduced from EUR 16 billion to EUR 12 billion. Lastly, it called on the Commission to present in due course a proposal amending Regulation 1969/88/EEC accordingly.?

Economic Union: medium-term financial assistance for Member States' balances of payment (repeal. Regulation (EEC) No 1969/88)

The committee adopted the report by Generoso ANDRIA (EPP-ED, I) approving the proposal under the consultation procedure, subject to a few amendments designed to take account of future enlargements of the EU and to guarantee a more reliable procedure for reviewing the operation of the facility by involving the European Parliament in the procedure.?

Economic Union: medium-term financial assistance for Member States' balances of payment (repeal. Regulation (EEC) No 1969/88)

The European Parliament approved the report by Mr Generoso ANDRIA (EPP-ED, I) to reduce the present ceiling on loans to Member States facing balance payments difficulties from EUR 16 billion to EUR 12 billion to take account of new economic conditions brought by Economic and Monetary Union and the introduction of the single currency. The scheme will not apply to those Member States not members of the single currency but does have implications for the candidate countries. Several non-binding amendments seeking to involve Parliament in any decisions taken in the future, especially affecting the new countries were approved as was another amendment designed to protect the EU budget from any new potential risks. ?

Economic Union: medium-term financial assistance for Member States' balances of payment (repeal. Regulation (EEC) No 1969/88)

AIM: To establish a facility providing medium-term financial assistance for Member States' balances of payments. COMMUNITY MEASURE: Council Regulation (EC) No 332/2002. CONTENT: The Regulation establishes a Community facility providing medium-term financial assistance in the form of loans to one or more Member States experiencing difficulties, or seriously threatened with difficulties, in their balance of payments on current account or in their net flow of capital. Only Member States which have not adopted the euro may benefit from this facility. The outstanding amount of loans to be granted to Member States under this facility is limited to EUR 12 billion in principal. The medium-term financial-assistance facility may be implemented by the Council on the initiative of: - the Commission, acting in agreement with the Member State that seeks Community financing, or - a Member State experiencing, or seriously threatened with, difficulties as regards its balance of current payments or capital movements. The Council, after examining the situation in the Member State seeking medium-term financial assistance and the adjustment or back-up programme presented in support of its application, will decide: - whether to grant a loan or appropriate financing facility and, if so, the amount and average term of the loan or facility, - what conditions, in terms of economic policy, are to be attached to the granting of the loan, and - what procedures are to be adopted for the provision of the loan or financing facility, which will normally be released or drawn in instalments, the release of each instalment being subject to verification to ensure that the objectives of the adjustment or back-up programme are being achieved. These three decisions will normally be taken at the same meeting. ENTRY INTO FORCE: 24 February 2002. ?

Economic Union: medium-term financial assistance for Member States' balances of payment (repeal. Regulation (EEC) No 1969/88)

The Commission presented a report on the Union's facility providing medium-term financial assistance for Member States' balances of payments pursuant to Article 10 of Council Regulation (EC) No 332/2002 (the BoP Regulation).

Pursuant to the BoP Regulation, the BoP Instrument was created to provide Union medium-term financial assistance to Member States which have not adopted the euro (Member States with a derogation) and are experiencing, or are threatened with, difficulties in their balance of payments. This financial assistance is either in the form of an EU loan or a credit line.

The main conclusions of the report are as follows:

Appropriateness of the BoP Instrument: since 2012, the BoP Instrument has effectively fulfilled its role. Generally, all of the beneficiaries mentioned above saw the sustainability of their balance of payments situation improve rapidly, and therefore access to market-based financing could be re-established:

Romania, has requested and received assistance under the instrument. The precautionary assistance by the EU amounted to EUR 2 billion, while the IMF contributed up to SDR 1.75 billion (around EUR 2 billion) on the basis of an equally precautionary SBA.

The precautionary assistance for Romania, following up on two previous arrangements (one of which on a precautionary basis), has demonstrated the versatility of the instrument. Romania still had EUR 3.5 billion left to repay from the non-precautionary support disbursed in 2010-11.

Hungary fully repaid its loan in April 2016 whereas EUR 0.7 billion of Latvia's loan is still outstanding.

Ceiling: the ceiling of EUR 50 billion for outstanding loans in principal appears adequate. There is no need to revise this ceiling taking into consideration that the remaining capacity of the instrument currently stands at EUR 45.8 billion with no further requests.

Necessary modifications: during 2010-13, the toolbox of international financial assistance instruments had been extended to include more flexible and more preventive instruments:

- in the euro area, the European Stability Mechanism (ESM) has a comprehensive toolkit to address the funding needs of its members;
- in the Union, the European Financial Stabilisation Mechanism (EFSM) set up under [Regulation \(EU\) No 407/2010](#), broadly similar in its workings to the BoP Instrument, introduced a more flexible framework for borrowing and lending operations for macro financial purposes;
- the multilateral surveillance framework was enhanced, with the adoption of the six pack and the two pack.

In order to reflect these institutional innovations, it was suggested that the rules for credit lines in the BoP Regulation should be clarified, while those for borrowing and lending operations should be aligned to the more flexible ones applicable to the European Financial Stabilisation Mechanism (EFSM).

For this purpose, the Commission submitted a [proposal](#) which remains under discussion in the Council. The main elements are as follows: (i) a more flexible toolkit; (ii) greater transparency and accountability; (iii) enhanced surveillance; (iv) streamlining of surveillance procedures.

In addition to these changes proposed by the Commission, the European Parliament requested including the possibility to provide loans to non-euro area Member States to recapitalise financial institutions (indirect recapitalisation instrument). In response to this request, the Commission agreed to clarify that financing needs stemming from the necessity to recapitalise financial institutions could be addressed with the instrument and that the necessary conditionality could be adjusted to address primarily these problems.

Lastly, the Commission proposed to finalise the legislative process, because it improves the procedure and therefore contributes to a level playing field between Member States.