

# Procedure file

Basic information		
CNS - Consultation procedure Decision	1994/0276(CNS)	Procedure completed
EIB loans for South Africa: Community guarantee to the European Investment Bank EIB against losses		
Subject 6.30.04 Loans to third-countries, Guarantee Fund 6.40.07 Relations with African countries		
Geographical area South Africa		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets		25/01/1995
		PSE <a href="#">TOMLINSON The Lord John E.</a>	
	Former committee responsible		25/01/1995
	<b>BUDG</b> Budgets		25/01/1995
		PSE <a href="#">TOMLINSON The Lord John E.</a>	
Council of the European Union	Former committee for opinion		02/12/1994
	<b>JURI</b> Legal Affairs, Citizens' Rights		02/12/1994
		PPE <a href="#">PALACIO VALLELERSUNDI Ana</a>	
	<b>DEVE</b> Development and Cooperation		
	<b>CONT</b> Budgetary Control		02/02/1995
		PPE <a href="#">THEATO Diemut R.</a>	
Council of the European Union	Council configuration	Meeting	Date
	Development	<a href="#">1849</a>	01/06/1995
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">1835</a>	20/03/1995

Key events			
02/12/1994	Legislative proposal published	COM(1994)0543	Summary
16/01/1995	Committee referral announced in Parliament		
22/02/1995	Vote in committee		Summary

22/02/1995	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0033/1995</a>	
17/03/1995	Debate in Parliament		
17/03/1995	Decision by Parliament	T4-0128/1995	Summary
17/03/1995	Report referred back to committee		
18/04/1995	Vote in committee		Summary
18/04/1995	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0087/1995</a>	
17/05/1995	Debate in Parliament		
19/05/1995	Decision by Parliament	T4-0270/1995	Summary
01/06/1995	Act adopted by Council after consultation of Parliament		
01/06/1995	End of procedure in Parliament		
15/06/1995	Final act published in Official Journal		

### Technical information

Procedure reference	1994/0276(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC before Amsterdam E 235
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/06468; BUDG/4/06339

### Documentation gateway

Legislative proposal	<a href="#">COM(1994)0543</a> <a href="#">OJ C 373 29.12.1994, p. 0015</a>	02/12/1994	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0033/1995</a> <a href="#">OJ C 068 20.03.1995, p. 0013</a>	22/02/1995	EP	
Text adopted by Parliament, partial vote at 1st reading/single reading	T4-0128/1995 <a href="#">OJ C 089 10.04.1995, p. 0192-0225</a>	17/03/1995	EP	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0087/1995</a> <a href="#">OJ C 126 22.05.1995, p. 0004</a>	18/04/1995	EP	
Text adopted by Parliament, 1st reading/single reading	T4-0270/1995 <a href="#">OJ C 151 19.06.1995, p. 0360-0466</a>	19/05/1995	EP	Summary

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

[Decision 1995/207](#)

## EIB loans for South Africa: Community guarantee to the European Investment Bank EIB against losses

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The proposal for a decision seeks to grant a Community guarantee to the EIB (European Investment Bank) in the event of losses resulting from loans for projects carried out in South Africa. In the present proposal the Commission invites the EIB: - to extend its loan operations to investment projects in that country under usual lending conditions, particularly with regard to the duration of the loan and the rate of interest; - to make available to South Africa a maximum of ECU 300 million of loans to be granted over an indicative period of 2 years. These loans would be entirely covered by Community guarantee. ?

## EIB loans for South Africa: Community guarantee to the European Investment Bank EIB against losses

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The committee unanimously adopted a report by Mr TOMLINSON on the Commission's proposal for a Community guarantee to the European Investment Bank against losses under loans for projects in South Africa. Despite some reservations as to whether a total guarantee under the EU budget was necessary, given the advanced physical and financial infrastructure and low indebtedness of South Africa, members supported the general thrust of the Commission's proposal. This provides for the extension of EIB activities to that country under usual lending conditions and for a maximum of 300 MECUS of loans to be granted over an indicative period of two years. Members felt that even if full cover was not warranted in this case, for reasons directly concerned with South Africa, the rapid building up of the guarantee fund was a worthwhile aim in itself and should therefore be supported. However, the Committee could not support the Commission's chosen legal base for the measure - Art. 235, which provides for the simple consultation procedure to be used in cases not covered elsewhere in the Treaty. In this instance, where the Community is taking action "to promote harmonious, balanced and sustainable social and economic development", the Treaty does make specific provisions, under Art. 130u, 130w (1) and 189c. The Committee adopted three amendments calling for this change, which requires the use of the cooperation procedure and implies a switch over from compulsory to non-compulsory expenditure, both of which significantly increase Parliament's role in the legislative process. In response, the representative of the Commission agreed with Mr Terry WYNN that South Africa should be considered as a developing nation and that the Commission would therefore consider making the appropriate changes in the legal base. However, Mr TOMLINSON reported subsequently that the same Commission representative had later changed his position in front of the Legal Affairs Committee, which was due to give its opinion on the matter. There, he has supported the use of Art. 235 and refused to concede any link between guarantee cover and development. As a consequence, the Legal Affairs Committee had voted against the change to Art. 130u, 130w (i) and 189c. Mr TOMLINSON summed up the view of most members in declaring that "we should either capitulate to lunacy or reject this view". The Chairman concluded that there was no need for this committee to change its view and that members should mobilise opinion in their political groups against the views expressed by the Legal Affairs Committee.

## EIB loans for South Africa: Community guarantee to the European Investment Bank EIB against losses

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The proposal was approved subject to the following amendments, and then referred to the appropriate Parliamentary committee in accordance with Article 129 of Parliament's Rules of Procedure: - Parliament amends the legal basis by withdrawing the reference to Article 235 of the Treaty and replacing this with Articles 130 U, 130 W(1) and 189 C; - the expenditure entered in the financial statement accompanying the proposal is designated as non-obligatory expenditure (contrary to the proposal put forward by the Commission). ?

## EIB loans for South Africa: Community guarantee to the European Investment Bank EIB against losses

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The committee adopted the second report by Mr TOMLINSON on the proposal for a Council decision. The overall ceiling of loans granted to South Africa by the EIB should not exceed ECU 300 million over a period of two years, in other words ECU 125 million in 1995 and ECU 175 million in 1996. The rapporteur highlighted the fact that since South Africa could not be considered to be a developing country, the Community guarantee to the EIB against loans granted should be set at 75% instead of 100%, as proposed by the Commission, and the Committee on Budgets adopted an amendment to this effect. This report was due to be considered during the May sitting. ?

## EIB loans for South Africa: Community guarantee to the European Investment Bank EIB against losses

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The European Parliament approved this proposal with a single amendment: the Community guarantee granted to the EIB against losses under loans for projects in South Africa should not exceed 75% (as opposed to 100%, as provided for by the Commission). ?

## EIB loans for South Africa: Community guarantee to the European Investment Bank EIB against losses

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OBJECTIVE: to grant a total Community guarantee to the EIB against losses under loans for projects carried out in South Africa to a maximum of ECU 300 million over a period of two years. COMMUNITY MEASURE: Council Decision 95/207/EC granting a Community guarantee to the European Investment Bank against losses under loans for projects in South Africa. SUBSTANCE: Through this Decision, the Community shall guarantee in full vis-à-vis the EIB any payments not received by it but due under loans granted in respect of investment projects carried out in South Africa. The guarantee shall be restricted to an overall loan ceiling of ECU 300 million over a period of two years. If, on expiry of this period (15 June 1997), the loans granted have not attained ECU 300 million, the two-year period shall be automatically extended by six months. ENTRY INTO FORCE: 15 June 1995. ?