

## EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union: Iran

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The European Parliament rejected, by 93 votes to 573 with 11 abstentions, a motion for a resolution tabled by the EFDD group, which objected to the Commission Delegated Decision of 6 June 2018 amending Annex III to Decision No 466/2014/EU of the European Parliament and of the Council granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union, as regards Iran

In support of their objection, Members behind the motion for a resolution argued that the entry into force of the delegated decision would expose the European Union to a significant financial risk, particularly as Iran is currently listed among the high-risk third countries with strategic Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) deficiencies.

Members emphasised that Iran remains a significant state sponsor of terrorism, is a Prohibited Jurisdiction on the EIBs list of Non-Compliant Jurisdictions, that granting the EIB the ability to lend to Iran in breach of US sanctions is likely to undermine investor confidence in the EIB, that lending to Iran would make it more difficult for the EIB to raise money on the international financial markets and restrict the ability of the EIB to use the US dollar payments system.

Accordingly, Members concerned believed it was likely that the EIB would default on its financial obligations to pay investors and creditors in foreign currency, which would in turn trigger the general default provisions contained in other EIB financing arrangements.

They considered that approval of the delegated decision at this time is likely to lead to a political and diplomatic backlash from the United States. The EIB and the European Union could be subject to retaliatory action by the US authorities.

The motion for a resolution stressed Iran's human rights violations, and its consistent violations of its international obligations regarding its nuclear deterrent and its aggressive foreign policy that undermines the peace and security of the Middle East.

Members in question felt that the EU should at least wait and see what the political and practical outcome of the US sanctions being reintroduced will be, before taking any further decisions on this issue. They considered that it would be imprudent to grant the EU guarantee for EIB lending in Iran without carrying out a comprehensive risk assessment on potential consequences for the EIBs borrowing and lending within its statutory mission.