

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(92) 242 final

Brussels, 3 June 1992

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

EXTENSION OF OPERATIONS BY THE EUROPEAN INVESTMENT
BANK OUTSIDE THE COMMUNITY

Proposal for a

COUNCIL DECISION

empowering the Commission to indemnify the European Investment
Bank against losses under loans for projects in certain countries
outside the Community

(presented by the Commission)

**EXTENSION OF OPERATIONS BY THE EUROPEAN INVESTMENT
BANK OUTSIDE THE COMMUNITY**

(Communication by the Commission)

EXPLANATORY MEMORANDUM

- I. The Community has an extensive network of relationships with an important number of countries with the aim of fostering their economic development.

In particular, the Community's external policy assists developments towards a market economy in many countries, towards a more efficient insertion in the international economy and fosters the process of regional integration. In recent years the Community has intensified its economic co-operation with countries which are making sustained efforts for a sound economic development.

- II. The EIB represents an important element in the Community's external activity. It not only contributes to the economic co-operation policy of the Community but also intensifies, by its presence, the historical links that exist between Member States and the beneficiary countries; the extension of the EIB external activities to countries with which the EEC has concluded cooperation agreements, will therefore further enhance the impact of the EEC in the world.

- III. This extension will be focused on projects of mutual interest, the financing of which will be subject to the Bank's usual criteria. Decisions to finance a specific project will be taken, on a case-by-case basis, by the Board of Directors of the EIB.

An overall limit of ECU 250 million, per year, shall be set for a three-year period; this limit will be reviewed at the end of the period.

There was agreement that these loans should benefit from Community budget guarantees. Furthermore, these guarantees should be treated in accordance with what will be agreed as to the future treatment of Community guarantees.

- IV. The Commission therefore asks the Council to:

1. Invite the EIB to extend its lending operations, up to a limit of ECU 250 million per year for a three-year period, to projects of mutual interest in countries with which the Community has concluded co-operation agreements.
2. adopt the attached Decision providing a guarantee in the Community budget,
3. note that the Commission will, within the framework of budgetary procedure, propose the appropriate budgetary cover.

Proposal for a

COUNCIL DECISION

empowering the Commission to indemnify the European Investment Bank against losses under loans for projects in certain countries outside the Community.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Whereas the General Affairs Council of 13 and 14 May 1991 agreed, on the basis of a communication from the Commission, to a limited extension of European Investment Bank operations in those third countries with which the Community has concluded co-operation agreements;

Whereas the Ecofin Council of 8 July 1991 confirmed the orientations of the General Affairs Council;

1 OJ No C
2 OJ No C

Whereas the Ecofin Council of 19 May 1992 decided on the guidelines to be applied for loans from the European Investment Bank granted in countries with which the Community has concluded co-operation agreements;

Whereas the Council has invited the Bank, and the Bank has agreed, to make available, in conformity with its Statutes, loans for projects of mutual interest that meet its usual criteria in certain countries outside the Community under the guarantee provided in this Decision;

HAS DECIDED AS FOLLOWS:

Sole Article

The Community shall fully guarantee the European Investment Bank in cases where the Bank does not receive the payments due under any loan granted in accordance with its usual criteria in those countries outside the Community with which the Community has concluded co-operation agreements. An overall limit of ECU 250 million per year, shall be set for a three-year period; this limit will be reviewed at the end of this period.

To this end the Bank and the Commission shall agree on the procedures for implementing the guarantee.

Done at Brussels,

For the Council
The President

FINANCIAL RECORD

1. Budget line concerned

Article B0-219: EEC guarantees for EIB loans to other countries outside the Community.

2. Reference (legal base)

To be created by the proposed decision, on the basis of Article 235 of the Treaty.

3. Classification of the expenditure

Obligatory.

4. Description and justification for the action

The budget entry is intended to provide a budgetary support for guarantees offered by the European Community to the European Investment Bank to cover loans which the Bank has been asked to extend to finance capital investment projects in those countries outside the Community with which the Community has concluded co-operation agreements.

5. Nature of the expenditure and method of calculation

a) Nature of the expenditure

A guarantee to the European Investment Bank.

b) Method of calculation

A token entry is proposed given that the amount and timing of any call on this budget line cannot be calculated in advance and furthermore it is to be hoped that this budget entry will not be called on.

6. Effect of the action on intervention credits

Not applicable.

7. Financing of intervention expenditure

Not applicable.

8. Financial impact on staff costs and operations

Not applicable.

DOCUMENTS

EN

11

Catalogue number : CB-CO-92-258-EN-C

ISBN 92-77-44926-8
