

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(90) 384 final

Brussels, 10 September 1990

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

EXTENSION TO THE OTHER CENTRAL AND EAST EUROPEAN
COUNTRIES OF THE FACILITIES FOR THE EUROPEAN
INVESTMENT BANK TO FINANCE PROJECTS IN
POLAND AND HUNGARY

Proposal for a

COUNCIL DECISION

extending to the Czech and Slovak Federal Republic, Bulgaria
and Rumania the Community guarantee to the European Investment Bank
against losses under loans for projects in Hungary and Poland

- I. The Central and East European countries are in the process of transition from centrally-planned economies to ones based on market forces. In addition, this is being accompanied by political reforms tending towards the creation of genuine pluralist societies.

The existing Council Decision relating to Poland and Hungary¹ was taken in the aftermath of the Paris Summit of 14-15 July 1989 at which the Commission was given a mandate to coordinate aid for the economic reconstruction of the two countries. Twenty-four countries subsequently became associated with this operation.

These 24 countries, in December 1989 and February 1990, decided in principle to extend this assistance to the other Central and East European countries, providing that they carry out the requisite political and economic reforms.

This extension was endorsed by the Dublin European Council of 28 April 1990 and reiterated in the Commission's Action Plan of 2 May 1990. This Plan foresees, among others, proposals to make the countries concerned eligible for restructuring loans from the European Coal and Steel Community and the European Investment Bank.

At the Ministerial meeting of the G-24 held on 4 July 1990, the Ministers welcomed the Commission's Plan and shared its general orientations and sectoral priorities.

- II. The present communication relates to EIB loans, which should benefit, in particular, infrastructure projects. This EIB activity will be coordinated with EBRD operations.

Yugoslavia is already eligible for EIB finance on a similar basis to other countries of the Mediterranean basin. A decision concerning EIB loans for the GDR has already been taken by the Council on 11 June 1990.

Therefore:

- the Council should decide that, in principle, EIB loans be made available to the CSFR, Bulgaria and Rumania. Taking into account the economic situation of these other countries, loans of approximately 1000 MECU to be provided over a three year period seem appropriate.
- the Community Budget Guarantee already agreed by the Council concerning EIB loans for Poland and Hungary up to 1000 MECU should

¹ Taken on 3.10.1989 as regards an invitation to the EIB to make finance available for projects in these countries, and on 12.2.1990 (90/62/EEC) regarding a Community budgetary guarantee for such loans.

be increased to 2000 MECU to take account of the new beneficiary countries. A modification of Council Decision N° 90/62/EEC relating to the budgetary guarantee to the EIB for loans in Poland and Hungary is therefore proposed;

- the Council should invite the Board of Governors of the EIB to extend loans to the CSFR and Bulgaria. In accordance with the conclusions of the G-24 meeting on 4 July 1990 and the decision of the Council of Ministers on 16 and 17 July 1990, Rumania remains on the list of countries eligible for economic assistance, but the effective extension of the EIB's lending operations to that country will be subject to a decision of the Council, which will be based, among other things, on an evaluation made by the Commission.

III. It is intended to put forward shortly, proposals relating to the ECSC loans, as foreshadowed in the Action Plan of 2 May 1990.

IV. The Commission therefore requests the Council to:

1. decide that, in principle, EIB loans should be made available to the CSFR, Bulgaria and Rumania;
2. adopt the attached Decision amending Decision N° 90/62/EEC;
3. invite the EIB to extend its lending operations to projects in the CSFR and Bulgaria;
4. note that the Commission will, within the framework of the budgetary procedure, propose the appropriate budgetary cover.

Proposal for a

COUNCIL DECISION

extending to the Czech and Slovak Federal Republic, Bulgaria and Rumania the Community guarantee to the European Investment Bank against losses under loans for projects in Hungary and Poland

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 Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Whereas the European Council of 28 April 1990 agreed that action within the framework of the G-24 should be extended to the other Central and East European countries;

Whereas the Ministers of the G-24 in their meeting on 4 July 1990 welcomed the Commission's Action Plan, which envisages, among others, loans from the European Investment Bank;

Whereas the arrangements set out in Council Decision 90/62/EEC⁽³⁾ for finance by the European Investment Bank for projects in Poland and Hungary should be extended to include projects, notably in the field of infrastructure, to be carried out in the Czech and Slovak Federal Republic, Bulgaria and Rumania;

(1) OJ No C ..., ... 1990.

(2) OJ No C ..., ... 1990.

(3) OJ No L 42, 16.2.1990, p. 68.

Whereas the Council has invited the Bank, and the Bank has agreed, to make available loans for projects in the Czech and Slovak Federal Republic and Bulgaria under the guarantee provided in this Decision; Whereas the Council will invite the Bank to provide loans in Rumania when the political and economic conditions in this country so permit,

HAS DECIDED AS FOLLOWS :

Sole Article

Decision 90/62/EEC is hereby modified as follows :

- All references to "Hungary and Poland" shall henceforth be to "Hungary, Poland, the Czech and Slovak Federal Republic, Bulgaria and Rumania";
- All references to "the two countries" shall henceforth be to "the five countries".

Done at Brussels,

For the Council

FINANCIAL RECORD

1. Budget line concerned

Article 0-212: (wording to be adjusted to)

Guarantee of the European Economic Community to the European Investment Bank for loans in third countries in Central and Eastern Europe

2. Reference (legal base)

To be extended 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 projects in Poland, Hungary, the CSFR and Bulgaria.

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 entry will not be called on.

6. Effect of the action on intervention credits

Only in case of a call upon the guarantee

7. Financing of intervention expenditure

- In case of need the article will be endowed with funds by transfers, by reutilisation of amounts reimbursed (under Article 27 § 3 of the Financial Regulation) or by a supplementary and/or amending budget.

- In order to meet its obligations, the Commission may undertake debt service provisionally by drawing on its liquid assets. In this case Article 12 of Council Regulation (EEC, Euratom) n° 1552/89 of 29.5.1989 is applicable.

8. Financial impact on staff costs and operations

Not applicable.

COM(90) 384 final

DOCUMENTS

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