

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 15 final

Brussels, 13 January 1983

## Amended Proposal for a COUNCIL DECISION

empowering the Commission to borrow under the New Community Instrument  
for the purpose of promoting investment within the Community

---

(submitted to the Council by the Commission in accordance  
with Article 149(2) of the EEC treaty)

COM(83) 15 final

Explanatory Memorandum

On 19 October 1982 the Commission sent to the Council and Parliament a proposal for a Council Decision empowering the Commission to contract loans under the New Community Instrument for the purpose of promoting investment within the Community<sup>(1)</sup>. This proposal was well received by Parliament, which accepted the principle while requesting certain amendments, recorded in the opinion that it adopted on 16 December<sup>(2)</sup>. Discussion of this opinion has shown the Commission that its own views were broadly the same as Parliament's on some of the amendments requested. Consequently, the Commission is now presenting a revised proposal for a Decision, incorporating the relevant changes. This explanatory memorandum supplements that accompanying the original proposal, presented on 19 October.

This proposal for a Decision differs from the earlier proposal in the following ways.

- (i) There is no longer any reference to a ceiling, although the mechanism of tranches has been maintained. Removing the ceiling ensures that use of the instrument can be uninterrupted; in the Commission's opinion this is necessary (it made a similar proposal the first time the NCI was renewed), and conforms to the logic of its use. As the mechanism of tranches has been maintained, the Council will still be in control of the volume of borrowing: a Council decision is required to define the amount and purpose of each tranche. To this end, the proposal provides for an initial tranche of 3 000 million ECU in principal.
- (ii) The instrument's implementation procedure is stated to be provisional until such time as the question of budgetising Community borrowing has been settled. Parliament confirmed that it still regarded budgetisation as an important principal but that it was also advisable that the New Community Instrument should continue to operate, but using a procedure which would be provisional until such time as a solution was found for the wider question of budgetising borrowing and lending transactions generally.

./.

---

(1) OJ No 282 of 27.10.1982, p. 5.

(2) OJ No

The Commission did not follow the suggestion in Parliament's opinion that there should be a change in the allocation of responsibilities between the EIB and the Commission for the practical aspects of the mechanism. On this point, the original proposal has been maintained, for the Commission feels that the adjustments it has proposed enable it to continue playing to the full its specific role in contributing and defining borrowing and lending policy at Community level.

The attached amended proposal for a Decision, which replaces the proposal presented on 19 October 1982, takes account of these amendments.

Amended proposal for a

COUNCIL DECISION

empowering the Commission to borrow under the  
New Community Instrument for the purpose of promoting  
investment within the Community

(presented under Article 149(2) of the EEC Treaty)

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),

Having regard to the opinion of the Economic and Social Committee (3),

Whereas, given the vital role of investment in raising growth rates,  
adjusting production structures and providing a lasting solution to the unemploy-  
ment problem, the Community's lending instruments should be strengthened  
to support investment, especially in the growth sectors of the  
future;

Whereas, in order to stimulate economic activity and support common poli-  
cies, the financing facility established by Council  
Decisions 78/870/EEC (4) and 82/169/EEC (5) empowering the  
Commission to contract loans for the purpose of promoting investment within  
the Community should be renewed and strengthened alongside existing Commu-  
nity financial institutions and bodies, the scope of which should be widened;

Whereas this Community facility makes an additional contribution to invest-  
ment promotion in the Community and has a real follow-through effect and  
financial impact far beyond its apparent size, thus promoting the conver-  
gence of Member States' economic trends;

./.

---

(1) OJ No.  
(2) OJ No.  
(3) OJ No.  
(4) OJ No. L 298, 25.10.1978, p. 9  
(5) OJ No. L 78, 24.03.1982, p. 19

Whereas plentiful finance can be found on the capital markets which could be tapped to finance investments within the Community;

Whereas the Community has creditworthiness in its own right which must be used to best advantage to reinforce European support for the said investments and to support policies decided on at Community level;

Whereas the European Investment Bank has stated that it is willing to contribute to the implementation of the facility,

HAS DECIDED AS FOLLOWS :

#### Article 1

The Commission is hereby empowered to borrow on behalf of the European Economic Community under the New Community Instrument.

The proceeds shall be lent to finance investment projects which contribute to greater convergence and integration of the economic policies of the Member States and, through the dissemination of technology and innovation or by other means, to reinforcing the competitiveness of the Community economy.

These projects shall be such that they serve the Community's priority objectives in the energy and infrastructure sectors, and in the productive sector, taking account inter alia of their regional impact and the need to combat unemployment.

This facility may be used on its own or in conjunction with other Community financing instruments.

## Article 2

Borrowings shall be called by tranches.

After consulting the European Parliament about the tranches to be authorized and the policies and economic sectors for which borrowings may be contracted, the Council, acting on a proposal from the Commission, shall by qualified majority authorize the tranches and lay down guidelines for the eligibility of projects.

The Commission shall decide whether or not projects are eligible in accordance with the guidelines thus laid down.

The Commission shall borrow on the capital markets within the limits of the tranches authorized.

The procedure shall be provisional pending a decision on the budgetization of Community borrowing operations.

Within the framework of this provisional procedure, the Council hereby decides that the first borrowing tranche shall amount to 3 000 million ECU in principal.

## Article 3

Associated borrowing and lending operations shall be expressed in the same currency units.

Lending terms as regards the reimbursement of the principal and the rate and payment of interest shall be fixed in such a way that, overall, they cover the costs and expenses incurred in concluding and performing both the borrowing and the lending sides of the operations.

## Article 4

The terms of the borrowings shall be negotiated by the Commission in the best interests of the Community, having regard to the conditions on capital markets and in accordance with the constraints imposed by the duration and other financial aspects of the associated loans to be granted. Funds borrowed shall be deposited with the European Investment Bank, which shall invest them on a temporary basis if necessary.

Where the funds borrowed are denominated, payable or reimbursable in the currency of a Member State, they may be contracted only with the agreement of the competent authorities of that State.

#### Article 5

A mandate shall be given to the Bank to grant and administer loans in pursuance of this Decision. To this end, a co-operation agreement shall be drawn up between the Bank and the Commission. The Bank shall carry out operations under this mandate in the name, for the account and at the risk of the Community.

The Commission shall decide, in accordance with Article 2, whether projects are eligible. Where the Commission gives a favourable decision, the Bank shall decide whether and on what terms to grant the loans, in accordance with its usual criteria and with the procedures laid down in its Statute.

Loan procedure shall be as follows :

- loan applications shall be transmitted simultaneously to the Commission and to the Bank either direct or through a Member State.
- the Commission and the Bank shall sign the loan contracts.

#### Article 6

The Commission shall inform the Council and Parliament at regular intervals of the rate of utilization of the tranches and notify them, no later than the date on which total loans signed amount to two thirds of the current tranche, of the purpose and amount it intends to propose for the next tranche.

#### Article 7

The Commission shall inform the Council and Parliament annually of revenue and expenditure arising from borrowing and lending operations.

Article 8

Financial control and the audit of the Commission's accounts shall be carried out in accordance with the Financial Regulation applicable to the General Budget of the European Communities.

Done at Brussels,

For the Council

The President