

COMMISSION OF THE EUROPEAN COMMUNITIES

COM (78) 201 final

Brussels, 10 May 1978

AMENDED PROPOSAL FOR A COUNCIL DECISION

empowering the Commission to issue loans for the purpose of

promoting investment within the Community

(presented under the second paragraph of Article 149 of the
EEC Treaty; see Doc. COM (78) 26 final)

COM (78) 201 final

AMENDED PROPOSAL FOR A DECISION EMPOWERING THE COMMISSION TO ISSUE LOANS FOR THE PURPOSE OF

PROMOTING INVESTMENT WITHIN THE COMMUNITY

1. Text adopted by Parliament

(The text has been underlined where it differs from the Commission's original proposal)

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, Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas economic activity, employment and investment are all too low and unevenly distributed in the Community;

Whereas, in addition to the existing financial instruments of the Community whose scope should be widened, a new instrument is needed to increase investment within the Community so as to stimulate an economic upturn and support common policies;

Whereas a Community action to this end would have a real follow-through effect and financial impact far beyond its apparent size;

2. The Commission's new proposal

(The text has been underlined where it differs from the Commission's original proposal)

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

Having regard to the proposal from the Commission, Having regard to the opinion of the European Parliament,

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Whereas, in addition to the existing financial instruments of the Community whose scope should be widened, a new instrument is needed to increase investment within the Community so as to stimulate an economic upturn and support common policies;

Whereas a Community action to this end would have a real follow-through effect and financial impact far beyond its apparent size;

3. Remarks

Parliament's text used.

Whereas this Community action should aim to realize structural investment projects which contribute to greater convergence and integration of national economic policies and conform to priority Community objectives, especially in the energy, industry and infrastructure sectors;

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

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

Whereas borrowings of one thousand million ECU in capital seem right in the present circumstances to help to achieve the desired result;

Whereas the ECU's financial activities should be determined parallel to and within the framework of monetary policy and should be subject to the monetary authority's control;

Whereas, the European Investment Bank has stated that it is willing to take part in putting this present Decision into effect;

HAS DECIDED AS FOLLOWS:

Whereas this Community action should aim to realize structural investment projects which contribute to greater convergence and integration of national economic policies and conform to priority Community objectives, especially in the energy, industry and infrastructure sectors;

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

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

Whereas borrowings of one thousand million ECU in capital seem right in the present circumstances to help to achieve the desired result;

The Commission cannot accept this recital, at least in this form. See remarks at Article 2.

Whereas the European Investment Bank has stated that it is willing to take part in putting this present Decision into effect;

HAS DECIDED AS FOLLOWS:

Parliament's text used

Parliament's text used

Article 1

The Commission is empowered to issue loans on behalf of the European Economic Community, the proceeds of which will be lent to finance investments which contribute to greater convergence of the economic policies of the Member States and conform to the Community's priority objectives in the energy, industrial and infrastructure sectors, taking account of their regional impact as well as in other sectors to be defined by the Council in accordance with the procedure laid down in Article 2. These projects, because of their size or nature, are those which need greater finance than is already available from existing institutions and organs of the Community.

Article 2

The loans and their entry in the budget - which is required if they are to be guaranteed by the Community - shall be approved by the budgetary authority acting on a proposal from the Commission, in accordance with normal budgetary procedure.

At the same time the decision fixing the general guidelines for the use of the loans shall be adopted by majority vote of the Council on a proposal from the Commission and after consulting Parliament in accordance with the legislative conciliation procedure.

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Article 2

Loans limited by this Decision to one thousand million ECU, will be activated tranche by tranche. The Council acting by a qualified majority on a proposal of the Commission, having consulted Parliament, shall activate each tranche and fix general guidelines for its use for each tranche.

The Commission will specify rules by which it will determine the eligibility of projects.

Parliament's text used

This new text, which uses the wording proposed by Parliament, indicates the theoretically independent nature of the instrument.

To meet Parliament's wishes, the Commission has introduced consultations with it.

The Commission accepts the principal of budgeting loans but believes this question ought to be settled in the new financial regulation.

On the basis of this decision, the Commission will specify rules by which it will determine the eligibility of projects.

During the first year in which this decision is implemented, loans shall not exceed one thousand million ECU in capital.

The Commission shall borrow on the capital markets within the limits of the amounts authorized. A single borrowing can be used to finance projects with different objectives.

Article 3

Borrowing and lending transactions shall be expressed in the same currency. Lending terms for reimbursement of capital and the rate and payment of interest shall be fixed taking account of the costs and expenses of both the borrowing and lending side of each transaction, as well as other conditions to which, by virtue of common objectives, the granting of these loans can or must be subject.

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Article 3

Borrowing and lending transactions shall be expressed in the same currency. Lending terms for reimbursement of capital and the rate and payment of interest shall be fixed taking account of the costs and expenses of both the borrowing and lending side of each transaction.

Whether loans resulting from this new instrument can or cannot benefit from aid financed by the Community Budget is a separate subject from the decision to create this new instrument, like all other financial instruments of the EEC, may benefit from interest subsidies and grants so far as they are justified.

Article 4

The terms of loans to be issued 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 loans to be granted. Funds borrowed will be deposited with the European Investment Bank to be invested on a temporary basis if necessary.

Article 5

Loans made under this Decision shall be granted by the Commission in accordance with the following procedure:

- requests for loans shall be submitted to the Commission which, if it finds them eligible, shall forward them to the European Investment Bank
- the EIB shall examine the requests from the point of view of their financial soundness and shall communicate its opinion to the Commission;
- the Commission shall decide whether to make the loans and, if so, on what terms;
- the EIB shall be responsible for administering the loan on behalf of the Community.

The EIB's mandate from the Commission regarding the temporary investment of loans and administration of proceeds for loans and the administration of loans shall be set out in an agreement between the EIB and the Commission.

Should the EIB be unable to accept this task, it shall be referred to the Commission for comment by the Commission.

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Article 5

The Commission hereby gives the bank a general mandate on behalf of the Community to make loans under this present Decision.

Loans under this mandate will be made by the bank for and at the risk of the Community. In accordance with procedures laid down by its statute, and following its usual criteria, the bank will:

- receive loan requests (either directly or else through the intermediation of either the Commission or a Member State),
- examine these requests (after the Commission has decided on the eligibility of each loan),
- decide whether to make the loans and if so on what terms, and to administer the loans.

The bank's mandate will be embodied in a cooperation agreement with the Commission.

The Commission believes it necessary to keep to its original text here. In the covering letter to the President of the Parliament, which is attached to this document, and also in the debates, the Commission expressed the belief, which it holds to, that the solution it proposes is right: it keeps adequate Commission control over operations while making best use of expert knowledge available within Community organisations.

Article 6

The Commission shall periodically inform the Council and Parliament of receipts and expenses resulting from borrowings and lendings. Each year it shall attach to its estimates a review of its borrowing and lending policy, which shall be considered as an integral part of the annual budget.

Financial control and audit will be carried out in accordance with the Financial Regulation of the general budget of the European Communities.

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Parliament's text used.