REPORT

of the Committee on External Economic Relations

pursuant to Rule 34 of the Rules of Procedure

on the significance of the Agreement on guidelines for officially supported export credits and the Community legislation emanating therefrom

Rapporteur: Mr Gerd Ludwig LEMMER
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At its meeting of 17 March 1993 the Committee on External Economic Relations appointed Mr LEMMER, pursuant to Rule 34(1) of the Rules of Procedure, rapporteur for the report on the significance of the Arrangement on guidelines for officially supported export credits and the Community legislation emanating therefrom.

At its meeting of 1 April 1993 the committee considered the draft report. It adopted the motion for a resolution unanimously.

The following took part in the vote: de Clercq, chairman; Cano Pinto, vice-chairman; Lemmer, rapporteur; Elles (for Chabert pursuant to Rule 111(2)), Hindley, Marck (for Peijs), Mihr, Miranda de Lage, Moorhouse, Ortiz Climent (for Price), Rossetti, Sonneveld (for Gallenzi), Suarez Gonzalez and Titley (for D. Martin).

The report was tabled on 5 April 1993.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.
MOTION FOR A RESOLUTION

on the significance of the Arrangement on guidelines for officially supported export credits and the Community legislation emanating therefrom

The European Parliament,

- having regard to the Council Decision of 14 December 1992 extending the Decision of 4 April 1978 on the application of certain guidelines in the field of officially supported export credits

- having regard to the Commission proposal for a Council Decision on coordination and information procedures in matters of officially supported export credits, credit insurance, credit guarantees and financial credits (COM(92) 0502 final)

- not having been consulted by the Council on the conclusion of this agreement,

- having regard to the Council's intention not to consult it on the Commission proposal,

- having regard to Rule 34 of its Rules of Procedure,

- having regard to the report of the Committee on External Economic Relations (A3-0000/93),

1. Notes that the OECD Arrangement adopted in Helsinki in 1991 on officially supported export credits, is a significant international agreement within the meaning of the Solemn Declaration on the European Union;

2. Reprimands the Council for not having consulted it on this agreement;

3. Calls on the Council to consult it on the Commission proposal based on this Arrangement for a decision on coordination and information procedures in matters of officially supported export credits, credit insurance, credit guarantees and financial credits;

4. Insists on being consulted on all future international agreements or intra-Community legislation which concern official export credit insurance;

5. Instructs its President to forward this resolution to the Commission, the Council and the governments of the Member States.
1. In 1978 the western industrialized countries forming the OECD agreed on guidelines for officially supported export credits, which are intended to prevent a subsidy race. The aim is to ensure that export transactions are effectuated on the basis not of the most heavily subsidized financing conditions but of quality and prices. This Arrangement does not govern the terms and conditions of insurance policies and guarantees as such, only the conditions relating to export credits which are officially secured or guaranteed. To this end, it includes certain requirements concerning the maximum period for the repayment of such credits and minimum interest rates. It specifies, for example, that at least 15% of the export contract value is to be paid in cash, that the maximum repayment period a credit may not exceed 8 1/2 years and that minimum rates aligned with market rates depending on the maximum repayment period are to be charged. It also contains provisions on tied and partially untied financial aid. Under the Arrangement the conditions governing such credits may be more favourable than the minimum standards laid down for purely commercial export credits, provided that the development aid portion of the financing is at least 35%. The EC as such has been a party to the Arrangement since it came into being.

2. In late 1991 the OECD member countries meeting in Helsinki agreed on a comprehensive revision of the 1978 Arrangement. The main aim of this revision is to create mechanisms for consultation and the dissemination of information among the participants so as to avoid the problems encountered in the past in the assessment of individual applications for export credit guarantees. In the future it is to be easier to make a distinction between purely commercial financing projects and those forming part of participants' development aid policies. To implement the new provisions of the Arrangement, the Commission has submitted a proposal for a Council decision on the establishment of appropriate coordination and information procedures in the Community. These procedures are intended to ensure that the EC is able to adopt a united position at OECD level.

3. The Council has failed to consult the European Parliament on the conclusion of the revised Arrangement on the Community's behalf. The legal basis of the decision on the new Arrangement, which was taken in December 1992, is Article 113 of the EEC Treaty. Although this article does not provide for the consultation of Parliament, the Council did undertake in the Solemn Declaration on the European Union of July 1983 to consult it on the conclusion of significant international agreements.

4. In Rule 34 of its Rules of Procedure the European Parliament has provided for a procedure to ensure that, in the event of differences of opinion on whether a given agreement satisfies the criterion of international significance, Parliament can make its position clear to the Council in the form of a resolution. Its aim in so doing is to prevent the Council from evading the obligation it has imposed itself by downgrading the international significance of an agreement.
5. The practice hitherto adopted in determining the international significance of an agreement has been to classify as significant all global agreements, such as trade agreements with third countries, but not sectoral agreements on, say, trade in textiles, ECSC products or passenger cars. In this specific case the question is thus whether the Arrangement on officially supported export credits is a global agreement or merely a sectoral agreement. In your rapporteur's opinion it is clearly a global agreement, since almost all export transactions may be the subject of officially supported export credit insurance, export guarantees and financial credits. The Council must therefore be reprimanded for failing to consult Parliament on this Arrangement.

6. As regards the creation of an intra-Community consultation and information mechanism the Commission recommended when forwarding its proposal to the Council that Parliament be consulted. The Council has meanwhile informed Parliament that it is unwilling to comply with this recommendation. It must therefore be considered whether the procedure provided for in Rule 34 to safeguard Parliament's right to be consulted is applicable. Although this Commission proposal does not formally concern an international agreement, the fact that essential elements of the Arrangement are to be translated into Community law leads your rapporteur to believe that the Council is under an obligation to consult Parliament pursuant to the Solemn Declaration on the European Union. This position is supported by an earlier decision of the Council to consult the European Parliament on the creation of a Community reinsurance pool for export credit insurance, which was similarly based on Article 113.

7. Parliament should also make it clear that it considers officially supported export credit insurance to be a significant aspect of the common commercial policy. As national legislation in this sphere has yet to be comprehensively harmonized, major distortions of competition occur among enterprises, especially medium-sized firms, in various Member States. A Commission proposal for a Community system of export credit insurance has been before the Council for several years. The Member States should be urged to stop blocking this important project and also to ensure that the European Parliament is fully involved in the formulation of this significant aspect of the common commercial policy.