



European Communities

EUROPEAN PARLIAMENT

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REPORT

of the Committee on Budgets

on the proposal from the Commission to the Council for a decision extending to the Czech and Slovak Federal Republic, Bulgaria and Romania the Community guarantee to the European Investment Bank against losses under loans for projects in Hungary and Poland (COM(90) 0384 final - C3-0307/90)

Rapporteur : Mr John E. TOMLINSON

PE 146.012/fin.

A Series Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)



\* = Consultation procedure requiring a single reading



\*\*II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment



\*\*I = Cooperation procedure (first reading)



\*\*\* = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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By letter of 24 September 1990, the Council consulted the European Parliament, pursuant to Article 235 of the EEC Treaty, on the Commission proposal for a Council decision extending to the Czech and Slovak Federal Republic, Bulgaria and Romania the Community guarantee to the European Investment Bank against losses under loans for projects in Hungary and Poland.

At the sitting of 8 October, 1990, the President of Parliament announced that he had referred this proposal to the Committee on Budgets as the committee responsible and to the Committee on External Economic Relations for its opinion.

At its meeting of 8 October, 1990 the Committee on Budgets appointed Mr Tomlinson rapporteur.

At its meeting of 3 December, 1990 it considered the Commission proposal and draft report.

At the latter meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: von der Vring, chairman; Lamassoure, 1st vice-chairman; Cornelissen, 2nd vice-chairman; Tomlinson, rapporteur; Böge, Cochet, Colajanni, Colom i Naval, Desama, Elles, Goedmakers, Langes, Larive (for Holzfuss), Lo Giudice, Marques Mendes, Miranda da Silva, Papoutsis, Pasty and Samland.

The opinion of the Committee on External Economic Relations is attached.

The report was tabled on 4 December 1990.

The deadline for tabling amendments will be announced by the President of the Parliament during the part-session at which the report is to be considered.

Proposal from the Commission to the Council for a decision  
extending to the Czech and Slovak Federal Republic, Bulgaria and Romania  
the Community guarantee to the European Investment Bank  
against losses under loans for Projects in Hungary and Poland

Text of the Commission(1)

Amendment of the Committee on  
Budgets

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Amendment No. 1

Fourth recital

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 budgetary authority of the European Communities, Council and Parliament, have 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;

Amendment No. 2

Fifth recital

Whereas the Council will invite the Bank to provide loans in Romania when the political and economic conditions in this country so permit,

Whereas the Council will, after the opinion of the European Parliament has been taken into consideration, invite the Bank to provide loans in Romania when the political and economic conditions in this country so permit,

(1) OJ No. C 242, 27.9.1990, p. 15

A.

embodying the opinion of the European Parliament on the proposal from the Commission to the Council for a decision extending to the Czech and Slovak Federal Republic, Bulgaria and Romania the Community guarantee to the European Investment Bank against losses under loans for Projects in Hungary and Poland

The European Parliament,

- having regard to the Commission proposal to the Council (COM(90) 384 final)<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (C3-0307/90),
  - having regard to the report of the Committee on Budgets and the opinion of the Committee on External Economic Relations, (A3-0350/90),
1. Approves the Commission proposal subject to Parliament's amendments and in accordance with the vote thereon;
  2. Calls on the Commission to amend its proposal accordingly, pursuant to Article 149(3) of the EEC Treaty;
  3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  4. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
  5. Instructs its President to forward this opinion to the Council and Commission

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<sup>1</sup> OJ No. C 242, 27.9.1990, p. 15

B.

EXPLANATORY STATEMENT

1. In his working document of 24 October 1990 (PE 144.381), the rapporteur, in the conclusions, posed a number of questions to be resolved before final approval of Parliament of the Commission's proposal.
2. These questions concerned:
  - a) the eventual need for a contingency reserve in the financial perspective should the guarantee be taken up,
  - b) the need for the budgetary authority to be continually informed about the actual guarantee amount outstanding and thereby to be aware of the possible risks,
  - c) the possibility of financing the loans via the European Bank for Reconstruction and Development,
  - d) the necessity of budgetizing borrowing and lending operations,
  - e) the necessity of authorizing jointly, by both arms of the budgetary authority, the loans to Romania,
3. In his intensive negotiations with the Commission, the rapporteur came to a satisfactory agreement on all five points:
  - As regards point a), the Commission gave an undertaking to propose to Council, at the time of adopting the legal base for the guarantee decision, the adoption of a declaration in which it formally declares its intention to include a footnote in the next interinstitutional agreement which provides for the possibility of adapting the financial perspective, in case of necessary payments under the guarantee;
  - As regards point b), it was agreed that the Commission would inform the budgetary authority, i.e. Council and Parliament, every six months concerning the amounts and conditions of the loans made;
  - As regards point c), the rapporteur agrees with the Commission that the EIB is, at the moment, better qualified to administer the help with the necessary speed and quantity; at a later stage cooperation between the two banks would not be excluded;
  - As regards point d), this request has been confirmed by the plenary in the Martin report during the last session; the responsible commissioner, Mr SCHMIDHUBER, officially supported this request of Parliament. It will hopefully be one item on the agenda of the Intergovernmental Conferences.
  - As regards point e), the rapporteur has suggested to Parliament that the text of the Council Decision be amended.
4. It is understood that the Commission must propose, in its rectifying letter for the budget 1991, in parallel with the decisions taken in the amending and supplementary budget No. 1 for the financial year 1990, the adaptation

of line B0-212 as well as the modification of the maximum amount of the Community's guarantee in the remarks (2 000 mECUs instead of 1 000 mECUs)

OPINION

of the Committee on External Economic Relations

Letter from the chairman of the committee to Mr VON DER VRING, chairman of the Committee on Budgets

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Luxembourg, 6 November 1990

Subject: Extension to the other Central and East European countries of the facilities for the European Investment Bank to finance projects in Poland and Hungary  
(COM(90) 384 final - C3-307/90)

Dear Mr von der Vring,

At its meeting of 5/6 November 1990 the Committee on External Economic Relations considered the above subject.

The countries of Central and Eastern Europe are in the process of switching to an economy based on market forces. This is being accompanied by political reforms designed to create genuinely pluralist societies.

On 15 July 1989 the Council decided to grant economic aid - in the form of contributions from the budget and European Investment Bank loans - for restructuring operations in Poland and Hungary.

Since the political and economic reform process was under way in other Central and Eastern European countries, the Group of 24 donor countries decided in principle, in December 1989 and February 1990, to extend this assistance to the other countries in Central and Eastern Europe. This decision, endorsed by the Dublin European Council on 28 April 1990, was reiterated in the Commission's Action Plan of 2 May 1990.

The countries to which EIB loans are to be made available are the Czech and Slovak Federal Republic and Bulgaria. Yugoslavia is already eligible for EIB funding on a similar basis to other Mediterranean countries. The effective extension of EIB loans to Romania will be subject to a Council decision to be taken in the light of the progress made as regards the process of democratization in that country.

The Commission proposal to extend facilities means that the Community budget guarantee to cover non-repayment of loans will have to be increased, the guarantee ceiling rising from 1 bn to 2 bn ECU.



## EUROPEAN PARLIAMENT

The Committee on External Economic Relations supports the Commission proposal. It confirms the position it took in connection with extending the PHARE programme to the other Central and Eastern European countries.

Since the Community budget already includes guarantees for a medium-term loan for Hungary and for operations by the European Bank for Reconstruction and Development (EBRD), the Committee on External Economic Relations calls on the Commission to submit to the European Parliament an overview of all such commitments.

Yours sincerely,

Willy DE CLERCQ

The following were present for the vote: De Clercq, Chairman; Cano Pinto, first vice-chairman; Moorhouse, third vice-chairman; Ceyrac, Christensen (for Moretti), da Cunha Oliveira (for Bird), Hindley, Magnani Noya, Peijs, Porto, Randzio-Plath, Rossetti, Sainjon, Titley, Tsimas and Visser (for Benoit).

