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REPORT

drawn up on behalf of the Committee on Economic and Monetary Affairs

on the possible loan from the OPEC countries to the Federal Republic of Germany and to France

Rapporteur: Mr Aldo BONACCINI

English Edition

PE 76.235/82

On 10 April 1981, an urgency debate was held in Parliament on the possible loan from the OPEC countries to the Federal Republic of Germany and to France, on the basis of two motions for resolution, tabled respectively by Mr ADONNINO and others (Doc. 1-135/81) and by Mr IPPOLITO and others (Doc. 1-128/81). The former was adopted by Parliament and the latter rejected. Subsequently, a motion for resolution on the same subject, tabled by Mr ROMUALDI and others (Doc. 1-118/81), persuant to Rule 47 of the Rules of Procedure, was referred to the Committee on Economic and Monetary Affairs as the committee responsible.

At its meeting on 13-14 May, 1981, the Committee on Economic and Monetary Affairs appointed Mr BONACCINI as rapporteur.

It considered the draft report at its meeting on 18-19 May 1982 and adopted it unanimously.

Participated in the vote: Mr Moreau, Chairman; Mr Macario, Vice-Chairman; Mr Deleau, Vice-Chairman; Mr Bonaccini, Rapportuer; Mr Albers (deputizing for Mr Wagner), Mr Beazley, Mr Carossino (deputizing for Mr Leonardi), Mrs Desouches, Mr Dido (deputizing for Mr Schwartzenberg), Mr Fernandez, Mr Giavazzi, Mr de Goede, Mr Hopper, Mr Nyborg, Mr Papantoniou, Mr Purvis, Mr Rogalla (deputizing for Mr Mihr) and Mr Vergeer.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement.

MOTION FOR A RESOLUTION

on the possible loan from the OPEC countries to the Federal Republic of Germany and to France

The European Parliament,

A. bearing in mind the motion for a resolution (Doc. 1-118/81),

B. bearing in mind its previously adopted opinions of 10 April 1981 (OJ c 101/94 and c 101/113),

C. noting the common position on renewal of the New Community Instrument (NCI) recently adopted by the Council (Doc. 1-652/81, 9304/81),

D. bearing in mind the report of the Committee on Economic and Monetary Affairs (Doc. 1-284/82),

1. Emphasizes again the vital role that Community borrowings can play:
   - in stimulating economic activity within the Community,
   - in helping in the creation of new jobs,
   - in promoting economic convergence,
   - in backing-up vital Community objectives such as energy conservation, the development of the new technologies, the restructuring of industries in difficulty, and the financing of major infrastructure projects of Community-wide interest;

2. Points out the key importance of recycling financial surpluses for the overall well-being of the European and world economy;

3. Recognises that the so-called 'Franco-German loan' does not now exist in the form originally proposed, notes that while the German Government has pursued its plan for a bilateral borrowing arrangement since May 1981, the new French Government has not yet clearly stated its position. Nevertheless emphasizes again the vital matter of principle that bilateral initiatives are better taken within a prpper Community framework. Otherwise they could undercut the effectiveness of Community action, and could undermine Community solidarity.

4. Regrets, in this connection, that the Council has adopted decisions of principle which cannot as yet be implemented and that it intends, in any case, to impose a ceiling, even though it will be higher than that imposed previously;

5. Notes that this situation conflicts with the need to give fresh impetus to productive and infrastructure investment, the urgency of which has more than once been affirmed by Parliament;

6. Instructs its President to forward this resolution to the Commission and Council of the European Communities and to the governments of the Member States.

EXPLANATORY STATEMENT

Background

1. In April 1981 the French and German governments announced that they were planning coordinated borrowings equivalent to 5000 million ECU (although no role was envisaged for the ECU, with the Germans planning to do their borrowings in promissory notes denominated in D-marks and the French in Francs) on the international capital markets in order to stimulate investment, reduce energy dependence, create new employment and help bridge their current account deficits.

2. The announcement of the proposed Franco-German loan received a cool reception from certain other member states particularly in view of the fact that it had been made almost simultaneously with the Maastricht Council Meeting, at which Community measures to help promote new employment had been discussed, but at which there had been no reference to such a bilateral initiative.

3. The German government has now gone ahead on its own, and no clear restatement of support for the original initiative has been made by the new French government, although there has been no formal repudiation either.

4. Nevertheless, while the position is not therefore as clear as it was in April of this year, a key matter of principle is still involved, and needs to be vigorously re-asserted by the Parliament.

Observations

5. This key point of principle concerns the need to confirm the importance of an adequate framework for Community borrowing and lending activities.

6. At a time when little progress is apparent in moves to increase the size of the Community budget the role of Community borrowing and lending policy should be all the greater, in order to stimulate investment and help in the creation of new jobs, in particular in small and medium size enterprises, to promote such central Community objectives as energy conservation and the development of the new technologies, to assist in the process of restructuring and modernization of declining industries, to help finance major infrastructure projects of Community-wide interest, and generally to assist in the process of furthering economic convergence.

7. Furthermore the second wave of rising oil prices in the late 1970's has again brought to the fore the central need to recycle the created financial surpluses for the overall benefit of the increasingly interdependent world economy.

8. In this context there is clearly scope for a major expansion in the Community's borrowing and lending activities. These activities have indeed developed considerably in the last few years. And yet they are still at a level at which their impact is marginal rather than substantial. In its opinion (OJ c 101 page 94) of 10 April 1981 on the Commission's proposals for the extension of the New Community Instrument (NCI) the Parliament strongly supported the Commission's proposal to make the raising of capital to fund investments a permanent feature and also to abolish the overall ceiling previously imposed on such operations. It also urged the Commission strongly to take all the necessary steps to extend the scope of the instrument to industrial investment, and to take account in particular of the need of small and medium-sized undertakings.

9. Nevertheless the European Council at its recent meeting in London re-imposed a ceiling.

Such a ceiling was re-imposed, ironically enough after an articulate restatement in previous sections of the preamble of the document outlining a common position of the Council (Doc. 1-652/81) of the very real advantages of Community activity, in terms of having 'a real follow-through effect and financial impact far beyond its apparent size, thus promoting the convergence of Member States' economic trends' and also because 'The Community has a credit-worthiness 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'.

Parliament calls upon the Council rapidly to give effect to its decision of principle and asks that measures be adopted to ensure that it is implemented promptly and without undue difficulty.

MOTION FOR A RESOLUTION Doc. 1-118/81

tabled by Mr Romualdi, Mr Almirante, Mr Buttafuoco and Mr Petronio pursuant to Rule 25 of the Rules of Procedure on the possible loan from the OPEC countries to the Federal Republic of Germany and to France

The European Parliament,

- whereas it would create a serious precedent if the oil-producing countries (OPEC) were to grant a 5000 million dollar loan to the Federal Republic of Germany and to France,

1. Draws attention to the inconsistent attitude of the German and the French Government which did not agree to an increase in appropriations for energy-saving projects under the 1982 EEC budget;

2. Emphasizes that this attitude is contrary to the spirit of the Community principles and would produce a major disparity of development in the energy-saving sector between Germany and France on the one hand and their European partners on the other;

3. Notes that such a policy represents a retrogressive move away from the common Community position and a return to policies of national divisiveness and would prove the existence of a Franco-German understanding that would relegate the European Community as a whole to the sidelines;

4. Condemns any such potential agreement and instructs its President to forward this resolution to the Council and the Commission.