

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(78) 26 final

Brussels, 30 January 1978

Proposal for a
COUNCIL DECISION

empowering the Commission to issue loans for the
purpose of promoting investment within the Community

(submitted to the Council by the Commission)

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empowering the Commission to issue loans for the
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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 Parliament,

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

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

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,

Whereas this Community action should aim to realize structural investment
projects conforming 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 best advantage, to reinforce European support for the said investments and to support policies decided at Community level,

Whereas borrowings of one billion EUA in capital seem right in the present circumstances to achieve the desired result,

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

DECIDES

Article 1

The Commission is enabled to issue loans on behalf of the European Economic Community the proceeds of which will be lent to finance investments. These investments, which will help attain the Community's priority objectives, will be made in energy-related and industrial projects and in infrastructure projects, taking account of their regional impact, as well as in other sectors to be defined by the Council according to 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

Loans, limited by this decision to one billion EUA, will be activated tranche by tranche. The Council acting by a qualified majority on a proposal of the Commission 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.

The Commission will borrow on the capital markets within the limits of the tranches activated. 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.

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

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.

Article 6

The Commission shall periodically inform the Council and Parliament of receipts and expenses resulting from borrowings and lendings. Each year it shall submit a review of its borrowing policy together with the budget estimates.

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