# EC general budget: guarantees, situation at 30 June 1995. Report

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In the Tomlinson report, which was adopted unanimously, the Committee on Budgets reminded the Commission of the highly critical state of the Guarantee Fund mechanism and regretted that the Commission had not analyzed guarantees and risk situations in its report, especially with regard to loans granted to third countries. While supporting increased Community lending and borrowing activities with third countries, as decided at the Cannes Council, the Committee on Budgets called for the Guarantee Fund mechanism to be revised in order to achieve an adequate balance between an increase in the guarantee reserve (by revising the financial perspectives) and flexible application of risk coverage and its provisioning rate. It also called for Parliament to be involved in the revision work from the outset and for it to be consulted before any Community guarantee was granted. Finally, the Commission was called upon to present its study into a new guarantee system as quickly as possible so that it could be examined and measures taken before the beginning of next year.