Guarantee Fund for external actions: target amount

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The Committee on Budgets has adopted the report by Lord TOMLINSON (PES, UK) on the Commission's proposal to amend the regulation on the Guarantee Fund for external actions (consultation procedure). The committee said "yes" to the Commission's proposal, apart from its suggestion concerning financial management of the Fund. The committee believes this should continue to be the responsibility of the European Investment Bank and not be handed over to the Commission.The Fund, which was set up at Parliament's insistence in October 1994, is designed to protect the EU's budget against the risk of loan defaults by non-EU countries. The committee agrees with the Commission that the Fund has worked well so far. It endorses the proposal that the target amount of the Fund should be brought down to 8% of the Community's total outstanding capital liabilities (from the current figure of 10%). It also agrees that, under the Fund, provisions ("endowments") should be reduced from the present 14% of the capital value of each operation to 6%. On this basis, an annual maximum amount of EUR 150 million would be enough for the present level of lending to non-EU countries of EUR 2 500 million. However, the committee wants the Commission to be required, should there be an increase in the level of defaults, to make proposals in its Annual Status Report on the Guarantee Fund to alter the level of provisions.