

# EC/Turkey customs union: EIB special action programme

2000/0197(CNS) - 26/07/2000 - Legislative proposal

**PURPOSE** : to amend Decision 2000/24/EC so as to establish an EIB special action programme in support of the consolidation and intensification of the EC-Turkey customs union. **CONTENT** : the present communication puts forward a Commission proposal to amend the general EIB external lending mandate laid down in Decision 2000/24/EC so as to establish an EIB special action programme, amounting to EUR 450 million spread over the years 2000 to 2004, in support of the consolidation and intensification of the EC-Turkey customs union. This proposal replaces the proposal for a special EIB action to strengthen the competitiveness of the Turkish economy made in the framework of Commission communication No 389 of 25 July 1995, which has not been approved by the Council. The proposal at the time did not specify an amount for the special action. The EIB's Board of Governors on 4 January 2000, approved the extension of the so-called "Pre-Accession Facility" for lending from the Bank's own resources in the accession countries for up to EUR 8.5 billion during a period of 3.5 years as from January 2000. The Pre-Accession Facility does not benefit from a Community guarantee. Its eligibility is presently limited to the countries that were candidate for membership at the time of the recommendation by the Board of the Bank to its Governors. Following the Helsinki European Council, it is expected that the EIB will put forward a proposal to its Governors to make Turkey eligible to receive loans under the Pre-Accession Facility. On the basis of fair expectations it can be considered, however, that the aggregate of the new EUR 450 million facility put forward in the current proposal and lending under the Pre-Accession Facility will deliver the EU commitment on special EIB lending in Turkey in the context of the 1995 customs union. In light of the competitive situation in the Customs Union, the present facility should notably support: - investments assisting the competitiveness of industry in Turkey and in particular the SME sector; - investments in infrastructure in Turkey, covering transport, energy and telecom improving the links between the EU and Turkish infrastructures, including where appropriate and if within the scale of available resources, projects related to the Trans-European Network in the candidate countries (TINA Network); - investments supporting direct investment activities by EU companies in Turkey; - investments in technical installations facilitating the functioning of the customs union such as laboratories or standardisation facilities, where EIB loan finance is an appropriate instrument. Furthermore, the Commission proposes to schedule lending under the special action as indicated in the financial statement in the Annex. The provisioning required for the indicated amounts would be EUR 11.7 million in 2000, EUR 5.85 million in 2001 and EUR 2.93 per year from 2002 to 2004.