EIB loans for Russia: Community guarantee for environmental projects, Baltic Sea

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PURPOSE: to grant a Community guarantee to the European Investment Bank against losses under a special lending action for selected environmental projects in the Baltic Sea basin of Russia under the Northern Dimension. CONTENT : the Northern Dimension covers the geographical area from Iceland to the west across to North West Russia, from the Norwegian, Barents and Kara Seas in the North to the Southern coast of the Baltic Sea. It aims at: - addressing the special regional development challenges of northern Europe; - intensifying cross border cooperation between the EU and its neighbouring countries and regions in northern Europe; - creating security and stability in the region, as well as building a safe, clean and accessible environment for all people living in the north. One key priority is addressing the environmental challenges in the area covered by the Northern Dimension, including re-establishing the ecological balance of the Baltic Sea. Urgent action is needed in the Baltic Sea rim of Russia. Following an initiative by the Swedish Council presidency, a limited EIB special action for environmental projects in Russia was discussed at the Ecofin working lunch of 12 March 2001. An in principle agreement was reached for EIB involvement in environmental projects in North West Russia, notably in the St Petersburg and Kaliningrad The present communication puts forward a Commission proposal for a special action under the Northern Dimension to grant a Community guarantee to the European Investment Bank against losses under loans for selected environmental projects in the Baltic Sea basin of Russia. The guarantee will cover EIB loans on a case-by-case basis up to a ceiling of EUR 100 million. This special action will be separate from and over and above the general EIB lending mandate laid down in Council Decision 2000 /24/EC of 22 December 1999. The 65% global Community guarantee for that mandate shall be extended to cover lending in Russia under the special action. Given the specific criteria that EIB projects under the present special action must meet, the present proposal shall not constitute a lending mandate. Eligible projects shall have a strong environmental objective and be of significant interest to the EU. With regard to the budgetary implications, the present proposal introduces a ceiling of EUR 100 million for a special EIB lending action for environmental projects in the Baltic Sea rim of Russia, on the basis of a 65% global guarantee will have a total impact of EUR 5.85 million on the guarantee fund for external actions.