EIB loans to PECOs, Western Balkans, Mediterranean countries, Latin America, Asia and South Africa: EC guarantee

1999/0080(CNS) - 03/12/2002 - Follow-up document

The Commission has presented its report on the borrowing and lending activities of the Community in 2001. This report describes these operations for each of the areas concerned. To complete the picture of lending activities, it also gives a brief summary of the macrofinancial assistance provided by the Community to the countries of Central and Eastern Europe and of the interest subsidies and guarantees associated with Community loans. In order to finance the lending activities decided on by the Council, the Commission is empowered to borrow funds on the capital market. However, given that the NCI ceilings have been fully used up, and in view of the moratorium on Euratom activities within the EU and the approaching expiry in 2002 of the ECSC Treaty, no funds were raised on the basis of these instruments in 2001. The only borrowings last year were for macrofinancial assistance to the western Balkan countries, loans to the African, Caribbean and Pacific (ACP) countries, measures adopted pursuant to the Mediterranean protocols (MEDA), and the EIB's activities inside and outside the Union in the areas mentioned above. Despite the above-mentioned factors, borrowings by the European institutions increased in 2001 by 11.3% to EUR 32.5 billion, against EUR 29.2 billion the previous year. 1) The Community's macrofinancial assistance : Macrofinancial assistance in the form of loans is, by its very nature, exceptional and forms part of the efforts of the international community to provide, in conjunction with the Bretton Woods institutions, balance-of-payments support to certain countries grappling with transitional difficulties. The Community's assistance focuses on neighbouring regions, such as Central and Eastern Europe, the western Balkans, the NISs of Europe, Central Asia and the Caucasus and the countries of the southern Mediterranean. Disbursements are themselves linked to the beneficiary countries' meeting objectives in terms of macroeconomic stabilisation and structural reforms. In these circumstances, the number of operations effected each year is limited, and it is difficult to make valid comparisons for the assistance given from one year to the next. However, as the candidate countries make significant progress toward macroeconomic adjustment, there is less need for macrofinancial assistance. In contrast, the Balkan region is currently in receipt of considerable Community macrofinancial assistance, which also includes a significant grant component. In 2001 the Council approved macro-financial assistance in the form of a loan totalling EUR 225 million to the Federal Republic of Yugoslavia, accompanied by a grant of EUR 120 million. Furthermore, the macro-financial assistance in the form of grants to the former Yugoslav Republic of Macedonia was increased by EUR 18 million, and for Kosovo macro-financial assistance of up to EUR 30 million was approved in the form of budget support. With regard to disbursements, macro-financial assistance in the form of loans totalled EUR 305 million in 2001. It breaks down as follows for the Balkan countries: EUR 225 million for the Federal Republic of Yugoslavia, EUR 10 million for the FYROM and EUR 10 million for Bosnia-Herzegovina. As for the Newly Independent States, a loan of EUR 60 million was disbursed to Tajikistan. 2) Lending Activity : in 2001, the Bank signed 21 loan contracts in Central and Eastern Europe in the framework of the Council Decisions for an aggregate amount of EUR 693 million in 10 countries. Lending was reasonably spread throughout the region, with approximately 40% being taken up by Croatia and Bulgaria. - in the Mediterranean region, the Bank signed 15 loans in 6 countries in 2001 and, in addition, one loan for region-wide lending. Loans for projects in Turkey accounted for some 26% of overall lending, while Algeria, Morocco and Tunisia together absorbed a further 52%; - the Bank signed 11 loans for an overall amount of EUR 542 million in 7 countries of Asia and Latin America; - in 2001, the Bank signed three loan contracts in the Republic of South Africa for an aggregate amount of EUR 150 million; - total EIB lending in the ACP/OCT amounted to EUR 520 million, of which EUR 188 million from the Bank's own resources and EUR 332 million from risk capital.