Guarantee Fund for external actions

1993/1004(CNS) - 26/01/1993 - Legislative proposal

OBJECTIVE: The proposal for a regulation was aimed at establishing a guarantee fund to cover risks associated with loans issued to non-member countries. CONTENT: The fund would be financed progressively by paying in a percentage of each new action decided upon. Interest from investments on Fund assets and late repayments from defaulting debtors, whose creditors would have been paid out of the Fund, would subsequently also be paid into the Fund. The objective, in accordance with the decisions taken at the Edinburgh Summit, was to achieve a 10% coverage rate for all loans. In the event of a debtor defaulting, the Fund would be mobilised in order to honour the Community commitments. Payments representing 14% of the amount of each new loan (or loan guarantee) would initially be made in order to achieve the coverage rate as soon as possible. Once this rate had been achieved, the payments would be reduced to 10%. The Commission suggested seeking the opinion of the European Court of Auditors on this proposal.