Medium-term financial assistance mechanism for Member States' balances of payments. Report

2000/0807(CNS) - 26/11/1999 - Legislative proposal

PURPOSE : a review of the single facility providing medium-term financial assistance for Member States' balance of payments in the light of the launch of the single currency. CONTENT : since 1 January 1999, the Member States participating in the single currency are no longer eligible for the Community's medium-term financial assistance for their balance of payments. Those Member states which have not joined the euro zone (United Kingdom, Greece, Denmark, Sweden) may, however, have need of the facility in the future, as may the applicant countries which become members of the Union, but do not join the euro zone. The Commission feels that the facility should be retained. With the exception of the first time, the method used has always been for loans of the European Community to be financed by the capital markets or financial institutions. The Commission takes the view that this should continue and that the second method of providing assistance under which these loans are financed in full or in part by the other Member States, should be discontinued. Furthermore, the reduction in the number of Member States which are eligible for financial assistance justifies a downward revision in the ceiling for loans to be granted under the facility, but it must be kept at a sufficiently high level to provide an adequate response to the needs observed. The present ceiling of 16 billion should therefore be reduced to EUR 12 billion. Accordingly, the Commission will in due course present a proposal amending Regulation 1969/88/EEC of 24 June 1988.