

# **EIB loans for Europe, Asia and Latin America countries: EC guarantee to the EIB against losses**

1996/0278(CNS) - 14/04/1997 - Final act

**OBJECTIVE:** to enable the EIB to continue its lending operations for investment projects in certain third countries and to grant it a Community budget guarantee of 70% to cover such lending. **COMMUNITY MEASURE:** Decision 97/256/EC granting a Community guarantee to the EIB against losses under loans for projects outside the Community (Central and Eastern European countries, Mediterranean countries, Latin American and Asian countries and South Africa). **SUBSTANCE:** The Community grants the EIB (European Investment Bank) a global guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria, for investment projects carried out in the Central and Eastern European countries, the Mediterranean countries, the Latin American and Asian (LAA) countries and South Africa. This guarantee is restricted to 70% of the aggregate amount of the credits opened, plus all related sums. The overall ceiling of the credits opened is equivalent to ECU 7105 million, broken down as follows: -Central and Eastern European countries ECU 3520 million, -Mediterranean countries ECU 2310 million, -Latin American and Asian countries ECU 900 million, -South Africa ECU 375 million. The guarantee is valid until 30 January 2000 for Central and Eastern European, Mediterranean and Latin American and Asian countries and until 30 June 2000 for South Africa. If, on the expiry of the two periods, the loans have not attained these amounts, the periods are automatically extended by six months. The decision recommends risk sharing. The EIB is thus invited, where possible, to obtain adequate third-party guarantees for commercial risks (the budget guarantee covering only political risks arising from currency non-transfer, expropriation, war and civil disturbance). The EIB is invited by the Council to aim to cover the commercial risk on 25% of its lending from non-sovereign guarantees to be expanded upon whenever possible where the market permits on an individual mandate basis. Every six months the Commission will inform Parliament and the Council of the situation as regards loans signed and progress made on risk sharing. The Council and Parliament will be informed each year of the general functioning of the scheme and of loan operations. The Council will evaluate the application of this decision on the basis of a report presented by the Commission and the EIB in June 1988. **ENTRY INTO FORCE:** 19 April 1997.