EIB loans for Turkey: EC guarantee against losses, reconstruction of the regions stricken by the earthquake

1999/0212(CNS) - 29/11/1999 - Final act

PURPOSE : to provide a bank guarantee for the EIB for loans granted by the Bank in favour of reconstruction and rehabilitation projects in regions of Turkey affected by the earthquake. COMMUNITY MEASURE : Council Decision 1999/786/EC granting a Community guarantee to the European Investment Bank (EIB) against losses under loans for projects for the reconstruction of the earthquake-stricken areas of Turkey. CONTENT : the Decision aims to accord a Community guarantee to the European Investment Bank (EIB) for any losses resulting from loans granted in favour of projects aimed at the reconstruction of Turkish regions affected by the earthquake in August 1999 and its recent aftershocks. The guarantee shall cover a special temporary loan of 3 years, of an amount of 600 million euros granted by the EIB in order to encourage investments projects carried out for the replacement, rehabilitation or the reconstruction of surface and subsurface infrastructure, industrial installations and SMEs, as well as urban infrastructure and housing affected by the earthquake. For all the operations depending on this facility, the loan agreed by the Bank will have to undergo the usual criteria and procedures. The various projects shall be identified by the EIB in close consultation with the Turkish authorities. The EIB will also co-ordinate its investment priorities and its various operations with the other international financial institutions working in those regions of Turkey affected by the earthquake, and, where required, will organise co-financing. The facility will benefit from the same globalised guarantee as for other EIB loans granted in third countries in line with Decision 97/256/EC (that is 65% of the aggregated amount of credits) until entry into force of a new decision on this subject. From now on, the Community guarantee shall cover any subsequent and additional credits opened by the EIB under this Decision shall form an extension of the global guarantee granted in the successor Decision. In the case of Turkey, however, the EIB will not be required to seek non-governmental guarantees to cover commercial risk. In addition, the Commission shall inform the European Parliament and the Council each year of the loan operations carried out under this Decision and shall, at the same time, submit an assessment of the implementation of this Decision and of co-ordination between the financial institutions involved in the reconstruction effort in Turkey. ENTRY INTO FORCE : 29.11.1999.