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

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This report meets the requirement imposed on the Commission to inform the Council and the European Parliament on an annual basis of the borrowing and lending activities of the Community. The report therefore describes these operations for each of the areas concerned. To complete the picture of lending activities in 2003, it also gives a brief summary of the macro-financial assistance provided by the Community to the countries of Central and Eastern Europe and of the interest subsidies and guarantees associated with Community loans. It also provides information on Euratom's lending activities.

- Borrowing activities in 2003: given that the New Community Instrument ceilings have been fully used up and the ECSC Treaty expired in 2002, no funds were raised under these instruments in 2003. The borrowing for macro-financial assistance in 2003 was raised to grant loans to Serbia and Montenegro , the former Yugoslav Republic of Macedonia (FYROM) and Romania . There was only one borrowing under the Euratom loans instrument to Bulgaria . Despite these factors, total borrowing by the European Communities and the European Investment Bank (EIB) increased in 2003 by 10.5% to EUR 42.1 billion, against EUR 38.1 billion the previous year, mainly due to an increase in borrowings by the EIB. The total amount of borrowing outstanding as at 31 December 2003 was EUR 196.4 billion, 7.1% up on 2002. The breakdown of borrowing by currency shows a decrease in the share of Euro borrowings in 2003 to 54.9% from 59.0% in 2002 of all issues, while issues in other Community currencies increased from 17.7% to 19.1%.

- The Community's macro-financial assistance in the form of loans: the Community's action, which is by its very nature exceptional, focuses on neighbouring regions, such as Central and Eastern Europe, the Western Balkans, the Caucasus and the countries of the southern Mediterranean . As the candidate countries have made significant progress towards macro-economic adjustment and 10 of these countries joined the European Union in 2004, macro-financial assistance is gradually being phased out. In contrast, the Western Balkans region has significantly benefited over recent years from Community macro-financial assistance, which also includes a significant grant component. In the Western Balkans, the Council approved in 2003 supplementary macro-financial assistance in the form of a loan of EUR 25 million to Serbia and Montenegro , accompanied by a grant of up to EUR 45 million. Loan disbursements for a total amount of EUR 118 million were completed in 2003 in favour of Serbia and Montenegro (EUR 40 million), the former Yugoslav Republic of Macedonia (EUR 28 million) and Romania (EUR 50 million). Assistance in the form of outright grants totalling EUR 85 million was also paid out in 2003, of which EUR 7 million went to Tajikistan , EUR 25 million to Bosnia and Herzegovina , EUR 35 million to Serbia and Montenegro and EUR 18 million to the former Yugoslav Republic of Macedonia .

- EIB lending in Central and Eastern Europe, the Mediterranean, Asia and Latin America and the Republic of South Africa : in Central and Eastern Europe , the Bank has again been active in the accession countries, helping them to progress with their preparations for accession and European integration. In addition, the Bank has developed a significant level of activity in the countries of the Western Balkans by supporting investment projects in Albania , Croatia , Serbia and Montenegro and the former Yugoslav Republic of Macedonia . In 2003 the Bank made its first investments in the health and education sectors in pursuit of one of its major new objectives. The EIB gave priority to upgrading, modernising and developing the communications and energy sectors, with particular emphasis on Trans-European

Networks (TENs). Environmental issues related to EIB projects, as well as environmental projects per se, were given priority during the gradual adaptation of the legislation of the countries concerned to that of the EU.

In the Mediterranean region, the Bank's lending under mandate takes place mainly within the framework of the Euro-Mediterranean Partnership, in support of the economic development of the countries concerned. EIB lending supported individual investment projects and, through the global loan mechanism, smaller projects and SMEs, while at the same time strengthening the financial sector in the various countries. In addition to its lending under mandate, the Bank has continued with its programme of lending from its own resources, without budgetary guarantee, under its Facility for Euro-Mediterranean Investment and Partnership (FEMIP).

In Asia and Latin America, the Bank finances projects that are of interest to both the Community and the countries concerned – cofinancing with EU promoters, transfer of technology, cooperation in the fields of energy and environmental protection.

In the Republic of South Africa , the Bank's objective is to contribute to the successful implementation of the country's reconstruction and development programme.

The report finally notes that the cumulative total for risk-sharing projects since the start of lending activity under the Council Decisions established since 1 February 2000 was EUR 2 068 million at the end of 2003, i.e. 10.6% of the overall lending ceiling for these countries and 19.1% of lending to date.

- Lending activity of the Signatories of the Lomé/Cotonou Conventions: total EIB lending in the ACP /OCT amounted to EUR 463.2 million in 2003, of which EUR 177.6 million was from the Bank's own resources and EUR 285.6 million from risk capital. This includes the first loans under the Cotonou Agreement which came into force on 1 April 2003.