

EIB loans: renewal of the Community guarantee for the period 2007-2013

2006/0107(CNS) - 19/12/2006 - Final act

PURPOSE: to grant a Community guarantee to the European Investment Bank (EIB) against losses for projects outside of the Community.

LEGISLATIVE ACT: Council Decision 2006/1016/EC granting a Community guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Community

CONTENT: the Council adopted a Decision on renewal of the European Investment Bank's external lending mandates for the 2007-13 period. The Decision renews the mandates given to the EIB, under guarantee from the EU budget, for lending to projects outside the EU. The current mandates consist of a general external lending mandate as well as specific mandates, established by Council decisions 2000/24/EC and 2005/48/EC, for projects in Russia, Ukraine, Moldova and Belarus. Activities outside the EU make up roughly 10% of the EIB's total activities, amounting to EUR 5.1 billion in 2005, of which 72.5% were under EU guarantee. The guarantee prevents the bank's operations, which often bear a significantly higher risk than its operations within the EU, from affecting the bank's credit standing. It thus allows the EIB to maintain attractive lending rates.

The decision will allow lending on a single legal basis for loans and guarantees in all regions. It provides for a new geographical breakdown aimed at ensuring better linkage with the EU's external relations policies and objectives.

The decision provides for a total volume of lending for the seven-year period amounting to EUR 27.8 billion, of which EUR 2 billion will be withheld until 2010, pending the results of a mid-term review. The main points are as follows:

- the Community guarantee will be restricted to 65 % of the aggregate amount of credits disbursed and guarantees provided under EIB Financing Operations, less amounts reimbursed, plus all related sums;
- the maximum ceiling will not exceed EUR 27 800 million. This maximum ceiling shall be broken down into two parts: a basic ceiling of a fixed maximum amount of EUR 25 800 million, including its regional distribution, and an optional mandate of EUR 2 000 million;
- the basic ceiling will be broken down into the following binding regional ceilings: Pre-Accession countries: EUR 8 700 million; Neighbourhood and Partnership countries: EUR 12 400 million. These figures are broken down further into sub-ceilings;
- the Community guarantee will cover EIB Financing Operations signed during the period beginning on 1 February 2007 and ending on 31 December 2013.
- the list of countries eligible or potentially eligible for EIB financing under Community guarantee is laid down in Annex I;
- in the event of serious concerns over the political or economic situation in a specific country, the Council may decide to suspend new EIB financing under Community guarantee in that country in accordance with the procedure provided for in Article 181a(2) of the Treaty;

- there are provisions for strengthening the consistency of external actions with the external policy objectives of the EU with a view to maximising synergies of EIB financing and budgetary resources of the EU;
- the Commission must report annually to the European Parliament and the Council on the EIB Financing Operations carried out under this Decision. The report must include an assessment of impact and effectiveness of EIB Financing Operations at project, sector, country and regional level as well as the contribution of the EIB Financing Operations to the fulfilment of the external policy objectives of the European Union, taking into account the operational objectives of the EIB. It shall also include an assessment of the extent of cooperation between the EIB and the Commission and between the EIB and other IFIs and bilateral donors;
- the Commission must present to the European Parliament and the Council a mid-term report on the application of the Decision by 30 June 2010, accompanied, as appropriate, by a proposal for its amendment, drawing upon an external evaluation whose terms of reference are specified in Annex II of this Decision. The Commission must present a final report on the application of this Decision by 31 July 2013.

DATE OF EFFECT: 02/01/2007.