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COUNCIL DECISION

of 22 December 1999

granting a Community guarantee to the European Investment Bank against losses under loans for projects outside the Community (Central and Eastern Europe, Mediterranean countries, Latin America and Asia and the Republic of South Africa)

(2000/24/EC)

(OJ L 9, 13.1.2000, p. 24)

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granting a Community guarantee to the European Investment Bank against losses under loans for projects outside the Community (Central and Eastern Europe, Mediterranean countries, Latin America and Asia and the Republic of South Africa)

(2000/24/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission [1],

Having regard to the opinion of the European Parliament [2],

Whereas:

(1) The European Council meeting in Madrid on 15 and 16 December 1995 confirmed the importance of the European Investment Bank, hereinafter referred to as 'the EIB', as an instrument of cooperation between the Community and Latin America and called on the EIB to intensify its activities in the region; whereas these projects should be of interest to both the Community and the countries concerned;

(2) The European Council meeting in Florence on 21 and 22 June 1996 welcomed the results of the Asia-Europe summit, which marked a turning-point in relations between the two continents;

(3) The European Council meeting in Amsterdam on 16 and 17 June 1997 welcomed the conclusions adopted at the Second Euro-Mediterranean Conference, which was held at Valletta, Malta, on 15 and 16 April 1997 and reaffirmed the principles and objectives agreed at Barcelona in 1995;

(4) The European Council meeting in Luxembourg on 12 and 13 December 1997 launched the enlargement process with the Central and Eastern European countries and Cyprus;

(5) The European Council meeting in Cardiff on 15 and 16 June 1998 welcomed the efforts which the Republic of South Africa was making to modernise its economy and integrate it into the world trading system;

(6) The EIB is completing the current loan programmes for Central and Eastern Europe, the Mediterranean region, Asia and Latin Amercia and the Republic of South Africa pursuant to Decision 97/256/EC [3], as well as the lending that is governed by the Protocol on Financial Cooperation with the Former Yugoslav Republic of Macedonia, according to Council Decision 98/348/EC [4];

(7) The Council has invited the EIB to start operations in Bosnia and Herzegovina; these operations may be continued, subject to a positive report being drawn up as stipulated in Decision 98/729/EC [5];

(8) Although Bosnia-Herzegovina and FYROM have been included in the Central and Eastern Europe region since the adoption of Decision 97/256/EC, the EIB's total lending effort to applicant countries within this region should increase given the importance of the pre-accession facility the EIB plans to create for EIB lending for projects in these countries without a guarantee from the Community budget or Member States;

(9) In these circumstances, the EIB should ensure that its guaranteed lending within the Central and Eastern Europe mandate will finance

(1) OJ C 145, 26.5.1999, p. 10.
(2) Opinion delivered on 19 November 1999 (not yet published in the Official Journal).
(3) OJ L 102, 19.4.1997, p. 33. Decision as last amended by Decision 98/729/EC (OJ L 346, 22.12.1998, p. 54).
(4) OJ L 155, 29.5.1998, p. 53.
(5) OJ L 346, 22.12.1998, p. 54.

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particularly projects in those countries which have fewer projects suitable for financing from the pre-accession facility or projects in non-applicant countries;

(10) The Cooperation Agreements between the European Community and Nepal, between the European Community and Lao PDR and between the European Community and Yemen entered into force on 1 June 1996, 1 December 1997 and on 1 July 1998 respectively; the Cooperation Agreement between the European Community and South Korea was signed on 28 October 1996; whereas Nepal, Yemen, Lao PDR and South Korea should become beneficiaries of EIB funding under the EIB's mandate for Asia and Latin America;

(11) It is appropriate to make certain improvements in the programmes of operations in respect of duration and country coverage; it is appropriate to adjust the blanket guarantee rate and the portion of lending for which the EIB is invited to cover the commercial risk from non-sovereign guarantees;

(12) The Council is calling on the EIB to continue its operations in support of investment projects carried out in those countries by offering it the guarantee provided for in this Decision;

(13) In June 1996, the Commission, in agreement with the EIB, presented to the Council a proposal for a new guarantee system for EIB lending to third countries;

(14) On 2 December 1996 the Council approved conclusions on new guarantee arrangements for EIB lending to third countries, according to which the approach of a global guarantee, without distinguishing between the regions and projects, is approved and a risk-sharing scheme accepted; under the risk-sharing scheme the EIB should secure adequate non-sovereign third-party guarantees for commercial risks, with the budgetary guarantee in that case covering only political risks arising from currency non transfer, expropriation, war or civil disturbance;

(15) The guarantee arrangements should not affect the excellent credit standing of the EIB;

(16) Regulation (EC, Euratom) No 1149/99 ([1]), revised the target amount and the provisioning rate for the Loan Guarantee Fund established by Regulation (EC, Euratom) No 2728/94 ([2]);

(17) The financial perspective for the period 2000 to 2006 according to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure ([3]) envisages a ceiling for the loan guarantee reserve in the Community budget of EUR 200 million per annum;

(18) EIB financing in eligible third countries should be managed, in accordance with the EIB's usual criteria and procedures, including appropriate control measures, as well as with the relevant rules and procedures concerning the Court of Auditors and OLAF, in such a way as to support Community policies and to enhance coordination with the Community's other financial instruments; there is regular consultation between the EIB and the Commission to ensure coordination of priorities and activities in these countries and to measure progress towards the fulfilment of the Community's relevant policy objectives; the setting and periodic review of the operation objectives and the measurement of their fulfilment are the responsibility of the EIB's Board of Directors; in particular, EIB financing in the candidate countries should reflect the priorities established in the accession partnerships between the Community and those countries; thus the transparency of the EIB lending under this Decision should be substantially enhanced;

(19) As from the date on which this Decision takes effect, the Community guarantee covering the special earthquake facility for Turkey under Decision 1999/786/EC ([4]) shall take the form of an extension of the global guarantee under this Decision;

([1]) OJ L 139, 2.6.1999, p. 1.
([2]) OJ L 293, 12.11.1994, p. 1.
([3]) OJ C 172, 18.6.1999, p. 1.
([4]) OJ L 308, 3.12.1999, p. 35.

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(20) The EIB and the Commission will adopt the procedures for granting the said guarantee;

(21) For the purpose of adopting this Decision, the only powers provided for by the Treaty are those set out in Article 308 thereof,

HAS DECIDED AS FOLLOWS:

Article 1

1. The Community shall grant the EIB 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, and in support of the Community's relevant external policy objectives, for investment projects carried out in Central and Eastern Europe, the Mediterranean countries, Latin America and Asia and the Republic of South Africa.

This guarantee shall be restricted to 65 % of the aggregate amount of the credits opened, plus all related sums. The overall ceiling of the credits opened shall be equivalent to ►M1 EUR 18 660 million ◄ , broken down as follows:

— Central and Eastern Europe:
►M1 EUR 8 930 million ◄ ,

— Mediterranean countries:
EUR 6 425 million,

— Latin America and Asia:
EUR 2 480 million,

— Republic of South Africa:
EUR 825 million;

and shall cover a period of seven years beginning on 1 February 2000 for Central and Eastern Europe, the Mediterranean countries, Latin America and Asia and beginning on 1 July 2000 for the Republic of South Africa and ending for all regions on 31 January 2007.

The Commission shall report on the application of this Decision at the latest on 31 January 2004, or six months before any new accession treaties enter into force, and make proposals for amendments of this Decision if appropriate. The Council will discuss and act on any proposal with effect from 1 August 2004, or the date of entry into force of any new accession treaty.

If, on expire of the guaranteed lending period on 31 January 2007, the loans granted by the EIB have not attained the overall amounts referred to in the second paragrapha, this period shall be automatically extended by six months.

2. The countries covered by paragraph 1 are:

— *Central and Eastern Europe*: Albania, Bosnia and Herzegovina, Bulgaria, ►M1 Croatia, ◄ Czech Republic, Estonia, Former Yugoslav Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia;

— *Mediterranean countries*: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey, and Gaza-West Bank;

— *Latin America*: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela;

— *Asia*: Bangladesh, Brunei, China, India, Indonesia, Laos, Macao, Malaysia, Mongolia, Nepal, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Vietnam and Yemen;

— Republic of South Africa.

3. The EIB is hereby invited to aim to cover the commercial risk on 30 % of its lending under this Decision from non-sovereign guarantees as far as possible on an individual regional mandate basis. This percentage shall be expanded upon whenever possible insofar as the market permits.

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Article 2

The Commission shall inform the European Parliament and the Council each year of the loan operations and progress made on risk-sharing under Article 1(3) and shall, at the same time, submit an assessment of the operation of the scheme and of coordination between the financial institutions operating in that area. The Commission information submitted to the European Parliament and the Council shall include an assessment of the contribution of the lending under this Decision to the fulfilment of the Community's relevant external policy objectives, taking into account the operational objectives and appropriate measurements of their fulfilment to be established by the EIB for lending under this Decision.

For the purposes referred to in the first subparagraph, the EIB shall transmit to the Commission the appropriate information.

Article 3

The EIB and the Commission shall fix the terms on which the guarantee is to be given.

Article 4

This Decision shall taken effect on the day of its publication in the *Official Journal of the European Communities*.