



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2010/0101 (COD)

12.11.2010

OPINION

of the Committee on International Trade

for the Committee on Budgets

on the proposal for a decision of the European Parliament and of the Council on granting an EU guarantee to the European Investment Bank against losses under loans and guarantees for projects outside the European Union (COM(2010)0174 – C7-0110/2010 – 2010/0101(COD))

Rapporteur: William (The Earl of) Dartmouth

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SHORT JUSTIFICATION

1. CONTEXT OF THE PROPOSAL

The European Union provides a budgetary guarantee to the European Investment Bank (EIB) covering risks of a sovereign and political nature in connection with its loan and loan guarantee operations carried out outside the EU in support of EU external policy objectives. The EU guarantee for the EIB's external operations is an effective means to combine EU budgetary funds (through the provisioning of the Guarantee Fund for external actions which backs the EU guarantee) with EIB own resources, building on the EIB's financial strength, while ensuring that the EIB's financial health is not affected.

The new elements to be introduced in the new decision are the following:

- * Activation of the EUR 2 billion "optional mandate", which was placed in reserve by the Decision. This optional mandate will be activated not as an increase of individual regional ceilings, but as a mandate dedicated to projects which contribute to the fight against climate change across all regions covered by the decision.

- * Replacing the current system of regional objectives for operations under EU guarantee with horizontal high-level objectives covering all regions under the external mandate. These high-level objectives will be included in the Articles of the proposed decision and will cover the areas of climate change, social and economic infrastructure and local private sector development.

- * Development by the Commission, together with the EIB, and in consultation with the European External Action Service (EEAS), of operational guidelines for each region under the external mandate, in order to strengthen the link between the implementation of EIB activities in line with the general high-level objectives under the external mandate and EU regional strategies.

- * Strengthening of the capacity of the EIB to support EU development objectives through

- * Activation of the EIB external mandate for Iceland, Belarus, Libya, Iraq and, Cambodia.

2. LEGAL ELEMENTS OF THE PROPOSAL

The proposal for a decision of the European Parliament and of the Council is based on the dual legal basis of Articles 209 and 212 of the Treaty on the Functioning of the European Union.

3. PROPOSED AMENDMENTS

The EIB was created by the Treaty of Rome in 1958 as the long-term lending bank of the European Union. The EIB is first and foremost a bank, which should operate under normal commercial and banking principles. According to the operational strategy of the EIB, it aims (1) to finance viable capital projects, and (2) to borrow on the capital markets to finance these projects.

Against this strategy the EU guarantee to the bank is clearly an exception. It should be ensured that the guarantee does not result in any deflections in respect of sound financial

management of the EIB's operations and that the bank itself has commercial autonomy in assessing and choosing the projects it will finance.

Moreover, the European taxpayers must be aware of the risk exposure to the Union Budget given rise by these often very complex financing decisions. It should also be made clear that the banks operational strategy must be respected and that any development funds will not be disguised under the EIB's financing.

AMENDMENTS

The Committee on International Trade calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a decision

Recital 1

Text proposed by the Commission

(1) In addition to its core mission of financing investment in the European Union, the European Investment Bank (EIB) has since 1963 undertaken financing operations outside the European Union in support of the EU's external policies. This allows the EU budget funds available to the external regions to be complemented by the financial strength of the EIB for the benefit of beneficiary countries.

Amendment

(1) In addition to its core mission of financing investment in the European Union, the European Investment Bank (EIB) has since 1963 undertaken financing operations outside the European Union in support of the EU's external policies. This allows the EU budget funds available to the external regions to be complemented by the financial strength of the EIB for the benefit of beneficiary countries. ***The EIB operations in support of the EU's external policies should be conducted under the principles of sound financial management.***

Justification

The operations carried out under this mandate are banking operations guaranteed by the funds of European taxpayers. The policy objectives notwithstanding, the Decision must contain an obligation to manage these guarantees and related EIB operations in a financially viable and commercially responsible manner.

Amendment 2

Proposal for a decision

Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) Article 209 of the Treaty on the Functioning of the European Union (TFEU), in conjunction with Article 208 TFEU, lays down that the EIB is to contribute, under the terms laid down in its Statute, to the implementation of the measures necessary to further the objectives of the Union's development cooperation policy.

Justification

Reference to the ECJ Case C-155/07 Parliament v Council, judgment of 6 November 2008, regarding the obligations for the EIB deriving from the Treaty

Amendment 3

Proposal for a decision

Recital 8

Text proposed by the Commission

Amendment

(8) In addition to the regional ceilings, the optional mandate of EUR 2 000 000 000 should be activated and allocated as an envelope to support EIB financing operations in the field of climate change mitigation and adaptation across the regions covered by the mandate. The EIB could contribute with its expertise and resources, in close cooperation with the Commission, to support public authorities as well as the private sector to address the challenge of climate change and to make the best possible use of available financing. For mitigation and adaptation projects, the resources of the EIB should be

(8) In addition to the regional ceilings, the optional mandate of EUR 2 000 000 000 should be activated and allocated as an envelope to support EIB financing operations in the field of climate change mitigation and adaptation across the regions covered by the mandate. The EIB could contribute with its expertise and resources, in close cooperation with the Commission, to support public authorities as well as the private sector to address the challenge of climate change and to make the best possible use of available financing. For mitigation and adaptation projects, the resources of the EIB should be

complemented where possible with concessional funds available under the EU budget, through the efficient and consistent blending of grants and loans for climate change financing in the context of EU external assistance.

complemented where possible with concessional funds available under the EU budget, through the efficient and consistent blending of grants and loans for climate change financing in the context of EU external assistance. ***In this regard, it is appropriate that the Commission's annual report to the European Parliament should contain a detailed report on the financial instruments used for financing these projects, identifying the amounts of guarantees under the optional mandate and the amounts of grants and loans.***

Justification

Guarantees and other financing may be combined. Therefore it is essential that the European Parliament will receive an annual overview of all financing in relation to this decision.

Amendment 4

Proposal for a decision

Recital 10

Text proposed by the Commission

(10) Moreover, the evaluation found that although the EIB operations carried out in the period covered by the evaluation (2000-2009) were generally in line with EU external policies, the link between EU policy objectives and their operational implementation by the EIB should be strengthened and made more explicit and structured.

Amendment

(10) Moreover, the evaluation found that although the EIB operations carried out in the period covered by the evaluation (2000-2009) were generally in line with EU external policies, the link between EU policy objectives and their operational implementation by the EIB should be strengthened and made more explicit and structured. ***It is appropriate to ensure that the operations are carried out in an economically viable manner and in accordance with the principles of sound financial management.***

Amendment 5

Proposal for a decision

Recital 11

Text proposed by the Commission

(11) In order to enhance the coherence of the mandate, strengthen the focus of the

Amendment

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EIB external financing activity on supporting EU policies, and for the maximum benefit of beneficiaries, this *decision* should set out horizontal high-level objectives in the mandate for EIB financing operations across all eligible countries, building on the comparative strengths of the EIB in areas where it has a well-proven track record. In all regions covered by this *decision*, the EIB should thus finance projects in the areas of climate change mitigation and adaptation, social and economic infrastructure (notably in transport, energy including renewable energy, energy security, environmental infrastructure including water and sanitation, as well as information and communication technology (ICT)), and local private sector development, in particular in support of small and medium-sized enterprises (SMEs). Within these areas, regional integration among partner countries, including economic integration between pre-accession countries, neighbouring countries and the EU, should be an underlying objective for EIB financing operations.

EIB external financing activity on supporting EU policies, and for the maximum benefit of beneficiaries, this *Decision* should set out horizontal high-level objectives in the mandate for EIB financing operations across all eligible countries, building on the comparative strengths of the EIB in areas where it has a well-proven track record. In all regions covered by this *Decision*, the EIB should thus finance projects in the areas of climate change mitigation and adaptation, social and economic infrastructure (notably in transport, energy including renewable energy, ***research and development (R&D) into new energy sources***, energy security, environmental infrastructure including water and sanitation, as well as information and communication technology (ICT)), and local private sector development, in particular in support of small and medium-sized enterprises (SMEs) ***to boost sustainable economic growth and jobs creation. It should be recalled that improving access for SMEs to capital can play an essential role in stimulating economic development and the fight against unemployment.*** Within these areas, regional integration among partner countries, including economic integration between pre-accession countries, neighbouring countries and the EU, should be an underlying objective for EIB financing operations. ***The EIB can support EU presence in partner countries through foreign direct investment that contributes to promoting technology and knowledge transfer, either for investments within the aforementioned areas, or at its own risk. The EIB should contribute to European foreign direct investment in partner countries, including as part of mutually beneficial public-private partnerships, with the objective to promote innovation and development in the aforementioned project areas.***

Amendment 6

Proposal for a decision
Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) In order to effectively reach out to SMEs, the EIB should cooperate with local financial intermediary institutions in the eligible countries that have a proven record of passing interest rate concessions on to their clients, to check clients' projects against EU development goals and to provide added value in comparison with market financing. The financial intermediaries' activities in support of SMEs should be fully transparent and reported regularly to the EIB.

Justification

Adaptation is a policy area in which local circumstances need to be taken into special account and where the effectiveness of financial intermediaries is essential. The EIB should therefore make sure that financial intermediaries are accountable and pass benefits on to their clients according to the goals of the EIB programs.

Amendment 7

Proposal for a decision
Recital 15 a (new)

Text proposed by the Commission

Amendment

(15a) The EIB shall support the achievement of the 2015 Millennium Development Goals in all regions where it is active.

Amendment 8

Proposal for a decision
Recital 16

Text proposed by the Commission

(16) EIB activity in Neighbourhood countries should take place in the framework of the European Neighbourhood Policy, under which the EU aims to develop a special relationship with neighbouring countries with a view to establishing an area of prosperity and good neighbourliness, founded on the values of the EU and characterised by close and peaceful relations based on co-operation. To achieve these objectives the EU and its partners implement jointly agreed bilateral Action Plans defining a set of priorities including on political and security issues, trade and economic matters, environmental concerns and integration of transport and energy networks. The Union for the Mediterranean, the Eastern Partnership, and the Black Sea Synergy are multilateral and regional initiatives complementary to the European Neighbourhood Policy aimed at fostering co-operation between the EU and the respective group of neighbouring partner countries facing common challenges and/or sharing a common geographical environment. The Union for the Mediterranean supports improved socio-economic, solidarity, regional integration, sustainable development and knowledge building, underlining the need to increase financial co-operation to support regional and trans-national projects. The Eastern Partnership aims to create the necessary conditions to accelerate political association and further economic integration between the EU and Eastern Partner countries. The Russian Federation and the EU have a wide-ranging Strategic Partnership, distinct from the European Neighbourhood Policy and expressed through the Common Spaces and Roadmaps. This is complemented at multilateral level by the Northern Dimension which provides a framework

Amendment

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for co-operation between the EU, Russia, Norway and Iceland.

through the Common Spaces and Roadmaps. This is complemented at multilateral level by the Northern Dimension which provides a framework for co-operation between the EU, Russia, Norway and Iceland.

Amendment 9

Proposal for a decision

Article 2 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. Both the General Mandate and the Climate Change Mandate must be managed under the principles of sound financial management.

Amendment 10

Proposal for a decision

Article 3 – paragraph 3

Text proposed by the Commission

Amendment

3. The EIB shall ***progressively*** increase its activity in social sectors, such as health and education.

3. The EIB shall increase its activity in social sectors, such as health, education ***and combating unemployment; with a view to the achievement of the 2015 Millennium Development Goals; as well as in strengthening the administrative capacity and efficiency of local authorities.***

Amendment 11

Proposal for a decision

Article 6 - paragraph 2

Text proposed by the Commission

Amendment

2. In addition to the ex-ante assessment of development-related aspects, the EIB should ***strengthen its*** monitoring during project implementation, inter alia, on the

2. In addition to the ex-ante assessment of development-related aspects, the EIB should ***carry out a thorough*** monitoring during project implementation, inter alia, on the development, ***environmental and***

development impact of the project.

human rights impact of the project. ***The monitoring shall include the performance of financial intermediaries. The results of monitoring should be regularly disclosed to the public.***

Amendment 12

Proposal for a decision Article 8 – paragraph 1

Text proposed by the Commission

1. EIB financing operations shall increasingly be carried out, where appropriate, in cooperation with other international financial institutions or European bilateral finance institutions, in order to maximize synergies, cooperation and efficiency and to ensure reasonable sharing of risks and coherent project and sector conditionality.

Amendment

1. EIB financing operations shall increasingly be carried out, where appropriate, in cooperation with other international financial institutions or European bilateral finance institutions, in order to maximize synergies, cooperation and efficiency and to ensure ***prudent and*** reasonable sharing of risks and coherent project and sector conditionality.

Amendment 13

Proposal for a decision Article 10 – paragraph 1

Text proposed by the Commission

1. The Commission shall report annually to the European Parliament and the Council on EIB financing operations carried out under this *decision*. The report shall include an assessment 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 and strategic objectives of the EU. The report shall in particular assess the compliance of EIB financing operations with this Decision, taking into account the operational guidelines referred to in Article 5, and shall include sections on added value for the achievement of EU policy objectives as well as on cooperation with the Commission and other international

Amendment

1. The Commission shall report annually to the European Parliament and the Council on EIB financing operations carried out under this *Decision*. The report shall include an assessment 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 and strategic objectives of the EU. The report shall in particular assess the compliance of EIB financing operations with this Decision, taking into account the operational guidelines referred to in Article 5, and shall include sections on added value for the achievement of EU policy objectives as well as on cooperation with the Commission and other international

financial institutions and bilateral institutions, including co-financing.

financial institutions and bilateral institutions, including co-financing. ***That report shall in particular include a detailed breakdown of all Union financial resources used in combination with EIB financing and other donors, thus giving a detailed overview of the financial exposure of financing operations carried out under this Decision.***

Amendment 14

Proposal for a decision Article 10 - paragraph 2

Text proposed by the Commission

2. For the purposes of paragraph 1, the EIB shall provide the Commission with yearly reports on EIB financing operations carried out under this *decision* at project, sector, country and regional level and on the fulfilment of the external policy and strategic objectives of the EU, including cooperation with the Commission, other international financial institutions and bilateral institutions.

Amendment

2. For the purposes of paragraph 1, the EIB shall provide the Commission with yearly reports on EIB financing operations carried out under this *Decision* at project, sector, country and regional level and on the fulfilment of the external policy and strategic objectives of the EU, including cooperation with the Commission, other international financial institutions and bilateral institutions. ***Any agreement between the EIB and other IFIs or bilateral institutions related to financial operations under this Decision should be notified to the European Parliament and the Council as part of the Commission's annual reporting referred to in Article 10 of this Decision.***

Amendment 15

Proposal for a decision Article 14

Text proposed by the Commission

The Commission shall present a final report on the application of this *decision* by 31 October 2014.

Amendment

The Commission shall present ***to the European Parliament and the Council*** a final report on the application of this

Decision by 31 October 2014.

PROCEDURE

Title	Granting an EU guarantee to the EIB against losses under loans and guarantees for projects outside the EU		
References	COM(2010)0174 – C7-0110/2010 – 2010/0101(COD)		
Committee responsible	BUDG		
Opinion by Date announced in plenary	INTA 19.5.2010		
Rapporteur Date appointed	William (The Earl of) Dartmouth 1.6.2010		
Discussed in committee	14.7.2010	30.8.2010	28.9.2010
Date adopted	9.11.2010		
Result of final vote	+: -: 0:	21 0 3	
Members present for the final vote	William (The Earl of) Dartmouth, Kader Arif, Daniel Caspary, Christofer Fjellner, Joe Higgins, Yannick Jadot, Bernd Lange, David Martin, Emilio Menéndez del Valle, Vital Moreira, Niccolò Rinaldi, Helmut Scholz, Robert Sturdy, Keith Taylor, Jan Zahradil, Pablo Zalba Bidegain		
Substitute(s) present for the final vote	George Sabin Cutaş, Béla Glattfelder, Małgorzata Handzlik, Maria Eleni Koppa, Elisabeth Köstinger, Jörg Leichtfried, Michael Theurer, Jarosław Leszek Wałęsa		
Substitute(s) under Rule 187(2) present for the final vote	Anna Záborská		