

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(92) 502 final

Brussels, 1 December 1992

Proposal for a

COUNCIL DECISION

on coordination and information procedures
in matters of officially supported export credits,
credit insurance, credit guarantees and financial credits

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Arrangement on guidelines in the field of officially supported export credits (the OECD "Arrangement") was first incorporated into Community law by a 1978 Council Decision.

This Arrangement provides the international framework for official support for export credits. The EEC is one of the Participants in this Arrangement.

In 1973 the Community, by way of a Council Decision, imposed upon itself procedural rules for a certain type of credits. Since 1978 these rules have been applied alongside the rules of the Arrangement.

Recently, modifications to the OECD Arrangement have been negotiated (the so-called Helsinki-package). These new rules have been adopted by Council Decision of 23rd March 1992. The rules of the Arrangement have to be implemented on a case by case basis. Until now the Community has adopted its position on the basis of an informal mandate agreed by unanimity in a Council Working Group. Only modifications to the Arrangement text as such have been negotiated following the procedure laid down by article 113 of the EEC treaty.

It has become apparent that more formal procedures are necessary for the Community to adopt a position in the meeting of the Participants, especially since the question whether certain projects are eligible for tied or partially untied aid credits has become a controversial issue.

In the proposal for a Decision the Commission endeavours on the one hand to align internal procedures with Arrangement procedures and simplify the administrative work, and on the other hand to set up a procedure consistent with the Comitology decision (87/373) which would enable the Community to adopt common positions swiftly which would be represented in the OECD.

Proposal for a Council Decision

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THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community and in particular Article 113 thereof;

Having regard to the proposal from the Commission;

Having regard to the opinion of the European Parliament;

Whereas the Community is a Party to the Arrangement on guidelines for officially supported export credits (hereinafter referred to as the Arrangement) which was brought into force in the Community by Council Decision of 4 April 1978, as last amended by the Council Decision of 23rd March 1992;

Whereas the Helsinki package established new rules concerning export credits including aid credits affecting trade and also laid down new rules for notification and consultation especially in the field of tied and partially untied aid credits;

Whereas, by a Decision of 27 September 1960⁽¹⁾, the Council set up a Policy Coordination Group for Credit Insurance, Credit Guarantees and Financial Credits;

(1) OJ nr. 66, 27.10.60, p. 1339

Whereas, by its Decision (EEC) n° 73/391 of 3 December 1973 amended by Decision (EEC) n° 76/641 of 27 July 1976, the Council has instituted a consultation procedure in matters of credit insurance, credit guarantees and financial credits;

Whereas it is necessary to amend this procedure to take account of the amendments to the Arrangement made by the Helsinki package so that an improved procedure applies in respect of export credits which are subject to prior notification and to bring it into conformity with Council Decision n° 87/373 of 13 July 1987 laying down the procedures for the exercise of implementing powers conferred on the Commission;

Whereas the Community's position as a party to the Arrangement means both that to facilitate international cooperation within the Organisation for Economic Cooperation and Development (hereinafter referred to as the OECD) and to encourage internal coherence within the Community on matters relating to the Arrangement, a procedure is necessary to enable the Community to approve the grant by Member States of export credits which are subject to prior notification under the Arrangement so that the Community can express a coherent and consistent view on these notifications within the OECD;

HAS DECIDED AS FOLLOWS :

Article 1

1. Where a Member State has, in accordance with the Arrangement, notified its intention to grant fully or partially credits as defined in Section I of the Annex, Member States shall be authorised to provide such export credits in accordance with the procedure set out in Article 2.
2. To facilitate this procedure, Member States shall provide the information as set out in Section II of the Annex. If provision of such export credits is the subject of discussion in the OECD, the Community's position shall be expressed by the Commission in accordance with decisions taken pursuant to the procedure set out in Article 2.

2. Where a third country which is a party to the Arrangement has notified a proposal to grant an export credit in accordance with the terms of the Arrangement and such notification is to be discussed within the OECD, the Community's position in the OECD shall be determined by the procedure set out in Article 2 and shall be expressed by the Commission.

Article 2

1. The Commission shall be assisted by a Committee composed of the same members as described in Article 3 of the Council Decision of 27 September 1960⁽¹⁾ creating a Policy Coordination Group for Credit insurance, credit guarantees and financial credits, and be chaired by the representative of the Commission.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith. In that event :

The Commission may defer application of the measures which it has decided for a period of not more than one month from the date of such communication;

The Council acting by a qualified majority may take a different decision within the time limit referred to in the previous paragraph.

3. At the request of a Member State or the Commission, the Committee may examine any question relating to : (a) the grant of untied credits with a

(1) OJ L nr. 66, 27.10.60, p. 1339

duration of more than five years calculating from the starting point as defined in the Arrangement; or departing from any other norm adopted by the Member States or; (b) agreements concluded by the Member States with third countries referring to the possible grant of credits without specifying the precise terms thereof; or (c) any other transactions relating to credit insurance, credit guarantees and financial credits not subject to the coordination procedure.

Article 3

Council Decision (EEC) No. 73/391⁽¹⁾ of 3 December 1973 and Council Decision (EEC) No. 76/641 of 27 July 1976⁽²⁾ are hereby repealed.

Article 4

This Decision is addressed to the Member States.

(1) OJ No L 346, 17.12.1973, p.1

(2) OJ No L 223, 16.8.1976, p. 25

ANNEX

Scope of the procedure set out in Article 2 of the Council Decision ("the coordination procedure") and information to be supplied in Matters of Officially Supported Export Credits, Credit Insurance, Credit Guarantees and Financial Credits.

TITLE I

GENERAL PROCEDURE

Section I

Scope

Article 1

The procedure set out in Article 2 of the Council Decision shall apply where it is contemplated by a Member State, any other state organisation or any body for credit insurance or finance to grant or guarantee, fully or partly export credits

- linked to exports to non EC-countries or to transactions between EC-countries relating to goods or services
- with a duration of more than five years calculated from the starting point as defined in the Arrangement on guidelines for officially supported export credits (hereinafter called "the Arrangement"), or which depart from any other norm adopted by the Member States, or which are subject to prior notification under the Arrangement or which are defined in the Arrangement as "common line" proposals.

Article 2

The procedure shall be applicable :

- whether supplier credits or financial credits are concerned
- whether these credits form the subject-matter of individual contracts or lines of credit as described in Article 3

- whether the credits are purely private or are sponsored fully or partially, out of public funds.

Mixed credits combining public and private funds and private credit arrangements combined with public fund interest subsidies shall for the purpose of this procedure be considered as public credits.

Article 3

1. A "line of credit" shall be defined in accordance with the definition of that term in the Arrangement.

The procedure shall be applicable to lines of credit even where the nature of the transactions has not been specified and no formal commitment to open a line of credit has been made, without prejudice to its application to each particular contract.

2. Any Member State which has granted a line of credit shall, upon request, give information of the use made of that arrangement.

Section II

Exchange of information

Article 4

In cases subject to the coordination procedure, the Member States shall supply to the Commission and the Member States all the information foreseen in the Arrangement and where relevant the precise grounds for not applying, or departing from the norms set out in article 1 of this Annex.

Where relevant, the following circumstances must be specified : aid credit, competition from a Member State or a third country (with indication whether or not supported); transaction to be charged to a line of credit which has been the subject of previous consultation.

Article 5

The following numbering shall be observed when transmitting information :

- for all individual credits and lines of credit notifiable under the Arrangement : the number of the Arrangement notification
- for all other credits or lines of credit : the letters "EC" followed by the letter corresponding to the initiating Member State, a serial number for each year, and an indication of the country of destination.

Article 6

The information prescribed under Article 4 must be transmitted as soon as possible after initiation of the study either of the guarantees and the proposed credits proper, or of any other decision which, under the terms of national regulations or national administrative practices, would constitute a prerequisite for the subsequent examination of such guarantees or credits.

Article 7

Where there are changes in the factors justifying departure from the norms or if new basic terms of the credit are proposed which differ from those initially specified, the new information shall be transmitted under the initial reference, followed by the letters "rev" and the export credit shall be subject to renewed approval in accordance with the procedure set out in Article 2 of the Council Decision.

~~If~~, however, the new terms proposed are more restrictive, the Member State concerned shall be committed only to direct information under the initial reference.

Article 8

The information specified in Article 4 shall be transmitted by telex or online to recipients designated by each Member State and the Commission.

All correspondence shall bear the relevant number and an indication of the country of destination.

FINANCIAL STATEMENT

SECTION 1: FINANCIAL IMPLICATIONS

1. Title of operation

Council Decision on coordination and information procedures in matters of officially supported export credits, credit insurance, credit guarantees and financial credits.

2. Budget heading involved

A-250 Meetings in general
A-2510 Expenditure on meetings of committees whose consultation is compulsory in the procedure for drafting Community legislation.

3. Legal basis

Article 113 of the EEC Treaty

4. Description of operation

4.1 Specific objectives

The Decision provides for the creation of a committee chaired by the Commission. It will assist the Commission in coordinating policy on officially supported export credits. In particular, it will assist the Commission in adopting a Community position within the OECD on individual credits which are subject to a consultation procedure within the OECD.

To ensure that its proposals to that committee, and where appropriate to the Council, are as sound as possible, the Commission will sometimes need to seek opinions from outside advisers. For this purpose, there is a budget for studies and consultations.

4.2 Duration

There is no time limit for this operation.

4.3 Target population

The Decision is addressed to the Member States.

5. Classification of expenditure or revenue

5.1 Compulsory/Non-compulsory

Non-compulsory

5.2 Differentiated/Non-differentiated

Non-differentiated.

5.3 Type of revenue involved

No revenue is envisaged.

6. Type of expenditure

Implementing the Decision will require:

- the organization of meetings in Brussels of the committee of Member States' experts,
- consultation of experts to enable the Commission to make well-founded proposals.

7. Financial impact on appropriations for operations (part B of the budget)

None.

8. What anti-fraud measures are planned in the proposal for the operation?

None.

SECTION 2: ADMINISTRATIVE EXPENDITURE (part A of the budget)

1. Will the proposed operation involve an increase in the number of Commission staff? If so, how many?

No.

2. Indicate the amount of staff and administrative expenditure involved in the proposed operation. Explain the method of calculation.

The following table gives a forecast of annual expenditure, assuming 12 meetings a year.

Methods of calculation for 1992 to 1997 (assuming the Directive is adopted by the Council this year or early 1993):

1992: no expenditure

1993 to 1997: Estimated annual expenditure:

1. Experts' expenses for committee meetings in Brussels (the Committee)

2. experts x 12 Member States x 12 one-day meetings

= 24 Committee members x ECU 600 = 14 400 x 12 meetings
= ECU 172 800.

A-2510 (group. 3) +/- ECU. 173. 000.

2. Consultancy expenses

A-250 ECU 5. 000.

Annual total 1993-97:

A-2510 ECU. 173 000

A-250 ECU. 5 000

ECU 178 000.

Timetable for planned administrative expenditure (in constant ECU)

Heading	1992	1993	1994	1995	1996	1997	Total
A-2510(group 3)	-	173 000	173 000	173 000	173 000	173 000	865 000.
A-250	-	5 000	5 000.	5 000	5 000	5 000.	25 000
Total							890 000

SECTION 3: ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

1. Objectives

The Decision is aimed at enabling the Community to take a position within the OECD on individual credits under an international agreement.

2. Grounds for the operation

The Decision is a direct consequence of the Treaty.

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DOCUMENTS

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