

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 790 final

Brussels, 9th December 1981

PROPOSAL FOR A COUNCIL DECISION

applying for the first time decision EEC empowering
the Commission to contract loans for the purpose of
promoting investment within the Community

(presented by the Commission to the Council)

COM(81) 790 final

2

EXPLANATORY MEMORANDUM

On 19 October 1981, the Council accepted the principle of continuing the operation of the New Community Instrument.

The Commission considers it a matter of urgency therefore that a decision be taken at an early date so that a tranche can be activated under the renewed instrument, particularly since projects have been identified in sufficient numbers for the ceiling authorized by the Decision of 16 October 1978 to be fully committed within a short time.

A decision is all the more necessary in that the Community must use its every endeavour to sustain investment. In view of the acute problems facing Member States' economies today, investment is of paramount importance, firstly, because it strengthens our fundamental structures and facilitates their adaptation, and secondly because it helps sustain economic activity and employment.

In its experimental stage the NCI has already shown the contribution it can make to this end. Over a three-year period, the total sum of 1 000 million ECU was allocated for projects in the infrastructure and energy sectors.

The Commission believes that its assistance in these two areas could have an even greater impact if the tranches were allocated for more narrowly defined purposes, so that they could be used, within the broad fields selected, to serve priority objectives of the Community.

In the energy sector there is a crying need for a higher level of investment to promote the efficient use of energy and the replacement of oil by other sources of energy. It is still highly necessary to reduce our consumption of oil products, and the means of doing so depend very heavily on investment, not only in energy generation (nuclear energy, coal) - on which a start has already been made - but also in the adaptation of

methods of utilization, whether in industrial processes, the services or household sectors or transport. The Commission is aware of the difficulty of stimulating this type of investment, its stagnation being partly attributable to the general economic situation. Community financing in this context has already been granted by the EIB, and by the ECSC in its own sectors. This assistance must continue. The need to lessen our dependency on imported energy and the contribution which the investment required for this purpose can make to the economy in general (clearly set out in the fifth programme) together prompt the Commission to propose that this area - covered with others by previous NCI tranches - should be given explicit priority for the next NCI tranche.

The role of the NCI in stimulating investment in infrastructure is equally clear. It is highly desirable that the NCI should continue to operate in this area, but it would also be preferable to focus on more narrowly specified objectives. The Commission suggests that priority be given to infrastructure investment projects which contribute to regional development - as a continuation of the effort to improve basic structures, particularly in less privileged areas of the Community - and to projects of Community interest (such as priority transport projects).

The NCI basic decision also provides that the instrument may be used for investment in the productive sector, where there is clearly a major need. As a first step, the Commission believes that the NCI should be empowered to respond to the financing requirements of small and medium-sized enterprises. It considers these requirements merit priority consideration on account of the contribution which these companies can make in creating permanent jobs and in innovation. The Commission accordingly suggests that this tranche of the NCI should be opened up, as a third category of operations, to economically sound investment projects of enterprises of moderate size in the productive sector.

The difficulties which small firms in particular face in contracting loans with non-national bodies could be ironed out by using the tried and tested machinery of global loans administered through national financial intermediaries, in certain cases backed by national arrangements for guaranteeing against exchange-rate risks.

This new tranche will therefore cover three priority areas of activity: the efficient use of energy; infrastructure contributing to regional development and/or of Community interest; and small and medium-sized enterprises.

Although not everything can be known at this stage about either the general trend of investment or the actual financing terms which could be accorded to the recipients of loans, the Commission believes that these three areas necessitate a single tranche of 1 000 million ECU.

COUNCIL DECISION

applying for the first time Decision /EEC empowering the Commission to contract loans for the purpose of promoting investment within the Community.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Decision /EEC of 19 October 1981 empowering the Commission to contract loans for the purpose of promoting investment within the Community,⁽¹⁾ and in particular Article thereof,

Having regard to the proposal from the Commission,⁽²⁾

Having regard to the opinion of the European Parliament,⁽³⁾

Whereas the purpose of the Community's action is to implement structural investment projects that help attain Community priority objectives in the energy, industry and infrastructure sectors;

Whereas the Community has set itself the objective of stimulating the recovery of economic activity and of supporting common policies by Community measures - notably by making optimum use of the Community's financial instruments - which aim to realise investment projects contributing to greater convergence of the economic policies of the Member States, an objective reaffirmed by the European Council in Luxembourg on 30 June 1981;

(1) OJ No

(2) OJ No

(3) OJ No

5

Whereas particular attention should be directed to investment which contributes to the more efficient use of energy, to investment which contributes to the development of regional infrastructures and/or which is of Community interest, and to investment by small and medium-sized enterprises;

Whereas the New Community Instrument is designed to facilitate investment by providing access to the Community's financial sources in specific high priority sectors;

Whereas Community action in those areas will, in particular, serve the Community's objectives of reducing unemployment and regional disparities;

HAS DECIDED AS FOLLOWS:

Article 1

A tranche of borrowings is hereby authorized for an amount which shall not exceed the equivalent of 1 000 million ECU in principal.

Article 2

The proceeds of these borrowings shall be lent to finance investment projects which are carried out on Community territory and which help attain the priority Community's objectives in the energy and infrastructure sectors and for the promotion of small and medium-sized enterprises.

For the purposes of this tranche the investment shall cover in particular:

- (a) the efficient use of energy, the replacement of oil by other sources of energy in all sectors and infrastructure projects facilitating such replacement;

- (b) infrastructure projects contributing to regional development and/or of Community interest, including transport, telecommunications and information technology, the transmission of energy, water supply infrastructure and environmental protection;

- (c) projects of small and medium-sized enterprises for their promotion or for employment or innovation purposes.

Article 3

The Commission shall decide whether or not projects are eligible in accordance with:

- Article 2 above and in the light of the Community's principal economic problems:
- the provisions of the EEC Treaty and secondary legislation, in particular those relating to competition and Community policies in the fields in question.

Done at Brussels,

For the Council

The President