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R E P O R T

of the Committee on Economic and Monetary Affairs and Industrial Policy

on the Commission proposal for a Council Decision on Community Membership of the European Investment Fund

(COM(93) 0003 final - C3-0037/93)

Rapporteur: Mr Barry DESMOND

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PE 203.859/fin./rev.
Or. EN

Consultation procedure requiring a single reading
Cooperation procedure (first reading)

**II Cooperation procedure (second reading) requiring the votes of a majority of the current Members of Parliament
*** Parliamentary assent requiring the votes of a majority of the current Members of Parliament

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By letter of 5 February 1993, the Council consulted the European Parliament, pursuant to Article 235 of the EEC Treaty, on the Commission proposal for a Council decision on Community Membership of the European Investment Fund (COM(93) 0003 final - C3-0037/93).

At the sitting of 8 February 1993, the President of Parliament announced that he had referred this proposal to the Committee on Economic and Monetary Affairs and Industrial Policy as the committee responsible and to the Committee on Budgets, Committee on Regional Policy, Regional Planning and Relations with Regional and Local Authorities and Committee on Institutional Affairs for their opinions.

At its meeting of 8 February 1993, the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr Barry DESMOND rapporteur.

At its meeting of 8 February 1993 and 24-25 February 1993 it considered the Commission proposal and draft report.

At the latter meeting it adopted the draft legislative resolution unanimously.

The following took part in the vote: Mr BEUMER, chairman; Mr DONNELLY (replacing Mr DESMOND), Mr AMARAL (for Mr von WECHMAR), Mr BARTON, Mr Peter BEAZLEY, Mr BOFILL ABEILHE, Mrs BRAUN-MOSER (for Mrs THYSSEN), Mr de la CAMARA, Mr CAUDRON, Mr CRAVINHO (for Mr COLAJANNI), Mr DELCROIX (for Mr FUCHS), Mr FITZGERALD (for Mr LATAILLADE), Mr HARRISON, Mr Christopher JACKSON, Mrs LULLING, Mr LUSTER, Mr METTEN, Mr MOTTOLA (for Mr FRIEDRICH), Mrs RANDZIO-PLATH, Mrs READ, Mr RIBEIRO, Mr RISKÆR PEDERSEN, Mr ROUMELIOTIS, Mr SBOARINA, Mr SISO CRUELLAS, Mr SPECIALE and Mr von WOGAU.

The opinions of the Committee on Regional Policy, Regional Planning and Relations with Regional and Local Authorities and Committee on Institutional Affairs are attached. The Committee on Budgets tabled amendments to the proposal.

At its meeting of 8 March 1993, the Committee on Economic and Monetary Affairs and Industrial Policy considered the amendments tabled by the Committee on Budgets and adopted them with oral amendments unanimously.

The following took part in the vote: Mr BEUMER, chairman; Mr DESMOND, rapporteur; Mr PATTERSON, Mr FUCHS, vice-chairmen; Mr Peter BEAZLEY, Mr de la CAMARA, Mr CAUDRON, Mr HERMAN, Mr HOPPENSTEDT, Mr Christopher JACKSON, Mrs LULLING, Mr METTEN, Mr PIERROS, Mrs READ, Mr ROGALLA, Mr SBOARINA, Mr SISO CRUELLAS, Mr THYSSEN and Mr von WOGAU.

The revised report was tabled on 8 March 1993.

The deadline for tabling amendments will be announced later.

A
Commission proposal for a Council Decision on
Community Membership of the European Investment Fund

Commission text¹

Amendments

(Amendment No. 1)
Recital 2

Whereas the EIF should constitute a cost-effective and efficient means whereby the Community, together with the Bank and other financial institutions, can provide a significant contribution to the accelerated completion of large infrastructure projects of Community interest and can facilitate investment by small and medium-sized enterprises (SMEs), especially in Community assisted areas;

Whereas the EIF should constitute a cost-effective and efficient means whereby the Community, together with the Bank and other financial institutions, can provide a significant contribution to the accelerated completion of large infrastructure projects of Community interest notably in the context of trans-European networks and can facilitate investment by small and medium-sized enterprises (SMEs), especially in Community assisted areas, and encourage investment projects which promote economic and social cohesion, environmental protection or environmentally friendly energy production;

(Amendment No. 2)
Recital 4

Whereas investment support for SMEs, especially in Community assisted areas, is an essential factor in the reinforcement of economic and social cohesion;

Whereas investment support for SMEs, especially in Community assisted areas, is an essential factor in the reinforcement of economic and social cohesion, for example, to facilitate adjustment to structural changes or to improve performance in the field of innovation or training;

¹ For full text see COM(93) 0003 final - OJ C No. 37, 11.2.1993, p. 20

(Amendment No. 3)
Recital 4a (new)

Whereas the Commission shall make an annual report to the European Parliament and the Council of Ministers on the operations of the Fund and their impact on economic and social cohesion, the single market and employment;

(Amendment No. 4)
Recital 7a, (new)

Whereas the Community, represented by the Commission and the EIB, has been involved in drawing up the Statute of the EIF and will be a full member of the Fund's decision-making bodies to an extent at least commensurate with its financial involvement;

(Amendment No. 5)
Recital 7b (new)

Whereas the operations of the Fund shall reflect the economic and social orientations laid down by the institutions of the Community and shall be in accordance with ex-post control of the Community's shareholding in the Fund;

(Amendment No. 6)
Recital 9

Whereas appropriate co-ordination shall be assured between the operation of the Fund and other Community financial and budgetary instruments;

Whereas appropriate co-ordination shall be ensured and monitored by the Commission in cooperation with the EIB between the operation of the Fund and other Community financial and budgetary instruments;

(Amendment No. 7)
Recital 9a (new)

Whereas the paid-in part of the Community's share and callable part of the Community's capital will be financed entirely by a new budget heading;

(Amendment No. 8)
Recital 11a (new)

Whereas the budget authority shall, as part of the annual procedure, decide on the appropriations needed to guarantee the financial contribution;

(Amendment No. 9)
Sole Article

The European Economic Community, represented by the Commission, becomes a member of the European Investment Fund and hereby approves the Statute of the Fund, as annexed to the present Decision.

The European Economic Community, represented by the Commission, becomes a member of the European Investment Fund and hereby approves the Statute of the Fund in accordance with the principles set out in the present Decision.

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament
on the Commission proposal for a Council decision on
Community Membership of the European Investment Fund

The European Parliament,

- having regard to the Commission proposal to the Council (COM(93) 0003 final),¹
 - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (C3-0037/93),
 - having regard to the report of the Committee on Economic and Monetary Affairs and Industrial Policy and the opinions of the Committee on Regional Policy, Regional Planning and Relations with Regional and Local Authorities and of the Committee on Institutional Affairs, (A3-0079/93/rev.),
1. Approves the Commission proposal subject to Parliament's amendments and in accordance with the vote thereon;
 2. Calls on the Commission to amend its proposal accordingly, pursuant to Article 149(3) of the EEC Treaty;
 3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 4. Calls for the conciliation procedure to be opened if the Council should intend to depart from the text approved by Parliament;
 5. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
 6. Instructs its President to forward this opinion to the Council and Commission.

¹ OJ No. C 37, 11.2.1993, p. 20

EXPLANATORY STATEMENT

The Council meeting in Edinburgh on 11 and 12 December 1992 endorsed a proposal of the Commission that a European Investment Fund (EIF) be set up whose main objectives will be to contribute to strengthening of the internal market and the furthering of economic and social cohesion. The Fund, whose establishment is being urged by the Council as quickly as possible, will target its financial resources on investment a) in major, high economic potential infrastructural projects of Community interest in the transport, telecommunications and energy transport sectors in the framework of the trans-European networks (TENS) and b) in small and medium sized enterprises (SMEs) especially in Community assisted areas. It is expected that investments by the Fund on a wholly or partially self financing or on a commercial basis in such projects will create a substantial number of jobs, enable SMEs to prosper and develop and have a considerable effect in regions which are catching up with the Community average.

It is proposed that the EIF be established as a separate tripartite legal entity in which the Community (represented by the Commission subscribing 30% of capital) the European Investment Bank (EIB-40% of subscribed capital financed from its annual surpluses) and other financial institutions (subscribing the remaining 30% of capital) will participate. The EIF will be managed day-to-day by the EIB under mandate; it will be created by decision of the EIB's Board of Governors who will provide supervision and direction of the Funds policy and activities; but its accounts will be entirely distinct from those of the EIB.

The EIF's operations will predominantly take the form of financial guarantees while the provision of equity will constitute a secondary activity and be developed at a later stage.

The initial subscribed capital amounts to ECU 2 billion which on prudential ratios suggested for the EIF would cover between 5 and 10 billion of financial guarantees, capable of supporting some 20 billion ECUs of projects, with substantial leverage effects. Only 20% of the subscribed capital, (i.e. 400 million ECUs) will be paid in, the rest being on a call-in basis if and when required to meet the EIF's liabilities (a similar arrangement applies to the EBRD's subscribed capital). The Community's share of the paid in capital (30% of 400 million ECUs) will be financed by four annual instalments of 30 million ECUs from 1993 onwards. It is suggested that the 1993 payment be financed by 14 MECU under Article B2-400 and 16 MECU under Article B5-730.

Since the Board of Governors of the EIB is currently not empowered to establish such a fund, an addition to the Protocol on the Statute of the EIB, entailing an Article 236 procedure, is required to establish the European Investment Fund.

OPINION

of the Committee on Regional Policy, Regional Planning
and Relations with Regional and Local Authorities

Letter from the chairman of the committee to Mr BEUMER, chairman of the
Committee on Economic and Monetary Affairs and Industrial Policy

Brussels, 23 February 1993

Subject: Proposal for a Council Decision on Community membership of the
European Investment Fund (COM(93) 0003 final - C3-0037/93)

Dear Mr Beumer,

At its meeting of 23 February 1993 the Committee on Regional Policy, Regional
Planning and Relations with Regional and Local Authorities considered the above
proposal and adopted the following conclusions:¹

The Committee on Regional Policy, Regional Planning and Relations with Regional
and Local Authorities

1. welcomes the establishment of a European Investment Fund - subject to
examining the precise details once its statutes are available - which, as
part of the plan for promoting economic recovery in Europe approved in
Edinburgh by the Heads of State and Government, is intended to assist in
financing infrastructure projects in connection with trans-European networks
and SMEs in less developed areas of the Community, predominantly through
financial guarantees, and which should, therefore, represent an additional
means of furthering economic and social cohesion,
2. considers it essential for the Commission, in cooperation with the EIB, to
ensure appropriate coordination between the European Investment Fund and the
Community's other financial instruments, specifically the Structural Funds
and the Cohesion Financial Instrument,

¹ The following were present for the vote: Gutiérrez Díaz, chairman and
draftsman; Cushnahan, vice-chairman; Arbeloa Muru, Bettini, Brito de Sousa
(for Dessylas), Contu, Da Cunha, Falconer, Forte (for Ferrer), Happart (for
Alexandre), Maher, Mitolo, Moretti, Nicholson, Onur (for Hume), Ortiz
Climent, Pack, Romeos and Santos.

3. considers that, in order to ensure appropriate coordination, it is essential to modify the Statutes of the EIB to bring them into line with the Structural Fund Regulations, which it has not been possible to apply satisfactorily hitherto, as the current Statutes do not allow the Bank to participate in planning, making it impossible for grants and loans to fully complement each other under the Community support framework,
4. approves Community participation in the European Investment Fund subject to the above reservations.

Yours sincerely,

Antoni GUTIERREZ DIAZ

OPINION

(Rule 120 of the Rules of Procedure)

of the Committee on Institutional Affairs
for the Committee on Economic and Monetary Affairs and Industrial Policy

Draftsman : Mr Fernand HERMAN

At its meeting of 10 February 1993 the Committee on Institutional Affairs appointed Mr Fernand HERMAN draftsman.

At its meeting of 23 and 24 February 1993 it considered the draft opinion.

At that meeting it adopted the draft opinion by 12 votes to 0 with 1 abstention.

The following were present for the vote : OREJA AGUIRRE, chairman; PRAG, vice-chairman; BRU PURON, vice-chairman; HERMAN, draftsman; AGLIETTA, BANDRES MOLET, BEIROCO, BOISSIERE, BONDE (for SPERONI), CAPUCHO, CHEYSSON, DE GIOVANNI, DUVERGER, EPHREMIDIS, FERRER Y CASALS (for VALVERDE), GLINNE, KOSTOPOULOS (for PANNELLA), LAGAKOS and SCHODRUCH (for BLOT).

The Committee on Institutional Affairs asks the committee responsible to take the following information into consideration:

European Community involvement in the European Investment Fund would appear desirable in order to strengthen the internal market and economic and social cohesion.

1. To enable the Fund to operate effectively, action must be taken to ensure that the third party to the Fund, i.e. the financial institutions of the member States of the European Community, are not in a position to block decision-taking.
2. The Fund's managing and administrative bodies should be sufficiently autonomous to be able, if necessary, to go beyond the narrow bounds set for the European Investment Fund (trans-European networks in the fields of infrastructure, transport, telecommunications and energy).
3. The projected period for risk capital contributions is much too long; provision should therefore be made for it to be shortened.