

Opinion on the proposal for a Council Regulation setting up a European Export Bank

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 76 of 1 April 1976, page 2.

A. LEGAL BASIS FOR THE OPINION

On 25 March 1976, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its opinion on the above matter at its 139th plenary session, held in Brussels on 25 and 26 May 1976.

The full text of the opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE,

Having regard to the Treaty establishing the European Economic Community and, in particular, Article 198 thereof,

Having regard to the request for an opinion made by the Council of the European Communities on 25 March 1976,

Having regard to the decision taken by the Bureau of the Economic and Social Committee on 30 March 1976, instructing the Section for External Relations to draw up an opinion on the matter,

Having regard to the report submitted by the Rapporteur, Mr Henniker-Heaton,

Having regard to the opinion adopted by the Section for External Relations at its meeting on 11 May 1976,

Having regard to the discussions at its 139th plenary session held on 25 and 26 May 1976 (meeting of 26 May 1976),

HAS ADOPTED THE FOLLOWING OPINION:

by a majority, there being 2 votes against and 3 abstentions:

1. Introduction

1.1. In July 1975, the Commission sent to the Council a communication regarding the advisability of establishing a European Export Bank (EEB). Objectives and methods were explained. The Commission argued that additional facilities were urgently needed by exporters. The EEB would concentrate firstly on financing and insuring multilateral Community contracts for the export of large capital projects and capital goods (and related services) to countries outside the Community.

1.2. From July to the autumn, the Commission held consultations with insurers in the public and private sectors specializing in export credit and with bankers and industrialists in the Community.

1.3. The Commission argued that the bank should be set up in parallel with existing national credit insurance institutions, without prior need to coordinate their operations more closely or to make major changes in relevant national laws and regulations. Once set up, the bank could contribute to the harmonization of Community practice in other areas of export credit. In any case, the new institution would not be replacing commercial banks or other banks supporting exports, the aim being rather that it should provide complementary support.

1.4. The EEB would place European firms on an equal footing with their main competitors elsewhere in bidding for major multinational contracts, with

credit and insurance being denominated in a single currency, where appropriate.

2. The Commission's formal proposal

2.1. In February 1976, the Commission laid before the Council a proposal to set up a European Export Bank.

3. Result of the consultations

3.1. In its proposal, the Commission summarizes the results of the consultations held last autumn. There was general agreement on the inadequacy of existing arrangements to meet the expected growth of multinational contracts. There were some differences of opinion, however, as to whether an EEB should be set up at this stage; some groups supported this idea, while others thought that a higher degree of harmonization of existing national credit insurance systems should be the first priority.

3.2. After having considered the arguments for and against, the Commission decided that an EEB would still be the best way of solving the problems posed by multilateral contracts.

4. Operation and financing of the EEB

4.1. The EEB would provide credit insurance and help to finance exports of large capital projects and durable goods, either directly or indirectly through existing financial institutions.

4.2. The bank would have an initial capital of 100 million units of account to be provided from the Community budget. It could obtain further resources, by borrowing on national and international financial markets, with Community guarantees up to a ceiling to be fixed annually in the budget. The Commission decided on this mixed capital structure to ensure that the bank had the maximum degree of flexibility, as it is difficult to predict the volume of future transactions, and also in order to ensure that the EEB's commitments can be closely monitored.

5. Organization of the EEB

5.1. The bank would have:

— a Board of Directors consisting of 10 regular members and 10 alternates appointed by the Member States and the Commission. The Board, acting on proposals from the Management Committee, would take decisions concerning the bank's operations; it would also be responsible for approving rules of procedure, the annual report of the Management Committee and the annual accounts. The Commission representative could veto decisions in the interest of the Community, but the Board would be entitled, by an absolute majority if its members so decided, to refer the issue to the Council. The veto would stand if the Council had not decided otherwise within a fortnight,

— a management committee consisting of a chairman and four other members appointed by the Board of Directors for a term of six years; the committee's task would be to prepare the decisions of the Board and ensure that they were implemented.

5.2. The bank's activities would be subject to scrutiny by an agreed audit and by the Audit Board, provided for in Article 206 of the Treaty. The report and comments of the Audit Board would be submitted to the Council and European Parliament not more than 10 months after the end of the financial year.

6. General remarks

6.1. The Economic and Social Committee agrees with the setting up of a European Export Bank which can meet the real needs of European exporters. This means that primarily it is in favour of the creation of a European common commercial policy instrument, providing credit and credit insurance for the export of projects and sales overseas by European exporters in multilateral operations and operating in a manner complementary to existing credit institutions. However, the Committee feels that the main problem exporters are presently faced with is the technical conditions of credit insurance systems rather than, in certain cases, the volume of available funds.

6.2. The Committee feels, however that projects offered by a supplier or by suppliers from a single EEC country should not be excluded from the support which an EEB might offer. Such projects —

depending on their size and nature — may indeed be an important factor regarding employment in that country and, thus in the Community. In addition, such projects — where there is the possibility of generating more business by establishing new commercial interests abroad — deserve Community support, if for some reason, national facilities are insufficient.

6.3. In addition, the Committee feels that provision should be made in exceptional cases for multilateral operations embracing also firms from outside the EEC, provided that European concerns have a major participation, and that the EEB covers only the European firms' share.

6.4. The question has been put by several sources as to whether it is necessary to create a new institution, or whether the European Investment Bank could become responsible for supporting the exports connected with large multilateral contracts.

The Committee understands that the European Investment Bank has not been concerned with export credit and export credit insurance matters and that in order to add these to its activities, major changes would be needed to its statutes. Moreover, the EIB is not an instrument designed to carry out the Community's common commercial policy. For these reasons, the Committee acknowledges the need for and supports the creation of a new body.

6.5. Although the Committee feels that harmonization of export credit terms is necessary for the sake of fair competition among European exporters, it feels that such harmonization is not making progress quickly enough to improve the facilities at present available in connection with multilateral projects and that the European Export Bank must be able to make an active contribution towards accelerating the process of harmonization.

6.6. The Committee has no means of estimating how much European business has been lost through the lack of adequate export credit facilities for multinational projects; the volume lost may well have been considerable. The Committee believes that the Community should recognize, like other industrial countries, the importance of such facilities to stimulate exports.

6.7. The Committee is of the opinion that an EEB could enhance the chances of concerted European offers for large projects in international competition by the fact that offers could be made faster,

especially as far as financial and credit insurance conditions were concerned.

But a European Export Bank could also prove useful if it enabled exporters of capital goods which take part in multinational projects to make bids in a single currency, with possible cover for exporters against the corresponding exchange risk.

6.8. Furthermore, the Committee believes that the financing of large projects overseas is of utmost importance. In most sectors of industry, financial conditions are very closely related to the level of prices, especially where long-term credit is involved. In any case, this means that everything which can be done to improve financial facilities should be stimulated to the full extent justified by the proposition.

6.9. The Committee also recommends that the EEB credit insurance should cover the whole period of the contract.

6.10. The evolving world economy imposes a redistribution of activities among the industrial and developing countries. Since a redistribution appears to be unavoidable, the Community and national economies should prepare for it. The Committee feels that the Community will have to concentrate in its exports more and more on large technological projects of value to the developing countries, on projects aiming at more effective exploitation of the world's raw material resources, as well as on projects involving investments in relatively labour-intensive industries in the developing countries. In the meantime, a redistribution of activities is also taking place within the Community. This means that large complex projects to be sold to third countries by European exporters will involve nationals of more than one Member State, and possibly others from non-Member States. In the present situation of competition on international markets, this calls for a competitive export credit system, in which the EEB will have an integrating role.

6.11. The Committee is further of the opinion that there should be no contradiction between the aims of the EEB and other instruments used by the Community in its external relations, especially its relations with developing countries.

6.12. With regard to the unemployment problems facing all industrial countries today, no suitable occasion should be lost to stimulate employment and

export opportunities. If such business opportunities are to have an impact on the balance of payments of the countries involved, the Committee feels that they deserve support.

6.13. Whatever centre is chosen for the bank, it may be necessary to provide local representation and to ensure that multilateral concerns have easy and prompt access to the bank, which would in some cases be direct.

7. Specific questions

Third 'whereas' and Article 2

Since the Committee thinks that exports in the case of large projects from individual Member States should not automatically be deprived of EEB support, and since it also asks the Commission to consider to what extent contracts involving exporters of third countries (with minority participation) can be financed by the EEB, the text should be modified accordingly.

Article 1

The Committee proposes a change in the second sentence of the last paragraph as follows:

'The bank should operate with sufficient surplus to avoid a loss taking one year with another.'

Article 3 (iv)

The Committee proposes that exchange risks be included among the items mentioned in this paragraph.

Article 4

The Committee feels that the initial amount of capital of the EEB might be too small.

Article 9

As far as the voting procedure is concerned, the Committee is of the opinion that provision should be made for the case of a tied vote in the Board of Directors.

In addition, the Committee asks whether it is not preferable for the period within which the Council has to decide, to be changed from a fortnight to one month.

Article 10

This must be read as follows:

'shall, on proposals from the Management Committee, decide upon the bank's borrowings and finance and credit insurance operations'.

Article 14, paragraph 4

The Committee asks why no provision is made for possible profits (see remarks on Article 1 above).

Done at Brussels, 26 May 1976.

*The Chairman
of the Economic and Social Committee*
Henri CANONGE

ANNEX

to the opinion of the Economic and Social Committee

The following amendment was rejected in the course of the discussion:

Paragraph 6.4

Take out the last sentence of the second paragraph and replace by the following sentence:

'Nevertheless, the Committee feels that the Commission should once more give consideration to the possibility of the EIB undertaking the tasks proposed for the EEB as an addition to its existing responsibilities?'

Reasons

We think a greater multiplicity of bodies handing out money should be avoided in the interest of economy and administration. We must refute that the EEC administration is an ever-expanding bureaucracy. Therefore we favour this reasonable and sensible extension of the work of that competent and well-managed Bank. If it becomes too great or difficult an extension, then it could later be separated. But once started separate, it will never be joined to it.

Voting

For: 18, against: 59, abstentions: 2.

Opinion on the development of the social situation in the Community in 1975

The text referred to the Committee has not been published in the *Official Journal of the European Communities*.

A. LEGAL BASIS FOR THE OPINION

On 19 March 1976, the Commission referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its opinion on the above matter at its 139th plenary session, held in Brussels on 25 and 26 May 1976.

The full text of the opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE,

Having regard to Article 198 of the Treaty establishing the European Economic Community,

Having regard to the request for an opinion made by the Commission of the European Communities on 19 March 1976,

Having regard to the decision taken by the Chairman of the Committee on 2 April 1976 instructing the Section for Social Questions to draw up an opinion on the matter,

Having regard to the opinion issued by the Section for Social Questions at its 104th meeting, held on 13 May 1976, and the oral report made by the Rapporteur, Mr Noddings,

Having regard to the discussions at its 139th plenary session held on 25 and 26 May 1976 (meeting of 25 May 1976),

Whereas in 1975 the Member States of the European Communities as a whole were faced with an economic crisis involving higher unemployment and a considerable rate of inflation, which, although lower than in 1974, is still disquieting;

Whereas such a situation poses serious social problems, not only as regards employment but also in connection with the reduction of social inequalities and the financing of social protection systems;

Whereas it would be useful not only to study these different questions but also to analyse Community action in the social field and make various suggestions,