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NOTE

From:	Presidency
To:	Permanent Representatives Committee (part 2)/Council
Subject:	<p>Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC, Euratom) No 480/2009 establishing a Guarantee Fund for external action</p> <p>Proposal for a Decision of the European Parliament and of the Council amending Decision No 466/2014/EU granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union</p> <p>- Preparation for the trilogue</p>

I. INTRODUCTION

On 9 November 2016 the Permanent Representatives Committee confirmed the agreement reached at the Working Party on the proposal to amend Regulation No 480/2009 and agreed on a mandate with regard to the proposed External Lending Mandate Decision (No 466/2014/EU).

On 31 March 2017, the Permanent Representatives Committee reconfirmed the mandate for the two proposals and invited the Presidency to conduct negotiations with the European Parliament accordingly.

Five trilogues took place on 12 April, 27 April, 4 May, 8 May and 30 May 2017 in which agreement was found on a number of issues concerning: adding migration as a new objective; gender equality; local private sector development, in particular support to micro, small and medium-sized enterprises (SMEs); and the importance of sustaining a high level of climate-relevant operations.

On 6 June 2017 the Permanent Representatives Committee provided further guidance in order to negotiate with Parliament the issues related to taxation, the overall ceiling and the management of the Guarantee Fund.

The sixth trilogue took place on 22 June to discuss notably these issues. In spite of the guidance by the Committee these issues were not concluded with the Parliament.

The discussion on the issue of transparency and respecting of confidentiality requirements concerning ELM supported projects and reporting to the co-legislators has been agreed at the technical level and the results will be introduced at the political trilogue.

Providing for a delegated act to update Annex IV (Regional Policy Framework) of the Decision was provisionally agreed, subject to an overall package agreement.

As new elements/circumstances have arisen between the mandate approved in June and now, the Presidency is seeking guidance from the Permanent Representatives Committee on its approach to the selected issues below in order to proceed with the negotiations with Parliament at the seventh political trilogue on November 23.

II. MAIN ISSUES

1. Regional ceilings

With regard to the general ceiling (EUR 32.3 bn.), the Presidency will negotiate within the existing mandate of the Council that equals to the initial proposal of the Commission.

Given the recent decisions on the 2018 budget and the indication by the EIB of its needs until 2020, a reduction for the Pre-Accession region is proposed (so that its share amounts to around 25-27% of the overall mandate). The amount made available (EUR 1,604mn) will be distributed to the other regions of the mandate without deviating considerably from the mandate of November 2016 (in relative terms).

The differences between Parliament's regional distribution for regions other than Pre-Accession are rather marginal, except for the Mediterranean and Eastern Neighbourhood, where the Council position will be preserved as far as possible:

	Council GA	Parliament	Presidency proposal (A)
Pre-Accession	29,97%	25,16%	25 %
Neighbourhood and partnership	58,06%	60,16%	60 %
Mediterranean	38,44%	35,37%	40 %
Eastern Neighb.	19,62%	24,79%	20 %
Asia and Latin America	10,69%	13,33%	14 %
Asia (excl. Central Asia)	2,9%	3,93%	4 %
Central Asia	0,63%⁴	0,79%	1 %
Latin America	7,16%	8,62%	9 %
South Africa	1,29%	1,34%	1 %

The Presidency proposal “A” was broadly supported by the Financial Counsellors at their 21 November meeting, however it was requested that the share of Neighbourhood and Partnership region in the proposed transfer would be increased in line with the Union's priorities in external action, and the share of other regions consequently reduced.

Please note that for the purposes of the exercise, the Presidency Compromise A was rounded up, but the breakdown of the new regional sub ceilings is subject to further discussions between Council and Parliament.

Based on this, the Presidency asks for a mandate to negotiate the potential transfer from the Pre-Accession ceiling within the following limitations:

- Out of the proposed transfer of EUR 1.6bn, a larger part would be transferred to Neighborhood and Partnership.
- Within the Neighborhood and Partnership region, the proportion of the order of 2/3 Mediterranean region and 1/3 Eastern Neighborhood will be maintained.

Member States are invited to indicate whether they can support the above guiding principles as a basis for negotiations at the 23 November trilogue.
