



For Further information contact:
Antony Froggatt
a.froggatt@btinternet.com
tel: 44 20 7923 0412
fax: 44 20 7923 7383
[Http://eu-energy.com/euratom](http://eu-energy.com/euratom)

Controlling Euratom Loans

May 2003

In November 2002, the European Commission proposed to extend the Euratom Loan facility by €2 billion. This proposal was passed to the European Council - where the Finance Working Group is currently reviewing it. Simultaneously, the Commission have proposed to change the scope – the conditions for loans and type of project that can be funded – in light of the forthcoming enlargement of the European Union. In the Commission's proposals both decisions will require the unanimous support of the European Council and in the case of the change in scope, the opinion of the European Parliament.

To date, ninety loans have been granted to nuclear facilities in Belgium, Bulgaria France, Germany, Italy and the UK. In total approximately €3 billion of loans have been awarded since the facility was established in 1977.

1) Restrictions on the Loan Facility

Some Member States have expressed the view that Euratom Loans should not be used within the European Union nor used to expand the industry in general. This is because the majority of Member States do not have nuclear power themselves or are in the process of phasing it out and these countries do not support giving nuclear power special treatment – as no other energy sources has its own loan facility. The European Commission have tried to allay these fears by claiming that the facility will prioritise nuclear safety in Eastern Europe.

The Commission have given written responses to questions raised by Member States in the European Council's Finance Working group. In these answers the Commission makes it clear that no restrictions can be placed upon the loan facility on the type of nuclear facility that can be funded in the EU, as it states: -

The Commission's Legal Service is of the opinion that a Council Decision cannot exclude a priori explicitly an action which is foreseen in the Euratom Treaty, by making a binding declaration or commitment in this sense.

Thus the conditions that a number of Member States have placed on their potential support for the increase in the loan facility appear to be unachievable. The table below gives details of some of these conditions.

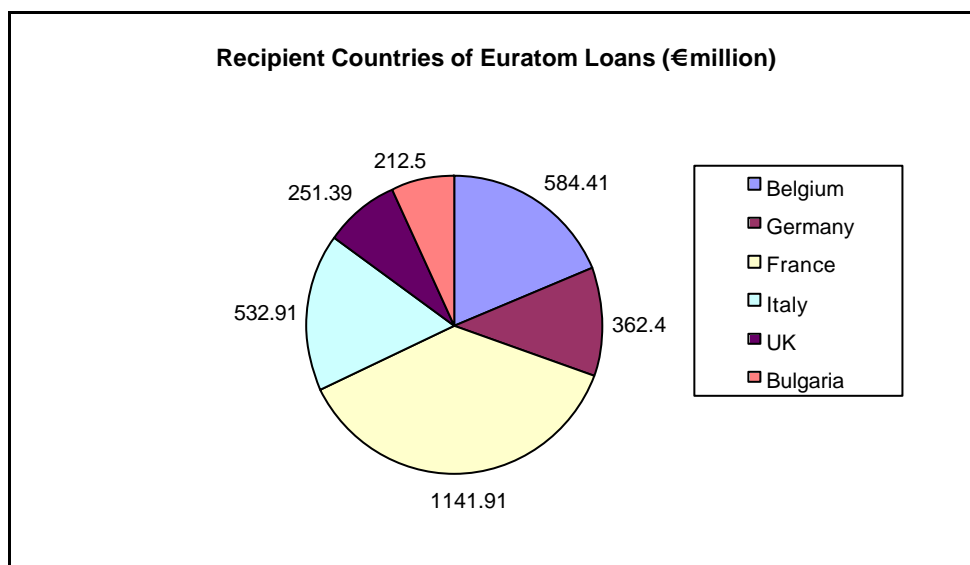
Austria, Belgium, Germany ¹	We reject the granting of loans for the construction of new nuclear installations, for nuclear installations under construction or for measures of efficiency improvement.
Denmark ²	The attitude of the government is, that the increase of electricity production at nuclear power plants in Eastern Europe or other European countries should not receive bilateral aid or support through international organisations
Ireland ³	The Irish Government's policy is to ensure that Euratom's activities in regard to the nuclear industry are directed towards nuclear safety and radiological protection, rather than towards the expansion of the nuclear energy sector
Luxembourg ⁴	"The increase in line of credit granted under the auspices of Euratom would only be acceptable to the extent that these credits would be used to increase safety of nuclear reactors in Eastern Countries".

In addition to the lack of restrictions on the type of projects eligible for Euratom loans Member States have raised concerns that decisions of whether or not a project is awarded a loan rests solely with the European Commission, with no co-decision with the European Parliament or Council.

As noted there are no restrictions to the type of nuclear facility that can be funded by Euratom loans in the EU. This can clearly be seen in the type of projects that have received funding in the past. A number of Member States requested the names of all nuclear facilities that have received Euratom loans in the past. The Commission did not comply with this request but did give a list of Euratom loans, including information on the country and type of facility that was funded. This revealed new historical information on the facility, including:

- Loans totalling €2.68 billion have been awarded for expanding the EU's nuclear power sector
- A loan of €108.9 million was awarded to a reprocessing facility in the UK in 1986. This was the period in which the Thorp reprocessing plant at Sellafield was under-construction.
- Five loans worth €170 million have been awarded in France for enrichment of fuel.
- Only one loan, worth €70 million has ever been given for waste management.

The breakdown of the loans by country recipient can be seen below



¹ Minutes of the European Environment Council Meeting, December 2002.

² Prime Minister Poul Nyrup Rasmussen, June 20, 2001

³ Written answer to question 147 on Tuesday, 1st May, 2001

⁴ Response of Minister of Finance and Minister of Environment to the Parliamentary Question number 1123 of 26th April 2001 by the Honorable deputy Camille Gira, concerning the capacities of Euratom.

It is therefore clear that Euratom Loans have in the past been used for projects that many Member States do not support.

2) The Voting Mechanism To Increase The Loan Ceiling.

The November 2002 draft proposal from the Commission states that, the adoption of the increase in the loan ceiling needs to have the unanimous support of Member States: -

*Council Decision 77/271/Euratom⁵ provides that when the total value of the transactions effected reaches EUR 3 800 million, the Commission shall inform the Council which, **acting unanimously** on a proposal from the Commission, shall decide on the fixing of a new amount as soon as possible.*

This is the same language that has been used on each of the **five occasions** that the Euratom Loan ceiling was increased. Despite this the Council's legal services are reviewing the procedures. In the Council paper 5871/03, Contribution to the Legal Services to the Proceedings of the Working Party of Financial Councillors, 29th January 2003, it states:

'The decision in question [increase in the Euratom Loan ceiling] could therefore be adopted if a majority of the members of the Council Voted in favour of it'.

The meeting on the 27th May is expected to be presented with a more detailed explanation of the proposed changes to the voting structure. The reason for this change in structure is that already a number of Member States have expressed concern and opposition to increasing the loan ceiling.

The minutes from the December 2002 Environment Ministers Council meeting, highlight this opposition:

"The Austrian, Belgian and German delegations stated their non-acceptance of the proposed increase of borrowing ceiling to cover EURATOM loans".

Then in March 2003, the German Parliament –Bundestag- passed a resolution which urged their Government to block the proposed increase, while a number of other countries have expressed their reservations. Therefore, unless the voting structure was changed it is clear that the ceiling increase would not be approved.

Conclusion:

Given the fact that the Commission claim no restrictions can be placed upon Euratom loans - there is no reason why loans cannot be given for the construction of new nuclear power plants or reprocessing plants in the future. Therefore, Member States can only restrict the loan activities by refusing to extend the facility. The change in the voting structure to force through the ceiling increase to alter the required approval from unanimity to majority means that all those Member States who do not want EU funds to facilitate the expansion of the nuclear industry must vote against the ceiling increase.

⁵ OJ L 88, 6.4.1977, p. 11. Decision as last amended by Decision 90/212/Euratom (OJ L 112, 3.5.1990, p. 26)