

4 November 1998 A4-0397/98



REPORT

on the proposal for a Council Regulation (EC) on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094 (CNS))

Committee on Foreign Affairs, Security and Defence Policy

Rapporteur: Mr Enrique Barón Crespo

Draftsmen*:
Mrs Müller, Committee on Budgets
Mr Moniz, Committee on External Economic Relations
Mrs Ryyänänen, Committee on Regional Policy
(* 'Hughes' procedure)

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(Amendment ##)
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('Hughes' procedure)

By letter of 15 May 1998 the Council consulted Parliament, pursuant to Article 235 of the EC Treaty, on the proposal for a Council Regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0150 - C4-0273/98 - 98/0094(CNS)).

At the sitting of 15 June 1998 the President of Parliament announced that he had referred this proposal to the Committee on Foreign Affairs, Security and Defence Policy as the committee responsible and the Committee on Agriculture and Rural Development, the Committee on Budgets, the Committee on Research, Technological Development and Energy, the Committee on External Economic Relations, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Regional Policy, the Committee on Culture, Youth, Education and the Media, the Committee on Budgetary Control and the Committee on Women's Rights for their opinions. At the sitting of 17 July 1998 the President of Parliament announced that the Committee on Civil Liberties and Internal Affairs had been authorised to draw up an opinion.

On 30 September 1998 the Commission amended the above proposal for a Council Regulation (COM(98)0551 - C4-0606/98 - 98/0094(CNS)).

At the sitting of 4 November 1998 the President announced that the amended Commission proposal had been forwarded to the Committee on Foreign Affairs, Security and Defence Policy as the committee responsible and to the other committees authorised to deliver an opinion.

At its meeting of 3 June 1998 the Committee on Foreign Affairs, Security and Defence Policy had appointed Mr Barón Crespo rapporteur.

At the sitting of 19 June 1998 the President had announced that the report would be drawn up under the 'Hughes' procedure by the Committee on Foreign Affairs, Security and Defence Policy, the Committee on Agriculture and Rural Development, the Committee on Budgets, the Committee on External Economic Relations and the Committee on Regional Policy.

The Committee on Foreign Affairs, Security and Defence Policy considered the amended Commission proposal and the draft report at its meetings of 21 July, 23 and 24 September, 12 October and 28 October 1998.

At the last meeting it adopted the draft legislative resolution by 27 votes to 2, with 1 abstention.

The following were present for the vote: Cushnahan, acting chairman; Barón Crespo, rapporteur; Alavanos, André-Léonard, Bernard-Reymond, Bertens, Bianco, van Bladel, Burenstam Linder, Caccavale, Carnero González, Dillen, Frischenschlager (for Cars), Gahrton, Gomolka, Graziani, Kristoffersen, Lenz, Lindqvist (for La Malfa), Newens, Oostlander, Poettering, Schroedter (for Aelvoet), Stenzel, Swoboda (for Truscott), Theorin, Tittley, Väyrynen and Wiersma.

The opinions of the Committee on Budgets, the Committee on External Economic Relations, the Committee on Employment and Social Affairs, the Committee on Regional Policy, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Culture, Youth, Education and the Media, the Committee on Civil Liberties and Internal Affairs and the Committee on Budgetary Control are attached; the Committee on Research, Technological Development and Energy and the Committee on Women's Rights decided not to deliver an opinion; although the Committee on Agriculture and Rural Development had been consulted under the 'Hughes' procedure, it nevertheless decided on 14 September 1998 not to deliver an opinion.

The report was tabled on 4 November 1998

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

A
LEGISLATIVE PROPOSAL

Proposal for a Council Regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094 - (CNS))

The amended proposal is approved with the following amendments:

Text proposed by the Commission()

Amendments by Parliament

(Amendment 1)

Before the first recital, new recital

Whereas the European Parliament has stressed that restoring and improving the rule of law and democracy in the applicant countries, which pre-accession aid is intended to achieve, is a priority;

(Amendment 2)

Before the first recital, new recital

Whereas the purpose of pre-accession aid is the creation of a functioning market, supported by efficient rules and a modern administration, and the development of social cohesion and economic progress;

(¹) OJ C

(Amendment 3)

Recital 6

Whereas it is important to ensure that Community operations under the three pre-accession instruments achieve optimum economic impact;

Whereas it is important to ensure that Community operations under the three pre-accession instruments achieve optimum economic impact and at the same time ensure balanced and sustainable development, the concentration of financial resources, and the preservation of the specificity of each instrument, avoiding duplications;

(Amendment 4)
Recital 7

Whereas the above instruments should remain distinct but there must be coordination between operations under them as well as with operations funded by the European Investment Bank, the European Bank for Reconstruction and Development, the Community's other financial instruments and the other international financial institutions;

Whereas the above instruments should remain distinct but there must be coordination between operations under them as well as with the Member States' bilateral operations and operations funded by the European Investment Bank, the European Bank for Reconstruction and Development, the Community's other financial instruments and the other international financial institutions;

(Amendment 5)
Article 1, second paragraph (new)

In addition to the above, an effort will be made to coordinate aid to the applicant states as regards EU-internal, cross-border and intergovernmental cooperation (Tacis, Interreg) so that this aid constitutes a coordinated whole.

(Amendment 6)
Article 3, third indent (new)

measures in the sector of training and professional retraining for those areas and sectors in which the recipient states must adopt conversion and restructuring measures in some industrial sectors in order to comply with the objectives of the partnerships for accession;

(Amendment 7)
Article 4

- | | |
|---|--|
| <p>1. Funding under the Phare programme shall focus on the main priorities for the adoption of the <i>acquis communautaire</i>, i.e. building up the administrative and institutional capacities of the applicant states and investment, except for the type of investments covered by the two instruments referred to in Articles 2 and 3 above.</p> <p>2. However, Phare funding may also be used to finance the measures in the fields of environment, transport and agricultural and rural development which form an indispensable part of integrated industrial reconstruction or regional development programmes.</p> | <p>1. Funding under the Phare programme shall focus on the main priorities for the adoption of the <i>acquis communautaire</i>, i.e. <u>consolidating the rule of law and democracy, with particular reference to strict respect for individual rights, swift, impartial justice and judicial and police cooperation, particularly on measures to combat organised crime and on external border controls, building up the administrative and institutional capacities of the applicant states - giving adequate consideration to local and regional administrations -</u> and investment, except for the type of investments covered by the two instruments referred to in Articles 2 and 3 above.</p> <p>2. However, Phare funding may also be used to finance the measures in the fields of environment, transport and agricultural and rural development which form an indispensable part of integrated industrial reconstruction or regional development programmes.</p> <p><u>2a. Aid for the improvement of nuclear safety shall be implemented in accordance with the Phare regulation.</u></p> |
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(Amendment 8)
Article 7

Beneficiary states shall contribute to the financing of investments.

Beneficiary States shall be systematically required to contribute to the financing of investments in order to optimise the economic impact of Community operations implemented under the three instruments referred to in this Regulation.

(Amendment 9)
Article 9

1. The Commission shall be responsible for coordinating operations under the three instruments, and in particular for establishing the pre-accession aid guidelines for each country. It is assisted, for this purpose, by the committee set up by Regulation (EEC) No 3906/89, as last amended by Regulation (EC) No 753/96, in accordance with the following procedure.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft, within a time limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

3. The opinion shall be recorded in the minutes; in addition each Member State shall have the right to ask to have its position recorded in the minutes.

4. The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the committee of the manner in which its opinion has been taken into account.

The coordination of the actions or measures covered by this Regulation shall be the task of the committee provided for in Article 9 of Council Regulation (EEC) No 3906/89.

(Amendment 10)
Article 10

The Commission shall ensure coordination and coherence between operations undertaken pursuant to this Regulation under the Community budget, operations funded by the European Investment Bank or other financial instruments of the Community, and operations funded by international financial institutions.

The Commission shall ensure coordination and coherence between operations undertaken pursuant to this Regulation under the Community budget, those of the Member States and those funded by the European Investment Bank or other financial instruments of the Community, and operations funded by international financial institutions.

(Amendment 11)
Article 11(2)

2. Pre-accession aid shall also cover expenditure relating to the monitoring, inspection and evaluation of operations.

2. Pre-accession aid shall also cover expenditure relating to the monitoring, inspection and evaluation of operations, within the limit established in the budgetary decisions.

(Amendment 12)
Article 11(3)a (new)

3a. The Council and Parliament shall receive annual reports and special monitoring and evaluation reports, and they shall be informed, as the need arises, of the work of the Coordination Committee (commitology).

(Amendment 13)
Article 12(3)

3. The Commission shall adopt rules governing inspection and evaluation.

3. The Commission, in cooperation with the Budgetary Authority, shall adopt rules governing inspection and evaluation.

(Amendment 14)
Article 13

Every two years the Commission shall present a report on the overall pre-accession aid for each country to the Council and to Parliament.

Every year the Commission shall present a report on the overall pre-accession aid for each country to the Council and to Parliament.

DRAFT LEGISLATIVE RESOLUTION

Legislative resolution embodying Parliament's opinion on the proposal for a Council Regulation (EC) on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(98)0150)() and the amended Commission proposal (COM(98)0551 - 98/0094(CNS)),
 - having been consulted by the Council pursuant to Article 235 of the EC Treaty (C4-0273/98 and C4-0606/98),
 - having regard to Rule 58 of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs, Security and Defence Policy and the opinions of the Committee on Budgets, the Committee on External Economic Relations, the Committee on Employment and Social Affairs, the Committee on Regional Policy, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Culture, Youth, Education and the Media, the Committee on Civil Liberties and Internal Affairs and the Committee on Budgetary Control (A4-0397/96),
1. Approves the amended Commission proposal, subject to Parliament's amendments;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 189a(2) of the EC 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 should the Council 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.

() and the amended Commission proposal (COM(98)0551 - 98/0094(CNS)); OJ C 140, 5.5.1998, p. 26.

B

EXPLANATORY STATEMENT

Introduction

The prospect of enlargement and the need to make certain reforms to Union policies without further delay are the basis for the *Agenda 2000* package.

The package contains a set of proposals for instruments of various types on which Parliament is required to adopt a position under different rules and procedures concerning, for example, pre-accession aid to the applicant countries, the reform of the Common Agricultural Policy, the new regulation governing the Structural Funds and a specific instrument for the fisheries sector.

Procedure

Although all the proposals pursue the same goal they do not all have the same legal basis. Furthermore, in some cases, for example the reform of the Structural Funds, the legal basis is destined to change when the Treaty of Amsterdam enters into force. Since this situation is likely to make Parliament's position inconsistent, and the impact of its opinion extremely variable, Parliament proposed to the Commission and Council that an interinstitutional agreement be drawn up permitting Parliament to deliver its opinion at two readings on all the legislative proposals in question together, leaving aside the legal base. Although the Council rejected the proposal, it took note of Parliament's wish to state a preliminary position before adopting its formal opinion on all the proposals in question.

This report will therefore be governed by the procedure laid down in Rule 60 of Parliament's Rules of Procedure (adoption in plenary of legislative amendments and vote at a later stage, in March or April 1999, on the draft legislative resolution).

The Committee on Foreign Affairs, Security and Defence Policy has been designated the committee responsible for the proposal for a regulation on the coordination of pre-accession aid to the applicant countries. It should, in principle, also deliver opinions on the ISPA regulation (pre-accession structural aid - committee responsible: Regional Affairs) and on assistance for the reform of agricultural structures (committee responsible: Agriculture) but will set these aside for the moment as it should be able to adopt an overall position following its scrutiny of the coordinating regulation.

All three legislative proposals concerning pre-accession aid should have been referred to the Committee on Foreign Affairs as the committee responsible. The decision not to do so was based on a very dubious interpretation of the rules given the resulting risks of incoherence and confusion. To counteract these problems, the parliamentary committees involved have coordinated their work closely.

Contents

The purpose of the proposal for a regulation on coordinating pre-accession aid is to promote synergies and interaction between the three legislative instruments, namely the pre-accession

structural instrument, the regulation on aid to agriculture and the PHARE() regulation, two of which are new.

The three instruments are designed to pursue the same aim of helping to create the necessary conditions for the accession of the Central and Eastern European Countries() to the European Union.

The measures in the agricultural sector are intended to improve the structure of agricultural holdings, processing and marketing structures and phytosanitary inspection structures. The pre-accession aid structural fund will provide funding for the environment and transport infrastructures. Finance under the PHARE programme will focus on the adoption of the *acquis communautaire*, particularly the administrative and institutional capacities of the applicant states.

Under the coordinating regulation, which is scheduled to enter into force on 1 January 2000, aid for schemes may be granted from one only of the instruments in question. In addition, beneficiary states will be systematically required to contribute to the financing of projects. A Coordination Committee, made up of representatives of the Member States and chaired by a representative of the Commission, will be responsible for coordinating operations. A non-voting representative of the EIB will take part in its activities. The Commission undertakes to take the utmost account of the opinion delivered by the Committee. The committee will also have the task of ensuring coordination and coherence between operations under the Community budget and with those funded by the EIB, the other financial instruments of the Community and the international financial institutions.

Remarks

The Commission's initiative is justified by the complexity of the enlargement process and the pre-accession strategy: the partnerships adopted in March highlighted the extent of the reforms which need to be made by the applicant countries. However, the relationship between pre-accession aid and the reform of certain Community policies, which will have major repercussions on the existing Member States, must not be overlooked.

Since the sums made available appear relatively small (ECU 520 m for agriculture, ECU 1040 m for the ISPA and ECU 1560 m for PHARE) their multiplier effect must be guaranteed as without it the funding will not have the desired effects. The impact of the pre-accession aid will be increased to the extent that it encourages intervention by other international financial institutions (EIB, BERD and the World Bank), creating the necessary conditions for a substantial increase in private investment as the legal and administrative framework of the countries concerned is developed to cater for the protection of investment.

() regulation, two of which are new.) The Commission had announced a proposal to reform this regulation but has decided against submitting proposals for the moment.

() to the European Union.) Cyprus is not included in these programmes because its relations with the Union are regulated on a different contractual basis.

The pre-accession aid should benefit a great many sectors. To begin with, the administrative and legal systems must be reformed and the institutions made more democratic; in other words, the political criteria adopted at Copenhagen and laid down in Article F of the Treaty of Amsterdam, must be met before any other measures are taken as efforts to restructure other sectors would otherwise be pointless. It is important in this context to stress the need to guarantee respect for

civil liberties and the constitution and the independence of the judiciary and the media. These must be the principles on which the pre-accession strategy is based.

Pre-accession aid should also be focused on other specific sectors which are at present being neglected. In the area of vocational training, the retraining and reskilling of workers currently employed in sectors faced with restructuring (heavy industry and agriculture) must be guaranteed.

Measures should also be taken in the fields of culture and youth training (including exchange programmes). In addition, pre-accession aid should be focused on improving infrastructures in the energy and telecommunications sectors as well as the transport sector.

Healthy and transparent financial management, at the planning stage as well as the implementation and monitoring stages, is vital to the success of the strategy given the inefficiencies and risks of corruption which are always present when programmes of this scope are prepared and implemented.

There is, furthermore, no mention in the proposed regulation of any procedure to evaluate the functioning and impact of the pre-accession aid. It is reasonable to assume that this will be done at different levels, for example in the Commission's annual reports on the situation in the applicant countries. Nonetheless, given the political significance of the pre-accession aid, it is legitimate to seek greater visibility for the European Parliament: once again, the fact that the future accession agreements will only enter into force after Parliament has given its consent should not be overlooked.

In March, in the debate on the pre-accession partnerships, the Council undertook to consult Parliament, albeit unofficially, before any changes were made to the partnerships as it had acknowledged the role played by Parliament in the overall accession procedure. The logical consequence of that *constitutional agreement* is to allow Parliament greater involvement in the planning and implementation of pre-accession aid. Accordingly, the Commission and the Council should first take up Parliament's stated positions and incorporate them in an amended proposal and then guarantee it a role, if only a consultative one, in the proceedings of the Coordination Committee and ensure that it receives all the necessary information relating to the monitoring of expenditure.

These requirements are minimal but they meet the requests stated long ago by Parliament and constitute a guarantee of the proper implementation of the aid and therefore of the entire pre-accession strategy.

However, it must be said that there is still an imbalance, as the accession process moves forward, between the ambition of creating a greater Europe and the ways and means available for achieving this. Almost a year since the Luxembourg European Council adopted the decisions to initiate the enlargement process and launch accession negotiations with the six countries in the first wave, the whole process is still pervaded by a sense of the inability of the Member States, and the Council in particular, to draw the consequences of their decision to begin enlargement at the level of political strategy.

There is still no clear political will to carry out enlargement on the basis of a strategy and a clearly defined timetable or to prepare the necessary internal and external adjustments in line with this fundamental strategic goal. It must also be borne in mind that the criteria adopted at Copenhagen include a reference to the existence of a functioning market economy capable of withstanding the pressure of competition and market forces within the Union. The fact is that markets are the result

of a process which has nothing spontaneous or miraculous about it. On the contrary, history shows that markets do not exist in a natural state but are an essential aspect of the creation of the nation state. In the case of the European Union, the creation of the market economy is the result of a highly complex process of organising and defining the operating rules of the internal market, which is based, to a large extent, on the three hundred directives developed under the Single Act.

We are therefore faced with a rapid succession of proposals and initiatives, such as the *Agenda 2000* package, which will not easily form a coherent or harmonious whole. For, whilst the reasoning behind the preparation of pre-accession aid for the applicant countries is based on the need to bridge the gap between those countries and the Union, the reasoning behind the reforms to the agricultural policy and the operation of the Structural Funds is entirely based on internal concerns.

Although the European Council has considered the issue of enlargement on a number of occasions, for example the accession of new Member States to NATO and the security and defence implications of this for the Union, there has been and is still no global reflection at the level of the European Council on the significance of enlargement and the strategy for achieving it under optimum conditions.

Far more than an economic and commercial venture, enlargement is a process which is destined to create the conditions for a wholesale shift in the geopolitics of our continent. It will have profound repercussions on the position of the European Union within Europe and in the world as a whole. Its implications for foreign and security policy reach way beyond the mechanical extension of the Union's external borders. Yet, all the initiatives now under way with the applicant countries (negotiations, pre-accession partnerships, economic and financial assistance and screening) appear to be inspired by the bilateral relationship between the European Union and the country in question, with no sign of the overview needed to in order to steer the Union's movements in this field.

Yet the very essence of the Union's foreign security policy requires the definition of an enlargement strategy which meets the objectives of Title V of the Treaty: the CFSP seeks to promote the enhancement of the Union's security in all its forms and to foster the development and consolidation of democracy and of the rule of law (Article 12). These goals are pursued with the adoption of general guidelines as well as common strategies, joint actions and common positions. It would seem obvious that enlargement meets these objectives and that is why it is reasonable to call for the decision to initiate enlargement to take the form of a common strategy decided on by the European Council since Central and Eastern Europe and the Mediterranean are sectors in which the Member States have important interests in common (Article 13(2)).

The logical conclusion would be to make enlargement a joint action under Article 14. This would have the advantage not only of giving enlargement a legal basis more in line with the true importance of enlargement but also of giving greater visibility to the political aspects of the operation which are currently obfuscated by technical details which ought to receive less attention.

There are moreover precedents, for example the joint actions relating to the Stability Pact in Europe(

), the purpose of which was to guarantee the consolidation of borders and respect for minorities in the Central and Eastern European Countries seeking to j

(

Conclusions

), the purpose of which was to guarantee the consolidation of borders and respect for minorities in the Central and Eastern European Countries seeking to join the European Union. The dynamics of dialogue created with

) Joint actions 93/728 CFSP and 94/367 CFSP; Parliament's position is contained in Recommendation A4-0098/95 of 19 May 1995.

Parliament takes note of the Commission's proposals on pre-accession aid and endorses their goals but is concerned about the selection of an arsenal of a number of different pieces of legislation when a single instrument would certainly have more impact.

Parliament would also draw the attention of the Council and Commission to the role it intends to play in prompting and monitoring the implementation of the instruments and points to the undertakings they gave during the debate in plenary on 11 March.

Finally, it would stress that in order to guarantee the efficiency and coherence of the pre-accession strategy and aid, the political aims underpinning the entire enlargement process must be restated, both by making clear the issues at stake and by adjusting the methods and procedures to fit the aims to be pursued. Only in this way will it be possible to ensure that enlargement is achieved in a satisfactory manner and to make the necessary internal and external adjustments.

OPINION

(Rule 147)

for the Committee on Foreign Affairs, Security and Defence Policy

on the amended proposal for a Council Regulation (EC) on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094(CNS)) (report by Mr Barón Crespo)

Committee on Budgets

Draftsman: Mrs Edith Müller

PROCEDURE

At its meeting of 3 June 1998 the Committee on Budgets appointed Mrs Edith Müller draftsman.

It considered the draft opinion at its meeting of 12/13 October 1998.

At the last meeting it adopted the following conclusions unanimously.

The following took part in the vote: Tillich, acting chairman; Müller, draftsman; Bösch, Brinkhorst, Christodoulou (for Bardong), Colom I Naval, Dankert, Dührkop Dührkop, Elles, Fabra Valles, Garriga Polledo, Imaz San Miguel, Jöns (for Ghilardotti), Kellett-Bowman (for Böge), Krehl, Laignel, McCartin, Miranda, Morgan (for Haug), Pronk (for Podesta), Rübige (for Bourlanges), Seppänen, Sonneveld (for Theato pursuant to Rule 138(2)), Tomlinson and Viola (for Di Prima).

GENERAL

As indicated in the explanatory statement, the modification basically touches on the following elements:

- a) a better coordination under the Phare "commitology" and not with a new specific one
- b) the inclusion of the decentralisation into the regulation.
- c) the inclusion of a two year report on ISPA

a) the coordination under the Phare

The change affects articles 4, 7, 9 and 10. The distinction on the field of application between Phare and the ISPA is clarified in art. 4 where the limits of the Phare instrument are indicated; paragraph 1 establishes the rules and paragraph 2 introduces the exception. The "coordination committee", introduced in the "old" COM(98)150, is replaced by the Phare committee. Neither the "commitology" of ISPA-Structural regulation nor the one on ISPA-Agri (?) are changed.

The Commission sees to it that there is coordination and coherence of the different interventions not only within the Union (art.10) but nothing is said on the means to ensure this coordination.

b) the inclusion of decentralisation into the regulation

The possibility of a decentralised approach is accepted into the regulation but no mention is made on the need for a change of the Financial regulation before the effective implementation .

c) the inclusion of a two year report on ISPA

This report was not present into the old text.

Amendment 1
6th Recital

Whereas it is important to ensure that Community operations under the three pre-accession instruments achieve optimum economic impact;

Whereas it is important to ensure that Community operations under the three pre-accession instruments achieve optimum economic impact, the concentration of financial resources, the preservation of the specificity of each instrument, avoiding duplications;

Justification: It is important to guarantee that there is no overlap between the different instruments.

Amendment 2
10th Recital

Whereas management of pre-accession assistance should gradually be decentralised to the applicant countries themselves, taking account of their management and financial control capacities, so that they can be more closely involved in the pre-accession aid process;

Whereas management of pre-accession assistance should gradually be decentralised to the applicant countries themselves, on their request, when they can ensure suitable (one word deleted) management and financial control capacities, so that they can be more closely involved in the pre-accession aid process;

Justification: Commission shall implement the decentralisation only if sufficient guarantees are given on the control capacities of the applicant countries.

Amendment 3
Article 4, para. 1

1. Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states and investment, except for the type of investments covered by the two instruments referred to in Articles 2 and 3 above.

1. Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states and investment (rest deleted)

Justification: It is important to establish a clear distinction between regulations and to guarantee that there is no overlap between the different instruments.

Amendment 4
Article 4, para. 2

2. However, Phare funding may also be used to finance the measures in the fields of environment, transport and agricultural and rural development which form an indispensable part of integrated industrial reconstruction or regional development programmes.

2. In order to improve the specificity of each programme, and avoiding duplication, all measures in the fields of environment, transport and agricultural and rural development for the applicant beneficiary countries, can only be financed by Regulation No.... and Regulation No ... as referred to in Articles 2 and 3 of the present regulation.

Justification: It is important to establish a clear distinction between regulations and to guarantee that there is no overlap between the different instruments.

Amendment 5
Article 4, para. 3 (new)

3. In the case where projects, covered by Regulation No.... and Regulation No ... as referred to in Articles 2 and 3 of the present regulation, form an indispensable part of integrated industrial reconstruction or regional development programmes, the financing should be assured according to the provisions of each regulation. The Commission shall ensure the necessary coordination and a single procedure.

Justification: It is important to establish a clear distinction between regulations and to guarantee that there is no overlap between the different instruments. Whenever a part of a project should be financed by two instruments (ie. Phare and ISPA structural) it is up to the Commission to ensure the implementation of a single and simplified procedure.

Amendment 6
Article 7

Beneficiary states shall contribute to the financing of investments.

Beneficiary states shall contribute to the financing of investments. Beneficiary states are responsible for prosecuting irregularities, without excluding the responsibility of the Commission.

Justification: Commission shall implement the decentralisation only if sufficient guarantees are given on the control capacities of the applicant countries.

Amendment 7
Article 11, para 2

2. Pre-accession aid shall also cover expenditure relating to the monitoring, inspection and evaluation of operations.

2. Pre-accession aid shall also cover expenditure relating to the monitoring, inspection and evaluation of operations, within the limit established in the budgetary decisions.

Justification: In order to avoid misuse of operational expenditure, technical assistance should be authorised not only in the legislative decision but also in the budgetary decision.

Amendment 8
Article 12, para 1

1. The applicant countries may manage the aid granted to them on a decentralised basis subject to specific provisions concerning *inter alia*, invitations to tender, scrutiny and evaluation of tenders and the award of contracts.

1. The applicant countries may request to manage the aid granted to them on a decentralised basis subject to specific provisions concerning *inter alia*, invitations to tender, scrutiny and evaluation of tenders and the award of contracts. The Commission shall ensure that the beneficiary countries can effectively implement the management and financial control capacities.

Justification: Commission shall implement the decentralisation only if sufficient guarantees are given on the control capacities of the applicant countries

OPINION
(Rule 147)

for the Committee on Foreign Affairs, Security and Defence Policy

on the proposal for a Council Regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094(CNS)) (report by Mr Barón Crespo)

Committee on External Economic Relations

Draftsman: Mr Fernando Moniz

PROCEDURE

At its meeting of 25 June 1998 the Committee on External Economic Relations appointed Mr Moniz draftsman.

It considered the draft opinion at its meetings of 1 September and 29 September 1998.

At the latter meeting it adopted the following conclusions unanimously.

The following took part in the vote: Moniz, acting chairman and draftsman; Sainjon, vice-chairman, Ferrer, Kreissl-Dörfler, Mann, Porto, Seppänen (for Castellina) and Valdivielso de Cué.

CONCLUSIONS

The Committee on External Economic Relations calls on the Committee on Foreign Affairs, Security and Defence Policy to incorporate the following amendments in its report.

Text proposed by the Commission

Amendments by Parliament

(Amendment 1)
Recital 5a (new)

Whereas gradually transferring the management responsibilities to the beneficiary countries constitutes a useful preparation for accession, in that it familiarises the administrations of the applicant countries with the European Community's working methods in structural fund-related matters;

Justification

Gradually transferring management responsibilities to the governments of the beneficiary countries should enhance the efficiency and speed up the implementation of Community aid, by allowing decisions to be taken as close as possible to the point of impact.

The EP reports by Wiersma (A4-0165/98) and Hansen (A4-0286/97) have already recommended, in view of the Court of Auditors' special report No 3/97 on the decentralised implementation system for the PHARE programme, that financial management of specific sectors of the programme should be delegated to the national authorities of those countries with which accession negotiations had already begun.

(Amendment 2)
Recital 5b (new)

Whereas, however, Article 107 of the Financial Regulation makes the Commission responsible for ensuring that external aid is correctly used and, therefore, decentralisation in the beneficiary countries should, wherever possible, be extended to management, with due care; whereas decentralisation can be extended provided that ex-post control of the financial operations is carried out, and the applicant countries' administrations undertake to apply the same controls and provide the same guarantees as laid down in the relevant Community legislation

Justification

Decentralisation should be backed-up by proper monitoring of all significant measures for implementing the projects. For that reason, a proper relationship needs to be established in which the candidate countries share responsibility with the Commission (which is responsible for the correct use of external aid, pursuant to Article 107 of the Financial Regulation).

It should be possible increasingly to decentralise larger and larger amounts of aid, providing the Commission exercises 'ex post' control of the financial operations, and the applicant countries' administrations undertake to apply the same level of control and financial guarantees (i.e. the recovery of the aid concerned if funding is incorrectly paid out) as are laid down in the Community's financial regulations.

(Amendment 3)
Recital 7

Whereas the above instruments should remain distinct but there must be coordination between operations under them as well as with operations funded by the European Investment Bank, the European Bank for Reconstruction and Development, the Community's other financial instruments and the other international financial institutions,

Whereas the above instruments should remain distinct but there must be coordination between operations under them as well as with the Member States' bilateral operations and operations funded by the European Investment Bank, the European Bank for Reconstruction and Development, the Community's other financial instruments and the other international financial institutions,

Justification

This amendment is intended to underline the crucial importance of internal coordination with the bilateral aid provided by the Member States, which goes beyond the necessary exchange of information on identifying and selecting projects, and also includes coordinating aid strategies with a view to increasing the complementarity and synergy of Union assistance as a whole.

(Amendment 4)
Recital 7a (new)

whereas the Commission, in cooperation with the European Investment Bank, the European Bank for Reconstruction and Development and the World Bank signed a 'Memorandum of understanding' on 2 March 1998 on cooperation to prepare the countries of Central and Eastern Europe's pre-accession strategy, with the purpose of coordinating their instruments for providing financial assistance for those countries,

Justification

The transformation of the PHARE programme from a technical assistance programme in to a 'programme of assistance for accession' (approximation of legislation, internal markets, etc.), reinforces still further the coordination role played thus far by the Commission within the G-24.

Furthermore, within the framework of the so-called 'Bangkok Facility', the Commission has established close cooperation with the EBRD, with the aim of using PHARE programme funds to support EBRD investment projects in the applicant countries.

The 'Memorandum of understanding' formalises cooperation between the Commission and the EIB, on the one hand and the EBRD and the World Bank on the other, with a view to coordinating their strategies and respective aid instruments, and for preparing and implementing projects. Given the volume of funding required in order to carry out certain infrastructure projects, Community aid could attract significant additional commercial capital, and act as a catalyst with regard to operations co-funded with the applicant countries and the banks in question. In this context, it is essential that the Union's financial contribution be properly visible.

(Amendment 5)
Recital 7b (new)

whereas the proliferation of committees of different kinds for each instrument could hamper the management and cohesiveness of pre-accession aid coordination, and coordination tasks are for that reason to be carried out in keeping with the procedure provided for in Article 9 of Council Regulation (EEC) No 3906/89,

Justification

Enlargement to include the countries of Central and Eastern Europe and Cyprus is the Union's basic external action priority over the next few years. For that reason, the whole pre-accession strategy of the applicant countries should be perceived of as a 'joint action', as proposed by the draft Barón report.

In this context, the joint action should be guided and coordinated by means of the instrument which for the last eight years has been fundamentally responsible for aiding the transition of the countries of Central and Eastern Europe to political democracy and to a market economy which respects the environment and social justice. For that reason, the purpose of these amendments is to assign the task of coordinating the pre-accession aid to the Committee provided for in Article 9 of the PHARE regulation, for the following reasons:

- * qualitatively, the PHARE programme, redirected towards the basic goal of enlargement, will continue to include the basic priority of institution building, i.e. helping the applicant countries to develop the structures, human resources and management wherewithal required to implement the *acquis communautaire* and meet the Copenhagen criteria. Without the technical assistance provided by this instrument for improving the management capacity of the applicant countries, the efficiency of the two sectoral instruments will be severely impaired;
- * quantitatively, the PHARE programme will continue to channel the bulk of Union aid to the applicant countries (50% of the appropriations earmarked under the new multiannual Financial Perspective);
- * despite certain inevitable delays due to the need to translate the relevant documents, the 'Phare Committee' already has a wealth of experience in implementing aid to the applicant countries;
- * there is already a formal concertation instrument available to coordinate Community pre-accession aid with the international financial institutions most involved in helping the CCEE thanks to the recent Memorandum of understanding of March 1998;
- * furthermore, the proliferation of different kinds of committees for each instrument (a consultative committee for the coordination regulation, a management committee for the PHARE programme, two management committees for agriculture and a consultative committee for the pre-accession structural policy instrument) not only creates a risk that coordination of aid will be less than consistent, but an even greater risk that the management of the aid could be blocked by disagreements between the coordinating committee and the management committees resulting in the lack of clear guidance for the entire pre-accession aid package.

In short, the PHARE programme committee could be more effectively consistent in implementing this 'common action' within the Commission. Enlargement, and its operational instrument -

pre-accession strategy - is a foreign policy joint action and responsibility for coordination and guidance should fall on the shoulders of the Directorate-General responsible for the PHARE programme. At the current stage of enlargement, the pre-accession aid in the agricultural and structural policy sectors are operational instruments which should be brought into line with the global strategy.

(Amendment 6)
Article 4(2) a (new)

2a. PHARE programme shall contribute to enhancing the ability of the administrations of the applicant countries to exploit the opportunities offered by decentralisation and to tackle the levels of control and of financial guarantees demanded by the Community's financial regulations.

Justification

This amendment stresses the interdependence of the decisive contribution of the PHARE contribution to improving the management and control skills of the public administrations of the applicant countries on the one hand, and the potential benefits of a steady decentralisation of the implementation of aid on the other.

The arguments used to justify Amendment no. 2 with regard to ex-post controls and the financial guarantees apply equally to this amendment.

At the same time, the Commission should modify its internal structure, so that an increasing degree of responsibility is assigned to the delegations as regards implementing pre-accession aid.

(Amendment 7)

Article 8, second, third, fourth, fifth and sixth paragraphs

A Coordination Committee shall be set up in the Commission to be responsible for coordinating operations in the context of this Regulation. The Committee shall be made up of representatives of the Member States and chaired by the representative of the Commission.

The coordination of the actions of measures covered by this Regulation shall be the task of the Committee provided for in Article 9 of Council Regulation (EEC) No 3906/89.

The EIB shall appoint a non-voting representative to the Committee.

The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the Committee. It shall inform the Committee of the manner in which its opinion has been taken into account.

Justification

See the justification to Amendment No. 5

(Amendment 8)
Article 8, 7th paragraph

Coordinating measures to be taken shall include, in particular, general guidelines and establishing the multiannual programme of pre-accession aid.

Coordinating measures to be taken shall include, in particular, general guidelines and establishing the multiannual programme of pre-accession aid by country and by sector.

Justification

The new aid strategy involves more varied and complex action than that carried out thus far under the PHARE programme. Moreover, the economic and political paths of the applicant countries are increasingly divergent, and as a result, the new aid strategy must take greater account of the individual needs of each of the applicant countries.

For that reason, the general guidelines and the multiannual programme of pre-accession aid must be carried out on a country by country and sector by sector basis, in due keeping with the thinking behind 'association for accession'.

(Amendment 9)
Article 8, 8th paragraph

The opinions of the Committee shall be brought to the attention of the Committees established by Regulations (EEC) Nos. 3906/89, as last amended by Regulation (EC) No 753/96,... and .../...

The opinions of the Committee shall be brought to the attention of the Committees established by Regulations (EEC) No/... and (EC) No .../..

Justification

See justification to Amendment no. 5

(Amendment 10)
Article 8, 9th paragraph

The Committee shall draw up its rules of Deleted
procedure.

Justification

See justification to Amendment no. 5

(Amendment 11)
Article 9

The Commission shall ensure coordination and coherence between operations undertaken pursuant to this Regulation with contributions from the Community budget, and with operations funded by the European Investment Bank, the other financial instruments of the Community and the international financial institutions.

The Commission shall ensure coordination and coherence between operations undertaken pursuant to this Regulation with contributions from the Community budget and from the Member States and with operations funded by the European Investment Bank, the other financial instruments of the Community and the international financial institutions.

Justification

See justification to Amendment no. 3

(Amendment 12)
Article 10a (new)

The Commission shall present to the European Parliament and the Council an annual report on all Community aid granted under this regulation. The annual report shall include:

- the multiannual indicative programming, by recipient country, of the actions to be carried out, showing the distribution of Community funds between the various instruments (PHARE programme, the agricultural instrument, ISPA and other actions);

- the general financial framework, summarising Community funding, co-funding by the recipient countries, contributions from the EIB and other international financial institutions and, where appropriate, the private resources made available and effectively taken up in each priority intervention sector;

- a joint assessment of the impact and effectiveness of the Community involvement and its contribution to the pre-accession strategy and the goal of enlargement.

Justification

It is essential that the two arms of the Budgetary Authority Council and the European Parliament, have an annual report by the Commission on all Community aid granted within the framework of the pre-accession strategy. This support will provide a global overview of Union support for the enlargement process, and allow the consistency and efficiency of Community intervention to be assessed.

OPINION

(Rule 147)

for the Committee on Foreign Affairs, Security and Defence

on the proposal for a Council Regulation (EC) on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094(CNS) (report by Mr Barón Crespo)

Committee on Employment and Social Affairs

Draftsman: Mr Harald Ettl

PROCEDURE

At its meeting of 16 April the Committee on Employment and Social Affairs appointed Mr Harald Ettl draftsman.

It considered the draft opinion at its meetings of 3 September and 24 September 1998.

At the last meeting it adopted the following conclusions by unanimously.

The following took part in the vote: Hughes, chairman; Ojala, vice-chairman; Ettl, draftsman; Andersson, Cabezón, Correia, Glase, Jöns, Lindqvist, Mann, Peter, Pronk, Schmidbauer (for McMahon), Schörling, Skinner, Theonas, Van Lancker, Van Velzen, Waddington, Weiler and Wolf.

CONCLUSIONS

The Committee on Employment and Social Affairs asks the committee responsible to take the following amendments into consideration:

Text proposed by the Commission

Amendments by Parliament

(Amendment 1) Article 4(1)

Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states and investment except, as regards the applicant states, for the type of investment referred to in Articles 1 and 2 above.

Funding under the Phare programme shall focus on the (4 words deleted) adoption of the *acquis communautaire*, i.e. in particular building up the administrative structures, social dialogue and institutional capacity of the applicant states and investment except, as regards the applicant states, for the type of investment referred to in Articles 2 and 3 above.

We must be clear that full application, not just the main priorities, of the acquis communautaire is required of the applicant states. Phare must also be used to develop an independent and representative social dialogue in the applicant states. Unless your draftsman is very much mistaken the reference to Articles 1 and 2 in the Commission text should in fact be to Articles 2 and 3.

(Amendment 2) Article 4 (2)

However, investment in the fields of the environment or transport essential to the completion of integrated programmes for industrial reconstruction or regional and rural development may be allowed under this

Regulation.

These kinds of investment should not be financed by Phare but under the ISPA Regulation.

OPINION

(Rule 147)

for the Committee on Foreign Affairs, Security and Defence Policy

on the amended proposal for a Council Regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094(CNS)) (report by Mr Barón Crespo)

Committee on Regional Policy

Draftsman: Mrs Mirja Ryyänen

PROCEDURE

At its meeting of 25 June 1998 the Committee on Regional Policy appointed Mrs Ryyänen draftsman.

It considered the draft opinion at its meetings of 21 July, 22 September and 12 October 1998.

At the last meeting it adopted the following conclusions by 28 votes to 2.

The following were present for the vote: Arias Cañete, chairman; Howitt, vice-chairman; Ryyänen, draftsman; and Azzolini, Baggioni, Berend, Botz, De Lassus, Donnay (for Collins), Girão Pereira, Grosch (for Costa Neves), Grossetête (for Decourrière pursuant to Rule 138(2)), Hatzidakis, Karamanou, Klab, Lage, McCarthy, Miller (for Napoletano), Myller, Nicholson, Novo, Ojala (for Gutiérrez Díaz), Peijs (for Otila), Querbes (for Ephremidis), Raschhofer, Schiedermeier (for Schröder), Schroedter, Todini, Varela and Walter.

GENERAL COMMENTS

The Commission has presented a modified version of its original proposal (COM(98)150 of 18th March 1998). The new document (COM(98)551) was sent to the Parliament by the Commission on 6th October 1998. This timetable did not allow for the Committee on Regional Policy to fully review its opinion. A mandate was given to the draftsman to adapt the amendments and the explanatory statement to fit into the new proposal. In addition, the members of the Committee were asked to table their own amendments, concerning the new features in the proposal, directly to the Foreign Affairs Committee by 14th October 1998.

The Commission proposes that aid to the applicant countries be directed through three separate aid instruments. This point of view is understandable, particularly since as well as managing the aid, we are also seeking to prepare the applicant states for EU membership and for the EU's working methods. There is, however, a need to coordinate the aid and clarify the roles of the various forms of aid, to enable the three aid instruments to operate as a whole and avoid duplication. There is a need for common guidelines for coordination.

The structural aid instrument now covers investment projects which are of importance at a wider European level, and in the light of this new situation the activities under the Phare programme must be re-assessed.

Your draftsman had foreseen that the monitoring of the coordination of projects under the various aid instruments should be concentrated in a single committee and that the committee's duties should be defined clearly in the regulation.

The amended proposal for a regulation contains supplementary proposals for clarifying the allocation of roles among the aid instruments, and instead of establishing a coordination committee it is proposed that the Phare Committee takes on this responsibility trying to find solutions for 'borderline cases'. However, the allocation of tasks among the aid instruments, as proposed here, is still not sufficiently clear. For example, aid for improving nuclear safety ought to be coordinated so that it is directed through one form of support.

The Phare committee's chief responsibility as the coordinating committee, will be to clarify the allocation of work in borderline cases. In addition it should assess the effectiveness of the allocation of resources. The committee may be expected to make proposals about the allocation of aid in cases, for example, where problems have been observed or where a country or group of countries is joining the EU. The role and responsibility of the Commission is more accentuated in the new proposal. The Commission is responsible for organising methods of control and evaluation.

The coordination of aid for the candidate countries is also needed for the purposes of EU-internal, cross-border and intergovernmental cooperation (Takis, Interreg). Measures to prepare countries for membership should form a coordinated entity with the planning and implementation of cross-border cooperation programmes.

From the point of view of the efficient use of the aid in the applicant states, it would make sense if the aid, together with its management, was condensed to as few forms as possible, and that there was a uniform management of the various aid instruments. In the

modified proposal, it is proposed that the administration should be partly decentralised to the applicant countries in such a manner as to allow the Commission to play a central role, both in its control, and management. It is also important for aid to the candidate countries to be coordinated with EU-internal, cross-border and intergovernmental cooperation programmes (Takis, Interreg).

As a new feature, it is proposed that the Commission presents a biennial report on all pre-accession aid, to the Parliament and to the Council.

Your draftsman notes that countries which have not yet applied for EU membership are now participating in the Phare programme. The allocation of roles among the support instruments intended by this regulation must not restrict the allocation of Phare projects (e.g. to environmental investments) in those countries which do not apply for EU membership.

CONCLUSIONS

The Committee on Regional Policy calls on the Committee on Foreign Affairs, Security and Defence Policy, as the committee responsible, to incorporate the following amendments in its report:

(Amendment 1)
Article 1(2) (new)

In addition to the above, an effort will be made to coordinate aid to the applicant states as regards the EU-internal, cross-border and intergovernmental cooperation (Takis, Interreg) so that this aid constitutes a coordinated whole

(Amendment 2)
Article 4

1. Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states and investment, except for the type of investments covered by the two instruments referred to in Articles 2 and 3 above.

1. Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states - giving adequate consideration to local and regional administrations - and investment, except for the type of investments covered by the two instruments referred to in Articles 2 and 3 above.

2. However, Phare funding may also be used to finance the measures in the fields of environment, transport and agricultural and rural development which form an indispensable part of integrated industrial

2. However, Phare funding may also be used to finance the measures in the fields of environment, transport and agricultural and rural development which form an indispensable part of integrated

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3. Aid for the improvement of nuclear
safety shall be implemented in
accordance with the Phare regulation.

(Amendment 3)

Article 7

Beneficiary states shall contribute to the financing of investments.

Beneficiary states shall be systematically required to contribute to - and innovative funding sources involved in - the financing of investments, in terms of balanced and sustainable development. Innovative sources of funding shall also be drawn upon for the financing of such investments.

(Amendment 4)

Article 9 (1)

1. The Commission shall be responsible for coordinating operations under the three instruments, and in particular for establishing the pre-accession aid guidelines for each country. It is assisted, for this purpose, by the committee set up by Regulation (EEC) No 3906/89, as last amended by Regulation (EC) No 753/96, in accordance with the following procedure.

1. The Commission shall be responsible for coordinating operations under the three instruments, and in particular for establishing the pre-accession aid guidelines for each country. It is assisted, for this purpose, by the committee set up by Regulation (EEC) No 3906/89, as last amended by Regulation (EC) No 753/96, in accordance with the following procedure. The recipient states shall be represented in the Committee. The regional and local authorities and the social partners of the recipient states shall be consulted.

(Amendment 5)

Article 11(2) a (new)

In connection with decisions on the

financing of Community aid, an assessment shall also be made of the effects of the measures in question on human rights issues in the recipient states, particularly the position of ethnic and national minorities.

OPINION

(Rule 147)

for the Committee on Foreign Affairs, Security and Defence Policy

on the proposal for a Council Regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094 (CNS)) (report by Mr Barón Crespo)

Committee on the Environment, Public Health and Consumer Protection

Draftsman: Mrs Riitta Myller

PROCEDURE

At its meeting of 25 February 1998 the Committee on the Environment, Public Health and Consumer Protection appointed Mrs Riitta Myller draftsman.

It considered the draft opinion at its meetings of 3 September and 13 October 1998.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Ken Collins, chairman; Poggiolini, Dybkjær and Lannoye, vice-chairmen; Myller, draftsman; d'Aboville, Blokland, Breyer, Cabrol, Eisma, Estevan Bolea (for Campoy Zueco), Fitzsimons, Florenz, González Álvarez, Graenitz, Grossetête, Hardstaff (for Pollack), Hautala (for McKenna), Kirsten Jensen, Kuhn, Lange (for Needle), Leopardi, Marinucci, Olsson, Pinel, Redondo Jimenez (for Valverde Lopez), Roth-Behrendt, Schleicher, Schnellhardt, Tamino, Trakatellis, Virgin.

BACKGROUND/JUSTIFICATION

Amendment :2

In view of the strong environmental emphasis and implications of the proposal it seems necessary to include a NGO representative in the composition of the committee. The representative should not have the right to vote.

CONCLUSIONS

The Committee on the Environment, Public Health and Consumer Protection calls on the Committee on Foreign Affairs, Security and Defence Policy, as the committee responsible, to incorporate the following amendment in its report:

(Amendment 1)
Article 4(2)a (new)

(2)a. Funding to improve nuclear safety shall be provided in accordance with the Phare Regulation. However, funding for nuclear safety shall not result in any reduction in support for actual environmental projects funded under ISPA and Phare.

(Amendment 2)
Article 8, third paragraph

The EIB shall appoint a non-voting representative to the Committee.

The EIB shall appoint a non-voting representative to the Committee. A representative of environmental non-government-organisations at EU-level shall be appointed in a non-voting capacity.

OPINION

(Rule 147)

for the Committee on Foreign Affairs, Security and Defence Policy

on the proposal for a Council Regulation (EC) on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/094(CNS)) (report by Mr Barón Crespo)

Committee on Culture, Youth, Education and the Media

Letter from the chairman of the committee to Mr Spencer, chairman of the Committee on Foreign Affairs, Security and Defence Policy

Brussels, 13 October 1998

Dear Mr Spencer,

At its meeting of 13 October 1998 the Committee on Culture, Youth, Education and the Media considered the above subject. It noted that the intention is to ensure, by means of a regulation, the coordination and coherence of the aid granted in the framework of pre-accession assistance by the PHARE programme, the agricultural instrument and the structural instrument.

It is pleased to see that the Commission makes provision for a special committee (even if it eventually turns out to be the PHARE committee) to oversee the substantial allocations of funds each year under the three instruments, the aim being to avoid duplication of effort and ensure a degree of complementarity among their operations.

The committee particularly welcomes this prospect of heightened supervision and also of monitoring and evaluation (Article 10(2)), especially where PHARE funds are concerned. It frequently takes the lead when it comes to pre-accession sectoral involvement in the spheres of youth, education, culture and the media, having this year considered no fewer than 20 draft reports on these aspects.

The PHARE funds often prove to be restrictive when administrative costs need to be imputed to such involvement (generally allocated to the national budgets) or a limit has to be imposed on PHARE operations as a substitute for national contributions, the economies concerned still being fragile.

Consideration of the effects of these operations in terms of the adoption of the *acquis communautaire* and of building up administrative and institutional capacities, appropriately referred to in Article 4 of this regulation, should enable these restrictions to be relaxed on a case-by-case basis.

At its meeting of 13 October 1998 the committee adopted the following conclusions():

While generally welcoming the proposed regulation, the committee calls on the Committee on Foreign Affairs, Security and Defence Policy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission

Amendments by Parliament

(Amendment 1)
Article 4(2a) (new)

2a. The additional administrative costs caused by the involvement of the CEEC in certain Community programmes, investment expenditure exceeding average project costs, may be met in special circumstances either under the PHARE programme or from the pre-accession aid structural fund if such projects are expected to have major effects in terms of institution-building and the adoption of the *acquis communautaire*.

(Amendment 2)
Article 10(3a) (new)

3a. the Council and Parliament shall receive annual reports, special monitoring and evaluation reports, and they shall be

(²) The following were present for the vote: Pex, chairman; Colombo Svevo (for Añoberos Trias de Bes), Elchlepp (for Ahlqvist), Günther (for Baldi), Heinisch, Kuhne, Mouskouri, Pack, Perry and Sanz Fernández.

informed, as the need arises, of the work
of the Coordination Committee
(commitology).

Yours sincerely,

(sgd) Peter Pex

OPINION

(Rule 147)

for the Committee on Foreign Affairs, Security and Defence Policy

on Agenda 2000: pre-accession and coordination of aid to the applicant countries (COM(98)0551 - C4-0606/98 - 98/0094(CNS)) (report by Mr Barón Crespo)

Committee on Civil Liberties and Internal Affairs

Draftsman: Mr Ernesto Caccavale

PROCEDURE

At its meeting of 23 July 1998 the Committee on Civil Liberties and Internal Affairs appointed Mr Ernesto Caccavale draftsman.

It considered the draft opinion at its meetings of 13 and 26 October 1998.

At the last meeting it adopted the following conclusions unanimously.

The following were present for the vote: d'Ancona, chairman; Berger, Cederschiöld, Colombo Svevo, Deprez, Elliott, Lindeperg, Mendes Bota, Nassauer, Oostlander, Reding and Schaffner (pursuant to Rule 138(2)).

INTRODUCTION

The Committee on Civil Liberties and Internal Affairs has been asked to deliver an opinion on the proposal for a Council Regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy.

In the Commission's opinion - which may be endorsed - the creation of 'accession partnerships' and the substantial increase in aid provided for the pre-accession process (financial aid: Phare, ISPA and the agricultural instrument) make it necessary for an instrument to be introduced to ensure coordination, avoid overlapping and waste, etc.

The Commission therefore decided to propose that the Committee set up under the Phare Regulation should ensure the coordination and consistency of operations.

GENERAL REMARKS

The Committee on Civil Liberties and Internal Affairs has stated its views several times in the past on the implications of enlargement for justice and home affairs, *inter alia* in:

- the Posselt report adopted in plenary on 3 April 1998 (A4-0107/98);
- the Berger opinion of October 1997 on the strategy for enlarging the European Union;
- the d'Ancona opinion in letter form for the Committee on Budgets on 'Agenda 2000 - the future financing of the Union, etc.' of October 1997.

The main concerns voiced by the committee appear to coincide with the basic priorities on which the Phare programme focuses, namely **building up the administrative and institutional capacities** of the applicant countries:

- in the draftsman's opinion, the establishment of a constitutional state is the most important and sensitive issue for the countries wishing to join the European Union, and one which calls for major efforts to be made (with particular reference to: the Copenhagen criteria of 1993, especially institutional stability; the importance of basic and further training for civil servants; the development of human resources; and the fight against corruption);
- the opening up of borders between the European Union and the applicant countries raises new challenges (the need for the Community to make a commitment and to provide economic and technical support; proposal for the establishment of a European border police force);
- ambitious programmes are required in connection with asylum, immigration and visa policy and judicial and police cooperation, particularly on criminal matters and with reference to organised crime (proposal for the establishment of a European internal security institute; request for systematic cooperation between Europol and the police authorities in the applicant countries);
- transitional periods and rules are necessary;
- the financial contributions made under the Phare programme should cover the modernisation of customs infrastructures;
- inter-regional cooperation within Central and Eastern Europe and cooperation between that region and the EU Member States (including at bilateral or multilateral level) or international organisations could be stepped up and better coordinated.

AMENDMENTS

The proposal for a regulation would appear to place the three financial instruments for the provision of assistance during the pre-accession period **on the same footing**.

Article 5 of the proposal stipulates that: 'Aid for schemes or measures financed in the framework of pre-accession aid may be granted from one only of the instruments referred to in this Regulation'. It will therefore be extremely important for the Phare committee to

perform the task of analysing and coordinating the various projects with the utmost scrupulousness.

The work of the Coordination Committee is of course of most interest to us in so far as it touches upon the Phare instrument.

Amendment 1 draws attention to the recent conclusion (Justice and Home Affairs Council of 28 and 29 May 1998) of a Pre-Accession Pact on Organised Crime between the EU Member States and Cyprus and the applicant Central and Eastern European countries, which emphasises the common commitment to democracy, human rights and the rule of law and the shared political will to work together closely to combat organised crime.

In the pact, the Phare programme is put forward, along with other specific programmes in the field of justice and home affairs, as a possible means of improving the effectiveness of law enforcement agencies and judicial authorities.

Amendment 2 seeks to highlight the most sensitive aspects of the new responsibilities incumbent upon the applicant countries as part of their administrative and institutional activities during the preparations for accession to a Europe with no internal borders, the ultimate goal of which is to establish an area of freedom, security and justice.

CONCLUSIONS

The Committee on Civil Liberties and Internal Affairs calls on the Committee on Foreign Affairs, Security and Defence Policy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission

Amendments by Parliament

(Amendment 1 tabled by Mr Caccavale)
Recital 5a (new)

Whereas the pre-accession pact between the Member States of the European Union and the applicant Central and Eastern European countries emphasises the common commitment to democracy, human rights and the rule of law, which covers measures to combat organised crime, and expressly provides for further exploration of the opportunities offered

by programmes such as Phare and the relevant specific programmes in the field of justice and home affairs;

(Amendment 2 tabled by Mr Caccavale)
Article 4(1)

1. Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states and investment except, as regards the applicant states, for the type of investments referred to in Articles 1 and 2 above.

1. Funding under the Phare programme shall focus on the main priorities for the adoption of the *acquis communautaire*, i.e. building up the administrative and institutional capacities of the applicant states, with particular reference to strict respect for individual rights, swift, impartial justice and judicial and police cooperation, particularly on measures to combat organised crime and on external border controls, and investment except, as regards the applicant states, for the type of investments referred to in Articles 1 and 2 above.

OPINION

(Rule 147)

for the Committee on Foreign Affairs, Security and Defence Policy

on the proposal for a Council Regulation on coordinating aid to the applicant countries in the framework of the pre-accession strategy (COM(98)0551 - C4-0606/98 - 98/0094(CNS)) (report by Mr Barón Crespo)

Committee on Budgetary Control

Draftsman: Mrs Eva Kjer Hanse

PROCEDURE

At its meeting of 29 June 1998 the Committee on Budgetary Control appointed Mrs Eva Kjer Hanse draftsman.

It considered the draft opinion at its meetings of 3 September 1998 and 24 September 1998.

At the latter/last meeting it adopted the following conclusions unanimously.

The following were present for the vote: Mrs Theato, chairman; Mr Blak, vice-chairman, Mrs Kjer Hansen, draftsman; Bösch, Colom i Naval and Dankert, (for Mr Tappin), Fabra Vallés, (for Mr Grosch), Elles, Garriga Polledo and Mrs Müller (for Mr Holm), Mrs Wemheuer and Mr Wynn.

INTRODUCTION

This proposal for a Council Regulation is part of the Community's pre-accession strategy for the States that wish to join the European Union. The overall framework for this strategy was mapped out in March in another Regulation.(.).

Under the terms of this Regulation, all forms of Community support for applicant countries is to be implemented within one overall framework. Each Accession Partnership covers:

(¹) Council Regulation (EC) No 622/98 of 16 March 1998 on assistance to the applicant States in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships, OJ L 85/1, 20.3.1998.

- * the priorities, as defined in the analysis of the situation in each State, on which preparations for accession must concentrate in view of the political and economic criteria and the obligations incumbent upon a Member State of the European Union as defined by the European Council,
- * the financial resources for assisting each applicant State to implement the priorities identified during the pre-accession period.

The Council will decide by qualified majority, following a proposal by the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnerships, as well as on subsequent significant adjustments applicable to them.

Whereas a single framework is to this extent established, the programming of the financial resources for assistance granted in the framework of the Accession Partnerships will be established in accordance with the procedures set out in the Regulations relating to the corresponding financial instruments or programmes. In other words, contrary to what one might have expected, there will not be a single programme through which financial assistance for applicant countries will be channelled, but several programmes.

Financial resources provided for in AGENDA 2000()

As the Commission sees it, the **PHARE programme** is, and will remain, the main instrument. PHARE's primary objective is to prepare the applicant countries for accession by focusing the assistance it provides on the two key priorities involved in the adoption of the Community *acquis*: institution building (30% of the budget) and financing investment projects (70%). The Commission estimates that the financial resources will reach an annual volume of approximately ECU 1.5 billion as of the year 2000.

Pre-accession support for agriculture()

) should add to this an annual sum of approximately ECU 500 million as of 2000. This assistance is to be concentrated on priority areas such

(¹) See AGENDA 2000, Vol. 2, pp. A4-A8, COM(97)2000 final, 15.7.1997.

() should add to this an annual sum of approximately ECU 500 million as of 2000. This assistance is to be concentrated on priority areas such as improving the efficiency of processing and distribution and safeguarding
) Proposal for a Council Regulation on Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe in the pre-accession period, COM(98)153 final.

The third important instrument is **Structural Aid**(

) for the applicant countries amounting to some ECU 1 billion per year. According to the Commission, this aid will be directed mainly towards

Coordination of the planned instruments

The object of the Regulation on which your draftsman is asked to deliver an opinion is the coordination of the three instruments just described. The essential points of the proposal for a Regulation are that:

- * Aid for schemes or measures financed in the framework of pre-accession aid may be granted from one only of the instruments referred to in the Regulation. Duplication or triplication of funding should thus be avoided.

() for the applicant countries amounting to some ECU 1 billion per year. According to the Commission, this aid will be directed mainly towards bringing the applicant countries into line with Community infrastructure

) Proposal for a Council Regulation establishing an instrument for structural policies for pre-accession, COM(98)138 final.

- * The Commission will ensure that there is coordination and coherence between the operations and also, in particular, with operations funded by the European Investment Bank (EIB) and other international financial institutions.

For this purpose a Coordination Committee will be set up, to be made up of representatives of the Member States and chaired by the Commission representative. In addition, the EIB will appoint a non-voting representative to the Committee.

The draftsman's recommendations

Your draftsman would like first to note that she considers the regulatory structure described above, consisting as it does of no fewer than five different regulations proposed by the Commission in implementation of the pre-accession strategy, to be unnecessarily complicated. Although the terms 'coordination' and 'coherence' crop up again and again in the Commission proposals, there is a significant risk that unnecessary frictional losses will occur.

The aim of the pre-accession strategy, after all, is to prepare as many applicant countries as possible for membership of the European Union in the shortest possible time. Against this background, the Commission proposals are in some ways too half-hearted.

From the budgetary control point of view it is particularly regrettable that the Commission has not heeded the calls made by Parliament in connection with the 1996 discharge procedure. In paragraph 12 of its resolution of 31 March

1998^() Parliament reinforced its calls for a **far-reaching decentralization of the PHARE programme** and called for a proposal from the Commission whereby, as from the 1999 financial year, at least one PHARE country would assume full responsibility for the implementation of its national PHARE programme, in accordance with the terms of the Financial Regulation (Articles 107 and 109(4)) and subject to regular *ex post* checks by the Commission.

The Commission not only fails to take up this suggestion, but also falls short of its own objectives: even the gradual and/or partial decentralization of the administration of PHARE in the form of greater involvement of the beneficiary countries announced by the Commission in AGENDA 2000 is totally omitted from the present proposal for a Regulation. Your draftsman therefore proposes that the idea of decentralizing PHARE should be referred to explicitly in Article 4 of the Regulation.^() (Amendment 1).

^() Parliament reinforced its calls for a) Resolution informing the Commission of the reasons for the postponement of the discharge in respect of the implementation of the general budget of the European Union for the 1996 financial year (A4-0097/98).

^() At the same time the relevant provisions of the Financial Regulation must be amended in such a way that a far-reaching decentralization of the PHARE programme does not come into conflict with the Financial Regulation.

Also, Article 7 of the proposal for a Regulation should be more clearly worded. The present version says that beneficiary States should be systematically required to contribute to the financing of investments. This wording leaves open the question whether **co-financing** of this kind is in fact a binding pre-condition for the granting of financial support for investment by the Community. It is of crucial importance from the budgetary control point of view, however, that the principle of co-financing of investments should be unambiguously imposed. It increases the stake of beneficiaries in the success of the planned investments and is thus a fundamental precondition for the most fruitful and economical use of public money possible. (Amendment 2).

Finally, there is the matter of the lack of provision for **representatives of the applicant countries** to be included in the Coordination Committee provided for in Article 8, at least with advisory status. It could only improve the quality of the debates in this body if those most closely concerned were sitting at the table from the start and could state their point of view directly. It would also help to familiarize them from the start with the rules and procedures of commitology. (Amendment 3)

Annex

Proposal for a Council Regulation on coordinating aid to the applicant countries
in the framework of the pre-accession strategy
(COM(1998)150 final - 98/0094(CNS))

(Amendment 1)
Article 4

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| <p>1. Funding under the PHARE programme shall focus on the main priorities for the adoption of the <i>acquis communautaire</i>, i.e. building up the administrative and institutional capacities of the applicant states and investment except, as regards the applicant states, for the type of investments referred to in Articles 1 and 2 above.</p> <p>2. However, investment in the fields of the environment or transport essential to the completion of integrated programmes for industrial reconstruction or regional and rural development may also be allowed under this Regulation.</p> | <p>1. Funding under the PHARE programme shall focus on the main priorities for the adoption of the <i>acquis communautaire</i>, i.e. building up the administrative and institutional capacities of the applicant states and investment except, as regards the applicant states, for the type of investments referred to in Articles 1 and 2 above.</p> <p>2. However, investment in the fields of the environment or transport essential to the completion of integrated programmes for industrial reconstruction or regional and rural development may also be allowed under this Regulation.</p> <p>3. <u>The administration of PHARE funds shall as far as possible take place on a decentralised basis, subject to regular - including ex-post - checks by the Commission. The Commission shall decide, in agreement with the applicant countries, on the nature and the extent of the decentralisation.</u></p> |
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(Amendment 2)
Article 7

Beneficiary states shall be systematically required to contribute to the financing of investments in order to optimise the economic impact of Community operations implemented under the three instruments referred to in this Regulation.

Beneficiary states shall, without exception, be systematically obliged to contribute to the financing of investments in order to optimise the (one word deleted) impact of Community operations implemented under the three instruments referred to in this Regulation.

(Amendment 3)
Article 8

Schemes or measures financed under the three instruments referred to in Articles 2, 3 and 4 above shall be decided in accordance with the provisions laid down in the relevant Regulation relating to that instrument.

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A Coordination Committee shall be set up in the Commission to be responsible for coordinating operations in the context of this Regulation. The Committee shall be made up of representatives of the Member States and chaired by the representative of the Commission.

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The applicant countries shall also be represented on the Committee, they shall be allowed to speak at meetings but shall not be able to vote. The procedure also applies to the PHARE Management Committee.