

Amendment 3**Helmut Scholz**

on behalf of the Committee on International Trade

Report**A7-0052/2010****Helmut Scholz**

Financing instrument for cooperation with industrialised countries (amendment of Regulation (EC) No 1934/2006)

COM(2009)0197 – C7-0101/2009 – 2009/0059(COD)

Proposal for a regulation – amending act

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AMENDMENTS BY PARLIAMENT*

to the Commission proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**amending Council Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 207(2) and 209(1) thereof,

Having regard to the proposal from the European Commission,

Acting in accordance with the ordinary legislative procedure¹,

Whereas:

- (1) Since 2007 the Community has streamlined its geographical cooperation with developing countries in Asia, Central Asia, and Latin America and with Iraq, Iran, Yemen, and South Africa under Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing

* Amendments: new or amended text is highlighted in ***bold italics***; deletions are indicated by the symbol ***■***.

¹ OJ L

instrument for development cooperation¹ (DCI).

- (2) The primary and overarching objective of Regulation (EC) No 1905/2006 is the eradication of poverty through the pursuit of the Millennium Development Goals. The scope of cooperation for the geographic programmes with developing countries, territories and regions established under that Regulation is furthermore limited materially to financing measures designed to fulfil the criteria for Official Development Assistance (ODA) set by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (DAC/OECD).
- (3) It is in the **Union's** interests to further deepen its relations with the developing countries concerned, which are important bilateral partners and players in multilateral fora and in global governance with whom the **Union** has a strategic interest in promoting diversified links, in particular in areas such as economic, commercial, academic, business and scientific exchanges. It therefore needs a financial instrument that allows the financing of such measures which, *in principle*, do not qualify as ODA ***under the criteria established by the OECD (the ODA criteria) but are crucially important in terms of consolidating relations and make an important contribution to promoting the progress of the developing countries concerned.***
- (4) For that purpose, four Preparatory Actions were set up in the 2007 and 2008 budget procedures to initiate such enhanced cooperation in accordance with point (b) of Article 49(6) of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities² (the Financial Regulation): business and scientific exchanges with India; business and scientific exchanges with China; cooperation with middle-income group countries in Asia; and cooperation with middle-income group countries in Latin America. Under the same Article of the Financial Regulation, the legislative procedure further to Preparatory Actions must be concluded before the end of the third financial year.
- (5) The objectives and provisions of Council Regulation (EC) No 1934/2006³ are appropriate to pursue such enhanced cooperation with countries falling under Regulation (EC) No 1905/2006. For that purpose, it is necessary to extend the geographical scope of Regulation (EC) No 1934/2006 and to provide for a financial envelope to cover cooperation with those developing countries.
- (5a) ***Extending the geographical scope of Regulation (EC) No 1934/2006 brings the developing countries concerned within the scope of two different external action financial instruments. Care should be taken to ensure that these two financial instruments are kept strictly separate from each other. Measures which fulfil the ODA criteria will be financed under Regulation (EC) No 1905/2006, whereas Regulation (EC) No 1934/2006 will apply exclusively to measures which, in principle, do not fulfil those criteria. It is also necessary to ensure that the countries previously falling within the scope of Regulation (EC) No 1934/2006, in other words industrialised and other high-income countries and territories, are not placed at a***

¹ OJ L 378, 27.12.2006, p.41.

² OJ L 248, 16.9.2002, p. 1.

³ OJ L 405, 30.12.2006, p. 41.

disadvantage, particularly in financial terms, by the extension of that Regulation's geographical coverage.

- (5b) *Since the economic crisis has placed budgets under extreme strain throughout the European Union and the proposed extension embraces countries which sometimes demonstrate a similar level of competitiveness to that of the Union and have attained an average standard of living which approaches that of some Member States, EU cooperation should take into consideration efforts made by the recipient countries to comply with the International Labour Organisation (ILO) international agreements and to participate in the general objectives of greenhouse gas emissions reduction.*
- (6) The review of implementation of the external action financial instruments has identified inconsistencies in the provisions that exclude costs relating to taxes, duties or other charges as ineligible. For the sake of consistency, it is proposed to bring those provisions into line with the other instruments.
- (6a) *The Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union in respect of multiannual cooperation programmes, as these programmes supplement Regulation (EC) No 1934/2006 and are of general application. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level.*
- (7) Regulation (EC) No 1934/2006 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1934/2006 shall be amended as follows:

- (1) The title of the Regulation is replaced by the following:
- “Council Regulation (EC) No 1934/2006 of 21 December 2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories, and with developing countries falling under Regulation (EC) No 1905/2006, *for activities other than official development assistance*.”
- (2) Article 1 is replaced by the following:

“Article 1

Objective

1. *For the purpose of this Regulation, industrialised and other high-income countries and territories shall comprise countries and territories listed in Annex I and developing countries shall comprise countries falling under*

Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation and listed in Annex II. They are hereinafter referred to as "partner countries".*

Union financing under this Regulation shall support economic, financial , technical, cultural and academic cooperation in the areas set out in Article 4, falling within its spheres of competence with partner countries. This Regulation shall serve to finance measures which, in principle, do not fulfil the Official Development Assistance (ODA) criteria set by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (DAC/OECD).

2. The primary objective of cooperation with *partner* countries shall be to provide a specific response to the need to strengthen links and to engage further with them on a bilateral, regional or multilateral basis in order to create a more favourable *and transparent* environment for the development of relations *between the Union and partner countries in accordance with the principles guiding the Union's external action as laid down in the Treaty. This refers amongst others to the promotion of democracy, respect for human rights and fundamental freedoms, the rule of law, as well as decent work, good governance, and the preservation of the environment, in order to contribute to progress and sustainable development processes in the partner countries.*

** OJ L 378, 27.12.2006, p. 41."*

- (3) Article 2 is replaced by the following:

"Article 2

Scope

1. Cooperation shall be aimed at engaging with *partner countries in order to enhance dialogue and rapprochement and to share and promote* similar political, economic and institutional structures and values. *The Union shall also aim at increasing cooperation and exchanges with established or increasingly* important bilateral partners and players in multilateral fora and in global governance. The cooperation also covers partners *where the Union* has a strategic interest in promoting links *and its values as laid down in the Treaty.*
2. In duly justified circumstances and in order *to ensure the coherence and effectiveness of Union financing and* to foster regional cooperation, the Commission may decide when adopting *annual* action programmes referred to in Article 6 that countries not listed in the Annexes are eligible *for measures under this Regulation*, where the project or programme to be implemented is of a regional or cross-border nature. Provisions *shall* be made for this in the

multiannual cooperation programmes referred to in Article 5.

- 2a. The Commission shall amend the lists in Annexes I and II following the regular OECD/DAC reviews of its list of developing countries, and shall inform *the European Parliament and* the Council thereof.
- 2b. *For EU financing under this Regulation, particular attention shall be given where appropriate to the compliance of the partner countries with the core labour standards of the International Labour Organisation (ILO) and to their efforts to pursue reductions of greenhouse gas emissions.*
- 2c. *In relation to countries listed in Annex II, policy coherence with measures financed under Regulation (EC) No 1905/2006 and Regulation (EC) No 1337/2008 of the European Parliament and of the Council of 16 December 2008 establishing a facility for rapid response to soaring food prices in developing countries* shall be strictly observed.*

** OJ L 354, 31.12.2008, p. 62. "*

(3a) In Article 3, paragraph 1 is replaced by the following:

- "1. The European Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law and seeks to promote, *develop and consolidate* commitment to *those* principles in partner countries through dialogue and cooperation. "

(3b) In Article 3, paragraph 2 is replaced by the following:

- "2. In the implementation of this Regulation a differentiated approach in designing cooperation with partner countries shall be pursued, where appropriate, to take account of their economic, social and political contexts as well as of the *Union's* specific interests, strategies and priorities."

(3c) In Article 3, paragraph 3 is replaced by the following:

- "3. Measures financed under this Regulation shall *be consistent with and* cover areas of cooperation set out notably in the instruments, agreements, declarations and action plans between the *Union* and the partner countries as well as areas pertaining to the *Union's* specific interests *and priorities*."

(3d) In Article 3, paragraph 4 is replaced by the following:

- "4. For measures financed under this Regulation, the *Union* shall aim to ensure coherence with other areas of its external action as well as other relevant *Union* policies, *in particular development cooperation*. This shall be ensured by formulating policy, strategic planning and the

programming and implementation of measures."

(3e) *In Article 3, paragraph 5 is replaced by the following:*

"5. Measures financed under this Regulation shall complement and bring added value to the efforts undertaken by Member States and *Union* public bodies [...] in the area of commercial relations *and cultural, academic and scientific exchanges*."

(3f) *In Article 3, the following paragraph is added:*

"5a. *The Commission shall inform and have regular exchanges of views with the European Parliament.*"

(3g) *In Article 4, the introductory part is replaced by the following:*

"Union financing shall support cooperation actions in accordance with Article 1 and shall be consistent with the overall purpose, scope, objectives and general principles of this Regulation. *Union financing shall cover actions that, in principle, do not fulfil the ODA criteria*, which may include a regional dimension, in the following areas of cooperation:"

(3h) *In Article 4, point 1 is replaced by the following:*

"(1) the promotion of cooperation, partnerships and joint undertakings between economic, *social, cultural*, academic and scientific actors in the *Union* and partner countries;"

(3i) *In Article 4, point 2 is replaced by the following:*

"(2) the stimulation of bilateral trade, investment flows and economic partnerships, *including a focus on SMEs*;"

(3j) *In Article 4, point 3 is replaced by the following:*

"(3) the promotion of dialogues between political, economic [...], *social and cultural* actors and other non-governmental organisations in relevant sectors in the *Union* and partner countries;"

(3k) *In Article 4, point 4 is replaced by the following:*

"(4) the promotion of people-to-people links, education and training programmes and intellectual exchanges and the enhancement of mutual understanding between cultures, *particularly at the family level, including measures to ensure and increase European Union participation in Erasmus Mundus and participation in European education fairs*;"

(3l) *In Article 4, point 5 is replaced by the following:*

"(5) the promotion of cooperative projects in areas such as research, science and technology, *sports and culture*, energy (*in particular renewable energy*), transport [...], environmental matters – including climate change, customs [...], financial, *legal and human rights* issues, and any other matter of mutual interest between the *Union* and the partner countries;"

(3m) In Article 4, point 7 is replaced by the following:

"(7) support for specific initiatives, including research work, studies, pilot schemes or joint projects destined to respond in an effective and flexible manner to cooperation objectives arising from developments in the *Union's* bilateral relationship with the partner countries or aiming to provide impetus to the further deepening and broadening of bilateral relationships with them."

(3n) In Article 5, paragraph 2 is replaced by the following:

"2. Multiannual cooperation programmes shall cover no more than the period of validity of this Regulation. They shall set out the *Union's specific* interests and priorities, the general objectives and the expected results. *In particular with regard to Erasmus Mundus, programmes shall aim for the most balanced geographic coverage possible.* They shall also set out the areas selected for financing by the *Union* and outline the indicative financial allocation of funds, overall, per priority area and per partner country or group of partner countries for the period concerned. Where appropriate, this may be given in the form of a range. Multiannual cooperation programmes shall be reviewed at mid-term, or ad hoc if necessary."

(3o) In Article 5, paragraph 3 is replaced by the following:

"3. Multiannual cooperation programmes and any reviews thereof shall be adopted by the Commission in accordance with the procedure set out in *Article 14a*."

(3p) In Article 6, paragraph 1 is replaced by the following:

"1. The Commission shall adopt annual action programmes based on the multiannual cooperation programmes referred to in Article 5 and shall transmit them simultaneously to the European Parliament and to the Council."

(3q) In Article 7, point e is replaced by the following:

"(e) joint bodies set up by the partner countries and regions and the *Union*;"

(3r) In Article 7, point f is replaced by the following:

"(f) *Union* institutions and bodies, insofar as they implement support

measures specified in Article 9;"

(3s) *In Article 7, the following paragraphs are added:*

"1a. Measures covered by Council Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid*, Regulation (EC) No 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an Instrument for Stability, or Regulation (EC) No 1905/2006, and eligible for funding thereunder shall not be funded under this Regulation.**

1b. Community financing under this Regulation shall not be used to finance the procurement of arms or ammunition, and operations having military or defence implications.

*** OJ L 163, 2.7.1996. p. 1.**

**** OJ L 327, 24.11.2006, p. 1."**

(4) In Article 8, paragraph 3 is replaced by the following:

"3. Union financing shall, in principle, not be used for paying taxes, duties or charges in the partner countries."

(4a) *In Article 9, paragraph 1 is replaced by the following:*

"1. Union financing may cover expenditure associated with the preparation, follow up, monitoring, audit and evaluation activities directly necessary for the implementation of this Regulation and the achievement of its objectives, and any other administrative or technical assistance expenditure that the Commission, including at its Delegations in the partner countries, may incur for the management of operations financed under this Regulation."

(4b) *In Article 9, paragraph 3 is replaced by the following:*

"3. The Commission shall adopt support measures not covered by the multi-annual cooperation programmes and shall transmit them simultaneously to the European Parliament and to the Council."

(4c) *In Article 12, the title is replaced by the following:*

"Protecting the Union's financial interests".

(4d) *In Article 12, paragraph 1 is replaced by the following:*

"1. Any agreements resulting from this Regulation shall contain provisions ensuring the protection of the Union's financial interests, in particular with respect to irregularities, fraud, corruption and any other illegal

activity, in accordance with Council Regulations (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests and (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF).".

(4e) *In Article 12, paragraph 2 is replaced by the following:*

"2. Agreements shall expressly entitle the Commission and the Court of Auditors to perform audits, including document audits or on-the-spot audits of any contractor or subcontractor who has received *Union* funds. They shall also expressly authorise the Commission to carry out on-the-spot checks and inspections in accordance with Regulation (Euratom, EC) No 2185/96."

(4f) *In Article 13, paragraph 1 is replaced by the following:*

"1. The Commission shall regularly evaluate the actions and programmes financed under this Regulation, where appropriate *or at the request of the European Parliament or the Council* by means of independent external evaluations, in order to ascertain whether the objectives have been met *and to enable it to* formulate recommendations with a view to improving future operations. The results shall feed back into programme design and resource allocation."

(4g) *In Article 13, paragraph 2 is replaced by the following:*

"2. The Commission shall send *the* evaluation reports *referred to in paragraph 1* to the European Parliament and to the Committee referred to in Article 15(1) for information."

(4h) *In Article 13, paragraph 3 is replaced by the following:*

"3. The Commission shall associate relevant stakeholders, including non-State actors, in the evaluation phase of the *Union* cooperation provided for under this Regulation."

(4i) *Article 14 is replaced by the following:*

"The Commission shall examine the progress made on implementing the measures taken under this Regulation and shall submit to the European Parliament and the Council *a detailed* annual report on the implementation of this Regulation. The report shall set out the results of implementation of the budget and present *all* the actions and programmes financed, and as far as possible, set out the main outcomes and impacts of the cooperation actions and

programmes."

(4j) *The following Article is inserted:*

"Article 14a

Exercise of the delegation

1. *The powers to adopt delegated acts referred to in Article 5 shall be conferred on the Commission for the period of application of this Regulation.*
2. *As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.*
3. *The powers to adopt delegated acts are conferred on the Commission subject to the conditions laid down in Articles 14b and 14c."*

(4k) *The following Article is inserted:*

"Article 14b

Revocation of the delegation

1. *The delegation of powers referred to in Article 5 may be revoked at any time by the European Parliament or by the Council.*
2. *The institution which has commenced an internal procedure for deciding whether to revoke the delegation of power shall endeavour to inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated powers which could be subject to revocation and possible reasons for a revocation.*
3. *The decision of revocation shall put an end to the delegation of the powers specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the Official Journal of the European Union."*

(4l) *The following Article is inserted:*

"Article 14c

Objections to delegated acts

1. *The European Parliament or the Council may object to a delegated act within a period of two months from the date of notification.*

At the initiative of the European Parliament or the Council this period shall be extended by two months.

2. *If, on expiry of that period, neither the European Parliament nor the Council has objected to the delegated act, it shall be published in the Official Journal of the European Union and shall enter into force on the date stated therein.*

The delegated act may be published in the Official Journal of the European Union and enter into force before the expiry of that period if the European Parliament and the Council have both informed the Commission of their intention not to raise objections.

3. *If the European Parliament or the Council objects to a delegated act, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act."*

- (5) Article 16 is replaced by the following:

“Article 16

Financial provisions

The financial reference amount for the implementation of this Regulation for the period from 2007 to 2013 shall be EUR 172 million for countries listed in Annex I and EUR 176 million for countries listed in Annex II. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework”.

- (6) In the Annex, the title is replaced by the following:

“ANNEX I — List of industrialised and other high-income countries and territories covered by this Regulation”.

- (7) A new Annex II, the text of which is set out in the Annex to this Regulation, is added.

Article 2

Entry into force

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at,

For the European Parliament
The President

For the Council
The President

Annex

“ANNEX II

List of developing countries covered by this Regulation

Latin America

1. Argentina
2. Bolivia
3. Brazil
4. Chile
5. Colombia
6. Costa Rica
7. Cuba
8. Ecuador
9. El Salvador
10. Guatemala
11. Honduras
12. Mexico
13. Nicaragua
14. Panama
15. Paraguay
16. Peru
17. Uruguay
18. Venezuela

Asia

19. Afghanistan
20. Bangladesh
21. Bhutan
22. Cambodia
23. China
24. India
25. Indonesia
26. Democratic People's Republic of Korea
27. Laos
28. Malaysia
29. Maldives

- 30. Mongolia
- 31. Myanmar/Burma
- 32. Nepal
- 33. Pakistan
- 34. Philippines
- 35. Sri Lanka
- 36. Thailand
- 37. Viet Nam
- Central Asia
- 38. Kazakhstan
- 39. Kyrgyz Republic
- 40. Tajikistan
- 41. Turkmenistan
- 42. Uzbekistan
- Middle East
- 43. Iran
- 44. Iraq
- 45. Yemen
- South Africa
- 46. South Africa”

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