



EUROPEAN PARLIAMENT

2009 – 2014

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*Session document*

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**A7-0052/2010**

22.3.2010

**\*\*\*I**

## **REPORT**

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories

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

Committee on International Trade

Rapporteur: Helmut Scholz

Rapporteur for opinion (\*):

Barbara Lochbihler, Committee on Foreign Affairs

(\*) Associated committee – Rule 50 of the Rules of Procedure

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* alerts the relevant departments to parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act which the draft act seeks to amend includes a third and fourth line identifying respectively the existing act and the provision in that act affected by the amendment. Passages in a provision of an existing act that Parliament wishes to amend, but the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...].

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(\*) Associated committee – Rule 50 of the Rules of Procedure



## **DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION**

**on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories (COM(2009)0197 – C7-0101/2009 – 2009/0059(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2009)0197),
  - having regard to Article 181a of the EC Treaty, pursuant to which the Council consulted Parliament (C7-0101/2009),
  - having regard to the Communication from the Commission to the European Parliament and the Council entitled ‘Consequences of the entry into force of the Treaty of Lisbon for ongoing interinstitutional decision-making procedures’ (COM(2009)0665),
  - having regard to Article 294(3) and Articles 207(2) and 209(1) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade and the opinions of the Committee on Foreign Affairs, the Committee on Development and the Committee on Budgets (A7-0052/2010),
1. Adopts the position at first reading hereinafter set out;
  2. Considers the proposal to be compatible with the multiannual financial framework for 2007-2013; recalls nonetheless that the annual appropriations for the period 2010-2013 will be decided by the budgetary authority as part of the annual budget procedure;
  3. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
  4. Instructs its President to forward its position to the Council, to the Commission and to the national parliaments.

## EUROPEAN PARLIAMENT POSITION AT FIRST READING\*

### 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 procedure<sup>1</sup>,

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 instrument for development cooperation<sup>2</sup> (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 Community 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, by their nature, 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 and development of the developing countries concerned.*

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

<sup>1</sup> OJ L

<sup>2</sup> OJ L 378, 27.12.2006, p.41.

- (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 Communities<sup>1</sup> (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 1934/2006<sup>2</sup> 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 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 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 assistance should be proportionate to the 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*

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.

<sup>2</sup> OJ L 405, 30.12.2006, p. 41.

*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. Community 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 industrialised and other high-income countries and territories *listed in full in Annex I*, and with *the* developing 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\* listed in Annex II of this Regulation (hereinafter referred to as “partner countries”)*. *This Regulation shall serve to finance measures which do not fulfil the criteria for Official Development Assistance (ODA) 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 Community *and partner* countries **■** and to promote *constructive* dialogue *and to contribute to progress and sustainable development processes in the partner countries*, while fostering *mutual* interests, *namely the promotion of democracy, respect for human rights and fundamental freedoms, the rule of law, decent work, good governance, and the preservation of the environment.*



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*\* OJ L 378, 27.12.2006, p. 41.”.*

(3) Article 2 is replaced by the following:

“Article 2

Scope

1. Cooperation *with partner countries* shall be aimed at engaging with partners *with either industrialised, or so-called emerging or developing economies, in order to enhance dialogue and rapprochement and to share and promote* similar political, economic and institutional structures and values *and to increase 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 Community *wishes to promote its values of democracy, respect for human rights and fundamental freedoms in accordance with the principles guiding the Union external action as laid down in the Treaty.*
2. In duly justified circumstances and in order *to ensure the coherence and effectiveness of Community assistance 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.*

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*\* 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 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 Community and the partner countries as well as areas pertaining to the Community’s specific interests *and priorities*.”**

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

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

(3d) *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 Community public bodies [...] in the area of commercial relations *and cultural, academic and scientific exchanges*.”**

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

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

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

**“Community 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. *Community financing shall cover actions that do not fulfil the ODA criteria*, which may include a regional dimension, in the following areas of cooperation:”**

(3g) *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 Community and partner countries;”**

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

**“(2) the stimulation of bilateral trade, investment flows and economic partnerships, *with a special focus on SMEs*;”.**

**(3i) 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 Community and partner countries;”.**

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

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

**(3k) 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, renewable energy*, transport [...], environmental matters – including climate change, customs [...], financial, *legal and human rights* issues, and any other matter of mutual interest between the Community and the partner countries;”.**

**(3l) 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 Community’s *specific* interests and priorities, the general objectives and the expected results. *In particular with regard to the Erasmus Mundus External Cooperation Window, programmes shall aim for the most balanced geographic coverage possible.* They shall also set out the areas selected for financing by the Community 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.”.**

**(3m) 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*.”.**

(3n) *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 notify them simultaneously to the European Parliament and to the Council.”.**

(3o) *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 assistance under this Regulation shall not be used to finance the procurement of arms or ammunition, and operations having military or defence implications.**

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**\* 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. Community financing shall, in principle, not be used for paying taxes, duties or charges in the partner countries.”**

(4a) *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 notify them simultaneously to the European Parliament and to the Council.”.**

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

**“1. The Commission shall [...] evaluate the actions and programmes financed under this Regulation regularly, 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 or if they have not been met, the extent to which they have been met, as well as whether the cost effectiveness of the measures financed by the Community and the impact of those measures have been satisfactory. On the basis of those evaluations the Commission shall formulate recommendations with a view to improving future operations. The results shall feed back into programme design and resource allocation.”.**

(4c) *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.”.**

(4d) *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.”.**

(4e) *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.”.***

(4f) *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.”.*

(4g) *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 for the period 2010-2013 will be decided by the budgetary authority as part of the annual budget procedure. The Commission shall provide the budgetary authority with detailed information on all budget lines and the annual appropriations to be used for financing the measures under this Regulation. Those appropriations shall be authorised by the budgetary authority within the limits of the financial framework. Care should also be taken to ensure that the industrialised and other high-income countries and territories listed in Annex I are not placed at a disadvantage by the application of the present regulation to the partner countries listed in Annex II.*

*Appropriations programmed for use under Regulation (EC) No 1905/2006 shall not be used for this purpose.”*

- (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”

## EXPLANATORY STATEMENT

### ***Introduction***

The objective of Community financing under Council Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories (hereinafter “ICI Regulation”) is to support economic, financial and technical cooperation, as well as research and academic exchange falling within Community’s spheres of competence.

As the Committee responsible for “*Union’s ... external economic relations*”, including “*financial, economic and trade relations with third countries*” (i.e. with both developing and non-developing countries), the Committee on International Trade (INTA) was the lead Committee also at the time of adoption of original ICI Regulation enabling INTA not only to analyze this Commission proposal in detail, but also to look at a broader historical and institutional context.

Commission’s proposal for amending the ICI Regulation (COM(2009)0197/2) is proposed in order to significantly extend the geographical scope of the ICI Regulation to include also cooperation with developing countries (listed in the Annex of the proposal) and the overall financial framework would be significantly increased in relation thereto.

Even though the changes proposed by the Commission may seem few in formal terms, they are substantial as all current references to partner countries (so far covering only industrialised and high-income countries and territories), including their qualitative assessment, would include also the listed developing countries.

### ***Broader geographical coverage***

This extension of geographical coverage represents an opportunity, as programmes currently funded under the ICI Regulation could be extended to other countries. However – considering the list of countries to be included in the enlarged scope of ICI Regulation – it also represents a great challenge and therefore it is important to make very clear to whom this financing can be given, for what and on which conditions.

In its explanatory memorandum (attached to amending proposal) the Commission is arguing that “*it is in the Community’s interest to further deepen its relation with countries which are both developing and major partners in the world economy, such as India, China, Brazil and Mexico*”, *Community interests go also beyond poverty eradication in regions like Central Asia and the Middle East*” and “*most of Asia and Latin America, as well as South Africa, is also made up of middle-income countries interested in ... exchanges with the European Union*”.

Firstly, this specific justification is included only in the explanatory memorandum and not the legislative text itself, where even the recitals remain rather general. Under the current wording of Article 2(1) of the ICI Regulation “*The cooperation ... shall be aimed at engaging with partners which share similar political, economic and institutional structures and values to the Community and which are important bilateral partners and players in multilateral fora*

*and in global governance*”, adding that the cooperation also covers partner countries “*with which the Community has a strategic interest in promoting links*”. The amending Regulation proposes only formal (but no substantial) changes to that provision.

Secondly, the list of the countries to be included in the enlarged scope of ICI Regulation is much longer, it is not a homogeneous group and we must ask ourselves whether all of those countries (e.g. Democratic People’s Republic of Korea, Myanmar/Burma and Iran, just to mention a few) really “*share similar political, economic and institutional structures and values to the Community*”. And if they do not, which would be the “*strategic interest*” of the Community that would justify engaging into close cooperation with them and thus including them into the scope of the ICI Regulation. At the same time, inclusion of the countries in the Annex does not automatically mean financing to them, whereas exclusion of a country from the list excludes even the possibility for any cooperation under this Regulation. Therefore, your rapporteur has for the time being not proposed exclusion of any particular countries from the list. Instead, your rapporteur proposes to clarify the intention of financing cooperation with these countries, namely the promotion of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.

Presuming that the financing could be theoretically given to all of those developing countries listed in Annex II, it is very important to ensure that we do not compromise in respect of EU’s fundamental principles. Namely, second subparagraph of Article 181a(1) EC (that original ICI Regulation is based on) sets out that “*Community policy in [the] area [of economic, financial and technical cooperation measures with third countries] shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to the objective of respecting human rights and fundamental freedoms*”. Therefore the importance of those principles has been further underlined both by adding them under the objective of this Regulation and by bringing the wording of the Regulation even closer to that of the TFEU.

However, the Commission needs to provide the Parliament and the Council with more detailed and structured information about programming and results that should translate into more transparent, effective and efficient projects and programmes.

### ***Additional financing***

To accommodate the increased geographical coverage, there is a substantive increase foreseen in the budgetary resources committed to ICI. Total financing for those additional countries is foreseen to be EUR 176 million. In point 4.1.1 of Commission’s legislative financial statement (attached to the amending proposal) it has been stated that “*€ 108.5 million will be financed through re-allocation from the corresponding DCI geographical envelopes*”.

Although this does not form part of the legislative text, it is important to underline that inclusion of those developing countries should under no circumstances be done at the expense of financing development cooperation and that Parliament should have full details of the annual appropriations for financing ICI in the framework of annual budgetary procedure, so that it can exercise its powers as budgetary authority in full. ICI and DCI shall remain strictly separated, with regard to the financed activities as well as the sources of financing. This approach should be understood by Commission and Council as Parliament’s outline for any

possible future redesign of its external cooperation instruments under the Treaty of Lisbon and the next financial perspective.

### ***Other amendments***

Other amendments tabled by your rapporteur can be summarised under two main categories: firstly, to improve Parliament's involvement in programming and its scrutiny of this instrument; and secondly, to clarify and tighten the proposal and to use the limited funds available to award countries striving for social and environmental global progress.

Your rapporteur believes that the role of the Parliament should be strengthened with regard to its involvement in programming, evaluation and reporting. It is important that the Parliament has greater involvement in drawing up and review of the multiannual cooperation programmes, including the power to object these proposals if deemed necessary, due to which reason "delegated acts" (Article 290 TFEU) have been introduced for the adoption of the multi-annual cooperation programmes. It is also important that the Parliament is kept up to date and receives action programmes, detailed annual reports and evaluations.

A number of amendments are introduced to clarify what this financing instrument can be used for. In this respect the wording has been tightened and some limits set to the framework of actions that can be financed under this regulation. By analogy to Regulation (EC) No 1905/2006 some financing should be excluded. And last but not least, there are some amendments aimed at creating a closer link between the issues covered in programming (and execution) phase in order to ensure a proper review.

2.3.2010

## **OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS(\*)**

for the Committee on International Trade

on the proposal for a regulation of the European Parliament and the Council amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories (COM(2009)0197 – C7-0101/2009 – 2009/0059(COD))

Rapporteur(\*): Barbara Lochbihler

(\*) Procedure with associated Committees – Rule 50 of the Rules of Procedure

### **SHORT JUSTIFICATION**

#### **Introduction**

Towards the end of the 6th legislature, the Committee on Foreign Affairs had called on the European Commission to create an additional instrument to cover activities with developing countries which do not fall under the scope of the Development Co-operation Instrument (DCI). Since the DCI is limited to activities characterised as Official Development Aid, there was a legal vacuum for activities with developing countries which are based on mutual interest such as cultural and academic exchanges, technology exchanges, political dialogue, media support, among others.

In order to avoid having a proliferation of external relations instruments, the Committee on Foreign Affairs had proposed that the existing Industrialised Countries Instrument (ICI) (Council Regulation (EC) No 1934/2006 be transformed into an “Instrument for Co-operation with third countries on non-ODA activities”.

#### **Legal base**

The Commission came up with a proposal for an amending regulation (the “ICI+”) (COM(2009)197 final), which was referred to the Committee on International Trade as the lead committee for historical reasons – the Committee had been the lead committee on the original ICI dossier. The Committee on Foreign Affairs requested associated committee status, pursuant to Rule 50 of Parliament’s Rules of Procedure, on the basis that the new

instrument would not merely constitute a way of rectifying an omission in the original instrument but also – and significantly – that it would now become a foreign policy instrument for relations between the EU and third countries in Asia, Latin America and the Middle East.

In its new proposal the Commission extends the geographical scope of the original 17 high income countries of the ICI to another 46 countries covered by the DCI Regulation and proposes to roughly double the reference amount for such co-operation from EUR 172 million to EUR 348 million for the 2010-2013 period.

On 1 December 2009 the Lisbon Treaty came into force and the legal basis applicable to the new instrument had to be amended. With the provisions of the new Treaty, the former Article 181a (now Article **212**) changes to only cover activities in relation to industrialised countries. Since with the reshaping of the ICI, over two thirds of the partner countries will be developing countries, two other legal bases were added: development cooperation (Article **208/9**) and commercial policy (Article **206/7**). In fact neither of the three legal bases fully corresponds to the type of activities which are supposed to be covered by this new instrument because with the coming into force of the Lisbon Treaty not only did the import of Article 212 change, but Article 208/9 was also overhauled. Poverty alleviation now becomes the “primary objective” of development cooperation. While “poverty alleviation” in the framework of “Official Development Aid” is clearly the main goal of the “big” DCI, the “small”, reshaped ICI is supposed to cover non-ODA activities of common interest between Europe and the partner countries. The spirit of Article 208/9 is therefore only fulfilled when the DCI Instrument and the (re-shaped) ICI are viewed as two parts of a whole.

In the absence of any better solution, the legal services of all three institutions agreed to accept the triple legal base and the rapporteur suggests following the Commission’s proposal.

### **Comitology**

In the framework of the European Instrument for Democracy and Human Rights (EIDHR), the Development Co-operation Instrument (DCI) and the Instrument for Stability (IfS) the AFET and DEVE Committees have already taken the view that strategy papers and/or multiannual indicative programmes should be considered “delegated acts” under article 290. The INTA Committee is expected to adopt the same line on the reshaped ICI. This position is shared by Parliament’s legal service and rejected – not surprisingly – by the legal services of the other two institutions. It would give Parliament the power to object to proposed draft multi-annual cooperation programmes (or their reviews) if deemed necessary. For the reshaped ICI we should join forces with the other instruments and demand “delegated act” status for the multi-annual programmes (especially considering that the ICI Regulation itself is very general). Joint trilogues will be organised with the aim of finding an agreement with the Commission and the Council regarding this specific horizontal issue, and this should strengthen our position and ability to negotiate.

### **Financial envelope**

In addition to the EUR 172 million foreseen for the original ICI instrument, the Commission proposes adding EUR 176 million for the new countries (Annex II). Regrettably, these

envelopes do not at all correspond to the proportions of the countries covered in the future regulation, with developing countries in Annex II representing two thirds of all countries and the high income countries correspondingly reduced to one third of the whole. We trust this will be addressed when the regulation is up for review.

The Commission proposes to transfer EUR 108.5 million of the EUR 176 million intended for Annex II countries from the DCI. The rapporteur shares the position of the INTA rapporteur and of DEVE that there should be no transfer of funding from the DCI.

## **Amendments**

### ***a) Title***

In view of the changed policy outreach of the revised ICI instrument, the title has to be changed. In Amendment 4 the rapporteur proposes calling the new instrument “a financing instrument for co-operation with countries in the Middle East, Asia, the Americas and South Africa”. The abbreviated version could then read: MAAS.

### ***b) Extension of scope***

The character of the instrument changes from a tool to essentially support better economic and commercial ties with certain high income countries to a foreign policy instrument, where the majority of cooperation partners are developing countries. The ratio is one third high income and industrialised countries (Annex I in the proposed Regulation<sup>1</sup>) to two thirds developing countries (Annex II in the proposed Regulation<sup>2</sup>). The range of activities should therefore include cultural and academic cooperation in addition to economic cooperation. From now on developing countries (Annex II) represent the majority of “partner countries”, while the former list of industrialized and high income countries is reduced to less than one third of the whole. These new priorities should be clearly stated in the text and Amendments 5, 6, 7, 9, 10, 11, 12 suggest extending the scope of the regulation.

### ***c) No overlap with the Development Cooperation Instrument***

It is also important to make a clear distinction between the DCI, which should finance Official Development Assistance (ODA), and the revised Industrialised Countries Instrument MAAS (the Middle East, Asia, the Americas and South Africa) currently under examination, which should cover cooperation in mutual interest and be clearly non-ODA. Amendment 5 aims to ensure that there is no overlap.

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<sup>1</sup> Australia, Bahrain, Brunei, Canada, Chinese Taipei (although there are no diplomatic or political relations with Chinese Taipei, intensive contacts do take place and should be continued in the areas of economy, trade, science and technology, standards and norms and on a number of other subjects), Hong-Kong, Japan, Republic of Korea, Kuwait, Macao, New Zealand, Oman, Qatar, Saudi Arabia, Singapore, United Arab Emirates, United States

<sup>2</sup> Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela, Afghanistan, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Democratic People’s Republic of Korea, Laos, Malaysia, Maldives, Mongolia, Myanmar/Burma, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, Viet Nam, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan, Iran, Iraq, Yemen, South Africa



***d) “Delegated acts”***

Amendments 3, 13, 15, 16, 17, 18 are related to the issue of “delegated acts” and are being introduced in similar form into all the other financial instruments which are up for review. Amendments 13, 15, 16 introduce a request that annual action programs should simultaneously be sent to Council and Parliament for information.

***e) No operations having military or defence implications***

Amendment 14 adapts the MAAS Instrument to the norms of the DCI to explicitly exclude the defence domain from the possible range of cooperation measures.

## **AMENDMENTS**

The Committee on Foreign Affairs calls on the Committee on International Trade, as the committee responsible, to incorporate the following amendments in its report:

### **Amendment 1**

**Proposal for a regulation – amending act**

**Article 1 – point 1 a (new)**

Regulation (EC) No 1934/2006

Citation 1

*Text proposed by the Commission*

*Amendment*

***(1a) The first citation is replaced by the following:***

***“Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 212, 207(2) and 209(1) thereof,”***

*Justification*

*Post-Lisbon legal base change and updating.*

## Amendment 2

### Proposal for a regulation – amending act Recital 5

#### *Text proposed by the Commission*

(5) The objectives and provisions of Regulation (EC) No 1934/2006 of 21 December 2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories<sup>1</sup> 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.

#### *Amendment*

(5) The objectives and provisions of Regulation (EC) No 1934/2006 of 21 December 2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories<sup>1</sup>, ***as amended below***, 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.

#### *Justification*

*The objectives and scope of the 2006 Regulation have changed considerably. We are no longer even talking about the same instrument. Without a clear reference to the fact that the provisions are being amended, the above statement would not be correct.*

## Amendment 3

### Proposal for a regulation – amending act Recital 6 a (new)

#### *Text proposed by the Commission*

#### *Amendment*

***(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 those programmes supplement Regulation (EC) No 1934/2006 and are of general application.***

## Justification

*Standard text on delegated acts.*

### Amendment 4

#### Proposal for a regulation – amending act

##### Article 1 – point 1

Regulation (EC) No 1934/2006

Title

#### *Text proposed by the Commission*

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 (EC) Regulation No 1905/2006.***

#### *Amendment*

Council Regulation (EC) No 1934/2006 of 21 December 2006 establishing a financing instrument for cooperation with countries ***in the Middle East, Asia, the Americas and South Africa (MAAS)***

## Justification

*New title needed to cover broader scope of new Regulation.*

### Amendment 5

#### Proposal for a regulation – amending act

##### Article 1 – point 2

Regulation (EC) No 1934/2006

Article 1 – paragraph 1

#### *Text proposed by the Commission*

1. Community financing shall support economic, financial ***and*** technical ***cooperation*** and other forms of cooperation falling within its spheres of competence with industrialised and other high-income countries and territories ***and with developing countries falling under Regulation (EC) No 1905/2006.***

#### *Amendment*

1. Community financing ***under this Regulation*** shall support economic, financial, technical, ***cultural, academic*** and other forms of cooperation falling within its spheres of competence, ***with developing countries as listed in Annex II and*** with industrialised and other high-income countries and territories ***as listed in Annex I (“partner countries”). In principle, this Regulation shall serve to finance measures which do not fulfil the Official Development Assistance (ODA) criteria of***

*the OECD.*

### *Justification*

*The changed instrument should also include cultural and academic cooperation. Developing countries will now form the majority of “partner countries”; the former list of industrialized and high income countries now constitutes less than one third of the whole. These new priorities should be clearly stated. A clear distinction is also needed between the DCI, which should finance ODA, and the newly revised Industrialised Countries Instrument MAAS (Middle East, Asia, the Americas and South Africa), which should cover cooperation in mutual interest and be clearly non-ODA.*

## **Amendment 6**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 2**

Regulation (EC) No 1934/2006

Article 1 – paragraph 2

#### *Text proposed by the Commission*

2. The primary objective of cooperation with *the* countries ***and territories referred to in paragraph 1*** 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 environment for the development of the relations *of* the Community ***with these*** countries and territories and promote dialogue while fostering Community’s interests.

#### *Amendment*

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 environment for the development of the relations ***between*** the Community ***and partner*** countries and territories and promote dialogue while fostering ***mutual understanding and the*** Community’s interests.

### *Justification*

*Usage of “partner countries” is related to Amendment 5. The scope of the instrument changes from “fostering Community interests” to an instrument to provide for activities in the interest of both the European Union and the partner countries.*

## **Amendment 7**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 3**

Regulation (EC) No 1934/2006

Article 2 – paragraph 1

*Text proposed by the Commission*

1. The cooperation shall be aimed at engaging with ***partners which share*** similar political, economic and institutional structures and values ***to the Community and which are*** important bilateral partners and players in multilateral fora and in global governance. ***The cooperation also covers partners with which the Community has a strategic interest in promoting links.***

*Amendment*

1. The cooperation shall be aimed at engaging with ***partner countries towards the achievement of the following goals:***

– ***mitigating conflict and enhancing dialogue and rapprochement;***

– ***sharing and promoting*** similar political, economic and institutional structures and values;

– ***increasing exchanges with*** important bilateral partners and players in multilateral fora and in global governance.

*Justification*

*Broadening of scope – the list is self-explanatory.*

**Amendment 8**

**Proposal for a regulation – amending act**

**Article 1 – point 3**

Regulation (EC) No 1934/2006

Article 2 – paragraph 2

*Text proposed by the Commission*

***2. 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 listed in Annex II. They are hereinafter referred to as “partner countries”. However, in*** duly justified circumstances and in order to foster regional cooperation, the Commission may decide when adopting action programmes

*Amendment*

***2. In*** duly justified circumstances and in order to foster regional cooperation, the Commission may decide when adopting action programmes ***as*** referred to in Article 6 that countries not listed in the Annexes are eligible, where the project or programme to be implemented is of ***a*** regional or cross-border nature. Provisions may be made for this in the multiannual cooperation programmes referred to in Article 5. The Commission shall amend the

referred to in Article 6 that countries not listed in the Annexes are eligible, where the project or programme to be implemented is of regional or cross-border nature. Provisions may be made for this in the multiannual cooperation programmes referred to in Article 5. 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 Council thereof.

lists in Annexes I and II following the regular OECD/DAC reviews of its list of developing countries, and shall inform the Council thereof.

#### *Justification*

*See Amendment 5.*

### **Amendment 9**

#### **Proposal for a regulation – amending act**

##### **Article 1 – point 3 a (new)**

Regulation (EC) No 1934/2006

Article 4 – point 1

*Text proposed by the Commission*

*Amendment*

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

***“(1) the promotion of cooperation, partnerships and joint undertakings between economic, academic, cultural, and scientific actors, with particular emphasis on activities designed to avert climate change and on environmentally and socially sustainable, clean and locally adapted technologies in the Community and partner countries;”***

#### *Justification*

*Cultural activities and environmentally-friendly activities are to be added to the scope of the instrument. (Changes to the areas set out in the original instrument are in italics).*

## Amendment 10

### Proposal for a regulation – amending act

#### Article 1 – point 3 b (new)

Regulation (EC) No 1934/2006

#### Article 4 – point 2

*Text proposed by the Commission*

*Amendment*

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

**“2) the stimulation of bilateral trade, investment flows and economic partnerships, *with a special focus on SMEs;*”**

*Justification*

*In view of the changed range of partner countries the activities financed should have a clear added value for both sides. (Changes to the areas set out in the original instrument are in italics).*

## Amendment 11

### Proposal for a regulation – amending act

#### Article 1 – point 3 c (new)

Regulation (EC) No 1934/2006

#### Article 4 – point 3

*Text proposed by the Commission*

*Amendment*

***(3c) 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 Community and partner countries;”**

*Justification*

*“Cultural” cooperation should be added (changes to the areas set out in the original instrument are in italics).*

## Amendment 12

### Proposal for a regulation – amending act

#### Article 1 – point 3 d (new)

Regulation (EC) No 1934/2006

#### Article 4 – point 5

*Text proposed by the Commission*

*Amendment*

***(3d) 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, renewable* energy, transport [...], environmental matters – including climate change, customs [...], financial, *legal and human rights* issues, and any other matter of mutual interest between the Community and the partner countries;”**

*Justification*

*Additional key areas for potential cooperation are added. (Changes to the areas set out in the original instrument are in italics).*

## Amendment 13

### Proposal for a regulation – amending act

#### Article 1 – point 3 e (new)

Regulation (EC) No 1934/2006

#### Article 6 – paragraph 1

*Text proposed by the Commission*

*Amendment*

***(3e) Article 6(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 notify them simultaneously to the European Parliament and to the Council.”**



## **Amendment 14**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 3 f (new)**

Regulation (EC) No 1934/2006

#### **Article 7 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***(3f) In Article 7 the following paragraph is added:***

***“1a. Community assistance under this Regulation shall not be used to finance the procurement of arms or ammunition or operations having military or defence implications.”***

*Justification*

*For the sake of consistency with Article 2(5) of Regulation (EC) No 1905/2006.*

## **Amendment 15**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 4 a (new)**

Regulation (EC) No 1934/2006

#### **Article 9 – paragraph 3**

*Text proposed by the Commission*

*Amendment*

***(4a) Article 9(3) is replaced by the following:***

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

## **Amendment 16**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 4 b (new)**

Regulation (EC) No 1934/2006

Article 14 a (new)

*Text proposed by the Commission*

*Amendment*

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

**“Article 14a**

#### ***Exercise of the delegation***

***1. The power to adopt the 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 power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in Articles 14b and 14c.”***

*Justification*

*Standard text on delegated acts.*

## **Amendment 17**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 4 c (new)**

Regulation (EC) No 1934/2006

Article 14 b (new)

*Text proposed by the Commission*

*Amendment*

**(4c) 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 powers shall endeavour to inform the other institution and the Commission, specifying the delegated powers which could be subject to revocation.*

*3. The revocation decision shall state the reasons for the revocation and shall terminate the delegation of the powers specified in that decision. It shall take effect immediately or at such later date as may be 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.”*

*Justification*

*Standard text on delegated acts.*

## **Amendment 18**

**Proposal for a regulation – amending act**

**Article 1 – point 4 d (new)**

Regulation (EC) No 1934/2006

Article 14 c (new)

*Text proposed by the Commission*

*Amendment*

**(4d) 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 three months from the date of notification thereof.***

***2. If, upon the expiry of that period, neither the European Parliament nor the Council has objected to the delegated act, it shall enter into force on the date stated therein.***

***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 its objection to the delegated act.”***

*Justification*

*Standard text on delegated acts.*

## PROCEDURE

<b>Title</b>	Establishment of a financing instrument for cooperation with industrialised countries (amendment of Regulation (EC) No 1934/2006)			
<b>References</b>	COM(2009)0197 – C7-0101/2009 – 2009/0059(COD)			
<b>Committee responsible</b>	INTA			
<b>Opinion by</b> Date announced in plenary	AFET 14.9.2009			
<b>Associated committee(s) – date announced in plenary</b>	11.2.2010			
<b>Rapporteur</b> Date appointed	Barbara Lochbihler 16.9.2009			
<b>Discussed in committee</b>	29.9.2009	10.11.2009	3.12.2009	27.1.2010
	23.2.2010			
<b>Date adopted</b>	23.2.2010			
<b>Result of final vote</b>	+: –: 0:	57 1 2		
<b>Members present for the final vote</b>	Gabriele Albertini, Pino Arlacchi, Bastiaan Belder, Frieda Brepoels, Arnaud Danjean, Mário David, Michael Gahler, Marietta Giannakou, Andrzej Grzyb, Heidi Hautala, Richard Howitt, Anna Ibrisagic, Jelko Kacin, Ioannis Kasoulides, Tunne Kelam, Maria Eleni Koppa, Andrey Kovatchev, Wolfgang Kreissl-Dörfler, Eduard Kukan, Alexander Graf Lambsdorff, Vytautas Landsbergis, Krzysztof Lisek, Sabine Lösing, Mario Mauro, Kyriakos Mavronikolas, Willy Meyer, Francisco José Millán Mon, Alexander Mirsky, María Muñoz De Urquiza, Annemie Neyts-Uyttebroeck, Raimon Obiols, Kristiina Ojuland, Pier Antonio Panzeri, Ioan Mircea Pașcu, Vincent Peillon, Alojz Peterle, Cristian Dan Preda, Libor Rouček, José Ignacio Salafranca Sánchez-Neyra, Jacek Saryusz-Wolski, Werner Schulz, Adrian Severin, Marek Siwiec, Ernst Strasser, Zoran Thaler, Johannes Cornelis van Baalen, Kristian Vigenin, Graham Watson			
<b>Substitute(s) present for the final vote</b>	Laima Liucija Andrikienė, Charalampos Angourakis, Elena Băsescu, Malika Benarab-Attou, Marielle De Sarnez, Lorenzo Fontana, Roberto Gualtieri, Georgios Koumoutsakos, Barbara Lochbihler, Godelieve Quisthoudt-Rowohl, Luis Yáñez-Barnuevo García			
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Bas Eickhout			

4.3.2010

## OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on International Trade

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories (COM(2009)0197 – C7-0101/2009 – 2009/0059(COD))

Rapporteur: Nirj Deva

### SHORT JUSTIFICATION

When exercising its right of democratic scrutiny over implementing measures under the Instrument for Development Cooperation (DCI), Parliament has consistently stressed that the primary objective of the Regulation (EC) No 1905/2006 is the eradication of poverty and that all measures included in the DCI geographic programmes must fulfil the criteria for Official Development Assistance (ODA) established by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC). Parliament adopted five resolutions objecting to draft Commission decisions under the DCI as they included actions which did not meet the ODA requirements<sup>1</sup>, thus diverting funds earmarked for poverty eradication and progress towards achieving the Millennium Development Goals to other objectives.

It is understood that the Commission's proposal responds directly to the work carried out by Parliament in the scrutiny of DCI, and it is therefore very welcome. The proposal aims to create a new legal base allowing the European Community to finance actions in developing countries which are of strategic and political importance but do not meet the criteria of the DCI.

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<sup>1</sup> Resolution of 15 February 2007 on the draft Commission decisions establishing Country Strategy Papers and Indicative Programmes for Malaysia, Brazil and Pakistan (OJ C 287 E, 29.11.2007, p. 507). Resolution of 7 June 2007 on the draft Commission decision establishing Regional Strategy Papers and Regional Indicative Programmes for Mercosur and Latin America (OJ C 125 E, 22.5.2008, p. 213). Resolution of 21 June 2007 on the draft Commission decision establishing a Regional Strategy Document 2007-2013 and a Multiannual Indicative Programme for Asia (OJ C 146 E, 12.6.2008, p. 337). Resolution of 25 October 2007 on the draft Commission decision establishing a Special Measure 2007 for Iraq (**T6-0481/2007**). Resolution of 9 July 2008 on the draft Commission decisions establishing Annual Action Programmes for Brazil for 2008 and for Argentina for 2008 (**T6-0338/2008**).

There is a problem, however, with the source of financing. The proposal seeks to re-allocate EUR 108.5 million from the corresponding DCI geographic envelopes, as outlined in the legislative financial statement. When Parliament and Council agreed on the budget to be programmed under the DCI, this was done on the understanding that these funds would be used in line with the objectives and the criteria laid down in the respective financial instrument. The creation of a new legal basis does not justify the diversion of these funds, clearly earmarked for development, to other political objectives.

In general, EU development cooperation funds are already under pressure due to the effects of the economic crisis. There is a serious risk that the collective EU aid target of 0.56% of gross national income (GNI) by 2010 may not be met, leading to a serious funding gap for the poorest countries which need it most. In this context, it would clearly be unacceptable also to reduce the development cooperation budget at European level.

The objectives of the measures to be financed under the amended ICI financing instrument in developing countries are not directly geared to poverty eradication, nor do they fulfil the criteria for official development assistance.

Alternative funding, such as from the margins in Heading 4 of the Financial Framework, has therefore to be used. This principle is expressed by Amendment 7.

It must also be ensured that the measures envisaged in developing countries

- contribute to economic, social and environmental development (Am. 1, 3, 5, 6)
- are coherent with EU development cooperation programmes in the countries concerned (Am. 2, 4).

The entry into force of the Lisbon Treaty has major impact on the amendment of the ICI Regulation.

Firstly, the ordinary legislative procedure now applies, which has consequences for the rights Parliament must enjoy in the democratic control of the programming. Your rapporteur holds the view that the measures under the ICI+ mentioned in Article 5 (multi-annual cooperation programmes) are to be considered delegated acts (Article 290 TFEU), giving Parliament a veto right and thus much stronger scrutiny powers than under the previously applied comitology procedure. Your rapporteur has not proposed specific amendments on this issue as this falls into the remit of the lead committee. He considers, however, that the Committee responsible for the ICI should make the inclusion of Article 290 a condition for Parliament to agree to the amended Regulation.

Secondly, the legal base for economic cooperation with third countries (Article 212 TFEU) can no longer be used for actions in developing countries. It is therefore now necessary to use the legal base for Development Cooperation (Article 209 TFEU). However, since the actions envisaged in developing countries do not qualify for classification as Official Development Assistance under the rules of the OECD Development Assistance Committee, this is a very exceptional use of this Treaty Article.

## AMENDMENTS

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a regulation – amending act

##### Article 1 – point 2

Regulation (EC) No 1934/2006

Article 1 – paragraph 2

#### *Text proposed by the Commission*

2. The primary objective of cooperation with the countries and territories referred to in paragraph 1 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 environment for the development of the relations of the Community with these countries and territories and promote dialogue while fostering Community's interests.

#### *Amendment*

2. The primary objective of cooperation with the countries and territories referred to in paragraph 1 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 environment for the development of the relations of the Community with these countries and territories and promote dialogue while fostering Community's interests ***and contributing to sustainable development processes.***

### Amendment 2

#### Proposal for a regulation – amending act

##### Article 1 – point 3 a (new)

Regulation (EC) No 1934/2006

Article 2 a (new)

#### *Text proposed by the Commission*

#### *Amendment*

***(3a) The following article is inserted:***

#### ***“Article 2a***

***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<sup>1</sup> shall be strictly observed.*

<sup>1</sup> OJ L 354, 31.12.2008, p. 62”

### **Amendment 3**

#### **Proposal for a regulation – amending act**

##### **Article 1 – point 3 b (new)**

Regulation (EC) No 1934/2006

##### **Article 3 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

*(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 Community’s specific interests, strategies and priorities, in particular its objective to contribute to the sustainable economic, social and environmental development of developing countries.”**

### **Amendment 4**

#### **Proposal for a regulation – amending act**

##### **Article 1 – point 3 c (new)**

Regulation (EC) No 1934/2006

##### **Article 3 – paragraph 4**

*Text proposed by the Commission*

*Amendment*

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

**“4. For measures financed under this Regulation, the Community shall aim to ensure coherence with other areas of its external action as well as other relevant Community policies, in particular**

*development cooperation. This shall be ensured by formulating policy, strategic planning and the programming and implementation of measures.”*

## **Amendment 5**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 3 d (new)**

Regulation (EC) No 1934/2006

Article 4 – subparagraph 2

*Text proposed by the Commission*

*Amendment*

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

**“2. the stimulation of bilateral trade, investment flows and economic partnerships in accordance with the Millennium Development Goals (MDGs);”**

## **Amendment 6**

### **Proposal for a regulation – amending act**

#### **Article 1 – point 3 e (new)**

Regulation (EC) No 1934/2006

Article 4 – subparagraph 5 a (new)

*Text proposed by the Commission*

*Amendment*

*(3e) The following subparagraph is inserted:*

**“5a. fostering common solutions to multilateral challenges such as climate change, energy security, peace and development, with a particular focus on sustainable technology;”**

## Amendment 7

### Proposal for a regulation – amending act

#### Article 1 – point 5

Regulation (EC) No 1934/2006

Article 16

#### *Text proposed by the Commission*

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.

#### *Amendment*

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. ***The measures in countries listed in Annex II shall be financed from the margin under heading 4 of the financial framework or by other means available in the context of financing external actions.***

***Appropriations programmed for use under Regulation (EC) No 1905/2006 shall not be used for this purpose.***

## PROCEDURE

<b>Title</b>	Establishment of a financing instrument for cooperation with industrialised countries (amendment of Regulation (EC) No 1934/2006)						
<b>References</b>	COM(2009)0197 – C7-0101/2009 – 2009/0059(COD)						
<b>Committee responsible</b>	INTA						
<b>Opinion by</b> Date announced in plenary	DEVE 14.9.2009						
<b>Rapporteur</b> Date appointed	Nirj Deva 3.9.2009						
<b>Discussed in committee</b>	6.10.2009						
<b>Date adopted</b>	1.3.2010						
<b>Result of final vote</b>	<table> <tr> <td>+:           </td><td>18</td></tr> <tr> <td>–:           </td><td>0</td></tr> <tr> <td>0:           </td><td>0</td></tr> </table>	+:	18	–:	0	0:	0
+:	18						
–:	0						
0:	0						
<b>Members present for the final vote</b>	Thijs Berman, Michael Cashman, Nirj Deva, Leonidas Donskis, Charles Goerens, Catherine Greze, Enrique Guerrero Salom, Eva Joly, Franziska Keller, Norbert Neuser, Bill Newton Dunn, Maurice Ponga, Birgit Schnieber-Jastram, Ivo Vajgl, Anna Záborská, Iva Zanicchi						
<b>Substitute(s) present for the final vote</b>	Miguel Angel Martínez Martínez, Judith Sargentini						

17.11.2009

## **OPINION OF THE COMMITTEE ON BUDGETS**

for the Committee on International Trade

on the proposal for a Council regulation amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories  
(COM(2009)0197 – C7-0101/2009 – 2009/0059(CNS))

Rapporteur: Alain Lamassoure

### **SHORT JUSTIFICATION**

On several occasions, the European Parliament has expressed its disagreement with the practice of using the Development Cooperation Instrument (DCI) to finance measures other than official development assistance (ODA) in countries covered by the DCI. As Article 2(4) of the DCI Regulation gives a restrictive definition of the eligibility criterion for ODA, a number of measures funded under the Regulation were unjustified. However, these measures are of incontestable strategic interest to the Union, in that they make it possible to establish strong links with certain regional and global players, such as China, India, South Africa or Brazil.

In order to enable these measures to continue and not to alter the sense of the DCI Regulation, the Commission proposes, in accordance with what Parliament has called for, to:

- finance measures other than ODA from the financing instrument for cooperation with industrialised countries (ICI) and to amend it accordingly, which is the purpose of this proposal;
- extend the geographical scope of the ICI (ICI+) to include these developing countries, thus making it possible to establish a legislative follow-up to the four preparatory actions which the budgetary authority has decided to finance in 2007-2009;
- alter the multiannual budget allocation of the ICI by programming a reference amount of €176 m for the period 2010-2013 to finance these actions with developing countries;
- finance this €176 m allocation by means of:

- a redeployment of €108.5 m under the DCI

- use of the margins of Heading 4 of the multiannual financial framework to provide €67.5 m.

Your rapporteur wishes first of all to recall that in 2008 the Committee on Budgets asked the Committee on Development, in connection with its own-initiative report on this subject, to consider creating a new ad hoc financial instrument as the most realistic alternative and that it expressed its fear that amending the ICI so as to include developing countries in it might run the risk of a certain political unintelligibility.

He welcomes the amending proposal in that it represents legislative action further to the preparatory actions provided for by Article 49(6)(b) of the Financial Regulation.

He would recall that the situation with regard to the Heading 4 margins is so tight that Parliament can only call on the Commission and Council once again to act sensibly and realistically during the mid-term review of the multiannual financial framework by raising the ceiling for Heading 4 for 2011-2013. He also recalls that Parliament has always considered that a new policy or a new instrument should entail new resources rather than a redistribution of resources already allocated to other policies or instruments. Without such a measure, Parliament as one arm of the budgetary authority cannot simultaneously guarantee respect for commitments given to third countries, the definition of new priorities and the responsiveness necessary in order to cope with unforeseen crises.

Furthermore, in the situation of extreme budgetary tension which has arisen because of the economic crisis, both for Member States and for the Union itself, particular rigour is called for in using appropriations for emerging countries, whose standard of living is in some cases comparable to that of certain Member States, which are our principal commercial competitors and which so far have been insufficiently cooperative in seeking a global agreement on Doha and on the post-Kyoto arrangements. Hence the proposed amendments.

Subject to this reservation, your rapporteur considers that, in terms of allocation of sources of financing (redemption within the DCI and partial use of the margins of Heading 4), the proposal for a Council regulation is appropriate and compatible with the multiannual financial framework for 2007-2013.

## **AMENDMENTS**

The Committee on Budgets calls on the Committee on International Trade, as the committee responsible, to incorporate the following amendments in its report:

## **Amendment 1**

### **Draft legislative resolution Paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. Considers the proposal for a Council Regulation amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories to be compatible with the multiannual financial framework for 2007-2013; recalls nonetheless that the annual appropriations for the period 2010-2013 will be decided by the budgetary authority as part of the annual budget procedure;***

## **Amendment 2**

### **Proposal for a regulation – amending act Recital 5 a (new)**

*Text proposed by the Commission*

*Amendment*

***(5a) As the economic crisis has created extreme budgetary tension throughout the Union, and as the proposed extension concerns countries which have in some cases achieved competitiveness comparable to that of the Union and a mean standard of living close to that of certain Member States, Community aid should be proportionate to the efforts made by the recipient countries to open up their markets, comply with the international agreements of the World Trade Organisation (WTO) and of the International Labour Organisation (ILO), and help to pursue global objectives to reduce greenhouse gas emissions.***

### **Amendment 3**

#### **Proposal for a regulation – amending act**

##### **Article 1 – point 3**

Regulation (EC) No 1934/2006

Article 2 – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

***2a. Under this regulation, Community financing may be used only for the benefit of countries which comply with the international agreements of the WTO and ILO, are helping to pursue global objectives to reduce greenhouse gas emissions and are disposed to develop economic relations with the Union on a footing of unambiguous reciprocity.***



## PROCEDURE

<b>Title</b>	Establishment of a financing instrument for cooperation with industrialised countries (amendment of Regulation (EC) No 1934/2006)	
<b>References</b>	COM(2009)0197 – C7-0101/2009 – 2009/0059(CNS)	
<b>Committee responsible</b>	INTA	
<b>Opinion by</b> Date announced in plenary	BUDG 14.9.2009	
<b>Rapporteur</b> Date appointed	Alain Lamassoure 5.10.2009	
<b>Discussed in committee</b>	4.11.2009	16.11.2009
<b>Date adopted</b>	16.11.2009	
<b>Result of final vote</b>	+: 36 –: 0 0: 0	
<b>Members present for the final vote</b>	Marta Andreasen, Francesca Balzani, Reimer Böge, Lajos Bokros, Giovanni Collino, Isabelle Durant, James Elles, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Ivars Godmanis, Ingeborg Gräßle, Estelle Grelier, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Sergej Kozlík, Alain Lamassoure, Janusz Lewandowski, Barbara Matera, Claudio Morganti, Miguel Portas, Dominique Riquet, László Surján	
<b>Substitute(s) present for the final vote</b>	François Alfonsi, Maria Da Graça Carvalho, Frédéric Daerden, Roberto Gualtieri, Giovanni La Via, Derek Vaughan, Axel Voss	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Cecilia Wikström	

## PROCEDURE

<b>Title</b>	Establishment of a financing instrument for cooperation with industrialised countries (amendment of Regulation (EC) No 1934/2006)			
<b>References</b>	COM(2009)0197 – C7-0101/2009 – 2009/0059(COD)			
<b>Date submitted to Parliament</b>	21.4.2009			
<b>Committee responsible</b> Date announced in plenary	INTA 14.9.2009			
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	AFET 14.9.2009	DEVE 14.9.2009	BUDG 14.9.2009	
<b>Associated committee(s)</b> Date announced in plenary	AFET 11.2.2010			
<b>Rapporteur(s)</b> Date appointed	Helmut Scholz 1.9.2009			
<b>Discussed in committee</b>	29.9.2009	10.11.2009	14.1.2010	27.1.2010
<b>Date adopted</b>	17.3.2010			
<b>Result of final vote</b>	+: –: 0:	22 0 3		
<b>Members present for the final vote</b>	Laima Liucija Andrikienė, David Campbell Bannerman, Daniel Caspary, William (The Earl of) Dartmouth, Joe Higgins, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Vital Moreira, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Iuliu Winkler, Jan Zahradil, Pablo Zalba Bidegain, Paweł Zalewski			
<b>Substitute(s) present for the final vote</b>	Catherine Bearder, George Sabin Cutaş, Salvatore Iacolino, Libor Rouček, Michael Theurer, Jarosław Leszek Wałęsa			
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Sylvie Guillaume			