

# EUROPEAN PARLIAMENT

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FINAL  
**A5-0198/2004**

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## **REPORT**

on the proposal for a Council decision amending Decision 2000/24/EC to take into account the enlargement of European Union and the EU's Wider Europe - New Neighbourhood policy  
(COM(2003) 603 – C5-0501/2003 – 2003/0232(CNS))

Committee on Budgets

Rapporteur: Reimer Böge

PE 338.035

**EN**

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

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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## PROCEDURAL PAGE

By letter of 24 October 2003 the Council consulted Parliament, pursuant to Article 308 of the EC Treaty, on the proposal for a Council decision amending Decision 2000/24/EC to take into account the enlargement of the European Union and the EU's Wider Europe - New Neighbourhood policy (COM(2003) 603 – 2003/0232(CNS)).

At the sitting of 5 November 2003 the President of Parliament announced that he had referred the proposal to the Committee on Budgets as the committee responsible and the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and to the Committee on Industry, External Trade, Research and Energy for their opinions (C5-0501/2003).

The Committee on Budgets appointed Reimer Böge rapporteur at its meeting of 4 November 2003.

The committee considered the Commission proposal and draft report at its meeting of 17 March 2004.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Terence Wynn (chairman), Reimer Böge (vice-chairman and rapporteur), Anne Elisabet Jensen (vice-chairwoman), Salvador Garriga Polledo, Maria del Carmen Ortiz Rivas, Joaquim Píscarreta, Giovanni Pittella, Bartho Pronk for Ioannis Averoff, Per Stenmarck, Ralf Walter and Brigitte Wenzel-Perillo.

The opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Industry, External Trade, Research and Energy are attached.

The report was tabled on 18 March 2004.

## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council decision amending Decision 2000/24/EC to take into account the enlargement of European Union and the EU's Wider Europe -New Neighbourhood policy  
(COM(2003) 603 – C5-0501/2003 – 2003/0232(CNS))**

### **(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2003) 603)<sup>1</sup>,
  - having regard to Article 308 of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0501/2003),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Industry, External Trade, Research and Energy (A5-0198/2004),
1. Approves the Commission proposal as amended;
  2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
  3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
  4. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
  5. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

#### Amendment 1 RECITAL 4

(4) A conditional extension of the general lending mandate of the European Investment Bank (EIB) to Russia and the Western New Independent States (WNIS) should be envisaged to support the policy based on the Commission Communication

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<sup>1</sup> Not yet published in OJ.

“Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours”.

“Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours”, *in accordance with the resolution of the European Parliament of 20 November 2003.*”

#### *Justification*

*There is no definition agreed by the EU institutions of "The Wider Europe" once the 5th Enlargement is in place, i.e. 1 May 2004. The Communication from the Commission on Wider Europe (COM(2003) 104 final) seeks to encourage the Council and the EP to face up to the new realities of the enlarged EU's new geographical proximity and increased interdependence with its eastern and southern neighbours. The EP's resolution of 20 November 2003, based on the Napoletano report (A5-0378/2003), takes a broader view of the concept of "Wider Europe". Its paragraphs 5, 8, 14, in particular 27 and 47, point to a simple criterion: "countries that have had some formal economic, political or cultural relationship with the EU should maintain it after the 5th Enlargement". And its paragraph 27 states: "the EIB should be given a mandate and appropriate resources to extend loans to all of eastern Europe".*

#### Amendment 2 RECITAL 4 A (new)

***(4a) Consideration should be given to including countries of the South Caucasus and Central Asia in the lending mandate after the year 2006;***

#### Amendment 3 RECITAL 4 B (new)

***(4a) The necessary preparatory measures should be taken in order to include, as of the next generation of EIB lending mandates to enter into effect on 1 January 2008 at the latest, the following countries: Armenia, Azerbaijan, Georgia, Kazaksthan, Kyrgystan, Tajikistan, Turkmenistan and Uzbekistan.***

#### *Justification*

*Following consultation and debate within both the Parliament and Council it is clear that EIB lending activities can be a powerful tool for development and stabilisation also in other regions than are currently covered. Considering also the evolution of the European Neighbourhood policy, the necessary preparations to extend the mandate shall be included.*

Amendment 4  
RECITAL 8

(8) The financial perspective for the period 2000 to 2006 according to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>1</sup> envisages a ceiling for the loan guarantee reserve in the Community budget of EUR 200 million per annum.

(8) The financial perspective for the period 2000 to 2006 according to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>2</sup> envisages a ceiling for the loan guarantee reserve in the Community budget of EUR 200 million (*in 1999 prices*) per annum

Amendment 5  
RECITAL 8A (new)

*(8a) Close co-operation between the EIB and the Commission shall ensure consistency and synergy with the EU's geographical cooperation programmes and ensure that EIB loan operations are complementary to, and reinforcing of, the EU's policies for those regions.*

Amendment 6  
ARTICLE 1, POINT 1, POINT (A) (II)  
Article 1, paragraph 1, subparagraph 2, sentence 2 (Decision 2000/24/CE)

(ii) "The overall ceiling of the credits opened shall be equivalent to **EUR 19 760** million, broken down as follows:

South-eastern Neighbours:

EUR 9 185 million,

Mediterranean countries:

EUR 6 520 million,

Latin America and Asia:

EUR 2 480 million,

Republic of South Africa:

EUR 825 million,

(ii) "The overall ceiling of the credits opened shall be equivalent to **EUR 20 260** million, broken down as follows:

South-eastern Neighbours:

EUR 9 185 million,

Mediterranean countries:

EUR 6 520 million,

Latin America and Asia:

EUR 2 480 million,

Republic of South Africa:

EUR 825 million,

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<sup>1</sup> OJ C 172, 18.6.1999, p. 1.

<sup>2</sup> OJ C 172, 18.6.1999, p. 1.

Special action supporting the consolidation and intensification of the EC-Turkey Customs Union:

EUR 450 million,

Russia and Western New Independent States (WNIS):

**EUR 300 million;**

and shall be used by 31 January 2007 at the latest. The credits already signed shall be taken into account as a deduction from the regional ceilings. However, the effectiveness of the ceiling for Russia and the Western New Independent States (WNIS) shall be subject to these countries fulfilling specific conditions laid down by the Commission in accordance with the Commission communication "Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours". The Commission shall authorise the release of the ceiling for Russia and the WNIS on a country by country basis. Nevertheless, concerning Russia, projects fulfilling the criteria specified in Article 2(3) of Council Decision 2001/777/EC shall be eligible as soon as the EUR 100 million ceiling of the Decision has been reached."

Special action supporting the consolidation and intensification of the EC-Turkey Customs Union:

EUR 450 million,

Russia and the Western New Independent States (WNIS):

**EUR 800 million;**

and shall be used by 31 January 2007 at the latest. The credits already signed shall be taken into account as a deduction from the regional ceilings. However, the effectiveness of the ceiling for Russia and the Western New Independent States (WNIS) shall be subject to these countries fulfilling specific conditions laid down by the Commission in accordance with the Commission communication "Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours". The Commission shall authorise the release of the ceiling for Russia and the WNIS on a country by country basis. Nevertheless, concerning Russia, projects fulfilling the criteria specified in Article 2(3) of Council Decision 2001/777/EC shall be eligible as soon as the EUR 100 million ceiling of the Decision has been reached."

#### *Justification*

*The extra EUR 500 million proposed for Russia and the Western New Independent States can be found through a technical operation involving a change of the guarantee rate on these loans from 100% to 65%. In practical terms, this hardly increases the risk, since the Guarantee Fund is currently over-provisioned.*

#### Amendment 7

ARTICLE 1, POINT (1), POINT b)A (new)  
Article 1, paragraph 3a (new) (decision 2000/24/CE)

***(ba) Paragraph (3a) is added:***

***"3a. The EIB is invited to prepare feasibility studies on the inclusion in the mandate, as from 2007, of countries of the South Caucasus and Central Asia regions."***



## EXPLANATORY STATEMENT

### Context

1. The Commission proposes adjustments to the EIB's external lending mandate (EIB loans guaranteed through the guarantee mechanism), so as to take account of the Wider Europe - New Neighbourhood policy (it should be noted that the terminology should be changed to **the European Neighbourhood Policy**).
2. The general external lending mandate of the EIB is laid down in a Council decision granting a guarantee for external lending<sup>1</sup>.
3. The legislative proposal is also combined with a report of about 70 pages on the "Mid-Term Review" of the EIB external-lending mandate. Although of a high quality, this is in fact a report that does little to explain the (geo) political considerations, which are presumably at the heart of the Commission's legislative proposal to change the lending ceilings.
4. As will be seen, some very significant changes to the Union's lending capacity in certain regions are being proposed. Unfortunately, and in the rapporteur's view quite unjustifiably, these important changes foresee an extremely limited role for the EP as the proposal is being made under simple consultation.
5. However, it should be underlined that 65% (coverage) of the aggregate amounts of these loans will be guaranteed through the Guarantee Fund the payments to which are coming from the EU budget. It is therefore perfectly justified and right that the EP, and the budgets committee in particular, take and interest in changes made to the lending mandate.
6. Although the proposal falls under the simple consultation procedure, in this case ECOFIN is foreseen to take the decision - the objective in such matters should be to allow Parliament and Council jointly to agree on priorities for using the lending margin and, such as in this case, come to some sort of agreement on how those political priorities are changed.
7. After all, the various considerations (development, security, foreign policy, environment etc, etc) for making a choice as to what loans could be given to which countries, and for which amounts, is not essentially a technical question, but a matter for political consideration.
8. From the outset, it must therefore be said that your rapporteur has questions as to how this proposal is being justified, from the point of view of transparency and parliamentary accountability, and that he is of the opinion that the EP should not rush into a decision for an opinion even though the current legislature is drawing to a close.

### The Commission proposal

9. The proposal of the Commission is a revision up until the end of the current mandate period (31 January 2007) for the Community budget guarantee to the European Investment Bank, concerning the loans the EIB grants to third countries.

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<sup>1</sup> Decision 2000/24/EC and as amended in Decisions: 1999/786/EC, 2000/688/EC, 2000/788/EC and 2001/777/EC.

10. The revision is prompted by the fact that the 10 acceding countries will no longer be part of these loans and guarantee arrangements as of 1 May 2004. The amount of loans signed with the Accession countries amount € 2 127 million (31 December 2002).
11. It should be said from the start that the revision comprises very significant changes in the regional distribution of the lending ceilings for different countries and/or regions.
12. At present, the total lending mandate (ceiling) which is authorised looks as follows:

(€ million)

Central&Eastern Europe (CEEC)	9 280	Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia and Montenegro, FYROM and Rumania + the Accession countries
Mediterranean	6 425	Algeria, Cyprus, Egypt Israel, Jordan, Lebanon, Malta Morocco, Syria, Tunisia, Turkey and Gaza/West-Bank
Latin America and Asia	2 480	Countries covered by ALA regulation
South Africa	825	
Turkey "Customs Union facility" and "Earthquake facility"	1 050	Pursuant to decisions 1997/786/EC and 2000/788/EC
Baltic Sea Basin of Russia	100	Northern Dimension, decision 2001/777/EC
Total lending mandate	20 060	

13. It should be noted that around € 8 000 million worth of loans had actually been signed as of 31 December 2002 (the Commission should provide an update of this figure for 31 December 2003). **This means that about 40% of the lending mandate had been used up at that time.**
14. With accession, and with this proposal, the Commission now suggests a number of important changes, which are not really illustrated very clearly in the document. The Commission refers mainly to a "new geographical distribution of the current mandate" without really pinpointing the more detailed consequences for the countries covered by the different geographical ceilings. At first sight, these do not seem to change much, but the truth is that considerable changes are proposed. These changes need to be illustrated in a clear manner.
15. Turkey will be moved from the Meda envelope to the CEEC envelope. At the same time, the name of this envelope will be changed to "South Eastern Neighbours". The share of Turkey in the current Meda mandate, to be transferred, is € 2 085 million. This is consistent with the agreement to finance expenditure for Turkey from the pre-accession strategy.
16. To transfer to the Meda envelop all of the additional space under the lending ceiling ("surplus margin"), which will be created when the 10 accession countries are lifted out from the mandate. This additional space or "surplus margin" amounts to € 2 180 million. In what could be seen as a lack of transparency, the Commission refers to this as "to redefine the new lending mandate for Meda..." and only dedicates a few lines to this important issue. The addition to the Meda envelope would be used to reinforce the

foreseen lending under the FEMIP facility (Euro-Mediterranean Investment and Partnership).

17. To extend the lending mandate- in line with the Neighbourhood Policy- to Russia and the **WNIS**, Western New Independent States, (Ukraine, Moldova and Belarus), with a new envelope of € 300 million. A substantial part of this € 300m ( ECOFIN has already adopted conclusions indicating a preference for € 500m) is likely to go to environmental and nuclear safety projects. This was mainly the use of the € 100m made available under the current mandate.
18. Taking all of the above into consideration, the new revised ceilings proposed by the Commission looks as follows (rapporteur's highlights inserted).

Commission proposal, (€ million)

South-Eastern Neighbours	9 185	Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia and Montenegro, FYROM, Rumania, <b>Turkey</b>
Mediterranean	6 520	Algeria, , Egypt Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, and Gaza/West-Bank
Latin America and Asia	2 480	unchanged
South Africa	825	unchanged
Turkey "Customs Union facility" and "Earthquake facility"	1 050	unchanged
Baltic Sea Basin of Russia	100	unchanged
Russia and Western New Independent States	300	Belarus, Moldova, Russia and the Ukraine
Total lending mandate	20 460	

19. As can be seen, the picture is already quite complicated, as, although the global amounts do not change much, the changes within the different envelopes are substantial.
20. In fact, the rapporteur considers that the Commission should have presented a table with the net effect on the ceilings for each region, taking into account the fact that Turkey is moving category but remains unchanged and that the accession countries are lifted out. The following is the rapporteur's table but, given the complexities involved, should be confirmed by the Commission:

Approximate "net effect" on lending ceilings for the countries comprising each region, following the transfer of Turkey and the removal of the accession countries

(€ million)

South-Eastern Neighbours	+/- 0	The lifting-out of accession countries (about 2,1 billion) is cancelled out by the addition of Turkey (also about 2,1 billion)
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Mediterranean	+2180	The total of the "surplus margin" transferred to remaining Meda (after Turkey has been moved)
Latin America and Asia	+/- 0	unchanged
South Africa	+/- 0	unchanged
Turkey "Customs Union facility" and "Earthquake facility"	+/- 0	unchanged
Baltic Sea Basin of Russia	+/- 0	unchanged
Russia and Western New Independent States	+ 300	New: Belarus, Moldavia, Russia and the Ukraine

21. In order to have a more complete picture of the different instruments at the EU's disposal, the rapporteur wishes to include a general table showing the **grant assistance (including macro-financial aid)** going to various regions under headings 4 and 7 (External Action and Pre-Accession) and including the EDF, which is outside the EU budget.

€ million

	Budget 2004 *	%
Pre-Accession Strategy	1 732	16,6 %
Asia (including Afghanistan)	616	5,9 %
Balkans	675	6,5 %
Eastern Europe & Central Asia	535	5,1 %
Mediterranean & Middle East (including Iraq, 160 million)	1 002	9,6 %
Latin America	312	3,0 %
Thematic programmes (all regions, including Emergency Aid)	2 258	21,7 %
Total Budget	7 130	68,5 %
EDF (77 ACP countries)	3 275	31,5 %
Grand Total Assistance 2004	10 405	100%

\* (except the EDF which is outside the budget)

For the proposal at hand, and especially in the run-up to negotiations on a new Financial Perspective (and possibly also new proposals for the lending mandates and the Guarantee Fund) the complete picture of the EU's available instruments must of course be considered.

#### Remarks

22. The aim of this proposal is to make sound adjustments to the lending ceilings in order to take into account the Wider Europe-New Neighbourhood policy (terminology should be changed to **the European Neighbourhood Policy**).
23. A modification of the lending capacity is being used as a foreign policy tool/development tool, and these loans are, and will be, guaranteed through the Guarantee Fund, which is being provisioned from the general budget.

24. A modest amount is envisaged for Russia and the WNIS, intended to allow the EIB to begin preparations in these countries. The Commission says that, at present, the Bank has little experience to operate in these countries and no real local presence. The actions that could be envisaged are almost certainly mainly in the **environmental and nuclear security** fields.
25. Following discussions in the Parliament on the Wider Europe-New Neighbourhood Policy, it now seems likely that also the South Caucasus will be included, or at least very closely associated with the European Neighbourhood Policy. Apparently, the Council is also thinking along these lines.
26. The rapporteur endorsed the new Neighbourhood Policy in Cobu's opinion to that report. He is convinced of its importance for Europe and the partner countries alike. In that light, is the relatively small amount foreseen for the Russia and the WNIS lending mandate really sufficient?
27. Considering that "the ring of friends" around Europe must certainly not exclude or create barriers to our "friends" that happen to be a little further away, geographically speaking, the rapporteur questions the idea of only including the Western New Independent States (Belarus, Moldavia and Ukraine) in the new small envelope created.
28. The rapporteur considers that the Southern Caucasus and Central Asian countries should not be totally excluded. It should be recalled that the EIB of course only proceeds to actual loans on a strict basis and when all necessary conditions are met. These countries are Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.
29. Also taking into account the new Investment Facility for ACP countries (under the Cotonou Agreement), the rapporteur would point out that the EU has equipped itself with lending capacity (lending mandates) for practically every country in the world (with the obvious exception of rich countries like the US, Canada, Norway etc). It would send a strange political signal to completely exclude the remaining TACIS countries in the Southern Caucasus and Central Asia mentioned above. Why exclude these when practically every other country in the world is covered? It should be recalled that these are some of the poorest countries in the world and would have limited access to international capital markets without guarantees.

16 March 2004

## **OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS, HUMAN RIGHTS, COMMON SECURITY AND DEFENCE POLICY**

for the Committee on Budgets

on the proposal for a Council Decision amending Decision 2000/24/EC to take into account the enlargement of the European Union and the EU's Wider Europe - New Neighbourhood policy  
(COM(2003) 603 – C5-0501/2003 – 2003/0232(CNS))

Draftswoman: Pasqualina Napoletano

### **PROCEDURE**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed Pasqualina Napoletano draftswoman at its meeting of 4 November 2003.

It considered the draft opinion at its meetings of 24 February and 16 March 2004.

At the last meeting it adopted the following amendments unanimously.

The following were present for the vote: Baroness Nicholson of Winterbourne (acting chairwoman), Geoffrey Van Orden (vice-chairman), Christos Zacharakis (vice-chairman), Pasqualina Napoletano (draftswoman), Per-Arne Arvidsson, Alexandros Baltas, Bastiaan Belder, Michael Cashman (for Klaus Hänsch), Alejandro Cercas (for Rosa M. Díez González pursuant to Rule 153(2)), Véronique De Keyser, Glyn Ford, Michael Gahler, Robert Goebbels (for Jacques F. Poos pursuant to Rule 153(2)), Alfred Gomolka, Richard Howitt, Marie Anne Isler Béguin (for Elisabeth Schroedter), Efstratios Korakas, Cecilia Malmström, Jean-Charles Marchiani, Miguel Angel Martínez Martínez (Emilio Menéndez del Valle), Edward H.C. McMillan-Scott (for John Walls Cushnahan), Philippe Morillon, Arie M. Oostlander, Elena Ornella Paciotti (for Demetrio Volcic pursuant to Rule 153(2)), José Ribeiro e Castro (for Luís Queiró pursuant to Rule 153(2)), Jannis Sakellariou, José Ignacio Salafranca Sánchez-Neyra, Jacques Santer, Jürgen Schröder, Ilkka Suominen, Hannes Swoboda, Charles Tannock, Maj Britt Theorin (for Catherine Lalumière), Joan Vallvé, Johan Van Hecke (for Ole Andreasen), Karl von Wogau, Jan Marinus Wiersma, Matti Wuori.

## SHORT JUSTIFICATION

The accession of ten candidate countries to the EU on 1 May 2004 will make it possible to increase lending from the European Investment Bank (EIB) to other non-Member states, without raising the ceiling for the EIB's external lending mandate. This is extremely welcome, at a time when the EU is intensifying its co-operation with the potential candidate countries of the Western Balkans and prepares for a progressive deepening of its relations to other neighbours, in the South and the East.

The EIB's external lending mandate is divided up between different regions. Since the Western Balkans and acceding central and eastern European countries are in the same EIB region, the Western Balkans will benefit from reduced competition for the available lending space. On the other hand, Turkey is foreseen to be transferred from the Mediterranean to the central and eastern European region (which will be renamed). The net effect for the Western Balkans should still be positive. As Turkey moves out of the Mediterranean EIB region, other countries there will also benefit.

All this is included in the Commission proposal, to which this opinion relates, and in the conclusions of the ECOFIN Council of 25 November 2003, which indicate what decision the Council intends to take. So far, the chosen approach must be welcomed. A more problematic aspect is the way the eastern European neighbourhood is dealt with.

Russia and all the other so called New Independent States born when the Soviet Union imploded are also kept outside the general lending mandate. A special lending mandate for Russia was created in 2001, but the amount is very small. The mandate is limited to investments to improve nuclear safety and protection of the environment, which is extremely important, given in particular the alarming situation at many nuclear sites in Russia.

The current ceiling of the special lending mandate is € 100 million and will soon be reached. The Council intends to broaden the mandate to cover also the so called Western New Independent States (Ukraine, Moldova and Belarus) and to widen the scope to include certain infrastructure investment. € 500 million would be added, to cover all the objectives in the whole region.

Although it is true that the European Bank for Reconstruction and Development (EBRD) already plays a significant role in eastern Europe, this is hardly a sufficient motive for continuing to keep this essential part of the European neighbourhood outside the general lending mandate and limiting the special mandate as foreseen. The EBRD's loans are focused on the private sector. The need to support public sector investment is, however, very big and the EIB has very much experience from other countries of relevant lending.

Moreover, Parliament has consistently advocated inclusion of the South Caucasus in the European Neighbourhood policy, and a development in that direction is now under way. Although the necessary conditions for extending loans to Georgia, Armenia and Azerbaijan may not be in place that soon, it would be reasonable to stop giving them a less favourable treatment than most other countries of the world. In the same way, there should not be any *principle* barrier to lending to Central Asian countries.

The exclusion of the NIS is a relict of the policy towards the Soviet Union. Correcting this anomaly is long overdue.

## AMENDMENTS

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

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

Amendment 1  
RECITAL 4 A (new)

***(4a) Consideration should be given to including countries of the South Caucasus and Central Asia in the lending mandate after the year 2006;***

Amendment 2  
ARTICLE 1, POINT (1), POINT b)A (new)  
Article 1, paragraph 3a (new) (decision 2000/24/CE)

***(ba) Paragraph (3a) is added:***  
***"3a. The EIB is invited to prepare feasibility studies on the inclusion in the mandate, as from 2007, of countries of the South Caucasus and Central Asia regions."***

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<sup>1</sup> OJ C ... / Not yet published in OJ.



25 February 2004

## **OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY**

for the Committee on Budgets

on the proposal for a Council decision amending Decision 2000/24/EC to take into account the enlargement of the European Union and the EU's Wider Europe – New Neighbourhood policy  
(COM(2003) 603 – C5-0501/2003 – 2003/0232(CNS))

Draftsman: Reino Paasilinna

### **PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Reino Paasilinna draftsman at its meeting of 27 November 2003.

It considered the draft opinion at its meetings of 19 January 2004 and 18 February 2004.

At the last meeting it adopted the following amendments by 22 votes to 18, with 1 abstention.

The following were present for the vote: Luis Berenguer Fuster (chairman), Peter Michael Mombaur (vice-chairman), Reino Paasilinna (draftsman), Gordon J. Adam (for Gary Titley), María del Pilar Ayuso González (for Jaime Valdivielso de Cué), Ward Beysen (for Daniela Raschhofer), Guido Bodrato, David Robert Bowe (for Norbert Glante), Giles Bryan Chichester, Nicholas Clegg, Dorette Corbey (for Harlem Désir), Concepció Ferrer, Francesco Fiori (for Umberto Scapagnini), Jacqueline Foster (for Sir Robert Atkins), Cristina García-Orcoyen Tormo (for Angelika Niebler), Neena Gill (for Myrsini Zorba), Alfred Gomolka (for Dominique Vlasto), Michel Hansenne, Bashir Khanbhai, Hedwig Keppelhoff-Wiechert (for Werner Langen pursuant to Rule 153(2)), Dimitrios Koulourianos, Helmut Kuhne (for Massimo Carraro), Rolf Linkohr, Caroline Lucas, Erika Mann, Marjo Matikainen-Kallström, Eryl Margaret McNally, Ana Miranda de Lage, Giuseppe Nisticò (for W.G. van Velzen), Paolo Pastorelli, Samuli Pohjamo (for Willy C.E.H. De Clercq), Godelieve Quisthoudt-Rowohl, Bernhard Rapkay (for Hans Karlsson), Imelda Mary Read, Christian Foldberg Rovsing, Paul Rübig, Olle Schmidt (for Marianne Eriksson pursuant to Rule 153(2)), Konrad K. Schwaiger, Esko Olavi Seppänen, Alejo Vidal-Quadras Roca and Olga Zrihen Zaari.

## SHORT JUSTIFICATION

Your rapporteur seeks to concentrate on one aspect of the legislative proposal under consideration. This one aspect is about the *proper definition* of the "Wider Europe" after the 5th Enlargement of the EU, and this single issue with respect to one instrument of the EC, is its *guarantee for loans* granted by the EIB to non member countries or third countries.

The subject-matter merits particular attention for at least four reasons. The first has to do with the concept of *Wider Europe*. On 1 May 2004, the EU will have 10 new members, totalling 25, a population of 451.5 million and new geographic frontiers. Hence new neighbours, new interests and new problems to solve. However, the question "what is Europe" is not a "question for each generation" to define as it was implicitly said in the *Agenda 2000*. The EP in both occasions - i.e. Agenda 2000 and Wider Europe - has adopted a broader view of EU interests and options, taking account of its history, commitments and place in an interdependent world.

The second reason for paying attention to this proposal is the future Constitutional Treaty. According to the Convention's text, the EU's External Policy will have to be different and its instruments for its pursuit enlarged and deepened. The loans, credit or aid will be different forms of EU assistance to third countries, a necessary complement to pursue an EU external policy. Hence the need to define the EIB's mandate broadly today to take account of tomorrow's needs.

Table 1: Community Guarantee granted to EIB to external lending

Ceiling of Credits in EU millions

Regions/Countries	Decision 2000/24/EC	Decision 1999/786/EC 2000/788/EC	Decision 2000/688/EC	Decision 2000/778/EC	Decision 2001/777/EC	Proposal COM(03)603
1. Central and Eastern Europe <i>or</i> South-Eastern Neighbours <sup>a)</sup>	8690					9185
2. Mediterranean Countries <sup>b)</sup>	6425					6520
3. Latin America and Asia	2480					2480
4. Republic of South Africa	825					825
5. Turkey: a) TERRA <sup>a)</sup> b) Customs Union		650 450				450
6. Croatia			250			
7. Federal Republic of Yugoslavia <sup>a)</sup>				350		
8. Baltic Sea basin of Russia (Northern Dimension)					100	
9. Russia						300

a) Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro, Turkey

b) *Meda Countries*: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and Gaza-West Bank, ~~less~~ Cyprus, Malta & Turkey.

The third reason for considering carefully the proposal is its misconception of Wider Europe. Table 1 shows the various Council Decisions amending the basic Decision 200/24/EC and the ceiling of credits accorded to regions and countries. The draftsman seeks to amend the proposal under consideration, and the justifications added to the proposed amendments make the case for them.

The fourth reason is institutional in nature, the decision making procedure. The Council has insisted on having as a legal base a Treaty article that would give power to Council to do "what it deems correct". Hence the EP has always been granted *consultation*. This means that if the EP gives its opinion (whether it approves, rejects or accepts it with amendments) the Council would be able to dismiss it and decide "whatever it pleases".

## AMENDMENTS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission<sup>1</sup>

Amendments by Parliament

### Amendment 1 RECITAL 4

(4) A conditional extension of the general lending mandate of the European Investment Bank (EIB) to Russia and the Western New Independent States (WNIS) should be envisaged to support the policy based on the Commission Communication "Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours".

(4) A conditional extension of the general lending mandate of the European Investment Bank (EIB) to Russia and the Western New Independent States (WNIS) ***and to the eight Southern and Eastern New Independent States, which are partner States under Council Regulation (EC, Euratom) n°99/2000, concerning the TACIS assistance***, should be envisaged to support the policy based on the Commission Communication "Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours, ***in accordance with the resolution of the European Parliament of 20 November 2003.***"

### *Justification*

*There is no definition agreed by the EU institutions of "The Wider Europe" once the 5th Enlargement is in place, i.e. 1 May 2004. The Communication from the Commission on Wider Europe (COM(2003) 104 final) seeks to encourage the Council and the EP to face up to the new realities of the enlarged EU's new geographical proximity and increased interdependence with its eastern and southern neighbours. The EP's resolution of 20 November 2003, based on the Napoletano report (A5-0378/2003), takes a broader view of the concept of "Wider Europe". Its paragraphs 5, 8, 14, in particular 27 and 47, point to a simple criterion: "countries that have had some formal economic, political or cultural relationship with the EU should maintain it after the 5th Enlargement". And its paragraph 27 states: "the*

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<sup>1</sup> Not yet published in OJ.

*EIB should be given a mandate and appropriate resources to extend loans to all of eastern Europe".*

Amendment 2

ARTICLE 1, POINT 1

Article 1, point (a), point (i), sub-paragraph

“The Community shall grant the European Investment Bank (EIB) a global guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria, and in support of the Community’s relevant external policy objectives, for investment projects carried out in the South-eastern Neighbours, the Mediterranean countries, Latin America and Asia, Republic of South Africa *and* Russia and Western New Independent States (WNIS).”

“The Community shall grant the European Investment Bank (EIB) a global guarantee in respect of all payments not received by it but due in respect of credits opened, in accordance with its usual criteria, and in support of the Community’s relevant external policy objectives, for investment projects carried out in the South-eastern Neighbours, the Mediterranean countries, Latin America and Asia, Republic of South Africa, Russia and Western New Independent States (WNIS) *and Southern and Eastern New Independent States (SENIS).*”

*Justification*

*This amendment follows the logic and content of the amendment to recital (4), and seeks to enlarge the mandate granted to the EIB as justified in the previous amendment.*