## **EUROPEAN PARLIAMENT**

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30 March 2004

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## **REPORT**

on the proposal for a Council decision on providing macro-financial assistance to Albania and repealing Decision 1999/282/EC (COM(2003) 834 – C5-0048/2004 – 2003/0330(CNS))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Luis Berenguer Fuster

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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)

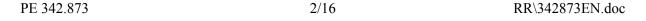
  majority of the votes cast
- \*\*\*II Codecision procedure (second reading)
  majority of the votes cast, to approve the common position
  majority of Parliament's component Members, to reject or amend
  the common position
- \*\*\*III Codecision procedure (third reading)

  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 28 January 2004 the Council consulted Parliament, pursuant to Article 308 of the EC Treaty, on the proposal for a Council decision on providing macro-financial assistance to Albania and repealing Decision 1999/282/EC (COM(2003) 834 – 2003/0330(CNS)).

At the sitting of 9 February 2004 the President of Parliament announced that he had referred the proposal to the Committee on Industry, External Trade, Research and Energy as the committee responsible and the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Budgets for their opinions (C5-0048/2004).

The Committee on Industry, External Trade, Research and Energy appointed Luis Berenguer Fuster rapporteur at its meeting of 3 February 2004.

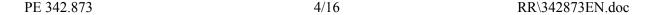
The committee considered the Commission proposal and the draft report at its meetings of 18 and 29 March 2004.

At the last meeting it adopted the draft legislative resolution by 33 votes to 2, with no abstentions.

The following were present for the vote: Luis Berenguer Fuster (chairman and rapporteur), Peter Michael Mombaur (vice-chairman), Gordon J. Adam (for Imelda Mary Read), Konstantinos Alyssandrakis, Sir Robert Atkins, Ward Beysen (for Yves Butel), Roberto Felice Bigliardo (for Seán Ó Neachtain), Guido Bodrato, David Robert Bowe (for Gary Titley), Gérard Caudron, Giles Bryan Chichester, Benedetto Della Vedova (for Marco Cappato), Marie-Françoise Duthu, Concepció Ferrer, Neena Gill (for Myrsini Zorba), Norbert Glante, Alfred Gomolka (for Werner Langen), Malcolm Harbour (for Bashir Khanbhai), Hans Karlsson, Rolf Linkohr, Caroline Lucas, Marjo Matikainen-Kallström, Eryl Margaret McNally, Ana Miranda de Lage, Bill Newton Dunn (for Nicholas Clegg), Paolo Pastorelli, Samuli Pohjamo (for Willy C.E.H. De Clercq), John Purvis, Bernhard Rapkay (for Erika Mann), Christian Foldberg Rovsing, Paul Rübig, Esko Olavi Seppänen, W.G. van Velzen, Emmanouil Bakopoulos (for Fausto Bertinotti) and Herman Schmid (for Marianne Eriksson) pursuant to Rule 153(2).

The opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Budgets are attached.

The report was tabled on 30 March 2004.





#### DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council decision on providing macro-financial assistance to Albania and repealing Decision 1999/282/EC (COM(2003) 834 – C5-0048/2004 – 2003/0330(CNS))

#### (Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2003) 834)<sup>1</sup>,
- having regard to Article 308 of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0048/2004),
- having regard to Rule 67 of its Rules of Procedure,
- having regard to the report of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the Committee on Budgets (A5-0225/2004),
- 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.

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<sup>&</sup>lt;sup>1</sup> Not yet published in OJ.

## Amendment 1 new indent

having regard to the International Monetary Fund's Third Review under Albania's Poverty Reduction and Growth Facility (PRGF)

#### Justification

The macro-financial assistance is granted to Albania in the context of the IMF-supported programme. A reference to their most recent review should, therefore, be included.

## Amendment 2 Recital 3 a (new)

This Financial support, in particular the grant component, will be provided after verifying the ability for the financial and political conditions set up to be fulfilled;

#### Justification

It is necessary to clearly state the political dimension of the implementation of this assistance, in particular because the grant component is almost the double of the value of the loan.

#### Amendment 3 Recital 11

The inclusion of a grant component in this assistance is without prejudice to the powers of the budgetary authority;

The inclusion of a grant component in this assistance is without prejudice to the powers of the budgetary authority; the grant component will be made available accordingly to art 6 n° 4 of Regulation 2666/2000 (CARDS);

#### Justification

It is necessary to clearly indicate that the grant component is admitted under the provisions of the CARDS programme

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#### Amendment 4 Recital 12 a (new)

This kind of assistance, including both the long term loan and the grant component, is highly exceptional and in no way constitutes a precedent for the future;

#### Justification

It is necessary to underline the exceptional nature of this kind of assistance.

## Amendment 5 Article 2, paragraph 1

The Commission is empowered to agree with the authorities of Albania, after consultation with the Economic and Financial Committee the economic policy and financial conditions attached to this assistance to be laid down in a Memorandum of Understanding. These conditions shall be consistent with the agreements referred to in Article 1(4).

The Commission is empowered to agree with the authorities of Albania, after consultation with the Economic and Financial Committee, the economic policy and financial conditions attached to this assistance, to be laid down in a Memorandum of Understanding. These conditions shall be consistent with the agreements referred to in Article 1(4). The European Parliament shall be informed on the final text agreed on the Memorandum of Understanding;

#### Justification

As in other similar cases, the EP considers that the Council's Political Committee has to be involved in the management of this assistance. It is also necessary to inform the European Parliament on the MOU, as it has been done in other cases of exceptional assistance.

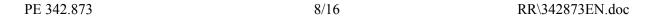
Amendment 6 Article 2, paragraph 3a. (new)

4. In particular the Commission will monitor and assist with improvements in revenue mobilisation through tax policy and administration and a resulting reduction in the size of the informal economy in that this will contribute significantly to filling the current gap in revenues which external macro-financial assistance, such as this grant and loan,

#### have to cover.

Justification

Self-explanatory.



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

for the Committee on Industry, External Trade, Research and Energy

on the proposal for a Council decision on providing macro-financial assistance to Albania and repealing Decision 1999/282/EC (COM(2003) 834 – C5-0048/2004 – 2003/0330(CNS))

Draftsman: Joan Vallvé

#### **PROCEDURE**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed Joan Vallvé draftsman at its meeting of 21 January 2004.

It considered the draft opinion at its meetings of 24 February, 16 and 17 March 2004.

At the latter meeting it adopted the following amendments by 36 votes to 4 against.

The following were present for the vote: Elmar Brok (chairman), Baroness Nicholson of Winterbourne (first vice-chairwoman), Geoffrey Van Orden (second vice-chairman), Christos Zacharakis (third vice-chairman), Joan Vallvé (draftsman), Anne André-Léonard (for Ole Andreasen), Per-Arne Arvidsson, Alexandros Baltas, Bastiaan Belder, Philip Claeys, Rosa M. Díez González, Andrew Nicholas Duff (for Bob van den Bos), Olivier Dupuis (for Francesco Enrico Speroni), Michael Gahler, Gerardo Galeote Quecedo, Jas Gawronski, Vitaliano Gemelli (for Franco Marini), Anne-Karin Glase (for Hugues Martin, pursuant to Rule 153(2)), Alfred Gomolka, Vasco Graça Moura (for David Sumberg), Richard Howitt, Marie Anne Isler Béguin (for Per Gahrton), Giorgos Katiforis (for Véronique De Keyser), Efstratios Korakas, Joost Lagendijk, Catherine Lalumière, Armin Laschet, Jules Maaten (for Claudio Martelli), Nelly Maes (for Reinhold Messner), Cecilia Malmström, Philippe Morillon, Pasqualina Napoletano, Arie M. Oostlander, Reino Paasilinna (for Glyn Ford), Lennart Sacrédeus (for Jacques Santer), Ulla Margrethe Sandbæk (for Paul Coûteaux), Jürgen Schröder, Ioannis Souladakis, Ursula Stenzel, The Earl of Stockton (for Amalia Sartori), Ilkka Suominen, Hannes Swoboda, Charles Tannock, Maj Britt Theorin (for Magdalene Hoff), Luigi Vinci, Karl von Wogau and Matti Wuori.

#### **AMENDMENTS**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy calls on the Committee on Industry, External Trade, Research and Energy, 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 3 a (new)

This Financial support, in particular the grant component, will be provided after verifying the ability for the financial and political conditions set up to be fulfilled;

#### Justification

It is necessary to clearly state the political dimension of the implementation of this assistance, in particular because the grant component is almost the double of the value of the loan.

#### Amendment 2 Recital 11

The inclusion of a grant component in this assistance is without prejudice to the powers of the budgetary authority;

The inclusion of a grant component in this assistance is without prejudice to the powers of the budgetary authority; the grant component will be made available accordingly to art 6 n° 4 of Regulation 2666/2000 (CARDS);

#### Justification

It is necessary to clearly indicate that the grant component is admitted under the provisions of the CARDS programme

Amendment 3

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

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#### Recital 12

This assistance should be managed by the Commission in consultation with the Economic and Financial Committee;

This assistance should be managed by the Commission in consultation with the *Political and Security Committee* and the Economic and Financial Committee;

## Justification

As in other similar cases, the EP considers that the Council's Political Committee has to be involved in the management of this assistance.

## Amendment 4 Recital 12 a (new)

This kind of assistance, including both the long term loan and the grant component, is highly exceptional and in no way constitutes a precedent for the future;

#### Justification

It is necessary to underline the exceptional nature of this kind of assistance.

## Amendment 5 Article 1, paragraph 4

This Community financial assistance shall be managed by the Commission in close consultation with the Economic and Financial Committee and in a manner consistent with the agreements reached between the IMF and Albania.

This Community financial assistance shall be managed by the Commission in close consultation with the *Political and Security Committee and the* Economic and Financial Committee and in a manner consistent with the agreements reached between the IMF and Albania;

#### Justification

As in other similar cases, the EP considers that the Council's Political Committee has to be involved in the management of this assistance.

Amendment 6 Article 2, paragraph 1 The Commission is empowered to agree with the authorities of Albania, after consultation with the Economic and Financial Committee the economic policy and financial conditions attached to this assistance to be laid down in a Memorandum of Understanding. These conditions shall be consistent with the agreements referred to in Article 1(4).

The Commission is empowered to agree with the authorities of Albania, after consultation with the *Political and Security Committee* and the Economic and Financial Committee, the *political*, economic policy and financial conditions attached to this assistance, to be laid down in a Memorandum of Understanding. These conditions shall be consistent with the agreements referred to in Article 1(4). *The European Parliament shall be informed on the final text agreed on the Memorandum of Understanding*;

## Justification

As in other similar cases, the EP considers that the Council's Political Committee has to be involved in the management of this assistance. It is also necessary to inform the European Parliament on the MOU, as it has been done in other cases of exceptional assistance.

Amendment 7 Article 2, paragraph 1 a (new)

The evaluation of the conditions to set up with the Albanian authorities will be made on the basis of the following:

- respect in the previous years of the principles of sound implementation and management of all components of the Community assistance;
- progresses made in terms of political stabilisation, functioning of democratic institutions and the rule of law; enhanced implementation capacity regarding the fight against corruption and organised crime, as well as the respect of Human Rights and minorities;
- stable implementation of the customs and taxation reforms;
- consistency between the different instruments related to the fight against poverty in Albania, in particular between the programmes implemented by the EU and those by the International Financial Institutions such as the IMF and the

#### World Bank;

#### Justification

The implementation of this assistance has to be consistent with the political and economic conditions set up within the framework of the Stabilisation and Association Process. These conditions have to be clearly mentioned in the Memorandum of Understanding (MOU).

## Amendment 8 Article 2, paragraph 3

The Commission shall verify at regular intervals, in collaboration with the Economic and Financial Committee and in co-ordination with the IMF, that economic policies in Albania are in accordance with the objectives of this assistance and that its economic policy and financial conditions are being fulfilled.

The Commission shall verify at regular intervals, in collaboration with *the Political and Security Committee and with* the Economic and Financial Committee and in co-ordination with the IMF, that economic policies in Albania are in accordance with the objectives of this assistance and that its economic policy and financial conditions are being fulfilled.

#### Justification

As in other similar cases, the EP considers that the Council's Political Committee has to be involved in the management of this assistance.

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

for the Committee on Industry, External Trade, Research and Energy

on macrofinancial assistance to Albania (COM(2003) 834 - C5-0048/2004 - 2003/0330 (CNS))

Draftsman: Esko Olavi Seppänen

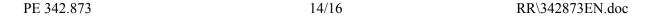
#### **PROCEDURE**

The Committee on Budgets appointed Esko Olavi Seppänen draftsman at its meeting of 21 January 2004.

It considered the draft opinion at its meeting of 9 March 2004.

At the latter meeting it adopted the following suggestions unanimously.

The following were present for the vote: Terence Wynn (chairman), Franz Turchi (vice-chairman), , Esko Olavi Seppänen (Draftsman), Bárbara Dührkop Dührkop, Jutta D. Haug, Wilfried Kuckelkorn, Jan Mulder, Juan Andrés Naranjo Escobar, Giovanni Pittella, Per Stenmarck, Kyösti Tapio Virrankoski and Ralf Walter.



#### **SUGGESTIONS**

The Committee on Budgets calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- 1. This proposal is for a Council Decision for macro-financial assistance for Albania. The Council Decision (legal base) suggested would cover assistance up to € 25 million out of which € 16 million in the form of grants and € 9 million in the form of a loan.
- 2. The draftsman wishes to make a few comments in two different respects. Firstly, what are the budgetary consequences? And, secondly, why is this proposal submitted under article 308 of the Treaty (only simple consultation of the Parliament)?

#### **Budgetary** aspects

- 3. Appropriations entered on budget line 01 03 02 02 (Macro-economic assistance for the countries of the Western Balkans not concerned by a pre-accession strategy) amount to € 65 million for 2004. The amounts on this line are not pre-allocated to individual countries in the budget procedure or in the Commission's financial programming. It is therefore clear that, so early in the year, there are no immediate problems as to this particular budget line.
- 4. However, your draftsman wishes to point out that it is the responsibility of the Commission to establish reasonable projections for the whole year, with the adopted budgetary amounts in mind. There can be no expectation that the Parliament should agree transfers towards the end of the year in case that these new € 16 million, proposed as an urgent measure, should have a negative knock-on effect on other proposals later in the year.
- 5. As for the loan component of € 9 million, your draftsman notes that macro-financial loans are to be covered by a Community blanket guarantee of 100%, at a provisioning rate ("insurance premium") in the case of defaults on the loan) of 9%.
- 6. This means that 9% of € 9 million, that is € 810.000, will have to be paid into the Guarantee Fund. Your draftsman notes that the foreseen reserve margin for the budgetary appropriations to provision the Guarantee Fund is very small (projected to be only € 200.000 during the year).
- 7. However, the main reason for this are other, far greater, assistance packages that are expected, including major Euroatom loans to Romania, which will necessitate payments of some € 20 million into the Guarantee Fund.
- 8. An amount of  $\in$  800.000 to cover the provision for this particular proposal should therefore be considered compatible with the available amounts for this purpose.

#### Other aspects

- 9. From a point of view of consistency and coherence of external assistance, particularly for the Balkans, your draftsman notes that the current system, where substantial amounts of aid are also co-ordinated by the Commission's Directorate for Economic Affairs (Policy Area 01), and decided by Ecofin, does not seem optimal. The decisions to prop up suffering national budgets in the Balkans should surely be part and parcel of overall assistance strategy to these countries and, as such, be decided by the General Affairs Council and the European Parliament.
- 10. Your draftsman notes that the proposal is submitted under Article 308 of the Treaty, a legal base that gives the Parliament little influence (simple consultation). A question mark must be raised over the insistence of the Council and Commission to use Article 308 as the legal base for such proposals.
- 11. Why is not the CARDS regulation used as a legal base for the grant part of assistance? The democratic influence of the Parliament seems to be disregarded in the way things are run at present.
- 12. Although your draftsman will limit this opinion to the budgetary aspects, as is only right and proper given the responsibilities assigned to the various committees, he wishes to make this aspect clear.

#### Conclusion

13. From the point of view of the Budgets Committee, your draftsman sees no reason to introduce amendments with respect to this proposal. He notes that the budgetary component of such macro-financial aid is without prejudice to the powers of the budgetary authority and will be subject to the availability of appropriations on the relevant budget line.

