

# EUROPEAN PARLIAMENT

2004



2009

*Session document*

FINAL  
**A6-0032/2004**

3.11.2004

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## **REPORT**

on the proposal for a Council regulation establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community  
(COM(2004)0465 – COM(2004)0696 – 13195/2004 – C6-0098/2004 – 2004/0145(CNS))

Committee on Foreign Affairs

Rapporteur: Mechtild Rothe

Draftsman (\*):  
José Albino Silva Peneda, Committee on Budgets

(\*): Enhanced cooperation between committees – Rule 47

### ***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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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council regulation establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community (COM(2004)0465 – COM(2004)0696 - 13195/2004 -C6-0098/2004 – 2004/0145(CNS))**

### **(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2004)0465)<sup>1</sup> and the amended proposal (COM(2004)0696)<sup>2</sup>,
  - having regard to the draft Council regulation (13195/2004),
  - having regard to Article 308 of the EC Treaty, pursuant to which the Council consulted Parliament (C6-0098/2004),
  - having regard to Rule 51 of its Rules of Procedure,
  - having regard to the report of the Committee on Foreign Affairs and the opinion of the Committee on Budgets (A6-0032/2004),
1. Approves the Commission proposal as amended;
  2. Considers that the financial statement accompanying the Commission proposal will be compatible with the ceiling of the Financial Perspective without restricting other policies, once the budgetary authority has decided on the financing of the proposal;
  3. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
  4. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
  5. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
  6. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

#### Amendment 1 Recital 1

(1) The European Council *has* repeatedly

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

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underlined its strong preference for accession by a reunited Cyprus. As yet, a comprehensive settlement has not been reached.

**European Parliament** have repeatedly underlined their strong preference for accession by a reunited Cyprus. As yet, a comprehensive settlement has not been reached.

#### *Justification*

*Like Council the EP has also made clear in several resolutions that it strongly favours the accession of a reunited Cyprus*

#### Amendment 2 Recital 4 a (new)

***(4a) The European Parliament requires the Council to reach a fair and just decision on the issue of trade relations as soon as possible***

#### Amendment 3

##### Article 3, Paragraph 2

2. The Commission shall be assisted by the Committee provided for in Article 9 (1) of Council Regulation (EEC) No 3906/89, composed ***of representatives of the Member States*** and chaired by a representative of the Commission.

2. The Commission shall be assisted by the Committee provided for in Article 9 (1) of Council Regulation (EEC) No 3906/89, composed of ***one representative from each Member State*** and chaired by a representative of the Commission.

#### *Justification*

*Member States should have one representative each in order to facilitate the decision-making of the committee.*

#### Amendment 4 Article 5, paragraph 1

1. Actions under this regulation shall be implemented according to the rules set down in ***Title IV of part 2 of Council Regulation 1605/2002***. All individual legal commitments relating to assistance under this Regulation shall be concluded no later than three years following the date of the

1. Actions under this regulation shall be implemented according to the rules set down in Council Regulation 1605/2002. All individual legal commitments relating to assistance under this Regulation shall be concluded no later than three years following the date of the budgetary

budgetary commitment.

commitment.

*Justification*

*Because Title IV of the Financial Regulation is "External Actions", this reference would pre-empt the decision of the budgetary authority.*

Amendment 5  
Article 5 b (new)

*Article 5b*

***(5b) Any changes to the Agency's mandate, beyond what is currently stated in Council Regulation (EC) 2667/2000 of 5 December 2000, are also subject to the relevant budgetary procedures.'***

Amendment 6  
Article 6 a (new)

*Article 6a*

***(6a) Any project financed under this Regulation shall be examined in such a way as to establish that it does not impinge upon the property rights of any EU citizen.***

Amendment 7  
Article 9

***Each*** year the Commission shall send to the European Parliament and the Council a report on the implementation of Community assistance under this instrument. The report shall contain information on the actions financed during ***the*** year and on the findings of monitoring work, and shall give an assessment of the results achieved in the implementation of the assistance.

***By 1 May of each*** year the Commission shall send to the European Parliament and the Council a report on the implementation of Community assistance under this instrument ***in the previous year***. The report shall contain information on the actions financed during ***that*** year and on the findings of monitoring work, and shall give an assessment of the results achieved in the implementation of the assistance.

*Justification*

*This report should be available before the 1st reading of the budget of the following year, in order to be able to react to the implementation results.* Amendment 8

Article 10

In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission, decide unanimously on the necessary adaptations to the present Regulation.

In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission ***and after consultation of the European Parliament***, decide unanimously on the necessary adaptations to the present Regulation.

*Justification*

*Parliament should be involved in this procedure.*



27.10.2004

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

for the Committee on Foreign Affairs

on the proposal for a Council regulation establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community  
(COM(2004)0465 – C6-0098/2004 – 2004/0145(CNS))

Draftsman (\*) : José Albino Silva Peneda

(\*) Enhanced cooperation between committees - Rule 47

### **SHORT JUSTIFICATION**

1. After the negative referendum in Cyprus of 24 April, the General Affairs Council of 26 April 2004 asked the Commission to make some proposals for using the EUR 259 million that were foreseen in the financial perspective in case of a political settlement for 2004 - 2006 to actively overcome the isolation of the Turkish Cypriot Community. On 7 July, the Commission adopted a package of proposals to implement this request of Council.
2. In order to be able to implement the EUR 259 million foreseen over the period 2004 - 2006, the Commission has proposed a specific basic act in the form of a Council regulation establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community.
3. This draft regulation proposes an amount of EUR 6 million for 2004 (to be budgeted in Amending Budget No 10/2004, the preliminary draft (PDAB No. 9/2004) of which was submitted by the Commission on 7 July), mainly dedicated to feasibility studies for the "real" implementation of the financial support over the years 2005 (EUR 114 million) and 2006 (EUR 139 million).
4. The Cyprus proposal thus affects budgets 2004 and 2005 (and, of course, 2006) covering the implementation of the EUR 259 million over the three year period. AB No 10/2004 is needed to provide for financing the activities foreseen in the legal basis for the current year, 2004, while the Commission has already announced the presentation of a letter of amendment introducing the new Cyprus lines into the Preliminary Draft Budget 2005. For the third year, the lines can be entered in the 2006 Preliminary Draft Budget.

5. The problem for the Committee on Budgets to assess the financial implications of the Commission proposal and its compatibility with the financial perspective stem from the fact that it is still anything but clear under which heading the financial assistance to the Turkish Cypriot community will be budgeted. This decision has to be taken by the budgetary authority when adopting Amending Budget No 10/2004, for which Council has not yet submitted its Draft.
6. Your draftsman has therefore decided to eliminate every explicit or implicit reference to any heading because this decision by the budgetary authority cannot be pre-empted.
7. Hence, amendment 1 just confirms, that regardless of which heading will be agreed upon, the budgetary authority will guarantee that the financing of the proposal will be compatible with the respective ceiling (either because of a sufficient margin in the heading agreed, or by revising the financial perspective or mobilising the flexibility instrument in case of a decision in favour of a heading without any margin available).
8. Amendment 3 seeks to delete the reference to Title IV of part 2 of the Financial Regulation because this title contains provisions for "External actions", i.e. an implicit reference to heading 4.
9. The other amendments proposed by your draftsman aim at facilitating the decision making of the committee assisting the Commission (Amendment 2), at enabling Parliament to react to the Commission's implementation report with regard to the budget of the following year (Amendment 5) and at involving Parliament in all future decisions taken in case of a political settlement (Amendment 6).

## AMENDMENTS

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

### Draft legislative resolution

Amendment 1  
Paragraph 1 a (new)

- 1a.** *Considers that the financial statement accompanying the Commission proposal will be compatible with the ceiling of the Financial Perspective without restricting other policies, once the budgetary authority has decided on the financing of the proposal;*

### Proposal for a regulation

Text proposed by the Commission <sup>1</sup>	Amendments by Parliament
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<sup>1</sup> Not yet published in OJ.

Amendment 2  
Article 3, Paragraph 2

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*Justification*

*Member States should have one representative each in order to facilitate the decision-making of the committee.*

Amendment 3  
Article 5, Paragraph 1

1. Actions under this regulation shall be implemented according to the rules set down in *Title IV of part 2 of* Council Regulation 1605/2002. All individual legal commitments relating to assistance under this Regulation shall be concluded no later than three years following the date of the budgetary commitment.

1. Actions under this regulation shall be implemented according to the rules set down in Council Regulation (*EC, Euratom*) No 1605/2002. All individual legal commitments relating to assistance under this Regulation shall be concluded no later than three years following the date of the budgetary commitment.

*Justification*

*Because Title IV of the Financial Regulation is "External Actions", this reference would preempt the decision of the budgetary authority.*

Amendment 4  
Article 5 b (new)

*Article 5b*

*Any changes to the Agency's mandate, beyond what is currently stated in Council Regulation (EC) No 2667/2000 of 5 December 2000, shall likewise be subject to the relevant budgetary procedures.*

Amendment 5  
Article 8

*Each* year the Commission shall send to the European Parliament and the Council a report on the implementation of Community assistance under this instrument. The report shall contain information on the actions financed during *the* year and on the findings of monitoring work, and shall give an assessment of the results achieved in the implementation of the assistance.

*By 1 May of each* year the Commission shall send to the European Parliament and the Council a report on the implementation of Community assistance under this instrument *in the previous year*. The report shall contain information on the actions financed during *that* year and on the findings of monitoring work, and shall give an assessment of the results achieved in the implementation of the assistance.

*Justification*

*This report should be available before the 1st reading of the budget of the following year, in order to be able to react to the implementation results.*

Amendment 6  
Article 9

In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission, decide unanimously on the necessary adaptations to the present Regulation.

In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission *and after consultation of the European Parliament*, decide unanimously on the necessary adaptations to the present Regulation.

*Justification*

*Parliament should be involved in this procedure.*

## PROCEDURE

<b>Title</b>	Proposal for a Council regulation establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community				
<b>References</b>	COM(2004)0465 – C6-0098/2004 –2004/0145(CNS)				
<b>Committee responsible</b>	AFET				
<b>Enhanced cooperation</b>	Yes				
<b>Draftsman</b> Date appointed	José Albino Silva Peneda 20.9.2004				
<b>Discussed in committee</b>	27.7.2004	1.9.2004	20.9.2004	12.10.04	26.10.04
<b>Date amendments adopted</b>	26.10.2004				
<b>Result of final vote</b>	for: 19		against: abstentions: 1		
<b>Members present for the final vote</b>	Brigitte Douay, Hynek Fajmon, Dariusz Maciej Grabowski, Louis Grech, Anne Elisabet Jensen, Sergej Kozlík, Wiesław Stefan Kuc, Zbigniew Krzysztof Kuźmiuk, Vladimír Maňka, Jan Mulder, Giovanni Pittella, Esko Olavi Seppänen, László Surján, Wojciech Roszkowski, Helga Trüpel, Kyösti Tapio Virrankoski, Ralf Walter				
<b>Substitutes present for the final vote</b>	Kathalijne Maria Buitenweg, Mairead McGuinness, José Albino Silva Peneda				
<b>Substitutes under Rule 178(2) present for the final vote</b>					

## PROCEDURE

<b>Title</b>	Proposal for a Council regulation on establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community
<b>References</b>	COM(2004)0465 - COM(2004)0696 – 13195/2004 – C6-0098/2004 – 2004/0145(CNS)
<b>Legal basis</b>	Article 308 EC
<b>Basis in Rules of Procedure</b>	Rule 51 and Rule 134
<b>Date of consulting Parliament</b>	26.7.2004 + 11.10.2004
<b>Committee responsible</b> Date announced in plenary	AFET 13.9.2004
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	BUDG 13.9.2004
<b>Not delivering opinion(s)</b> Date of decision	INTA 14.9.2004
<b>Enhanced cooperation</b> Date announced in plenary	yes 21.10.2004
<b>Rapporteur(s)</b> Date appointed	Mechtild Rothe 13.9.2004
<b>Previous rapporteur(s)</b>	
<b>Simplified procedure</b> Date of decision	
<b>Legal basis disputed</b> Date of JURI opinion	
<b>Financial endowment amended</b> Date of BUDG opinion	
<b>European Economic and Social Committee consulted</b> Date of decision in plenary	
<b>Committee of the Regions consulted</b> Date of decision in plenary	
<b>Discussed in committee</b>	22.9.2004    11.10.2004    26.10.2004
<b>Date adopted</b>	26.10.2004
<b>Result of final vote</b>	for:                    46 against:              7 abstentions:        1
<b>Members present for the final vote</b>	Angelika Beer, Panagiotis Beglitis, Bastiaan Belder, Emma Bonino, Elmar Brok, Philip Claeys, Simon Coveney, Véronique De Keyser, Giorgos Dimitrakopoulos, Camiel Eurlings, Maciej Marian Giertych, Richard Howitt, Anna Ibrisagic, Toomas Hendrik Ilves, Ioannis Kasoulides, Helmut Kuhne, Joost Lagendijk, Vytautas Landsbergis, Francisco José Millán Mon, Philippe Morillon, Raimon Obiols i Germà, Cem Özdemir, Alojz Peterle, Tobias Pflüger, Michel Rocard, Libor Rouček, José Ignacio Salafranca Sánchez-Neyra, György Schöpflin, Marek Maciej Siwiec, Charles Tannock, Geoffrey Van Orden, Ari Vatanen, Jan Marinus Wiersma, Karl von Wogau, Josef Zieleniec

<b>Substitutes present for the final vote</b>	Laima Liucija Andrikienė, Irena Belohorská, Philip Bushill-Matthews, Giovanni Claudio Fava, H��l��ne Flautre, Milan Hor���ek, Tunne Kelam, ��irts Valdis Kristovskis, Ioannis Matsis, Pasqualina Napoletano, Athanasios Pafilis, J��zef Pini��r, Mechtild Rothe, Anders Samuelsen	
<b>Substitutes under Rule 178(2) present for the final vote</b>	Frederika Brepoels, Marios Matsakis, Bogus��law Rogalski, Matteo Salvini, Kyriacos Triantaphyllides	
<b>Date tabled - A6</b>	3.11.2004	A6-0032/2004
<b>Comments</b>		