



Plenary sitting

A9-0203/2023

30.5.2023

*****I**

REPORT

on the proposal for a decision of the European Parliament and of the Council
on providing macro-financial assistance to the Republic of North Macedonia
(COM(2023)0074 – C 9-0015/2023– 2023/0034(COD))

Committee on International Trade

Rapporteur: Angelika Winzig

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

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ***■*** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a decision of the European Parliament and of the Council on providing macro-financial assistance to the Republic of North Macedonia (COM(2023)0074 – C9-0015/2023 – 2023/0034(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2023)0074),
 - having regard to Article 294(2) and Article 212 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0015/2023),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the letter from the Committee on Budgets,
 - having regard to the report of the Committee on International Trade (A9-0203/2023),
1. Adopts its position at first reading, taking over the Commission proposal;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission, the national parliaments and the government and the parliament of the Republic of North Macedonia.

EXPLANATORY STATEMENT

Following a partial recovery from the pandemic-induced recession, North Macedonia has been severely hit by the fallout from Russia's war of aggression against Ukraine. Against the backdrop of tighter global financial conditions, higher energy prices and higher-than-expected losses by the domestic state-owned electricity producer, the government of North Macedonia renewed its request for macro-financial assistance (MFA) on 18 October 2022, after an initial request for MFA, submitted on 19 April 2022. The Commission had put that initial request on hold, mainly because the economy was still relatively resilient and because there were some other options to meet external financing needs in 2022. Given significant uncertainties regarding the availability and costs of external market financing (which is assumed to cover over half of the country's 2023 external financing needs), the Commission has now submitted a proposal to the European Parliament and the Council to provide an MFA loan of up to EUR 100 million to North Macedonia.

According to the Commission's proposal, the proposed MFA would help North Macedonia to cover part of the country's residual external financing needs in 2023, which are estimated at EUR 800 million under the IMF's baseline scenario. The operation would reduce the economy's short-term balance of payments and fiscal vulnerabilities and demonstrate the EU's support for the country when addressing this challenging situation. It would also be an important signal of solidarity with the country on its path to membership.

Pursuant to the Commission's text, the disbursement would take place in two instalments. The release of each instalment would be conditional on progress being made with the implementation of a number of policy measures to be agreed between the Commission and the authorities and listed in a Memorandum of Understanding (MoU) as well as on a satisfactory track record implementing the IMF programme. The MoU is likely to focus on policy reforms addressing fiscal governance, tax policy, the management of public investment, public-private partnerships, improvement of business environment, transparency in state aid, energy efficiency, judiciary reform, and the fight against corruption. The policy measures will aim to address some of the most important weaknesses of the economy of North Macedonia and its economic governance system.

Given these considerations, especially the conditionality aspect of the macro-financial assistance, the rapporteur believes that the Commission proposal should be approved by the INTA committee, and consequently by the European Parliament, and will not, therefore, table any amendments.

21.3.2023

LETTER OF THE COMMITTEE ON BUDGETS

Mr Bernd Lange
Chair
Committee on International Trade
BRUSSELS

Subject: Opinion on providing macro-financial assistance to the Republic of North Macedonia (COM(2023)0074 – C9-XXX – 2023/0034(COD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Budgets has been asked to submit an opinion to your committee. At its meeting of 1 March 2023, the committee decided to send the opinion in the form of a letter. It considered the matter at its meeting of 17 April 2023 and adopted the opinion at that meeting¹.

Background to the proposal and overall budgetary implications

The government of North Macedonia requested macro-financial assistance on 19 April 2022, which it reiterated on 18 October 2022, due to the worsening of global financial conditions, the increase of energy prices and important losses of the state-owned electricity producing company.

The external financing needs for North Macedonia in 2023 are foreseen to reach € 1.5 billion, according to the International Monetary Fund. The European Commission has submitted a proposal to the European Parliament and the Council to provide a macro-financial assistance loan of up to € 100 million to North Macedonia, in two equal instalments, due to the large current account deficit and high repayments on government debt. The provisioning is established at a rate of 9% from the External Action Guarantee, and the programming is envisaged under the Instrument for Pre-Accession Assistance, for up to € 9 million.

The macro-financial assistance is conditional on the advancement in the implementation of policy measures listed in a future Memorandum of Understanding between the European

¹ The following were present for the final vote: Janusz Lewandowski (1st Vice-Chair), Olivier Chastel (2nd Vice-Chair), Margarida Marques (3rd Vice-Chair), Niclas Herbst (4th Vice-Chair), José Manuel Fernandes, Monika Hohlmeier, Adam Jarubas, Andrey Novakov, Jan Olbrycht, Karlo Ressler, Eleni Stavrou, Rainer Wieland, Angelika Winzig (for EPP), Pietro Bartolo, Pascal Durand, Eider Gardiazabal Rubial, Eero Heinäluoma, Pierre Larroustourou (for S&D) and João Albuquerque (for S&D pursuant to Rule 209(7)), Katalin Cseh, Vlad Gheorghe, Valérie Hayer, Moritz Körner, Nils Torvalds (for Renew), Rasmus Andresen, Alexandra Geese, Nicolae Ștefănuță (for Verts/ALE), Matteo Gazzini, Joachim Kuhs (for ID) and Maria Veronica Rossi (for ID pursuant to Rule 209(7)), Zbigniew Kuźmiuk, Bogdan Rzońca (for ECR), Dimitrios Papadimoulis (for the Left) and Andor Deli (for NI)

Commission and North Macedonia, and a positive performance on the implementation of the IMF programme.

Position of the Committee on Budgets

The Committee on Budgets makes the following observations with respect to the budgetary implications of the proposal:

1. It calls on the European Commission for a swift disbursement of the instalments, in order to provide timely assistance, to prevent further deterioration of the public finances of North Macedonia.
2. It invites the European Commission to inform transparently the European Parliament on the conditionality benchmarks and the implementation of the attached reforms by North Macedonia.
3. It calls on the European Commission to provision enough guarantees within the External Action Guarantee, given the continuous geopolitical and economic instability at large, in order to be able to fulfil the Unions obligations regarding back-to-back loans used for macro-financial assistance, in North Macedonia and beyond.
4. It invites the European Commission to share systematically the European Union's budget exposure to macro-financial assistance, and the repayment profile of the debt incurred.
5. It welcomes the risk assessment of the current macro-financial assistance system, and invites the European Commission to share its finding with the budgetary authority.
6. It calls on the Committee on International Trade as the committee responsible, to propose that Parliament adopt its position at first reading, taking over the Commission proposal.

Yours sincerely,

Johan Van Overtveldt

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Providing macro-financial assistance to the Republic of North Macedonia	
References	COM(2023)0074 – C9-0015/2023 – 2023/0034(COD)	
Date submitted to Parliament	6.2.2023	
Committee responsible Date announced in plenary	INTA 13.3.2023	
Committees asked for opinions Date announced in plenary	AFET 13.3.2023	BUDG 13.3.2023
Not delivering opinions Date of decision	AFET 28.2.2023	
Rapporteurs Date appointed	Angelika Winzig 1.3.2023	
Discussed in committee	21.3.2023	26.4.2023
Date adopted	25.5.2023	
Result of final vote	+: 33 -: 0 0: 1	
Members present for the final vote	Barry Andrews, Tiziana Beghin, Geert Bourgeois, Saskia Bricmont, Daniel Caspary, Markéta Gregorová, Roman Haider, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Emmanuel Maurel, Carles Puigdemont i Casamajó, Samira Rafaela, Catharina Rinzema, Inma Rodríguez-Piñero, Katarína Roth Neved'alová, Helmut Scholz, Joachim Schuster, Dominik Tarczyński, Kathleen Van Brempt, Jörgen Warborn, Iuliu Winkler, Jan Zahradil	
Substitutes present for the final vote	Reinhard Bütikofer, Enikő Győri, Sandra Kalniete, Seán Kelly, Liudas Mažylis, Witold Jan Waszczykowski	
Substitutes under Rule 209(7) present for the final vote	Camilla Laureti	
Date tabled	30.5.2023	

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

33	+
ECR	Geert Bourgeois, Dominik Tarczyński, Witold Jan Waszczykowski, Jan Zahradil
ID	Danilo Oscar Lancini
NI	Tiziana Beghin, Enikő Győri, Carles Puigdemont i Casamajó
PPE	Daniel Caspary, Christophe Hansen, Danuta Maria Hübner, Sandra Kalniete, Seán Kelly, Gabriel Mato, Liudas Mažylis, Jörgen Warborn, Iuliu Winkler
Renew	Barry Andrews, Samira Rafaela, Catharina Rinzema
S&D	Bernd Lange, Camilla Laureti, Margarida Marques, Inma Rodríguez-Piñero, Katarína Roth Nevedálová, Joachim Schuster, Kathleen Van Brempt
The Left	Emmanuel Maurel, Helmut Scholz
Verts/ALE	Saskia Bricmont, Reinhard Bütikofer, Markéta Gregorová, Heidi Hautala

0	-

1	0
ID	Roman Haider

Key to symbols:

+ : in favour

- : against

0 : abstention