



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Foreign Affairs

2009/0162(COD)

16.3.2010

OPINION

of the Committee on Foreign Affairs

for the Committee on International Trade

on the proposal for a decision of the European Parliament and of the Council
providing macro-financial assistance to Ukraine
(COM(2009)0580 – C7-0277/2009 – 2009/0162(COD))

Rapporteur: Ryszard Antoni Legutko

PA_Legam

SHORT JUSTIFICATION

Ukraine, a key partner of the EU in its Eastern neighbourhood, has been severely hit by the global economic crisis.

Your draftsman proposes to agree with the provision of macro-financial assistance as proposed by the Commission (up to EUR 500 million in the form of a loan intended to contribute to covering Ukraine's general balance-of-payments needs and the external financing needs of the State budget, as identified by the International Monetary Fund, (IMF)), as it is important to help Ukraine strengthen its long-term macro-financial stability.

In consideration of the fact, however, having seen that the Commission draft refers on several occasions to conditions agreed between Ukraine and the IMF, your draftsman proposes to amend the draft decision, so as to make sure that assistance provided out of EU budget is in line - besides being consistent with the IMF programme - with key principles and objectives of the EU policy towards Ukraine. Also, the assistance of the EU should, based on positive conditionality, trigger further necessary structural reforms in Ukraine, which are crucial for Ukraine's integration into the European Union.

AMENDMENTS

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

Amendment 1

Proposal for a decision

Recital 1

Text proposed by the Commission

(1) Relations between Ukraine and the European Union are developing within the framework of the European Neighbourhood Policy. In 2005, the Community -and Ukraine agreed on a European Neighbourhood Policy Action Plan identifying medium-term priorities in EU-Ukraine relations. Since 2007, the Community - and Ukraine have been negotiating an Association Agreement that is expected to replace the existing Partnership and Cooperation Agreement. The framework of EU-Ukraine relations is further enhanced by the newly launched Eastern Partnership.

Amendment

(1) Relations between Ukraine and the European Union are developing within the framework of the European Neighbourhood Policy. In 2005, the Community and Ukraine agreed on a European Neighbourhood Policy Action Plan identifying medium-term priorities in EU-Ukraine relations, ***replaced by the EU-Ukraine Association Agenda of November 2009***. Since 2007, the Community and Ukraine have been negotiating an Association Agreement that is expected to replace the existing Partnership and Cooperation Agreement. The framework of EU-Ukraine relations is further enhanced by the newly launched Eastern Partnership.

Amendment 2

Proposal for a decision Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The EU macro-financial assistance can only contribute to economic stabilisation if the main political forces in Ukraine ensure political stability and establish a broad consensus on a rigorous implementation of the necessary structural reforms.

Amendment 3

Proposal for a decision Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) The conditions underlying the provision of the macro-financial assistance should reflect the key principles and objectives of EU policy towards Ukraine.

Amendment 4

Proposal for a decision Recital 10

Text proposed by the Commission

Amendment

(10) This assistance should be managed by the Commission, in consultation with the Economic and Financial Committee.

(10) This assistance should be managed by the Commission, in consultation with ***the European Parliament and*** the Economic and Financial Committee.

Amendment 5

Proposal for a decision

Article 1 – paragraph 3

Text proposed by the Commission

3. The release of the *Community* financial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Ukraine.

Amendment

3. The release of the *Union's* financial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Ukraine ***and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda.***

Amendment 6

Proposal for a decision

Article 2 – paragraph 1

Text proposed by the Commission

1. The Commission is empowered to agree with the authorities of Ukraine, after consulting the Economic and Financial Committee, the economic policy conditions attached to the *Community* macro-financial assistance, to be laid down in a Memorandum of Understanding. The conditions shall be consistent with the agreements or understandings reached between the IMF and Ukraine. The detailed financial terms of the assistance shall be laid down in a Loan Agreement to be agreed between the Commission and the authorities of Ukraine.

Amendment

1. The Commission is empowered to agree with the authorities of Ukraine, after consulting the Economic and Financial Committee, the economic policy conditions attached to the *Union's* macro-financial assistance, to be laid down in a Memorandum of Understanding ***which includes a timeframe for their fulfilment.*** The conditions shall be consistent with the agreements or understandings reached between the IMF and Ukraine ***and with the key principles and objectives of economic reform set out in the EU-Ukraine Association Agenda.*** The detailed financial terms of the assistance shall be laid down in a Loan Agreement to be agreed between the Commission and the authorities of Ukraine.

Amendment 7

Proposal for a decision

Article 2 – paragraph 2

Text proposed by the Commission

2. During the implementation of the *Community* financial assistance, the Commission shall monitor the soundness of Ukraine's financial arrangements, administrative procedures, **and** the internal and external control mechanisms which are relevant to such assistance.

Amendment

2. During the implementation of the *Union's* financial assistance, the Commission shall monitor the soundness of Ukraine's financial arrangements, administrative procedures, the internal and external control mechanisms which are relevant to such assistance **and the adherence to the timeframe agreed upon.**

Amendment 8

Proposal for a decision

Article 4 – paragraph 5

Text proposed by the Commission

5. The Economic and Financial Committee shall be kept informed of developments in the operations referred to in paragraphs 2 and 3.

Amendment

5. The **European Parliament and the** Economic and Financial Committee shall be kept informed of developments in the operations referred to in paragraphs 2 and 3.

Amendment 9

Proposal for a decision

Article 5

Text proposed by the Commission

The *Community* financial assistance shall be implemented in accordance with the provisions of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁶ and its implementing rules⁷. In particular, the Memorandum of Understanding and the Loan Agreement to be agreed with the authorities of Ukraine shall provide for appropriate measures by

Amendment

The *Union* financial assistance shall be implemented in accordance with the provisions of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁶ and its implementing rules⁷. In particular, the Memorandum of Understanding and the Loan Agreement to be agreed with the authorities of Ukraine shall provide for appropriate measures by

Ukraine in relation to the prevention of, and the fight against, fraud, corruption and other irregularities affecting the assistance. They shall also provide for controls by the Commission, including the European Anti-Fraud Office (OLAF), with the right to perform on-the-spot checks and inspections, and for audits by the Court of Auditors, where appropriate, to be carried out on the spot.

Ukraine in relation to the prevention of, and the fight against, fraud, corruption and other irregularities affecting the assistance. They shall also provide for controls by then Commission, including the European Anti-Fraud Office (OLAF), with the right to perform on-the-spot checks and inspections, and for audits by the Court of Auditors, where appropriate, to be carried out on the spot. ***The Commission shall conduct an Operational Assessment of the financial circuits and administrative procedures in Ukraine no later than three months after the first instalment is made available.***

PROCEDURE

Title	Macro-financial assistance for Ukraine
References	COM(2009)0580 – C7-0277/2009 – 2009/0162(COD)
Committee responsible	INTA
Opinion by Date announced in plenary	AFET 24.11.2009
Rapporteur Date appointed	Ryszard Antoni Legutko 26.1.2010
Discussed in committee	23.2.2010 16.3.2010
Date adopted	16.3.2010
Result of final vote	+: 57 –: 0 0: 4
Members present for the final vote	Gabriele Albertini, Sir Robert Atkins, Franziska Katharina Brantner, Frieda Brepoels, Michael Gahler, Marietta Giannakou, Ana Gomes, Andrzej Grzyb, Takis Hadjigeorgiou, Anna Ibrisagic, Ioannis Kasoulides, Tunne Kelam, Nicole Kiil-Nielsen, Maria Eleni Koppa, Eduard Kukan, Vytautas Landsbergis, Ryszard Antoni Legutko, Krzysztof Lisek, Sabine Lösing, Ulrike Lunacek, Mario Mauro, Kyriakos Mavronikolas, Willy Meyer, Francisco José Millán Mon, Alexander Mirsky, Andreas Mölzer, Norica Nicolai, Raimon Obiols, Kristiina Ojuland, Ria Oomen-Ruijten, Justas Vincas Paleckis, Pier Antonio Panzeri, Ioan Mircea Pașcu, Vincent Peillon, Alojz Peterle, Mirosław Piotrowski, Cristian Dan Preda, José Ignacio Salafranca Sánchez-Neyra, Nikolaos Salavrakos, Jacek Saryusz-Wolski, Werner Schulz, Adrian Severin, Marek Siwiec, Charles Tannock, Zoran Thaler, Johannes Cornelis van Baalen, Geoffrey Van Orden, Kristian Vigenin
Substitute(s) present for the final vote	Charalampos Angourakis, Elena Băsescu, Reinhard Bütikofer, Kinga Gál, Evgeni Kirilov, Georgios Koumoutsakos, Emilio Menéndez del Valle, Doris Pack, Marietje Schaake, György Schöpflin, Traian Ungureanu, Renate Weber, Janusz Władysław Zemke