



**2023/0397(COD)**

24.1.2024

# **DRAFT OPINION**

of the Committee on International Trade

for the Committee on Foreign Affairs and the Committee on Budgets

on the proposal for a regulation of the European Parliament and of the Council  
Establishing the Reform and Growth Facility for the Western Balkans  
(COM(2023)0692 – C9-0408/2023 – 2023/0397(COD))

Rapporteur for opinion: Helmut Scholz

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## SHORT JUSTIFICATION

The European Union has developed a comprehensive policy to support the gradual accession of the countries of the Western Balkans: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia. The aim of this process is to encourage democratic, economic and social progress in the countries wishing to join the EU, thereby promoting greater cooperation and stability in Europe.

The European Union, like the countries concerned, is fully convinced of the European perspective of the countries of the Western Balkans, of our close cultural, historical and geographical ties, and of our cooperation in a number of important areas.

The Western Balkans have been particularly exposed to recent crises such as Covid-19, the migration of significant numbers of its young population, and the economic difficulties exacerbated by Russian aggression in Ukraine. The people of the Western Balkans have a purchasing power of between one-third and one-half of the average purchasing power in the European Union.

The rapporteur supports the conclusions of the EU-Western Balkans summit held on 13 December 2023. The European Union once again confirmed unequivocal commitment to the future accession of the Western Balkans to the European Union and called for an acceleration of the process, based on the common values of democracy and the rule of law, on credible reforms carried out by the partners and on fair conditionality.

To reinforce this commitment, the EU provides substantial aid and financial support to the region. In this way, gradual integration into the single market can take place, preceded by strong cooperation, European support and regional integration (as preparatory measures). Improving our trade and commercial relations will also be a key factor in the future success of this joint effort.

The Reform and Growth Facility for the Western Balkans will considerably increase financial assistance. Financing from the Facility will support reform programmes in the Western Balkans, focusing on socio-economic and fundamental reforms, including the rule of law and targeted investments.

The Facility's resources will amount to €6 billion for 2024-2027 for two types of support: €2 billion in the form of non-repayable support and €4 billion in the form of concessional loans granted by the European Union. The rapporteur welcomes this financial commitment, but would have been in favour of an increase in non-repayable support and flexibility with regard to the conditionality of loans.

The Commission's proposal includes strong conditionality by making the release of funds dependent on the attainment of goals outlined in pre-approved Reform Agendas. In the Rapporteur's view, such an approach requires a great degree of flexibility and consideration of the recent crises that continue to affect the countries of the Western Balkans. The rapporteur also insists on the need to make this ambition conditional on an improvement in social and working conditions, sustainable development and the fight against inequalities, particularly between men and women.

All investments must contribute to the broader objective of helping the region move to a green, climate-neutral, resilient, digital and inclusive economy. The rapporteur insists on the prioritisation of objectives, in particular those linked to the values we share and which will further strengthen the foundations of the enlargement process. These include the rule of law, democracy, respect for human rights and fundamental freedoms, by promoting an independent judicial system, the fight against fraud, corruption, organised crime, money laundering, tax evasion and fraud, respect for international law, freedom of the media and academic freedom, as well as an environment favourable to civil society, fostering social dialogue, promoting equality between men and women, non-discrimination and tolerance, in order to guarantee and strengthen respect for the rights of persons belonging to minorities.

While this programme should enable the economies of the Western Balkans to converge, bringing their standards in line with those of the European Union, we must not only bring our economies closer together, but also strengthen our cultural, educational, academic, research and creative partnerships. The rapporteur is convinced that, in addition to strengthening our economies, there is considerable potential for closer relations and greater mutual understanding.

## AMENDMENTS

The Committee on International Trade calls on the Committee on Foreign Affairs and the Committee on Budgets, as the committees responsible, to take the following into account:

### Amendment 1

#### Proposal for a regulation

#### Recital 12 a (new)

*Text proposed by the Commission*

*Amendment*

***(12 a) Activities under the Facility should support the ongoing efforts of reducing income inequalities in order to foster social inclusion and sustainable long-term growth.***

Or. en

### Amendment 2

#### Proposal for a regulation

#### Recital 12 b (new)

*Text proposed by the Commission*

*Amendment*

***(12 b) Activities under the Facility should, where possible, support SMEs in order for Western Balkan countries to further strengthen their industrial bases through, inter alia, technical assistance and technology transfer.***

Or. en

### **Amendment 3**

#### **Proposal for a regulation Recital 13 a (new)**

*Text proposed by the Commission*

*Amendment*

***(13 a) The implementation of this regulation should be guided by, and advance, the respect for labour rights, such as minimum standards for labour laws, equality, health and safety at work and non-discrimination as well as the promotion of social protection and social dialogue, in order to further align them with EU rules and standards.***

Or. en

### **Amendment 4**

#### **Proposal for a regulation Recital 22**

*Text proposed by the Commission*

*Amendment*

In order to ensure an efficient implementation of the Facility, including the facilitation of the Western Balkans Beneficiaries' integration in European value chains, all supplies and materials financed and procured under this Facility should originate from Member States, Beneficiaries, contracting parties to the Agreement on the European Economic Area and countries covered by Annex I to Regulation (EU) 2021/947 of the European

**(22)** In order to ensure an efficient implementation of the Facility, including the facilitation of the Western Balkans Beneficiaries' integration in European value chains, all supplies and materials financed and procured under this Facility should originate from Member States, Beneficiaries, contracting parties to the Agreement on the European Economic Area and countries covered by Annex I to Regulation (EU) 2021/947 of the European

Parliament and of the Council<sup>10</sup> and Annex I to Regulation (EU) 2021/1529 and countries for which reciprocal access to external assistance in Beneficiaries is established by the Commission, unless the supplies and materials cannot be sourced at reasonable conditions in any of those countries.

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<sup>10</sup> Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/947/oj>).

Parliament and of the Council<sup>10</sup> and Annex I to Regulation (EU) 2021/1529 and countries for which reciprocal access to external assistance in Beneficiaries is established by the Commission, unless the supplies and materials cannot be sourced at reasonable conditions in any of those countries, ***in which case the procurement should be in line with current and future EU regulations on due diligence in supply chains.***

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<sup>10</sup> Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/947/oj>).

Or. en

## Amendment 5

### Proposal for a regulation

#### Article 3 – paragraph 2 – point a

##### *Text proposed by the Commission*

accelerate the transition of the Beneficiaries to sustainable, and inclusive economies, capable of withstanding competitive market pressures of the Union single market, and to a stable investment environment;

##### *Amendment*

(a) accelerate the transition of the Beneficiaries to sustainable, ***equitable***, and inclusive economies, capable of withstanding competitive market pressures of the Union single market, and to a stable investment environment;

Or. en

## Amendment 6

### Proposal for a regulation

#### Article 3 – paragraph 2 – point g

*Text proposed by the Commission*

boost innovation, particularly for SMEs and in support of the green and digital transitions;

*Amendment*

(g) boost innovation, particularly for SMEs and in support of the green and digital transitions ***by providing technical assistance and technology transfer;***

Or. en

## Amendment 7

### Proposal for a regulation

#### Article 3 – paragraph 2 – point i

*Text proposed by the Commission*

further strengthen the fundamentals of the enlargement process, including the rule of law, democracy, the respect of human rights and fundamental freedoms, through promoting an independent judiciary, reinforced security, the fight against fraud, corruption, organised crime and money laundering and terrorism financing, tax evasion and tax fraud; compliance with international law; strengthen freedom of media and academic freedom and an enabling environment for civil society; foster social dialogue; promote gender equality, non-discrimination and tolerance, to ensure and strengthen respect for the rights of persons belonging to minorities;

*Amendment*

(i) further strengthen the fundamentals of the enlargement process, including the rule of law, democracy, the respect of human rights and fundamental freedoms, through promoting an independent judiciary, reinforced security, the fight against fraud, corruption, organised crime and money laundering and terrorism financing, tax evasion and tax fraud; compliance with international law; strengthen freedom of media and academic freedom and an enabling environment for civil society; foster social dialogue ***and the protection of labour rights; reduce income inequalities; prevent social dumping;*** promote gender equality, non-discrimination and tolerance, to ensure and strengthen respect for the rights of persons belonging to minorities;

Or. en

## Amendment 8

### Proposal for a regulation

#### Article 4 – paragraph 4

*Text proposed by the Commission*

Activities under the Facility shall mainstream climate change mitigation and adaptation, biodiversity and environmental protection, human rights, democracy, gender equality and, where relevant, disaster risk reduction, and shall support progress towards the Sustainable Development Goals, promoting integrated actions that can create co-benefits and meet multiple objectives in a coherent way. They shall avoid stranded assets, and shall be guided by the principles of ‘do no harm’ and of ‘leaving no one behind’, as well as by the sustainability mainstreaming approach underpinning the European Green Deal.

*Amendment*

4. Activities under the Facility shall mainstream climate change mitigation and adaptation, biodiversity and environmental protection, human **and labour** rights, democracy, gender equality and, where relevant, disaster risk reduction, and shall support progress towards the Sustainable Development Goals, promoting integrated actions that can create co-benefits and meet multiple objectives in a coherent way. They shall avoid stranded assets, and shall be guided by the principles of ‘do no harm’ and of ‘leaving no one behind’, as well as by the sustainability mainstreaming approach underpinning the European Green Deal.

Or. en

**Amendment 9**

**Proposal for a regulation  
Article 5 – paragraph 2**

*Text proposed by the Commission*

The Commission shall monitor the fulfilment of the preconditions set out in paragraph 1 before funds are released to Beneficiaries under the Facility and throughout the period of the support provided under the Facility taking duly into account the latest Enlargement Package. The Commission may adopt a decision concluding that some of these preconditions are not met, and in particular, withhold the release of funds referred to in Article 21, irrespective of the fulfilment of payment conditions referred to in Article 16(3).

*Amendment*

2. The Commission shall monitor the fulfilment of the preconditions set out in paragraph 1 before funds are released to Beneficiaries under the Facility and throughout the period of the support provided under the Facility taking duly into account the latest Enlargement Package. The Commission may adopt a decision concluding that some of these preconditions are not met, and in particular, withhold the release of funds referred to in Article 21, irrespective of the fulfilment of payment conditions referred to in Article 16(3). ***Beneficiaries shall have the opportunity to remedy shortcomings in order to meet the preconditions, allowing them, after a positive Commission decision, to access the funds.***



## Amendment 10

### Proposal for a regulation Article 8 – paragraph 3

#### *Text proposed by the Commission*

All supplies and materials financed and procured under this Facility shall originate from any country referred to paragraph 1 point (a) and point (b), unless if the supplies and materials cannot be sourced at reasonable conditions in any of those countries. In addition, the rules on restrictions in paragraph 6 apply.

#### *Amendment*

3. All supplies and materials financed and procured under this Facility shall originate from any country referred to paragraph 1 point (a) and point (b), unless if the supplies and materials cannot be sourced at reasonable conditions in any of those countries. In ***that case, the procurement should be in line with current and future EU regulations on due diligence in supply chains.*** In addition, the rules on restrictions in paragraph 6 apply.

Or. en