



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2009/0059(COD)

14.1.2010

*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories
(COM(2009)0197 – C7-0101/2009 – 2009/0059(COD))

Committee on International Trade

Rapporteur: Helmut Scholz

Rapporteur for opinion (*):
Barbara Lochbihler, Committee on Foreign Affairs

(*) Associated committee – Rule 50 of the Rules of Procedure

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***. In the case of amending acts, passages in an existing provision that the Commission has left unchanged, but that Parliament wishes to amend, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...]. 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). Suggested corrections of this kind are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories (COM(2009)0197 – C7-0101/2009 – 2009/0059(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2009)0197),
 - having regard to Article 181 a of the EC Treaty, pursuant to which the Council consulted Parliament (C7-0101/2009),
 - having regard to the Communication from the Commission to the European Parliament and the Council entitled "Consequences of the entry into force of the Treaty of Lisbon for ongoing interinstitutional decision-making procedures" (COM(2009)0665),
 - having regard to Article 294(3) and Articles 207(2) and 209(1) of the Treaty on the Functioning of the EU,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinions of the Committee on Foreign Affairs, the Committee on Development and the Committee on Budgets (A7-0000/2010),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and the Commission as well as to the national parliaments.

Amendment 1

Proposal for a regulation - amending act
Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) With a view to policy coherence for development, it should be ensured that the financing of cooperation measures under Regulation (EC) No 1934/2006 with

developing countries falling under Regulation (EC) No 1905/2006 has no adverse effects on the financing of Union's development cooperation policy objectives. As the economic crisis has created extreme budgetary tension throughout the Union, and as the proposed extension concerns countries which have in some cases achieved competitiveness comparable to that of the Union and a mean standard of living close to that of certain Member States, Union aid should be proportionate to the efforts made by the recipient countries to comply with the international agreements of the International Labour Organisation (ILO), and help to pursue global objectives to reduce greenhouse gas emissions.

Or. en

Justification

Amendment underlines that any funds mobilised through and for the ICI should not derive from the development budget at the cost of sacrificing the development cooperation policy objectives (such as poverty reduction, sustainable development etc) and that the limited funds available should be awarded only to countries favourable of social and environmental progress.

Amendment 2

Proposal for a regulation - amending act Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union in respect of multiannual cooperation programmes, as these programmes supplement Regulation (EC) No 1934/2006 and are of general application.

Amendment 3**Proposal for a regulation - amending act****Article 1 - point 2**

Regulation (EC) No 1934/2006

Article 1 - paragraph 1

Text proposed by the Commission

1. Community financing shall support economic, financial *and* technical cooperation *and other forms of* cooperation falling within its spheres of competence with industrialised and other high-income countries and territories and with developing countries falling under Regulation (EC) No 1905/2006.

Amendment

1. Community financing *under this Regulation* shall support economic, financial, technical *and academic* cooperation *in the areas set out in Article 4*, falling within its spheres of competence with industrialised and other high-income countries and territories *listed in Annex I*, and with developing countries falling under Regulation (EC) No 1905/2006 *of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation¹ listed in Annex II of this Regulation (hereinafter referred to as "partner countries")*. *In principle, this Regulation shall serve to finance measures which do not fulfil the Official Development Assistance (ODA) criteria of the OECD.*

¹ OJ L 378, 27.12.2006, p. 41.

Or. en

Justification

The geographical extension of this instrument should be limited to the areas described in Article 4 and to financing measures that do not fulfil ODA criteria. ICI and DCI budgets should remain strictly separate. Financing by the Community of non-ODA measures may not jeopardize the scope of what has been accepted by the Community as ODA activities.

Additionally, the term "partner countries" should be defined here in order to avoid the need to refer to these countries differently (or delete some references, as proposed by Commission) before the definition finally appears.

Amendment 4

Proposal for a regulation - amending act

Article 1 - point 2

Regulation (EC) No 1934/2006

Article 1 - paragraph 2

Text proposed by the Commission

2. The primary objective of cooperation with *the* countries *and territories referred to in paragraph 1* shall be to provide a specific response to the need to strengthen links and to engage further with them on a bilateral, regional or multilateral basis in order to create a more favourable environment for the development of the relations *of* the Community with *these* countries *and territories* and promote dialogue while fostering Community's interests.

Amendment

2. The primary objective of cooperation with *partner* countries shall be to provide a specific response to the need to strengthen links and to engage further with them on a bilateral, regional or multilateral basis in order to create a more favourable *and transparent* environment for the development of the relations *between* the Community *and partner* countries and promote *constructive* dialogue while fostering *the* Community's interests, *namely the promotion of democracy, respect for human rights and fundamental freedoms, the rule of law, decent work, good governance, and the preservation of the environment.*

Or. en

Justification

Usage of "partner countries" is related to Amendment 3.

The promotion of general principles as one of the objectives is necessary in relation to enlarged geographical scope of this Regulation.

Amendment 5

Proposal for a regulation - amending act

Article 1 - point 3

Regulation (EC) No 1934/2006

Article 2 - paragraph 1

Text proposed by the Commission

1. The cooperation shall be aimed at engaging with partners which share similar political, economic and institutional

Amendment

1. The cooperation *with partner countries* shall be aimed at engaging with partners which share similar political, economic and

structures and values to the Community and which are important bilateral partners and players in multilateral fora and in global governance. The cooperation also covers partners *with which* the Community *has a strategic interest in promoting links*.

institutional structures and values to the Community and which are important bilateral partners and players in multilateral fora and in global governance. The cooperation also covers partners *where* the Community *wishes to promote its values of democracy, respect for human rights and fundamental freedoms, the rule of law, and respect for human dignity, freedom and, equality, including the rights of persons belonging to minorities*.

Or. en

Justification

Usage of "partner countries" is related to Amendment 3.

Strategic interests may not replace the Community's goals to promote its values.

Amendment 6

Proposal for a regulation - amending act

Article 1 - point 3

Regulation (EC) No 1934/2006

Article 2 - paragraph 2

Text proposed by the Commission

2. For the purpose of this Regulation, industrialised and other high-income countries and territories shall comprise countries and territories listed in Annex I and developing countries shall comprise countries listed in Annex II. They are hereinafter referred to as "partner countries". However, in duly justified circumstances and in order to foster regional cooperation, the Commission may decide when adopting action programmes referred to in Article 6 that countries not listed in the Annexes are eligible, where the project or programme to be implemented is of regional or cross-border nature. Provisions *may* be made for this in the multiannual cooperation programmes referred to in Article 5. The Commission

Amendment

2. For the purpose of this Regulation, industrialised and other high-income countries and territories shall comprise countries and territories listed in Annex I and developing countries shall comprise countries listed in Annex II. They are hereinafter referred to as "partner countries". However, in duly justified circumstances and in order *to ensure the coherence and effectiveness of Community assistance and* to foster regional cooperation, the Commission may decide when adopting *annual* action programmes referred to in Article 6 that countries not listed in the Annexes are eligible *for measures under this Regulation*, where the project or programme to be implemented is of

shall amend the lists in Annexes I and II following the regular OECD/DAC reviews of its list of developing countries, and shall inform the Council thereof.

regional or cross-border nature. Provisions *shall* be made for this in the multiannual cooperation programmes referred to in Article 5.

2a. The Commission shall amend the lists in Annexes I and II following the regular OECD/DAC reviews of its list of developing countries, and shall inform *the European Parliament and* the Council thereof.

Or. en

Justification

Words "to ensure ... assistance and" and "for measures under this Regulation" have been added for the sake of consistency with Article 36 of Regulation (EC) No 1905/2006. Obligation to inform Parliament of amendments in the lists of countries is foreseen for the sake of consistency with Article 1(1) of Regulation (EC) No 1905/2006.

Amendment 7

Proposal for a regulation - amending act

Article 1 - point 3 a (new)

Regulation (EC) No 1934/2006

Article 2 - paragraph 2 b (new)

Text proposed by the Commission

Amendment

(3a) In Article 2, the following paragraph is added:

"2b. Under this Regulation, Community financing may be used only for the benefit of countries which comply with the international agreements of the International Labour Organisation (ILO) and are helping to pursue global objectives to reduce greenhouse gas emissions."

Or. en

Amendment 8

Proposal for a regulation - amending act

Article 1 - point 3 a (new)

Regulation (EC) No 1934/2006

Article 3 - paragraph 1

Text proposed by the Commission

Amendment

(3a) Article 3(1) is replaced by the following:

"1. The European Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law and seeks to promote, *develop and consolidate* commitment to those principles in partner countries through dialogue and cooperation."

Or. en

Justification

For the sake of consistency with the second subparagraph of Article 212(1) TFEU.

Amendment 9

Proposal for a regulation - amending act

Article 1 - point 3 b (new)

Regulation (EC) No 1934/2006

Article 3 - paragraph 3

Text proposed by the Commission

Amendment

(3b) Article 3(3) is replaced by the following:

"3. Measures financed under this Regulation shall *be consistent with and cover* areas of cooperation set out notably in the instruments, agreements, declarations and action plans between the Community and the partner countries as well as areas pertaining to the Community's specific interests *and priorities*."

Justification

For the sake of policy coherence.

Amendment 10

Proposal for a regulation - amending act

Article 1 - point 3 c (new)

Regulation (EC) No 1934/2006

Article 3 - paragraph 5 a (new)

Text proposed by the Commission

Amendment

(3c) In Article 3, the following paragraph is added:

"5a. The Commission shall inform and have regular exchanges of views with the European Parliament."

Or. en

Justification

For the sake of improved democratic control and consistency with Article 3(9) of Regulation (EC) No 1905/2006.

Amendment 11

Proposal for a regulation - amending act

Article 1 - point 3 d (new)

Regulation (EC) No 1934/2006

Article 4 - introductory part

Text proposed by the Commission

Amendment

(3d) In Article 4, the introductory part is replaced by the following:

"Community financing shall support cooperation actions in accordance with Article 1 and shall be consistent with the overall purpose, scope, objectives and general principles of this Regulation. Community financing shall in principle

cover actions that do not fulfil the ODA criteria, which may include a regional dimension, in the following areas of cooperation:".

Or. en

Justification

The objectives pursued are to be described in Article 4 of this instrument itself, rather than merely in the legal financial statement.

The amendment removes the "open-ended" nature of the original text and sets out that any actions to be financed under this Regulation must fall at least under one of - already very broadly defined - areas of cooperation.

Amendment 12

Proposal for a regulation - amending act

Article 1 - point 3 e (new)

Regulation (EC) No 1934/2006

Article 4 - point 1

Text proposed by the Commission

Amendment

(3e) In Article 4, point 1 is replaced by the following:

"(1) the promotion of cooperation, partnerships and joint undertakings between economic, academic and scientific actors with particular emphasis on clean and sustainable technologies and with a special focus on small and medium-sized enterprises (SMEs) in the Community and partner countries;".

Or. en

Justification

The objectives pursued are to be described in Article 4 of this instrument itself, rather than merely in the legal financial statement. A clearer focus on SMEs is introduced in order to support those economic actors in a respective need rather, than economic actors who are themselves in possession of sufficient means.

Amendment 13

Proposal for a regulation - amending act

Article 1 - point 3 f (new)

Regulation (EC) No 1934/2006

Article 4 - point 2

Text proposed by the Commission

Amendment

(3f) In Article 4, point 2 is replaced by the following:

"(2) the stimulation of bilateral trade, investment flows and economic partnerships with a special focus on SMEs;"

Or. en

Justification

The objectives pursued are to be described in Article 4 of this instrument itself, rather than merely in the legal financial statement. A clearer focus on SMEs is introduced in order to support those economic actors in a respective need rather, than economic actors who are themselves in possession of sufficient means.

Amendment 14

Proposal for a regulation - amending act

Article 1 - point 3 g (new)

Regulation (EC) No 1934/2006

Article 4 - point 4

Text proposed by the Commission

Amendment

(3g) In Article 4, point 4 is replaced by the following:

"(4) the promotion of people-to-people links, education and training programmes and intellectual exchanges and the enhancement of mutual understanding between cultures, including measures to ensure and increase European Union participation in the Erasmus Mundus External Cooperation Window and participation in European education fairs;"

Justification

The objectives pursued are to be described in Article 4 of this instrument itself, rather than merely in the legal financial statement.

Amendment 15

Proposal for a regulation - amending act

Article 1 - point 3 h (new)

Regulation (EC) No 1934/2006

Article 5 - paragraph 2

Text proposed by the Commission

Amendment

(3h) Article 5(2) is replaced by the following:

"2. Multiannual cooperation programmes shall cover no more than the period of validity of this Regulation. They shall set out the Community's *specific* interests and priorities, the general objectives and the expected results. They shall also set out the areas selected for financing by the Community and outline the indicative financial allocation of funds, overall, per priority area and per partner country or group of partner countries for the period concerned. Where appropriate, this may be given in the form of a range. Multiannual cooperation programmes shall be reviewed at mid-term, or ad hoc if necessary."

Or. en

Justification

Reference is made to "specific interests and priorities" for the sake of policy coherence.

Amendment 16

Proposal for a regulation - amending act

Article 1 - point 3 i (new)

Regulation (EC) No 1934/2006

Article 5 - paragraph 3

Text proposed by the Commission

Amendment

(3i) Article 5(3) is replaced by the following:

"3. Multiannual cooperation programmes and any reviews thereof shall be adopted by the Commission in accordance with the procedure set out in Article 14a."

Or. en

Amendment 17

Proposal for a regulation - amending act

Article 1 - point 3 j (new)

Regulation (EC) No 1934/2006

Article 6 - paragraph 1

Text proposed by the Commission

Amendment

(3j) Article 6(1) is replaced by the following:

"1. The Commission shall adopt annual action programmes based on the multiannual cooperation programmes referred to in Article 5 and shall notify them simultaneously to the European Parliament and to the Council."

Or. en

Amendment 18

Proposal for a regulation - amending act

Article 1 - point 3 k (new)

Regulation (EC) No 1934/2006

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Article 7 - paragraph 1 a (new)

Text proposed by the Commission

Amendment

(3k) In Article 7 the following paragraph is added:

"1a. Measures covered by Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid¹, Regulation (EC) No 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an Instrument for Stability², or Regulation (EC) No 1905/2006, and eligible for funding thereunder shall not be funded under this Regulation.

¹ OJ L 163, 2.7.1996. p. 1.

² OJ L 327, 24.11.2006, p. 1."

Or. en

Justification

For the sake of consistency with Regulation (EC) No 1905/2006 and Article 2(6) thereof.

Amendment 19

Proposal for a regulation- amending act

Article 1 - point 3 l (new)

Regulation (EC) No 1934/2006

Article 7 - paragraph 1 b (new)

Text proposed by the Commission

Amendment

(3l) In Article 7 the following paragraph is added:

"1b. Community assistance under this Regulation shall not be used to finance the procurement of arms or ammunition, and operations having military or defence implications."

Or. en

Justification

For the sake of consistency with Article 2(5) of Regulation (EC) No 1905/2006.

Amendment 20

Proposal for a regulation - amending act

Article 1 - point 4 a (new)

Regulation (EC) No 1934/2006

Article 9 - paragraph 3

Text proposed by the Commission

Amendment

(4a) Article 9(3) is replaced by the following:

"3. The Commission shall adopt support measures not covered by the multi-annual *cooperation* programmes and shall notify them simultaneously to the European Parliament and to the Council."

Or. en

Amendment 21

Proposal for a regulation - amending act

Article 1 - point 4 b (new)

Regulation (EC) No 1934/2006

Article 13 - paragraph 1

Text proposed by the Commission

Amendment

(4b) Article 13(1) is replaced by the following:

"1. The Commission shall [...] evaluate the actions and programmes financed under this Regulation *regularly*, where appropriate or at the request of the European Parliament or the Council by means of independent external evaluations, in order to ascertain whether the objectives have been met or if they have not been met, the extent to which they have been met, as well as whether the cost effectiveness of the

measures financed by the Community and the impact of those measures have been satisfactory. On the basis of those evaluations the Commission shall formulate recommendations with a view to improving future operations. The results shall feed back into programme design and resource allocation."

Or. en

Justification

In order to improve future operations, the Commission must evaluate not only whether the objectives have been met, but to what extent they have been met and whether the operation has been cost-effective.

Amendment 22

Proposal for a regulation - amending act

Article 1 - point 4 c (new)

Regulation (EC) No 1934/2006

Article 13 - paragraph 2

Text proposed by the Commission

Amendment

(4c) Article 13(2) is replaced by the following:

"2. The Commission shall send the evaluation reports referred to in paragraph 1 to the European Parliament and to the Committee referred to in Article 15(1) for information."

Or. en

Justification

The Commission should send to Parliament not only its own evaluation reports but also those that are drawn up by independent external evaluators.

Amendment 23

Proposal for a regulation - amending act

Article 1 - point 4 d (new)

Regulation (EC) No 1934/2006

Article 14

Text proposed by the Commission

Amendment

(4d) Article 14 is replaced by the following:

"The Commission shall examine the progress made on implementing the measures taken under this Regulation and shall submit to the European Parliament and the Council *a detailed* annual report on the implementation of this Regulation. The report shall set out the results of implementation of the budget and present *all* the actions and programmes financed, and as far as possible, set out the main outcomes and impacts of the cooperation actions and programmes."

Or. en

Amendment 24

Proposal for a regulation - amending act

Article 1 - point 4 e (new)

Regulation (EC) No 1934/2006

Article 14 a (new)

Text proposed by the Commission

Amendment

(4e) The following Article is added:

"Article 14a

Exercise of the delegation

1. The power to adopt the delegated acts referred to in Article 5 shall be conferred on the Commission for the period of application of this Regulation.

2. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the

Council.

3. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in Articles 14b and 14c."

Or. en

Amendment 25

Proposal for a regulation - amending act

Article 1 - point 4 f (new)

Regulation (EC) No 1934/2006

Article 14 b (new)

Text proposed by the Commission

Amendment

(4f) The following Article is added:

"Article 14b

Revocation of the delegation

1. The delegation of power referred to in Article 5 may be revoked by the European Parliament or by the Council.

2. The institution which has commenced an internal procedure for deciding whether to revoke the delegation of power shall endeavour to inform the other institution and the Commission, stating the delegated powers which could be subject to revocation.

3. The decision of revocation shall state the reasons for the revocation and shall put an end to the delegation of the powers specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the Official Journal of the European Union."

Or. en

Amendment 26

Proposal for a regulation - amending act

Article 1 - point 4 g (new)

Regulation (EC) No 1934/2006

Article 14 c (new)

Text proposed by the Commission

Amendment

(4g) The following Article is added:

"Article 14c

Objections to delegated acts

1. The European Parliament or the Council may object to a delegated act within a period of three months from the date of notification.

2. If, on expiry of that period, neither the European Parliament nor the Council has objected to the delegated act, it shall be published in the Official Journal of the European Union and enter into force at the date stated therein.

3. If the European Parliament or the Council objects to a delegated act, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act."

Or. en

Amendment 27

Proposal for a regulation - amending act

Article 1 - point 5

Regulation (EC) No 1934/2006

Article 16

Text proposed by the Commission

Amendment

The financial reference amount for the implementation of this Regulation for the period from 2007 to 2013 shall be EUR

The financial reference amount for the implementation of this Regulation for the period from 2007 to 2013 shall be EUR

172 million for countries listed in Annex I and EUR 176 million for countries listed in Annex II. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework.

172 million for countries listed in Annex I and EUR 176 million for countries listed in Annex II. ***The annual appropriations for the period 2010-2013 will be decided by the budgetary authority as part of the annual budget procedure. The Commission shall provide the budgetary authority with detailed information on all budget lines and the annual appropriations to be used for financing the measures under this Regulation. Those appropriations shall be authorised by the budgetary authority within the limits of the financial framework.***

Or. en

Justification

For exercising its powers as one arm of the budgetary authority, it is vital for the Parliament (and Council) to receive detailed information (including the figures) on all budget lines which are used for financing ICI in addition to the administrative budget line 19 01 04 08.

Financial means provided by ICI and DCI are to remain strictly separate. Financial means allocated to ODA are not to be diverted to finance ICI measures.

EXPLANATORY STATEMENT

Introduction

The objective of Community financing under Council Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories (hereinafter "ICI Regulation") is to support economic, financial and technical cooperation, as well as research and academic exchange falling within Community's spheres of competence.

As the Committee responsible for "*Union's ... external economic relations*", including "*financial, economic and trade relations with third countries*" (i.e. with both developing and non-developing countries), the Committee on International Trade (INTA) was the lead Committee also at the time of adoption of original ICI Regulation enabling INTA not only to analyze this Commission proposal in detail, but also to look at a broader historical and institutional context.

Commission's proposal for amending the ICI Regulation (COM(2009)0197/2) is proposed in order to significantly extend the geographical scope of the ICI Regulation to include also cooperation with developing countries (listed in the Annex of the proposal) and the overall financial framework would be significantly increased in relation thereto.

Even though the changes proposed by the Commission may seem few in formal terms, they are substantial as all current references to partner countries (so far covering only industrialised and high-income countries and territories), including their qualitative assessment, would include also the listed developing countries.

Broader geographical coverage

This extension of geographical coverage represents an opportunity, as programmes currently funded under the ICI Regulation could be extended to other countries. However - considering the list of countries to be included in the enlarged scope of ICI Regulation - it also represents a great challenge and therefore it is important to make very clear to whom this financing can be given, for what and on which conditions.

In its explanatory memorandum (attached to amending proposal) the Commission is arguing that "*it is in the Community's interest to further deepen its relation with countries which are both developing and major partners in the world economy, such as India, China, Brazil and Mexico*", "*Community interests go also beyond poverty eradication in regions like Central Asia and the Middle East*" and "*most of Asia and Latin America, as well as South Africa, is also made up of middle-income countries interested in ... exchanges with the European Union*".

Firstly, this specific justification is included only in the explanatory memorandum and not the legislative text itself, where even the recitals remain rather general. Under the current wording of Article 2(1) of the ICI Regulation "*The cooperation ... shall be aimed at engaging with partners which share similar political, economic and institutional structures and values to the Community and which are important bilateral partners and players in multilateral fora and in global governance*", adding that the cooperation also covers partner countries "*with which the Community has a strategic interest in promoting links*". The amending Regulation

proposes only formal (but no substantial) changes to that provision.

Secondly, the list of the countries to be included in the enlarged scope of ICI Regulation is much longer, it is not a homogeneous group and we must ask ourselves whether all of those countries (e.g. Democratic People's Republic of Korea, Myanmar/Burma and Iran, just to mention a few) really "*share similar political, economic and institutional structures and values to the Community*". And if they do not, which would be the "*strategic interest*" of the Community that would justify engaging into close cooperation with them and thus including them into the scope of the ICI Regulation. At the same time, inclusion of the countries in the Annex does not automatically mean financing to them, whereas exclusion of a country from the list excludes even the possibility for any cooperation under this Regulation. Therefore, your rapporteur has for the time being not proposed exclusion of any particular countries from the list. Instead, your rapporteur proposes to clarify the intention of financing cooperation with these countries, namely the promotion of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.

Presuming that the financing could be theoretically given to all of those developing countries listed in Annex II, it is very important to ensure that we do not compromise in respect of EU's fundamental principles. Namely, second subparagraph of Article 212(1) TFEU (that ICI Regulation is based on) sets out that "*Community policy in [the] area [of economic, financial and technical cooperation measures with third countries] shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to the objective of respecting human rights and fundamental freedoms*". Therefore the importance of those principles has been further underlined both by adding them under the objective of this Regulation and by bringing the wording of the Regulation even closer to that of the Treaty (amendments 4 and 5).

However, the Commission needs to provide the Parliament and the Council with more detailed and structured information about programming and results that should translate into more transparent, effective and efficient projects and programmes.

Additional financing

To accommodate the increased geographical coverage, there is a substantive increase foreseen in the budgetary resources committed to ICI. Total financing for those additional countries is foreseen to be EUR 176 million. In point 4.1.1 of Commission's legislative financial statement (attached to the amending proposal) it has been stated that "*€ 108.5 million will be financed through re-allocation from the corresponding DCI geographical envelopes*". Although this does not form part of the legislative text, it is important to underline that inclusion of those developing countries should under no circumstances be done at the expense of financing development cooperation and that Parliament should have full details of the annual appropriations for financing ICI in the framework of annual budgetary procedure, so that it can exercise its powers as budgetary authority in full (for that purpose amendments 1 and 27 have been proposed). ICI and DCI shall remain strictly separated, with regard to the financed activities as well as the sources of financing. This approach should be understood by Commission and Council as Parliament's outline for any possible future redesign of its external cooperation instruments under the Treaty of Lisbon and the next financial perspective.

Other amendments

Other amendments tabled by your rapporteur can be summarised under two main categories: firstly, to improve Parliament's involvement in programming and its scrutiny of this instrument; and secondly, to clarify and tighten the proposal and to use the limited funds available to award countries striving for social and environmental global progress.

Your rapporteur believes that the role of the Parliament should be strengthened with regard to its involvement in programming, evaluation and reporting. It is important that the Parliament has greater involvement in drawing up and review of the multiannual cooperation programmes, including the power to object these proposals if deemed necessary, due to which reason "delegated acts" (Article 290 TFEU) have been introduced for the adoption of the multi-annual cooperation programmes (amendments 2, 16, 24, 25 and 26). It is also important that the Parliament is kept up to date and receives action programmes, detailed annual reports and evaluations (for that purpose amendments 6, 10, 17, 20, 21, 22, 23 and 27 have been proposed).

A number of amendments are introduced to clarify what this financing instrument can be used for. In this respect the wording has been tightened and some limits set to the framework of actions that can be financed under this regulation (amendments 1, 3, 4, 7, 9, 11, 12, 13, 14 and 15). By analogy to Regulation (EC) No 1905/2006 some financing should be excluded (amendments 18 and 19). And last but not least, there are some amendments aimed at creating a closer link between the issues covered in programming (and execution) phase in order to ensure a proper review (amendments 9, 15 and 21).