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Committee on Budgets

PROVISIONAL
2004/0145(CNS)

23.9.2004

DRAFT 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

PA_Leg

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 9/2004, the preliminary draft 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 9/2004 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 9/2004, 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 4) and at involving Parliament in all future decisions taken in case of a political settlement (Amendment 5).

AMENDMENT TO THE LEGISLATIVE RESOLUTION

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

Amendment 1
Paragraph 1a (new)

[The European Parliament]

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;

AMENDMENTS TO THE LEGISLATIVE TEXTS

Text proposed by the Commission¹

Amendments by Parliament

Amendment 2
Article 3, Paragraph 2

2. The Commission shall be assisted by the Committee provided for in Article 9 (1) of Council Regulation (EEC) No 3906/89², composed of ***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 3906/89², 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.

¹ OJ C ..., ..., p.

² OJ L 375, 23.12.1989, p.11.

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***³. 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.

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Justification

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

Amendment 4
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 5
Article 9

In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the

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³ OJ L 248, 16.9.2002, p.1.

Commission, decide unanimously on the necessary adaptations to the present Regulation.

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.