


Procedure file

| Basic information | |
|------------------------------------------------------------------------------------|---------------------|
| COS - Procedure on a strategy paper (historic) 1995/2326(COS) | Procedure completed |
| European Union's financial contribution to reconstruction in the former Yugoslavia | |
| Subject 6.40.03 Relations with South-East Europe and the Balkans | |
| Geographical area Yugoslavia, Federal Republic - 01/2003 | |

| Key players | | | |
|-------------------------------|----------------------------------------------------------|-------------------------------------------|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | BUDG Budgets | | 24/01/1996 |
| | | UPE GIANSILY Jean-Antoine | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| | AFET Foreign Affairs, Security and Defense Policy | | |
| | RELA External Economic Relations | | 23/01/1996 |
| | | PSE MIRANDA DE LAGE Ana | |
| | CONT Budgetary Control | | |
| Council of the European Union | | | |

| Key events | | | |
|------------|--------------------------------------------|---------------------------------------------------------------------------------------|---------|
| 18/12/1995 | Non-legislative basic document published | COM(1995)0581 | Summary |
| 28/02/1996 | Committee referral announced in Parliament | | |
| 17/06/1996 | Vote in committee | | Summary |
| 17/06/1996 | Committee report tabled for plenary | A4-0204/1996 | |
| 19/06/1996 | Debate in Parliament |  | |
| 20/06/1996 | Decision by Parliament | T4-0354/1996 | Summary |
| 20/06/1996 | End of procedure in Parliament | | |
| 08/07/1996 | Final act published in Official Journal | | |

| Technical information | |
|-----------------------|----------------|
| Procedure reference | 1995/2326(COS) |

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| Procedure type | COS - Procedure on a strategy paper (historic) |
| Procedure subtype | Commission strategy paper |
| Legal basis | Rules of Procedure EP 142 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | BUDG/4/07414 |

Documentation gateway

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|-----------------------------------------------------|------------------------------------------------------------------------------|------------|----|---------|
| Non-legislative basic document | COM(1995)0581 | 18/12/1995 | EC | Summary |
| Committee report tabled for plenary, single reading | A4-0204/1996 OJ C 198 08.07.1996, p. 0012 | 17/06/1996 | EP | |
| Text adopted by Parliament, single reading | T4-0354/1996 OJ C 198 08.07.1996, p. 0161-0195 | 20/06/1996 | EP | Summary |

European Union's financial contribution to reconstruction in the former Yugoslavia

OBJECTIVE: to present the financial aspects of the reconstruction of the former Yugoslavia, excluding humanitarian aid and, more importantly, to provide for possible financing sources for the period 1996-1999. **CONTENT:** the Commission announces in this document that reconstruction efforts in the former Yugoslavia for the period in question will cost the Community budget approximately ECU 1 billion. Although it concentrates on operational aspects, the communication also summarizes the various sources of finance, which break down as follows: . PHARE: ECU 600 million of which: ECU 400 million for the reconstruction of territories destroyed by the war in Bosnia-Herzegovina and Croatia and ECU 200 million for programmes for national reforms and the transition to a market economy, excluding Slovenia (PHARE could cofinance projects with the EBRD). The Commission concentrates mainly on support for the peace process and, where possible, the normalization of relations between the countries in the region. It intends to take measures to extend PHARE to all the republics in the former Yugoslavia; . ECU 400 million under chapter B7-54 (cooperation with the republics of the former Yugoslavia) in agreement with the allocations adopted by the European Parliament at first reading of the 1996 budget. Parliament had wanted to allocate ECU 98 million to this chapter (ECU 6 million under the financial protocols, ECU 27 million for reconstruction action in the republics, ECU 30 million for special aid to refugees, ECU 35 million for special aid to Sarajevo). Most of the additional flexibility margin under heading IV of the financial perspectives agreed at the Cannes summit will need to be used (i.e. ECU 475 million for cooperation with the CEECs and third Mediterranean countries for 1996-1999). This sum will allow the conclusions of the Cannes Council on the financial reference amounts for PHARE, third Mediterranean countries and the EDF contribution to be complied with in full. In addition, the ECU 400 million would cover funding needed to guarantee EIB loans and any macro-financial aid. The Commission emphasized that EIB loans and macro-financial aid would only be granted once sufficient funds had been allocated to the Guarantee Fund.?

European Union's financial contribution to reconstruction in the former Yugoslavia

The Committee on Budgets adopted the report by Mr Jean-Antoine GIANZILY unanimously with one abstention. The Committee on Budgets reaffirmed the major responsibility of the EU in international reconstruction aid and Parliament's wish to support all measures which sought a peaceful and lasting settlement in former Yugoslavia. It stressed the urgent need to eliminate the damage caused by the war, especially to infrastructures and social services, highlighted the efforts needed in order to relaunch the economic activity on which the success of the peace process depended and recalled that the EU was interested in a peace process which included all of former Yugoslavia. Reconstruction would be a long, difficult task calling for an overall programme with adequate funding on the part of the international community and the EU (the World Bank has estimated that reconstruction efforts will cost 5.1 billion dollars between now and 1999). The EU needed to define a medium-term aid reconstruction programme which reflected conditions in the region in order to help in the transition towards a market economy and the establishment of a pluralist democratic regime. The Committee on Budgets emphasized that the actual allocation of funds should be dependent upon complete implementation of and full compliance with the Dayton agreements by all the republics in the Federation of Bosnia-Herzegovina. The European Parliament should receive instant, continual information through appropriate channels. The Council should not take any foreign policy decisions with important financial implications which were not covered by the EU budget in the name of the EU without first consulting the European Parliament.?

European Union's financial contribution to reconstruction in the former Yugoslavia

Adopting the report by Mr Jean-Antoine GIANZILY (UPE, F), the European Parliament reaffirmed the major responsibility of the EU in international reconstruction aid and Parliament's wish to support all measures which sought a peaceful and lasting settlement in former Yugoslavia. It stressed the urgent need, especially in Bosnia, to eliminate the damage caused by the war, especially to infrastructures and social services, highlighted the efforts needed in order to relaunch the economic activity on which the success of the peace process depended and recalled that the EU was interested in a peace process which included all of former Yugoslavia. Reconstruction would be a long, difficult task calling for an overall programme with adequate funding on the part of the international community and the EU (the World Bank has estimated that reconstruction efforts will cost 5.1 billion dollars between now and 1999). The Union needed to define a medium-term aid reconstruction programme which reflected conditions in the region in order to help in the transition towards a market economy and the

establishment of a pluralist democratic regime. Parliament called on the international community of donors to conclude an agreement on overall funding for reconstruction as quickly as possible and stressed the need for a financial estimate and detailed breakdown of costs between donor countries and a precise timetable. It also emphasized that the actual allocation of funds should be dependent upon complete implementation of and full compliance with the Dayton agreements by all the republics in the Federation of Bosnia-Herzegovina. Parliament supported the efforts by Mr. Carl BILT and the European Commission in former Yugoslavia but recalled that the PHARE programme (which was designed as a CEEC reconversion instrument and not as an instrument for reconstructing a country devastated by war) was too inflexible an instrument to allow for fast, efficient aid. It therefore advocated more flexible use of the relevant budgetary structures, while emphasizing that rapid reconstruction should go hand in glove with maximum transparency as regards the use of aid, the allocation of which should be subject to strict control. Parliament questioned the European Commission's plan to release ECU 600 million from the PHARE programme for reconstruction aid during the period from 1996 to 1999 and reiterated that, if it did, an agreement would need to be reached with the budgetary authority. It also considered that the PHARE appropriations could be used to fund projects in preparation for investment by the EBRD (telecommunications, energy and development of SMEs). In addition, the EIB could implement a programme of regional aid in the republics of the former Yugoslavia in collaboration with the EBRD and other multilateral financial institutions. Parliament also called for the Commission to grant its representative in Bosnia increased discretionary powers for micro-projects up to a maximum of ECU 10,000 in order to improve the housing situation. Parliament recalled that funding reconstruction aid gave rise to a deficit of approximately ECU 200 million under heading 4 of the financial forecasts for 1996 and called on the Council, when revising these forecasts, to make new appropriations available for financing new policies such as participation in the reconstruction of former Yugoslavia. It considered, on this point, that the new budget ceilings following ratification of the Edinburgh decision offered sufficient margin to adapt financial perspectives accordingly. The European Parliament should also receive instant, continual information through appropriate channels. The Council should not take any foreign policy decisions with important financial implications which were not covered by the EU budget in the name of the EU without first consulting the European Parliament. Finally, it recalled that, with the exception of humanitarian aid, technical, financial and macro-economic assistance by the EU should have political and economic conditions attached.?