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## REPORT

of the Political Affairs Committee

on a proposal from the Commission to the Council for a regulation on financial aid for the countries most directly affected by the Gulf crisis  
(SEC(90) 1862 final - Doc. C3-313/90)

Rapporteur: Mr Peter D. CRAMPTON

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Part B: Opinion of the Committee on Budgets  
Opinion of the Committee on External  
Economic Relations  
Opinion of the Committee on Development  
and Cooperation

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Or. FR

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

*	= Consultation procedure requiring a single reading
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**II	= Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment
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**I	= Cooperation procedure (first reading)
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***	= Parliamentary assent which requires the votes of a majority of the current Members of Parliament
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O P I N I O N

of the Committee on Budgets

Letter from the chairman of the committee to Mr GORIA, chairman of the Political Affairs Committee

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Strasbourg, 21 November 1990

Subject: Proposal for a regulation on financial aid for the countries most directly affected by the Gulf crisis (SEC(90) 1862 final - Doc. C3-313/90)

Dear Mr Chairman,

The Committee on Budgets considered the above-mentioned Commission proposal at its meeting on 19 November 1990. The proposal is the result of an agreement of principle in the Council of 7 September 1990 on financial assistance for the countries most affected by the Gulf crisis. With this operation the European Community will be contributing to the aid for these countries decided on at world level.

Given that non-refundable aid must not exceed 500 m ECU (Article 2), it is limited to 3 countries: Egypt, Jordan and Turkey. The Committee on Budgets feels that the aid should be extended to other countries affected by the Gulf crisis.

The amount budgeted is subject to a revision of the financial perspective contained in the Interinstitutional Agreement of 29 June 1988. Despite continuous pressure from the European Parliament, it has still not been possible to adopt this revision.

As regards the substance of the proposal, the Committee on Budgets gave a favourable opinion but requests the Political Affairs Committee to take into account the amendments attached hereto.

Yours faithfully,

(sgd) Alain LAMASSOURE  
(rapporteur)

(sgd) Thomas von der VRING  
(chairman)

The following were present for the vote: von der Vring, chairman; Lamassoure, first vice-chairman, Arias Canete, Böge, Cochet, Colom i Naval, Desama, Elles, Goedmakers, Holzfuß, Kellett-Bowman, Langes, Lo Giudice, Miranda da Silva, Onur (for Papoutsis), Porraccini (for Colajanni), Pasty, Samland, Theato, Tomlinson, Wynn, Zavvos.

AMENDMENTS

of the Committee on Budgets

to

the Commission proposal for a Council regulation (EEC) on financial aid for  
the countries most directly affected by the Gulf crisis  
(SEC(90) 1862 final - C3-0313/90)

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Commission text

Amendments

(Amendment No. 1)  
Preamble, third recital

Whereas the amount of Community financial resources that will be needed to carry out this operation in 1991 has to be estimated,

Whereas the amount of Community financial resources that will be needed to carry out this operation in 1991 has to be estimated, and whereas the final amounts shall be laid down by the budgetary authority in accordance with the financial perspective for the period 1988-1992, annexed to the Interinstitutional Agreement of 29 June 1988<sup>1</sup>,

(Amendment No. 2)  
Article 2

1. The amount of financial resources necessary for the implementation of the operation to be carried out under this Regulation is estimated at ECU 500 million in non-reimbursable aid and ECU 250 million in medium-term loans for the period ending 31 December 1991.

1. The amount of financial resources necessary for the implementation of the operation to be carried out under this Regulation is estimated at ECU 500 million in non-reimbursable aid and ECU 250 million in medium-term loans for the period ending 31 December 1991. However, the financial provisions of this Regulation cannot be implemented until the budget for the financial year 1991 and the budget estimates have been duly amended by the appropriate procedure in each instance.

(Remainder unchanged)

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<sup>1</sup> OJ No. L 185, 15.7.1988, p. 33

Commission text

Amendments

(Amendment No. 3)  
Article 6(2), third subparagraph

In that event:

The Commission shall defer application of the measures which it has decided for a period not exceeding three months from the date of communication.

The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the previous subparagraph.

In that event:

The Commission may defer application of the measures which it has decided for a period not exceeding one month from the date of communication.

The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the previous subparagraph.

(Remainder unchanged)

## O P I N I O N

of the Committee on External Economic Relations

Letter from the chairman of the committee to Mr Giovanni GORIA, chairman of the Political Affairs Committee

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Brussels, 17 October 1990

Subject: Proposal for a Council regulation (EEC) on financial aid for the countries most directly affected by the Gulf crisis (Doc. SEC(90) 1862 final - C3-313/90)

Dear Mr Chairman,

At its meeting of 16 and 17 October 1990 the Committee on External Economic Relations considered the proposal for a Council regulation on financial aid for the countries most directly affected by the Gulf crisis.

On 7 September 1990 the Council decided to grant financial aid to the countries most directly affected by the Gulf crisis, namely Egypt, Jordan and Turkey.

The Community's contribution is part of a multilateral effort to try to offset as much as possible the injury suffered by these countries owing to the Gulf crisis.

The Community will endeavour to make detailed arrangements to ensure that its financial aid is effectively used.

The funds should be provided in the form of grants or loans as balance of payments support for the countries concerned. Some of the financial aid should be used to cover budgetary expenditure incurred as a result of the crisis, notably for the repatriation of workers from these countries and their integration in the economies of the countries concerned, which entails job creation.

Otherwise the aid will be used to compensate losses of foreign exchange earnings caused by the embargo.

It is essential that the whole of this financial aid should be provided in close coordination with all the multilateral efforts to encourage implementation of adjustment measures or vital structural reforms proposed by international financial institutions.

Two formulae are conceivable: on the one hand, a Community contribution to an IMF/World Bank multilateral fund; and, on the other, the provision of direct aid to the countries concerned but still in liaison with other donors and the international financial institutions.

Whatever formula is chosen, the Commission will represent the Community in consultations between donors and multilateral agencies. The breakdown of funds among the three countries most affected will have to be based on careful analysis of the injury suffered. The Commission will make specific proposals on this subject in the light of international consultations on the matter.

Most of the aid for Turkey will be in the form of subsidized loans, while Egypt and Jordan should receive non-reimbursable aid in view of their economic situation.

The Committee on External Economic Relations recognizes the need for Community aid for these countries, aid which, moreover, forms part of the Community's long-term policy vis-à-vis these countries. This is a policy which has long enjoyed the support of the Committee on External Economic Relations.

Our committee has thus decided to deliver a favourable opinion in respect of this matter and instructed me to notify you by letter.

Yours sincerely,

(sgd) Willy DE CLERCQ

The following were present for the vote: De Clercq (chairman); Cano Pinto (vice-chairman); Benoit, Chabert, Ib Christensen (for Moretti), da Cunha Oliveira (for Miranda), Janssen van Raay (for Mrs Peijs), Magnani Nova, Melandri (for Aglietta), Rossetti, Sainjon, Sonneveld (for Lemmer), Titley, Tsimas, Visser (for Junker) pursuant to Rule 111(2).

## O P I N I O N

of the Committee on Development and Cooperation

Letter from the Committee chairman to Mr Gorja, chairman of the Political Affairs Committee

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Brussels, 17 October 1990

Subject: Proposal for a regulation on financial aid for the countries most directly affected by the Gulf crisis (SEC(90) 1862 final - C3-313/90)

Dear Mr Gorja,

At its meeting of 17 October 1990, the Committee on Development and Cooperation considered the above matter.

The committee is aware of the grave problems, both humanitarian and financial, facing the countries covered by this draft regulation as a result of the Gulf crisis and wishes to support the efforts made by the Community to assist the victims of the crisis.

However, it notes that the draft regulation covers only three countries: Turkey, which is to receive 250 m ECU in the form of subsidized loans, and Egypt and Jordan, which are to receive a total of 500 m ECU in non-refundable aid, i.e. outright grants. Certain other countries, which are among the poorest in the world, have also been seriously affected by the crisis, e.g. Bangladesh and numerous African and Mediterranean non-oil-producing countries, many of whose nationals have been expelled from Iraq and Kuwait. To date, no provision has been made for the latter, except for appropriations taken from other budget headings. This is unacceptable since, as has already been pointed out, the appropriations in question have been taken from budget headings earmarked for other development projects and programmes in Asia and Latin America. Furthermore, these same appropriations are unlikely to be reinstated during the 1990 financial year, a situation which we would strongly condemn.

The Palestinian people have been affected by the invasion of Kuwait and no additional aid has been provided for them. UNWRA projects have had to be suspended, and that has led to increased tension in the region, given the fact that there are two and a half million Palestinian refugees, the largest concentration of refugees in the world.

The conditions applicable to this aid appear to be formulated in similar terms to those of the financial protocols for the Mediterranean countries. For normal financial protocols, such strict conditions are necessary in respect of medium- and long-term projects and programmes. In this case, however, the aid covered by the protocol should be classified as emergency aid, and there are grounds for fearing that if the rules laid down in Articles 4, 5 and 6 are applied, disbursement will be considerably delayed.



The Committee believes that the aims set out in point 3 of the Commission's explanatory memorandum are acceptable. However, it has reservations regarding the proposals which would tend to subsume the Community contribution under a policy controlled by the IMF and the World Bank. It supports alternative proposals which would permit direct aid to be granted to the countries in question, while obviously accepting the need for proper coordination of these measures.

In conclusion, while the committee believes that aid must be granted to the countries referred to in the draft regulation since they are the linchpin of the international embargo on Iraq, it considers that substantial aid must also be granted to the other countries affected by the crisis and that the implementation of this aid should be regulated by other procedures than those proposed by the Commission.

Yours sincerely,

(sgd) Henri SABY

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The following took part in the vote: Saby, chairman; Bindi, Aulas, Belo, vice-chairman; Arbeloa Muru (for Pery), Daly, Lomas, McGowan, Morris, Perschau, Pons Grau, Schmidbauer, Simons, Telkämper, van Hemeldonck and Verhagen

