



European Communities

**EUROPEAN PARLIAMENT****SESSION DOCUMENTS**

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A3-0145/91

**R E P O R T**

of the Committee on Budgets

on the Commission proposal for a Council decision on provision of financial assistance for Israel and the Palestinian population of the Occupied Territories (COM(91) 0125 - C3-0199/91)

Rapporteur: Mr ARIAS CANETE

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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 major 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 Parliament
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C O N T E N T S

	<u>Page</u>
Procedural page. . . . .	3
A. Amendments to the Commission's proposal . . . . .	4
DRAFT LEGISLATIVE RESOLUTION. . . . .	6
B. EXPLANATORY STATEMENT . . . . .	7
Opinion of the Political Affairs Committee . . . . .	9

By letter of 30 April 1991 the Council consulted the European Parliament, pursuant to Article 235 of the EEC Treaty, on the Commission proposal for a Council decision on provision of financial assistance for Israel and the Palestinian population of the Occupied Territories.

At the sitting of 13 May 1991 the President of Parliament announced that he had referred this proposal to the Committee on Budgets as the committee responsible and to the Political Affairs Committee and the Committee on External Economic Relations for their opinions.

At its meeting of 24 April 1991 the Committee on Budgets appointed Mr Arias Cañete rapporteur.

At its meeting of 24 and 25 May 1991 it considered the Commission proposal and draft report.

At that meeting it adopted the draft legislative resolution unopposed.

The following were present for the vote: von der Vring, chairman; Lamassoure, vice-chairman; Arias Cañete, rapporteur; Böge, Cochet, Napolitano (for Colajanni), Price (for Kellett-Bowman), Tomlinson and Zavvos.

The opinion of the Political Affairs Committee is attached. The opinion of the Committee on External Economic Relations will be published separately.

The report was tabled on 28 May 1991.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A

Commission proposal for a Council decision on  
provision of financial assistance for Israel and the  
Palestinian population of the Occupied Territories

Commission text<sup>1</sup>

Amendments

(Amendment No. 1)  
Sixth recital a (new)

Whereas, in the light of the conclusions of the interinstitutional triologue of 2 May 1991, the Commission must submit to the budgetary authority quarterly reports on the implementation of the aid operation;

(Amendment No. 2)  
Article 2(2)

The loan will be accompanied by an interest-rate subsidy to be financed from the general budget of the Community.

The loan will be accompanied by an interest-rate subsidy to be financed from the general budget of the Community.

The estimated cost to the Community of financing the subsidy in 1991 is ECU 27.5 million.

The estimated cost to the Community of financing the subsidy in 1991 is ECU 27.5 million, whether it is made as a single payment in 1991 or spread over the period of the loan.

<sup>1</sup> For full text see OJ No. C 111, 26.4.1991, p. 3

(Amendment No. 3)  
Article 5(3)

Measures adopted by the Commission shall be of immediate effect. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith.

In that event, the Commission shall defer application of the measures which it has decided on for a period of two months from the date of communication.

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

Measures adopted by the Commission shall be of immediate effect. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith.

In that event, the Commission may defer application of the measures which it has decided on for a period of one month from the date of communication.

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

(Amendment No. 4)  
Article 6

The Commission shall present to the European Parliament and the Council by 30 June 1992 an initial report on the implementation of the aid operation carried out under this Decision. A final report shall also be presented as soon as the operation is completed.

The Commission shall present to the European Parliament and the Council quarterly reports on the aid operation carried out under this Decision. A final report shall also be presented as soon as the operation is completed.

## DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament on the Commission proposal for a Council decision on provision of financial assistance for Israel and the Palestinian population of the Occupied Territories

### The European Parliament,

- having regard to the Commission proposal to the Council (COM(91) 0125)<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (C3-0199/91)
  - having regard to the report of the Committee on Budgets (A3-0145/91),
1. Approves the Commission proposal subject to Parliament's amendments and in accordance with the vote thereon;
  2. Calls on the Commission to amend its proposal accordingly, pursuant to Article 149(3) of the EEC Treaty;
  3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  4. Calls for the conciliation procedure to be opened if the Council should intend to depart from the text approved by Parliament;
  5. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
  6. Instructs its President to forward this opinion to the Council and Commission.

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<sup>1</sup> OJ No. C 111, 26.4.1991, p. 3

EXPLANATORY STATEMENT

1. The Commission has submitted a proposal on provision of financial assistance for Israel and the Palestinian population of the occupied territories.

2. On the basis of the decision of the General Affairs Council of 4 February 1991, the principle of equivalent financial assistance for Israel and the Occupied Territories has been endorsed. The assistance is to take the form of a combination of Community resources and bilateral aid from the Member States.

3. The Commission's proposal sets out the terms of the financial assistance for Israel and for the Palestinian population of the occupied territories.

As regards Israel:

4. The financial aid consists of making available a medium-term loan of 160 m ECU for a period of seven years to support the country's balance of payments. The loan will be accompanied by an interest-rate subsidy to be financed from the Community budget. The estimated cost of this for 1991 is 27.5 m ECU (Article 2). The Commission is empowered to borrow the necessary resources on the capital markets (Article 3).

As regards the Palestinian population of the occupied territories:

5. The proposal provides for grants. The estimated amount of Community funds required is 60 m ECU for 1991. The aid is intended to cover expenditure aimed at alleviating the social and economic problems following the Gulf conflict.

6. The proposal for a regulation provides for the Commission to be assisted in taking its decisions by a type II (b) management committee. Parliament accepts this, in principle.

Remarks

7. Your rapporteur points to the criticism already made by Parliament (resolution on the financial perspective of May 1991) of the Council's attitude in announcing policy measures without ensuring in advance, through consultation with the budget authority, that the necessary funds will be available.

8. In this regard, the undertaking given by the Council at the conciliation meeting of 5 March 1991 must be honoured, i.e. that before taking any decision in principle on new external aid, the Council will consult Parliament in accordance with a procedure appropriate to the urgency of the decisions in order to determine what appropriations may be necessary. Your rapporteur believes that any new aid must not entail reductions in ordinary appropriations for consolidating the internal market and the Community's new internal policies.

9. The loan to Israel once again raises the problem of a guarantee fund to reduce the risks in the event of non-repayment. As has been done in other cases (the Tomlinson report on the loans to Czechoslovakia, Poland and Hungary) this could take the form of an entry under the relevant budget heading when the vote is taken on the supplementary and amending budget.

10. The proposal for a regulation provides for the Commission to be assisted in taking its decisions by a type II (b) management committee. Although, in certain instances, Parliament has agreed to this type of committee by way of exception, your rapporteur proposes that an amendment should be tabled to change this to a type II (a) committee.

11. The difference between type II (a) and type II (b) is that with the former, the Commission may defer application of the measures in the event of the committee disagreeing and with the latter (as is the case with the proposal for a decision under consideration), the Commission shall defer application of the measures which it has decided on for a period of two months, during which the Council may take a different decision by qualified majority.



O P I N I O N  
of the Political Affairs Committee

Letter from the chairman of the committee to Mr von der Vring, chairman of the Committee on Budgets

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Luxembourg, 27 May 1991

Subject: Proposal from the Commission to the Council for a decision on provision of financial assistance for Israel and the Palestinian population of the Occupied Territories  
(COM(91) 0125 - C3-0199/91)

Dear Mr von der Vring,

At its meeting of 23 May 1991 the Political Affairs Committee<sup>1</sup> examined the proposal for a Council decision on provision of financial assistance for Israel and the Palestinian population of the Occupied Territories (COM(91) 0125 final).

The committee is of the opinion that the aid granted to Israel in the form of interest-rate subsidies and to the Occupied Territories takes into account the different economic situation and financial capacity of Israel and the Occupied Territories. Some members were of the opinion that Israel should make positive signals with respect to its relations with the Palestinians, notably in the field of human rights, e.g. the reopening of schools and universities in the Occupied Territories. A member also raised the point of basing a representative of the Commission in the Occupied Territories. Some members stressed however that they did not want to interfere in Israeli internal affairs.

At the dialogue of 2 May concerning the revision of the financial perspective, the three institutions agreed to have the Commission prepare an initial report by 15 September 1991 on the implementation of the aid operation. This report would be followed by quarterly reports. Article 6 of the proposal for a decision should be amended accordingly. This would give Parliament the opportunity of verifying the implementation and the destination of the aid. The committee decided it would like to reconsider the overall situation and the aid at the end of a year.

The committee further agreed with the amendment proposed by your rapporteur to replace the type II(b) committee assisting the Commission, as proposed in Article 5, by a type II(a) committee, so that in case of disagreement between the Commission and the committee, the Commission may defer the application for a period of no longer than one month. This provides for a better institutional balance and ensures the swifter implementation of the aid measures.

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<sup>1</sup> The following were present: Crampton, acting chairman and rapporteur; van den Brink, vice-chairman; Cheysson, Ib Christensen, Coates, Gawronski, Habsburg, Jackson, Lagakos (for Lenz), Langer, Newton Dunn (for Prag), Newens (for Balfe), Pasmazoglou, Piermont, Tindemans.

