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OPINION OF THE COMMISSION

**pursuant to Article 294(7)(c) of the Treaty on the Functioning of the European Union,
on the European Parliament's amendment
to the Council's position**

**regarding the proposal for a DECISION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL**

providing further macro-financial assistance (MFA) to Georgia

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1. INTRODUCTION

Article 294(7)(c) of the Treaty on the Functioning of the European Union provides that the Commission is to deliver an opinion on the amendments proposed by the European Parliament at second reading. The Commission sets out its opinion below on the amendments proposed by the Parliament.

2. BACKGROUND

Date on which the proposal was sent to Parliament and Council: 13 January 2011

Date of Parliament's opinion at first reading: 10 May 2011

Date of Commission's position on Parliament's amendments on first reading: 10 May 2011

Date of Council position at first reading: 10 May 2012

Date of Parliament's opinion at second reading: 11 December 2012

3. OBJECTIVE OF THE PROPOSAL FROM THE COMMISSION

The proposal was part of the potential EU deliverables announced at the donor conference in 2008. The objectives of the proposed Macro-Financial Assistance (MFA) are to:

- Contribute to covering the external financing needs of Georgia and to alleviating budgetary financing needs.
- Support the fiscal consolidation effort and external stabilisation in the context of an International Monetary Fund programme.
- Support structural reform efforts aimed at raising sustainable growth and increasing the transparency and efficiency of public finance management.

Facilitate and encourage efforts by the authorities of Georgia to implement measures identified under the EU-Georgia ENP Action Plan and the Eastern Partnership so as to promote closer economic and financial integration with the EU, also in line with the plan to conclude a "Deep and Comprehensive Free Trade Area" between the two parties.

4. OPINION OF THE COMMISSION ON THE AMENDMENT PROPOSED BY THE EUROPEAN PARLIAMENT

4.1. Amendments rejected by the Commission

Regarding the only contentious issue, the use of the comitology procedure for the adoption of the Memorandum of Understanding (MoU - the list of policy conditions) of Articles 2 and 6, the Commission agreed to the Parliament's position in first reading to use advisory procedure without justification. This has been maintained in second reading. The other amendments introduced by the Parliament are either editorial or reconfirm the initial Commission proposal.

However, in line with the Commission's position on the amendments of the Parliament in the first reading on the proposal for a MFA for the Kyrgyz Republic (in the same Plenary of December 2012) and given the conflict between the Parliament and the Council on this sensitive procedural issue, which blocks currently all MFA proposals and which requires an urgent compromise solution between the two institutions, the Commission proposes to keep a specific justification for the application of the Advisory Procedure for the adoption of a MoU.

5. CONCLUSION

The discussions between the co-legislators will focus on the comitology issue and the Commission is above all interested in finding a solution as soon as possible regarding the conflicting views of the Council and the Parliament concerning the application of the Advisory or the Examination Procedure for the adoption of the MoU for Georgia. The Commission will continue to propose compromise solutions.