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with a proposal for a European Parliament recommendation to the Council on the European Union's role in Iraq
(2007/2181(INI))

Committee on Foreign Affairs

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PROPOSAL FOR A EUROPEAN PARLIAMENT RECOMMENDATION TO THE COUNCIL

on the European Union's role in Iraq
(2007/2181(INI))

The European Parliament,

– having regard to the proposal for a recommendation to the Council tabled by Ana Maria Gomes on behalf of the PSE Group on the European Union's role in Iraq (B6-0328/2007),

– having regard to its previous resolutions on Iraq, most recently that of 25 October 2007[1],

– having regard to its resolution of 12 July 2007 on the humanitarian situation of Iraqi refugees[2],

– having regard to the decisions of its Conference of Presidents of 15 November and 6 December 2007 on the composition and the remit of an 'ad hoc delegation for relations with Iraq',

– having regard to the General Affairs and External Relations Council conclusions on EU involvement in Iraq of 23-24 April, 15-16 October and 19-20 November 2007,

– having regard to the Commission's Communication of 7 June 2006 entitled 'Recommendations for renewed European Union engagement with Iraq' (COM(2006)0283),

– having regard to the International Compact with Iraq, launched in Sharm el-Sheik, Egypt, on 3 May 2007,

– having regard to Resolutions 1546 (2004), 1770 (2007) and 1790 (2007), particularly Annexes I and II thereto, of the United Nations Security Council (UNSC),

– having regard to Council Joint Action 2005/190/CFSP of 7 March 2005 on the European Union Integrated Rule of Law Mission for Iraq, EUJUST LEX[3], established under the European Security and Defence Policy (ESDP), and to subsequent Joint Actions amending it and extending the mandate for the mission,

– having regard to the 2003 European Security Strategy on 'A secure Europe in a better world' of 12 December 2003,

– having regard to the European Consensus on Development of 22 November 2005,

– having regard to its resolution of 1 June 2006 on women in armed conflicts and their role

[1] Texts adopted, P6_TA(2007)0481.
[2] Texts adopted, P6_TA(2007)0357.
[3] OJ L 62, 9.3.2005, p. 37.

in post-conflict reconstruction[1],

– having regard to its resolution of 1 June 2006 on SMEs in developing countries[2],

– having regard to Rule 114(3) of its Rules of Procedure,

– having regard to the report of the Committee on Foreign Affairs (A6-0052/2008),

A. whereas since 2005 the Republic of Iraq has held two multiparty elections, has adopted a constitution by referendum, has created the basis for a federal state and has embarked on a difficult process of building democratic institutions,

B. whereas both Iraqi society and its political leadership are divided and whereas the security situation in some parts of the country remains extremely dangerous,

C. whereas Iraq suffers from sectarian conflict and insurgency, and is also affected by a general absence of the rule of law,

D. whereas there has been an improvement in the security situation in the Republic of Iraq, but whereas the Iraqi forces remain faced with the challenge of sustaining and consolidating this improvement, with international assistance, and whereas serious efforts to secure reconstruction and sustainable development, and the EU's ability to help the people of Iraq, depend on continuing improvement of the political and security situation,

E. whereas during decades of dictatorial rule Iraq's public administration was directed towards control of the population rather than towards public service, and whereas the years of strictly centralised administration by the Ba'ath Party led to serious shortcomings in the capacity of Iraqis to manage the budget and handle financial resources in an appropriate way, with the result that the public sector today is fragile and weakened, and lacks a fully developed culture of prioritising the delivery of public services to the people of Iraq,

F. whereas neighbouring countries must refrain from any interference in Iraq's internal affairs and respect its independence, sovereignty and territorial integrity and the desire of the Iraqi people to build the country's constitutional and political system by their own efforts,

G. whereas the conflict has so far caused the displacement of 2.4 million persons within Iraq and 2.28 million refugees in neighbouring countries, mainly Syria and Jordan,

H. whereas the Kurdish region is a region of Iraq where a degree of peace and stability is guaranteed and where international development cooperation and private investment are growing,

I. whereas the EU as a global player should assume its responsibilities for building up a

[1] OJ C 298 E, 8.12.2006, p. 287.
[2] OJ C 298 E, 8.12.2006, p. 171.

new democratic Iraq, and whereas the EU's policy towards Iraq should be seen in the broader context of the EU's strategic partnership for the Mediterranean and the Middle East,

J. whereas the EU needs to be more strategic in supporting Iraq in its progress towards becoming a democratic federal state; whereas the EU recognises that, in order for it to be able to provide effective assistance, there must be a solid partnership with the people of Iraq, an ongoing commitment on the part of the Government of Iraq to ensure security, reconciliation, a willingness to cooperate, efforts to achieve capacity- and democracy-building, and efforts to fight corruption and ensure transparency and effectiveness as fundamental preconditions for an increased role of the European Union in Iraq; whereas the key challenges of reconstruction lie on the institutional and social fronts, namely the capacity-building of institutions and administration, consolidation of the rule of law, law enforcement and respect for human rights,

K. whereas the EU has identified the need for a multi-annual planning of operations that goes beyond the current yearly planning based on special measures, in order to improve the effectiveness of its assistance,

L. whereas the EU needs to adapt the use of its resources according to the specific internal, regional and humanitarian challenges that Iraq faces; whereas effectiveness, transparency and visibility are fundamental preconditions for an increased role of the European Union in Iraq,

M. whereas Iraq has regressed from being a middle-income country in the 1970s, and whereas the EU needs to adapt the use of its resources accordingly,

N. whereas the Commission has had a small delegation in Baghdad since December 2005, with its operational section based in Amman, and finds it very difficult to operate in some areas, especially Baghdad, as a result of military arrangements and the security situation,

O. whereas the Commission has since 2003 provided over EUR 800 million to assist Iraq (mostly through the International Reconstruction Fund Facility (IRFFI)), and whereas the EU has been directly involved in improving the rule of law in the country since 2005 through its ESDP EUJUST LEX mission; whereas the mandate of EUJUST LEX has been extended one last time,

P. whereas the Government of Iraq, together with the World Bank and the United Nations, agreed the International Compact with Iraq in May 2007 as the vision of the Iraqi government for the next 5 years and as the main reference for the involvement of the international community in the country, with the full endorsement of the European Union as one of the main donors,

Q. whereas UNSC Resolution 1770 (2007) has recently significantly expanded the mandate of the United Nations Mission in Iraq,

R. whereas the years of the Ba'ath regime and decades of war have left behind a society

traumatised by war, repression, ethnic cleansing (including by chemical attack, as in Halabja) and international neglect of these crimes; whereas the international community, and particularly those states that have supported the intervention, have a legal and moral duty, and also a security interest, to support the people of Iraq, and whereas the European Union, in coordination with other international donors, must rapidly and creatively mobilise all the relevant instruments at its disposal to do its part,

S. whereas the European Parliament is determined to develop further its relationship with the Iraqi Council of Representatives, including through formal links,

1. Addresses the following recommendations to the Council:

a) to adopt, together with the Commission, a new strategy that will step up, both in quantitative and – especially – in qualitative terms, EU support for UN efforts to help build a safe, stable, unified, prosperous, federal and democratic Iraq that upholds human rights, protects its minorities and promotes inter-ethnic tolerance so as to pave the way towards regional stability and security; and to respond to UNSC Resolution 1770 (2007), which significantly increases the role of the UN in Iraq;

b) to channel the EU's support for democratic governance towards three goals in particular: enhancing coordination between the Government and the Council of Representatives in order to minimise blockages in the legislative process; strengthening electoral procedures at the local level in order to ensure that provincial councils are fully representative of all local populations; and reinforcing local democracy with consultative mechanisms to draw the local people into the decision-making process on a regular and frequent basis;

c) to focus EU aid in Iraq generally on relevant technical assistance and capacity-building in the fields of the rule of law and justice and human rights, good governance, financial and budget management, gender equality, health and education, and on the strengthening of federal, regional and local government institutions;

d) to urge the Commission to ensure the transparency and efficiency of EU assistance for Iraq, by:

- following up on the concerns already expressed in 2005 in the opinion on the General Budget 2006 submitted by Parliament's Committee on Foreign Affairs, by providing complete, regular and transparent information on the actual disbursement and implementation of EU assistance, especially the funds being channelled through the IRFFI;

- operating directly on the ground if and where the security situation permits, namely in the Southern Marshlands, with its particularly neglected population, and the Kurdish region;

- encouraging United Nations agencies and other international organisations to do the same;

- ensuring the full support of local stakeholders – including civil society and government authorities – in the design, implementation and sustainability of projects and programmes;

- ensuring that EU-funded projects do not overlap with, but complement, the work of other international donors;

- increasing the proportion of EU funding for bilateral technical assistance and capacity building, and improving direct EC control of funding;

- switching the main focus of EU support to bilateral projects focussed on technical assistance and capacity-building in the fields of the rule of law, financial management, democratic governance and human rights;

- ensuring that substantive EU assistance is directed towards improving public finance management and budgetary control with the aim of ensuring that the Iraqi Government is better able to disburse the substantial and increasing public funds now available to it;

- using its experience assistance programmes to its ENP partners in order to find ways of ensuring a more effective involvement in Iraq;

e) to consider the possibility of the adoption by the Commission of the multi-annual Country Strategy Paper for Iraq;

f) to foster the renewal of bilateral political, diplomatic, cultural and economic relations and exchanges between Member States and Iraq;

g) to include the following elements in a new strategy for proactive involvement on the part of the EU and its Member States in Iraq, to be implemented as circumstances – namely the security situation – permit, and in close consultation with the Iraqi authorities and other partners, such as the UN agencies and NGOs:

- increase the size, responsibilities and resources of the Commission's delegation in Baghdad, acquire its own new premises and ensure that employees are able to live and work in safety; encourage EU Member States not represented in Baghdad to come back and share those premises and related security costs;

- ensure EU/EC visibility in Erbil, Nasiriyah, Basra and other areas of Iraq where the security situation permits;

- enhance support for the rule of law and justice by continuing to focus especially on judicial institutions and non-governmental bodies in the following areas: strengthening the Judicial Training Institute, supporting the establishment of major crime investigation offices, strengthening the High Judicial Council, supporting the establishment of a pilot court in Basra, strengthening the Iraqi Bar Association and supporting the establishment of Legal Aid Centres;

- build on the positive experience of EUJUST LEX and prepare the follow-up to the mission, on the basis of lessons learned and on the basis of a thorough external evaluation, including inside Iraq, of the impact of the mission, with a view to further strengthening the Iraqi police and criminal justice system by making use of both ESDP and Community instruments;

- provide support for public finance management reform and accountability;

- continue to provide technical assistance for the organisation of free and fair elections;

- support the reconciliation process, namely on Kirkuk and other internally disputed territories, including the Assyrian areas known as the Nineveh Plains with their Christian minorities; support UN initiatives to facilitate regional dialogue, namely by finding ways and means to improve operational capacity, including air transport;

- take advantage of the specific nature of the Stability Instrument[1] to provide substantial assistance, crucial for development in a situation of crisis or emerging crisis such as that prevailing in Iraq: support the development of democratic, non-sectarian, pluralistic, federal, regional and local institutions, with particular emphasis being placed on the Council of Representatives and its ability to manage the legislative process, to control the executive branch and to ensure a stronger role for women in Iraqi society; promote respect for human rights and fundamental freedoms, democracy and the rule of law, with particular emphasis being placed on the rights of women, minorities and children; support measures to strengthen the development and organisation of civil society and its participation in the political process, and to

[1] See Regulation (EC) No 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an Instrument for Stability (OJ L 327, 24.11.2006, p. 1).

promote independent, pluralist and professional media; support de-mining activities; provide advice and support to the Kurdish region and its government in the efforts to fight drug trafficking;

- continue to concentrate the resources of the Instrument for Development Cooperation (DCI)[1] going to Iraq on the Millennium Development Goals, so as to guarantee as a matter of the highest priority universal access to vital public health care where institution- and capacity-building are urgently needed to correct the acute structural deficit, take priority action to avoid further deterioration of the education system, including implementation of practical measures to ensure that girls are fully able to participate in education at all levels, and support the revitalisation of the ecological and social system of the Marshlands and protection of the unique heritage of the Marsh Arabs;

- encourage European NGOs to engage with their Iraqi counterparts – which are already particularly active in the Kurdish Region – and make extensive use of the European Instrument for Democracy and Human Rights (EIDHR)[2] in providing technical and financial assistance to civil society organisations, in order to address: the equal participation of women and men in political, economic and social life; violence directed against women, namely forced marriages, 'honour' crimes, trafficking and genital mutilation; the rights of indigenous peoples and of persons belonging to minorities and ethnic groups, including the Assyrians (Chaldeans, Syriacs and other Christian communities), the Yazidi and the Turkmen; the rights of the child, especially the fight against child labour, child prostitution and child trafficking; fighting arbitrary detention and torture; and the abolition of the death penalty;

- encourage and assist the Government of Iraq as a matter of exceptional urgency to put emergency legislation in place to provide financial support for over one million destitute female heads of households and their dependants;

- enlarge the financial envelope of the Erasmus Mundus programme for Iraq; support ongoing and new activities aimed at the creation of networks between Iraqi and foreign academic institutions, individual academics, intellectuals and student organisations in order to revive the academic environment;

[1] See Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation (OJ L 378, 27.12.2006, p. 41).
[2] See Regulation (EC) No 1889/2006 of the European Parliament and of the Council of 20 December 2006 on establishing a financing instrument for the promotion of democracy and human rights worldwide (OJ L 386, 29.12.2006, p. 1).

- strengthen the capacity of the Iraqi authorities to exercise effective border controls, which should *inter alia* reduce the inflow of weapons and arms into the country; help to put an end to the illegal flow of small arms and light weapons to Iraq, including by making the EU Code of Conduct on Arms Exports legally binding, by improving EUFOR Althea's oversight of stockpiles in Bosnia-Herzegovina, by accelerating the destruction of stockpiles in the Balkans, and by helping the Iraqi authorities to "mop up" surplus small arms and light weapons through large-scale disarmament, demobilisation and reintegration, making use of both ESDP and Community instruments;

- continue the welcome and productive negotiations concerning the new Trade and Cooperation Agreement, while emphasising the importance of respect for human rights as an element affecting the EU's contractual relations with any third country, including in the fight against terrorism;

- provide administrative and technical support, and promote local capacity-building, in order to help the Iraqi Government to implement its recent micro-loan programme and share best practices on the positive role that micro-credit can play in empowering women in their communities, especially the over one million destitute widows;

- urge the Commission to alleviate the plight of Iraqi refugees in Jordan and Syria and in other countries in the region affected by the Iraqi refugee crisis, and to significantly increase the transparency and efficiency of EU assistance to Iraqi refugees in those countries;

- increase EU support for NGOs and international organisations in their efforts to alleviate the plight of Iraqi refugees in neighbouring countries, as well as internally displaced persons (IDPs), including the 4 000 Assyrian families who have principally sought refuge in the Nineveh Plains; urge the Iraqi authorities to live up to their responsibility to provide financial and other support for the reintegration of refugees and IDPs;

- improve the possibilities for Iraqi refugees to find refuge in EU Member States, end the current arbitrary criteria for the granting of protection and prevent any forced return; urgently address the plight of Palestinian refugees stranded in the border region between Iraq and Syria;

- call on the Iraqi government and international authorities to recover antiquities taken from the Iraqi National Museum in Baghdad and other parts of Iraq following the 2003 intervention,

in order to preserve Iraqi history and culture for future generations;

h) to build on the valuable experience which the EU and its Member States have gained from successful Provincial Reconstruction Team (PRT) operations in Afghanistan, and to consider taking part in the PRT efforts in Iraq, primarily in the provision of essential services and infrastructure;

i) to encourage European firms to invest in the reconstruction of Iraq in the context of tenders financed both by the governments of the Member States and the Iraqi government and/or on the basis of close cooperation between them;

j) to encourage and help European firms to bid for contracts to rebuild Iraq, to be present on the ground, and to draw upon previous experience gained in Iraq, both in the pre-war period and in the reconstruction period;

k) to welcome Iraq's observer status in the World Trade Organization (WTO) as a key step towards the reintegration of Iraq into the international economy which helps to complement positively the negotiations between the EU and Iraq on a Trade and Cooperation Agreement; to look forward to its full accession to the WTO at an appropriate time in the future;

l) to conduct negotiations on the Trade and Cooperation Agreement between the EU and Iraq in a manner that facilitates and encourages internal reforms in Iraq and that brings the Iraqi trade regime closer to rules and disciplines of multilateral systems; to regularly inform Parliament of the stage reached in the negotiations between the EU and Iraq on the Trade and Cooperation Agreement;

m) to encourage the Iraqi government to use the revenue from the sale of petroleum in such a way as to ensure that it is reinvested in Iraq and that it is managed by public procurement bodies under the final authority of the Iraqi government; to recommend that this approach be an essential precondition of EU support for the reconstruction and development of the Iraqi economy;

n) to call on the Multi-National Force - Iraq (MNF-I) to engage with the Government of Iraq and account for the situation of the over 24 000 detainees held in MNF-I custody, so as to ensure respect for due process and their basic human rights;

o) to engage in a dialogue with the USA and seek enhanced multilateralisation of the role played by the international community in the country, by using the UN framework; to support the efforts of Iraq to increase the frequency and depth of discussions with its neighbours, namely Iran, Syria, Saudi Arabia and Turkey, about the future of Iraq, without prejudice to any other issue of concern; to urge Turkey to respect the territorial integrity of Iraq and not to react to terrorist actions through military actions on Iraqi territory; to urge the Iraqi

authorities not to allow Iraqi territory to be used as a base for terrorist actions against Turkey;

p) to disclose information on which private military companies (PMCs) and private security companies (PSCs) are providing security to EU staff in Iraq; to adopt a concept for the employment of PMCs/PSCs during ESDP operations, and establish clear guidelines for the use of private military and security companies by EU institutions;

2. Stresses Parliament's commitment to the principles and the practice of parliamentary democracy; recalls, therefore, its initiative in the 2008 Budget to support democracy-building with parliaments in third countries, its commitment to support actively the Iraqi Council of Representatives by offering assistance for capacity-building, and its work through the ad hoc delegation for Iraq in order to promote bilateral relations; resolves, therefore, to assist the further development of the Iraqi Council of Representatives by:

   (a) developing initiatives that strengthen the capacity of elected Iraqi representatives to fulfil their constitutional role in society through good parliamentary practice, effective relations with the executive and constituency outreach;

   (b) increasing the transfer of experience in effective administration, the training of professional staff, the development of a fully functional committee structure and comprehensive rules of procedures, and institutional transparency and accountability;

   (c) providing the expertise in drafting legislation that is essential for the effective implementation of the federal state structure;

3. Instructs its President to forward this recommendation to the Council and, for information, to the Commission and the governments and parliaments of the Member States and the Government and the Council of Representatives of the Republic of Iraq.

EXPLANATORY STATEMENT

Introduction

1. This recommendation of the European Parliament to the Council is about the future of Iraq and the future of the EU's involvement in that country. While the emphasis of this report therefore lies in addressing concrete proposals to the Council on how to improve the situation on the ground in Iraq, any reflection on the EU's involvement in that country cannot avoid the lessons learned from the mistakes of the past.

Iraq since 2003

2. The 2003 invasion of Iraq has been a strategic and humanitarian disaster. Independently of the various justifications used by the US and its allies to go to war in March 2003, the actual outcome has unfortunately disappointed the naively and irresponsibly optimistic pre-war predictions in most, if not all, areas.

3. Strategically, the invasion has endangered Iraqi unity; it has created a vast training ground for terrorist organisations (namely Al Qaeda), on a scale only comparable to Afghanistan in the 1980s and 1990s; it has removed one of the major barriers to Iran's aspirations for regional hegemony; it has served as a source of inspiration for extremist Islamist discourse, and probably practice, on a global scale; and, perhaps above all, it has weakened the ability of democratic movements in the Middle East to promote peaceful, gradual and sustainable political and economic change in their respective countries.

4. On the humanitarian level the outcome of the 2003 invasion is even more questionable. Estimates of casualties vary wildly, from between 77.757 to 84.705[1] civilian casualties, over 100.000 to 150.000[2] of war-related deaths (civilian and non-civilian), including deaths from criminal gangs, to between 392,979 to 942,636 excess Iraqi deaths linked to the 2003 invasion and subsequent occupation, which include casualties due to increased lawlessness, degraded infrastructure and poorer healthcare[3]. At the time of writing 3880 US soldiers have died in Iraq.

5. More important than an exercise in morbid accountability is the acknowledgement that the 2003 war and the subsequent chaos and violence have added a new and thick layer of collective trauma to a society already suffering from the consequences of decades of war, dictatorship and sanctions. While the removal of the Saddam regime is in itself a positive development, it, and other laudable spin-offs of the 2003 invasion – namely in the field of democracy and constitutional order – have to be seen as just parts of an equation that overall has most probably left the Iraqis worse off than they were. The most disturbing proof for this is the degree to which Iraqis are voting with their feet. Out of a total

[1] Numbers from the *Iraqi Body Count* as of December 1, 2007.
[2] Numbers of the Iraqi Health Ministry, November 2006.
[3] Numbers of the latest study by the medical journal *The Lancet*, October 2006.

population of around 27 million, over 2 million Iraqis are IDPs, having left their homes mostly as a result of the ongoing violence and another 2 million have left the country and are now refugees, mostly in neighbouring Jordan and Syria. There are 200.000 Iraqi refugees in Europe. The refugee crisis has caused a considerable brain drain, disproportionately affecting the once prosperous and educated Iraqi middle class. According to UNAMI and other UN agencies, in some hospitals, 80% of medical doctors have left; depending on the region, 30% to 70% of the schools have closed; 70% of the population lack access to adequate water supply and 81% have no access to effective sanitation; chronic child malnutrition stands at 23%. Unemployment is still rampant: according to UNAMI it stands at over 80%, while over half the population lives on less than $1/day.

6. While these numbers have their roots in the long decline of the Iraqi economy since the 1980s due to war, sanctions, dictatorship and mismanagement, post-2003 developments either made a bad situation worse, or have simply failed to address Iraq's most pressing security and developmental challenges.

Europe and Iraq

7. The 2003 war divided Europe. Some Member States of the European Union (EU) took a political decision to support the United States in its decision to rush to war to supposedly defend the world from Saddam's weapons of mass destruction. The unity of the EU on the international stage was one of the casualties of this fateful decision. The legacy of the 2003 disunity has plagued the EU's potential role in the reconstruction of Iraq.

8. The EC has committed around €818 million to Iraqi reconstruction since 2003, in addition to the contributions coming from member states. But the EU has not been successful in substantially improving the situation on the ground. It is true that it has not been the only donor whose contributions for Iraqi reconstruction have produced disappointingly few results. However, this recommendation argues that Europe can do much more and much better, namely by engaging more intensively with Iraqi institutions, and civil society actors by considerably expanding its presence on the ground and by finding more creative ways to use its resources.

9. This recommendation to the Council will follow the same basic approach of the EP's resolution on the **European Union and Iraq – A Framework for Engagement**[1] of 6 July 2005, namely that the EU's role in Iraq has to be guided by the "*need to move on from past events and to look towards the future*" and by the "*moral and political duty*" of the "*international community*" to help the people of Iraq.

10. In this recommendation, UN Security Council resolutions on Iraq provide the overarching framework for the EU's involvement in Iraq. **UNSC Resolution 1770**, which considerably expands the United Nations Assistance Mission for Iraq's (UNAMI) mandate, emphasizes "*the importance of the stability and the security of Iraq for the people of Iraq, the region and the international community*" and it underscores "*the*

[1] P6_TA(2005)0288.

importance of continued regional and international support for Iraq's development".

11. The EU, as a global actor with its own interests and responsibilities, cannot and must not ignore the crisis unfolding in Iraq: the country is vital for regional, global and of course European security. This recommendation is based on the assumption that the EU has at its disposal a host of financial and political resources that can be usefully used to promote the final outcome of a safe, stable, unified, prosperous and democratic Iraq that upholds human rights, protects its minorities and contributes to a more stable Middle East.

The importance of effectiveness, transparency and visibility

12. The European Parliament has on many occasions expressed its dissatisfaction with the use of multilateral trust funds as a way to channel EC funding. These types of funds are not administered by the EU and it is impossible to track the way they are spent on the ground with any kind of precision. In the particular case of Iraq, the use of the International Reconstruction Fund Facility for Iraq (IRFFI) as the main conduit for Community funds has raised concerns in the European Parliament about transparency, effectiveness and visibility. These concerns have been particularly acute about the World Bank Iraq Trust Fund, which is one of the components of the IRFFI. Already in its **2005 resolution on Iraq**[1], the European Parliament expresses its surprise about the fact that "*the funds allocated to reconstruction are being partly administered by the World Bank and not entirely by the United Nations*", and underlines that "*to date, the World Bank Trust has only utilised a minute proportion of the funds set aside.*" The **Opinion of the Foreign Affairs Committee on the draft general budget for the European Union for the financial year 2006 (C6-0000/2005 – 2005/2001 (BUD))**[2] is even more explicit and "*requests… that no further funding be channelled to the World Bank.*"

13. The Commission's inability to provide the European Parliament with data on how European resources are being spent led to the decision to enter 20% of commitment appropriations on budget line 19.10.03 (DCI Middle East) in reserve, in the context of the final adoption of the 2008 Budget. The condition for release of the reserve was that the European Commission "*present to Parliament an exhaustive overview of the use of funds in Iraq (in 2006, 2007 and planned for 2008).*" At the time of writing, the reply of the Commission to this request by Parliament has been considered unsatisfactory.

14. This recommendation reiterates European Parliament demands for more transparency, less use of multilateral trust funds in general, and of the World Bank ITF within the IRFFI in particular, and a greater reliance on bilateral projects, namely with UN agencies. As long as the absorption capacity of the Iraqi administration is limited and as long as the IRFFI fails to provide a sufficient level of transparency and visibility to EU funds, the EU should switch the emphasis of its support to bilateral projects focussed on technical assistance and capacity-building in the fields of rule of law, financial management, democratic governance and human rights. The Commission itself has started to move in this direction, which is a welcome development.

[1] P6_TA(2005)0288.
[2] PE 360.281v02-00.

15. The specific recommendations on the future EU involvement in Iraq are of course contingent on the security circumstances on the ground, which constitute the single most important barrier to a greater European role in that country. In any case, the EU should not fail to follow the United Nations if/when it expands its presence in Iraq - be it in Baghdad or elsewhere. It goes without saying that the question of the presence of US troops on Iraqi soil escapes the purview of this resolution. However, it labours under the assumption that the US will assume its responsibilities for security in Iraq for as long as the Iraqi authorities find it necessary. The only long-term solution for the stabilization of Iraq is an increased multilateralization and gradual demilitarization of the international presence on the ground, led by the UN. It is in this context that the EU can add substantial value.

16. The EU should use all the relevant external action financial instruments at its disposal to support an increased political commitment to the stability and the prosperity of Iraq. Iraq is not a conventional case for development assistance and the preferred approach so far – using mostly the Development and Cooperation Instrument (DCI) – must be changed. The June 2006 Commission Communication on **Recommendations for renewed European Union engagement with Iraq**[1] contains a set of useful guidelines for the future. Its emphasis on (1) the importance of the inclusiveness of the political process and in the government, and (2) the security situation in the country, is welcome. However, for the EU to make a difference, it must use the instruments at its disposal creatively. Apart from an intensified political dialogue with the Iraqi institutions (with a particular emphasis on the Council of Representatives), the Stability Instrument, the European Instrument for Democracy and Human Rights (EIDHR), humanitarian aid and the DCI, but also ESDP measures in the field of DDR and SSR, should all be combined to mutually reinforce each other, in order to help build a safe, stable, unified, prosperous and democratic Iraq that upholds human rights and protects its minorities. Iraq does not lack money. It lacks the stability, the political will, the strong political institutions and the administrative capacity to spend it well. These are areas where the EU can make a difference.

17. One particular area where the EU must invest is human rights. The death penalty, the culture of impunity and the systematic violation of human rights in all areas of Iraqi collective life, must be targeted by the EU's actions in Iraq. The rights of religious and ethnic minorities should rank particularly high in the list of priorities for future EU action in the country. The EIDHR should be substantially mobilized for Iraq, namely with a view to strengthening Iraqi civil society.

18. Finally this recommendation demands transparency from the European Council in what concerns the use of Private Military and Security Companies (PMC/PSCs) by EU staff in Baghdad. The EU lacks clear guidelines for the use of these companies for ESDP operations in particular, but also for their employment by EU institutions abroad more generally. As long as transparency in this area does not radically improve and clear guidelines for the use of PMC/PSCs by EU institutions out side the EU are not created, it will be extremely difficult for the European Parliament to agree to an expansion of the EU's physical presence in Iraq.

[1] COM (2006) 283.

PROPOSAL FOR A RECOMMENDATION TO THE COUNCIL (B6-0328/2007)

pursuant to Rule 114(1) of the Rules of Procedure

by Ana Maria Gomes

on behalf of the PSE Group

on the role of the European Union in Iraq

The European Parliament,

– having regard to Rule 114(1) of its Rules of Procedure,

A. whereas the role of Iraq is vital to the stability of the whole region and of the Middle East at large;

B. whereas there has been violence within and between its communities;

C. whereas no military solution is possible, and even less so one imposed by foreign forces;

D. whereas it is necessary to create a national force for maintaining order that brings together all the communities and is viewed as trustworthy by them;

E. whereas all the political players from every community need to be included in the quest for a lasting solution;

F. whereas it is necessary to continue to relieve the misfortunes of the Iraqi civilian population, and especially those who are displaced or refugees in neighbouring countries;

G. whereas commitments were made at the 'Donors' Conference';

I. whereas the European Parliament has joint responsibility for the European budget;

J. whereas between 2003 and 2006 the European Union granted Iraq EUR 718,5 million in aid;

K. whereas European Union funding has been channelled, without any real European oversight, essentially via the UN and the World Bank, into the 'International Reconstruction Fund Facility for Iraq';

1. Addresses the following recommendations to the Council:

   a) maintain the European Union's contribution to the creation of a unified, stable, democratic, secular state respectful of religious freedoms;

   b) step up efforts to bring the different communities closer together, particularly in the

fields of constitutional reform and power sharing;

c) develop, in close partnership with the UN, the other international players and the Iraqi authorities, a cohesive long-term plan for reform of the security sector based on the principle of democratic responsibility of the armed forces and placing the emphasis on demobilisation of the militias;

d) help Iraq to take advantage of its mineral resources;

e) carry out an independent 'audit' of the utilisation of European funding channelled via the UN and the World Bank.

2. Instructs its President to forward this recommendation to the Council and, for information, to the Commission, and to the Iraqi Government, the Iraqi Council of Representatives, the UN and the World Bank.

5.2.2008

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Foreign Affairs

on a proposal for a European Parliament recommendation to the Council on the European Union's role in Iraq
(2007/2181(INI))

Draftsman: Ignasi Guardans Cambó

SUGGESTIONS

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

Addresses the following recommendations to the Council:

1. Welcome Iraq's observer status in the World Trade Organisation (WTO) as a key step towards the reintegration of Iraq into the international economy which helps to complement positively the negotiations between the EU and Iraq on a Trade and Cooperation Agreement; look forward to its full accession to the WTO at an appropriate time in the future; in the meantime, continued support for capacity building within the country should be guaranteed through financial contributions;

2. Carry out negotiations on the Trade and Cooperation Agreement between the EU and Iraq in a manner that facilitates and encourages internal reforms in Iraq and that brings the Iraqi trade regime closer to multilateral system rules and disciplines;

3. Provide Iraq with assistance in setting up adequate and legitimate institutions which enable its representatives to negotiate the terms of accession, and encourage continual EU assistance for the promotion of adherence to and active participation of Iraq in international organisations, conventions and treaties such as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the International Labour Organisation (ILO), the Kyoto Protocol and the Biodiversity Convention;

4. Focus on the EU's involvement in the development of the International Compact with Iraq (ICI) and on supporting Iraq's reform towards a diversified market economy that responds to the needs and demands of Iraqi society and copes with the requirements and opportunities of sustainable and fair participation in world trade;

5. Take into account the development and socio-economic diversity among Iraq's constitutional regions in the future shaping of trade policy and in contributions to the reconstruction of the country; therefore recommend that support be given primarily to capacity building for micro-, small - and medium-sized enterprises;

6. Concentrate continual EU assistance for the building of capacity as regards Iraqi administrative and economic institutions, in particular with regard to the restructuring of the institutional framework, especially an independent central bank, a stable currency, a tax and budgetary authority and unhampered development of financial markets and call on the private sector to encourage economic market reform and direct foreign investment;

7. Call on the Iraqi authorities to comply with the transparency requirements specified in Article X of GATT 1994, to adopt the necessary legislation and to build up their capacity to implement it in areas such as intellectual property, public procurement, technical barriers to trade, sanitary and phyto-sanitary measures;

8. Call on the Iraqi authorities to ensure transparency and non-discrimination regarding public procurement, in particular to extend most favoured nation treatment to all EU suppliers in respect of procurement by all public authorities, until Iraq accedes to the plurilateral agreement on Government Procurement (GPA);

9. Encourage the Iraqi government to use the revenue from the sale of petroleum in such a way as to ensure that it is reinvested in Iraq and that it is managed by public procurement bodies under the final authority of the Iraqi government; recommend that this approach should be an essential condition for the EU to support the reconstruction and development of the Iraqi economy;

10. Recognise that it is of mutual benefit and strong interest for both the EU and Iraq to guarantee a regulatory and *de facto* fair level playing field among foreign investors in the country;

11. Consider, in light of the need for more sustainable trade patterns that access to energy resources shall be a matter of multilateral rule-setting which shall not be undermined by bilateral trade agreements that compete for the most favourable access conditions;

12. Ensure that the EU's executive institutions and bodies provide complete, regular and transparent information on the actual disbursement and implementation of EU assistance, including those funds to be deployed indirectly through other organisations such as the International Reconstruction Fund Facility for Iraq (IRFFI);

13. Regularly inform Parliament of the stage reached in the negotiations between the EU and Iraq on Trade and Cooperation;

14. Encourage the establishment of regular dialogue between the Commission, the World

Bank, the International Monetary Fund and the European Investment Bank, in order to coordinate the approaches to and initiatives for the restructuring and/or cancellation of the debt and the relevant economic policy requirements in order to enable social, ecological and economic sustainable development in the country in accordance with the preferences expressed by the Iraqi people;

15. Strongly recommend the Commission to establish its own database from 2008 onwards for projects managed under the auspices of the UN and the World Bank or any other international institution and which receive a global financial contribution from the EU general budget for very specific clusters of projects; each project should be identifiable in this database and clearly earmarked by its EU financial contribution;

16. Recommend the Member States and the Commission to move slowly toward the establishment of projects governed and financed by the EU; ask the Commission to provide Parliament with a document setting out a strategy as to how this can be done by May 2008; projects which should remain for some time with the UN and the World Bank should be explained;

17. Recommend the EU to continue to give financial support for programmes which will help to rebuild Iraqi society as a whole;

18. Support the progressive establishment of regional economic co-operation as a valuable first step towards reducing tensions and allowing for the gradual development of political and security co-operation in Iraq;

19. Call on Iraq as well as the Member States to promote good governance, transparency and accountability regarding the exploitation of natural resources, while ensuring that such exploitation does not cause any ecological imbalances and is used mainly for the benefit of the Iraqi people.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.1.2008
Result of final vote	+: 17 –: 4 0: 1
Members present for the final vote	Kader Arif, Francisco Assis, Graham Booth, Carlos Carnero González, Daniel Caspary, Christofer Fjellner, Béla Glattfelder, Ignasi Guardans Cambó, Jacky Hénin, Alain Lipietz, Caroline Lucas, Marusya Ivanova Lyubcheva, Erika Mann, Vural Öger, Georgios Papastamkos, Godelieve Quisthoudt-Rowohl, Peter Šťastný, Gianluca Susta, Daniel Varela Suanzes-Carpegna, Iuliu Winkler, Corien Wortmann-Kool
Substitute(s) present for the final vote	Jean-Pierre Audy, Zbigniew Zaleski
Substitute(s) under Rule 178(2) present for the final vote	

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	27.2.2008
Result of final vote	+: 62 –: 0 0: 2
Members present for the final vote	Monika Beňová, Elmar Brok, Colm Burke, Philip Claeys, Véronique De Keyser, Giorgos Dimitrakopoulos, Michael Gahler, Bronisław Geremek, Maciej Marian Giertych, Ana Maria Gomes, Alfred Gomolka, Klaus Hänsch, Richard Howitt, Jana Hybášková, Anna Ibrisagic, Metin Kazak, Maria Eleni Koppa, Helmut Kuhne, Joost Lagendijk, Vytautas Landsbergis, Johannes Lebech, Emilio Menéndez del Valle, Francisco José Millán Mon, Philippe Morillon, Pasqualina Napoletano, Raimon Obiols i Germà, Vural Öger, Cem Özdemir, Justas Vincas Paleckis, Ioan Mircea Paşcu, Alojz Peterle, Hubert Pirker, Samuli Pohjamo, Bernd Posselt, Michel Rocard, Raül Romeva i Rueda, Libor Rouček, José Ignacio Salafranca Sánchez-Neyra, Jacek Saryusz-Wolski, György Schöpflin, Hannes Swoboda, Charles Tannock, Geoffrey Van Orden, Ari Vatanen, Kristian Vigenin, Zbigniew Zaleski, Josef Zieleniec
Substitute(s) present for the final vote	Mariela Velichkova Baeva, Cristian Silviu Buşoi, Giulietto Chiesa, Andrew Duff, Árpád Duka-Zólyomi, David Hammerstein, Tunne Kelam, Evgeni Kirilov, Jaromír Kohlíček, Peter Liese, Erik Meijer, Nickolay Mladenov, Borut Pahor, Józef Pinior, Antolín Sánchez Presedo, Inger Segelström
Substitute(s) under Rule 178(2) present for the final vote	Renate Weber