

EUROPEAN PARLIAMENT

2004



2009

Committee on Budgets

2004/0156(COD)

16.6.2005

OPINION

of the Committee on Budgets

for the Committee on Industry, Research and Energy

on the proposal for a European Parliament and Council regulation on the implementation of the deployment and commercial operating phases of the European programme of satellite radionavigation
(COM(2004)0477 – C6-0087/2005 – 2004/0156(COD))

Draftsman: Janusz Lewandowski

PA_Leg

SHORT JUSTIFICATION

At its meeting of 23-24 May 2005, the Committee on Budgets examined the proposal for a regulation of the European Parliament and the Council on the implementation of the deployment and commercial operating phases of the European programme of satellite radio-navigation for an amount of EUR 1 billion between 1st January 2007 to 31 December 2013.

As to the compatibility of the proposal with the next Financial Perspectives (Rule 36, paragraph 2 of Parliament's Rules of Procedure), the committee on Budgets reminds that the Temporary Committee on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013 in its Report from 13 May 2005 stresses under point 54:

"...in anticipation of the entry into force of the relevant provisions of the Constitutional Treaty, where the Space Programme has its own legal base (Art. III-254), this should be treated as a separate policy area with its own clearly defined legal basis and be endowed with adequate financial resources and appropriate financial instruments to support space related research activities as well as the development and operation of infrastructures of Galileo and GMES, and EU access to space; believes that particular rules shall be introduced into the Framework Programme to enable the implementation of these specific activities."

As to the content of the proposal, the committee on Budgets notes that the Galileo project will be realized through a Public-Private-Partnership (PPP) with a private concessionaire as beneficiary, working under the control of a new Supervisory Authority. This Public-Private-Partnership means a share of enormous costs but also of considerable market risks.

As the Commission points out in its Green Paper COM(2004)0327 on "Public Private Partnerships and Community Law on Public Contracts and Concessions", a characterizing element of a PPP is normally "the distribution of risks between the public partner and the private partner, to whom the risks generally borne by the public sector are transferred. However, a PPP does not necessarily mean that the private partner assumes all the risks..." (point 1.1.2. of the Green Paper).

However, in the case of Galileo it seems to be the other way round: as the contributions constitute subsidies, the European Communities are burdening the risk whereas possible economic benefits in the case of a market success of Galileo will be only for the private partner. An alternative financial mechanism could therefore have been foreseen to reimburse the public funding or under the 7th Framework Programme or under the proposed regulation in the case of an economic success (benefits for the concessionaire).

AMENDMENTS

The Committee on Budgets calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Draft legislative resolution

Amendment 1

- 1a.** *Points out that the appropriations indicated in the legislative proposal beyond 2006 are subject to the decision on the next multi-annual financial framework;*
- 1b.** *Calls on the Commission, once the next multi-annual financial framework is adopted, to present, if appropriate a proposal to adjust the financial reference amount of the programme.*

Justification

The reference amount for the financial framework is indicative until a decision has been reached on the Financial Perspective. Once a decision is reached, the Commission shall present a legislative proposal to set the reference amount with the respect to the appropriate ceiling of the financial framework concerned.

Proposal for a regulation

Text proposed by the Commission

Amendments by Parliament

Amendment 2 Article 3, paragraph 1

The financial **amount necessary** for the implementation of **the actions foreseen in article 2 of this Regulation for the period** from 1st January 2007 to 31 December 2013 is [1 billion €].

The **indicative financial framework** for implementation of **this instrument is set at EUR** [1 billion €] **for the period of 7 years as** from 1st January 2007.

Justification

The reference amount for the financial framework is indicative until a decision has been reached on the Financial Perspective. Once a decision is reached, the Commission shall present a legislative proposal to set the reference amount with the respect to the appropriate ceiling of the financial framework concerned (see amendment to the legislative resolution).

Amendment 3
Article 4, paragraph 2

Operational credits necessary for the financing of the Community contribution are being granted to the GALILEO Supervisory Authority, through an agreement, in accordance with the requirements of article 2, point e) of Regulation (CE) n°/2004.

Operational credits necessary for the financing of the Community contribution are being granted to the GALILEO Supervisory Authority, through an agreement, in accordance with the requirements of article 2, point e) of Regulation (CE) n° 1321/2004. ***The budgetary authority will be informed on the draft agreement before it is initialled.***

Justification

It is normal that the budgetary authority is being informed at an early stage on an agreement on a grant having a budgetary implication of this quantity.

Amendment 4
Article 4, paragraph 3

The amount of each annual subsidy is ***determined on the basis of the work programme of the*** Supervisory Authority approved by its Administrative Board, ***in accordance with the procedure foreseen in article 6 of Regulation (CE) n°/2004.***

The amount of each annual subsidy is ***decided within the EU budgetary procedure taking into account the work programme of the*** Supervisory Authority approved by its Administrative Board ***and within the limits of the Financial perspective.***

Justification

It should be made very clear that the annual amount is being allocated not on the basis of a "work programme" of the Supervisory Authority but on the basis of the procedure foreseen in the Treaties, i.e. the annual Community budgetary procedure.

Amendment 5
Article 6

The Commission will ensure the implementation of the present Regulation and report ***regularly*** to the European Parliament and the Council.

Every year, at the moment of the presentation of the Preliminary draft budget, the Commission will present a report to European Parliament and Council on the implementation of the programme.

Justification

Clarification concerning the annuality of the reporting requirement.

PROCEDURE

Title	proposal for a European Parliament and Council regulation on the implementation of the deployment and commercial operating phases of the European programme of satellite radionavigation
References	COM(2004)0477 – C6-0087/2004 – 2004/0156(COD)
Committee responsible	ITRE
Committee asked for its opinion Date announced in plenary	BUDG 16.11.2004
Enhanced cooperation	Yes
Draftsman Date appointed	Janusz Lewandowski 26.10.2004
Discussed in committee	15.6.2005
Date amendments adopted	15.6.2005
Result of final vote	for: 13 against: abstentions:
Members present for the final vote	Gérard Deprez, Bárbara Dührkop Dührkop, Ingeborg Gräßle, Louis Grech, Nathalie Griesbeck, Anne Elisabet Jensen, Sergej Kozlík, Janusz Lewandowski, Vladimír Maňka, Jan Mulder, Wojciech Roszkowski, Nina Škottová, Helga Trüpel
Substitutes present for the final vote	
Substitutes under Rule 178(2) present for the final vote	