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*Committee on Budgets*

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**2010/2238(BUD)**

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## **DRAFT REPORT**

on Council's position on Draft amending budget No 9/2010 of the European Union for the financial year 2010, Section III – Commission (0000/2010 – C7-0000/2010 – 2010/2238(BUD))

Committee on Budgets

Rapporteur: László Surján

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on Council's position on Draft amending budget No 9/2010 of the European Union for the financial year 2010, Section III – Commission (0000/2010 – C7-0000/2010 – 2010/2238(BUD))**

*The European Parliament,*

- having regard to the Treaty on the Functioning of the European Union and in particular Article 314 thereof and to the Treaty establishing the European Atomic Energy Community in particular Article 106a thereof,
  - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>, and particularly Articles 37 and 38 thereof,
  - having regard to the general budget of the European Union for the financial year 2010, as finally adopted on 17 December 2009<sup>2</sup>,
  - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>3</sup>,
  - having regard to Draft amending budget No 9/2010 of the European Union for the financial year 2010, which the Commission presented on 13 October 2010 (COM(2010)0577),
  - having regard to Council's position on Draft amending budget No 9/2010, which the Council established on 2010 (0000/2010 – C7-0000/2010),
  - having regard to Rules 75b and 75e of its Rules of Procedure,
  - having regard to the report of the Committee on Budgets (A7-0000/2010),
- A. whereas Draft amending budget No 9/2010 to the general budget 2010 covers the following items:
- mobilisation of the EU Solidarity Fund for an amount of EUR 66,9 million in commitment and payment appropriations relating to the effects of landslides and severe flooding on Madeira island – Portugal and the effects of Storm Xynthia in France,
  - a corresponding reduction in payment appropriations of EUR 66,9 million from line 06 04 14 03 — Energy projects to aid economic recovery — European Offshore wind grid system,

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.

<sup>2</sup> OJ L 64, 12.3.2010.

<sup>3</sup> OJ C 139, 14.6.2006, p. 1.

- B. whereas the purpose of Draft amending budget No 9/2010 is to formally enter this budgetary adjustment into the 2010 budget,
1. Takes note of Draft amending budget No 9/2010;
  2. Approves the Council's position on Draft amending budget No 9/2010 unamended and instructs its President to declare that Amending budget No x/2010 has been definitively adopted and to arrange for its publication in the *Official Journal of the European Union*;
  3. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

According to Article 37(1) of the Financial Regulation, the Commission may present draft amending budgets if there are "unavoidable, exceptional or unforeseen circumstances".

Concerning the different points of Draft amending budget No 9/2010, your rapporteur has the following comments:

### 1. Mobilisation of the EU Solidarity Fund

The Commission proposes to mobilise the European Union Solidarity Fund in favour of Portugal and France on the basis of point 26 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management (IIA). The IIA allows the mobilisation of the Solidarity Fund within the annual ceiling of EUR 1 billion.

The conditions of the eligibility to the Fund are detailed here and as well as in Council Regulation n° 2012/2002<sup>1</sup> establishing the EUSF. It is important to note that the objective of the Fund is not the compensation for private damage but to repair infrastructure and it is a tool of refinancing.

In 2010 so far only one proposal to mobilise the Solidarity Fund has been submitted by the Commission, a proposal from 24 September 2010 to mobilise EUR 13,02 million after severe flooding in Ireland in November 2009 (COM(2010)0534).

**The Portuguese authorities** estimated the total direct damage at EUR 1.080 billion. This amount represents 0,68 % of Portugal's gross national income. As the estimated total direct damage exceeds the threshold of 0,6 % of GNI applicable to Portugal for mobilising the Solidarity Fund the disaster qualifies as a "major natural disaster" according to the Regulation (EC) No 2012/2002 setting out the conditions for mobilising the Solidarity Fund and falls thus within the main field of application of the regulation.

**The French authorities** estimate the total direct damage caused by the disaster at EUR 1 425,43 million. This amount represents 41,12 % of the normal threshold for mobilising the Solidarity Fund applicable to France in 2010 of EUR 3 466,57 million (i.e. EUR 3 billion in 2002 prices). As in this case the total damage remains below the normal threshold the application was examined by the Commission on the basis of the so-called "extraordinary regional disaster" criterion laid down in Article 2(2), final subparagraph, of Regulation (EC) No 2012/2002. Under this criterion, a region can exceptionally benefit from assistance from the Fund where that region has been affected by an extraordinary disaster, mainly a natural one, affecting the major part of its population, with serious and lasting repercussions on living conditions and the economic stability of the region.

The mobilisation decision is subject of a parallel draft report which recommends to approve the decision. This draft amending budget follows the basic decision according point 26 of the Interinstitutional Agreement of 17 May 2006.

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<sup>1</sup> Council Regulation (EC) No. 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund OJ L 311, 14.11.2002, p. 3-8.

## 2. Financing

After verifying that both applications comply with the eligibility criteria of Regulation (EC) No 2012/2002 the Commission proposed to mobilise the Solidarity Fund for an amount of **EUR 31 255 790** for Portugal (Madeira flooding) and **EUR 35 635 750** for France (Storm Xynthia) resulting in a total amount of **EUR 66 891 540** out of the ceiling of EUR 1 000 million in commitment and payment appropriations. It is proposed to redeploy the corresponding payment appropriations from the budget line 06 04 14 03: Energy projects to aid economic recovery — European Offshore wind grid system.

This amount of compensation will leave at least 92 % of the European Union Solidarity Fund available for allocation during the rest of the year.

Consequently, in DAB No 9/2010 the Commission made the following proposal:

### *Figures - Solidarity Fund*

Article Item	Heading	FF	Budget 2010		Amending budget No. 9		New amount	
			CA	PA	CA	PA	CA	PA
13 06	Solidarity Fund							
13 06 01	European Union Solidarity Fund — Member States	3.2	13 022 500	13 022 500	66 891 540	66 891 540	79 914 040	79 914 040
	<b>Article 13 06 01</b>		<b>13 022 500</b>	<b>13 022 500</b>	<b>66 891 540</b>	<b>66 891 540</b>	<b>79 914 040</b>	<b>79 914 040</b>

The European Commission has proposed a corresponding reduction in payment appropriations from the budget line 06 04 14 03: Energy projects to aid economic recovery — European Offshore wind grid system.

Title Chapter Article Item	Heading	FF	Budget 2010 <a href="http://www.faz.net/s/Rub6F18BAF415B6420887CBE496F217FEA/Doc~E3197FD1D61134AFB803177738920E9B1~ATpl~Ecommon~Scontent.html">http://www.faz.net/s/Rub6F18BAF415B6420887CBE496F217FEA/Doc~E3197FD1D61134AFB803177738920E9B1~ATpl~Ecommon~Scontent.html</a>		Draft amending budget No. 9/2010		New amount	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
06 04 06 04 14 03	Conventional and renewable energies Energy projects to aid economic recovery — European offshore wind grid system	1.1	280 900 000	253 583 000		-66 891 540	280 900 000	186 691 460

The rapporteur proposes therefore to accept the proposed Draft Amending Budget 9/2010.