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**A5-0341/2002**

8 October 2002

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## **REPORT**

on the proposal for a Council regulation establishing the European Union  
Solidarity Fund

(COM(2002) 514 – C5-0441/2002 – 2002/0228(CNS))

Committee on Regional Policy, Transport and Tourism

Rapporteur: Rolf Berend

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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## PROCEDURAL PAGE

By letter of 25 September 2002 the Council consulted Parliament, pursuant to Article 159, third paragraph, and Article 308 of the EC Treaty, on the proposal for a Council regulation establishing the European Union Solidarity Fund (COM(2002) 514 - 2002/0228 (CNS)).

At the sitting of 26 September 2002 the President of Parliament announced that he had referred this proposal to the Committee on Regional Policy, Transport and Tourism as the committee responsible and the Committee on Budgets for its opinion (C5-0441/2002).

The Committee on Regional Policy, Transport and Tourism appointed Rolf Berend rapporteur at its meeting of 7 October 2002.

It considered the Commission proposal and draft report at its meeting of 7/8 October 2002.

At that meeting it adopted the draft legislative resolution by 50 votes to 0, with 3 abstentions.

The following were present for the vote: Luciano Caveri, chairman; Rijk van Dam, Gilles Savary and Helmuth Markov, vice-chairmen; Rolf Berend, rapporteur; Sylviane H. Ainardi, Emmanouil Bakopoulos, Carlos Bautista Ojeda (for Camilo Nogueira Román), Felipe Camisón Asensio, Luigi Cocilovo, Jan Dhaene, Den Dover (for Jacqueline Foster), Garrelt Duin, Alain Esclopé, Giovanni Claudio Fava, Mathieu J.H. Grosch, Catherine Guy-Quint (for John Hume), Konstantinos Hatzidakis, Ewa Hedkvist Petersen, Juan de Dios Izquierdo Collado, Georg Jarzembowski, Elisabeth Jeggle (for James Nicholson), Karsten Knolle (for Philip Charles Bradbourn), Dieter-Lebrecht Koch, Giorgio Lisi, Emmanouil Mastorakis, Erik Meijer, Rosa Miguélez Ramos, Jan Mulder (for Isidoro Sánchez García pursuant to Rule 153(2)), Francesco Musotto, Josu Ortuondo Larrea, Wilhelm Ernst Piecyk, Samuli Pohjamo, Bernard Poignant, Adriana Poli Bortone, José Javier Pomés Ruiz, Alonso José Puerta, Reinhard Rack, Encarnación Redondo Jiménez (for Christine de Veyrac pursuant to Rule 153(2)), Giacomo Santini (for Sérgio Marques pursuant to Rule 153(2)), Ingo Schmitt, Elisabeth Schroedter (for Nelly Maes), Brian Simpson, Dirk Sterckx, Ulrich Stockmann, Margie Sudre, Hannes Swoboda (for Danielle Darras), Joaquim Vairinhos, Ari Vatanen, Herman Vermeer, Christian Ulrik von Boetticher (for Renate Sommer), Mark Francis Watts and Brigitte Wenzel-Perillo (for Karla M.H. Peijs).

The opinion of the Committee on Budgets is attached.

The report was tabled on 8 October 2002.

## **DRAFT LEGISLATIVE RESOLUTION**

**European Parliament legislative resolution on the proposal for a Council regulation establishing the European Union Solidarity Fund (COM(2002) 514 – C5-0441/2002 – 2002/0228(CNS))**

### **(Consultation procedure)**

*The European Parliament,*

- having regard to the Commission proposal to the Council (COM(2002) 514<sup>1</sup>),
  - having been consulted by the Council pursuant to Article 159, third paragraph, of the EC Treaty (C5-0441/2002),
  - having regard to Rule 67 of its Rules of Procedure,
  - having regard to the report of the Committee on Regional Policy, Transport and Tourism and the opinion of the Committee on Budgets (A5-0341/2002),
1. Approves the Commission proposal, subject to Parliament's amendments;
  2. Calls on the Council to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
  3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  4. Asks to be consulted again should the Council intend to amend the Commission proposal substantially;
  5. Instructs its President to forward its position to the Council and Commission.

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<sup>1</sup> OJ C Not yet published.

Amendment 1  
Recital 1

(1) In the event of major ***natural, technological or environmental*** disasters, the Community must show its solidarity with people in the regions concerned by providing financial assistance to contribute to a rapid return to normal living conditions in the disaster-stricken regions.

(1) In the event of major disasters, the Community must show its solidarity with people in the regions concerned by providing financial assistance to contribute to a rapid return to normal living conditions in the disaster-stricken regions.

*Justification*

*Confining action to natural, technological or environmental disasters could cause problems in determining the scope of the regulation in the event of a disaster and thereby complicate its implementation.*

Amendment 2  
Recital 1a (new)

***(1a) In its resolution of 3 October 2001, on the accident at the AZF factory in Toulouse, the European Parliament called, by a large majority of its Members, for the emergency budget line enabling European Union financial aid in the event of natural, technological and environmental disasters to be reinstated.***

*Justification*

Amendment 3  
Recital 2

(2) Existing economic and social cohesion instruments are able to finance risk-prevention measures and the repair of damaged infrastructure. However, provision should also be made for an instrument which enables the Community to act swiftly and efficiently to help, as quickly as possible, in mobilising emergency services to meet people's immediate needs and contribute to the short-term restoration of damaged key infrastructure so that economic activity can resume in regions hit by a major disaster.

(2) Existing economic and social cohesion instruments are able to finance risk-prevention measures and the repair of damaged infrastructure. However, provision should also be made for an **additional** instrument, **to be distinguished from existing Community instruments**, which enables the Community to act swiftly and efficiently to help, as quickly as possible, in mobilising emergency services to meet people's immediate needs and contribute to the short-term restoration of damaged key infrastructure so that economic activity can resume in regions hit by a major disaster.

*Justification*

*The purpose of the Solidarity Fund is to make it possible for emergency financial assistance to be made available in the event of a disaster. The Solidarity Fund is thus fundamentally different from the Structural Funds and other existing Community instruments. To prevent duplication, this amendment again draws attention specifically to that distinction.*

Amendment 4  
Recital 4

(4) Community aid should be complementary to the efforts of the countries concerned and be used to cover a share of the public expenditure committed to dealing with the damage caused by a major disaster.

(4) Community aid should be complementary to the efforts of the countries concerned and be used to cover a share of the public expenditure committed to dealing with the damage caused by a major disaster.  
***In fixing the amount of assistance, any insurance claims that may arise should not be taken into account, since processing and estimating all insurance claims would not be possible at short notice;***

*Justification*

*EU concern to avoid duplicate payment is met by the obligation on the recipient Member State to justify expenditure (Article 8, second paragraph).*

Amendment 5  
Recital 5

(5) In line with the principle of subsidiarity, assistance under this instrument should be confined to major ***natural, technological and environmental*** disasters with serious repercussions on living conditions, the natural environment or the economy.

(5) In line with the principle of subsidiarity, assistance under this instrument should be confined to major disasters with serious repercussions on living conditions, the natural environment or the economy.

*Justification*

*To avoid a restriction of the European Union Solidarity Fund to these three types of disaster.*



Amendment 6  
Recital 6

(6) A major disaster within the meaning of this Regulation shall mean any disaster, in at least one of the states concerned, resulting in important damage expressed in financial terms or as a percentage of the GDP. In order to permit interventions in the case of disasters that, while important do not reach the minimum scale required, and under very exceptional circumstances, assistance can also be granted whenever a substantial part of the population of the region or the state concerned is affected by a disaster.

(6) A major disaster within the meaning of this Regulation shall mean any disaster, in at least one of the states ***or regions*** concerned, resulting in important damage expressed in financial terms or as a percentage of the GDP. In order to permit interventions in the case of disasters that, while important do not reach the minimum scale required, and under very exceptional circumstances, assistance can also be granted whenever a substantial part of the population of the region or the state concerned is affected by a disaster.

*Justification*

Amendment 7  
Recital 7

(7) Community action should not relieve third parties of responsibility or discourage preventive measures.

(7) Community action should not relieve third parties, ***who, under the 'polluter-pays' principle, are liable in the first instance for damage caused by them,*** of responsibility, or discourage preventive measures, ***at both Member State and Community level.***

*Justification*

*It should be more clearly specified than proposed by the Commission that third parties will, on the strength of the 'polluter-pays' principle, be required to pay compensation for damage caused by them, and that the Solidarity Fund does not exempt them from liability, including financial liability. It should similarly be made clear that, independently of the existence and scope of the fund, the Member States and the EU will be expected to step up their preventive measures.*

Amendment 8  
Recital 8

(8) This instrument should allow a rapid decision to be taken to commit specific financial resources and mobilise them as quickly as possible.

(8) This instrument should allow a rapid decision to be taken to commit specific financial resources and mobilise them as quickly as possible. ***Administrative procedures should be adjusted accordingly, and confined to the minimum absolutely necessary.***

*Justification*

*For the purpose of implementing assistance operations, in accordance with Article 5 of the proposal for a regulation, individual agreements are to be concluded between the Commission and the Member State concerned. The arrangements for doing this are as yet still unspecified. On no account should they include new bureaucratic obstructions. The emphasis must be placed on emergency assistance. For such emergency assistance to be provided successfully, it will be necessary for administrative operations to be adjusted accordingly and confined to the absolute minimum necessary, since Article 5 states unambiguously that responsibility lies with the beneficiary states.*

Amendment 9  
Recital 11

(11) An operation funded by this instrument should not benefit for the same purpose from assistance under Council Regulation (EC) No 1164/94 of 16 May 1994 establishing a Cohesion Fund, Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF), Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to the Republic of Hungary and the Polish People's Republic, Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing an Instrument for Structural Policies for Pre-accession, Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the

(11) An operation funded by this instrument should not benefit for the same purpose from assistance under Council Regulation (EC) No 1164/94 of 16 May 1994 establishing a Cohesion Fund, Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF), Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to the Republic of Hungary and the Polish People's Republic, Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing an Instrument for Structural Policies for Pre-accession, Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the

applicant countries of central and eastern Europe in the pre-accession period, Commission Regulation (EC) No 2760/98 of 18 December 1998 concerning the implementation of a programme for cross-border cooperation in the framework of the PHARE programme or Council Regulation (EC) No 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No 3906/89

applicant countries of central and eastern Europe in the pre-accession period, Commission Regulation (EC) No 2760/98 of 18 December 1998 concerning the implementation of a programme for cross-border cooperation in the framework of the PHARE programme or Council Regulation (EC) No 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No 3906/89. ***That should not, however, apply to the reinstatement of projects that had originally been financed and co-financed under those regulations.***

#### *Justification*

*Clarification that projects originally assisted from EU Funds following disasters can be reinstated by way of Solidarity Fund financing.*

#### Amendment 10 Article 2, paragraph 1

1. At the request of a Member State or country involved in accession negotiations with the European Union, hereinafter referred to as “beneficiary state”, assistance from the Fund may be mobilised when a major ***natural, technological or environmental*** disaster with serious repercussions on living conditions, the natural environment or the economy in one or more regions or one or more countries occurs on the territory of that state.

1. At the request of a Member State or country involved in accession negotiations with the European Union, hereinafter referred to as “beneficiary state”, assistance from the Fund may be mobilised when a major disaster with serious repercussions on living conditions, the natural environment or the economy in one or more regions or one or more countries occurs on the territory of that state.

#### *Justification*

*Confining action to natural, technological or environmental disasters could cause problems in determining the scope of the regulation in the event of a disaster and thereby complicate its implementation.*

Amendment 11  
Article 2, paragraph 2, first subparagraph

2. A major disaster within the meaning of this Regulation shall mean any disaster resulting, in at least one of the states concerned, in damage estimated at over EUR 1 billion, in 2002 prices, or more than 0.5% of its GDP.

2. A major disaster within the meaning of this Regulation shall mean any disaster resulting, in at least one of the states concerned, in damage estimated *either* at over EUR 1 billion, in 2002 prices, or more than 0.5% of its GDP.

*Justification*

*Clarification of either-or criteria.*

Amendment 12  
Article 2, paragraph 2, subparagraph 2

Under **very** exceptional circumstances, *can be included* any disaster affecting a substantial part of the population of the **region or state** concerned.

**However**, under exceptional circumstances, **even when the quantitative criteria of the previous subparagraph are not met**, any disaster affecting a substantial part of the population of the **specific zones** concerned *can be included*.

*Justification*

*Paragraph 2, subparagraph 1, sets the purely financial criteria. It must be clear that this indent is an exception to the previous one. Indeed, when a substantial part of the population of a region or of a state is affected, or when it is considered that a probable delay would cause irreparable damage to cultural heritage monuments, quick action is needed, which the affected state is probably not in a position to provide immediately.*

*This wording seems clearer, thus including zones such as the outermost islands and regions that are not geographically contiguous.*

Amendment 13  
Article 3, paragraph 3

3. The aim of the Fund is to help the beneficiary state to carry out the following essential measures, depending on the type of disaster:

- immediate restoration to working order of infrastructure and plant in the fields of energy, water and waste water, telecommunications, transport, health and education;
- providing temporary accommodation and funding rescue services to meet the immediate needs of the people concerned;
- immediate securing of preventive infrastructures and measures of immediate protection of the cultural heritage;
- cleaning up of disaster-stricken natural zones.

3. The aim of the Fund is to help the beneficiary state to carry out the following essential measures, depending on the type of disaster:

- immediate restoration to working order of **buildings**, infrastructure and plant in the fields of energy, water and waste water, telecommunications, transport, health and education;
- providing temporary accommodation and funding rescue services to meet the immediate needs of the people concerned;
- immediate securing of preventive infrastructures and measures of immediate protection of the cultural heritage;
- **immediate** cleaning up of disaster-stricken natural zones.

*Justification*

*Restoration of buildings is one of the first priorities.*

*It is important that the fund should concentrate on immediate costs during the initial stage. Actual reconstruction does not form part of the fund's remit.*

*Cleaning-up operations in cities, industrial installations and residential areas has a high priority as an emergency measure.*

Amendment 14  
Article 4, paragraph 1

1. As soon as possible and no later than **two** months after the first damage caused by the disaster, a state may submit an application for assistance from the Fund to the Commission taking account of, among other factors:

(a) the **scale of** the disaster;

1. As soon as possible and no later than **three** months after the first damage caused by the disaster, a state may submit an application for assistance from the Fund to the Commission taking account of, among other factors:

(a) the **total damage caused by** the disaster;

(b) the estimated cost of the operations referred to in Article 3;

(c) any other sources of Community and national funding, ***including private funding***, which might contribute to the costs of repairing the damage.

(b) the estimated cost of the operations referred to in Article 3;

(c) any other sources of Community and national funding which might contribute to the costs of repairing the damage.

### *Justification*

*Given the extent of disasters and the time taken to process applications for compensation, the deadlines specified appear too short. They should be increased to three months.*

*The application for assistance should refer clearly and unambiguously to the criteria applicable for a claim on the Fund. The fundamental criterion is the extent of the total damage caused.*

*The criteria for fixing the amount of assistance should be specified in a verifiable manner consistent with the nature of emergency aid. Estimates based on existing claims on private funding that might compensate for damage caused should not be included in this connection for the following reasons:*

- EU concern to avoid duplicate payment at all costs is met by the obligation to justify expenditure;*
- processing and estimating all existing insurance claims and, where applicable, the expected level of contributions, would not be materially possible, and would, in any event, be too costly an exercise, not least in the aftermath of a disaster.*

### Amendment 15 Article 4, paragraph 2

2. On the basis of this information, and any clarifications to be provided by the state concerned, the Commission shall determine the amount of any possible grant as quickly as possible within the limits of the financial resources available. However, this grant must leave available 25% of the annual amount allocated to the Fund up to 1 October each year.

2. On the basis of this information, and any clarifications to be provided by the state concerned, the Commission shall determine the amount of any possible grant as quickly as possible within the limits of the financial resources available. However, this grant must leave available 25% of the annual amount allocated to the Fund up to 1 October each year ***according to the provisions established in the Interinstitutional Agreement of 6 May 1999 as modified on ... (date).***

### *Justification*

*The provisions of the present Council regulation have to be in accordance with the provisions agreed in the modification of the Interinstitutional Agreement concerning the financing of the European Union Solidarity Fund.*

### Amendment 16 Article 4, paragraph 3

3. The Commission shall submit to the budgetary authority the proposals needed to mobilise the corresponding appropriations. Once the appropriations are available, the Commission shall adopt a grant decision and shall pay that grant ***immediately and in a single instalment*** to the beneficiary state ***upon*** signature of the agreement referred to in Article 5.

3. The Commission shall submit to the budgetary authority the proposals needed to mobilise the corresponding appropriations, ***according to the procedures established in the Interinstitutional Agreement of 6 May 1999 as modified on ... (date)***. Once the appropriations are available, the Commission shall adopt a grant decision and shall pay that grant in ***two instalments***. ***The first instalment, not exceeding 50% of the total amount, shall be paid to the beneficiary state immediately after the decision of the Commission; the second instalment shall be paid only after the signature of the agreement referred to in Article 5.***

### *Justification*

*The provisions of the present Council regulation have to be in accordance with the provisions agreed in the modification of the Interinstitutional Agreement concerning the financing of the European Union Solidarity Fund. It should also be guaranteed that a substantial part of the grant can be paid immediately after the disaster without unnecessary bureaucratic obstacles.*

Amendment 17  
Article 5, paragraph 1

In conformity with the specific constitutional, institutional, legal or financial provisions of the beneficiary state and of the Community, the Commission and the beneficiary state, and, **where appropriate**, the regional or local authorities, shall conclude an agreement to implement the decision to grant financial assistance. That agreement shall describe in particular the type and location of operations to be financed by the Fund.

In conformity with the specific constitutional, institutional, legal or financial provisions of the beneficiary state and of the Community, the Commission and the beneficiary state and, **possibly**, the regional or local authorities, shall conclude an agreement to implement the decision to grant financial assistance. That agreement shall describe in particular the type and location of operations to be financed by the Fund, **as well as the measures to be taken to prevent, to the extent possible, a similar event from taking place in future.**

*Justification*

*For practical reasons the interlocutor must be the central government, which is the one to decide what should be the regions' role and support. We should not forget that these are funds supplementing those from the state as a whole.*

*The agreement must include preventive measures such as river basin restoration.*

Amendment 18  
Article 8, subparagraph 4

4. Where the cost of repairing the damage is subsequently met by a third party, the Commission shall require the beneficiary state to reimburse a corresponding amount of the grant.

4. Where the cost of repairing the damage is subsequently met by a third party, **within the period set by Article 8 paragraph 1**, the Commission shall require the beneficiary state to reimburse a corresponding amount of the grant, **in such a case that the amount subsequently met by a third party was not anticipated by the beneficiary state or the Commission, according to the provisions of Article 4 paragraphs 1 and 2.**

*Justification*

*The Commission sets the amount of the grant based on the figures provided by the beneficiary state, which also takes into consideration all funding sources. A reimbursement of the whole or part of the grant is justified only in case of an additional subsequent grant by a third party, which was not anticipated, and within the period set by Article 8 paragraph 1.*



Amendment 19  
Article 10

In exceptional circumstances, having regard to the specific nature or intensity of a disaster and the financial resources available, notwithstanding Article 3(1) the Commission may, within one year of the grant decision, provide a supplementary grant at the request of the beneficiary state. This request is supported by new elements, notably a significantly higher valuation of the damages incurred. The supplementary grant shall be awarded on the same terms as the initial grant.

In exceptional circumstances, having regard to the specific nature or intensity of a disaster and the financial resources available, notwithstanding Article 3(1) the Commission may, ***according to the procedures established in the Interinstitutional Agreement of 6 May 1999 as modified on ... (date) propose to the budgetary authority***, within one year of the grant decision, ***to*** provide a supplementary grant at the request of the beneficiary state. This request is supported by new elements, notably a significantly higher valuation of the damages incurred. The supplementary grant shall be awarded on the same terms as the initial grant.

*Justification*

*The provisions of the present Council regulation have to be in accordance with the provisions agreed in the modification of the Interinstitutional Agreement concerning the financing of the European Union Solidarity Fund.*

## **EXPLANATORY STATEMENT**

### **Background and rationale**

The scale of this August's disastrous flooding in Central Europe was alarming: many died; there was also a vast amount of damage, with entire areas devastated, homes destroyed and serious damage, in some cases, to farmland and historic monuments.

The extent of the destruction gave rise to dismay across Europe. There were soon specific calls that it should be possible at EU level, too, to help the countries affected to cope with the host of problems they faced. Since an EU support fund was discontinued in 1998, however, there have been no suitable Community-level instruments to do so. Looking ahead, also to possible natural disasters on a similar scale in the future, the Commission, Parliament and the Council voiced their determination to put things right as quickly as possible. The Commission has now submitted a proposal to establish a European Union Solidarity Fund.

### **Commission proposal**

This proposal for a Council regulation is intended to establish the legal basis needed for making use of the fund and lay down details concerning how the financial assistance will be implemented and accounted for.

Both Member States and countries involved in accession negotiations with the European Union would be eligible to apply, provided that they had been hit by a 'major natural, technological or environmental disaster'. A 'major disaster' is defined as a disaster causing damage, in the country concerned, amounting to more than EUR 1 bn or more than 0.5% of its GDP. In exceptional cases, an application for monies from the fund could be made where a substantial part of the population of the region or state concerned was affected. The aim of the fund, unlike existing Community instruments, is to provide short-term assistance to meet the most pressing and acute needs, e.g. for quick rebuilding of infrastructure which has been destroyed.

Under the fund, there is provision for applications for one-off financial assistance to be made to the Commission as soon as possible, but no later than two months, after the first damage has occurred. Assistance, after the Commission had set the level, would have to be called down within two years of notification of the grant decision. When the level of financial assistance was set, account would have to be taken of the scale of the disaster, the estimated cost and any other sources of funding. The draft regulation provides for the Commission and the beneficiary state - and, where appropriate, regional and local authorities - to conclude an agreement to implement the decision to grant assistance. Selecting individual projects and implementing the financial assistance would be the responsibility of beneficiary states. Upon request, in exceptional circumstances, the Commission would be able to propose an additional grant if the initial allocation proved insufficient in the light of the seriousness of the damage. Beneficiary states would have to submit a final report to the Commission on utilisation of the financial assistance, while the Commission would have to submit a report each year to Parliament and the Council on the use made of the fund.

## **Negotiations between the institutions - state of play**

Several measures are needed - they have been put together in a package submitted to Parliament - to establish this instrument: the implementing regulation covered by this report is complemented by two budget headings, which are being created by means of Supplementary and amending budget No 4/2002, and the Commission's proposed draft interinstitutional agreement between Parliament, the Council and the Commission (SEC(2002) 960). The three institutions are presently negotiating the essential features and funding allocation for an EU Solidarity Fund. According to latest information, the fund is to have an endowment of EUR 1 bn each year, including in the financial year 2002. The interinstitutional agreement is to apply for the duration of the current 2000-2006 financial perspective.

## **Your rapporteur's viewpoint**

The rapporteur regards establishment of the solidarity fund as an important addition to the Community's funds. The Commission proposal equips the Community with a tool for dealing with disasters without red tape, enabling assistance to be provided quickly and on the spot. Defining 'major disaster' by reference to gross domestic product - in Article 2(2) of the proposed regulation - ensures that the fund will be used only to cover exceptionally serious damage.

Because the issue is particularly pressing, with payments having to be made between now and the end of the year, the rapporteur thinks it warranted to use the fast-track procedure. Your rapporteur is therefore not proposing amendments for the time being, though reserves the right to give consideration to his own amendments, or amendments tabled by other members, following a more in-depth examination of the Commission proposal (which the urgent nature of the procedure has prevented him from carrying out).

## **What happens next**

Parliament will deliver its opinion on 10 October 2002, thus allowing the Danish Presidency to have joint guidelines adopted at the General Affairs Council meeting on 21 October 2002. Council-Parliament conciliation should ultimately enable agreement to be reached on a number of unresolved issues. Initial payments from the fund to the regions affected are intended to start on 1 November 2002.

3 October 2002

## **OPINION OF THE COMMITTEE ON BUDGETS**

for the Committee on Regional Policy, Transport and Tourism

on the proposal for a Council regulation establishing the European Union Solidarity Fund  
(COM(2002) 514 – C5-0441/2002 – 2002/0228(CNS))

Draftsman: Ralf Walter

## **PROCEDURE**

The Committee on Budgets appointed Ralf Walter draftsman at its meeting of 1 October 2002.

It considered the draft opinion at its meeting of 3 October 2002.

At the meeting it adopted the following amendments unanimously.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, Anne Elisabet Jensen and Franz Turchi, vice-chairmen; Ralf Walter, draftsman; Herbert Bösch (for Neena Gill), Kathalijne Maria Buitenweg, Paulo Casaca (for Wilfried Kuckelkorn), Joan Colom i Naval, Den Dover, Bárbara Dührkop Dührkop, Göran Färm, Markus Ferber, Francesco Fiori (for Jean-Thomas Nordmann), Salvador Garriga Polledo, Catherine Guy-Quint, Jutta D. Haug, Christopher Heaton-Harris (for Ioannis Averoff), María Esther Herranz García, Ian Stewart Hudghton, Eva Klamt (for James E.M. Elles), Constanze Angela Krehl, Armin Laschet (for Thierry B. Jean-Pierre), Toine Manders (for Colette Flesch), John Joseph McCartin, Jan Mulder, Juan Andrés Naranjo Escobar, Paolo Pastorelli (for Edward H.C. McMillan-Scott), Joaquim Piscarreta, Giovanni Pittella, Guido Podestà, Per Stenmarck, Rijk van Dam (for Michel Raymond), Kyösti Tapio Virrankoski, Brigitte Wenzel-Perillo.

## SHORT JUSTIFICATION

The Commission proposes a legal base establishing the operational modalities and the criteria for the implementation of the facility.

The Fund will be focused on giving immediate financial assistance to help the people, regions and countries concerned return to living conditions that are as normal as possible. The principle of subsidiarity applies also in the event of disasters. Action by the European Union appears only necessary and justified in cases of major dimension. EU aid should be complementary to the efforts of the countries concerned and be used to cover a share of the public expenditure caused by the disaster.

The Commission estimates that the Solidarity Fund should be essentially different from all other existing Community instruments. The proposal is based on Article 159(3) EC for specific actions under cohesion policy. This Article requires only EP consultation and unanimity in the Council.

According to the proposal measures to be financed by the Fund consist of:

- ⇒ immediate restoration to working order of infrastructure and plant in the fields of energy, water and waste water, telecommunications, transport, health and education;
- ⇒ providing temporary accommodation and funding rescue services to meet the immediate needs of the people concerned;
- ⇒ immediate securing of preventive infrastructures and measures of immediate protection of the cultural heritage;
- ⇒ cleaning up of disaster-stricken natural zones.

At the application of the Member State or accession country (as soon as possible and no later than two months after the first damage caused by the disaster), the Fund would provide emergency relief as a single grant for any area affected by a major disaster, independently of its status under the Structural Funds. The amount of support would be related to the size of the disaster but could also take into account other potential sources of finance. A major disaster is defined as resulting in damage estimated at over EUR1 billion, in 2002 prices, or more than 0.5% of its GDP.

The Commission would propose to the budgetary authority the amount of the aid within the limits of the financial resources available. However, 25% of the annual amount allocated to the Fund must be available up to 1 October each year. Under very exceptional circumstances, any disaster affecting a substantial part of the population of the region or state concerned can be included. The Commission ensures an equitable treatment of requests presented by the states.

The Commission and the beneficiary state would conclude an agreement to implement the decision to grant financial assistance. The implementation of the aid, in particular the selection of individual projects to be assisted, would be carried out under the responsibility of the country and the regions concerned. The Fund would be subject to the normal Community

rules on financial aid, including issues of control. A grant shall be used within two years of the date on which the grant decision is notified. In exceptional circumstances, the Commission may, within one year of the grant decision, provide a supplementary grant at the request of the beneficiary state.

Each year the Commission must present to the European Parliament and to the Council a report on the assistance granted from the Fund. The Regulation will be reviewed by 31 December 2006 at the latest.

The Fund is foreseen to cover needs up to € 1 billion per year from the following budget lines:

B2-4 0 0 European Union Solidarity Fund - Member States

B7-0 9 0 European Union Solidarity Fund - countries involved in negotiations on accession to the EU

## AMENDMENTS

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

Text proposed by the Commission <sup>1</sup>	Amendments by Parliament
<hr/> Amendment 1 Recital 1	
(1) In the event of major natural, <b><i>technological or environmental disasters</i></b> , the Community must show its solidarity with people in the regions concerned by providing financial assistance to contribute to a rapid return to normal living conditions in the disaster-stricken regions.	(1) In the event of major natural <b><i>disasters</i></b> , the Community must show its solidarity with people in the regions concerned by providing financial assistance to contribute to a rapid return to normal living conditions in the disaster-stricken regions.

### *Justification*

*The idea of extending this mechanism to technological or environmental disasters cannot be ruled out. However, it is advisable to carefully reflect on this proposal before such a step is considered, namely, in its relation to the polluter-pays principle and the precautionary principle.*

### Amendment 2 Recital 5

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<sup>1</sup> OJ C (not yet published).

(5) In line with the principle of subsidiarity, assistance under this instrument should be confined to major natural, **technological and environmental** disasters with serious repercussions on living conditions, the natural environment or the economy.

(5) In line with the principle of subsidiarity, assistance under this instrument should be confined to major natural disasters with serious repercussions on living conditions, the natural environment or the economy.

#### *Justification*

*The appropriations available should be reserved for natural disasters only. Extending the resources of this Fund to technological or environmental disasters where individual responsibility can be identified in relation to the cause of the accident is not desirable when the damage must be made good in accordance with the polluter-pays principle. Otherwise, there is a risk of discharging third parties of their responsibilities, which could discourage essential preventive measures.*

#### Amendment 3 Recital 6

(6) A major disaster within the meaning of this Regulation shall mean any disaster, in at least one of the states concerned, resulting in important damage expressed in financial terms or as a percentage of the GDP. In order to permit interventions in the case of disasters that, while important do not reach the minimum scale required, and under very exceptional circumstances, assistance can also be granted whenever a substantial part of the population of the region or the state concerned is affected by a disaster.

(6) A major disaster within the meaning of this Regulation shall mean any disaster, in at least one of the states **or regions** concerned, resulting in important damage expressed in financial terms or as a percentage of the GDP. In order to permit interventions in the case of disasters that, while important do not reach the minimum scale required, and under very exceptional circumstances, assistance can also be granted whenever a substantial part of the population of the region or the state concerned is affected by a disaster.

#### *Justification*

*To create fairer mechanisms for drawing on the Fund, the thresholds should be applied on a regional basis and not solely on a national basis.*

#### Amendment 4 Recital 11

***(11) An operation funded by this instrument should not benefit for the same purpose from assistance under Council Regulation (EC) No 1164/94 of 16 May***

***(11) The Commission shall verify that the same measure is not financed twice.***

*1994 establishing a Cohesion Fund, Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF), Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to the Republic of Hungary and the Polish People's Republic, Council Regulation (EC) No 1267/1999 of 21 June 1999 establishing an Instrument for Structural Policies for Pre-accession, Council Regulation (EC) No 1268/1999 of 21 June 1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period, Commission Regulation (EC) No 2760/98 of 18 December 1998 concerning the implementation of a programme for cross-border cooperation in the framework of the PHARE programme or Council Regulation (EC) No 1266/1999 of 21 June 1999 on coordinating aid to the applicant countries in the framework of the pre-accession strategy and amending Regulation (EEC) No 3906/89.*

#### *Justification*

*It is not understandable that measures financed by this Fund could be also supported by the CAP budget. Therefore, it is proposed to generalise the restriction that the Commission only proposes to structural actions. Otherwise, it is sensible to keep a constant terminology, and we should not jump from measures to operations according to articles.*

#### Amendment 5 Article 1

A European Union Solidarity ***Fund***, hereinafter referred to as “the ***Fund***”, is hereby established to enable the Community to respond in a rapid, efficient and flexible

A European Union Solidarity ***Instrument***, hereinafter referred to as “the ***Solidarity Instrument***”, is hereby established to enable the Community to respond in a rapid,



manner to emergency situations on the terms of this Regulation.

efficient and flexible manner to emergency situations on the terms of this Regulation.

### *Justification*

*The proposal does not concern a fund into which money is paid from year to year. The new solidarity instrument differs from the existing flexibility mechanism only in terms of its specific objective and amount. To call this new instrument the European Union Solidarity Fund is therefore misleading.*

### Amendment 6 Article 2, paragraph 1

1. At the request of a Member State or country involved in accession negotiations with the European Union, hereinafter referred to as “beneficiary state”, assistance from the Fund may be mobilised when a major natural, **technological or environmental** disaster with serious repercussions on living conditions, the natural environment or the economy in one or more regions or one or more countries occurs on the territory of that state.

1. At the request of a Member State or country involved in accession negotiations with the European Union, hereinafter referred to as “beneficiary state”, assistance from the Fund may be mobilised when a major natural disaster with serious repercussions on living conditions, the natural environment or the economy in one or more regions or one or more countries occurs on the territory of that state.

### *Justification*

*The appropriations available should be reserved for natural disasters only. Extending the resources of this Fund to technological or environmental disasters where individual responsibility can be identified in relation to the cause of the accident is not desirable when the damage must be made good in accordance with the polluter-pays principle. Otherwise, there is a risk of discharging third parties of their responsibilities, which could discourage essential preventive measures.*

*The idea of extending this mechanism to technological or environmental disasters cannot be ruled out. However, it is advisable to carefully reflect on this proposal before such a step is considered, namely, in its relation to the polluter-pays principle and the precautionary principle.*

### Amendment 7 Article 2, paragraph 2

2. A major disaster within the meaning of this Regulation shall mean any disaster resulting, in at least one of the states concerned, in damage estimated at over

2. A major disaster within the meaning of this Regulation shall mean any disaster resulting, in at least one of the states concerned, in damage estimated at over

EUR 1 billion, in 2002 prices, or more than 0.5% of its GDP.

Under **very** exceptional circumstances, can be included any disaster affecting a substantial part of the population of the region or state concerned.

EUR 1 billion, in 2002 prices, or more than 0.5% of its GDP.

**However**, under exceptional circumstances, **even when the quantitative criteria of the previous indent are not met**, can be included any disaster affecting a substantial part of the population of the region or the state concerned.

#### *Justification*

*Paragraph 2, indent 1, sets the purely financial criteria. It must be clear that this indent is an exception to the previous one. Indeed, when a substantial part of the population of a region or of a state is affected, or when it is considered that a probable delay would cause an irreparable damage to cultural heritage monuments, quick action is needed, which the affected state is probably not in a position to provide immediately.*

#### Amendment 8 Article 3, paragraph 3

3. The aim of the Fund is to help the beneficiary state to carry out the following essential measures, depending on the type of disaster:

- immediate restoration to working order of infrastructure and plant in the fields of energy, water and waste water, telecommunications, transport, health and education;
- providing temporary accommodation and funding rescue services to meet the immediate needs of the people concerned;
- immediate securing of preventive infrastructures and measures of immediate protection of the cultural heritage;
- cleaning up of disaster-stricken natural zones.

3. The aim of the Fund is to help the beneficiary state to carry out the following essential **emergency** measures, depending on the type of disaster:

- immediate restoration to working order of infrastructure and plant in the fields of energy, water and waste water, telecommunications, transport, health and education;
- providing temporary accommodation and funding rescue services to meet the immediate needs of the people concerned;
- immediate securing of preventive infrastructures and measures of immediate protection of the cultural heritage;
- cleaning up of disaster-stricken natural zones.

#### *Justification*

*It should be emphasised that the measures concern emergency relief only. Moreover, the cleaning-up measures should not be restricted to natural zones only. Quick cleaning up of*

*urbanised areas for public health reasons should be covered by the measure as well.*

Amendment 9  
Article 3, paragraph 3, indent 5 (new)

***- immediate action for the avoidance of irreparable damage to cultural heritage monuments.***

*Justification*

*The delay of restoration by means of other financial instruments, could cause irreparable damage to cultural heritage monuments, whereas quick intervention through this Fund could prevent such damage.*

Amendment<sup>10</sup>  
Article 4 (2)

2. On the basis of this information, and any clarifications to be provided by the state concerned, the Commission shall determine the amount of any possible grant as quickly as possible within the limits of the financial resources available. However, this grant must leave available 25% of the annual amount allocated to the Fund up to 1 October each year.

2. On the basis of this information, and any clarifications to be provided by the state concerned, the Commission shall determine the amount of any possible grant as quickly as possible within the limits of the financial resources available. However, this grant must leave available 25% of the annual amount allocated to the Fund up to 1 October each year ***according to the provisions established in the Interinstitutional Agreement of 6 May 1999 as modified on ... (date) .***

*Justification*

*The provisions of the present Council regulation have to be in accordance with the provisions agreed in the modification of the Interinstitutional Agreement concerning the financing of the European Union Solidarity Fund.*

Amendment 11  
Article 4 (3)

3. The Commission shall submit to the budgetary authority the proposals needed

3. The Commission shall submit to the budgetary authority the proposals needed

to mobilise the corresponding appropriations. Once the appropriations are available, the Commission shall adopt a grant decision and shall pay that grant ***immediately and in a single instalment*** to the beneficiary state ***upon*** signature of the agreement referred to in Article 5.

to mobilise the corresponding appropriations, ***according to the procedures established in the Interinstitutional Agreement of 6 May 1999 as modified on ... (date)***. Once the appropriations are available, the Commission shall adopt a grant decision and shall pay that grant in ***two instalments***. ***The first instalment, not exceeding 50% of the total amount shall be paid to the beneficiary state immediately after the decision of the Commission; the second instalment shall be paid only after the signature of the agreement referred to in Article 5.***

#### *Justification*

*The provisions of the present Council regulation have to be in accordance with the provisions agreed in the modification of the Interinstitutional Agreement concerning the financing of the European Union Solidarity Fund. It should also be guaranteed that a substantial part of the grant can be paid immediately after the disaster without unnecessary bureaucratic obstacles.*

#### Amendment 12 Article 5, paragraph 1

In conformity with the specific constitutional, institutional, legal or financial provisions of the beneficiary state and of the Community, the Commission and the beneficiary state, and, where appropriate, the regional or local authorities, shall conclude an agreement to implement the decision to grant financial assistance. That agreement shall describe in particular the type and location of operations to be financed by the Fund.

In conformity with the specific constitutional, institutional, legal or financial provisions of the beneficiary state and of the Community, the Commission and the beneficiary state, and, where appropriate, the regional or local authorities, shall conclude an agreement to implement the decision to grant financial assistance. That agreement shall describe in particular the type and location of operations to be financed by the Fund, ***as well as the measures to be taken to prevent, to the extent possible, a similar event from taking place in future.***

#### *Justification*

*The agreement must include preventive measures.*

Amendment 13  
Article 10

In exceptional circumstances, having regard to the specific nature or intensity of a disaster and the financial resources available, notwithstanding Article 3(1) the Commission may, within one year of the grant decision, provide a supplementary grant at the request of the beneficiary state. This request is supported by new elements, notably a significantly higher valuation of the damages incurred. The supplementary grant shall be awarded on the same terms as the initial grant.

In exceptional circumstances, having regard to the specific nature or intensity of a disaster and the financial resources available, notwithstanding Article 3(1) the Commission may, ***according to the procedures established in the Interinstitutional Agreement of 6 May 1999 as modified on ... (date) propose to the budgetary authority***, within one year of the grant decision, ***to*** provide a supplementary grant at the request of the beneficiary state. This request is supported by new elements, notably a significantly higher valuation of the damages incurred. The supplementary grant shall be awarded on the same terms as the initial grant.

*Justification*

*The provisions of the present Council regulation have to be in accordance with the provisions agreed in the modification of the Interinstitutional Agreement concerning the financing of the European Union Solidarity Fund.*