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REPORT

on the proposal for a Council decision on the First Instalment of the Third Community Contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund
(COM(2006)0305 – C6-0251/2006 – 2006/0102(CNS))

Committee on Budgets

Rapporteur: Janusz Lewandowski

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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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a Council decision on the First Instalment of the Third Community Contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund
(COM(2006)0305 – C6-0251/2006 – 2006/0102(CNS))**

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2006)0305)¹,
 - having regard to Article 203 of the Euratom Treaty,
 - having regard to Article 308 of the EC Treaty, pursuant to which the Council consulted Parliament (C6-0251/2006),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A6-0374/2006),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty and Article 119, second paragraph, of the Euratom Treaty;
 3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 4. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1
Article 1, paragraph 2

The appropriations shall be authorised by the budgetary authority within the limits of

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¹ Not yet published in OJ.

the financial perspective.

the financial perspective. ***The contribution shall be financed against available annual budgetary appropriations.***

Justification

In the budget 2006 only € 4.4 million have been foreseen for commitment appropriations, and 10 million for payment appropriations (line 19 06 06). As the present Decision was not adopted by the time the budget 2006 was adopted, these appropriations were entered in the reserve. However, the present Decision envisages a Community contribution of €14.4 million (commitments). According to the Commission, the difference will be covered by a transfer. Amendment 1 therefore aims at preserving the European Parliament's right to agree on a future transfer.

Amendment 2

Article 2, paragraph 1, subparagraph 2

The Commission shall forward all relevant information to the Court of Auditors and shall ***request from the EBRD*** any supplementary information that ***the Court of Auditors*** may wish to receive, as regards the aspects of the operation of the Chernobyl Shelter Fund that relate to the Community's contribution.

The Commission shall forward all relevant information to ***the budgetary authority and*** the Court of Auditors and shall ***provide*** any supplementary information that ***they*** may wish to receive, as regards the aspects of the operation of the Chernobyl Shelter Fund that relate to the Community's contribution.

Justification

The Parliament should be informed of all operations of the Chernobyl Shelter Fund that are financed by the Community.

EXPLANATORY STATEMENT

1. Main elements of the Commission proposal

At the G7 Denver Summit in June 1997, the G7 Heads of State and Government and the President of the European Commission endorsed the setting up of a multilateral funding mechanism to assist Ukraine in implementing the Shelter Implementation Plan (SIP). They agreed on a G7 financial contribution which should be complemented by other donors. It was also agreed that the European Bank for Reconstruction and Development (EBRD) should be asked to establish and manage a dedicated fund - the Chernobyl Shelter Fund (CSF). The CSF was officially set up by the EBRD Board on 6 November 1997.

The first pledge to the Chernobyl Shelter Fund made by the European Commission in 1997 (US\$ 100 million) was formally followed up by the "Council Decision 98/381/EC of 5 June 1998 concerning the Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund"¹. This contribution was effectively funded from the 1998 and 1999 Community budgets. The second Commission contribution (€100 million) was formalized by the Council Decision 2001/824/EC.²

The Shelter Implementation Plan includes the following major technical steps to be implemented over the period up to 2010/2011:

- The stabilisation of the present shelter to the extent required for the subsequent steps;
- shielding for radiation protection purposes;
- increase nuclear safety to eliminate risk of criticality through water management;
- building of a new confinement;
- removal of upper unstable parts of present shelter;
- analysis of Fuel Containing Masses (FCM) and elaboration of FCM removal strategy.

The total cost of the operation is estimated to be \$1,091 million USD including licensing work.

As of 31 October 2005, the financial situation of the Chernobyl Shelter Fund was as follows:

- total contributions to the CSF amount to some €658.6 million including Ukraine's in-kind contributions of \$50 million;
- grant agreements concluded between the donors and the EBRD amounted to about €446.5 million;
- amounts contracted represented € 323.4 million;
- disbursements amounted to € 248.5 million.

In order that the Chernobyl projects might continue and brought to a successful completion, the major donors pledged some €173 million at an event in London in May 2005. This figure

¹ OJ L 171, 17.6.1998, p.31.

² OJ L 308, 27.11.2001, p.25.

includes €49.1 million pledged by the Commission (corresponding to the historical burden sharing amongst the ex G7 members plus the EC), subject to the required authorizations. The Commission's pledge is intended to be paid over the period 2006-2009.

The objective of the present proposal is to solicit a Council decision for the first instalment of the third Community contribution amounting to €14.4 million. The proposed new contribution will be subjected to the same conditions stated in Articles 1 and 3 of Council Decision 98/381/EC of 5 June 1998, as applicable. The balance of the pledge (€34.7 million), to be paid over the period 2007-2009, will be subjected to a new decision.

The contribution will be made according to Article II, Section 2.02 of the Rules of the Fund and will be the subject of a formal Contribution Agreement between the European Commission and the European Bank for Reconstruction and Development.

Contributions in this context it should also be noted that a separate financial instrument for nuclear safety in third countries is currently being considered by the European Parliament and the Council. It is likely to be adopted before the end of 2006 and should be included clearly in the budget 2007. Contributions to the Chernobyl Shelter Fund will be included in this new instrument.

Amendments proposed by the rapporteur

The rapporteur proposes 2 amendments to the Commission proposal:

1) In the budget 2006 the appropriations for the Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund (line 19 06 06) were put in the reserve (line 31 02 41 02 differentiated appropriations - compulsory expenditure): € 4,4 million in commitment appropriations and € 10 million in payment appropriations. The reason for this was that by the time the budget 2006 was adopted the present new Council decision was not adopted yet. However, the objective of the present Council decision is to provide the legal basis for the first instalment of the third Community contribution amounting to € 14.4 (commitment appropriations). According to the Commission, the difference will be covered through a transfer from the TACIS-program towards line 19 06 06.

According to Art. 23 letter a of the Financial Regulation such a transfer within the same chapter could be executed by the Commission on its own. However, as long as it is not entirely sure what kind of transfer this will exactly be, the European Parliament wants to reserve its right to agree on the future transfer decision.

2) The second amendment aims at making sure that the European Parliament, as one branch of the budgetary authority, is kept informed of all operations of the Chernobyl Shelter Fund that are financed by the European Community.

PROCEDURE

Title	Proposal for a Council decision on the First Instalment of the Third Community Contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund	
References	COM(2006)0305 – C6-0251/2006 – 2006/0102(CNS)	
Date of consulting Parliament	19.7.2006	
Committee responsible Date announced in plenary	BUDG 5.9.2006	
Committee(s) asked for opinion(s) Date announced in plenary	ITRE 5.9.2006	ENVI 5.9.2006
Not delivering opinion(s) Date of decision	ENVI 13.7.2006	ITRE 12.9.2006
Enhanced cooperation Date announced in plenary		
Rapporteur(s) Date appointed	Janusz Lewandowski 5.7.2006	
Previous rapporteur(s)		
Simplified procedure – date of decision Date of decision		
Legal basis disputed Date of JURI opinion	/	
Financial endowment amended Date of BUDG opinion	/	
Parliament to consult European Economic and Social Committee – date decided in plenary		
Parliament to consult Committee of the Regions – date decided in plenary		
Discussed in committee	10.10.2006	
Date adopted	10.10.2006	
Result of final vote	+ : 19 – : 0 0 : 0	
Members present for the final vote	Reimer Böge, Valdis Dombrovskis, Salvador Garriga Polledo, Ingeborg Gräßle, Janusz Lewandowski, Mario Mauro, Antonis Samaras, Paulo Casaca, Brigitte Douay, Catherine Guy-Quint, Jutta Haug, Wiesław Stefan Kuc, Vladimír Maňka, Giovanni Pittella, Ralf Walter, Gérard Deprez, Anne E. Jensen, Esko Seppänen,	
Substitute(s) present for the final vote	José Albino Silva Peneda	
Substitute(s) under Rule 178(2) present for the final vote		
Date tabled	24.10.2006	
Comments (available in one language only)	...	