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REPORT

on Draft amending budget No 6/2007 of the European Union for the financial year 2007
(13851/2007 – C6-0351/2007 – 2007/2178(BUD))

Section III – Commission

Committee on Budgets

Rapporteur: James Elles

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on Draft amending budget No 6/2007 of the European Union for the financial year 2007,
Section III – Commission
(13851/2007 – C6-0351/2007 – 2007/2178(BUD))**

The European Parliament,

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
 - 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 Communities¹, and particularly Articles 37 and 38,
 - having regard to the general budget of the European Union for the financial year 2007, as finally adopted on 14 December 2006²,
 - 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 management³,
 - having regard to Preliminary draft amending budget No 6/2007 of the European Union for the financial year 2007, which the Commission presented on 13 September 2007 (COM(2007)0527),
 - having regard to Draft amending budget No 6/2007, which the Council established on 17 October 2007 (13851/2007 – C6-0351/2007),
 - having regard to Rule 69 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A6-0401/2007),
- A. whereas Preliminary draft amending budget No 6 to the General Budget 2007 covers the following items:
- The mobilisation of the EU Solidarity Fund for an amount of EUR 172,2 million in commitment appropriations relating to a major storm in Germany in January 2007, and a tropical cyclone in France (La Réunion) in February 2007.
 - The creation of a new budget article 14 03 03 to support financial obligations stemming from the accession of the European Communities to the World Customs Organisation.

¹ OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

² OJ L 77, 16.3.2007, p. 1.

³ OJ C 139, 14.6.2006, p. 1.

- The mobilisation of new funds for an amount of EUR 35,5 million in commitment appropriations on Item 26 01 50 07 to pay damages to applicants following the Court of First Instance's final judgments in Cases T-45/01 and T-144/02, Sanders and others and Eagle and others v Commission on 12 July 2007. The corresponding payment appropriations will be redeployed.
 - The integration into the budget 2007 of the necessary technical adjustments following the adoption of Council Decision 2007/162/EC of 5 March 2007 establishing the Civil Protection Financial Instrument for the period 2007-2013¹, and the adoption of Regulation (EC) No 614/2007 of the European Parliament and of the Council of 25 May 2007 concerning the Financial Instrument for the Environment (LIFE+)².
- B. whereas the purpose of Draft amending Budget No 6 is to formally enter these budgetary resources and technical adjustments into the 2007 budget,
1. Takes note of Preliminary draft amending budget No 6/2007;
 2. Approves Draft amending budget No 6/2007 unamended;
 3. Instructs its President to forward this resolution to the Council and Commission.

¹ OJ L 71, 10.3.2007, p. 9.

² OJ L 149, 9.6.2007, p. 1.

EXPLANATORY STATEMENT

The Preliminary Draft Budget No.6 to the General Budget 2007 (PDAB 6/2007) covers the following items, needing an amount of EUR207,7 million in additional commitments:

- The mobilisation of the EU Solidarity Fund for an amount of EUR172,2 million in commitment appropriations relating to a major storm in Germany in January 2007, and a tropical cyclone in France (La Réunion) in February 2007.
- The creation of a new budget article 14 03 03 to support financial obligations stemming from the accession of the European Communities to the World Customs Organisation.
- The mobilisation of new funds for an amount of EUR 35,5 million in commitment appropriations on article 26 01 50 07 to pay damages to applicants following the Court of First Instance final judgements in Cases T-45/01 and T-144/02, Sanders and others and Eagle and others v Commission on 12 July 2007. The corresponding payment appropriations will be redeployed.
- The integration into the budget 2007 of the necessary technical adjustments following the adoption by the Council of Decision 2007/162/EC establishing the Civil Protection Financial Instrument for the period 2007-2013; and the adoption by the European Parliament and the Council of Regulation (EC) No 614/2007 concerning the Financial Instrument for the Environment (LIFE+).

The overall needs requested in PDAB 6/2007 amount EUR 207,7 million in additional commitments whereas the corresponding EUR 207,7 million in payment appropriations will be sought through redeployment.

The creation of a new budget article 03 03 02 "Damage requests resulting from legal procedures against the Commission's decisions in the field of competition" has been rejected by the Council in the Draft amending budget.

1. Mobilisation of the EU Solidarity Fund

Germany and France applied for assistance from the Fund, following natural disasters that caused serious damage, respectively in January and February of this year. The Commission proposes to mobilise the EU solidarity Fund for a total amount of EUR 172 195 985, to be allocated under heading 3b of the financial framework.

The amount of damage and the aid proposed by the Commission can be resumed as follows:

	Direct damage	Aid Proposed
Germany, storm Kyrill	4 687 300 000	166 905 985
France/La réunion, cyclone Gamede	211 600 000	5 290 000
	4 898 900 000	172 195 985

The Regional Affair Committee, consulted for opinion, decided on 3 October to take no

action on this proposal, in order not to slow down the allocation process.

2. World Customs Organisation

The Council of the European Union decided on 13 March 2001 that the European Community should seek membership of the World Customs Organisation. Based on this Council decision, the European Community submitted a request to the World Customs Organisation to become a full member in April 2001. The annual Council of the World Customs Organisation of 29 June 2007 adopted the decision to amend the Convention establishing a Customs Co-operation Council to enable accession of customs and economic unions inter alia the European Community.

Therefore it is now proposed to create the following new budget article: 14 03 03 - Membership of international organisations in the field of customs and tax, with a token entry ("p.m."). The financial obligation stemming from the accession of the European Community to the World Customs Organisation as of 1 July 2007 for half year is estimated at EUR 0,5 million. This amount will be allocated by means of an internal transfer.

3. Legal settlements: Court of First Instance Ruling

On 12 July 2007 the Court of First Instance ("CFI") gave final judgements in Cases T-45/01 and T-144/02, Sanders and others, and Eagle and others v Commission which require the Commission to pay substantial amounts of damages to over 100 applicants, who had claimed damages for not having been recruited as Euratom staff.

Although the Commission might still appeal this would not have a suspensive effect and the Commission would continue to be bound by the obligation to pay the amounts ordered by the CFI.

The total amount of damages for the two cases stands at EUR 47 805 000 if the sums are liquidated on 31 October 2007; at EUR 47 951 000 if the sums are liquidated on 30 November 2007.

Considering that the judgements concern staff and administrative processes, the Commission proposes that damages should be liquidated from budget item 26 01 50 07 Damages in heading 5 of the financial framework.

Appropriations for budget item Damages stand at only EUR 250 000 in Budget 2007.

The request of additional commitment appropriations for budget item 26 01 50 07 can therefore be limited to EUR 35,5 million to reach the necessary EUR 48 million package, whereas heading 5 of the multi-annual financial framework has an available margin of EUR 172,6 million under its 2007 ceiling. The full amount will be entirely committed and paid in 2007. Payment appropriations will be made available through redeployment from budget items 02 04 01 01 Space research and 02 04 01 02 Security research. The needs for payment appropriations for "Security and space research" activities are lower than originally foreseen, due to the late adoption of the FP7 legal base.

4. Adoption of legislation in the field of Environmental Policy

Adaptations to the budget remarks need to be made in order to integrate into the budget 2007

following the adoption of the Council Decision 2007/162/EC establishing the Civil Protection Financial Instrument for the period 2007-2013. Changes affect lines 07 01 04 02, 07 04 01 and 19 06. Technical adjustments are also necessary following the adoption by the European Parliament and the Council of Regulation (EC) No 614/2007 concerning the Financial Instrument for the Environment (LIFE+), as well as the transitional measures approved by the budgetary authority through the Joint Statement adopted as part of the 2007 budget procedure. The changes affect lines 07 01 04 01 and 07 03 07.

PROCEDURE

Title	Draft amending budget No 6/2007 of the European Union for the financial year 2007, Section III – Commission	
References	13851/2007 – C6-0351/2007 – 2007/2178(BUD)	
Committee responsible Date announced in plenary	BUDG 23.10.2007	
Committee(s) asked for opinion(s) Date announced in plenary		
Rapporteur(s) Date appointed	James Elles 11.1.2006	
Previous rapporteur(s)	Giovanni Pittella	
Date draft amending budget established by the Council	18.10.2007	
Date draft amending budget forwarded by the Council	17.10.2007	
Discussed in committee	9.10.2007	
Date adopted	9.10.2007	
Result of final vote	+: -: 0:	23 1
Members present for the final vote	Richard James Ashworth, Reimer Böge, Herbert Bösch, Joan Calabuig Rull, Gérard Deprez, Valdis Dombrovskis, Brigitte Douay, James Elles, Ingeborg Gräßle, Louis Grech, Catherine Guy-Quint, Anne E. Jensen, Wiesław Stefan Kuc, Nils Lundgren, Vladimír Maňka, Mario Mauro, Rovana Plumb, Nina Škottová, László Surján, Kyösti Virrankoski, Ralf Walter	
Substitute(s) present for the final vote	Thijs Berman, Richard Corbett, Marusya Ivanova Lyubcheva	
Substitute(s) under Rule 178(2) present for the final vote		
Date tabled	19.10.2007	
Comments (available in one language only)	...	