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REPORT

on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Union Solidarity Fund, in accordance with point 26 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management
(COM(2010)0578 – C7-0323/2010 – 2010/2237(BUD))

Committee on Budgets

Rapporteur: Reimer Böge

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Union Solidarity Fund, in accordance with point 26 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (COM(2010)0578 – C7-0323/2010 – 2010/2237(BUD))

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2010)0578 – C7-0323/2010),
 - 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 management¹, and in particular point 26 thereof,
 - having regard to Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund²,
 - having regard to the Joint Declaration of the European Parliament, the Council and the Commission, adopted during the conciliation meeting on 17 July 2008 on the Solidarity Fund,
 - having regard to the letter of the Committee on Regional Development,
 - having regard to the report of the Committee on Budgets (A7-0335/2010),
1. Approves the decision annexed to this resolution;
 2. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the Official Journal of the European Union;
 3. Instructs its President to forward this resolution, including its annex, to the Council and the Commission.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 311, 14.11.2002, p. 3.

ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of xxx November 2010

on mobilisation of the European Union Solidarity Fund, in accordance with point 26 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

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 management¹, and in particular point 26 thereof,

having regard to Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund²,

having regard to the proposal from the Commission,

Whereas:

- (1) The European Union has created a European Union Solidarity Fund (the 'Fund') to show solidarity with the population of regions struck by disasters.
- (2) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the Fund within the annual ceiling of EUR 1 billion.
- (3) Regulation (EC) No 2012/2002 contains the provisions whereby the Fund may be mobilised.
- (4) Portugal submitted an application to mobilise the Fund, concerning a disaster caused by landslides and flooding on Madeira Island.
- (5) France submitted an application to mobilise the Fund, concerning a disaster caused by the storm 'Xynthia'.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 311, 14.11.2002, p. 3.

HAVE DECIDED AS FOLLOWS:

Article 1

For the general budget of the European Union for the financial year 2010, the European Union Solidarity Fund shall be mobilised to provide the sum of EUR 66 891 540 in commitment and payment appropriations.

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at _____ ,

For the European Parliament
The President

For the Council
The President

EXPLANATORY STATEMENT

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.

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). This proposal and the corresponding draft amending budget (DAB No 8/2010) is still in the process of being adopted by the two arms of the Budgetary Authority.

In parallel to the proposal to mobilise the Solidarity Fund in favour of Portugal and France, the Commission has presented a draft amending budget (DAB No 9/2010 of 13 October 2010) in order to enter in the 2010 budget the corresponding commitment and payment appropriations as foreseen in point 26 of the IIA.

Portugal applied for assistance from the Solidarity Fund after in February 2010 unusual and abnormal rainfalls on the island of Madeira triggered landslides and severe flooding causing damage to public and private infrastructure, to businesses and agriculture.

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.

France applied for assistance from the Solidarity Fund after in February 2010 the major part of France was hit by storm Xynthia whereas the region on the Atlantic coast line, namely the departments of Charente-Maritime and Vendée, were most seriously affected. The storm killed 53 persons and injured nearly 80. It flooded widespread areas including residential areas and caused severe damage to dams and dykes, public and private infrastructure, to road and train networks, agriculture and businesses.

For the designated zone 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.

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** in commitment and payment appropriations.

Consequently, in the draft amending budget (DAB No 9/2010 of 13 October 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
	Article 13 06 01		13 022 500	13 022 500	66 891 540	66 891 540	79 914 040	79 914 040

The numbers for the Budget 2010 in this table are based on the assumption that draft amending budget (DAB No 8/2010) will be adopted by Parliament and Council.

In parallel, 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.

According to point 26 of the IIA, when presenting this proposal to deploy the Fund, the Commission initiates the simplified trilogue procedure in view of securing the agreement of the two arms of the Budgetary Authority on the need to use the Fund and the amount required.

According to an internal agreement with the Committee on Regional Development (REGI), this committee should be associated to the process, in order to provide constructive support and contribution to the implementation of the Solidarity Fund. Following the assessment of the request, the REGI committee gave its view on the mobilisation of the Fund, as expressed in the letter attached to the present report.

Parliament expects from the Commission to do everything possible to make sure that the financial means which have been made available by the Budget Authority for supporting the economic recovery in Europe are implemented properly, especially in the field of Energy policy which represents a strategic budgetary priority of the Parliament.

On this basis, the Rapporteur recommends the approval of the Commission proposal for a decision annexed to this report.

ANNEX: LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT

Committee on Regional Development
The Chair

Mr Alain Lamassoure
Chairman
Committee on Budgets
ASP 13E205

Subject: **The European Commission's proposal for a decision of the European Parliament and of the Council on the mobilisation of the EU Solidarity Fund: Portugal and France - landslides and flooding on Madeira island (Portugal) and storm Xynthia (France) in February 2010 (COM(2010)0578)**

Dear Mr Lamassoure,

In order to avoid undue delay in approving this measure which the Committee on Budgets intends to adopt as soon as possible, I am pleased to inform you that the Committee on Regional Development has no objection to the mobilisation of the EU Solidarity Fund to provide the sum of EUR 66 891 540 to Portugal and France as proposed by the European Commission and in accordance with the rules laid down in the Interinstitutional Agreement of 17 May 2006 and in the Council Regulation (EC) No 2012/2002.

As far as the Xynthia windstorm is concerned, this storm has crossed France on 27-28 February 2010 having hit with particular violence the Atlantic coast (and especially the regions of Bretagne, Pays de la Loire and Poitou-Charentes). As a result of this storm 52 people were killed and the damages ascend to EUR 2.4 billions.

In view of the exceptional consequences of the Xynthia windstorm, requiring intervention and support to the reconstruction of seawalls and to the economic sectors affected by long term discontinuation of activity, the Members of the Committee on Regional Development strongly support the deployment of the measure at issue.

Yours sincerely,

Danuta Hübner

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	18.11.2010
Result of final vote	+: 13 -: 1 0: 0
Members present for the final vote	Giovanni Collino, Jean-Luc Dehaene, José Manuel Fernandes, Eider Gardiazábal Rubial, Ingeborg Gräßle, Carl Haglund, Lucas Hartong, Monika Hohlmeier, Alain Lamassoure, Giovanni La Via, Vladimír Maňka, Barbara Matera, László Surján, Derek Vaughan