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**A7-0436/2011**

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## REPORT

on the Council position on Draft amending budget No 7/2011 of the European Union for the financial year 2011, Section III – Commission (17632/2011 – C7-0442/2011 – 2011/2301(BUD))

Committee on Budgets

Rapporteur: Sidonia Elżbieta Jędrzejewska

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the Council position on Draft amending budget No 7/2011 of the European Union for the financial year 2011, Section III – Commission (17632/2011 – C7-0442/2011 – 2011/2301(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, and 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 in particular Articles 37 and 38 thereof,
  - having regard to the general budget of the European Union for the financial year 2011, as definitively adopted on 15 December 2010<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 7/2011 of the European Union for the financial year 2011, which the Commission presented on 21 November 2011 (COM(2011)0796),
  - having regard to the Council position on Draft amending budget No 7/2011, which the Council established on 30 November 2011 (17632/2011 – C7-0442/2011),
  - having regard to Rules 75b and 75e of its Rules of Procedure,
  - having regard to the report of the Committee on Budgets (A7-0436/2011),
- A. whereas Draft amending budget No 7/2011 to the general budget 2011 aims at mobilising the EU Solidarity Fund (EUSF) for an amount of EUR 38 million in commitment and payment appropriations in order to mitigate the effects of the earthquake that hit Murcia, Spain, and of the flooding in the Veneto region, Italy,
- B. whereas the purpose of Draft amending budget No 7/2011 is to formally enter this budgetary adjustment into the 2011 budget,
- C. whereas the Joint Statement on payment appropriations annexed to the budget for the financial year 2011 foresaw the submission of an amending budget "if the appropriations entered in the 2011 budget are insufficient to cover expenditure",
- D. whereas the two branches of the budgetary authority committed themselves, through the

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

<sup>2</sup> OJ L 68, 15.3.2011, p.1.

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

Joint statement on Draft amending budget No 7/2011<sup>1</sup> adopted on 19 November 2011 in conciliation committee, to take position before the end of 2011,

- E. whereas, in the same Joint statement, the European Parliament and the Council agreed on the financing of Draft amending budget No 7/2011 by redeploying appropriations from rural development programmes,
1. Takes note of Draft amending budget No 7/2011;
  2. Considers of great importance the quick release of financial assistance through the EU Solidarity Fund (EUSF) for those affected by natural catastrophes, and is therefore greatly concerned, in the case of flooding in the Veneto region, by the fact that the mobilisation of EUSF will only be effective 13 months after the torrential rainfall occurring at the end of October 2010;
  3. Calls on all involved parties in the Member States, i.e. both at local and regional level, and national authorities to improve assessment of needs and the coordination for future potential applications to the EUSF in a view to accelerate, as much as possible, the mobilisation of the EUSF;
  4. Underlines, in that regard and in the specific case addressed by Draft amending Budget No 7/2011, that the two branches of the budgetary authority are taking their respective position with the utmost urgency in order to guarantee a quick delivery of assistance to the affected regions;
  5. Approves, without amendment, the Council position on Draft amending budget No 7/2011 and instructs its President to declare that Amending budget No 7/2011 has been definitively adopted and to arrange for its publication in the *Official Journal of the European Union*;
  6. Instructs its President to forward this resolution to the Council, the Commission and the national parliaments.

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<sup>1</sup> Texts adopted, P7\_TA(2011)0521.

## 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".

### 1. Mobilisation of the EU Solidarity Fund

The Commission proposal for mobilisation of the EUSF is based on point 26 of the IIA of 17 May 2006 on budgetary discipline and sound financial management, which allows such a mobilisation within an annual ceiling of EUR 1 billion.

The conditions of the eligibility to the Fund are detailed in Council Regulation n°2012/2002 establishing the EUSF, and it has to be recalled that the objective of the Fund is to repair infrastructure and is a tool of refinancing, and shall not compensate private damages.

The direct damages in Murcia, Spain, have been estimated by the Commission, based on calculations provided by the Spanish authorities, to a total of EUR 842,8 million. In the case of Veneto, Italy, the direct damages have been estimated at EUR 3717 million.

The total amount for aid proposed in DAB 7/2011 is EUR 37 979 875 :

*(EUR)*

	Direct damage	Threshold	Amount based on 2.5 %	Amount based on 6 %	Total amount of aid proposed
Spain - earthquake	<i>842,8 million</i>	<i>3 536 million</i>	<i>21 070 950</i>	-	<b>21 070 950</b>
Italy - flooding	<i>676,4 million</i>	<i>3 536 million</i>	<i>16 908 925</i>	-	<b>16 908 925</b>
<b>Total</b>	<b><i>1 519,2 million</i></b>				<b>37 979 875</b>

## 2. Financing

In line with the Joint statement on DAB 7/2011 adopted by conciliation committee on 19 November 2011, Commission proposes to finance the needs identified through redeployment from rural development programmes as regards payment appropriations, and reinforcement in commitment appropriations. In line with the IIA of 17 May 2006, this amount is entered over and above subheading 3 b.

MFF	2011 Financial framework		Budget 2011 (incl. AB 1-6)		DAB 7/2011		Budget 2011 (incl. AB 1-5 and DAB 6-7/2011)	
	CA	PA	CA	PA	CA	PA	CA	PA
<b>1.</b>								
1a.	12 987 000 000		13 520 566 270	11 523 944 758			13 520 566 270	11 523 944 758
1b.	50 987 000 000		50 983 843 784	42 105 094 626			50 983 843 784	42 105 094 626
<b>Total</b>	<b>63 974 000 000</b>		<b>64 504 410 054</b>	<b>53 629 039 384</b>			<b>64 504 410 054</b>	<b>53 629 039 384</b>
<i>Margin<sup>1</sup></i>			<i>-30 410 054</i>				<i>-30 410 054</i>	
<b>2.</b>	<b>59 688 000 000</b>		<b>58 659 248 389</b>	<b>56 378 918 184</b>		<b>-37 979 875</b>	<b>58 659 248 389</b>	<b>56 340 938 309</b>
<i>Margin</i>			<i>1 028 751 611</i>				<i>1 028 751 611</i>	
<b>3.</b>								
3a.	1 206 000 000		1 180 030 263	857 199 845			1 180 030 263	857 199 845
3b.	683 000 000		879 831 486	842 903 486	37 979 875	37 979 875	917 811 361	880 883 361
<b>Total</b>	<b>1 889 000 000</b>		<b>2 059 861 749</b>	<b>1 700 103 331</b>	<b>37 979 875</b>	<b>37 979 875</b>	<b>2 097 841 624</b>	<b>1 738 083 206</b>
<i>Margin<sup>2</sup></i>			<i>26 072 737</i>				<i>26 072 737</i>	
<b>4.<sup>3</sup></b>	<b>8 430 000 000</b>		<b>8 759 300 431</b>	<b>7 242 528 574</b>			<b>8 759 300 431</b>	<b>7 242 528 574</b>
<i>Margin</i>			<i>-70 439 377</i>				<i>-70 439 377</i>	
<b>5.<sup>4</sup></b>	<b>8 144 000 000</b>		<b>8 172 839 289</b>	<b>8 171 544 289</b>			<b>8 172 839 289</b>	<b>8 171 544 289</b>
<i>Margin</i>			<i>53 160 711</i>				<i>53 160 711</i>	
<b>TOTAL</b>	<b>142 125 000 000</b>	<b>133 440 000 000</b>	<b>142 155 659 912</b>	<b>126 727 133 762</b>	<b>37 979 875</b>	<b>0</b>	<b>142 193 639 787</b>	<b>126 727 133 762</b>
<i>Margin</i>			<i>1 112 135 628</i>	<i>6 894 866 238</i>			<i>1 112 135 628</i>	<i>6 894 866 238</i>

<sup>1</sup> The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a (EUR 500 million). EUR 34 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

<sup>2</sup> The European Union Solidarity Fund (EUSF) amount is entered over and above the relevant headings as foreseen by the IIA of 17 May 2006 (OJ C 139 of 14.6.2006)

<sup>3</sup> The 2011 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 253,9 million). EUR 71 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

<sup>4</sup> For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 82 million for the staff contributions to the pension scheme.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	5.12.2011
<b>Result of final vote</b>	+ :                    22 - :                    1 0 :                    0
<b>Members present for the final vote</b>	Isabelle Durant, Göran Färm, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Ivars Godmanis, Carl Haglund, Lucas Hartong, Jutta Haug, Anne E. Jensen, Ivailo Kalfin, Sergej Kozlík, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, Vladimír Maňka, László Surján, Helga Trüpel, Derek Vaughan, Angelika Werthmann, Jacek Włosowicz
<b>Substitute(s) present for the final vote</b>	Edit Herczog, Jan Mulder, Georgios Stavrakakis