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30.9.2013

*****I**
REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability and to the decommitment rules for certain Member States (COM(2013)0301 – C7-0143/2013 – 2013/0156(COD))

Committee on Regional Development

Rapporteur: Oldřich Vlasák

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability and to the decommitment rules for certain Member States
(COM(2013)0301 – C7-0143/2013 – 2013/0156(COD))**

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2013)0301),
 - having regard to Article 294(2) and Article 177 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0143/2013),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development and the opinion of the Committee on Budgets (A7-0312/2013),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) The unprecedented global financial crisis and economic downturn have seriously damaged economic growth and financial stability and provoked a strong deterioration in financial **and** economic conditions in **several** Member States. In particular, certain Member States are experiencing serious difficulties or are threatened with such difficulties, notably with problems in their economic growth and financial stability and with a deterioration in their deficit and debt position, also as a result of the international economic and financial environment.

Amendment

(1) The unprecedented **enduring** global financial crisis and economic downturn have seriously damaged economic growth and financial stability and provoked a strong deterioration in financial, economic **and social** conditions in **the** Member States. In particular, certain Member States are experiencing serious difficulties or are threatened with such difficulties, notably with problems in their economic growth and financial stability and with a deterioration in their deficit and debt position, also as a result of the international economic and financial environment.

Amendment 2

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) Whilst important actions to counterbalance the negative effects of the crisis have already been taken, including amendments of the legislative framework, the impact of the financial crisis on the real economy, the labour market and citizens is being widely felt. Pressure on national financial resources is increasing and further steps should be taken to alleviate that pressure through the maximum and optimal use of the funding from the Structural Funds and the Cohesion Fund. In view of the persisting financial difficulties, it is necessary to extend the application of the measures adopted by amending Regulation (EU) No 1311/2011 of the European Parliament and of the Council. These

Amendment

(2) Whilst important actions to counterbalance the negative effects of the crisis have already been taken, including amendments of the legislative framework, the impact of the financial crisis on the real economy, the labour market and citizens is being widely felt. Pressure on national financial resources is increasing and further steps should be taken **urgently** to alleviate that pressure through the maximum and optimal use of the funding from the Structural Funds and the Cohesion Fund. In view of the persisting financial difficulties, it is necessary to extend the application of the measures adopted by amending Regulation (EU) No 1311/2011 of the European Parliament and of the Council.

measures were adopted pursuant to Articles 122(2), 136 and 143 of the Treaty on the Functioning of the European Union (TFEU).

These measures were adopted pursuant to Articles 122(2), 136 and 143 of the Treaty on the Functioning of the European Union (TFEU).

Amendment 3

Proposal for a regulation

Article 1 – point 1 – subpoints a (new) and b (new)

Regulation (EC) No 1083/2006

Article 77 – paragraphs 2 and 6

Text proposed by the Commission

(1) *In* Article 77, paragraph 6 is deleted.

Amendment

(1) Article 77 *is amended as follows*:

(a) In paragraph 2, the introductory part is amended as follows:

"2. By way of derogation from Article 53(2), from the second sentence of Article 53(4) and from the ceilings set out in Annex III, interim payments and payments of the final balance shall be increased by an amount corresponding to 10 percentage points above the co-financing rate applicable to each priority axis, but not exceeding 100 %, to be applied to the amount of eligible expenditure newly declared in each certified statement of expenditure submitted *after the date on [...]* which a Member State meets one of the following conditions *and until the end of the programming period*: "

(b) Paragraph 6 is deleted.

Amendment 4

Proposal for a regulation

Article 1 – point 1 - subpoint c (new)

Regulation (EC) No 1083/2006

Article 77 – paragraph 11 a (new)

(c) The following paragraph 11a is added:

"11a. By way of derogation from paragraph 10 and in order to ensure a sound closure of the operational programme, the Union contribution, through payments of the final balance, shall not deviate, at priority level, by more than 10% of the maximum amount of assistance from the Funds as stated in the financing plan of the latest decision approved by the Commission. The maximum amount of assistance at programme level shall not be affected by a deviation at priority level."

Justification

In order to avoid large programme amendments at the end of the programming period and to allow for efficient absorption of funds, a 10%-flexibility between priorities is proposed (as it was the case in the period 2000 - 2006).

18.9.2013

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Regional Development

on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability and to the decommitment rules for certain Member States

(COM(2013)0301 – C7-0143/2013 – 2013/0156(COD))

Rapporteur: Eider Gardiazábal Rubial

SHORT JUSTIFICATION

Introduction

On 21 May 2013 the Commission adopted a proposal for a Regulation amending Council Regulation No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability and to the de-commitment rules for certain Member States (MSs).

This proposal was adopted in response to the sustained financial and economic crisis and aims at ensuring a smooth implementation of cohesion policy programmes and concerns the Member States which have been most affected by the crisis.

Your Rapporteur believes that cohesion policy was born as a necessary investment tool to deliver growth and job effectively by accurately addressing the investment needs of the regions, thus contributing not only to the reduction of the disparities between them, but also to economic recovery and development of the Union as a whole. Is concerned about the impossibility for some MSs, due to the crisis, to meet those goals and therefore considers that it is necessary to adopt extraordinary measures, limited in time, allowing for a maximum and optimal use of the funding from Structural and Cohesion Funds available at the end of the programming period.

Your Rapporteur considers that, in order to facilitate the management of the EU funding, to help accelerate investments, to improve the availability of funding to the real economy and anticipate huge de-commitments, it is of the utmost importance to prolong the increased co-

financing rate from Structural and Cohesion Funds to the MSs and regions most affected by the crisis, as well as to extend the de-commitment deadline until the end of the current MFF period.

Measures supported by the Rapporteur

Your Rapporteurs recommends, within the limits of the national envelopes allocated for the 2007-2013 period, to:

- Extend the increased co-financing rate for MSs with serious economic and financial difficulties and facing liquidity problems, including those under an excessive deficit procedure;
- Extend the de-commitment deadline, in order to cover 2011, 2012 and 2013 commitments.

The extension of increased co-financing rate

The Commission has proposed extending the application of an increased co-financing rate, adopted in 2011¹ by derogation to the rules laid down by the General Regulation² (Article 77). This extension concerns only those MSs which have received or might need in the future financial assistance under an adjustment programme³.

Your Rapporteur considers that this measure has had a limited impact, because of the additional funds' being made available too late to those MSs facing serious problems and lacking liquidity.

Given the unprecedented crisis impact and economic stagnation, there is an urgent need to help accelerate investments in MSs and regions the most affected by the crisis and, thus, facilitate the availability of the funds where it is most necessary. An increased co-financing rate will allow the MSs concerned to continue to implement cohesion policy programmes on the ground and continue to disburse funds to projects.

The Commission will therefore continue to reimburse the newly declared expenditure, submitted during the period in question, by an increased amount, calculated by applying a 10 percentage-point top-up of the applicable co-financing rates for the priority axis, without modifying their overall allocation under cohesion policy for the period⁴.

Your Rapporteur is of opinion that the temporary increase in co-financing rates must also apply, on request, to those MSs with a general government deficit above the 3% of the GDP and subject to the "excessive deficit procedure", facing important difficulties in co-financing projects on the ground. It must diminish the pressure on their public finances and facilitate the

¹ Regulation (EU) 1311/2011 of the European Parliament and of the Council of 13 December 2011 amending Council Regulation (EC) No 1083/2006 regarding certain provisions relating to financial management for certain member States experiencing or threatened with serious difficulties with respect to their financial stability

² Council Regulation No 1083/2006 of 11 July 2006 laying down general provisions on the ERDF, the ESF and the Cohesion Fund and repealing Regulation (EC) No 1260/1999

³ To date, seven countries have received financial assistance and have agreed a macro-economic adjustment programme (i.e. Cyprus, Hungary, Romania, Latvia, Portugal, Greece and Ireland). Hungary, Romania and Latvia are no longer under an adjustment programme.

⁴ Note: According to the Annex III of the General Regulation, the co-financing rate of the programme cannot exceed by more than 10 percentage points the maximum ceilings

implementation of projects, avoiding the loss of resources which are still available at the end of the current programming period.

The extension of de-commitment deadline

The Commission's proposal modifies the Article 93 of the General Regulation to allow a one-year extension of the automatic de-commitment period of the 2011 and 2012 commitments and concerns only Romania and Slovakia.

In order to reduce the risk of automatic de-commitments at the end of the current programming period and to increase the implementation of cohesion policy on the ground, the Rapporteur proposes to:

- generalise the application of this measure to all MSs, and
- prolong its effects by two years, so as to improve the absorption of funding committed for operational programmes at the end of the period

This will allow the MSs to submit expenditure claims up to the end of 2014 for the 2011 commitment, to the end of 2015 for the 2012 commitment and to the end of 2016 for the 2013 commitment and would reduce the risk of automatic de-commitment of 2011, 2012 and 2013 commitments.

Budgetary impact

The measures proposed have no impact on commitment and payment appropriations since no modification is proposed to the maximum amount of Structural Funds and Cohesion Fund financing provided for the 2007-2013 operational programmes.

The higher reimbursement to the MSs concerned at the end of the period will be balanced out at closure; therefore, the total PA for the whole programming period remains unchanged.

AMENDMENTS

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

Amendment 1

Proposal for a regulation

Title

Text proposed by the Commission

Proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their

Amendment

Proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their

financial stability and to the decommitment rules *for certain Member States*

financial stability and to the decommitment rules

Amendment 2

Proposal for a regulation

Citation 2 a (new)

Text proposed by the Commission

Amendment

Having regard to the Stability and Growth Pact and to Council Regulations (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies¹ and No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure²,

¹ OJ L 209, 2.8.1997, p. 1.

² OJ L 209, 2.8.1997, p. 6.

Amendment 3

Proposal for a regulation

Recital 1

Text proposed by the Commission

Amendment

(1) The unprecedented global financial crisis and economic downturn have seriously damaged economic growth and financial stability and provoked a strong deterioration in financial ***and*** economic conditions in ***several*** Member States. In particular, certain Member States are experiencing serious difficulties or are threatened with such difficulties, notably with problems in their economic growth and financial stability and with a deterioration in their deficit and debt position, also as a result of the international economic and financial environment.

(1) The unprecedented ***long-lasting*** global financial crisis and economic downturn have seriously damaged economic growth and financial stability and provoked a strong deterioration in financial, economic ***and social*** conditions in ***the*** Member States. In particular, certain Member States are experiencing serious difficulties or are threatened with such difficulties, notably with problems in their economic growth and financial stability and with a deterioration in their deficit and debt position, also as a result of the international economic and financial environment.

Amendment 4

Proposal for a regulation Recital 2

Text proposed by the Commission

(2) Whilst important actions to counterbalance the negative effects of the crisis have already been taken, including amendments of the legislative framework, the impact of the financial crisis on the real economy, the labour market and citizens is being widely felt. Pressure on national financial resources is increasing and further steps should be taken to alleviate that pressure through the maximum and optimal use of the funding from the Structural Funds and the Cohesion Fund. In view of the persisting financial difficulties, it is necessary to extend the application of the measures adopted by amending Regulation (EU) No 1311/2011 of the European Parliament and of the Council. These measures were adopted pursuant to Articles 122(2), 136 and 143 of the Treaty on the Functioning of the European Union (TFEU).

Amendment

(2) Whilst important actions to counterbalance the negative effects of the crisis have already been taken, including amendments of the legislative framework, the impact of the financial crisis on the real economy, the labour market and citizens is being widely felt. Pressure on national financial resources is increasing and further steps should be taken ***urgently*** to alleviate that pressure through the maximum and optimal use of the funding from the Structural Funds and the Cohesion Fund. In view of the persisting financial difficulties, it is necessary to extend the application of the measures adopted by amending Regulation (EU) No 1311/2011 of the European Parliament and of the Council. These measures were adopted pursuant to Articles 122(2), 136 and 143 of the Treaty on the Functioning of the European Union (TFEU).

Amendment 5

Proposal for a regulation Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) In the current extraordinary economic situation, many Member States are facing general government deficits above the 3% of GDP and are subject to the “excessive deficit procedure” (EDP). The often strong deterioration of their economic and budgetary situation leads to important difficulties in co-financing projects. The temporary rise of co-

financing ceilings will reduce the pressure on their national budgets and facilitate the concentration of the funds on the realisation of projects on the ground.

Justification

The Member States are, according to Article 126 of the Treaty on the Functioning of the European Union (TFEU), under a clear obligation to avoid excessive general government deficits. Political guidelines and an integrated set of rules and procedures have been adopted for the application of this article. Cohesion policy has an important role to play in counterbalancing the effects of the budgetary discipline. The temporary rise of co-financing rates will reduce the pressure on national budget and facilitate the implementation of the funds, avoiding the disastrous loss of resources.

Amendment 6

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) The deadline for the calculation of the automatic decommitment of the annual budget commitments for years 2011 ***and*** 2012 should be extended by one year, ***but the 2012 budget commitment, which will still be open on 31 December 2015 is to be justified by 31 December 2015.*** This should help to improve the absorption of funding committed for operational programmes in Member States ***that are affected by the capping of their future cohesion policy allocations at 110% of their level in real terms*** for the 2007-2013 period. Such flexibility is necessary in order to address a slower than expected implementation of programmes affecting ***in particular those*** Member States.

Amendment

(9) The deadline for the calculation of the automatic decommitment of the annual budget commitments for years 2011, 2012 ***and 2013*** should be extended by one year. This should help to improve the absorption of funding committed for operational programmes in Member States for the 2007-2013 period. Such flexibility is necessary in order to address a slower than expected implementation of programmes affecting ***the*** Member States.

Amendment 7

Proposal for a regulation

Article 1 – point -1 (new)

Regulation (EC) No 1083/2006

Article 77 – paragraph 2 – point c a (new)

Text proposed by the Commission

Amendment

(-1) In Article 77(2), the following point (ca) is added:

“(ca) a Member State faces temporary budgetary difficulties and experiences a situation of severe economic downturn as referred to in Regulation (EC) No 1466/97 and Regulation (EC) No 1467/97.”.

Amendment 8

Proposal for a regulation

Article 1 – point 2 – point a

Regulation (EC) No 1083/2006

Article 93 – paragraph 2 b

Text proposed by the Commission

Amendment

2b. By way of derogation from the first subparagraph of paragraph 1 and from paragraph 2, ***for Member States whose cohesion policy allocations in the 2014-2020 programming period are capped at 110% of their level in real terms for the 2007-2013 period***, the deadline referred to in paragraph 1 shall be 31 December of the third year following the year of the annual budget commitment from ***2007*** to ***2012*** under their operational programmes.

2b. By way of derogation from the first subparagraph of paragraph 1 and from paragraph 2, the deadline referred to in paragraph 1 shall be 31 December of the third year following the year of the annual budget commitment from ***2011*** to ***2013*** under their operational programmes.

Amendment 9

Proposal for a regulation

Article 1 – point 2 – point b

Regulation (EC) No 1083/2006

Article 93 – paragraph 3 – subparagraph 1 a

Text proposed by the Commission

Amendment

(b) In paragraph 3, the following subparagraph is added:

deleted

"The first subparagraph is without prejudice to the application of the deadline laid down in Article 93(2)(b) to the 2012 budget commitment for the Member State referred to in that paragraph."

PROCEDURE

Title	Provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability and to the decommitment rules for certain Member States
References	COM(2013)0301 – C7-0143/2013 – 2013/0156(COD)
Committee responsible Date announced in plenary	REGI 10.6.2013
Opinion by Date announced in plenary	BUDG 10.6.2013
Rapporteur Date appointed	Eider Gardiazábal Rubial 10.6.2013
Date adopted	18.9.2013
Result of final vote	+: 26 –: 8 0: 2
Members present for the final vote	Marta Andreasen, Reimer Böge, Zuzana Brzobohatá, Jean Louis Cottigny, Jean-Luc Dehaene, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Ivars Godmanis, Lucas Hartong, Jutta Haug, Monika Hohlmeier, Jan Kozłowski, Alain Lamassoure, Claudio Morganti, Vojtěch Mynář, Juan Andrés Naranjo Escobar, Dominique Riquet, László Surján, Helga Trüpel, Derek Vaughan, Angelika Werthmann
Substitute(s) present for the final vote	Alexander Alvaro, Frédéric Daerden, Jürgen Klute, Paul Rübig, Peter Šťastný, Nils Torvalds, Catherine Trautmann, Adina-Ioana Vălean
Substitute(s) under Rule 187(2) present for the final vote	Elena Oana Antonescu, Andrzej Grzyb, Ivana Maletić, Marian-Jean Marinescu, Traian Ungureanu, Iuliu Winkler

PROCEDURE

Title	Provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability and to the decommitment rules for certain Member States			
References	COM(2013)0301 – C7-0143/2013 – 2013/0156(COD)			
Date submitted to Parliament	21.5.2013			
Committee responsible Date announced in plenary	REGI 10.6.2013			
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 10.6.2013	CONT 10.6.2013	EMPL 10.6.2013	ENVI 10.6.2013
	TRAN 10.6.2013	PECH 10.6.2013	FEMM 10.6.2013	
Not delivering opinions Date of decision	CONT 2.7.2013	EMPL 12.6.2013	ENVI 20.6.2013	TRAN 17.6.2013
	PECH 10.6.2013	FEMM 10.6.2013		
Rapporteur(s) Date appointed	Oldřich Vlasák 30.5.2013			
Date adopted	24.9.2013			
Result of final vote	+ : 36 - : 3 0 : 6			
Members present for the final vote	François Alfonsi, Charalampos Angourakis, Catherine Bearder, Victor Boştinaru, John Bufton, Francesco De Angelis, Tamás Deutsch, Rosa Estaràs Ferragut, Danuta Maria Hübner, Filiz Hakaeva Hyusmenova, Iñaki Irazabalbeitia Fernández, María Irigoyen Pérez, Seán Kelly, Mojca Kleva Kekuš, Constanze Angela Krehl, Petru Constantin Luhan, Vladimír Maňka, Iosif Matula, Miroslav Mikolášik, Jens Nilsson, Jan Olbrycht, Younous Omarjee, Tomasz Piotr Poręba, Ovidiu Ioan Silaghi, Monika Smolková, Georgios Stavrakakis, Nuno Teixeira, Lambert van Nistelrooij, Oldřich Vlasák, Kerstin Westphal, Hermann Winkler, Elżbieta Katarzyna Łukacijewska			
Substitute(s) present for the final vote	Andrea Cozzolino, Joseph Cuschieri, Ivars Godmanis, Juozas Imbrasas, Andrey Kovatchev, James Nicholson, Heide Rühle, Elisabeth Schroedter, Richard Seeber, Giommara Uggias, Iuliu Winkler			
Substitute(s) under Rule 187(2) present for the final vote	António Fernando Correia de Campos, Sabine Verheyen, Csaba Óry			
Date tabled	1.10.2013			