

# EUROPEAN PARLIAMENT

2004



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*Committee on Budgets*

**2004/0156(COD)**

24.1.2008

## **OPINION**

of the Committee on Budgets

for the Committee on Industry, Research and Energy

on the amended proposal for a regulation of the European Parliament and of the Council on the further implementation of the European satellite radionavigation programmes (EGNOS and Galileo)  
(COM(2007)0535 – C6-0345/2007 – 2004/0156(COD))

Draftsman: Margaritis Schinas

PA\_Legam

## AMENDMENTS

The Committee on Budgets calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

### Draft legislative resolution

#### Amendment 1 Paragraph 1 a (new)

- 1a.** *Considers that the financial envelope indicated in the legislative proposal is compatible with the ceiling of subheading 1a of the multiannual financial framework (MFF) 2007-2013 as revised by Decision 2008/29/EC of 18 December 2007, and points out that the annual amount will be decided within the annual budgetary procedure in accordance with the provisions of point 37 of the IIA of 17 May 2006;*

### Proposal for a regulation

#### Amendments by Commission

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#### Amendments by Parliament

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#### Amendment 2 Recital 9

(9) The definition and development phases of the Galileo programme, which are the parts of the programme dedicated to research, were chiefly financed by the Community budget for trans-European networks. The deployment phase ***must*** be financed entirely by the European Community ***due to the lack of a real commitment from the private sector***. Service concession contracts or public service contracts with the private sector may be awarded to operate the system.

(9) The definition and development phases of the Galileo programme, which are the parts of the programme dedicated to research, were chiefly financed by the Community budget for trans-European networks. The deployment phase ***is*** financed entirely by the European Community. Service concession contracts or public service contracts with the private sector may be awarded ***at a later stage*** to operate the system ***after 2013***.

#### Amendment 3 Recital 10

(10) It is important that ***the financing of*** the EGNOS system, including all the elements

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ensuring it *operates*, is sustainable and can be marketed, *be* assured by the European Community. The operation of EGNOS could be the subject of a public service contract with the private sector until it is integrated into the operation of Galileo.

*operational*, is sustainable and can be marketed, *and that its financing is* assured by the European Community. The operation of EGNOS could be the subject of a public service contract with the private sector until it is integrated into the operation of Galileo.

Amendment 4  
Recital 14

(14) Investment costs and the costs for operating the Galileo and EGNOS systems for the period 2007-13 are currently estimated at *EUR 3.4 billion* at current prices. EUR 1 005 million *is* already foreseen in the existing financial programming (2007-13) *under the Commission's proposed legislation for the implementation of the deployment and commercial operating phases of the Galileo programme. It is proposed to increase the above figure by an additional EUR 2 100 million the allocation of which will be subject to* a review of the current financial framework (2007-13). *The funds are provided from unused margins in headings 2 and 5 for 2007 and 2008. As a result, the text of the amended proposal shall stipulate that the Community budget for 2007-13 foresee EUR 3 105 million for the European GNSS programmes. A sum of EUR 300 million, which is available for the European GNSS programmes under the Seventh Research and Development Framework Programme, will help cover these costs.*

(14) Investment costs and the costs for operating the Galileo and EGNOS systems for the period 2007-13 are currently estimated at *EUR 3 400 million* at current prices. *The total available financial envelope is set at EUR 3 405 million for the European GNSS programmes for the period 2007 - 2013.* EUR 1 005 million *was* already foreseen in the existing financial programming (2007-13). *This amount has been increased by an additional EUR 2 000 million as decided by the budgetary authority through* a review of the current financial framework (2007-13), *and a further EUR 400 million, available from the Seventh Research and Development Framework Programme.*

Amendment 5  
Recital 17 a (new)

*(17a) The Supervisory Authority is a Community agency, set up by Regulation (EC) No 1321/2004. As a body within the meaning of Article 185 of the Financial Regulation, it is subject to the obligations*

*foreseen for the Community agencies.*

Amendment 6

Recital 18

(18) *The main role of the Supervisory Authority will be to assist the Commission in all matters which arise during the programmes. It must also* manage the funds specifically allocated to it under the programmes *or* entrusted to it by the Commission in accordance with Article 54(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006.

(18) *In the light of the new public governance principles applied to the management and execution of the European GNSS programmes, the role of the Supervisory Authority needs to be adapted. The Authority should accordingly provide direct assistance to the Commission in all matters related to the implementation of the programmes as well as continuing to perform specific tasks such as technical certification, security accreditation and market preparation. To this end, it* must manage the funds specifically allocated to it under the programmes *and* entrusted to it by the Commission in accordance with Article 54(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006.

*Justification*

*Taking into account the failure of the PPP and the new public sector structure the mission of the GNSS Supervisory Authority shall be adjusted accordingly.*

Amendment 7

Article 4

1. The development and validation phase shall be funded by the European Community and the European Space Agency ***and should end in 2010.***
2. The deployment phase ***shall*** be financed entirely by the European Community ***and should run from 2008 to 2013.***
3. The commercial operating phase is set to begin ***in 2013.*** During this phase the

1. The development and validation phase shall be funded by the European Community and the European Space Agency ***(hereinafter "ESA").***
2. The deployment phase ***will*** be financed entirely by the European Community ***without prejudice to paragraph 4.***
3. The commercial operating phase is set to begin ***upon conclusion of the deployment.***

operation of the system shall, where appropriate, be ensured through service concession contracts or public service contracts with the private sector. These contracts may be concluded before 2013. The financial contribution of the European Community to the commercial operating phase will depend on the level of contributions from the private sector resulting from any contracts concluded, **following** prior approval by the budgetary authority.

4. Agreements or conventions concluded by the European Community shall lay down the conditions and detailed rules **for any third-country** involvement **in providing additional funding to the programme.**

During this phase the operation of the system shall, where appropriate, be ensured through service concession contracts or public service contracts with the private sector. These contracts may be concluded before 2013. The financial contribution of the European Community to the commercial operating phase will depend on the level of contributions from the private sector resulting from any contracts concluded, **and is subject to** prior approval by the budgetary authority.

4. **Member States may provide additional funding to the programme in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities. Third countries or international organisations may also be involved in providing additional funding to the programme.**

Agreements or conventions concluded by the European Community **with such third countries or international organisations, pursuant to Article 300(3) of the Treaty,** shall lay down the conditions and detailed rules **of their** involvement.

Amendment 8  
Article 7, introductory part

The Community **contribution** allocated to the programmes under this Regulation shall be granted to finance:

The Community **budgetary appropriation** allocated to the programmes under this Regulation shall be granted to finance:

Amendment 9  
Article 8

1. The amount **needed** to implement the activities specified in Article 7 of this Regulation, with the exception of those relating to the commercial operation of the system established under the Galileo programme, is **EUR 3 105 million** at current prices for the period from 1 January 2007 to 31 December 2013.

1. The amount **allocated** to implement the activities specified in Article 7 of this Regulation, with the exception of those relating to the commercial operation of the system established under the Galileo programme, is **EUR 3 405 million** at current prices for the period from 1 January 2007 to 31 December 2013, **of which**

***EUR 400 million was made available from the Seventh Research and Development Framework Programme.***

2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the multiannual financial framework. They shall be implemented in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.

3. Budgetary commitments for the programmes shall be appropriated in annual instalments.

4. The sum specified in *the first paragraph of this Article* does not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to the public ownership of the systems. In this event the Commission shall present appropriate proposals to the European Parliament and to the Council.

2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the multiannual financial framework. They shall be implemented in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.

3. Budgetary commitments for the programmes shall be appropriated in annual instalments.

4. The sum specified in *paragraph 1* does not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to the public ownership of the systems. In this event the Commission shall present appropriate proposals to the European Parliament and to the Council, ***using all possibilities provided by the Interinstitutional Agreement of 17 May 2006.***

***4a. The Commission shall, in 2010, together with its mid-term report, submit to the European Parliament and the Council the appropriate proposal for the financing programming period starting in 2014 concerning the public funds and commitments and the revenue-sharing mechanism needed for the commercial operating phase, deriving from its responsibility relating to the public ownership of the system.***

Amendment 10  
Article 9, paragraph 1

Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and be allocated to the European GNSS programmes. ***If the income allocated proves to be significantly more than expected, the principle of allocation***

Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and ***may*** be allocated to the European GNSS programmes, ***subject to approval by the budgetary authority.***

*shall be reviewed.*

*Justification*

*The Commission text foresees a system of earmarked revenue. This is not justified at this point in time, since the budgetary authority has foreseen all the necessary funding needed until 2013. Therefore any such decision on further funding of Galileo programmes should be taken by the budgetary authority when appropriate through the budgetary procedure.*

Amendment 11

Article 11, paragraph 5

5. The measures financed under this Regulation shall be implemented in accordance with Regulation (EC, Euratom) No 1605/2002.

5. The measures financed under this Regulation shall be implemented in accordance with Regulation (EC, Euratom) No 1605/2002 **as amended by Regulation (EC, Euratom) No 1995/2006.**

Amendment 12

Article 12, paragraph 1

***Without prejudice to the tasks conferred upon it*** under Regulation (EC) No 1321/2004, ***the Supervisory Authority shall support the Commission in all matters concerning the programmes, wherever its assistance is requested by the Commission.*** It shall manage and ***inspect*** the use of the funds specifically ***granted*** to it by the ***European Community*** under the programmes. These funds shall be made available to the Supervisory Authority through a delegation decision in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions of Regulation (EC) No 1321/2004.

***The Supervisory Authority shall, whenever requested by the Commission, provide it with direct assistance in all matters concerning the programmes, notably supervision of the implementation of the complete Galileo infrastructure, preparations for the operation and commercialisation of the services provided by the European GNSS systems, international promotion and cooperation activities, external communications and the preparation of regulatory and policy initiatives. In addition, the Supervisory Authority, as stipulated under Regulation (EC) No 1321/2004, shall continue to ensure that the components of the systems are duly certified by the European GNSS security accreditation authority and prepare the markets.*** It shall manage and ***monitor*** the use of the funds specifically ***allocated*** to it by the ***Commission*** under the programmes. These funds shall be made available to the Supervisory Authority through a delegation decision in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions



Amendment 13  
Article 16

The Commission shall ensure the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the programmes. A mid-term **review** shall be carried out in 2010 to inform the European Parliament and the Council of the progress made on the programmes.

The Commission shall ensure the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the programmes. A mid-term **evaluation** shall be carried out in 2010 to inform the European Parliament and the Council of the progress made on the programmes.

***Given the complexity of the project and its full financing from the Community budget, the Commission will, once a year, report in a joint meeting to the competent committees of the European Parliament on the progress of the GNSS Programmes, in particular as regards the industrial, transport and financial aspects.***

## **SHORT JUSTIFICATION**

### **Background**

The Multiannual Financial Framework 2007-2013 foresaw an amount EUR of 1005 billion programmed under heading 1a for the financing of the deployment and operational phases of Galileo Programme during the period 2007/2013.

According to the Commission original proposal, the remaining funding for the operational and deployment phases of the Programme should have been provided by the private sector under a concession contract.

At the beginning of this year it appeared clear that public funding would have been the only source of credits for Galileo. The Transport Council of 6-8 June 2007 recognised that the implementation of a deployment of the Galileo system would need additional public funding. The European Parliament expressed its opposition to a mixed Community and intergovernmental funding of Galileo in its resolution of 20 June 2007.

Following the failure of the concession contract negotiations, and due to the political and economical impact of the Programme, on 19 September 2007 the Commission presented the present amended proposal on the continuation and implementation of the European Programmes of Satellite navigation (GNSS and Galileo) as well as a proposal for a Decision that foresees that the Galileo Programme will be exclusively funded through Community Budget, as requested by the EP.

The Interinstitutional Agreement of 17 May 2006 allows to modify the MFF in order to respond to unexpected situations. In its Decision of 19 September the Commission foresaw to review the MFF to provide additional 2.4 billion Euros needed for the deployment and operation phases of Galileo Programme.

During the budgetary procedure 2008, in its first reading, the Parliament welcomed the Commission proposal for a review of the MFF. During the Conciliation on the budgetary procedure held on 23 November 2007, the EP insisted on the need for a review of the MFF.

After long negotiations, the Council moved in the direction of the Parliament requests in line with the provisions of the Interinstitutional Agreement of 17 May 2006. The global agreement between the Parliament and the Council set to 1,6 billion the revision of the MFF, added EUR 200 million coming from redeployment of Community Programmes under 1a and EUR 400 million from reprioritisation under FPRD 7-Euratom and the mobilisation of the Flexibility instrument for an amount of 200 million Euros.

This agreement is in line with the EP priorities because it did not reduce financial envelopes of the multiannual programmes.

### **Draftsman's position**

The Draftsman supports the Commission Regulation proposal. He nevertheless proposes

some amendments related to the following areas.

### Role of the Supervisory Authority

The Draftsman considers that some comments should be taken into account as for the role of the Supervisory Authority.

The draftsman underlines that the Authority is a Community agency, set up by Council Regulation No 1321/2004 on 12 July 2004; therefore it is a body in the sense of article 185 of the Financial Regulation and is subject to the obligations foreseen for the Community agencies.

For the sake of consistency with the status of the Authority, the Draftsman introduces certain amendments concerning the establishment plan and the discharge procedure in the Regulation proposal.

The position of the EP with respect to the Agency is that of a permanent monitoring of their activities, as foreseen in the conclusions of the conciliation held on 13 July 2007, where the two arms of the budgetary authority demanded "greater transparency in relation to the decentralised agencies, with a view to better monitoring their development."

The Draftsman also reminds that in their joint statement on Community agencies agreed at the Trialogue of 18 April 2007, the two arms of the budgetary authority "*invite the Commission to regularly evaluate the existing Community agencies, focussing particularly on their cost-benefit, and agree to assess the evaluation of the analysis prepared by the Commission for a selected number of agencies*". The draftsman reiterates that externally conducted cost-benefit analyses, after a thorough evaluation by the budgetary authority, are an absolute necessity in order to be able to justify the added value of this decentralised form of governance to the European taxpayers.

### Sound financial management

The Roles of the Supervisory Authority, on one hand, and of the European Space Agency, on the other, should be clearly defined, ensuring in this way a clear separation of tasks and competences and clarity concerning the allocation of the Community financial contribution. In both cases, since Community financial contribution is involved, Commission bares the responsibility of sound financial management.

The EU contribution managed by ESA shall also comply with the provisions of the financial Regulation, as foreseen in art. 13 of the proposal, via the reference to the Financial Regulation (art.54.2) and the related implementing rules (art.41).

### Financing

Technical adjustments are needed after the conclusion of the Conciliation between the Parliament and the Council on 23 November mentioned in the introduction. Therefore the Draftsman proposes some technical amendments to the text to reflect the result of these

negotiations.

### Guaranties

The Draftsman stresses the complexity of the Galileo Programme, involving many sectors of EU policies.

He believes that, considering the importance of the EU financing of Galileo, a democratic monitoring of the impact of the programme in all the sectors involved is due. Therefore he proposes to organise once a year hearing involving all the committee interested in Galileo applications and the committee on Budgets in order to debate about it with the Commissioner responsible for the respective sectors, ESA representatives, as well as the Executive Director of the Supervisory Authority.

## ANNEX

### Financing of Galileo and EIT

Budget item 2008	Heading	Total 2008-2013
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#### - GALILEO

Reprioritisation		
06 06 02	7th Research Framework Programme - Research related to transport (including aeronautics)	400
	<b>Subtotal</b>	<b>400</b>

Redeployment *		
26 02 01	Procedures for awarding and advertising public supply, works and service contracts (OJ/S)	46
02 03 04	Standardisation and approximation of legislation	28
31 02 01	Conference Interpreter Training for Europe "CITE"	10
26 03 01	Pan-European eGovernment services to public administrations, enterprises and citizens (IDABC programme)	16
08 20; 08 21	Euratom	50
	Decentralised Agencies - reprogramming	50
	<b>Subtotal</b>	<b>200</b>

Revision	
	<b>1.600</b>

Flexibility	
	<b>200</b>

**TOTAL GALILEO** **2400**

\* Concerns only non-COD programmes or COD programmes without financial envelopes

## PROCEDURE

<b>Title</b>	Deployment and commercial operating phases of the European programme of satellite radionavigation						
<b>References</b>	COM(2007)0535 – C6-0345/2007 – COM(2004)0477 – C6-0087/2004 – 2004/0156(COD)						
<b>Committee responsible</b>	ITRE						
<b>Opinion by</b> Date announced in plenary	BUDG 23.10.2007						
<b>Drafts(wo)man</b> Date appointed	Margaritis Schinas 14.11.2007						
<b>Discussed in committee</b>	18.12.2007      23.1.2008						
<b>Date adopted</b>	23.1.2008						
<b>Result of final vote</b>	<table> <tr> <td>+:           </td><td>29</td></tr> <tr> <td>–:           </td><td>0</td></tr> <tr> <td>0:           </td><td>0</td></tr> </table>	+:	29	–:	0	0:	0
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<b>Members present for the final vote</b>	Reimer Böge, Costas Botopoulos, Daniel Dăianu, Gérard Deprez, Brigitte Douay, Hynek Fajmon, Ingeborg Gräßle, Catherine Guy-Quint, Jutta Haug, Monica Maria Iacob-Ridzi, Anne E. Jensen, Wiesław Stefan Kuc, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Jan Mulder, Cătălin-Ioan Nechifor, Gérard Onesta, Margaritis Schinas, Esko Seppänen, Nina Škottová, Theodor Dumitru Stolojan, László Surján, Gary Titley, Kyösti Virrankoski, Ralf Walter						
<b>Substitute(s) present for the final vote</b>	Thijs Berman, Esther De Lange, Peter Šťastný						