

# Amending budget 7/2008: mobilisation of the Solidarity Fund for Martinique and Guadeloupe, financing

2008/2252(BUD) - 15/09/2008 - Commission preliminary draft budget

PURPOSE: to present Preliminary Draft Amending Budget (PDAB) No 7 to the general budget 2008.

CONTENT: this Preliminary Draft Amending Budget (PDAB) No 7 for the year 2008 covers the following elements:

- mobilisation of the EU Solidarity Fund for an amount of EUR 12.78 million in commitment and payment appropriations relating to the effects of hurricane "Dean" in Guadeloupe and Martinique in August 2007;
- a corresponding reduction in payment appropriations of EUR 12.78 million from the line 13 04 02 Cohesion Fund.

In August 2007 the French overseas departments of Martinique and Guadeloupe, two neighbouring islands of the French Antilles, were affected by the hurricane "Dean" causing severe damage to infrastructures and different sectors of the economy. Due to the high damage and serious effects caused by the storm, France submitted an application for financial assistance from the EU Solidarity Fund.

The French authorities estimated the total direct damage at EUR 511.2 million. This amount represents 0.03% of France's GNI and 16 % of the normal threshold for mobilising the Solidarity Fund applicable to France of EUR 3.267 billion (i.e. EUR 3 billion in 2002 prices). As total damage remains below the normal threshold the application is based on the so-called "extraordinary regional disaster" criterion laid down in Article 2(2), final subparagraph of Regulation (EC) No 2012/2002 setting out the conditions for mobilising the Solidarity Fund "under exceptional circumstances". 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.

The French authorities justify their application with the special situation of Martinique and Guadeloupe as outermost regions of the Union. Evidence is presented to show that because of the islands' isolated location and their already critical socio-economic situation before the hurricane the impact and lasting repercussions of the damage caused by the hurricane are much more serious than would otherwise be the case.

The application relates to the whole of Martinique (34 municipalities with a total population of 381 000 inhabitants) and the more seriously affected part of Guadeloupe (23 municipalities with a population of 298 000 inhabitants, representing two thirds of Guadeloupe's total population).

**Financing:** the total annual budget available for the Solidarity Fund is EUR 1 billion. In 2008, EUR 260 411 197 has already been mobilised for earlier applications, leaving EUR 739 588 803 available.

Taking into account the identification of excess appropriations in line 13 04 02 Cohesion Fund there will be no need for fresh payment appropriations for financing the EU Solidarity Fund payments for France (Martinique/Guadeloupe). An amount of **EUR 12.78 million would thus be allocated from the line 13**

**04 02 Cohesion Fund to budget line 13 06 01 to cover the corresponding needs related to the mobilisation of the EU Solidarity Fund.** This redeployment is possible because payments under the Cohesion Fund for the period 2007-2013 are to a large extent related to major projects. However, major projects need to be approved separately in subsequent Commission decisions before any interim payments can be made. As many major projects are not expected to be submitted and approved this year, no significant interim payments are expected in 2008.