

# 2012 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2013/2247(DEC) - 03/04/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a decision concerning the discharge to be granted to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy in respect of the implementation of the Centre's budget for the financial year 2012. The vote on the discharge decision approved the closure of the accounts (in accordance with Annex VI, Article 5(1) of the Rules of Procedure of the European Parliament.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of ITER for the financial year 2012 are reliable, and that the underlying transactions are legal and regular, Parliament adopted by 426 votes to 111, with 19 abstentions, a resolution containing a series of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the [draft resolution on performance, financial management and control of EU agencies](#).

These recommendations are summarised as follows:

- **Financing, budget and financial management:** recalling that the members of the Joint Undertaking are Euratom, represented by the Commission, the Member States of Euratom and other countries which have concluded cooperation agreements with Euratom in the field of controlled nuclear fusion, Parliament noted that the budget of the Joint Undertaking for the financial year 2012 was initially adopted for the collective amount of EUR 503 million in commitment appropriations and that this amount was reduced during the course of the year. It remarked that of the EUR 1 440 million in commitment appropriations available for operational activities, 55.4 % was implemented through direct individual commitments in 2012, while the remainder, were globally committed for large complex contracts requiring long negotiation times and with ensuing individual commitments in 2013. Parliament was also concerned about the high cash balance, which amounted to nearly 14 % of the final available payment appropriations in 2012.
- **Rate of utilisation and carryovers:** Parliament noted that after two amendments reducing the 2012 budget the utilisation rates for the available commitment and payment appropriations were 99.9 % and 94.5%, respectively.
- **Union contribution to the construction phase:** Parliament recalled that in 2010, the Council revised the final cost figure of the Joint Undertaking's contribution for the construction phase to EUR 6.6 billion (2008 value), thus **doubling the initial estimate**. It took note that there were inconsistencies in pre-procurement activities for the ITER project pointing out that the Joint Undertaking was exposed to significant financial risks linked to the evolution of commodity prices. The Joint Undertaking stressed that there was a risk of cost deviations in the range of **EUR 180-250 million**, or 3 % of the latest estimated project cost of EUR 6.6 billion. Parliament took note that in June 2013, the Joint Undertaking completed an exercise to update the cost estimate of the Union contribution to the construction phase of the project that estimates the current risk of increase at EUR 290 million, or 4.4 % of the budget approved by the Council, and that a significant escalation in the scope of the components to be provided to the ITER project was at the origin of that estimated increase. It was also concerned that the Joint Undertaking considers the **current ITER**

**reference schedule to be unrealistic**, and it urged the Joint Undertaking to work with its ITER partners to establish a new and reliable schedule and to do its utmost to ensure that the schedule is maintained while avoiding budget deviations.

Parliament went on to make a series of observations on procurement, internal control systems, internal audits, and horizontal aspects of European Research Joint Undertakings. It invited the Court of Auditors to monitor the Joint Undertaking's policies as regards the management and prevention of conflicts of interests by drafting a Special Report on the matter by the next discharge procedure.

**JTI:** Parliament invited the Court of Auditors to **comprehensively analyse the Joint Technology Initiatives (JTIs)** and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks- notably reputational – presented. It noted that the Joint Undertakings' total 2012 forecasted budgeted income amounted to some EUR 2.5 billion or about 1.8 % of the 2012 Union general budget while approximately EUR 618 million came from the general budget (cash contribution from the Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings. It also recalled that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11.5 million.

It recalled that it had previously requested that the Court of Auditors draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes.

It agreed with the Court of Auditors' conclusion that the JTIs had been set up to support long-term industrial investment in particular research areas, but noted that it had taken on average two years to grant financial autonomy to a JTI, with the Commission usually remaining responsible for one third of the expected operational lifetime of the JTIs.