

2015 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy - Fusion for Energy Joint Undertaking (F4E)

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PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2015, as part of the 2015 discharge procedure.

Analysis of the accounts of the European Joint Undertaking for **ITER and Fusion for Energy Joint Undertaking (F4E)**.

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

The EU's operational expenditure of these institutions takes different forms, depending on how the money is paid out and managed.

From 2014 onwards, the Commission classifies its expenditure as follows:

- **Direct management:** the budget is implemented directly by the Commission services.
- **Indirect management:** the Commission confers tasks of implementation of the budget to bodies of EU law or national law, **such as the EU agencies**.
- **Shared management:** under this method of budget implementation tasks are delegated to Member States. About 80 % of the expenditure falls under this management mode covering such areas as agricultural spending and structural actions.

This Commission document concerns the EU's consolidated accounts for the year 2015 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies, including the ITER-F4E, with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

Each agency is subject to its own discharge procedure, including ITER and Fusion for Energy.

ITER and Fusion for Energy Joint Undertaking (F4E): the ITER-F4E Joint Undertaking, located in Barcelona (ES), is the technical and organisational structure to provide Euratom's contribution to the ITER international project (whose main facilities are located in Cadarache - FR). The JU was set up under [Council Decision 2007/198/Euratom](#) for a period of 35 years.

It was created to manage the ITER facilities, to encourage the exploitation of the ITER facilities, to promote public understanding and acceptance of fusion energy, and to undertake any other activities that are necessary to achieve its purpose.

Implementation of the JU's appropriations: the EU (Euratom) contribution to ITER International is given through the Fusion for Energy Agency, including also the contributions from Member States and from Switzerland. The total contribution is legally considered as a Euratom contribution to ITER since the Member States and Switzerland do not have ownership interests in ITER. As the EU legally holds the participation in the joint venture ITER International, the Commission must recognise the participation in its accounts.

Following a review of the accounting for joint ventures, it has been determined that the ITER Organisation does not meet the criteria for recognition as a joint venture. **Since 2015, it is no longer recorded as a joint venture**, and EU contributions to the ITER Organisation are treated as expenses. As the carrying value of the ITER Organisation at 31 December 2014 was zero, and the impact of the change is not material, no adjustment of prior year results has been made.

On an accounting level, the following expenditure is noted:

Commitment appropriations:

- **committed:** EUR 792 million;
- **paid:** EUR 791 million;
- **carried-over:** 0.

Payment appropriations:

- **committed:** EUR 531 million;
- **paid:** EUR 524 million;
- **carried-over:** EUR 6 million.

Please also refer to the [final accounts of ITER-F4E](#).