2016 discharge: European Chemicals Agency (ECHA)

2017/2167(DEC) - 23/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) on discharge in respect of the implementation of the budget of the European Chemicals Agency (ECHA) for the financial year 2016.

The committee called on the European Parliament to grant the Executive Director of the Agency discharge in respect of the implementation of the agency's budget for the financial year 2016.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Agency for the financial year 2016 were reliable and that the underlying transactions were legal and regular, Members called on Parliament to approve the closure of the Agency's accounts.

They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies:

- **Agency's financial statements**: Members noted that the final budget of the Agency for the financial year 2016 was EUR 110 840 957, representing a decrease of 7.82 % compared to 2015.
- **Budget and financial management**: budget monitoring efforts during the financial year 2016 resulted in a budget implementation rate of 97 %, representing a decrease of 1.48 %. In 2016, the fees and charges collected covered 46 % of the Agency's expenditure including for the first time a high proportion of fees from authorisation applications. Members called in this respect for safeguards to be built into the Agency's work so that it can remain independent vis-à-vis the industry, and, in particular, to retain a critical, independent attitude towards industry´s own research.
- They also noted with concern that the Union regulatory agencies responsible for the risk assessment of regulated products, in particular the Agency and the European Food Safety Authority (EFSA), do not have sufficient resources to effectively fulfil certain responsibilities. The Agency and EFSA should therefore be granted sufficient resources in order to carry out their specific responsibilities.
- **Commitments and carry-overs**: carry-overs of committed appropriations remained high for REACH operational expenditure at EUR 10.1 million, i.e. 39 % (compared to EUR 7.3 million in 2015, i.e. 32 %) and are even higher for biocides operational expenditure at EUR 1.3 million, i.e. 68 % (compared to EUR 1.5 million in 2015, i.e. 74 %). Members drew attention to the Court of Auditors' comment advising the Agency to consider increasing the use of differentiated budget appropriations to better reflect the multi-annual nature of operations and unavoidable delays between the signature of contracts, deliveries and payments. The Agency has already created a differentiated budget line for 2017, which will reduce the nominal carry-over rate for 2017 and beyond.

Members also made a series of observations regarding transfers, procurement and staff policy, the prevention and management of conflicts of interests and internal audits and controls.

On performance, Members highlighted that in December 2016 the Agency started together with European Food Safety Authority to draft guidance in identifying chemicals with endocrine disrupting properties.

Members called on the Commission to launch a policy debate with relevant stakeholders in order to review Union legislation related to risk assessment for food, chemicals and related products and the effectiveness of such legislation.

Brexit: Members stressed that a future decrease of the Agency's revenue resulting from the United Kingdom's decision to leave the Union is possible. They called on the Agency to report to the discharge authority on the mitigating measures that may be adopted.

They noted that the United Kingdom's decision to leave the Union also poses operational risks for the Agency since the Union chemicals legislation which the Agency manages (REACH, BPR, CLP and PIC Regulations) are also internal market regulatory laws. Reducing the jurisdiction to which these regulations apply to EU-27 will create an **additional workload** for providing advice and assistance to the United Kingdom's companies which will be in a 'third country' as well as a transitional workload caused by transferring regulatory work from the United Kingdom to the EU27.

The Agency is called on to proactively plan and prepare for any and all such potential losses.