Amending budget 5/2003: section III Commission, natural disasters

2003/2144(BUD) - 25/09/2003 - Commission preliminary draft budget

PURPOSE : to present the preliminary draft amending budget No 6 to the budget for 2003. CONTENT : on 4 August 2003, the national authorities of Portugal announced their intention to submit a request to the Commission to mobilise the European Union Solidarity Fund (Solidarity Fund) for the fire related disaster in Portugal. The formal application was received on 13 August 2003. On 22 August 2003, the Portuguese authorities submitted a further dossier and on 10th September 2003 the same authorities provided the Commission with revised figures, submitted formally a day later. The disaster consists of a large number of fires of major proportion on forest and agricultural areas, due to very high temperatures and low atmospheric humidity. The fires have claimed 18 lives to date. It is estimated that the fires have destroyed 362,250 hectares of forest and 41,200 hectares of agricultural land. The destruction of the forest and agricultural areas is reported to have caused the loss of profits and salaries for about 45,000 persons, who lost property and jobs. The Commission services have carried out a thorough examination of the application in accordance with Regulation 2012/2002/EC and in particular with Articles 2, 3 and 4 thereof. It was found that the disaster qualifies as a "major disaster " within the meaning of Regulation 2012/2002/EC as the estimated damage is in excess of the applicable threshold of 0.6% of GNI. The most important elements of the assessment can be summarised as follows: - the starting date of the disaster was 20 July 2003. The application was presented within the deadline of ten weeks. The disaster is of natural origin and therefore falls within the main field of application of the Solidarity Fund; - direct damage to Portugal is estimated at EUR 1,227,885.900 million. Since this amount is larger than 0.6% of the Portuguese GNI (i.e. larger than EUR 718.120 million) the disaster qualifies as a "major disaster" within the meaning of Regulation 2012/2002/EC. - the cost of essential emergency operations eligible under Article 3, paragraph 2 of Regulation 2012/2002/EC has been estimated at EUR 104.270 million and has been broken down by type of operation. The Portuguese authorities have confirmed that these costs relate to operations occurring in Portugal. The Commission's proposed allocation under the Fund is based on the information made by the applicant. The Commission therefore proposes to mobilise the EUSF aid. FINANCIAL IMPLICATIONS AND METHOD OF CALCULATION : The total annual budget available for the Solidarity Fund is EUR 1 000 million. Only 75% of this amount (i.e. EUR 750 million) can be allocated up to 1 October 2003. Furthermore, the Commission has already proposed to the Budgetary Authority to allocate EUR 56.25 million for other cases under the Solidarity Fund. This means that a maximum of EUR 693.75 million can be granted until 1 October 2003. Given that solidarity was the central justification for the creation of the Fund, the Commission takes the view that aid from the Fund should be progressive. That means that the portion of the damage exceeding the threshold for major disasters (0.6% of the GNI or EUR 3 billion, whichever is the lower amount) should give rise to higher aid intensity than damage up to thethreshold. The rate applied in the past for defining the allocations for major disasters is 2.5% of total direct damage under the threshold and 6% for the damage above. The Commission proposes to apply the same percentages in this case. This aid amount will leave more than 25% of the European Union Solidarity Fund available for allocation during the last quarter of the year. The necessary payment appropriations will be made available by a transfer of appropriations from other budget lines, which the Commission will propose to the budgetary authority in due time.