European Union Solidarity Fund: common and coordinated action to provide assistance to the Member States and the candidate countries in case of major disasters or public health emergencies

2005/0033(COD) - 06/04/2005 - Legislative proposal

PURPOSE : proposal to establish the European Union Solidarity Fund.

PROPOSED ACT : Regulation of the European Parliament and of the Council.

CONTENT : this proposal submits provisions for action at European level to provide a common response to emergency situations of different origin in an efficient and coordinated way. Such action will cover both solidarity and rapid reaction, with measures allowing for immediate response and providing assistance in the aftermath of a major crisis. The objective of the proposal is to develop the solidarity strand of the Commission's integrated approach, in order to ensure response to major disasters or public health emergencies, independent of their nature and origin. It is modelled on the current European Union Solidarity Fund (Regulation 2012/2002/EC) (refer to 2002/0228(CNS)) while enlarging its scope and improving its operation mechanism.

The proposal recalls that the current EUSF is limited to major natural disasters. It may grant financial assistance to eligible States totalling up to EUR 1 billion per year. Responding appropriately at EU level to major crises which are not of natural origin with the existing instruments is extremely difficult or even impossible, as illustrated by industrial accidents such as the Prestige oil spill, or terrorist acts such as the Madrid bombing of March 2004. Similarly, it is not possible at present to provide assistance from the EUSF in the event of a serious public health crisis - such as the spreading of an epidemic like SARS to Europe or caused by an accident of the Chernobyl type - which could easily surpass the response capacities of the individual

States.

Furthermore, the threshold for mobilising the EUSF - currently set at direct damage in excess of EUR 3 billion, in 2002 prices, or more than 0.6% of national GNI – is extremely high. As a result, more than two thirds of all applications for EUSF assistance so far presented by eligible States have been based on an exception for so- called "extraordinary regional disasters", thus perverting the initial rationale of the EUSF. Moreover, the rather vague qualitative criteria for such exceptional mobilisations of the EUSF are difficult to apply in practice and budgetary resources under this heading are limited to EUR 75 million per year only. Mobilisation of the Fund under the main criterion ("major disaster") should become the rule rather than the exception.

The main points of the new proposal are as follows:

- it is based on the current EUSF Regulation, which will be repealed with effect from the moment the proposed new Regulations applies, i.e. 1 January 2007;

- the geographical scope remains unchanged; it is limited to Member States and countries negotiating their accession to the EU;

- the thematic scope is enlarged to cover not only major crisis situations resulting from natural disasters but also to include industrial/technological disasters, public health threats and acts of terrorism;

- the Fund remains limited to "major" disasters. These are defined using a partially new, double approach.

1) As at present, total direct damage in excess of a threshold is applied to the physical damage caused by disasters including the intervention costs to which these give rise. In practice this will cover not only natural disasters but also public health emergencies, industrial accidents and physical damage resulting from acts of terrorism. The thresholds are lowered from EUR 3 billion or 0.6% of GNI of the affected country to EUR 1 billion or 0.5% respectively.

2) A new criterion based on political considerations is introduced which enables the Commission in duly justified circumstances to declare a disaster situation as "major" even if the quantitative criteria are not met. This will allow mobilisation of the Fund for crisis situations where physical damage is still, at the moment of decision, limited; such a possibility is more likely with terrorist attacks or major public health crises. This possibility will allow for grants to assist victims of terrorism or to pay for emergency measures in the event of unforeseen health crises and thus make possible to help refinance the cost of drugs, medicines and medical equipment used during an emergency. The three influenza pandemics of the last century (in 1918, 1957 and 1968) killed millions of people and caused widespread disruption to the countries affected. Effective protection will require widespread and rapid use of anti-viral drugs and vaccines. The EUSF could be used to help refinance the cost of these drugs. The declaration mechanism allows the Fund to be mobilised for truly unexpected and exceptional situations. This political criterion should be used only in justified cases, assessed by the

Commission, in particular in the event of serious public health emergencies or acts of terrorism.

- the revision of the threshold, which substantially widens the eligibility of disasters, makes the continuation of the exception for regional disasters void, as all disasters element should be a safeguard for the EUSF to remain an instrument for major disasters, whereas regional or local disasters can be addressed directly by the states concerned, in conformity with the subsidiarity principle;

- a new feature would allow the Commission to take under certain circumstances immediate solidarity action by making a down-payment as soon as the affected State has applied for assistance;

- the introduction of certain safeguards/deadlines will allow speedier payment of the grant;

- eligible operations remain limited to public emergency operations. They are extended to include compensation payments to victims of terrorism and medical assistance in case of health crises;

- a provision for a technical assistance budget is introduced which would allow the Commission to pay for expertise to help assess applications.

FINANCIAL IMPLICATIONS:

Three budget lines under heading 3:

- Administrative Management: 13 01 04 04

- Member States: 13 06 01

- Candidate countries: 13 06 02.

Duration of the action and of the financial impact: Indeterminate, with the possibility of using up to EUR 1000 million per year in current prices to be made available on a case by case basis by the budgetary authority in the event of major disasters upon proposal from the Commission of an amending budget.

Up to 0.2% of any grant paid under the EUSF may be used for Technical Assistance. Up to 5% of the estimated costs of eligible operation claimed in the application – but no more than EUR 5 million in each case – may be granted as advance funding upon request of the affected Member State . In this case, available Commitment Appropriations would have to be transferred to either 13 06 01 or 13 06 02 and retransferred once the application has been approved and the amending budget becomes effective. The Member State would have to repay the advance payment if the application is not approved.

- Human resources per year: EUR 216 000.

- Total human resources: 2.