

Nuclear safety: 1st instalment of the 3rd Community contribution to the European Bank for Reconstruction and Development EBRD for the Chernobyl Shelter Fund

2006/0102(CNS) - 15/06/2006 - Legislative proposal

PURPOSE : to grant the first instalment of the third Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund.

PROPOSED ACT : Council Decision.

CONTEXT : the shelter enclosing the remains of Chernobyl Nuclear Power Plant (ChNPP) Unit 4 was constructed under exceedingly hazardous conditions shortly after the accident on 26 April 1986. It was not intended to be a permanent solution and, in fact, it is increasingly unstable, it has deteriorated and allows the ingress of rainwater. There is a risk of collapse due to seismic disturbance, extreme weather or further deterioration of the structure. It is for this reason that in 1995, the European Commission took the initiative to set up a group of experts from the EU and Ukraine to elaborate and assess a number of alternative solutions to convert the Chernobyl Unit 4 and its present shelter into an environmentally safe condition. The group was joined in 1996 by experts from the US and Japan. The study report, issued in November 1996, proposed a Recommended Course of Action, comprising stabilisation and other short term measures and preparation for long term conversion into an environmentally safe site.

At the beginning of 1997, the G-7 Nuclear Safety Working Group reached an agreement with representatives of the Government of Ukraine to further develop the above study. In May 1997 an outline plan was finalised, in close co-operation with the international expert group, which became known as the Shelter Implementation Plan (SIP).

The first pledge to the Chernobyl Shelter Fund made by the European Commission in 1997 (US\$ 100 million) was formally followed up by Council Decision 98/381/EC of 5 June 1998 concerning the Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fund". This contribution was effectively funded from the 1998 and 1999 Community budgets. The second Commission contribution (EUR 100 million) was formalized by Council Decision 2001/824/EC.

The Chernobyl Shelter Fund provides a very important tool to assist Ukraine in resolving the problems resulting from the Chernobyl accident. Taking into account that the Community is by far the largest donor to the CSF, its continued participation is essential to the success of the project.

On the basis of the financial overview, the EBRD indicated that a replenishment of the fund, i.e. new commitments by the Contributors, were required before they would be able to conclude a contract for the New Safe Confinement (due to take place in 2006). In order that the Chernobyl projects might continue and brought to a successful completion, the major donors pledged some EUR 173 million at an event in London in May 2005. This figure includes EUR 49.1 million pledged by the Commission.

CONTENT : the objective of the present proposal is to solicit a Council decision for the first instalment of the third Community contribution amounting to **EUR 14.4 million**. The proposed new contribution will be

subjected to the same conditions stated in Articles 1 and 3 of Council Decision 98/381/EC of 5 June 1998 concerning the first contribution of funds (**CNS/1997/0235**), as applicable. The balance of the pledge (**EUR 34.7 million**), to be paid over the period **2007-2009**, will be subjected to a new decision.

The contribution will be made according to Article II, Section 2.02 of the Rules of the Fund and will be the subject of a formal Contribution Agreement between the European Commission and the European Bank for Reconstruction and Development.

For further information concerning the financial implications of this measure, please refer to the financial statement.