

## Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Paul RÜBIG (PPE, AT) on discharge in respect of the implementation of the budget of European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2012, and called on the European Parliament to grant the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2012.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of ITER for the financial year 2012 are reliable, and that the underlying transactions are legal and regular, Members made 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](#).

- Financing, budget and financial management: Members noted that the budget of the Joint Undertaking for the financial year 2012 was initially adopted for the collective amount of EUR 503 million in commitment appropriations and that this amount was reduced during the course of the year. They remarked that of the EUR 1 440 million in commitment appropriations available for operational activities, 55.4 % was implemented through direct individual commitments in 2012, while the remainder, were globally committed for large complex contracts requiring long negotiation times and with ensuing individual commitments in 2013. Members were also concerned about the high cash balance, which amounted to nearly 14 % of the final available payment appropriations in 2012.
- Rate of utilisation and carryovers: Members noted that after two amendments reducing the 2012 budget the utilisation rates for the available commitment and payment appropriations were 99.9 % and 94.5%, respectively.
- Objectives of the ITER programme: the committee recalled that in 2010, the Council revised the final cost figure of the Joint Undertaking's contribution for the construction phase to EUR 6.6 billion (2008 value), thus doubling the initial estimate. It took note that there were inconsistencies in pre-procurement activities for the ITER project pointing out that the Joint Undertaking was exposed to significant financial risks linked to the evolution of commodity prices. The Joint Undertaking stressed that there was a risk of cost deviations in the range of EUR 180-250 million, or 3 % of the latest estimated project cost of EUR 6.6 billion. Members took note that in June 2013, the Joint Undertaking completed an exercise to update the cost estimate of the Union contribution to the construction phase of the project that estimates the current risk of increase at EUR 290 million, or 4.4 % of the budget approved by the Council, and that a significant escalation in the scope of the components to be provided to the ITER project was at the origin of that estimated increase. They were also concerned that the Joint Undertaking considers the current ITER reference schedule to be unrealistic, and they urged the Joint Undertaking to work with its ITER partners to establish a new and reliable schedule and to do its utmost to ensure that the schedule is maintained while avoiding budget deviations.

Members went on to make a series of observations on procurement, internal control systems, internal audits, and horizontal aspects of European Research Joint Undertakings. They invited the Court of Auditors to monitor the Joint Undertaking's policies as regards the management and prevention of conflicts of interests by drafting a Special Report on the matter by the next discharge procedure.

JTI: the committee invited the Court of Auditors to comprehensively analyse the Joint Technology Initiatives (JTIs) and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks- notably reputational presented. It noted that the Joint Undertakings total 2012 forecasted budgeted income amounted to some EUR 2.5 billion or about 1.8 % of the 2012 Union general budget while approximately EUR 618 million came from the general budget (cash contribution from the Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings.

Members recalled that Parliament had previously requested that the Court of Auditors draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes.

They agreed with the Court of Auditors conclusion that the JTIs had been set up to support long-term industrial investment in particular research areas, but noted that it had taken on average two years to grant financial autonomy to a JTI, with the Commission usually remaining responsible for one third of the expected operational lifetime of the JTIs.