

Mobilisation of the Contingency Margin in 2014

2014/2037(BUD) - 15/12/2014 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Gérard DEPREZ (ADLE, BE) on the proposal for a decision of the European Parliament and of the Council on mobilisation of the Contingency Margin, in accordance with point 14 of the [Interinstitutional Agreement](#) of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

Members recalled that the implementation of the MFF 2014-2020 started with a huge backlog in payments, with unpaid bills amounting to some **EUR 23.4 billion at the end of 2013** for Cohesion policy only, and a **level of outstanding commitments (RAL)** reaching **EUR 221.7 billion** at the same date, i.e. EUR 41 billion above what was originally foreseen when the MFF 2007-2013 was agreed.

They stated that this situation is unacceptable and requires urgent measures, having recourse to the **flexibility mechanisms** included in the MFF Regulation, with a view to not jeopardising the delivery of EU policies and programmes, as unanimously agreed in the MFF, but also to limiting the claims for interest on late payments and avoiding unduly increasing the economic exposure and vulnerability of beneficiaries of the Union budget.

Avoiding abnormal RAL: Members also recalled that, in the framework of the budgetary conciliation for 2014, the Parliament, the Council, and the Commission jointly agreed, in light of the need to ensure an orderly progression of payments and avoid any abnormal shift of the RAL onto the 2015 budget, to have recourse to the various flexibility mechanisms contained in the MFF Regulation, including the Contingency Margin. After having examined all other financial possibilities to react to unforeseen circumstances, the Commission proposed to mobilise the full amount of the Contingency Margin available to complement the payment appropriations in the general budget of the Union for the financial year 2014, above the payment ceiling.

Different interpretations: Members stated that the Council does not share Parliament's and Commission's interpretation that the EUR 350 million in payment appropriations mobilised in 2014 in respect of the Special Instruments provided for in the MFF Regulation should be counted outside the payments ceiling, thus leaving a margin of EUR 711 million to be exhausted before having recourse to the Contingency Margin. They stressed that the decision remains open as to whether and to what extent the amount of EUR 350 million should be offset against the MFF margins for payments for current or future financial years.

Deficit of payment appropriations: the report noted that it has been agreed, in the framework of the negotiations on the 2014-2015 budgets package, to mobilise the Contingency Margin for an amount of EUR 2 818,2 million plus EUR 350 million, i.e. **EUR 3 168,2 million**. However, Members stated that **this mobilisation is not likely to sustainably address the recent payment shortages** and the growing amount of outstanding commitments, but only to limit the increase in outstanding bills rolled over to the following year, which has grown by more than 50 % every year since 2010.

Mobilisation of the Contingency Margin: Members stipulated that the mobilisation of the Contingency Margin in 2014 does not entail any increase of the global ceiling for payment (EUR 908 billion, 2011 prices) of the MFF 2014-2020. In this regard, they called on the European Parliament to approve the mobilisation of the Contingency Margin for 2014 to provide the amount of EUR 350 million in payment appropriations, **pending an agreement on payments for other special instruments**.

In addition, Members called on the Commission to present a proposal on the offsetting of the relevant amount in the MFF payment ceilings for one or more future financial years, having due regard to the agreement on payments for other special instruments, and without prejudice to the institutional prerogatives of the Commission.