

Amending budget 2/2014: increase in revenue; shortage of payments

2014/2036(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 Council position on Draft amending budget No 3/2014 of the European Union for the financial year 2014, Section III – Commission.

Members recalled that Draft amending budget (DAB) No 3/2014 to the 2014 general budget as originally presented by the Commission proposed to increase both the forecast of revenue stemming from fines and penalties, and other revenue by EUR 1 568 million and the payments appropriations by EUR 4 738 million across headings 1a, 1b, 2, and 4 of the multi-annual financial framework (MFF), with the aim of meeting payment needs until the end of the year by covering obligations stemming from past and current commitments.

Recurrent issue of payment appropriations: Members pointed out that the implementation of the 2014-2020 MFF 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 221.7 billion at the end of 2013**, i.e. EUR 41 billion above what was originally foreseen when the MFF 2007-2013 was agreed.

Out of the total of DAB No 3/2014, only EUR 99 million is meant to cover 2014-2020 programmes under the cohesion policy, the rest relating to the closure of the 2007-2013 programmes (EUR 3.296 billion) and payment needs stemming from other headings (EUR 1.34 billion).

Joint conclusions from the Parliament and the Council on budget issues: Members endorsed the joint conclusions agreed by Parliament and Council on 8 December 2014 with the view to provide for reinforcements in payments, in the 2014 budget, on a number of budget lines up to a level of EUR 4 246 million, of which EUR 3 168 million will be mobilised through the Contingency Margin for 2014. They welcomed in particular the increases in the payment appropriation for Heading 1a and Heading 4, which have been largely preserved in the final compromise depicted in the Joint conclusions of 8 December 2014. However, they regretted that **some delegations in the Council expressed reservations as to the use of the contingency margin in DAB No 3/2014**, which is considered by the Parliament to be an unsubstantiated concern and in contradiction with the spirit of the MFF Regulation and the IIA.

Avoid the snowball effect: although Members welcome the increase in payment appropriations for Heading 1b which is the main area affected by the shortage of payments in the Union budget in general, they considered nevertheless that this is the bare minimum to cover the actual needs until the end of 2014 and will **not be sufficient to solve the recurrent snowball effect of unpaid bills**.

Mobilise the Contingency Margin above the ceilings of the MFF: Members called on the Parliament to support the proposal for the [mobilisation of the Contingency margin](#) and underlined its interpretation of Article 3(2) of the MFF Regulation that payments related to special instruments must be counted **over and above the ceilings**. Any other interpretation undermines the basis for the political agreement on the 2014-2020 MFF, namely the understanding that specific and maximum flexibility should be implemented to allow the Union to fulfil its obligations.

Members recalled that the adoption of [DAB No 3/2104](#), DAB [No 4/2014](#), DAB [No 6/2014](#) and DAB [No 8/2014](#) will reduce the share of the GNI contribution from Member States to the Union budget by a total of

EUR 8 688 million and will therefore fully compensate the additional payment needs requested in DAB No 3/2014 as agreed in the Joint conclusions of 8 December 2014.

They called on the European Parliament to approve the Council position on Draft amending budget No 3 /2014.