2016 general budget: all sections

2015/2132(BUD) - 04/09/2015 - Council position on draft budget

On 4 September 2015, the Council adopted its position on the draft general budget of the European Union for the financial year 2016.

Following the discussions in Council, the main features of this position may be summarised as follows:

EUR 153 268.84 million in commitment appropriations;

EUR 142 119.62 million in payment appropriations.

Under the Council's position, commitment appropriations decrease by 5.36% compared to the 2015 budget and payment appropriations increase by 0.59%.

The total amount of payment appropriations provided for in the Council's position on the DB for 2016 corresponds to **0.97% of the EU gross national income (GNI)**.

A. Principles: when adopting its position on the DB for 2016, the Council took into account the following principles:

- to work within the framework of the budget guidelines established for the 2016 budget in the Council conclusions adopted in February 2015 (5310/2015);
- to follow an approach leading to a budget complying with budgetary discipline and sound financial management, as well as taking duly into account the ongoing economic and budgetary constraints in Member States;
- to provide adequate funding for the European Union's various priorities, determining appropriations on the basis of past and current budget implementation and realistic absorption capacities;
- to foresee the appropriations necessary to respect the agreement reached on a payment plan for 2015-2016;
- to comply with the agreement reached on the financing of the European Fund for Strategic Investments as far as the budget for 2016 is concerned;
- to provide the appropriations necessary to implement the European Council conclusions of April and June 2015 on measures in the area of migration;
- to foresee the necessary appropriations enabling the smooth implementation of the new programmes in the third year of the MFF 2014-2020;
- to leave adequate margins under the ceilings of the headings and subheadings of the MFF, with the exception of sub-heading 1b and heading 3, in order to be able to cope with unforeseen situations;
- to **keep payment appropriations firmly under control** in all headings and sub-headings of the MFF and to create a sufficient margin to cover unforeseen events, resulting in a reduction in payment appropriations in particular **under (sub-)headings 1a, 1b, 2 and 4**.

Administrative expenditure: as regards administrative expenditure of the institutions, the Council recalls the importance of limiting the increase in 2016 and of reducing staff in line with the -5 % target over the period 2013-2017 set in the Interinstitutional Agreement of 2 December 2013 on budgetary discipline.

In this context, the administrative budgets of the institutions were examined on the following basis:

- to keep under strict control the volume of administrative expenditure of the institutions, in line with the approach followed by the Member States for their national civil services;
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to set the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs;
- to carry out targeted reductions and increase the flat rate abatement on salaries for some institutions and offices, taking into account their past and current budget implementation and vacancy rates;
- to apply the Commission's proposal to reduce staff by 1% per year as from 2013.

Decentralised agencies: as regards decentralised agencies, the Council reduced the overall level of contributions from the Union budget by EUR 5.1 million in commitment appropriations and by EUR 5.3 million in payment appropriations. Agencies at cruising speed for which contributions from the Union budget would have increased in comparison to their respective 2015 budgets were affected by those reductions.

The Council took note of the Commission's monitoring of the progress towards the 5% staff reduction target already achieved to date by a number of institutions, bodies and agencies. It called on all institutions and bodies to continue implementing the remaining staff reduction until the end of the five year period 2013-2017.

Declaration on payment appropriations: he Council approved the following statement on payment appropriations: "The Council will carefully examine the letter of amendment for agriculture (including information on assigned revenue) in order to appropriately assess the level of resources under heading 2 (Sustainable growth: natural resources) in the 2016 budget. In line with the joint statement on a payment plan 2015-2016, the Council calls on the Commission to continue closely scrutinizing the implementation of the 2014-2020 programmes. To that end, it invites the Commission to present in a timely manner updated figures concerning the **state of affairs and estimates regarding 2016 payment appropriations** with a view to allowing the budgetary authority to take any necessary decisions in due time for justified needs."

B. Expenditure by main budget headings:

Heading 1: Smart and inclusive growth: EUR 69 559 million in commitments:

1a) Competitiveness for growth and jobs: the amount is set at **EUR 18 781 million** in commitments, an increase of 7% compared to 2015.

The sub-heading is characterised by the following elements:

- establish the level of commitment appropriations, targeting a total reduction of EUR 140.9 million in the appropriations requested in the DB for 2016 on a number of specific budget lines including administrative support expenditure;
- this includes the **use of the global margin for commitments for an amount of EUR 543.0 million** under this sub-heading as proposed in letter of amendment No 1/2016;
- set the level of payment appropriations, **reducing the appropriations requested in the DB for 2016 by a total amount of EUR 435.4 million**, of which EUR 110.0 million in Large Infrastructure Projects, EUR 219.1 million in the Common Strategic Framework for Research and Innovation, EUR 13.7 million in Employment and Social Innovation, EUR 26.5 million in Customs, Fiscalis and Anti-Fraud, EUR 21.4 million in the Connecting Europe Facility, EUR 5.0 million in Energy projects to aid economic recovery, EUR 17.5 million in actions financed under the prerogatives of the Commission and specific competences conferred to the Commission and -EUR 18.0 million in other programmes;
- the amounts mentioned above also take into account reductions in contributions to decentralised agencies for a total amount of EUR 4 million in commitment appropriations and EUR 4.1 million in payment appropriations under this sub-heading.

The margin available under sub-heading 1a is EUR 229.5 million.

1b) Economic, social and territorial cohesion: the Council provided **EUR 50 818 million** in commitments (a decrease of 15.9% compared to 2015). Other main features of this sub-heading include:

- establish the level of commitment appropriations, targeting a **total reduction by EUR 3.1 million** in the appropriations requested in the DB for 2016 on a number of specific budget lines related to administrative support expenditure under this sub-heading;
- set the level of payment appropriations, **reducing the appropriations requested in the DB for 2016 for programmes under the new programming period by a total amount of EUR 220.1 million**, in particular in the field of Transition regions (EUR 5.1 million), Competitiveness (More developed regions) (EUR 109.7 million), the Cohesion fund (EUR 42.2 million), European territorial cooperation (EUR 43.5 million) and Technical assistance and innovative actions (EUR 19.6 million).

The margin available under sub-heading 1b is EUR 18.5 million.

Heading 2: Sustainable growth: natural resources: the amount for this heading is set at **EUR 62 904 million** in commitments. This is a reduction of 1.56% compared to 2015. Market-related expenditure and direct payments shall represent EUR 42.7 billion.

The heading is characterised by the following elements:

- **reduce the level of commitment appropriations requested in the DB for 2016 by EUR 199.9 million** on administrative support expenditure lines, on operational lines under the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund and the Programme for Environment and Climate Action (LIFE);
- **reduce the appropriations requested in the DB for 2016 by a total amount of EUR 251.1 million**, of which EUR 198.9 million in the European Agricultural Guarantee Fund, EUR 45.6 million in the European Agricultural Fund for Rural Development, EUR 4.5 million in the European Maritime and Fisheries Fund, and EUR 2.1 million in the LIFE programme. These amounts, estimated on the basis of information currently available, may be reviewed in the light of the letter of amendment on agriculture expected in the autumn. The amounts mentioned above also take into account reductions in contributions to decentralised agencies for an additional amount of -EUR 0.05 million in commitment and payment appropriations under this heading.

The margin available under heading 2 is EUR 1 357.5 million.

Heading 3: Security and citizenship: the amount of this heading is set at **EUR 2 644 million** in appropriations and sees an increase of 8.71% compared to the 2015 budget. This heading is characterised by the following:

- establish the level of commitment appropriations with a **total reduction of EUR 25.1 million of the appropriations requested in the DB for 2016** on a number of budget lines concerning administrative support expenditure and operational expenditure for new programmes;
- set the level of payment appropriations, including a total reduction of EUR 33.6 million of the appropriations requested in the DB for 2016 on a number of budget lines concerning administrative support expenditure (EUR 200 000) and operational expenditure for new programmes (EUR 32.3 million);
- the amounts mentioned above also take into account reductions in contributions to decentralised agencies of EUR 1.1 million in commitment and payment appropriations under this heading.

The margin under **heading 3 is equal to zero and is left unchanged**. Therefore, the Flexibility Instrument is mobilised for an amount of **EUR 98.9 million** in commitment appropriations. The amount serves to complement the financing of the temporary and exceptional relocation over two years from the frontline Member States Italy and Greece to other Member States of 40 000 persons in clear need of international protection.

Heading 4: Global Europe: the Council lays down an amount of **EUR 8 718 million** in commitments, an increase of 3.65% compared to 2015. It also decided to:

- establish the level of commitment appropriations, targeting a **total reduction by EUR 163.4 million in the appropriations requested in the DB for 2016** on a number of specific budget lines;
- set the level of payment appropriations, reducing the appropriations requested in the DB for 2016 by a total amount of EUR 450.4 million, of which:
- EUR 119.1 million in the Instrument for Pre-accession assistance,
- EUR 100.3 million in the European Neighbourhood Instrument,
- EUR 143.0 million in the Development Cooperation Instrument,
- EUR 11.0 million in the Partnership instrument for cooperation with third countries,
- EUR 25.1 million in the European Instrument for Democracy and Human Rights,
- EUR 44.1 million in the Instrument contributing to Stability and Peace,
- EUR 2.3 million in the Instrument for Nuclear Safety Cooperation,
- EUR 0.05 million in the EU Aid Volunteers initiative and
- EUR 5.6 million in other actions and programmes.

The margin available under heading 4 is EUR 424.7 million.

Heading 5: Administrative expenditure: the administrative expenditure amounts to **EUR 8 877 million**, an increase of 2.51%. Each institution's budget is set out in the Council position with the budget variations from year to year.

As regards staff levels, the Council accepted the establishment plans as proposed by the Commission in the DB for 2016.

The margin available under heading 5 is EUR 605.5 million.

Decentralised agencies: as regards decentralised agencies, the Council reduced the overall level of appropriations by -EUR 7 million. Only some of the agencies whose budgets increased in comparison to their respective 2014 budgets are affected by those reductions. The Council considered that the absorption capacities for these agencies will be lower than the forecasts made by the Commission.

Special instruments: lastly, the Council accepted the amounts in commitment and payment appropriations proposed by the Commission in the DB for 2016 concerning the Emergency Aid Reserve, the European Globalisation Adjustment Fund and the European Union Solidarity Fund.