2017 general budget: all sections

2016/2047(BUD) - 12/09/2016 - Council position on draft budget

On 12 September 2016, the Council adopted its position on the draft general budget of the European Union for the financial year 2017.

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

- **EUR 156 377.15 million in commitment appropriations;**
- **EUR 133 790.01 million in payment appropriations.**

Under the Council's position on the DB for 2017, commitment appropriations increase by 0.89 % compared to the 2016 budget and payment appropriations decrease by 7.02%.

The total amount of payment appropriations provided for in the Council's position on the DB for 2017 corresponds to **0.89% of the EU gross national income (GNI)**.

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

- to work within the framework of the budget guidelines established for the 2017 budget in the Council conclusions adopted in February 2016;
- 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 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: the Council recalls the importance of limiting the increase in 2017 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;
- 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 million in commitment and payment appropriations.

Agencies which did not fully implement the contributions received from the Union budget in the past and /or for which the absorption capacities could be lower than the forecasts made by the Commission are affected by those reductions.

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 2017 budget.

It called on the Commission to continue closely scrutinizing the implementation of the 2014-2020 programmes and invited the Commission to present in a timely manner updated figures concerning the state of affairs and estimates regarding 2017 payment appropriations.

Statement on the presentation of the Commission's statement of estimates for 2017: lastly, the Council recalled the **pragmatic calendar** agreed between the Council, the European Parliament and the European Commission during their trilogue on 14 March 2016 setting the dates for the budgetary procedure for 2017. This pragmatic calendar is an essential element for the improvement of the functioning of the budgetary procedure and contributes to ensuring a timely adoption of the budget.

B. Expenditure by main budget headings:

Heading 1: Smart and inclusive growth: EUR 74 283 million in commitments:

1a)Competitiveness for growth and jobs: the amount is set at EUR 20 712 million in commitments, an increase of 9% compared to 2016.

The sub-heading is characterised by the following elements:

- establish the level of commitment appropriations, targeting a total reduction of -EUR 397 million in the appropriations requested in the DB 2017 on a number of specific budget lines including administrative support expenditure, namely -EUR 116.5 million in Large Infrastructure Projects, -EUR 125.3 million in the Common Strategic Framework for Research and Innovation, -EUR 18.6 million in Employment and Social Innovation, -EUR 12.1 million in Customs, Fiscalis and Anti-Fraud, -EUR 111.5 million in the Connecting Europe Facility, -EUR 6.6 million in actions financed under the prerogatives of the Commission and specific competences conferred to the Commission and -EUR 4 million in other programmes;
- this includes the use of the **global margin for commitments for an amount of EUR 1 265 million** for this sub-heading;
- set the level of payment appropriations, **reducing the appropriations requested in the DB 2017 by a total amount of -EUR 331.5 million**, of which -EUR 219.7 million in Large Infrastructure Projects, -EUR 74.3 million in the Common Strategic Framework for Research and Innovation, -EUR 1.2 million in Employment and Social Innovation, -EUR 7.1 million in Customs, Fiscalis and Anti-Fraud, -EUR 15.4 million in the Connecting Europe Facility, -EUR 5 million in Energy projects to aid economic recovery, -EUR 3.7 million in actions financed under the prerogatives of the Commission and specific competences conferred to the Commission and -EUR 2.9 million in other programmes;
- the amounts mentioned above also take into account reductions in contributions to decentralised agencies for a total amount of -EUR 2.3 million in commitment and payment appropriations under this sub-heading.

The margin available under sub-heading 1a is EUR 478 million.

1b) Economic, social and territorial cohesion: the Council provided EUR 53 571 million in commitments (an increase of 5.4 % compared to 2016). Other main features of this sub-heading include:

- establish the level of commitment appropriations, targeting a total reduction by -EUR 3 million in the appropriations requested in the DB 2017 on a number of specific budget lines related to administrative support expenditure under this subheading;
- set the level of payment appropriations, reducing the appropriations requested in the DB 2017 by a total amount of -EUR 199 million, in particular for 2014-2020 programmes, notably: Transition regions (-EUR 10 million), Competitiveness (More developed regions) (-EUR 43 million), the Cohesion Fund (-EUR 20 million), European territorial cooperation (-EUR 81 million), Technical assistance and innovative actions (-EUR 25 million), and European Aid to the Most Deprived (-EUR 20 million);
- place into the reserve EUR 18.6 million in commitment appropriations and EUR 9.8 million in payment appropriations for the Structural Reform Support Programme, due to the lack of an adopted legal basis.

The margin available under sub-heading 1b is EUR 16.2 million.

Heading 2: Sustainable growth: natural resources: the amount for this heading is set at **EUR 58 722 million** in commitments. This is a reduction of 6% compared to 2016. 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 2017 by -EUR 179.5 million** on administrative support lines, on operational technical assistance lines, and on operational lines under the European Agricultural Guarantee Fund;
- set the level of payment appropriations, **reducing the appropriations requested in the DB 2017 by a total amount of -EUR 198 million**, of which -EUR 177.1 million in the European Agricultural Guarantee Fund, -EUR 20.2 million in the European Agricultural Fund for Rural Development, -EUR 0.2 million in the European Maritime and Fisheries Fund, and -EUR 0.2 million in the LIFE programme;
- the amounts mentioned above also take into account reductions in contributions to decentralised agencies for an amount of -EUR 0.3 million in commitment and payment appropriations under this heading;
- place into the reserve EUR 5.1 million in commitment appropriations and EUR 2.5 million in payment appropriations for the Structural Reform Support Programme, due to the lack of an adopted legal basis.

The margin available under heading 2 is EUR 938.8 million.

Heading 3: Security and citizenship: the amount of this heading is set at **EUR 4 248 million** in appropriations and sees an increase of 4.84% compared to the 2016 budget. This heading is characterised by the following:

- establish the level of commitment appropriations with a total reduction of -EUR 24.3 million of the appropriations requested in the DB 2017 on a number of budget lines concerning administrative support expenditure (-EUR 0.5 million) and operational expenditure for new programmes (-EUR 21.5 million);
- set the level of payment appropriations, including a total reduction of -EUR 21.6 million of the appropriations requested in the DB 2017 on a number of budget lines concerning administrative support expenditure (-EUR 0.5 million) and operational expenditure for new programmes (-EUR 18.8 million).

The margin available under heading 3 is **equal to zero**. The **Flexibility Instrument is mobilised for an amount of EUR 530 million** in commitment appropriations and the **Contingency Margin is mobilised for an amount of EUR 1 140 million** in commitment appropriations for this heading. This amount is offset by a reduction of the margin in Heading 2 (Sustainable growth: natural resources) by EUR 530 million and in Heading 5 (Administration) by EUR 610 million.

Heading 4: Global Europe: the Council lays down an amount of **EUR 9 327 million** in commitments, an increase of 1.74% compared to 2016. It also decided to:

establish the level of commitment appropriations, targeting a **total reduction by -EUR 105.2 million in the appropriations requested in the DB 2017** on a number of specific budget lines;

set the level of payment appropriations, reducing the appropriations requested in the DB 2017 by a total amount of -EUR 70.2 million, of which:

- -EUR 2.8 million in the Instrument for Pre-accession assistance,
- -EUR 2.4 million in the European Neighbourhood Instrument,
- -EUR 47.1 million in the Development Cooperation Instrument,
- -EUR 7.3 million in the Partnership instrument for cooperation with third countries,
- -EUR 0.2 million in the European Instrument for Democracy and Human Rights,
- -EUR 0.4 million in the Instrument contributing to Stability and Peace,
- -EUR 4.6 million in the EU Aid Volunteers initiative,
- -EUR 1.1 million in other actions and programmes and
- -EUR 4.3 million in actions financed under the prerogatives of the Commission and specific competences conferred to the Commission.

The margin available under heading 4 is EUR 105.2 million

Heading 5: Administrative expenditure: the administrative expenditure amounts to **EUR 9 263 million**, an increase of 3.67%. 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 2017.

The margin available under heading 5 is EUR 44.5 million.

Special instruments: lastly, the Council did not include any amount in payment appropriations in the reserve for the European Globalisation Adjustment Fund (-EUR 30 million). Moreover, it did not include any amount in the reserve for the European Union Solidarity Fund (-EUR 513 million in commitment appropriations, -EUR 200 million in payment appropriations).