Amending budget 4/2016: update of appropriations, reduction of payment and commitment appropriations, extension of EFSI, staff establishment plan of Frontex, update of revenue appropriations

2016/2257(BUD) - 25/11/2016 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by José Manuel FERNANDES (EPP, PT) on the Council position on Draft amending budget No 4/2016 of the European Union for the financial year 2016: Update of appropriations to reflect the latest developments on migration and security issues, reduction of payment and commitment appropriations as a result of the Global Transfer, extension of EFSI, modification of the staff establishment plan of Frontex and update of revenue appropriations (Own resources).

To recall, draft amending budget No 4/2016 (DAB 4/2016):

- **decreases the level of payment appropriations by EUR 7 284.3 million**, mostly in budget lines under subheading 1b Economic, social and territorial cohesion, and therefore reduces national contributions accordingly;
- increases the level of commitment appropriations under heading 3 Security and Citizenship by: (i) EUR 50 million for the emergency support instrument within the Union, (ii) EUR 130 million for the Asylum, Migration and Integration Fund (AMIF), (iii) EUR 70 million for the Internal Security Fund (ISF), thus requiring the mobilisation of the Contingency Margin for a total amount of EUR 240.1 million, after taking into account a redeployment of EUR 9.9 million;
- frontloads the provisioning of the European Fund for Strategic Investments (EFSI) with a redeployment of EUR 73.9 million in commitment appropriations from the energy strand of the Connecting Europe Facility (CEF-Energy), to be compensated in 2018;
- amends the establishment plan of Frontex in view of the entry into force of Regulation (EU) 2016 /1624 on the European Border and Coast Guard.

On the expenditure side, with a reduction of EUR 14.7 million across several budget lines under heading 2 Sustainable Growth: natural resources, **the net impact of DAB 4/2014 on the expenditure side of the 2016 budget is an increase of EUR 225.4 million** in commitment appropriations.

On the revenue side, DAB 4/2016 also includes adjustments linked to the revision of the forecast of Traditional Own Resources (i.e. customs duties and sugar sector levies), value-added tax (VAT) and gross national income (GNI) bases, and the budgeting of the relevant UK corrections and their financing.

The committee expressed serious concerns over the payment surplus of EUR 7 284.3 million, which is the result of **major delays in the implementation of EU programmes** under shared management and paves the way for an important accumulation of payment requests towards the end of the current MFF.

Members agreed with the **reinforcements in heading 3** via the mobilisation of the Contingency Margin, as well as the frontloading of the reinforcement of the Frontex establishment plan. They welcomed in particular the partial replenishment of the AMIF, but is concerned by the fact that, despite a high rate of budgetary execution based on Member States' national programmes, only a few relocations of refugees have actually taken place to date.

They also agreed with the **frontloading of EFSI** provided the redeployment from CEF is duly compensated in 2018. They clarified that this frontloading does not pre-empt the final financing plan of the new proposal for a prolongation of EFSI which is to be decided in accordance with the ordinary legislative procedure.

Members also noted with concern the expected **shortfall of revenues**, estimated at EUR 1.8 billion, due to the depreciation of the British Pound against the Euro. They noted the Commission's intention to use the revenues provided by additional fines in order to cover that shortfall.

Members called on the European Parliament to approve the Council position on Draft Amending budget No 4/2016.