Amending budget 2/2017: surplus of the financial year 2016

2017/2061(BUD) - 22/06/2017 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Jens GEIER (S&D, DE) on the Council position on Draft amending budget No 2/2017 of the European Union for the financial year 2017: entering the surplus of the financial year 2016.

Members recalled that Draft amending budget No 2/2017 aims to enter in the 2017 budget the surplus from the 2016 financial year, amounting to EUR 6 405 million.

They stressed that the main components of that surplus are:

- a positive outturn on income of EUR 1 688 million,
- an under-spending in expenditure of EUR 4 889 million,
- exchange rate differences amounting to EUR - 173 million.

On the **income side**, the two main components are interest on late payments and fines (EUR 3 052 million) and a negative outturn on own resources (EUR 1 511 million).

On the **expenditure side**, under-implementation reaches EUR 4 825 million for 2016 and EUR 28 million for 2015 carryovers under Section III (Commission), and EUR 35 million for other institutions.

Implementation rate: overall, Members expressed concern at the significant under-implementation of EUR 4 889 million in 2016, despite the fact that Amending budget No 4/2016 had already reduced the level of payment appropriations by EUR 7 284,3 million.

The very low implementation of payment appropriations in the area of cohesion (Heading 1b) is partially due to inaccurate forecasts by Member States and to delays in the designation of managing and certifying authorities at national level.

Members drew attention to the negative impact of the depreciation of the British Pound against the Euro, which is the main cause of the shortfall in revenues of EUR 1 511 million under own resources. That shortfall could have created severe problems for the financing of the Union budget.

They noted in particular the relatively high level of fines in 2016, which totalled EUR 4 159 million, of which EUR 2 861 million are counted in the 2016 surplus.

They observed that the adoption of Draft amending budget No 2/2017 will **reduce the share of GNI contributions from Member States to the Union budget** in 2017 by EUR 6 405 million. They urged, once again, Member States to use the opportunity of such a reflow to **honour their pledges in relation to the refugee crisis** and to match the Union contribution to **Union trust funds** and to the new European Fund for **Sustainable Development**.

Amending budget: Members called on the institutions to process swiftly the pending and upcoming draft amending budgets for the Youth Employment Initiative and for the European Fund for Sustainable Development, in line with the commitments taken as part of the outcome of the conciliation on the 2017 budget.

They reminded the Council that Parliament has undertaken all necessary steps to ensure a swift adoption of the MFF revision and called on the British government to lift its blockade on the vote in the Council as soon as possible in the hope that the reflow of financial resources to Member States will ease the upcoming negotiations on the **settlement of financial obligations between the UK and the Union.**

Lastly, Members approved the Council position on Draft amending budget No 2/2017.