2018 general budget: all sections

2017/2044(BUD) - 29/06/2017 - Commission draft budget

PURPOSE: Presentation of the Commission's Draft Budget (DB) for 2018 (all sections).

BACKGROUND: The 2018 draft budget is in line with the annual evolution foreseen in the multiannual financial framework (MFF). It focuses on the challenge of **migration, both within and outside the EU**. The 2018 budget will be the fifth of the current MFF.

The budget is proposed in the context of the mid-term review of the MFF formally adopted by the Council.

The Commission should also **use the budget under the 'Agriculture' heading to allocate additional funding for security and migration**.

The budget in a few figures: the draft budget for 2018 (including special instruments) is as follows:

- the overall ceiling for **commitment appropriations (CAs)** amounts to **EUR 160.6 billion**, corresponding to 1.02% of GNI, and represents an increase of EUR 2 213.9 million compared to the 2017 budget. The resulting total margin under the ceiling of the commitments of the MFF amounts to EUR 1.1 billion;

- the ceiling on **payment appropriations (PAs)** amounts to **EUR 145.4 billion**, which corresponds to 0.92% of GNI, **i.e. an increase of 8.1% in the amounts compared with 2017**, due to the structural programmes And EU investment for the period 2014-2020 that will reach their cruising speed, after a slow start. The remaining margin under the MFF payments ceiling for 2018 is EUR 10.4 billion.

The main budgetary priorities for the year are as follows:

- **employment and investment:** The European Strategic Investment Fund (ESIF) aims to support employment and boost growth through the more intelligent use of existing and new financial resources in order to capitalise on private investment. It has already mobilised EUR 194 billion of investment to date. In 2018, the Commission proposes to allocate an additional **EUR 2 billion to the ESIF guarantee fund**.

In general, EUR 55.4 billion will be allocated to the Structural and Investment Funds for regions and Member States and around EUR 59.6 billion for farmers and rural development.

The **promotion of sustainable development** will also guide the actions covered by the EU budget outside the Union, which will be considerably strengthened as regards neighbouring countries. The new **European Sustainable Development Fund** should therefore mobilise additional funds, particularly from the private sector;

- **new prospects for young people:** the **Erasmus + programme** will increase to EUR 2.3 billion, an increase of 9.5% compared to the 2017 budget. By the end of 2016, around 1.6 million young people had benefited from actions under the **Youth Employment Initiative**. This initiative has helped to **reduce the youth unemployment rate in most Member States**. However, given that unemployment rates are still higher than pre-financial crisis levels, it is necessary to continue efforts at EU level and to provide assistance. To this end, an additional EUR 1.2 billion should be allocated to the initiative for the period 2017-2020 of which **EUR 233 million is included in the 2018 draft budget and EUR 500 million in an amending budget for 2017**, proposed in parallel.

In addition, the **European Solidarity Corps**, which aims to offer young people voluntary, internship and employment offers for periods of 2 to 12 months, to promote solidarity within society throughout Europe. This initiative will have its own budget and a legal basis to allow 100 000 Europeans to participate by 2020, for a total amount of EUR 342 million for the period 2018-2020, of which **EUR 89 million in 2018**;

-increasing security within and outside the EU: given that migration and security remain top priorities, the Commission plans to continue funding a wide range of related actions within the European Union such as the provision of humanitarian aid, the strengthening of the management of external borders and the support of the Member States most affected. The **EUR 4.1 billion** allocated for this purpose in the draft budget for 2018 in the areas of migration and security covers the EU's overall allocation for migration and security to an unprecedented amount of EUR 22 billion for the period 2015-2018.

Additional funds will also be available to combat the **root causes of migration** externally, including by providing assistance to third countries facing large migratory flows, such as **Lebanon and Jordan**. The draft budget also includes the commitments made for this region at the **Brussels conference on aid for the future of Syria** in April 2017 totalling **EUR 560 million**.

In the **area of security**, EU funding will focus on preventive security measures, in particular in the field of organised crime, including enhanced coordination and cooperation between national law enforcement agencies, improving the security of the Union's external borders and supporting Member States in **combating terrorism and cybercrime**.

In addition, in 2017, the Commission launched a **preparatory action for defence-funded research work** financed by the Union. A total of **EUR 90 million** is envisaged in the budget for the period 2017-2019 to finance collaborative research in **innovative technologies and products in the field of defence**.

MAIN FEATURES OF THE BUDGET BY HEADING: the following presentation is structured according to the budget headings set out in the 2014-2020 financial framework:

Heading 1: *Smart and inclusive growth*: this budget heading is divided into two sub-headings:

- **1.a Competitiveness for growth and employment:** Commitment appropriations for this sub-heading amount to EUR 21.841 billion. This amount is up by 2.5% compared to the 2017 budget, mainly due to increases in support of the Common Strategic Framework for Research and Innovation, the European Interconnection Mechanism and Erasmus +. There remains a margin of EUR 56.1 million, after recourse to the overall margin for commitments, of EUR 658.4 million. Payment appropriations increase by 3.9% to EUR 20 billion;

- **1.b Economic, social and territorial cohesion:** commitment appropriations increase by 2.4% to EUR 55.408 billion, leaving a margin of EUR 6.5 million. In line with the political agreement reached on the MFF mid-term review, an amount of EUR 233 million is proposed for the Youth Employment Initiative in 2018. Payment appropriations for the heading as a whole have increased by 25.7% compared to the budget for 2017 rising to EUR 46.763 billion;

Heading 2: *Sustainable Growth: Natural Resources:* Commitment appropriations amounting to EUR 59.553 billion are proposed for this heading, an increase of 1.7% compared to 2017. The level of expenditure leaves a margin of EUR 713.5 million below the ceiling. Payment appropriations amount to EUR 56.36 billion, an increase of 2.6% compared to 2017. The financing of market-related expenditure and direct payments amounted to EUR 43.5 billion in commitment appropriations and EUR 43.47 billion in payment appropriations.

Heading 3: ***Security and citizenship:*** given the scale of the challenges, the Commission proposes to continue to make a major effort in 2018 to finance migration and security-related expenditure in Heading 3. The level of commitment appropriations amounted to EUR 3.473 billion, i.e. EUR 817 million above the ceiling. There is therefore **no margin under this heading**, which will require the **mobilisation of the flexibility instrument**, the envelope of which has been increased as part of the MFF mid-term review, in order to cover all the needs of heading 3 in 2018 (EUR 817 million). Payment appropriations amount to EUR 2.964 billion. The level of commitments and payments is lower (-18.9% for commitments and -21.7% for payments) than for the 2017 budget, which was very high, due to the need for an **urgent response to migration**.

Heading 4: ***Europe in the world:*** commitments amounting to EUR 9,593 billion are envisaged. By 2017, the Commission had mobilised EUR 730 million under the contingency margin in favour of this heading. For 2018, it is proposed to leave a margin of EUR 232 million to cover new needs that might still arise, such as the **possible extension of the refugee facility in Turkey**, for the Commission will perhaps need to submit a letter of amendment to the draft budget or an amending budget. The commitment appropriations for 2018 therefore correspond to a decrease of EUR -569.1 million, or -5.6%, compared with the budget for 2017. The level of payment appropriations, amounting to EUR 8.951 billion, is down -5.6%, reflecting the **absence of any arrears of outstanding commitments under this heading**;

Heading 5: ***Administration (expenditure of the European institutions and staff):*** Commitment and payment appropriations for heading 5, 'Administration', including all institutions, including European pensions and schools, have each increased by 3.1% with commitments amounting to EUR 9.682 billion. The draft budget includes adjustments made by the Commission to ensure a better match between the draft estimates of expenditure for the Court of Justice, the European Economic and Social Committee and the European Committee of the Regions. The margin under the ceiling of heading 5 amounts to EUR 663.6 million, of which EUR 570 million compensate for the recourse in the 2017 budget to the contingency margin for expenditure under heading 3 relating to migration. The **margin for 2018 still available** amounts to **EUR 93.6 million**.