Amending budget 2/2018: surplus of the financial year 2017

2018/2057(BUD) - 20/06/2018 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Siegfried MUREAN (EPP, RO) on the Council position on draft amending budget No 2/2018 of the European Union for the financial year 2018: Entering the surplus of the financial year 2017.

Members recalled that draft amending budget No 2/2018 aims to enter in the 2018 budget the surplus from the 2017 financial year, amounting to **EUR 555.5 million**.

They stressed that the main components of that surplus are:

- a positive outturn on income of EUR 338.6 million,
- an under-spending in expenditure of EUR 383.4 million,
- and a positive balance of exchange rate differences amounting to EUR 166.4 million.

On the **income side**, the largest difference stems from a larger than expected outturn of default interest and fines (EUR 342.6 million).

On the **expenditure side**, under-implementation in payments by the Commission reaches EUR 201.5 million for 2017 (of which EUR 99.3 million is from the Emergency Aid Reserve) and EUR 53.5 million for 2016 carryovers, and under-implementation by the other institutions of EUR 82.6 million for 2017 and EUR 45.7 million for 2016 carryovers.

Implementation rate: Members recalled that the low under-implementation in payments at the end of the year has only been made possible by the adoption of Amending budget 6/2017, which reduced payment appropriations by EUR 7 719.7 million due to heavy implementation delays, particularly in sub-heading 1b “Economic, social and territorial cohesion”.

All amending budgets in that year, even when they substantially increased commitment appropriations (e. g. EUR 1 166.8 million under the EU Solidarity Fund for Italy, EUR 500 million for the Youth Employment Initiative, EUR 275 million for the European Fund for Sustainable Development), were fully financed by redeployments from unused payment appropriations. Members regretted that implementation **delays** and inaccurate forecasts by the Member States seem to be continuing in 2018.

Members also noted the relatively high level of **competition fines** in 2017, totalling EUR 3 273 million and considered that, in addition to any surplus resulting from under-implementation, it should be possible for any revenue resulting from fines or linked to late payments to be reused in the Union budget without a corresponding decrease in GNI contributions. In this regard, they recalled the proposal for a **special reserve** to be established in the Union budget, which will be progressively filled up by all types of unforeseen other revenue and duly carried over in order to provide additional spending possibilities when the need arises.

Furthermore, Members stated that, given the urgent need to provide a quick response to the migration challenge and taking into account the delays in the extension of the Facility for Refugees in Turkey, the 2017 surplus, amounting to EUR 555.5 million, could provide an excellent solution to finance the Union contribution to this instrument for 2018 without pushing the Union general budget to its limits.

Members approved the Council position on Draft amending budget No 2/2018.