Basic information

2015/2074(BUD) BUD - Budgetary procedure	Procedure completed
2016 budget: mandate for the trilogue **Subject** 8.70.56 2016 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	FERNANDES José Manuel (PPE)	01/04/2015
	Shadow rapporteur GEIER Jens (S&D) KÖLMEL Bernd (ECR) ALI Nedzhmi (ALDE) NÍ RIADA Liadh (GUE/NGL) TARAND Indrek (Verts/ALE) ZANNI Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	LIETZ Arne (S&D)	01/04/2015
INTA International Trade	The committee decided not to give an opinion.	
CONT Budgetary Control	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	CLUNE Deirdre (PPE)	05/02/2015

ENVI	Environment, Climate and Food Safety	LA VIA Giovanni (PPE)	05/11/2014
ITRE	Industry, Research and Energy	VAN BOSSUYT Anneleen (ECR)	31/03/2015
IMCO	Internal Market and Consumer Protection	GÁLL-PELCZ Ildikó (PPE)	20/04/2015
TRAN	Transport and Tourism	The committee decided not to give an opinion.	
REGI	Regional Development	SPYRAKI Maria (PPE)	20/01/2015
AGRI	Agriculture and Rural Development	DENANOT Jean-Paul (S&D)	07/04/2015
PECH	Fisheries	CADEC Alain (PPE)	24/02/2015
CULT	Culture and Education	ZDROJEWSKI Bogdan Andrzej (PPE)	16/04/2015
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	
FEMM	Women's Rights and Gender Equality	MATERA Barbara (PPE)	11/02/2015

Council of the European Union

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
23/06/2015	Vote in committee		

26/06/2015	Committee report tabled for plenary	A8-0217/2015	Summary
07/07/2015	Debate in Parliament		
08/07/2015	Decision by Parliament	T8-0263/2015	Summary
08/07/2015	Results of vote in Parliament		
08/07/2015	End of procedure in Parliament		

Technical information

Procedure reference	2015/2074(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/03182

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	AGRI	PE554.837	01/06/2015	
Committee opinion	IMCO	PE554.943	04/06/2015	
Committee draft report		PE560.602	05/06/2015	
Committee opinion	DEVE	PE554.746	08/06/2015	
Amendments tabled in committee		PE560.711	11/06/2015	
Committee opinion	ITRE	PE554.939	16/06/2015	
Committee opinion	ENVI	PE554.828	17/06/2015	
Committee opinion	EMPL	PE554.832	17/06/2015	
Committee opinion	CULT	PE555.009	17/06/2015	
Committee opinion	PECH	PE554.762	18/06/2015	
Committee opinion	REGI	PE554.854	18/06/2015	
Committee opinion	FEMM	PE554.835	22/06/2015	
Committee report tabled for plenary, single reading		A8-0217/2015	26/06/2015	Summary
Parliament's opinion on budgetary estimates/guidelines		T8-0263/2015	08/07/2015	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

2016 budget: mandate for the trilogue

2015/2074(BUD) - 08/07/2015 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 422 votes to 173 with 85 abstentions a resolution on the mandate for the trilogue on the 2016 draft budget.

Draft Budget 2016: **respecting the commitments and financing priorities**: Parliament recalled that, in its resolution of 11 March 2015, Parliament placed, at the centre of its priorities for the 2016 budget, **the** creation of decent and quality employment and the development of enterprises and entrepreneurship for smart, sustainable and inclusive growth across the Union (the 'three Es'), together with internal and external solidarity within a secure Europe. It reiterated Parliament's **attachment to respecting legal as well as political commitments and its call on the institutions to deliver on their promises.**

In this context, Parliament recalled that the Multiannual Financial Framework (MFF) 2014-2020 set ceilings for all headings but also provided for **specific and maximum possible flexibility** to allow the Union to fulfil its legal obligations, and for special instruments to allow the Union to react to specified unforeseen circumstances or to finance clearly identified expenditure over and above the ceilings.

Welcomes the fact that the Commission's Draft General Budget of the EU for 2016 reinforces the above-mentioned priorities and proposed to step up EU support for investment, knowledge, jobs and growth-orientated programmes (such as Erasmus+); is satisfied about increases throughout Heading 3 (Security and Citizenship) and Heading 4 (Global Europe), to respond to new developments such as the crises in Ukraine, Syria and the Mediterranean. Whilst welcoming several new initiatives such as the inclusion of the European Fund for Strategic Investment (EFSI) in the Draft Budget for 2016, Parliament recalled that that the decision on the annual appropriations to be authorised for the constitution of the EFSI guarantee fund would only be taken by the budgetary authority, in the course of the annual budgetary procedure. In this framework, it undertook to further offset the cuts affecting Horizon 2020 and the CEF, which still remained significant, in order to allow those programmes to fully accomplish the objectives agreed only two years ago as a result of the negotiations on their respective legal bases. It also intended to closely examine whether those cuts should be concentrated in the years 2016-2018, as proposed by the Commission, or further spread over the years 2019-2020, as a means of minimising the impact on those programmes.

Cuts in 2015 budget priorities: regretting the **cuts to COSME**, Parliament reiterated its concerns about the funding of the **Youth Employment Initiative**, which was a top priority for all European decision-makers. It noted the frontloading of the YEI top-up allocation in 2014 and 2015, but regretted that **no new commitments were proposed in 2016**. It observed that, thanks to a timely agreement on the reprogramming of commitments under shared management within the MFF 2014-2020 by reason of the late adoption of the relevant rules and programmes, the Commission had included in its Draft Budget 2016 (Headings 2 and 3) EUR 4.5 billion in commitment appropriations which could not be used in 2014. Amending budget No 1/2015 had already allowed for a transfer of EUR 16.5 billion from 2014 to 2015 under Headings 1b, 2 and 3. These were, however, pure transfers and should therefore, be deducted from any assessment of the evolution of the 2016 budget vis-à-vis the 2015 budget.

Budget 2016: Parliament noted that the EU Draft Budget for 2016 amounted to **EUR 153.5 billion in commitment appropriations** (including EUR 4.5 billion reprogrammed from 2014) and **EUR 143.5 billion in payment appropriations**. Disregarding the effect of the reprogramming in 2015 and 2016, this corresponded to an increase of +2.4 % in commitments and +1.6 % in payments as compared to the 2015 budget. Parliament stresses that these overall moderate increases followed the path set by the MFF.

It underlined that the Commission was leaving margins of EUR 2.2 billion in commitment appropriations (of which EUR 1.2 billion are in Heading 2) and EUR 1.6 billion in payment appropriations under the MFF ceilings. It recalled that available margins in commitments and payments as well as unexecuted payments fed into the global margins to be used in subsequent years when the need arose. The Global Margin for Commitments was being made available for the first time, and part of it would be used for EFSI. Parliament welcomed in principle the proposed use of the Flexibility Instrument for clearly identified expenditure, as part of new EU initiatives in the areas of asylum and migration which could be financed within the limits of Heading 3.

Payments: restoring trust: once again, Members recalled that payment shortages, largely due to insufficient payment ceilings and under-budgeting, **reached unprecedented heights in 2014 and remained acute in 2015.** They feared that this would continue to jeopardise the proper implementation of the new 2014-2020 MFF programmes, and to penalise the beneficiaries. They also reiterated their concern over the *ad hoc* cuts in payments introduced by the Council in its reading of the annual budgets, including in programmes for competitiveness for growth and jobs under heading 1a. Parliament called on the Commission to prepare **a report regarding the impact on beneficiaries to whom the Union payments in 2013-2015 had been delayed,** as well as the impact on the implementation of programmes, by 31 March 2016 at the latest.

It underlined that Parliament, the Council and the Commission had undertaken to avoid the future build-up of an unsustainable backlog of outstanding payment claims at year's end, and reiterated the need to closely monitor the development of this backlog which put additional pressure on the level of payment appropriations, especially at the end of the MFF.

Whilst welcoming the fact that the balance within the overall payment appropriations was finally shifting to the execution of the new 2014-2020 programmes, Parliament underlined the fact that the level of payments in the Draft Budget 2016, notably for Heading 1b, was low compared to the level

of commitments, which entailed the risk of a similar backlog of outstanding payments at the end of the current MFF. It questioned, therefore, to what extent this was in line with the long-term perspective of the payment plan.

Subheading 1a – Competitiveness for growth and jobs: Members noted that in comparison with 2015, the Commission proposal for 2016 corresponded to an increase in commitments under subheading 1a of +6.1 % to EUR 18.6 billion. The increase in commitments was largely due to the integration of EFSI, to increases for Erasmus+ and the Connecting Europe Facility (CEF), and, to a lesser extent, to increases for Customs, Fiscalis and Anti-Fraud as well as Employment and Social Innovation. Parliament regretted, however, the reductions in appropriations for large infrastructure projects, Horizon 2020 and COSME, as well as the slower progression of CEF Transport owing to the redeployment to EFSI.

Members reiterated support for the ITER programme and **their commitment to ensuring the appropriate financing.** They were concerned, however, that the presentation of a revised schedule and financial planning for ITER foreseen for November 2015 would not allow the budgetary authority to take the new information into account in the annual budget procedure for 2016. It stressed that past under-budgeting of payment appropriations had widened the gap between commitments and payments in several programmes under Heading 1a.

Subheading 1b – Economic, social and territorial cohesion: Parliament noted the proposed EUR 50.8 billion in commitments (+3.2% compared to 2015,) and EUR 49.1 billion in payments (-4 %) for subheading 1b. It stressed the fact that 44 % of the proposed 2016 payment appropriations covered outstanding payment claims for previous programming periods, leaving only EUR 26.8 billion in payments for the start-up of the new 2014-2020 cohesion programmes. An amount of EUR 21.6 billion was needed in the 2016 budget to bring down the level of outstanding payment claims for the 2007-2013 cohesion programmes from EUR 24.7 billion at the end of 2014 and EUR 20 billion at the end of 2015 to around EUR 2 billion by the end of 2016. Parliament wanted to avoid a similar 'abnormal' build-up of **unpaid bills in the future**, in order not to jeopardise the EU's credibility.

Heading 2 – Sustainable growth: natural resources: Members took note of the proposed EUR 63.1 billion in commitments (-0.1 % compared to 2015, with the impact of the reprogramming neutralised) and EUR 55.9 billion in payments (-0.2 %) for Heading 2. They stressed that the 2016 Draft Budget shows a decrease in needs for interventions in the agricultural markets compared with the 2015 budget, mainly owing to the impact in 2015 of emergency measures related to the Russian embargo on imports of certain agricultural products from the EU. Members noted that, according to the Commission, **no further measures were needed under the 2016 budget.**

They welcomed the increased appropriations provided for the LIFE Programme for the Environment and Climate Change.

Heading 3 – Security and Citizenship: Members welcomed the fact that the Draft Budget 2016 steps up its support across all programmes in Heading 3, reaching EUR 2.5 billion in commitment appropriations (+12.6 % compared with the 2015 budget with the reprogramming neutralised) and EUR 2.3 billion in payment appropriations (+9.7 %).

Parliament welcomed the Commission's European Agenda on Migration and reiterated its backing for the enhancement of the EU's means and the development of **a culture of fair burden-sharing and solidarity in the areas of asylum, migration and the management of external borders.** It welcomed the Commission proposal to mobilise the Flexibility Instrument with EUR 124 million in order to respond to the current migration trends in the Mediterranean, but queried if the proposed funding would be sufficient.

It regretted the fact that the human resources allocated to EASO and Europol was insufficient and felt that these agencies should not suffer cuts due to their increased responsibilities.

It recalled the strong support consistently given by Parliament to **adequate funding for culture and media programmes**.

Heading 4 – Global Europe: Members welcomed the overall increased financing for Heading 4, reaching EUR 8.9 billion in commitment appropriations (+5.6 % compared with the 2015 budget), while leaving a margin of EUR 261.3 million below the ceiling. This demonstrated **a high level of solidarity with third countries**, instrumental in reaching out to people in need and in promoting fundamental European values. Parliament was satisfied that the economic and social difficulties encountered by the EU over the past years have not detracted from the attention paid to the rest of the world. It believed, however, that further reinforcements of certain priority areas, such as the European Neighbourhood Instrument, including assistance for the Middle East Peace Process, would most probably be required.

It welcomed the increase in payment appropriations requested by the Commission across all programmes under Heading 4 (+28.5 % up to EUR 9.5 billion), whereby payments exceed commitments, especially in the areas of development, humanitarian aid and EU assistance to Palestine and to UNRWA.

It expected **the gap between commitments and payments to be progressively reduced and the backlog of unpaid bills to be brought back to a normal level.**

Parliament believed that external financing instruments provided tools to address the root causes of those internal security and migration challenges which were at the core of next year's budget, with particular reference to the southern and eastern borders of the Union and more generally to conflict-stricken areas. It called on the Commission to clearly identify areas that can help in coping with those topical challenges and recalled the importance of providing assistance in reducing and eventually eradicating poverty.

Heading 5 – Administration: Members noted that Heading 5 expenditure was increased by 2.9 % compared with Budget 2015, to EUR 8 908.7 million, that figure accounting globally for the administrative expenditure of the institutions (+2.2 %) and for Pensions and European Schools (+5.4 %).

Special instruments: Members reaffirmed that special instruments are crucial to full respect for and implementation of the MFF, and should, by their very nature, **be counted over and above the ceilings** both in commitments and payments.

A test budget: lastly, in general, Members called for a sustained effort to be made through the budget to provide for appropriate training and reskilling in sectors with labour shortages and in key sectors with high job-creation potential, such as the green economy, the circular economy, and the healthcare and ICT sectors. The 2016 budget should provide adequate support for the promotion of social inclusion and for actions aimed at eradicating poverty and empowering people experiencing poverty and social exclusion.

Members recalled that, with programmes expected to reach full swing, with the integration of new major initiatives in the areas of investment and migration, with the opportunity to settle issues of the past such as payments and special instruments, and with the first activation of new MFF provisions such as the global margin for commitments, **the 2016 budgetary procedure would be a test case for the Council's approach to the payment plan**, as well as for the assessment of the current MFF.

Parliament acknowledged the current climate of consensus in budget negotiations.

2016 budget: mandate for the trilogue

2015/2074(BUD) - 26/06/2015 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by José Manuel FERNANDES (EPP, PT) on the mandate for the trilogue on the 2016 draft budget.

Draft Budget 2016: respecting the commitments and financing priorities: Members recalled that, in its resolution of 11 March 2015, Parliament placed the creation of decent and quality employment and the development of enterprises and entrepreneurship for smart, sustainable and inclusive growth across the Union (the 'three Es'), together with internal and external solidarity within a secure Europe, at the centre of its priorities for the 2016 budget. They recalled that the Multiannual Financial Framework (MFF) 2014-2020 set ceilings for all headings but also provided for specific and maximum possible flexibility to allow the Union to fulfil its legal obligations, and for special instruments to allow the Union to react to specified unforeseen circumstances or to finance clearly identified expenditure over and above the ceilings.

Whilst welcoming the inclusion of the European Fund for Strategic Investment (EFSI) in the Draft Budget for 2016 and, in particular, the mobilisation of the Global Margin for Commitments to cover part of the expenditure, Members recalled, however, that the decision on the annual appropriations to be authorised for the constitution of the EFSI guarantee fund will only be taken by the budgetary authority, in the course of the annual budgetary procedure. Parliament is called upon to commit, in this framework, to further offsetting the cuts affecting Horizon 2020 and the CEF, which still remain significant, in order to allow those programmes to fully accomplish the objectives.

Members intend also to closely examine whether those cuts should be concentrated in the years 2016-2018, as proposed by the Commission, or further spread over the years 2019-2020, as a means of minimising the impact on those programmes.

Cut in commitment appropriations: regretting the nominal cuts that the **COSME programmes** is undergoing, Members also reiterated concerns about the funding of the **Youth Employment Initiative** (YEI) as a key tool for the fight against youth unemployment in the Union. They recalled that the MFF has provided for a global margin for commitments to be made available over and above the ceilings as of 2016 for policy objectives related to growth and employment, in particular youth employment. Consequently, the Regulation on the European Social Fund (ESF) has provided that the resources for the YEI may be revised upwards for the years 2016 to 2020 in the framework of the budgetary procedure. Thanks to a timely agreement on the reprogramming of commitments under shared management within the MFF 2014-2020 by reason of the late adoption of the relevant rules and programmes, the Commission has included in its Draft Budget 2016 (Headings 2 and 3) EUR 4.5 billion in commitment appropriations which could not be used in 2014. Amending budget 1/2015 has already allowed for a transfer of EUR 16.5 billion from 2014 to 2015 under Headings 1b, 2 and 3.

Draft Budget 2016: Members noted that the EU Draft Budget for 2016 amounts to EUR 153.5 billion in commitment appropriations (including EUR 4.5 billion reprogrammed from 2014) and EUR 143.5 billion in payment appropriations. Disregarding the effect of the reprogramming in 2015 and 2016, this corresponds to an increase of +2.4 % in commitments and +1.6 % in payments as compared to the 2015 budget (these overall moderate increases represent almost no increase in real terms, which emphasises the importance of the efficiency and effectiveness of the spending).

Members welcomed in principle the proposed use of the Flexibility Instrument for clearly identified expenditure, as part of new EU initiatives in the areas of asylum and migration which cannot be financed within the limits of Heading 3. They intend to make use of part of the remaining margins and of the relevant flexibility provisions provided by the MFF to reinforce crucial priorities.

Payments: restoring trust: once again, Members recalled that payment shortages, largely due to insufficient payment ceilings and under-budgeting, reached unprecedented heights in 2014 and remain acute in 2015 They fear that this will continue to jeopardise the proper implementation of the new 2014-2020 MFF programmes, and to penalise the beneficiaries. They also reiterated their concern over the *ad hoc* cuts in payments introduced by the Council in its reading of the annual budgets, including in programmes for competitiveness for growth and jobs under heading 1a.

Members also noted that according to the Commission's estimates, the payment appropriations requested in the Draft Budget would **bring the backlog of unpaid bills down to a sustainable level of approximately EUR 2 billion**. They undertake, consequently, to fully support the Commission proposal, and expects the Council to respect its commitments in this regard.

Members underlined that Parliament, the Council and the Commission have committed to **avoiding the future build-up of an unsustainable backlog of outstanding payment claims** at year's end. They reminded the Commission of its commitment, in the joint statement on a payment plan, to develop its medium- and long-term forecasting tools and to set up an early warning system, with the aim of presenting these first payment forecasts in July, so that the budgetary authority can take duly informed decisions in the future.

Subheading 1a – Competitiveness for growth and jobs: Members noted that in comparison with 2015, the Commission proposal for 2016 corresponds to an increase in commitments under subheading 1a of +6.1 % to EUR 18.6 billion. The increase in commitments is largely due to the integration of EFSI, to increases for Erasmus+ and the Connecting Europe Facility (CEF), and, to a lesser extent, to increases for Customs, Fiscalis and Anti-Fraud as well as Employment and Social Innovation.

Members reiterated support for the ITER programme and urged its Joint Undertaking for the European Union – Fusion for Energy to submit without any delay the requested reports concerning their 2013 discharge.

They stressed that past under-budgeting of payment appropriations has widened the gap between commitments and payments in several programmes under Heading 1a, thereby contributing to the sharp increase in the RALs as compared to the other headings.

Subheading 1b – Economic, social and territorial cohesion: Members took note of the proposed EUR 50.8 billion in commitments (+3.2 % compared to 2015, with the impact of the reprogramming neutralised) and EUR 49.1 billion in payments (-4 %) for subheading 1b, leaving a small margin of EUR 15.3 million under the ceiling for commitments. They highlighted the fact that 44% of the proposed 2016 payment appropriations cover outstanding payment claims for previous programming periods, leaving only EUR 26.8 billion in payments for the start-up of the new 2014-2020 cohesion programmes. They recalled that an amount of EUR 21.6 billion is needed in the 2016 budget to bring down the level of outstanding payment claims for the 2007-2013 cohesion programmes from EUR 24.7 billion at the end of 2014 and EUR 20 billion at the end of 2015 to around EUR 2 billion by the end of 2016.

Heading 2 – Sustainable growth: natural resources: Members took note of the proposed EUR 63.1 billion in commitments (-0.1 % compared to 2015, with the impact of the reprogramming neutralised) and EUR 55.9 billion in payments (-0.2 %) for Heading 2. They stressed that the 2016 Draft Budget shows a decrease in needs for interventions in the agricultural markets compared with the 2015 budget, mainly owing to the impact in 2015 of emergency measures related to the Russian embargo on imports of certain agricultural products from the EU. They welcomed the increased appropriations provided for the LIFE Programme for the Environment and Climate Change.

Heading 3 – Security and Citizenship: Members welcomed the fact that the Draft Budget 2016 steps up its support across all programmes in Heading 3, reaching EUR 2.5 billion in commitment appropriations (+12.6 % compared with the 2015 budget with the reprogramming neutralised) and EUR 2.3 billion in payment appropriations (+9.7 %). They pointed out that this does not leave any margin for further reinforcements or pilot projects and preparatory actions under Heading 3. They are of the opinion that, in the current geopolitical situation, notably owing to the **increasing pressure of migration flows**, the level of the ceilings set for what is by far the **smallest heading of the MFF** might be outdated and should be addressed in the context of the post-electoral MFF revision.

They stated that the budgetary impact and the additional tasks of the measures presented as part of the EU Agenda on Migration and the EU Agenda on Security with regard to Europol should be assessed in detail by the Commission, in order to allow the budgetary authority to properly adjust the agency's budgetary and staff needs. They recalled the strong support consistently given by Parliament to **adequate funding for culture and media programmes**.

Heading 4 – Global Europe: Members welcomed the overall increased financing for Heading 4, reaching EUR 8.9 billion in commitment appropriations (+5.6 % compared with the 2015 budget), while leaving a margin of EUR 261.3 million below the ceiling. This demonstrates a high level of solidarity with third countries. They stated, however, that further reinforcements of certain priority areas, such as the European Neighbourhood Instrument, including the assistance for the Middle East Peace Process, Palestine and to UNRWA, will most probably be required owing to the ongoing humanitarian and political crisis in the neighbourhood area and beyond.

They called on the Commission and the EEAS to ensure that a joined-up approach is applied in strategic countries benefiting from a relatively large amount of funding from multiple EU sources, such as **Ukraine and Tunisia**.

Heading 5 – Administration: Members noted that Heading 5 expenditure is increased by 2.9 % compared with Budget 2015, to EUR 8 908.7 million, that figure accounting globally for the administrative expenditure of the institutions (+2.2 %) and for Pensions and European Schools (+5.4 %).

Special instruments: Members reaffirmed that special instruments are crucial to full respect for and implementation of the MFF, and should, by their very nature, **be counted over and above the ceilings** both in commitments and payments.

A test budget: lastly, in general, Members called for a sustained effort to be made through the budget to provide for appropriate training and reskilling in sectors with labour shortages and in key sectors with high job-creation potential, such as the green economy, the circular economy, and the healthcare and ICT sectors. The 2016 budget should provide adequate support for the promotion of social inclusion and for actions aimed at eradicating poverty and empowering people experiencing poverty and social exclusion.

Members recalled that, with programmes expected to reach full swing, with the integration of new major initiatives in the areas of investment and migration, with the opportunity to settle issues of the past such as payments and special instruments, and with the first activation of new MFF provisions such as the global margin for commitments, **the 2016 budgetary procedure will be a test case for the Council's approach to the payment plan** , as well as for the assessment of the current MFF.