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*Plenary sitting*

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**A8-0350/2016**

25.11.2016

## **REPORT**

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 EFSD, modification of the staff establishment plan of Frontex and update of revenue appropriations (Own resources)  
(13583/2016 – C8-0459/2016 – 2016/2257(BUD))

Committee on Budgets

Rapporteur: José Manuel Fernandes

## CONTENTS

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3
ANNEX: LETTER FROM THE COMMITTEE ON REGIONAL DEVELOPMENT .....	6
ANNEX: LETTER FROM THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS.....	8
RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE.....	10

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**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) (13583/2016 – C8-0459/2016 – 2016/2257(BUD))**

*The European Parliament,*

- having regard to Article 314 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>1</sup>, and in particular Article 41 thereof,
- having regard to the general budget of the European Union for the financial year 2016, as definitively adopted on 25 November 2015<sup>2</sup>,
- having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020<sup>3</sup>,
- having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>4</sup>,
- having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union<sup>5</sup>,
- having regard to Draft amending budget No 4/2016, which the Commission adopted on 30 September 2016 (COM(2016)0623),
- having regard to the position on Draft amending budget No 4/2016 which the Council adopted on 24 November 2016 and forwarded to Parliament on ..... (13583/2016 – C8-0459/2016),
- having regard to the letter from the Committee on Regional Development,
- having regard to the letter from the Committee on Civil Liberties, Justice and Home

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<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> OJ L 48, 24.2.2016, p. 1.

<sup>3</sup> OJ L 347, 20.12.2013, p. 884.

<sup>4</sup> OJ C 373, 20.12.2013, p. 1.

<sup>5</sup> OJ L 168, 7.6.2014, p. 105.

Affairs,

- having regard to Rule 88 of its Rules of Procedure,
  - having regard to the report of the Committee on Budgets (A8-0350/2016),
- A. whereas 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;
- B. whereas DAB 4/2016 increases the level of commitment appropriations under heading 3 *Security and Citizenship* by EUR 50 million for the emergency support instrument within the Union, EUR 130 million for the Asylum, Migration and Integration Fund (AMIF), and 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;
- C. whereas DAB 4/2016 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;
- D. whereas DAB 4/2016 amends the establishment plan of Frontex in view of the entry into force of Regulation (EU) 2016/1624<sup>1</sup>;
- E. whereas, 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;
- F. whereas, 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;
1. Expresses 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; recalls the Commission's conclusion that, according to the present forecasts, updated payment needs until 2020 can only be accommodated with the current ceilings if the Global Margin for Payments is fully used (and, as a precautionary measure, removed of its annual caps) and if payments for special instruments are counted over and above the ceilings; calls, therefore, for a definitive and unequivocal settlement of the latter issue as part of the MFF revision;

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<sup>1</sup> Regulation (EU) 2016/1624 of the European Parliament and of the Council of 14 September 2016 on the European Border and Coast Guard and amending Regulation (EU) 2016/399 of the European Parliament and of the Council and repealing Regulation (EC) No 863/2007 of the European Parliament and of the Council, Council Regulation (EC) No 2007/2004 and Council Decision 2005/267/EC (OJ L 251, 16.9.2016, p. 1).

2. Agrees 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; welcomes 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;
3. Agrees with the frontloading of EFSI provided the redeployment from CEF is duly compensated in 2018; clarifies 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;
4. Notes with concern the expected shortfall of revenues, estimated at EUR 1,8 billion, due to the depreciation of the British Pound against the Euro; takes note of the Commission's intention to use the revenues provided by additional fines in order to cover that shortfall;
5. Approves the Council position on Draft Amending budget No 4/2016;
6. Instructs its President to declare that Amending budget No 4/2016 has been definitively adopted and arrange for its publication in the Official Journal of the European Union;
7. Instructs its President to forward this resolution to the Council, the Commission, the Court of Auditors and the national parliaments.

## **ANNEX: LETTER FROM THE COMMITTEE ON REGIONAL DEVELOPMENT**

Mr Jean ARTHUIS  
Chairman  
Committee on Budgets  
European Parliament  
Brussels

Subject:       **Opinion on “Draft amending Budget n°4 to the General Budget 2016”**

Dear Mr Arthuis,

On 11 October 2016 the REGI Committee coordinators agreed that the Committee would draw up an opinion on the BUDG legislative report on the Commission proposal “Draft amending Budget n°4 to the General Budget 2016 (COM (2016)623 final).

I now understand that BUDG will negotiate the proposal with the Council in the context of the conciliation procedure on Budget 2017. Under these circumstances, REGI does not have time to draw up a normal opinion and I invite you to regard the suggestions below as the REGI committee’s proposals for additions to your committee’s motion for resolution.

Suggestions:

1. Notes that, as a result of the late designation of managing authorities for the operational programmes and the relatively slow uptake of certain spending programmes in the area of cohesion policy, the Commission expects to receive fewer invoices than foreseen in the budget 2016;
2. Expresses its concern over the current implementation delays of EU programmes under shared management, and the consequent substantial reduction in payments appropriations foreseen in the Commission proposal; highlights that, as the implementation rate of the European Structural and Investment Funds is expected to increase in 2017, sufficient budgetary resources are needed to match that increase; is concerned that this situation may worsen the payments backlog through a build-up of unpaid invoices over the second half of the MFF planning period;
3. Recalls that, in the budgetary year 2015, outstanding commitments returned to their previous high levels; firmly believes that every effort should be made to avoid building up a backlog of unpaid bills and a new payment crisis, similar to that observed during the previous period;

4. Strongly supports the development by the three institutions of a new, binding payment plan for the period 2016-2020.

Yours sincerely,

Iskra MIHAYLOVA

## **ANNEX: LETTER FROM THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS**

Mr Jean Arthuis  
Chair of the Committee on Budgets  
ASP 09G205

**Subject:**       *Fourth Draft Amending Budget 2016*

Dear Chair,

The LIBE Committee acknowledges the increase of commitment and payment appropriations under Heading 3 of the MFF for amounts of respectively 240.1 and 10 million euros, as well as the corresponding mobilisation of the contingency margin that is required for that purpose, given the absence of margin under the ceiling of Heading 3 and taking into account that the flexibility instrument has been entirely used up in 2016. The LIBE Committee notes the mobilisation of this instrument with full offsetting in 2016 against the unallocated margin of heading 5 (Administration) but recalls that the Contingency Margin is a last resort instrument.

The LIBE committee notes the increase of the Instrument for emergency support within the Union (18 07 01) by an additional 49.5 million euros in commitment appropriations (hence increasing commitment appropriations from 199 to about 248.5 million euros close from the overall amount of 300 million euros estimated for 2016 in DAB 1/2016) and 10 millions in payment appropriations. It stresses that the Commission has concluded framework partnership agreements with a number of NGOs and local entities thus eligible for implementing actions and calls on the Commission to provide detailed information on beneficiaries and procedures. It asks for assessment and reporting following close expenditure monitoring.

Considering that 199 million euros were re-allocated during the course of 2016 from AMIF to the new budget line for the Instrument for emergency support within the Union (18 07 01) and given the on-going pressure at EU borders and the relatively volatile situation in terms of migration flows end of the 2016, the LIBE Committee supports the replenishing of AMIF (+130 million euros in commitment appropriations). It recalls that the AMIF includes in the budget 2016 an initial envelope of 1bn euros for the relocation of 160000 people (6500 euros per person) that will be most likely only partially be used for its initial purpose considering that only few relocations have taken place to date (6000). In a spirit of transparency and clarity, the LIBE Committee wishes therefore to obtain more accurate information about how the Commission may re-allocate the funds initially intended for the purpose of relocation.

The LIBE committee calls for maximum responsibility, transparency and for close monitoring of all expenditures. It notes the effort of the Commission to adjust levels of appropriations in the EU Budget based on the actual implementation of on-going actions and updated financial needs.



The LIBE Committee notes the increase of commitment appropriations (+70 million euros) for the ISF in order to respond to pending and forthcoming emergency request assistance from Bulgaria.

The LIBE Committee welcomes the budget-neutral partial frontloading (+50 posts) of the proposed reinforcement of the Frontex staffing levels in the 2017 Draft Budget (altogether +130 posts) by means of amendment of the agency's establishment plan, as this will allow the newly created European Border and Coast Guard Agency to carry out the mission foreseen in its mandate. The LIBE Committee recalls that Frontex should provide its Fundamental Rights Officer with adequate resources and staff for setting up the complaint mechanism and for further developing and implementing the Agency's strategy to monitor and ensure the protection of fundamental rights.

Yours sincerely,

Claude MORAES

## RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	24.11.2016
<b>Result of final vote</b>	+: 30 -: 3 0: 4
<b>Members present for the final vote</b>	Nedzhmi Ali, Jonathan Arnott, Jean Arthuis, Richard Ashworth, Reimer Böge, Lefteris Christoforou, Jean-Paul Denanot, Gérard Deprez, Eider Gardiazabal Rubial, Jens Geier, Ingeborg Gräßle, Iris Hoffmann, Monika Hohlmeier, Bernd Kölmel, Zbigniew Kuźmiuk, Vladimír Maňka, Ernest Maragall, Clare Moody, Siegfried Mureşan, Victor Negrescu, Liadh Ní Riada, Younous Omarjee, Urmas Paet, Pina Picierno, Paul Rübig, Patricija Šulin, Eleftherios Synadinos, Indrek Tarand, Inese Vaidere, Monika Vana, Daniele Viotti, Marco Zanni, Auke Zijlstra, Stanisław Żółtek
<b>Substitutes present for the final vote</b>	Ivana Maletić, Andrey Novakov, Tomáš Zdechovský