

1. introduction

Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020[[1]](#footnote-2) (MFF Regulation) as amended by Council Regulation (EU, Euratom) No 2015/623 of 21 April 2015[[2]](#footnote-3) and as adjusted in the technical adjustment for 2017[[3]](#footnote-4) contains the financial framework table for EU-28 for the period 2014-2020, expressed in 2011 prices (Table 1).

According to Article 6(1) of the MFF Regulation, the Commission makes each year, ahead of the budgetary procedure for year n+1, a technical adjustment to the multiannual financial framework (MFF) in line with movements in the EU's gross national income (GNI) and prices and communicates the results to the Council and the European Parliament. As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% deflator as provided for in Article 6(2) of the MFF Regulation. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

At the same time the Commission calculates the margin available under the own-resources ceiling set in accordance with Decision 2007/436/EC, Euratom, the absolute amount of the Contingency Margin provided for in Article 13, the global margin for payments provided for in Article 5, and the global margin for commitments provided for in Article 14 of the MFF Regulation.[[4]](#footnote-5)

On 16 October 2016 the new Own Resource Decision 2014 (ORD 2014) entered into force retroactively from 2014 onwards.[[5]](#footnote-6) With the ORD 2014 in force the ceilings of own resources and the ceiling for appropriations for commitments could be adapted to the new GNI data according to the European System of Accounts (ESA 2010). The maximum amount of own resources is now established at 1.20% of GNI (before 1.23%) and the maximum amount of commitments at 1.26% of GNI (before 1.29%)[[6]](#footnote-7).

The purpose of this communication is to present to the Council and the European Parliament the result of the technical adjustments (EU-28) for 2018 according to Article 6 of the MFF Regulation. The Commission will issue a revised communication adjusting the figures for the Emergency Aid Reserve and the Flexibilty Instrument as soon as the amended MFF Regulation enters into force as a result of the mid-term review.

2. Terms of the adjustment of the MFF table (Annex - tables 1-2)

Table 1 shows the financial framework for EU-28 in 2011 prices as included in Annex I of the MFF Regulation adjusted according to Article 5.

Table 2 shows the financial framework for EU-28 adjusted for 2018 (i.e. in current prices). The financial framework expressed in percentage of GNI is updated with the latest economic forecasts available (spring 2017) and long-term projections and is adjusted according to Article 5 of the MFF Regulation.

2.1. Total figure for GNI

Compared to the Technical Adjustment for 2017 the figures for GNI are now recorded according to ESA 2010 instead of ESA 95.

According to the latest forecast available, the GNI for 2018 is established at EUR 15 704 241 million in current prices for EU-28. According to the Article 6 (4) of the MFF Regulation no further technical adjustments are made in respect of the year concerned, either during the year or as ex-post corrections during subsequent years. Therefore for information only, the updated GNI according to ESA 2010 is established at EUR  13 977 179 million for 2014, EUR  14 641 031 million for 2015, EUR  14 764 598 million for 2016 and EUR  15 168 167 million for 2017. For the same reason, the own resources ceiling currently established at 1.20% of GNI (ESA 2010) is adjusted only from 2018 onwards in the MFF table in the annex. For 2017 and previous years the own resources ceiling is shown at 1.23% of GNI based on ESA95.

2.2. Main results of the technical adjustment of the MFF for 2018

The overall ceiling for commitment appropriations for 2018 (EUR 159 514 million) equals 1.02 % of GNI.

The corresponding overall ceiling concerning the payment appropriations (EUR 154 565 million) equals 0.98% of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.20% own resources ceiling of EUR 33 886 million (0.22% of GNI for EU-28).

3. Global Margin for Payments (GMP)

According to Article 5 of the MFF Regulation, the Commission shall adjust the payment ceiling for the years 2015-2020 upwards by an amount equivalent to the difference between the executed payments and the MFF payment ceiling of the year n-1. Any upward adjustment shall be fully offset by a corresponding reduction of the payment ceiling for year n-1 in constant 2011 prices.

In the technical adjustment for 2016, the remaining margin of 2014 (EUR 104 million in current prices) was transferred to 2015 (EUR 106 million in current prices) and the ceilings were adjusted accordingly. In the technical adjustment for 2017 the remaining margin of 2015 (EUR 1 288 million) was transferred to the years 2018-2020. In this year's technical adjustment the GMP for 2016 is calculated.

The payments for other special instruments are treated as being over and above the MFF ceilings[[7]](#footnote-8). The 2016 payment ceiling was EUR 144 685 million in current prices. The payments executed in 2016 amount to EUR 131 819.4 million. This amount consists of the executed payments of the payment appropriations authorised in the 2016 budget (EUR 130 164.4 million) and carry-overs from 2016 to 2017 (EUR 1 655.0 million)[[8]](#footnote-9). The payments for special instruments are excluded from the execution (EUR 1 016.3 million, consisting of EUR 984.7 million executed and EUR 31.7 million carried-over). Therefore the execution taken into account for the calculation of the GMP is EUR 130 803.0 million.

All carry-overs from 2015 to 2016 were counted as executed for the purposes of the calculation of the 2015 GMP but not all of them were actually executed. Therefore the lapsed carry-overs need to be added to the calculation as they in fact constitute underexecution. The lapsed carry-overs from 2015 to 2016 amount to EUR 109.4 million, of which EUR 0.1 million for the special instruments. The total amount of the lapsed carry-overs taken into account is thus EUR 109.3 million.

The remaining margin under the 2016 payment ceiling is EUR 13 991.3 million in current prices (i.e. EUR 144 685 million – EUR 130 803 + EUR 109.3 million).

According to Article 6(2) of the MFF Regulation, the 2% deflator shall be used for the calculation of the GMP and the corresponding adjustment of the ceilings. The 2016 ceiling is therefore reduced by EUR 13 991.3 million in current prices or EUR 12 672.0 million in 2011 prices.

In line with the expected profile of payment needs, the GMP is transferred to the payment ceilings of the years 2018 to 2020 by one third of the 2016 amount each, which corresponds to an increase in current prices of EUR 4 852 million in 2018, EUR 4 949 million in 2019 and EUR 5 048 million in 2020. In 2011 prices, the increases correspond to EUR 4 281 million in 2018, EUR 4 281 million in 2019 and EUR 4 281 million in 2020.

This results in an unchanged overall payment ceiling for the period 2014-20 in 2011 prices and an increase of the overall payment ceiling by EUR 858 million in current prices.

The table below shows the details of the calculation of the GMP for 2016.



The table below shows the corresponding adjustments of the payment ceilings :



4. Special Instruments

A number of instruments are available outside expenditure ceilings agreed in the financial framework 2014-2020. These instruments aim at providing rapid response to exceptional or unforeseen events, and provide some flexibility beyond the agreed expenditure ceilings within certain limits.

4.1. Emergency Aid Reserve

According to Article 9 of the MFF Regulation the *Emergency Aid Reserve* can be mobilised up to a maximum amount of EUR 280 million per year in 2011 prices, or EUR 321.6 million in 2018 at current prices (EUR 2 209 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. The carry-over from 2016 to 2017 amounts to EUR 169 million.

4.2. European Union Solidarity Fund

According to Article 10 of the MFF Regulation, the *EU Solidarity Fund* can be mobilised up to a maximum amount of EUR 500 million per year in 2011 prices, or EUR 574 million in 2018 at current prices (EUR 3 945 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. The carry-over from 2016 to 2017 amounts to EUR 563.1 million. The amount which lapsed at the end of 2016 amounts to EUR 508.1 million.

4.3. Flexibility Instrument

According to Article 11 of the MFF Regulation the *Flexibility Instrument* can bemobilised up to a maximum annual amount of EUR 471 million in 2011 prices, or EUR 541.0 million in 2018 in current prices (EUR 3 716 million for the whole period in current prices). The portion of the unused annual amounts of the previous 3 years may be carried over. All amounts until 2017 have been used.

4.4. European Globalisation Adjustment Fund

According to Article 12 of the MFF Regulation, the *European Globalisation Adjustment Fund* can be mobilised up to a maximum of EUR 150 million per year in 2011 prices, or EUR 172 million in 2018 in current prices (EUR 1 183 million for the whole period in current prices). Unused amounts of previous year cannot be carried over. The amount which lapsed at the end of 2016 amounts to EUR 137.6 million.

4.5. Contingency Margin

According to Article 13 of the MFF Regulation, a Contingency Margin of up to 0.03 % of the Gross National Income of the Union shall be constituted outside the ceilings of the financial framework for the period 2014‑2020.

The absolute amount of the Contingency Margin for the year 2018 is EUR 4 711.3 million.

4.6. Global margin for commitments for growth and employment, in particular youth employment (GMC)

According to Article 14 of the MFF Regulation, margins left available below the MFF ceilings for commitment appropriations for the years 2014-2017 shall constitute a Global MFF Margin for commitments (GMC), to be made available over and above the ceilings established in the Annex of the MFF Regulation for the years 2016 to 2020 for policy objectives related to growth and employment, in particular youth employment.

The margin left available under the commitment ceiling in 2016 amounts to EUR 2 090.2 million. This corresponds to the amount of margins under the ceiling for commitment appropriations in the final budget 2016. The commitments on Special instruments and the GMC of 2014 used in 2016 are not taken into account as they are implemented over and above the MFF ceilings.

According to Article 6(2) of the MFF Regulation, the 2% deflator shall be used for the calculation of the GMC. The amount of the remaining margin from 2016 which shall be made available for 2017 corresponds to EUR 2 090.2 million in current prices in 2016 or EUR 2 174.7 million in current prices in 2017[[9]](#footnote-10). The amount of GMC in 2011 prices corresponds to EUR 1 893.2 million.

The table below shows the details of the calculation of the GMC.



5. summary table and conclusions

The tables below summarise the changes to the ceilings for commitment and payment appropriations in the financial framework based on Article 5 in current and 2011 prices:



1. OJ L 347, 20.12.2013, p. 884. [↑](#footnote-ref-2)
2. OJ L 103, 22.4.2015, p.1. [↑](#footnote-ref-3)
3. COM(2016) 311 final of 30.6.2016. [↑](#footnote-ref-4)
4. In addition, according to Article 3(1) of the MFF Regulation, the sub-ceiling for heading 2 concerning market related expenditure and direct payments shall be adjusted following transfers between pillar I and rural development in accordance with the legal act establishing these transfers. For 2018 there are no additional transfers foreseen. [↑](#footnote-ref-5)
5. OJ L 168, 7.6.2014. [↑](#footnote-ref-6)
6. COM(2016) 829 final, 21.12.2016. [↑](#footnote-ref-7)
7. Should the European Parliament, the Council and the Commission agree otherwise on payments for special instruments, the Commission shall take account of that agreement when calculating the GMP in future technical adjustments. [↑](#footnote-ref-8)
8. Should any of the carry-overs from 2016-2017 lapse in 2017 the corresponding amount will be added to the calculation of the GMP in 2018. [↑](#footnote-ref-9)
9. Should the whole or part of the amount be used in the years 2018-20, the amount shall be adjusted correspondingly by applying the 2% deflator in accordance with Article 6(2) of the MFF Regulation. [↑](#footnote-ref-10)