



Draft EU Budget 2017 – Questions and Answers

Brussels, 30 June 2016

What is the overview of the Draft Budget 2017?

| APPROPRIATIONS BY HEADING | DB 2017 (in billion, EUR) | | Budget 2016 (in billion, EUR) | |
|---|------------------------------|--------------|----------------------------------|--------------|
| | CA | PA | CA | PA |
| 1. Smart and inclusive growth: | 74.7 | 56.6 | 69.8 | 66.2 |
| <i>Competitiveness for growth and jobs</i> | 21.1 | 19.3 | 19.0 | 17.4 |
| <i>Economic, social and territorial cohesion</i> | 53.6 | 37.3 | 50.8 | 48.8 |
| 2. Sustainable Growth: natural resources | 58.9 | 55.2 | 62.5 | 55.1 |
| <i>Market related expenditure and direct aids</i> | 42.9 | 42.9 | 42.2 | 42.2 |
| 3. Security and Citizenship | 4.3 | 3.8 | 4.1 | 3.0 |
| 4. Global Europe | 9.4 | 9.3 | 9.2 | 10.2 |
| 5. Administration | 9.3 | 9.3 | 8.9 | 8.9 |
| <i>Other special Instruments</i> | 1.0 | 0.6 | 0.5 | 0.4 |
| Total appropriations | 157.7 | 134.9 | 155.0 | 143.9 |
| In % of EU-28 GNI | 1.05% | 0.90% | 1.06% | 0.98% |

What are commitments and payments?

Commitments are the total volume of promises for future payments that can be made in a given year. Commitments must then be honoured with payments, either in the same year or, particularly in the case of multi-year projects, over the following years.

Payments are the actual money paid in a given year from the EU budget to cover commitments.

For instance, when the EU decides to co-fund the building of a bridge, the total amount which the EU agrees to cover is a commitment. The bills for the work done are the payments. The commitment is made in year X. The payments from the EU Budget may follow in the same year X, but also in X+1 year, X+2, X+3, etc.

How are you adding the €16 million for security in 2016?

The Commission is proposing a draft amending budget ("DAB") for 2016. This is a document proposing to change the planned expenditure for a given year. Its goal is to address the increasing needs of the EU institutions for better protection at times of growing security concerns.

Why are payments lower than commitments and lower than last year?

Payments are determined based on the invoices that the Commission expects to receive in a given year. Based on the relatively slow take-up of certain spending programmes, especially in the area of cohesion policy, the Commission expects to receive fewer invoices in 2017 than in 2016. At the same time, we need to continue scheduling payments to be able to support the political priorities of the EU. Commitments will therefore continue to be made.

Is the budget taking into account the results from the referendum in the UK?

The UK remains a member of the EU with all rights and obligations. Consequently, the results of the UK referendum have no impact on Draft EU Budget 2017.

Are you planning to increase the EU budget, for example to spend more money for refugees?

The Commission proposes expenditure for any given year within the tight limits set by the European Parliament and the Council (in the "Multiannual Financial Framework" or "MFF", the seven-year budget cycle of the EU). Therefore, the Commission cannot unilaterally increase the overall EU budget by one single euro – this would require the agreement of all 28 Member States.

What about the technical adjustment?

In the MFF 2014-2020, Member States have agreed to adjust the cohesion envelopes for each Member

State in 2016 (for the period 2017-20), in order to take fully into account the impacts of the economic crisis which hit Europe and its regions in 2009. And indeed the results of the recalculation of the envelopes provide additional resources to the countries and regions which were seriously hit: €1.4 billion for Italy, €1.8 billion for Spain and €836 million for Greece. Further Member States also benefit: Belgium, Denmark, Ireland, Cyprus, the Netherlands, Slovenia, Finland and the UK. Five Member States will see their envelope marginally reduced (by less than EUR 100 million) mainly due to a better socio-economic performance than previously expected.

The methodology used is the same as when the envelopes were first established, albeit using recent regional and national statistical data for 2012-2014 (instead of the originally used 2007-2009 data) to fully take into account the effect of the crisis.

The overall increase of the envelopes is limited by the MFF to a maximum of EUR 4 billion for 2017-20 (in 2011 prices; or EUR 4.6 billion in current prices), i.e. by EUR 1 billion each year. This amount should focus on key challenges at EU level – the refugee crisis and youth unemployment – and on strategic investments, increasingly using financial instruments and joint projects with the European Fund for Strategic Investments (EFSI), the heart of the Investment Plan.

How is the EU budget financed?

There are three types of own resources financing the EU budget:

- Own resources based on gross national income (GNI): each Member State transfers a certain percentage of its wealth to the EU budget. These GNI contributions account for 70% of total EU budget revenue.
- Traditional own resources: consist mainly of customs duties on imports from outside the EU, and sugar levies. In the 2007–13 MFF, 75% of the amounts which Member States collected from customs duties and sugar levies went to the EU budget. Member States kept the rest to cover their administration costs.
- Own resources based on value added tax (VAT): 0.3% of Member States' harmonised VAT base also goes to the EU budget.

Other sources of revenue include taxes and other deductions from EU staff salaries, bank interests, contributions from non-EU countries to certain programmes, interests on late payments and fines.

How is the EU budget spent?

Some 94% of the EU budget is spent on projects - in Member States and beyond. The money therefore goes to citizens, regions, cities, farmers, businesses, universities, NGOs and more. The EU budget finances the policies of the European Union, which have a positive impact on the lives of all EU citizens and of many people across the world. It funds areas like employment, regional development, research and education, environment, humanitarian aid and many others. See [concrete examples](#). Only 6% of the budget goes to administration.

For about 80% of the EU budget, Member States are responsible for choosing the beneficiaries and making sure they have done the job they have promised to do before paying them ("shared management").

What is the relative size of the EU budget?

The EU budget merely accounts for around 1% of the EU's combined Gross Domestic Product (GDP) or approximately 2% of the public spending of the 28 EU Member States.

Though relatively small in size, it has a big impact: for example, for the period 2007-2013, EU Cohesion funds boosted average GDP by 2.1% a year in Latvia, 1.8% in Lithuania and 1.7% in Poland. EU budget also helps invest in infrastructure, skills and other areas through regional funding; creates jobs through programmes like the Youth Employment Initiative; supports research and innovation thanks to Horizon 2020; or makes sure people get high-quality agricultural products on their table thanks to the Common Agricultural Policy.

How are the amounts under the EU budget determined?

The commitments and the payments for a given year need to be below the ceilings for that year set out in the Multiannual Financial Framework, the seven-year budget cycle of the EU. The current framework was decided by the European Parliament and the Member States in 2013, ahead of the start of current 2014-2020 period.

Each year, the amounts for each of the main categories of expenditure ("headings") are set based on the expected needs for the following year.

What happens next?

The European Commission now submits the draft 2017 EU budget to the European Parliament and the

Council, the two arms of the "budgetary authority", for a decision.

The Council usually adopts its position during the summer months and the Parliament expresses its opinion at the beginning of the autumn.

In case of disagreement between the Parliament and the Council, a specific Conciliation Committee is convened, usually in November. It has 21 days to agree on a common budget, which both institutions should afterwards approve. This year, the period runs between 28 October and 17 November.

More information:

- [Press release: Draft EU Budget 2017: Commission proposes a budget focused on priorities - growth, jobs and a solid response to the refugee crisis](#)
- [DraftEUbudget 2017](#)
- [EuropeanCommissionVice-PresidentKristalinaGeorgievaonTwitter](#)
- [EU Budget for Results](#)

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