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PROPOSAL

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| From: | Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director |
| date of receipt: | 30 June 2016 |
| To: | Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union |
| No. Cion doc.: | COM(2016) 314 final |
| Subject: | Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the Contingency Margin in 2017 |

Delegations will find attached document COM(2016) 314 final.

Encl.: COM(2016) 314 final



Brussels, 30.6.2016
COM(2016) 314 final

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the Contingency Margin in 2017

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Council Regulation (EU, EURATOM) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020¹ ('MFF Regulation') allows for the mobilisation of the Contingency Margin of up to 0,03 % of Gross National Income for the EU-28 to react to unforeseen circumstances as a last resort instrument. In the technical adjustment of the MFF for 2017², based on Article 6 of the MFF Regulation, the absolute amount of the Contingency Margin for the year 2017 is set at EUR 4 496,8 million.

In accordance with Article 13 of the MFF Regulation, and after having examined all possibilities for financing additional and unforeseen commitment needs, the Commission proposes to mobilise the Contingency Margin for 2017 for an amount of EUR 1 164,4 million so as to complement the commitment appropriations related to expenditure in heading 3 in the general budget of the European Union for the financial year 2017, over and above the commitment ceiling of EUR 2 578 million in current prices.

In accordance with point 14 of 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 management³, the Commission has carried out an analysis of the possibility to reallocate significant amounts within the existing budget. In accordance with Article 13(3) of the MFF Regulation the Commission proposes to offset the reinforcement of the expenditure ceiling of heading 3 as follows: EUR 650,0 million against the unallocated margin available under the expenditure ceiling of heading 2 and EUR 514,4 million against the unallocated margin available in heading 5 in 2017.

This proposal is accompanied by a Commission proposal to mobilise in full the amount of the Flexibility Instrument⁴ available for 2017 (EUR 530 million), also for heading 3.

2. JUSTIFICATION OF THE MOBILISATION

2.1. INTRODUCTION

The internal dimension of the migration, refugee and security crisis is financed from heading 3 through the Asylum, Migration and Integration Fund (AMIF), the Internal Security Fund (ISF) as well as through specialised agencies such as Frontex, EASO, eu-Lisa and Europol. A new instrument providing emergency support within the Union was adopted by the Council in 2016, which will continue to offer in 2017 emergency support of a humanitarian nature in response to the current influx of refugees and migrants into the Union.

The expenditure ceiling of heading 3 in 2017 stands at EUR 2 578 million in current prices. The commitment appropriations authorised for heading 3 in the 2016 budget are EUR 4 052 million, which required the mobilisation of all the availability of the Flexibility

¹ OJ L347, 20.12.2013, p.884.

² COM(2016) 311, 30.6.2016.

³ OJ C 373, 20.12.2013, p. 1.

⁴ COM(2016) 313, 30.6.2016.

Instrument at a level of EUR 1 506 million over and above the ceiling of heading 3, in accordance with Article 11(2) of the MFF Regulation.

The Commission proposes the full mobilisation of the EUR 530 million annual ceiling for the Flexibility Instrument available in 2017 to increase spending above the expenditure ceiling of heading 3.

However, the budgetary needs for managing the impact of the migration, refugee and security crisis are expected to be at least as high in 2017 as in 2016. As a policy response, the Commission has proposed a wide range of structural actions in relation with security and the management of external borders, the reform of the Common European Asylum System, integration and return.

Spending related to migration, refugees and security under heading 3 represent more than 70 % of total expenditure under the ceiling. The Commission has carefully examined all possibilities for redeployment and proposes to reduce the level of appropriations (in comparison with the financial programming) for Food and Feed and the Civil Protection Mechanism. Nonetheless, the room for manoeuvre is limited by the small size of programmes and new requirements, such as the new emergency measures in plant health foreseen in the Food and Feed Regulation for 2017. For this reason it is only possible to cover a small percentage of the additional needs related to migration and refugees by a redeployment of appropriations within heading 3.

As a consequence the only possible recourse to meet the budgetary needs is the mobilisation of the Contingency Margin. Availability of margins in other headings allows its mobilisation to be completely offset in 2017.

The corresponding payment appropriations will be accommodated within the 2017 ceiling for payments; there is therefore no need to mobilise the Contingency Margin in payments.

2.2. THE CONTINGENCY MARGIN AS THE LAST RESORT INSTRUMENT

Article 13(1) of the MFF Regulation defines the Contingency Margin as a last resort instrument to react to unforeseen circumstances. In the 2017 Draft Budget (DB), the Commission proposes to fully use the unallocated margin under the commitment ceiling of heading 3 after having examined all possibilities for redeployment within the heading.

Given the full mobilisation of the flexibility instrument in the DB 2017 (EUR 530 million), the mobilisation of the Contingency Margin for 2017 at a level of EUR 1 164,4 million is therefore the only available instrument to address the gap between the level of the expenditure ceiling of heading 3 in 2017 and the additional unforeseen needs estimated for 2017.

2.3. BUDGETARY IMPACT OF UNFORESEEN CIRCUMSTANCES IN 2017

Although the migration, refugee and security crisis began in 2015, its impact and consequences are still evolving on a day-to-day basis. Political decisions in third countries about the acceptance of refugees on their territory and the opening and closure of borders make it very hard to foresee the long-term evolution in this field. The changing character and unpredictability of the crisis justifies the use of the Contingency Margin as the last resort tool for addressing the unforeseen consequences of the migration, refugee and security crisis on the expenditure needs in heading 3.

3. OFFSETTING THE CONTINGENCY MARGIN AGAINST THE MFF CEILINGS

Article 13(3) of the MFF Regulation requires that amounts made available through the mobilisation of the Contingency Margin shall be fully offset against the margins for the current or future financial years.

According to Article 13(4) of the MFF Regulation, the amounts offset shall not be further mobilised in the context of the MFF so that the total ceilings of commitment and payment appropriations laid down in the MFF for the current and future financial years shall not be exceeded. Consequently, the mobilisation of the Contingency Margin for commitment appropriations in 2017 under heading 3 and the related offsetting have to respect the total commitment ceiling for the years 2017 to 2020.

As sufficient margins are available under the 2017 expenditure ceilings of heading 2 and 5, the Commission proposes to make the offsetting fully in 2017 in order not to prejudice the needs in commitment appropriations of the years 2018-2020. The amount offset in heading 2 will be EUR 650,0 million, leaving a margin of EUR 639,3 million in 2017. The rest of the offsetting (EUR 514,4 million) is made against the margin of heading 5, leaving a margin of EUR 81,9 million in 2017. The overall commitment ceiling for 2017 and for the whole MFF will remain unchanged.

4. ADDITIONAL ELEMENTS

The European Parliament and the Council are reminded that the publication of this Decision in the Official Journal of the European Union shall not intervene later than the publication of the budget 2017 of the European Union, in accordance with the last sentence of article 13(1) of the MFF Regulation.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the Contingency Margin in 2017

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

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 management¹, and in particular the second paragraph of point 14, thereof,

Having regard to the proposal from the European Commission,

Whereas,

(1) Article 13 of Council Regulation N° 1311/2013² has established a Contingency Margin of up to 0,03 % of the Gross National Income of the Union,

(2) In accordance with Article 6 of this Regulation, the Commission has calculated the absolute amount of this Contingency Margin for 2017³,

(3) After having examined all other financial possibilities to react to unforeseen circumstances within the 2017 expenditure ceiling for heading 3, and after having proposed to mobilise the Flexibility Instrument for heading 3 for the full amount of EUR 530 million available in 2017, the mobilisation of the Contingency Margin is necessary to address the needs stemming from the migration, refugee and security crisis by increasing the commitment appropriations of heading 3 in the general budget of the European Union for the financial year 2017, above the ceiling of this heading,

(4) Having regard to this very particular situation, the last-resort condition in Article 13(1) of Regulation (EU, Euratom) N° 1311/2013 is fulfilled,

(5) In order to minimise the time taken to mobilise the Contingency margin, the Decision should apply from 1 January 2017,

¹ OJ C 373, 20.12.2013, p. 1.

² OJ L 347, 20.12.2013, p. 884.

³ Communication from the Commission to the Council and the European Parliament of 30 June 2016 on the technical adjustment of the financial framework for 2017 in line with movements in GNI (COM(2016) 311, 30.6.2016).

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2017, the Contingency Margin shall be mobilised to provide EUR 1 164,4 million in commitment appropriations over and above the commitment ceiling of heading 3 (*Security and Citizenship*) of the multiannual financial framework.

Article 2

The EUR 1 164,4 million in commitments appropriations mobilised through the Contingency Margin for the financial year 2017 shall be offset against the margins of the following headings in 2017:

- (a) heading 2 (*Sustainable Growth - Natural Resources*) : EUR 650,0 million,
- (b) heading 5 (*Administration*) : EUR 514,4 million.

Article 3

This decision shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2017.

Done at Brussels,

For the European Parliament
The President

For the Council
The President