



Council of the
European Union

Brussels, 3 October 2016
(OR. en)

12741/16

FIN 607

COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	30 September 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 623 final
Subject:	Draft amending budget No 4 to the general budget for 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)

Delegations will find attached document COM(2016) 623 final.

Encl.: COM(2016) 623 final



Brussels, 30.9.2016
COM(2016) 623 final

**DRAFT AMENDING BUDGET No 4
TO THE GENERAL BUDGET 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)

Having regard to:

- the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,
- 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 Union¹, and in particular Article 41 thereof,
- the general budget of the European Union for the financial year 2016, as adopted on 25 November 2015²,
- Amending budget No 1/2016³, adopted on 14 April 2016,
- Amending budget No 2/2016⁴, adopted on 6 July 2016,
- Draft amending budget No 3/2016⁵, adopted on 30 June 2016,

The European Commission hereby presents Draft amending budget No 4 to the 2016 budget to the European Parliament and to the Council.

CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the statement of revenue and expenditure by section are available on EUR-Lex (<http://eur-lex.europa.eu/budget/www/index-en.htm>). An English version of the changes to this statement is attached for information as a budgetary annex.

¹ OJ L 298, 26.10.2012, p. 1.
² OJ L 48, 24.2.2016, p. 1.
³ OJ L 143, 31.5.2016, p. 1.
⁴ OJ L 248, 15.9.2016, p. 1.
⁵ COM(2016) 227 final, 30.6.2016.

TABLE OF CONTENTS

1.	INTRODUCTION.....	4
2.	UPDATE OF APPROPRIATIONS UNDER HEADING 3 FURTHER TO THE LATEST DEVELOPMENTS IN RELATION TO MIGRATION AND SECURITY ISSUES.....	5
2.1	INSTRUMENT FOR EMERGENCY SUPPORT WITHIN THE UNION	5
2.2	ASYLUM, MIGRATION AND INTEGRATION FUND (AMIF)	5
2.3	INTERNAL SECURITY FUND (ISF)	6
2.4	MOBILISATION OF THE CONTINGENCY MARGIN FOR COMMITMENTS.....	6
3.	PROVISIONING OF THE EFSI GUARANTEE FUND: UPDATED PROFILE.....	6
4.	OTHER FINE-TUNING IN COMMITMENT APPROPRIATIONS.....	7
5.	DECREASE OF PAYMENT APPROPRIATIONS AS A RESULT OF THE ANNUAL GLOBAL TRANSFER EXERCISE.....	7
5.1	HEADING 1B – ECONOMIC, SOCIAL AND TERRITORIAL COHESION	8
5.2	HEADING 2 – SUSTAINABLE GROWTH: NATURAL RESOURCES.....	8
5.3	HEADING 3 – SECURITY & CITIZENSHIP.....	9
5.4	EMERGENCY AID RESERVE (EAR)	10
6.	MODIFICATION OF THE ESTABLISHMENT PLAN OF FRONTEX	10
7.	SUMMARY TABLE BY MFF HEADING.....	10
8.	UPDATE OF REVENUE APPROPRIATIONS	11
8.1	OVERALL IMPACT OF DAB 4/2016 ON THE DISTRIBUTION OF TOTAL OWN RESOURCES PAYMENTS BETWEEN MEMBER STATES	11
8.2	REVISION OF THE FORECAST OF TOR, VAT AND GNI BASES	13
8.3	2015, 2014 AND 2012 UK CORRECTION.....	15
8.4	FINES	19

1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 4 for the year 2016 is the following:

1. To update the level of appropriations under heading 3 *Security and Citizenship* to take account of the state of implementation and to reflect the latest developments in relation to migration and security issues, with an increase of EUR 50 million in commitment appropriations and EUR 10 million in payment appropriations for the emergency support instrument within the Union, a EUR 130 million increase in commitment appropriations for the Asylum, Migration and Integration Fund (AMIF), and a EUR 70 million increase in commitment appropriations for the Internal Security Fund (ISF);

Given the absence of any margin in heading 3, these increases in commitment appropriations require the mobilisation of the Contingency Margin for a total amount of EUR 240,1 million, after taking into account the redeployment of EUR 9,9 million from the European Medicines Agency (EMA) in London, as a result of changes in the EUR/GBP exchange rate. The Commission proposed to fully offset this mobilisation in 2016 against the unallocated margins of heading 5 *Administration* in 2016.

2. To frontload the provisioning of the European Fund for Strategic Investments (EFSI) 2015-2018 with an increase of EUR 73,9 million in commitment appropriations, to take account of the proposed extension of the duration of the Fund until 2020⁶. It is proposed to finance the increase by reducing the appropriations of the financial instruments under the energy strand of the Connecting Europe Facility (CEF-Energy), with a corresponding compensation in 2018.
3. To reduce commitment appropriations spread across several budget lines, under heading 2 *Sustainable Growth: natural resources*, by EUR 14,7 million, to adjust them to the latest needs assessment.
4. To decrease the level of payment appropriations by EUR 7 284,3 million, mostly in budget lines under heading 1b *Economic, social and territorial cohesion* and to a lesser extent for headings 2 *Sustainable Growth: natural resources* and 3 *Security and Citizenship* as well as from the Emergency Aid Reserve, after taking into account the redeployments proposed in the Global Transfer (DEC 23/2016).
5. To frontload in 2016 part of the reinforcement in the staffing levels of Frontex already proposed in the draft budget 2017, in view of the forthcoming entry into force of the new European Border and Coast Guard Regulation. This entails an amendment to the establishment plan of Frontex with no additional appropriations in 2016.

Overall, 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 and a decrease of EUR 7 274,3 million in payment appropriations.

On the revenue side, the present DAB also includes 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, which affects the distribution of own resources contributions from Member States to the EU budget.

⁶ COM(2016) 597 final, 14.9.2016.

2. UPDATE OF APPROPRIATIONS UNDER HEADING 3 FURTHER TO THE LATEST DEVELOPMENTS IN RELATION TO MIGRATION AND SECURITY ISSUES

2.1 Instrument for emergency support within the Union

The new instrument for emergency support within the Union was created in March 2016⁷, to provide financial support to Member States facing an exceptional situation going beyond their organisational capacity, where large numbers of people require urgent humanitarian assistance.

In the legislative financial statement accompanying the Commission proposal⁸, the funding needs for the new instrument in 2016 were estimated at EUR 300 million in commitment appropriations. EUR 199 million have already been made available: a first tranche of EUR 100 million in the amending budget 1/2016 adopted in April 2016⁹, followed by a further EUR 99 million through an internal transfer in August 2016.

The first tranche of EUR 100 million in commitment appropriations was fully contracted in August 2016 and 75 % of the second tranche is expected to be contracted by the end of September. That leaves only EUR 25 million available for the final quarter of the year, which would be insufficient in case of any sudden change in migration flows.

The Commission proposes to budget an additional EUR 50 million in commitment appropriations and EUR 10 million in payment appropriations. These additional appropriations will allow the funding of measures currently implemented on the ground under the emergency support instrument, while also keeping some room for manoeuvre to respond to possible new developments until year-end.

Budget line	Name	Commitment appropriations	Payment appropriations
18 01 04 05	Support expenditure for Emergency support within the Union	500 000	500 000
18 07 01	Emergency support within the Union	49 500 000	9 500 000
Total		50 000 000	10 000 000

2.2 Asylum, Migration and Integration Fund (AMIF)

The first two tranches for the new instrument for emergency support within the Union mentioned in the previous section were both made available from the Asylum, Migration and Integration Fund (AMIF).

The updated needs assessment for AMIF in 2016 has confirmed that the currently available commitment appropriations (amounting to some EUR 209 million) will be fully implemented by the year-end, notably in the form of a series of requests or emergency assistance which are currently being processed or forthcoming. The funding will in particular provide support to strengthen asylum systems and reception capacities in Member States.

Taking into account the current state of play regarding the implementation of the two Council Decisions on the relocation of refugees¹⁰, the expected adoption in October 2016 of the proposed amendment to the second Council Decision entailing an additional pledge for the resettlement of up to 54 000 persons¹¹, and the on-going pressure on the external borders of the EU, the Commission's assessment is that the partial replenishment of AMIF by EUR 130 million in commitment

⁷ OJ L 70, 16.3.2016, p. 1.

⁸ COM(2016) 115, 2.3.2016.

⁹ OJ L 143, 31.5.2016.

¹⁰ OJ L 239, 15.9.2015, p. 146 and OJ L 248, 24.9.2015, p. 80.

¹¹ COM(2016) 171, 21.3.2016.

appropriations is necessary to enable it to respond to other possible legitimate demands in this volatile area in the final quarter of 2016.

Budget line	Name	Commitment appropriations
18 03 01 01	Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States	130 000 000
Total		130 000 000

2.3 Internal Security Fund (ISF)

The Commission proposes to combine the partial replenishment of AMIF (EUR 130 million) with a reinforcement of the Borders strand of the Internal Security Fund (ISF-Borders) by EUR 70 million in commitment appropriations, in order to respond to pending and forthcoming requests for emergency assistance, notably from Bulgaria. This takes account of the fact that the ISF emergency assistance currently available in the 2016 budget has been almost fully used.

Budget line	Name	Commitment appropriations
18 02 01 01	Support of border management and a common visa policy to facilitate legitimate travel	70 000 000
Total		70 000 000

2.4 Mobilisation of the Contingency Margin for commitments

The commitment appropriations authorised for heading 3 in the 2016 budget exceeds the corresponding expenditure ceiling and already required, together with heading 4 *Global Europe*, the full mobilisation (EUR 1 530 million) of the Flexibility Instrument, in accordance with Article 11(2) of the MFF Regulation.

Consequently, the mobilisation of the Contingency Margin in 2016 is the only instrument available to address the additional needs described above for heading 3. Taking into account EUR 9,9 million in commitment appropriations available for redeployment from the European Medicines Agency, the Commission proposes to mobilise the Contingency Margin¹² for an amount of EUR 240,1 million to be fully offset in 2016 against the unallocated margins in heading 5, without pre-empting the room for manoeuvre of future years.

Budget line	Name	Commitment appropriations
17 03 12 01	Union contribution to the European Medicines Agency	-9 900 000
Total		-9 900 000

3. PROVISIONING OF THE EFSI GUARANTEE FUND: UPDATED PROFILE

The Commission proposal¹³ to extend the duration of the European Fund for Strategic Investments (EFSI) until 2020 entails an update of the commitment profile set out in the financial programming: the Commission proposes to front-load EUR 73,9 million in 2016 for the provisioning of the EFSI Guarantee Fund (budget article 01 04 05), by transferring this amount from the financial instruments under the energy strand of the Connecting Europe Facility (budget item 32 02 01 04).

The amount to be frontloaded to EFSI in 2016 will be returned to CEF-Energy in 2018. There is no need to amend the related payment appropriations.

Budget line	Name	Commitment
-------------	------	------------

¹² COM(2016) 624, 30.9.2016.

¹³ COM(2016) 597, 14.9.2016.

		appropriations
01 04 05	Provisioning of the EFSI guarantee fund	73 908 000
32 02 01 04	Creating an environment more conducive to private investment for energy projects	-73 908 000
Total		0

4. OTHER FINE-TUNING IN COMMITMENT APPROPRIATIONS

Following a detailed analysis of needs, the Commission proposes to reduce commitment appropriations by EUR 14,7 million across seven budget lines:

- EUR 1,3 million for the European Agricultural Guarantee Fund (EAGF) further to the cancellation of a few measures financed by differentiated appropriations.
- EUR 1,4 million for pilot projects as further analysis revealed that two of those included in the 2016 Budget will not be implemented as they fall under the scope of ongoing initiatives under Horizon 2020 (Blue growth, and in particular call topic BG-14-2017 'Monitoring and assessing fish stocks, other pelagic species and habitats with an automated, non-invasive, opto-acoustic system'). Given the absence of margin available under heading 1a *Competitiveness for growth and jobs*, the commitment appropriations released may not be transferred from heading 2 in which they were recorded.
- EUR 0,4 million for the contribution of the European Maritime and Fisheries Fund (EMFF) to the executive agency for Small and Medium-sized Enterprises (EASME) mostly due to the reduction of the administrative budget of the agency (slower pace of recruitment, savings in buildings and IT expenditure). The same amount is reduced in payment appropriations (see section 5.2.1 below).
- EUR 5 million for the EMFF under direct management following the cancellation of the action "Chartering/purchase of control vessels, aircrafts and helicopters for control" in 2016. An amount is also reduced in payment appropriations (see section 5.2.1 below).
- EUR 2,9 million for the contribution from the EU budget to the Biocides activities of the European Chemicals Agency (ECHA) in Helsinki. Fee income from industry has been higher than expected, reducing accordingly the need in 2016 for the balancing contribution. The same amount is reduced in payment appropriations (see section 5.2.3 below).
- EUR 3,8 million for the Sustainable Fisheries Partnership Agreements to reflect the status of negotiations and the evaluation of the possible dates of entry into force. An amount is also reduced in payment appropriations (see section 5.2 below).

Budget line	Name	Commitment appropriations
05 08 03	Restructuring of systems for agricultural surveys	-1 250 000
08 02 77 07	Pilot project — Optimisation of non-invasive opto-acoustic in situ underwater fish detection using a UFO pre-prototype to foster EEA based stock assessments and a better Marine Strategy Framework Directive (MSFD) implementation	-200 000
08 02 77 08	Pilot project — Developing an Automated Non-Invasive Opto-Acoustic UFO Test Array System to Support Monitoring of Fish Biodiversity and Other Maritime Strategy Framework Directive (MSFD) Indicators in Marine Key Areas	-1 200 000
11 01 06 01	Executive Agency for Small and Medium-sized Enterprises — Contribution from European Maritime and Fisheries Fund (EMFF)	-370 000
11 06 62 02	Control and enforcement	-5 000 000
17 04 07	European Chemicals Agency — Activities in the field of biocides legislation	-2 870 000
40 02 41	Reserve for Sustainable Fisheries Partnership Agreements	-3 830 000
Total		-14 720 000

5. DECREASE OF PAYMENT APPROPRIATIONS AS A RESULT OF THE ANNUAL GLOBAL TRANSFER EXERCISE

The Commission proposes to adjust the level of payment appropriations for certain budget lines in order to align them more closely to the latest estimates of needs and working on the assumption that the rebalancing of payment appropriations between budget lines requested separately by the Commission in the so-called "Global Transfer" will be accepted by the European Parliament and the Council (DEC 23/2016).

The overall reduction (EUR 7 286,8 million) in the level of payment appropriations requested in this DAB mainly concerns heading 1b and to a lesser extent headings 2 and 3 as well as the Emergency Aid Reserve.

5.1 Heading 1b – Economic, social and territorial cohesion

The Commission proposes a decrease of EUR 6 956 million¹⁴ in payment appropriations for the European Structural and Investment funds (ESIF) under heading 1b. This reduction results from lower payment needs than those foreseen in the 2016 Budget for both the 2007-2013 and 2014-2020 programming periods.

The 2016 budget payment needs covering the *2007-2013 programmes* were estimated based on an expected end-2015 backlog of EUR 20 billion. However, the actual submission of payment claims was significantly lower than expected, leading to an end-2015 backlog of only EUR 8 billion. The revised payment forecasts, as submitted by Member States in July, largely confirmed the January forecasts. The objective of fully phasing out the so-called “abnormal” backlog by end-2016 will be reached and the “normal” backlog will mostly consist of the last suspensions, not yet lifted before closure. After analysing the data submitted by Member States and taking into account past experience regarding the concentration of invoices towards the end of the year, a reduction of EUR 3 041 million in payment appropriations is proposed for the 2007-2013 programmes.

All Operational Programmes for the *2014-2020 programming period* are adopted. However, the overall level of interim payments for these programmes will be lower than initially foreseen, as confirmed by the latest Member States' forecasts (13 % lower than the January forecasts and 27 % lower than the July 2015 forecasts). After taking into account the recurrent over-estimation by Member States and the delayed timetable for the designation of national authorities (only 48 % have currently been notified to the Commission), a reduction of EUR 3 915 million in payment appropriations is proposed.

Budget line	Name	Payment appropriations
04 02 17	Completion of the European Social Fund — Convergence (2007 to 2013)	-645 000 000
04 02 60	European Social Fund — Less developed regions - Investment for growth and jobs goal	-528 000 000
04 02 61	European Social Fund — Transition regions- Investment for growth and jobs goal	-192 000 000
04 02 62	European Social Fund — More developed regions - Investment for growth and jobs goal	-480 000 000
13 03 16	Completion of European Regional Development Fund (ERDF) — Convergence	-1 072 000 000
13 03 18	Completion of European Regional Development Fund (ERDF) — Regional competitiveness and employment	-1 097 000 000
13 03 19	Completion of European Regional Development Fund (ERDF) — European territorial cooperation	-227 000 000
13 03 60	European Regional Development Fund (ERDF) — Less developed regions - Investment for growth and jobs goal	-1 069 000 000
13 03 61	European Regional Development Fund (ERDF) — Transition regions - Investment for growth and jobs goal	-636 000 000
13 03 62	European Regional Development Fund (ERDF) — More developed regions - Investment for growth and jobs goal	-1 000 000 000

¹⁴ Another EUR 254 million were used in the Global Transfer.

Budget line	Name	Payment appropriations
13 03 63	European Regional Development Fund (ERDF) — Additional allocation for outermost and sparsely populated regions - Investment for growth and jobs goal	-10 000 000
Total		-6 956 000 000

5.2 Heading 2 – Sustainable Growth: Natural resources

5.2.1 European Maritime and Fisheries Fund (EMFF)

For the EMFF, the Commission proposes a EUR 118 million decrease in payment appropriations under shared management and EUR 21 million under direct management.

Concerning the EMFF under shared management (budget article 11 06 60), the reduction results from the downwards revision in the forecasts submitted by Member States at the end of July (also adjusting for historical recurrent over-estimation) and the delayed timetable for the designation of the national authorities for 20 Member States.

As regards the EMFF under direct management (budget article 11 06 61 and budget item 11 06 62 02), the extensions of the duration for a number of actions have decreased the payment needs in 2016, and part of the corresponding outstanding commitments (usually referred to as "Reste à liquider" or "RAL") will be decommitted.

As regards budget items 11 01 06 01 and 11 06 62 02, the decrease in payment appropriations derives from the detailed analysis of needs in commitment appropriations as described in section 4 above.

Budget line	Name	Payment appropriations
11 01 06 01	Executive Agency for Small and Medium-sized Enterprises — Contribution from European Maritime and Fisheries Fund (EMFF)	-370 000
11 06 60	Promoting sustainable and competitive fisheries and aquaculture, balanced and inclusive territorial development of fisheries areas and fostering the implementation of the common fisheries policy	-117 681 000
11 06 61	Fostering the development and implementation of the Union's integrated maritime policy	-5 149 000
11 06 62 02	Control and enforcement	-15 595 000
Total		-138 795 000

5.2.2 Sustainable Fisheries Partnership Agreements

As described in section 4 above, after detailed analysis of the status of negotiations linked to the Sustainable Fisheries Partnership Agreements and the evaluation of the possible dates of entry into force, EUR 6,7 million in payment appropriations can be released.

Budget line	Name	Payment appropriations
40 02 41	Reserve for Sustainable Fisheries Partnership Agreements	-6 735 000
Total		-6 735 000

5.2.3 Decentralised agencies (ECHA-biocides)

As described in section 4 above, the contribution from the EU budget to the Biocides activities of the European Chemicals Agency (ECHA) in Helsinki has been revised downwards. Consequently the corresponding level of payment appropriations can be reduced by EUR 2,9 million.

Budget line	Name	Payment appropriations
17 04 07	European Chemicals Agency — Activities in the field of biocides legislation	-2 870 000
Total		-2 870 000

5.3 Heading 3 – Security & Citizenship

As described in section 2 above, the contribution from the EU budget to the European Medicines Agency in London has been revised downwards. Consequently the corresponding level of payment appropriations can be reduced by EUR 9,9 million.

Budget line	Name	Payment appropriations
17 03 12 01	Union contribution to the European Medicines Agency	-9 900 000
Total		-9 900 000

5.4 Emergency Aid Reserve (EAR)

The balance available at mid-September in payment appropriations in the EAR for 2016 is EUR 190 million. Based on the latest forecast and leaving some reserve for possible new emergencies until the end of the year, an amount of EUR 170 million in payment appropriations can be released.

Budget line	Name	Payment appropriations
40 02 42	Emergency aid reserve	-170 000 000
Total		-170 000 000

6. MODIFICATION OF THE ESTABLISHMENT PLAN OF FRONTEX

Further to the swift political agreement reached in June 2016 on the proposal of the Commission to transform the Frontex agency into the European Border and Coast Guard Agency¹⁵, the new Regulation was adopted by the European Parliament on 14 September 2016 and is expected to enter into force on 6 October 2016.

In order to enable the Agency to start implementing its revised mandate as soon as possible, the Commission proposes to allow Frontex to recruit 50 additional temporary agents already in 2016, out of the additional 130 establishment plan posts requested for 2017 in the draft budget 2017. The aim of this frontloading of staff is in particular to reinforce return operations and pre-return assistance, joint operations and risk analyses, as well as pooled resources. Moreover, some administrative support staff is needed in the areas of human resources and ICT.

Based on a careful analysis of the Agency's expenditure needs until year-end 2016, the recruitment of the additional staff requested, in the final quarter of 2016, can be financed within its current budget for the year. Consequently, a reinforcement of the EU contribution to Frontex is not required.

The updated establishment plan is set out in the budgetary annex.

7. SUMMARY TABLE BY MFF HEADING

Heading	Budget 2016 (incl. AB 1-2 & DAB 3/2016)		Draft Amending Budget 4/2016		Budget 2016 (incl. AB 1-2 & DAB 3-4/2016)	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth	69 841 150 263	66 246 697 648		-6 956 000 000	69 841 150 263	59 290 697 648
<i>Of which under global margin for commitments</i>	<i>543 000 000</i>				<i>543 000 000</i>	
<i>Ceiling</i>	<i>69 304 000 000</i>				<i>69 304 000 000</i>	
<i>Margin</i>	<i>5 849 737</i>				<i>5 849 737</i>	
1a Competitiveness for growth and jobs	19 010 000 000	17 402 423 594			19 010 000 000	17 402 423 594
<i>Of which under global margin for commitments</i>	<i>543 000 000</i>				<i>543 000 000</i>	

¹⁵ COM(2015) 671, 15.12.2015.

Heading	Budget 2016 (incl. AB 1-2 & DAB 3/2016)		Draft Amending Budget 4/2016		Budget 2016 (incl. AB 1-2 & DAB 3-4/2016)	
	CA	PA	CA	PA	CA	PA
<i>Ceiling</i>	18 467 000 000				18 467 000 000	
<i>Margin</i>						
1b Economic social and territorial cohesion	50 831 150 263	48 844 274 054		-6 956 000 000	50 831 150 263	41 888 274 054
<i>Ceiling</i>	50 837 000 000				50 837 000 000	
<i>Margin</i>	5 849 737				5 849 737	
2. Sustainable growth: natural resources	62 484 234 833	55 120 803 654	- 14 720 000	- 148 400 000	62 469 514 833	54 972 403 654
<i>Ceiling</i>	64 262 000 000				64 262 000 000	
<i>Margin</i>	1 777 765 167				1 792 485 167	
Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	42 220 335 824	42 212 046 297			42 220 335 824	42 212 046 297
3. Security and citizenship	4 051 966 698	3 022 287 739	240 100 000	100 000	4 292 066 698	3 022 387 739
<i>Of which under Flexibility Instrument</i>	1 505 966 698				1 505 966 698	
<i>Of which under Contingency margin</i>			240 100 000		240 100 000	
<i>Ceiling</i>	2 546 000 000				2 546 000 000	
<i>Margin</i>						
4. Global Europe	9 167 033 302	10 155 590 403			9 167 033 302	10 155 590 403
<i>Of which under Flexibility Instrument</i>	24 033 302				24 033 302	
<i>Ceiling</i>	9 143 000 000				9 143 000 000	
<i>Margin</i>						
5. Administration	8 951 016 040	8 950 916 040			8 951 016 040	8 950 916 040
<i>Ceiling</i>	9 483 000 000				9 483 000 000	
<i>Of which offset against Contingency margin</i>			- 240 100 000		- 240 100 000	
<i>Margin</i>	531 983 960				291 883 960	
Of which: Administrative expenditure of the institutions	7 134 869 560	7 134 769 560			7 134 869 560	7 134 769 560
<i>Sub-ceiling</i>	7 679 000 000				7 679 000 000	
<i>Of which offset against Contingency margin</i>			- 240 100 000		- 240 100 000	
<i>Margin</i>	544 130 440				304 030 440	
6. Compensations						
<i>Ceiling</i>						
<i>Margin</i>						
Total	154 495 401 136	143 496 295 484	225 380 000	-7 104 300 000	154 720 781 136	136 391 995 484
<i>Of which under Flexibility Instrument</i>	1 530 000 000	832 817 382			1 530 000 000	832 817 382
<i>Of which under global margin for commitments</i>	543 000 000				543 000 000	
<i>Of which under Contingency margin</i>			240 100 000		240 100 000	
<i>Ceiling</i>	154 738 000 000	144 685 000 000			154 738 000 000	144 685 000 000
<i>Of which offset against Contingency margin</i>			- 240 100 000		- 240 100 000	
<i>Margin</i>	2 315 598 864	2 021 521 898			2 090 218 864	9 125 821 898
Other special Instruments	524 612 000	389 000 000		- 170 000 000	524 612 000	219 000 000
Grand Total	155 020 013 136	143 885 295 484	225 380 000	-7 274 300 000	155 245 393 136	136 610 995 484

8. UPDATE OF REVENUE APPROPRIATIONS

8.1 Overall impact of DAB 4/2016 on the distribution of total own resources payments between Member States

As the present DAB decreases the payment appropriations of the 2016 budget, it will therefore have an impact on the total amount payable by Member States towards this budget. However there are also two adjustments on the revenue side of the budget which need to be taken into account. The first of these adjustments is an update of the estimates for Traditional Own Resources (TOR), as well as the Value Added Tax (VAT) and Gross National Income (GNI) resources, which are updated to take account of more recent economic forecasts. The second adjustment on the revenue side is an update of the UK correction. These two adjustments are presented in sections 8.2 and 8.3, below.

The overall impact of both the expenditure and the revenue adjustments of this DAB is shown in the summary table below. This table also shows the distribution of total own resources payments between Member States: as budgeted in the 2016 budget, as amended in Amending Budget (AB) 2/2016¹⁶, and finally in the present DAB.

¹⁶ DAB 3/2016 (COM(2016) 310, 30.6.2016) has no effect on revenue.

Distribution of total own resources payments by Member States (in million EUR)

	Budget 2016	DAB 2/2016	DAB 4/2016
	(1)	(2)	(3)
BE	5 518.8	5 480.8	5 375.0
BG	449.0	445.1	437.9
CZ	1 588.8	1 575.0	1 547.3
DK	2 818.6	2 793.0	2 636.0
DE	30 112.7	29 827.3	28 440.4
EE	215.8	213.9	205.0
IE	1 775.8	1 760.3	1 803.3
EL	1 770.5	1 753.8	1 623.8
ES	11 270.1	11 168.1	10 700.2
FR	21 829.4	21 625.2	20 604.3
HR	441.5	437.6	424.1
IT	15 939.4	15 790.5	15 423.0
CY	170.3	168.7	170.7
LV	257.0	254.6	241.8
LT	413.7	410.2	393.8
LU	311.1	308.2	325.1
HU	1 114.2	1 103.9	1 026.9
MT	88.8	88.0	91.3
NL	7 979.5	7 917.1	7 680.0
AT	3 063.6	3 033.3	2 856.1
PL	4 487.5	4 447.0	4 112.6
PT	1 745.3	1 729.1	1 677.4
RO	1 554.5	1 539.6	1 465.6
SI	412.6	409.2	396.3
SK	777.9	770.8	723.0
FI	1 982.3	1 963.5	1 862.1
SE	4 376.7	4 335.2	4 241.3
UK	19 803.3	19 570.3	17 160.9
EU	142 268.6	140 919.5	133 645.2

8.2 Revision of the forecast of TOR, VAT and GNI bases

According to established practice, the Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts, agreed at a meeting of the Advisory Committee on Own Resources (ACOR).

The revision concerns the forecast of Traditional Own Resources (TOR) to be paid to the budget in 2016 as well as the forecast of the 2016 VAT and GNI bases. The forecast in the 2016 Budget was established at the 163th ACOR meeting on 19 May 2015. The revised forecast taken into account in the present DAB was agreed at the 166th ACOR meeting on 18 May 2016. The use of an updated forecast of own resources improves the accuracy of the revenue forecasts and hence of the payments that Member States are asked to make during the budgetary year.

As compared to the forecast agreed in May 2015, the forecast agreed in May 2016 has been revised as follows¹⁷:

- Total 2016 net customs duties (including duties on agricultural products) are now forecast at EUR 18 857,4 million (after deduction of 25 % in collection costs), which represents an increase of 2,12 % relative to the forecast of EUR 18 465,3 million included in the 2016 Budget. The main reason for this increase is a higher forecasted growth rate of extra EU imports and also higher forecasted tariff. The forecast was made on a Member State basis, using forecast growth rates of extra-EU imports as published in the Spring 2016 economic forecasts of 3 May 2016.
- The total 2016 EU uncapped VAT base is now forecast at EUR 6 335 254,1 million, which represents an increase of +0,66 % compared to the May 2015 forecast of EUR 6 293 752,9 million. The total 2016 EU *capped* VAT base¹⁸ is forecast at EUR 6 316 521,6 million, which represents an increase of +0,73% % compared to the May 2015 forecast of EUR 6 270 927,9 million.
- The total 2016 EU GNI base is forecast at EUR 14 692 928,3 million, which is a decrease (-0,04 %) compared to the May 2015 forecast of EUR 14 698 459,1 million.

The exchange rates of 31 December 2015 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the nine Member States that are not members of the euro area). This avoids distortions since it is this rate that is used to convert budgeted own resources payments from euro into national currency when the amounts are called in (as stipulated in Article 10(3) of Council Regulation No 1150/2000).

The revised forecasts of TOR, uncapped VAT bases and GNI bases for 2016, as adopted at the 166th ACOR meeting on 18 May 2016, are set out in the following table:

Revised forecasts of TOR, VAT and GNI bases for 2016 (in million EUR)

	Sugar levies (75%)	Customs duties (75%)	Uncapped VAT bases	GNI bases	Capped VAT bases¹⁹
BE	6,6	1 860,80	172 199,1	412 944,7	172 199,1
BG	0,4	61,00	20 785,8	43 250,2	20 785,8
CZ	3,4	235,00	68 037,8	152 406,5	68 037,8
DK	3,4	357,40	102 237,3	272 411,8	102 237,3
DE	26,3	3 867,10	1 298 442,2	3 111 270,6	1 298 442,2
EE	0,0	26,10	10 280,8	20 455,3	10 227,6
IE	0,0	295,00	80 908,8	174 461,4	80 908,8
EL	1,4	141,60	75 926,4	173 482,1	75 926,4
ES	4,7	1 340,50	472 305,2	1 099 728,5	472 305,2
FR	30,9	1 572,00	971 257,7	2 223 544,2	971 257,7
HR	1,7	41,20	25 614,4	43 550,8	21 775,4
IT	4,7	1 715,10	608 829,6	1 640 591,0	608 829,6
CY	0,0	18,30	11 629,9	17 386,9	8 693,5
LV	0,0	30,40	9 829,1	25 211,5	9 829,1
LT	0,8	75,20	15 104,9	37 732,4	15 104,9
LU	0,0	17,10	27 547,8	34 875,0	17 437,5
HU	2,1	132,70	43 390,8	105 284,7	43 390,8

¹⁷ The total forecast of 2016 net sugar sector levies remains at the same level (EUR 124,7 million, after deduction of 25 % in collection costs).

¹⁸ In accordance with Council Decision 2007/436, if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at this 50 %. For DAB 4/2016, five Member States will have their VAT base capped at 50 % of GNI: Estonia, Croatia, Cyprus, Luxembourg, Malta.

¹⁹ The amounts highlighted in grey result from the capped VAT bases, as explained in footnote [16] above.

	Sugar levies (75%)	Customs duties (75%)	Uncapped VAT bases	GNI bases	Capped VAT bases¹⁹
MT	0,0	11,80	6 332,6	9 078,0	4 539,0
NL	7,2	2 260,30	278 703,9	689 027,6	278 703,9
AT	3,2	201,10	155 678,2	329 117,4	155 678,2
PL	12,8	516,00	183 315,6	418 608,4	183 315,6
PT	0,1	128,30	87 110,9	177 872,9	87 110,9
RO	0,9	128,90	55 085,5	161 642,2	55 085,5
SI	0,0	65,10	17 855,0	38 330,7	17 855,0
SK	1,3	90,90	26 634,3	76 101,3	26 634,3
FI	0,7	118,40	91 535,7	202 831,8	91 535,7
SE	2,6	515,00	203 484,5	468 997,7	203 484,5
UK	9,5	3 035,10	1 215 190,3	2 532 732,7	1 215 190,3
EU	124,7	18 857,4	6 335 254,1	14 692 928,3	6 316 521,6

8.3 2015, 2014 and 2012 UK correction

8.3.1 Introduction

The correction of budgetary imbalances in favour of the United Kingdom (UK correction), to be budgeted in the present DAB, concerns three years: 2012, 2014 and 2015.

The 2012, 2014 and 2015 UK corrections are subject to the rules of Council Decision 2007/436/EC, Euratom on the system of the European Communities' own resources²⁰ and its accompanying working document, the *2007 Calculation Method*²¹. Pursuant to the rules of this Decision, the net TOR “windfall gains” of the UK resulting from the increase since 2001 in the percentage of TOR retained by Member States as a compensation for their collection costs are neutralised and the allocated expenditure is adjusted by:

- pre-accession expenditure (PAE) paid under appropriations for payments relating to the year preceding the enlargement. The adjustment for PAE is calculated for the last time for the 2012 correction as it ceased to apply as from the 2013 correction budgeted for the first time in 2014;
- the total allocated expenditure in Member States that have acceded to the EU after 30 April 2004, except for agricultural direct payments and market-related expenditure as well as that part of the rural development expenditure originating from the EAGGF, Guarantee section.

Furthermore, the share of Austria, Germany, the Netherlands and Sweden in the financing of the UK correction is reduced to one fourth of their normal share. The reduction is financed by the other Member States, excluding the UK.

The difference between the *definitive amount of the 2012 UK correction* and the amount previously budgeted (the 3rd update entered in AB 6/2015) is entered in chapter 35 of the present DAB.

8.3.2 Calculation of the corrections

In the present DAB, the calculation and financing of the 1st update of the 2015 UK correction, the 2nd update of the 2014 UK correction and the *definitive amount of the 2012 UK correction* are entered.

²⁰ OJL 163, 23.6.2007, p. 17.

²¹ Commission working document of 23 May 2007 "Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in accordance with Articles 4 and 5 of Council Decision [2007/436/EC, Euratom] on the system of the European Communities' own resources" available on: http://ec.europa.eu/budget/library/biblio/documents/financing/calc_own_res_2007_en.pdf.

The update of the corrections for 2012 and 2014 stems mainly from the update of the VAT and GNI bases as communicated by Member States in autumn 2015 (VAT/GNI balances exercise).

8.3.2.1 2015 UK correction

The following table summarises the changes between the *provisional amount* of the 2015 UK correction entered in Budget 2016 and the *1st update* of the 2015 UK correction to be entered in the present DAB.

2015 UK correction		2015 UK correction PROVISIONAL Budget 2016	2015 UK correction 1st UPDATE DAB 4/2016	Difference
(1)	UK share of uncapped VAT base	19,4288%	19,2145%	-0,2143%
(2)	UK share of enlargement-adjusted total allocated expenditure	7,3919%	7,5910%	+0,1992%
(3)	= (1) - (2)	12,0369%	11,6235%	-0,4135%
(4)	Total allocated expenditure	130 016 348 031	129 194 773 448	-821 574 582
(5)	Enlargement-related expenditure = (5a) + (5b)	36 305 752 879	31 733 179 803	- 4 572 573 076
(5a)	Pre-accession expenditure	0	0	0
(5b)	Expenditure related to Art 4(1)(g)	36 305 752 879	31 733 179 803	-4 572 573 076
(6)	Enlargement-adjusted total allocated expenditure = (4) - (5)	93 710 595 151	97 461 593 645	+3 750 998 494
(7)	UK correction original amount = (3) x (6) x 0.66	7 444 724 929	7 476 753 663	+32 028 734
(8)	UK advantage	2 212 027 407	1 912 680 343	-299 347 064
(9)	Core UK correction = (7) - (8)	5 232 697 523	5 564 073 321	+331 375 798
(10)	TOR windfall gains	-50 550 782	-79 812 056	-29 261 274
(11)	UK correction = (9) - (10)	5 283 248 305	5 643 885 377	+360 637 072

The *1st update* of the 2015 UK correction is EUR 361 million higher as compared to the *provisional amount* of the 2015 UK correction entered in Budget 2016.

8.3.2.2 2014 UK correction

The following table summarises the changes between the *1st update* of the 2014 UK correction entered in AB 6/2015 and the *2nd update* of the 2014 UK correction to be entered in the present DAB.

2014 UK correction		2014 UK correction 1st UPDATE AB 6/2015	2014 UK correction 2nd UPDATE DAB 4/2016	Difference
(1)	UK share of uncapped VAT base	17,7333%	17,4319%	-0,3014%
(2)	UK share of enlargement-adjusted total allocated expenditure	7,3956%	7,4180%	+0,0224%
(3)	= (1) - (2)	10,3377%	10,0139%	-0,3238%
(4)	Total allocated expenditure	128 742 225 549	128 669 838 650	-72 386 900
(5)	Enlargement-related expenditure = (5a) + (5b)	33 471 514 270	33 342 488 843	-129 025 427
(5a)	Pre-accession expenditure	0	0	0
(5b)	Expenditure related to Art 4(1)(g)	33 471 514 270	33 342 488 843	-129 025 427
(6)	Enlargement-adjusted total allocated expenditure = (4) - (5)	95 270 711 279	95 327 349 807	+56 638 527
(7)	UK correction original amount = (3) x (6) x 0.66	6 500 187 311	6 300 352 079	-199 835 232
(8)	UK advantage	1 992 582 801	1 531 441 424	-461 141 377
(9)	Core UK correction = (7) - (8)	4 507 604 510	4 768 910 655	+261 306 145
(10)	TOR windfall gains	-36 554 387	-26 651 399	+9 902 988
(11)	UK correction = (9) - (10)	4 544 158 897	4 795 562 054	+251 403 157

The *2nd update* of the 2014 UK correction is EUR 251 million higher as compared to the *1st update* of the 2014 UK correction entered in AB 6/2015.

8.3.2.3 2012 UK correction

The following table summarises the changes between the 3rd update of the 2012 UK correction entered in AB 6/2015 and the *definitive amount* of the 2012 UK correction to be entered in the present DAB.

2012 UK correction	2012 UK correction 3rd UPDATE AB 6/2015	2012 UK correction DEFINITIVE DAB 4/2016	Difference
(1) UK share of uncapped VAT base	16,1345%	16,1200%	-0,0145%
(2) UK share of enlargement-adjusted total allocated expenditure	7,2358%	7,2358%	-0,0000%
(3) = (1) - (2)	8,8987%	8,8842%	-0,0145%
(4) Total allocated expenditure	126 017 496 941	126 017 496 941	0
(5) Enlargement-related expenditure = (5a) + (5b)	30 151 705 809	30 151 594 002	-111 807
(5a) Pre-accession expenditure	3 084 631 771	3 084 519 964	-111 807
(5b) Expenditure related to Art 4(1)(g)	27 067 074 038	27 067 074 038	0
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	95 865 791 132	95 865 902 938	+111 807
(7) UK correction original amount = (3) x (6) x 0.66	5 630 330 443	5 621 164 211	-9 166 232
(8) UK advantage	474 388 884	331 907 397	-142 481 487
(9) Core UK correction = (7) - (8)	5 155 941 559	5 289 256 814	+133 315 255
(10) TOR windfall gains	12 333 175	12 810 520	+477 344
(11) UK correction = (9) - (10)	5 143 608 383	5 276 446 294	+132 837 911

The *definitive amount* of the 2012 UK correction is EUR 133 million higher than the 3rd update of the 2012 UK correction entered in AB 6/2015 mainly due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2015 (VAT/GNI balances exercise).

For the 2012 UK correction the difference in the original amount of the UK correction between Own Resources Decision (ORD) 2000 and ORD 2007 is EUR 2 559,3 million in 2004 prices and EUR 2 879,7 million in current prices.

8.3.2.4 EUR 10,5 billion ceiling

According to article 4(2) of Decision 2007/436, during the period 2007-2013 the additional contribution of the United Kingdom resulting from the reduction of allocated expenditure by the expenditure related to enlargement as referred to in paragraph (1)(g) of ORD 2007 shall not exceed EUR 10,5 billion, measured in 2004 prices. The cumulative effect of the 2007 to 2012 corrections is EUR 8 218,0 million in 2004 prices and EUR 9 006,9 million in current prices:

2007-2012 UK corrections		Difference in current prices	Difference in constant 2004 prices
Difference in original amount in reference to EUR 10,5 billion threshold (ORD 2007 vs. ORD 2000), in EUR			
(A)	2007 UK correction	0	0
(B)	2008 UK correction	-301 679 647	-280 649 108
(C)	2009 UK correction	-1 349 749 997	-1 276 489 414
(D)	2010 UK correction	-2 127 945 515	-1 964 546 518
(E)	2011 UK correction	-2 347 786 720	-2 137 047 656
(F)	2012 UK correction	-2 879 720 911	-2 559 302 810
(G)	Sum of differences = (A) + (B) + (C) + (D) + (E) + (F)	-9 006 882 790	-8 218 035 506

8.3.3 *Entry in the DAB 4/2016 of the 1st update of the 2015 UK correction, the 2nd update of the 2014 UK correction and definitive amount of the 2012 UK correction*

8.3.3.1 2012 UK correction (chapter 35)

The amount of the UK correction to be budgeted in chapter 35 of the present DAB is the difference between the *definitive amount* of the 2012 UK correction (i.e. EUR 5 276 446 294) and the *3rd update* of the 2012 UK correction (i.e. EUR 5 143 608 383 entered in AB 6/2015) amounting to EUR 132 837 911.

This amount is to be financed along the revised 2012 GNI bases as known at the end of 2015. The budgeting of this amount in chapter 35 is summarised below:

2012 UK correction — Chapter 35			
BE	12 108 628	LU	1 741 166
BG	1 275 199	HU	2 179 154
CZ	3 342 634	MT	101 561
DK	4 686 427	NL	4 101 900
DE	7 934 870	AT	1 068 284
EE	568 776	PL	7 063 680
IE	5 094 409	PT	3 441 569
EL	1 773 357	RO	2 351 280
ES	7 537 051	SI	554 253
FR	38 002 662	SK	1 502 129
HR	382 317	FI	4 198 567
IT	19 830 215	SE	1 007 093
CY	241 390		
LV	102 976	UK	-132 837 911
LT	646 364	Total	0

8.3.3.2 2014 UK correction (chapter 36)

The amount of the *2nd update* of the 2014 UK correction (i.e. EUR 4 795 562 054) is EUR 251 403 157 higher than the *1st update* of the 2014 UK correction (i.e. EUR 4 544 158 897) entered in AB 6/2015).

This amount is to be financed along the revised 2014 GNI bases as known at the end of 2015. The budgeting of this amount in chapter 36 is summarised below:

2014 UK correction — Chapter 36			
BE	9 808 723	LU	3 153 754
BG	1 857 845	HU	2 775 751
CZ	5 618 512	MT	557 582
DK	5 183 926	NL	3 797 278
DE	15 098 382	AT	1 572 870
EE	615 754	PL	16 987 381
IE	6 055 723	PT	5 315 559
EL	3 882 091	RO	6 012 749
ES	23 452 091	SI	1 449 464
FR	62 183 471	SK	2 207 088
HR	2 392 016	FI	5 796 891
IT	60 923 232	SE	2 634 984
CY	1 058 836		
LV	517 980	UK	-251 403 157
LT	493 224	Total	0

8.3.3.3 2015 UK correction (chapter 15)

The 1st update of the 2015 UK correction correspond to EUR 5 643 885 377 and is EUR 360 637 072 million higher than the amount entered in Budget 2016 (EUR 5 283 248 305).

This amount is to be financed along the revised 2016 GNI bases of the present DAB. The budgeting of this amount in chapter 15 is summarised below:

2015 UK correction – chapter 15			
BE	279 071 850	LU	23 568 848
BG	29 228 885	HU	71 152 375
CZ	102 997 723	MT	6 134 996
DK	184 098 416	NL	79 949 224
DE	361 006 829	AT	38 188 137
EE	13 823 881	PL	282 899 431
IE	117 902 629	PT	120 208 152
EL	117 240 809	RO	109 239 295
ES	743 206 698	SI	25 904 242
FR	1 502 691 749	SK	51 429 963
HR	29 432 034	FI	137 075 608
IT	1 108 726 582	SE	54 418 723
CY	11 750 228	UK	-5 643 885 377
LV	17 038 165		
LT	25 499 905	Total	0

8.4 Fines

By early September 2016, an amount of EUR 1 134 million of fines (principal) has become definitive. According to Article 83 of the Financial Regulation, definitive fines "*shall be recorded as soon as possible and at the latest in the year following the exhaustion of all legal remedies*". At this stage the Commission proposes to offset these fines against the exchange rate losses arising from the depreciation of the GBP against the euro. The impact of this depreciation is estimated at around EUR 1,8 billion. The revenue from the fines will minimise the risk of a negative outturn.