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**DRAFT AMENDING BUDGET No 6  
TO THE GENERAL BUDGET 2017**

**Reduction of payment and commitment appropriations in line with updated forecasts of  
expenditure and update of revenue (own resources and fines)**

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 Union<sup>1</sup>, and in particular Article 41 thereof,
- the general budget of the European Union for the financial year 2017, as adopted on 1 December 2016<sup>2</sup>,
- the amending budget No 1/2017<sup>3</sup>, adopted on 5 April 2017,
- the amending budget No 2/2017<sup>4</sup>, adopted on 4 July 2017,
- the amending budget No 3/2017<sup>5</sup>, adopted on 13 September 2017,
- the amending budget No 4/2017<sup>6</sup>, adopted on 13 September 2017,
- the draft amending budget No 5/2017<sup>7</sup>, presented on 28 July 2017,

The European Commission hereby presents draft amending budget No 6 to the 2017 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.

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

<sup>2</sup> OJ L 51, 28.2.2017.

<sup>3</sup> OJ L 136, 24.5.2017.

<sup>4</sup> OJ L 227, 1.9.2017.

<sup>5</sup> COM(2017) 288, 30.5.2017 (awaiting publication in the Official Journal).

<sup>6</sup> COM(2017) 541, 26.6.2017 (awaiting publication in the Official Journal).

<sup>7</sup> COM(2017) 485, 28.7.2017.

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## 1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 6 for the year 2017 is to update both the expenditure and the revenue sides of the budget to take account of the latest developments:

- on the expenditure side,
  - after taking into account the redeployments proposed in the so-called "global transfer" (DEC 20/2017), to decrease the level of payment appropriations of budget lines mainly for headings 1b '*Economic, social and territorial cohesion*', 2 '*Sustainable growth – natural resources*', 3 '*Security and Citizenship*' as well as for 4 '*Global Europe*';
  - to release commitment appropriations of budget lines for heading 2 '*Sustainable growth – natural resources*';
  - to release commitment and payment appropriations relating to the payment of advances for the European Union Solidarity Fund (EUSF) which will no longer be needed in 2017;
- on the revenue side,
  - to revise 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 to budget the relevant UK corrections and their financing, which all affect the distribution of own resources contributions from Member States to the EU budget;
  - to enter into the EU budget the fines decided by the Commission, for which all legal remedies were exhausted and which therefore became definitive in the course of 2017, reducing accordingly the own resources contributions from Member States to the EU budget.

## 2. DECREASE OF PAYMENT AND COMMITMENT APPROPRIATIONS

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" (DEC 20/2017) will be accepted by the European Parliament and the Council.

The overall reduction (EUR 7 719,7 million) in the level of payment appropriations requested in this DAB mainly concerns heading 1b and to a lesser extent headings 2, 3, 4 and the European Union Solidarity Fund ("EUSF").

### 2.1 Heading 1b – Economic, social and territorial cohesion

The Commission proposes a decrease of EUR 5,9 billion<sup>8</sup> in payment appropriations for the European Structural and Investment funds (ESIF) under heading 1b. This reduction results from updated forecasts indicating payment needs lower than those originally planned in the 2017 budget for the 2014-2020 programming period.

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<sup>8</sup> EUR 5 890,7 million is included in this DAB and another EUR 14,3 million were used in the global transfer as a balancing item.

All operational programmes for this period were adopted before the end of 2015. However, the overall level of interim payments in 2017 for these programmes will be lower than initially budgeted, as confirmed by the latest Member States forecasts (July 2017) which have decreased by around EUR 6 billion (-16 %) relative to the forecasts of January 2017. The Commission's analysis of forecasts provided by Member States also includes adjustments in view of recurrent historical over-estimation.

These adjustments were made with a prudent approach and taking account of the persistent error rate of the Member States' forecast observed in recent years. Furthermore, additional elements have been considered such as the lack of regulatory incentives to accelerate the claim submission due to the more relaxed automatic decommitment rules ( low 'N+3' pressure) and the recurrence of a "normal" backlog of payment applications arriving too late to be paid within the year.

Implementation delays continue to be observed in relation to the 2014-2020 operational programmes. They are mainly attributed to the lengthy designation process of national authorities (designation for 62 operational programmes, or 11 % of all programmes, still needs to be notified to the Commission), which has translated into slower-than-expected implementation in terms of interim payment claims received despite the reported progress in project selection on the ground.

The reduction in payment appropriations is proposed for the following budget articles and items.

<b>Budget line</b>	<b>Name</b>	<b>Payment appropriations</b>
04 02 60	European Social Fund — Less developed regions — Investment for growth and jobs goal	-667 462 307
04 02 61	European Social Fund — Transition regions — Investment for growth and jobs goal	-148 720 085
04 02 62	European Social Fund — More developed regions — Investment for growth and jobs goal	-333 817 608
13 03 60	European Regional Development Fund (ERDF) — Less developed regions — Investment for growth and jobs goal	-3 441 410 203
13 03 61	European Regional Development Fund (ERDF) — Transition regions — Investment for growth and jobs goal	-491 788 711
13 03 62	European Regional Development Fund (ERDF) — More developed regions — Investment for growth and jobs goal	-510 253 467
13 03 64 01	European Regional Development Fund (ERDF) — European territorial cooperation	-257 368 301
13 05 03 01	Completion of cross-border cooperation (CBC) — Contribution from Subheading 1b	-15 422 489
13 05 63 01	Cross-border cooperation (CBC) — Contribution from Heading 1b	-21 988 054
22 04 52	Cross-border cooperation (CBC) — Contribution from Heading 1b (Regional policy)	-2 512 986
<b>Total</b>		<b>-5 890 744 211</b>

The Commission has recurrently highlighted this issue and expressed its readiness to provide assistance to Member States to ensure that implementation accelerates. In July, letters co-signed by four Commissioners<sup>9</sup> were sent to Member States, alerting them to the worryingly low level of implementation and urging them to remove the bottlenecks without further delay.

## **2.2 Heading 2 – Sustainable Growth: Natural resources**

### *2.2.1 European Agricultural Fund for Rural Development (EAFRD)*

The payment appropriations available on budget item 05 04 05 01 were initially intended for the closure payments of the EAFRD 2007-2013 programmes. However, most of these programmes were closed and paid at the end of 2016 as additional payment appropriations were made available for this purpose in 2016 from the end-of-the year transfer and from the EAFRD 2014-2020 budget

<sup>9</sup> Commissioners Oettinger, Cretu, Thyssen and Vella.

line. As a result, the needs for closure payments in 2017 are lower and an amount of EUR 780 million may be released.

Further to the cancellation of certain actions, a EUR 1,5 million reduction of the commitment appropriations on budget item 05 04 60 02 is also proposed.

Budget line	Name	Commitment appropriations	Payment appropriations
05 04 05 01	Rural development programmes	-	-780 000 000
05 04 60 02	Operational technical assistance	-1 500 000	-
<b>Total</b>		<b>-1 500 000</b>	<b>-780 000 000</b>

### 2.2.2 *Compulsory contributions to regional fisheries management organisations and other international organisations and Sustainable Fisheries Agreements*

On the basis of an updated analysis of the state of play of the negotiations for Sustainable Fisheries Partnership Agreements, EUR 11,2 million in commitment appropriations and EUR 10,4 million in payment appropriations may be released from the reserve line (budget article 40 02 41). Furthermore, EUR 0,2 million, in both commitment and payment appropriations, may be released from the compulsory contributions to international bodies active in the field of Maritime Affairs and Fisheries (budget article 11 03 02).

Budget line	Name	Commitment appropriations	Payment appropriations
11 03 02	Promoting sustainable development for fisheries management and marine governance in line with the CFP objectives (Compulsory contributions to international bodies)	-207 268	-207 268
40 02 41	Differentiated appropriations ( <i>Reserve for budget article 11 03 01 – Establishing a governance framework for fishing activities carried out by Union fishing vessels in third country waters</i> )	-11 166 522	-10 361 522
<b>Total</b>		<b>-11 373 790</b>	<b>-10 568 790</b>

### 2.2.3 *European Agricultural Guarantee Fund (EAGF)*

Further to the cancellation of certain actions, it is proposed to decrease the level of commitment and payment appropriations of the budget item 05 01 04 01 and budget article 05 08 09.

Budget line	Name	Commitment appropriations	Payment appropriations
05 01 04 01	Support expenditure for the European Agricultural Guarantee Fund (EAGF) – Non-operational technical assistance	-900 000	-900 000
05 08 09	European Agricultural Guarantee Fund (EAGF) – Operational technical assistance	-1 000 000	-1 000 000
<b>Total</b>		<b>-1 900 000</b>	<b>-1 900 000</b>

### 2.2.4 *Decentralised agencies (ECHA-biocides)*

The fee income from industry of the Biocides activities of the European Chemicals Agency (ECHA) in Helsinki is expected to be higher than initially estimated by EUR 0,6 million. As a result, the contribution from the EU budget may be reduced accordingly, in both commitment and payment appropriations.

Budget line	Name	Commitment appropriations	Payment appropriations
17 04 07	European Chemicals Agency — Activities in the field of biocides legislation	-560 000	-560 000
<b>Total</b>		<b>-560 000</b>	<b>-560 000</b>

## 2.3 Heading 3 – Security and Citizenship

As already signalled in DAB 5/2017<sup>10</sup> and in the transfer DEC 18/2017, some delays have occurred in the start-up of the national programmes for the Asylum and Integration Fund (AMIF) and the Internal Security Fund (ISF), due to the late adoption of the legal bases and the designation of national authorities. However, progress is being made with the implementation of the programmes on the ground: the lower than expected declaration of payments by the Member States does not necessarily reflect the expenditure incurred by the beneficiaries.

In addition, both for AMIF and ISF the Commission was able to make important closure payments related to the 2007-2013 predecessor programmes at the end of 2016. This reduced the outstanding balances to be paid in 2017, and the related payment appropriations can be reduced accordingly.

### 2.3.1 Asylum, Migration and Integration Fund (AMIF)

Further to the reasons above, the proposed reduction in payments takes into account the slower than originally planned implementation of the two relocation schemes under AMIF leading to a lower declaration of expenditures in the annual accounts of the Member States.

Budget line	Name	Payment appropriations
18 03 01 01	Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States	-118 000 000
18 03 01 02	Supporting legal migration to the Union and promoting the effective integration of third-country nationals and enhancing fair and effective return strategies	-8 000 000
18 03 51	Completion of operations and programmes in the field of return, refugees and migration flows	-31 500 000
<b>Total</b>		<b>-157 500 000</b>

### 2.3.2 Internal Security Fund (ISF)

The reduction in the payments for the ISF stems from the delay in the implementation of the national programmes (as explained above) and also from the delayed adoption of the new Entry-Exit System. The Regulation establishing the Entry-Exit System is expected to enter into force in November 2017, following the political agreement reached in July. Consequently, the Commission intends to carry forward the commitment appropriations (amounting to EUR 40 million) which are currently in reserve, in accordance with Article 13 2(b) of the Financial Regulation. The related payment appropriations are proposed to be released.

Budget line	Name	Payment appropriations
18 02 01 01	Support of border management and a common visa policy to facilitate legitimate travel	-84 000 000
18 02 01 02	Prevention and fight against cross-border organised crime and better management of security-related risks and crisis	-8 700 000
18 02 51	Completion of operations and programmes in the field of external borders, security and safeguarding liberties	-9 450 000
40 02 41	Differentiated appropriations ( <i>Reserve for budget item 18 02 01 03 – Establishing an Entry/Exit System (EES) to register data on the entry, exit and refusal of entry of third country nationals crossing the external borders of the Member States of the European Union</i> )	-28 000 000
<b>Total</b>		<b>-130 150 000</b>

<sup>10</sup> COM(2017) 485, 28.7.2017.

## 2.4 Heading 4 – Global Europe

### 2.4.1 Instrument for Pre-accession assistance (IPA II)

It is proposed to reduce a total amount of EUR 268,1 million in payment appropriations identified on several IPA budget lines. Some EUR 113 million results from lower payment needs under the Facility for Refugees in Turkey due to the complex negotiations on some large infrastructure projects and the resulting contractual delays. The remaining surplus in title 22 is due to delays in contracting or in implementation of contracts in the Western Balkans and Turkey.

Payment appropriations also exceed the revised needs in cross-border cooperation actions in title 13, mainly due to a sharp decrease in the updated forecast submitted by the countries concerned compared to the forecast underlying the 2017 budget.

Budget line	Name	Payment appropriations
13 05 02	Instrument for Pre-Accession Assistance (IPA) — Completion of regional development component (2007 to 2013)	-9 473 967
13 05 63 02	Cross-border cooperation (CBC) — Contribution from Heading 4	-21 988 054
22 02 01 01	Support for political reforms and related progressive alignment with the Union acquis	-74 886 680
22 02 01 02	Support for economic, social and territorial development and related progressive alignment with the Union acquis	-27 107 354
22 02 03 01	Support for political reforms and related progressive alignment with the Union acquis	-25 583 372
22 02 04 01	Multi-country programmes, regional integration and territorial cooperation	-94 444 080
22 02 51	Completion of former pre-accession assistance (prior to 2014)	-14 617 033
<b>Total</b>		<b>-268 100 540</b>

### 2.4.2 European Neighbourhood Instrument (ENI)

It is proposed to reduce a total amount of EUR 434,1 million in payment appropriations identified on several ENI budget lines. Some EUR 300 million is explained by delays in the disbursement of several budget support tranches to Egypt, Morocco, Moldova, Armenia and Azerbaijan because the agreed criteria for their disbursement have not been fulfilled according to schedule.

The remaining amount of payment appropriations which can be released relates to postponements due to difficulties encountered in the implementation of projects. For example legal issues as well as the current political context in Gaza have been affecting the smooth implementation of several contracts under line 22 04 01 04. In addition, several payments have been postponed due to delays in the conclusion of the agreements between the government of Egypt and the International Financing Institutions in the framework of blending operations. Finally, under several contracts payments have been postponed due to delays in receiving the payment requests from the contractors or additional supporting documents linked to specific payment requests.

Budget line	Name	Payment appropriations
22 04 01 01	Mediterranean countries — Human rights, good governance and mobility	-6 200 513
22 04 01 02	Mediterranean countries — Poverty reduction and sustainable development	-85 959 584
22 04 01 04	Support to the peace process and financial assistance to Palestine and to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA)	-56 028 674
22 04 02 01	Eastern Partnership — Human rights, good governance and mobility	-25 995 110
22 04 02 02	Eastern Partnership — Poverty reduction and sustainable development	-103 090 754
22 04 03 03	Support to other multi-country cooperation in the neighbourhood — Umbrella programme	-58 339 566
22 04 03 04	Other multi-country cooperation in the neighbourhood — Supporting measures	-1 239 476
22 04 51	Completion of actions in the area of European Neighbourhood Policy and relations with Russia (prior to 2014)	-97 282 992
<b>Total</b>		<b>-434 136 669</b>



## 2.5 European Union Solidarity Fund (EUSF)

There has been no request in 2017 for pre-financing under the EUSF and the full amount of EUR 50 million entered in the 2017 budget for this purpose at the time of its adoption is still available. At this stage the Commission proposes to keep EUR 4 million on budget article 13 06 01 to face any unexpected request. Consequently, EUR 46 million, in both commitment and payment appropriations, may be released.

Budget line	Name	Commitment appropriations	Payment appropriations
13 06 01	Assistance to Member States in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy	-46 000 000	-46 000 000
<b>Total</b>		<b>-46 000 000</b>	<b>-46 000 000</b>

## 3. UPDATE OF REVENUE

### 3.1 Overall impact of DAB 6/2017 on the distribution of total own resources payments between Member States

As the present DAB decreases the payment appropriations of the 2017 budget, it will therefore have an impact on the total amount payable by Member States towards this budget. However there are also three 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 and third adjustments on the revenue side concern the update of the UK correction and the level of competition fines that has become definitive at the end of September 2017. These three adjustments are presented in sections 3.2, 3.3 and 3.4, 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 2017 budget, as amended in Amending Budget (AB) 2/2017<sup>11</sup>, and finally in the present DAB.

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

	Budget 2017	AB 2/2017	DAB 6/2017
	(1)	(2)	(3)
<b>BE</b>	5 593,8	5 412,4	5 232,8
<b>BG</b>	437,1	418,4	425,3
<b>CZ</b>	1 591,4	1 523,0	1 459,0
<b>DK</b>	2 562,8	2 441,6	2 234,4
<b>DE</b>	27 133,2	25 759,2	23 823,1
<b>EE</b>	210,4	201,3	187,8
<b>IE</b>	1 966,4	1 881,3	1 870,7
<b>EL</b>	1 618,8	1 543,1	1 431,7
<b>ES</b>	10 802,0	10 319,7	9 768,3
<b>FR</b>	20 461,9	19 494,2	18 167,2
<b>HR</b>	427,8	408,7	386,2
<b>IT</b>	15 373,8	14 662,3	13 770,2
<b>CY</b>	165,6	158,2	151,1
<b>LV</b>	250,1	238,8	226,0
<b>LT</b>	401,6	385,2	356,0

<sup>11</sup> Amending budgets 3/2017 and 4/2017 as well as Draft Amending Budget 5/2017 have no effect on revenue.

	<b>Budget 2017</b>	<b>AB 2/2017</b>	<b>DAB 6/2017</b>
	(1)	(2)	(3)
<b>LU</b>	318,6	303,5	294,4
<b>HU</b>	1 072,0	1 023,9	965,5
<b>MT</b>	92,9	88,9	84,0
<b>NL</b>	6 764,9	6 464,0	5 941,6
<b>AT</b>	2 943,7	2 795,1	2 634,8
<b>PL</b>	4 102,9	3 923,0	3 613,0
<b>PT</b>	1 671,7	1 593,7	1 504,4
<b>RO</b>	1 512,7	1 439,2	1 357,0
<b>SI</b>	402,1	385,3	363,2
<b>SK</b>	733,7	699,9	662,7
<b>FI</b>	1 881,4	1 791,2	1 707,6
<b>SE</b>	3 899,8	3 686,8	3 218,3
<b>UK</b>	17 324,6	16 271,7	13 647,6
<b>EU</b>	<b>131 718,0</b>	<b>125 313,4</b>	<b>115 483,8</b>

### 3.2 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 to be paid to the budget in 2017 as well as the forecast of the 2017 VAT and GNI bases. The forecast in the 2017 budget was established at the 166<sup>th</sup> ACOR meeting on 18 May 2016. The revised forecast taken into account in the present DAB was agreed at the 169<sup>th</sup> ACOR meeting on 19 May 2017. 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 2016, the forecast agreed in May 2017 has been revised as follows<sup>12</sup>:

- Total 2017 net TOR are now forecast at EUR 20 507,3 million (after deduction of 20 % in collection costs), which represents a decrease of -4,47 % relative to the forecast of EUR 21 467,0 million included in the 2017 budget. The Commission compared the results of the traditional ACOR forecasting methodology (based on the spring 2017 macroeconomic forecast) with the results of the extrapolation based on the latest outturn data for collected customs duties (January – April 2017). Since the difference between the two methods was relatively significant (EUR 1 220 billion) the traditional ACOR updated TOR forecast is fully adjusted to the extrapolation method forecast.
- The total 2017 EU uncapped VAT base is now forecast at EUR 6 487 607,8 million, which represents an increase of +0,16 % compared to the May 2016 forecast of EUR 6 477 447,9 million. The total 2017 EU *capped* VAT base<sup>13</sup> is forecast at EUR 6 468 770,4 million, which represents an increase of +0,15 % compared to the May 2016 forecast of EUR 6 459 187,15 million.
- The total 2017 EU GNI base is forecast at EUR 15 177 843,6 million, which is a decrease (-1,51 %) compared to the May 2016 forecast of EUR 15 410 553,3 million.

<sup>12</sup> The total forecast of 2017 net sugar sector levies remains at the same level, however due to the change in the collection costs the amount is different (EUR 133,3 million, after deduction of 20 % in collection costs).

<sup>13</sup> In accordance with Council Decision 2014/335, if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at this 50 %. For DAB 6/2017, six Member States will have their VAT base capped at 50 % of GNI: Estonia, Croatia, Cyprus, Luxembourg, Malta and Portugal.

The exchange rates of 30 December 2016 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 10a(1) of Council Regulation No 609/2014).

The revised forecasts of TOR, uncapped VAT bases and GNI bases for 2017, as adopted at the 169<sup>th</sup> ACOR meeting on 19 May 2017, are set out in the following table:

**Revised forecasts of TOR, VAT and GNI bases for 2017 (in million EUR)**

	<b>Sugar levies (80 %)</b>	<b>Customs duties (80 %)</b>	<b>Uncapped VAT bases</b>	<b>GNI bases</b>	<b>Capped VAT bases<sup>14</sup></b>
<b>BE</b>	7,0	2 180,8	181 702,0	430 857,3	181 702,0
<b>BG</b>	0,4	74,3	23 169,3	48 254,9	23 169,3
<b>CZ</b>	3,6	253,9	69 591,7	170 821,6	69 591,7
<b>DK</b>	3,6	333,1	109 543,6	294 073,0	109 543,6
<b>DE</b>	28,1	4 214,7	1 344 582,5	3 292 895,8	1 344 582,5
<b>EE</b>	0,0	29,1	11 013,6	21 710,8	10 855,4
<b>IE</b>	0,0	277,1	82 328,0	231 429,7	82 328,0
<b>EL</b>	1,5	156,9	72 702,4	181 726,6	72 702,4
<b>ES</b>	5,0	1 521,4	511 216,1	1 157 887,3	511 216,1
<b>FR</b>	33,0	1 599,0	1 016 719,6	2 324 154,3	1 016 719,6
<b>HR</b>	1,9	45,8	28 337,3	46 300,3	23 150,2
<b>IT</b>	5,0	1 910,7	649 635,8	1 705 264,7	649 635,8
<b>CY</b>	0,0	20,3	12 082,5	17 909,5	8 954,8
<b>LV</b>	0,0	40,7	10 662,9	26 452,1	10 662,9
<b>LT</b>	0,9	77,0	16 556,7	39 240,8	16 556,7
<b>LU</b>	0,0	19,5	26 940,4	37 268,3	18 634,2
<b>HU</b>	2,2	140,1	48 357,0	116 824,7	48 357,0
<b>MT</b>	0,0	11,9	6 757,1	9 843,1	4 921,6
<b>NL</b>	7,7	2 433,2	304 311,3	712 882,7	304 311,3
<b>AT</b>	3,4	204,1	168 078,0	360 646,5	168 078,0
<b>PL</b>	13,7	608,6	179 446,7	422 847,6	179 446,7
<b>PT</b>	0,2	138,3	93 756,3	187 067,6	93 533,8
<b>RO</b>	1,0	148,0	63 769,3	174 951,6	63 769,3
<b>SI</b>	0,0	67,6	19 185,3	40 910,3	19 185,3
<b>SK</b>	1,4	95,7	28 850,4	82 304,9	28 850,4
<b>FI</b>	0,8	140,5	94 101,7	220 743,3	94 101,7
<b>SE</b>	2,8	497,4	208 548,1	488 888,5	208 548,1
<b>UK</b>	10,10	3 134,5	1 105 662,2	2 333 685,8	1 105 662,2
<b>EU-28</b>	<b>133,3</b>	<b>20 374,0</b>	<b>6 487 607,8</b>	<b>15 177 843,6</b>	<b>6 468 770,4</b>

### 3.3 2016 and 2013 UK correction

#### 3.3.1 Introduction

The correction of budgetary imbalances in favour of the United Kingdom (UK correction), to be budgeted in the present DAB, concerns two years: 2013 and 2016.

The 2013 UK correction is subject to the rules of Council Decision 2007/436/EC, Euratom on the system of the European Communities' own resources<sup>15</sup> and its accompanying working document,

<sup>14</sup> The amounts highlighted in grey result from the capped VAT bases, as explained in footnote [11] above.

<sup>15</sup> OJ L 163, 23.6.2007, p. 17.

the *2007 Calculation Method*<sup>16</sup>. 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 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.

The 2016 UK correction is subject to the rules of Council Decision 2014/335/EU, Euratom on the system of own resources<sup>17</sup> of the European Union and its accompanying working document, the *2014 Calculation Method*<sup>18</sup>. 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 (taking into account the collection cost of 20%) and the allocated expenditure is adjusted by 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 for both, 2013 and 2016 corrections. The reduction is financed by the other Member States, excluding the UK.

The difference between the *definitive amount of the 2013 UK correction* and the amount previously budgeted (the *2<sup>nd</sup> update* entered in AB 5/2016) is entered in chapter 35 of the present DAB.

The difference between the *1st update amount of the 2016 UK correction* and the amount previously budgeted (the *provisional amount* entered in Budget 2017) is entered in chapter 15 of the present DAB.

### 3.3.2 Calculation of the corrections

In the present DAB, the calculation and financing of the *1<sup>st</sup> update of the 2016 UK correction* and the *definitive amount of the 2013 UK correction* are entered.

The update of the corrections for 2013 and 2016 stems mainly from the update of the VAT and GNI bases as communicated by Member States in autumn 2016. In addition the update of the correction for 2016 also takes into account the allocated expenditure of 2016.

#### 3.3.2.1 2016 UK correction

The following table summarises the changes between the *provisional amount* of the 2016 UK correction entered in Budget 2017 and the *1<sup>st</sup> update* of the 2016 UK correction to be entered in the present DAB.

<b>2016 UK correction</b>	<b>2016 UK correction PROVISIONAL Budget 2017</b>	<b>2016 UK correction 1st UPDATE DAB 6/2017</b>	<i>Difference</i>
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<sup>16</sup> 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](http://ec.europa.eu/budget/library/biblio/documents/financing/calc_own_res_2007_en.pdf).

<sup>17</sup> OJ L 168, 7.6.2014, p. 105-111.

<sup>18</sup> Commission working document of 14 May 2014 "Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in favour of the United Kingdom ("the correction") in accordance with Articles 4 and 5 of Council Decision [2014/335/EC, Euratom] on the system of own resources of the European Union" available on: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0271&rid=8>.

2016 UK correction	2016 UK correction PROVISIONAL Budget 2017	2016 UK correction 1st UPDATE DAB 6/2017	Difference
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	18,0077%	17,5900%	-0,4177%
(2) UK share of enlargement-adjusted total allocated expenditure	7,2983%	7,6814%	+0,3832%
(3) = (1) - (2)	10,7095%	9,9086%	-0,8009%
(4) Total allocated expenditure	129 383 323 229	117 477 286 403	- 11 906 036 826
(5) Enlargement-related expenditure = (5a) + (5b)	34 414 600 712	25 506 896 869	- 8 907 703 843
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	34 414 600 712	25 506 896 869	- 8 907 703 843
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	94 968 722 517	91 970 389 534	- 2 998 332 984
(7) UK correction original amount = (3) x (6) x 0.66	6 712 622 123	6 014 542 348	- 698 079 776
(8) UK advantage	1 524 007 149	1 128 635 343	- 395 371 806
(9) Core UK correction = (7) - (8)	5 188 614 974	4 885 907 005	- 302 707 970
(10) TOR windfall gains	- 49 835 714	- 46 683 873	+ 3 151 841
(11) UK correction = (9) - (10)	5 238 450 688	4 932 590 878	- 305 859 810

The 1<sup>st</sup> update of the 2016 UK correction is around EUR 306 million lower as compared to the *provisional amount* of the 2016 UK correction entered in Budget 2017.

### 3.3.2.2 2013 UK correction

The following table summarises the changes between the 2<sup>nd</sup> update of the 2013 UK correction entered in AB 5/2016 and the *definitive amount* of the 2013 UK correction to be entered in the present DAB.

2013 UK correction	2013 UK correction 2 <sup>nd</sup> UPDATE AB 5/2016	2013 UK correction DEFINITIVE DAB 6/2017	Difference
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	16,0378%	16,2955%	+ 0,2577%
(2) UK share of enlargement-adjusted total allocated expenditure	6,0959%	6,0959%	+ 0,0000%
(3) = (1) - (2)	9,9418%	10,1996%	+ 0,2577%
(4) Total allocated expenditure	134 745 129 775	134 745 129 775	0
(5) Enlargement-related expenditure = (5a) + (5b)	31 288 595 815	31 288 595 815	0
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	31 288 595 815	31 288 595 815	0
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	103 456 533 960	103 456 533 960	0
(7) UK correction original amount = (3) x (6) x 0.66	6 788 418 578	6 964 389 260	+ 175 970 682
(8) UK advantage	846 456 483	931 944 129	+ 85 487 646
(9) Core UK correction = (7) - (8)	5 941 962 095	6 032 445 131	+90 483 036
(10) TOR windfall gains	18 914 477	10 994 751	- 7 919 725
(11) UK correction = (9) - (10)	5 923 047 619	6 021 450 379	+98 402 760

The *definitive amount* of the 2013 UK correction is EUR 98 million higher than the 2<sup>nd</sup> update of the 2013 UK correction entered in AB 5/2016 mainly due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2016.

### 3.3.3 Entry in the DAB 6/2017 of the 1<sup>st</sup> update of the 2016 UK correction and definitive amount of the 2013 UK correction

#### 3.3.3.1 2013 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 2013 UK correction (i.e. EUR 6 021 450 379) and the 2<sup>nd</sup> update of the 2013 UK correction (i.e. EUR 5 923 047 619 entered in AB 5/2016) amounting to EUR 98 402 760.

This amount is to be financed along the revised 2013 GNI bases as known at the end of 2016. The budgeting of this amount in chapter 35 is summarised below:

2013 UK correction — Chapter 35			
<b>BE</b>	3 427 431	<b>LU</b>	2 999 679
<b>BG</b>	1 515 290	<b>HU</b>	1 214 768
<b>CZ</b>	2 998 256	<b>MT</b>	320 388
<b>DK</b>	6 889 492	<b>NL</b>	1 151 037
<b>DE</b>	8 754 255	<b>AT</b>	418 805
<b>EE</b>	368 634	<b>PL</b>	2 257 310
<b>IE</b>	5 640 096	<b>PT</b>	1 399 728
<b>EL</b>	2 191 253	<b>RO</b>	2 993 513
<b>ES</b>	- 651 779	<b>SI</b>	916 682
<b>FR</b>	18 525 521	<b>SK</b>	2 214 808
<b>HR</b>	824 776	<b>FI</b>	4 965 839
<b>IT</b>	25 072 902	<b>SE</b>	565 841
<b>CY</b>	228 695		
<b>LV</b>	81 908	<b>UK</b>	- 98 402 760
<b>LT</b>	1 117 632	<b>Total</b>	<b>0</b>

### 3.3.3.2 2016 UK correction (chapter 15)

The 1<sup>st</sup> update of the 2016 UK correction corresponds to EUR 4 932 590 878 and is EUR 305 859 810 million lower than the amount entered in Budget 2017 (EUR 5 238 450 688).

This amount is to be financed along the revised 2017 GNI bases of the present DAB. The budgeting of this amount in chapter 15 is summarised below:

2016 UK correction – chapter 15			
<b>BE</b>	240 885 677	<b>LU</b>	20 836 132
<b>BG</b>	26 978 571	<b>HU</b>	65 314 890
<b>CZ</b>	95 503 724	<b>MT</b>	5 503 126
<b>DK</b>	164 411 683	<b>NL</b>	68 442 765
<b>DE</b>	316 145 831	<b>AT</b>	34 625 113
<b>EE</b>	12 138 174	<b>PL</b>	236 407 577
<b>IE</b>	129 388 779	<b>PT</b>	104 586 612
<b>EL</b>	101 600 542	<b>RO</b>	97 812 744
<b>ES</b>	647 356 946	<b>SI</b>	22 872 318
<b>FR</b>	1 299 398 854	<b>SK</b>	46 015 401
<b>HR</b>	25 885 784	<b>FI</b>	123 414 177
<b>IT</b>	953 387 216	<b>SE</b>	46 937 429
<b>CY</b>	10 012 925	<b>UK</b>	- 4 932 590 878
<b>LV</b>	14 788 961	<b>Total</b>	<b>0</b>
<b>LT</b>	21 938 927		

## 3.4 Fines

At the end of September 2017, an amount of EUR 3 209,7 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*".

This amount exceeds the level of fines that was initially estimated in the budget 2017, i.e. EUR 1 100,0 million. The difference, EUR 2 209,7 million will reduce accordingly the own resources contributions from Member States to the EU budget.

The below table gives the breakdown of fines by case.

<i>In EUR</i>			
Case Number	Case title	Policy Area	Fines
8228	Facebook / WhatsApp (Art. 14.1 proc.)	Merger	110 000 000
38238	Raw Tobacco (ES)	Cartel	1 579 500
38589	Heat stabilisers	Cartel	40 193 990
38866	Animal Feed Phosphates	Cartel	59 850 000
39092	Bathroom fittings & fixtures	Cartel	139 191 989
39181	Candle waxes	Cartel	36 000 000
39437	TV and computer monitor tubes	Cartel	1 242 091 000
39759	ARA foreclosure	Antitrust	6 015 000
39824	Trucks	Cartel	1 165 054 000
39904	Rechargeable batteries	Cartel	165 841 000
39960	Thermal systems	Cartel	155 575 000
39966	Gas Insulated Switchgear re-adoption	Cartel	61 443 000
40028	Alternators and Starters	Cartel	26 860 000
<b>Total</b>			<b>3 209 694 479</b>

#### 4. SUMMARY TABLE BY MFF HEADING

Heading	Budget 2017 (incl. AB 1-4 & DAB 5/2017)		Draft Amending Budget 6/2017		Budget 2017 (incl. AB 1-4 & DAB 5-6/2017)	
	CA	PA	CA	PA	CA	PA
<b>1. Smart and inclusive growth</b>	<b>75 398 754 456</b>	<b>55 284 563 532</b>		<b>-5 890 744 211</b>	<b>75 398 754 456</b>	<b>49 393 819 321</b>
<i>Of which under global margin for commitments</i>	<i>1 939 100 000</i>				<i>1 939 100 000</i>	
<i>Ceiling</i>	<i>73 512 000 000</i>				<i>73 512 000 000</i>	
<i>Margin</i>	<i>52 345 544</i>				<i>52 345 544</i>	
1a Competitiveness for growth and jobs	21 312 155 821	19 320 944 503			21 312 155 821	19 320 944 503
<i>Of which under global margin for commitments</i>	<i>1 439 100 000</i>				<i>1 439 100 000</i>	
<i>Ceiling</i>	<i>19 925 000 000</i>				<i>19 925 000 000</i>	
<i>Margin</i>	<i>51 944 179</i>				<i>51 944 179</i>	
1b Economic social and territorial cohesion	54 086 598 635	35 963 619 029		-5 890 744 211	54 086 598 635	30 072 874 818
<i>Of which under global margin for commitments</i>	<i>500 000 000</i>				<i>500 000 000</i>	
<i>Ceiling</i>	<i>53 587 000 000</i>				<i>53 587 000 000</i>	
<i>Margin</i>	<i>401 365</i>				<i>401 365</i>	
<b>2. Sustainable growth: natural resources</b>	<b>58 584 443 884</b>	<b>54 913 969 537</b>	<b>- 15 333 790</b>	<b>- 793 028 790</b>	<b>58 569 110 094</b>	<b>54 120 940 747</b>
<i>Ceiling</i>	<i>60 191 000 000</i>				<i>60 191 000 000</i>	
<i>Of which offset against Contingency margin</i>	<i>- 575 000 000</i>				<i>- 575 000 000</i>	
<i>Margin</i>	<i>1 031 556 116</i>				<i>1 046 889 906</i>	
Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	42 612 572 079	42 562 967 974	- 1 900 000	- 1 900 000	42 610 672 079	42 561 067 974
<i>Sub-ceiling</i>	<i>44 146 000 000</i>				<i>44 146 000 000</i>	
<b>3. Security and citizenship</b>	<b>4 284 030 960</b>	<b>3 511 957 287</b>		<b>- 287 650 000</b>	<b>4 284 030 960</b>	<b>3 224 307 287</b>
<i>Of which under Flexibility Instrument</i>	<i>530 000 000</i>				<i>530 000 000</i>	
<i>Of which under Contingency margin</i>	<i>1 176 030 960</i>				<i>1 176 030 960</i>	
<i>Ceiling</i>	<i>2 578 000 000</i>				<i>2 578 000 000</i>	
<i>Margin</i>						
<b>4. Global Europe</b>	<b>10 437 120 000</b>	<b>9 758 081 178</b>		<b>- 702 237 209</b>	<b>10 437 120 000</b>	<b>9 055 843 969</b>
<i>Of which under Flexibility Instrument</i>	<i>275 000 000</i>				<i>275 000 000</i>	
<i>Of which under Contingency margin</i>	<i>730 120 000</i>				<i>730 120 000</i>	
<i>Ceiling</i>	<i>9 432 000 000</i>				<i>9 432 000 000</i>	
<i>Margin</i>						
<b>5. Administration</b>	<b>9 394 513 816</b>	<b>9 394 599 816</b>			<b>9 394 513 816</b>	<b>9 394 599 816</b>
<i>Ceiling</i>	<i>9 918 000 000</i>				<i>9 918 000 000</i>	
<i>Of which offset against Contingency margin</i>	<i>- 507 268 804</i>				<i>- 507 268 804</i>	
<i>Margin</i>	<i>16 217 380</i>				<i>16 217 380</i>	
Of which: Administrative expenditure of the institutions	7 418 902 660	7 418 988 660			7 418 902 660	7 418 988 660
<i>Sub-ceiling</i>	<i>8 007 000 000</i>				<i>8 007 000 000</i>	
<i>Of which offset against Contingency margin</i>	<i>- 507 268 804</i>				<i>- 507 268 804</i>	
<i>Margin</i>	<i>80 828 536</i>				<i>80 828 536</i>	
<b>Negative reserve</b>						
<b>Total</b>	<b>158 098 863 116</b>	<b>132 863 171 350</b>	<b>- 15 333 790</b>	<b>-7 673 660 210</b>	<b>158 083 529 326</b>	<b>125 189 511 140</b>
<i>Of which under Flexibility Instrument</i>	<i>805 000 000</i>	<i>1 256 093 985</i>			<i>805 000 000</i>	<i>1 256 093 985</i>
<i>Of which under global margin for commitments</i>	<i>1 939 100 000</i>				<i>1 939 100 000</i>	
<i>Of which under Contingency margin</i>	<i>1 906 150 960</i>				<i>1 906 150 960</i>	
<i>Ceiling</i>	<i>155 631 000 000</i>	<i>142 906 000 000</i>			<i>155 631 000 000</i>	<i>142 906 000 000</i>
<i>Of which offset against Contingency margin</i>	<i>-1 082 268 804</i>	<i>-2 818 233 715</i>			<i>-1 082 268 804</i>	<i>-2 818 233 715</i>
<i>Margin</i>	<i>1 100 119 040</i>	<i>8 480 688 920</i>			<i>1 115 452 830</i>	<i>16 154 349 130</i>
<b>Other special Instruments</b>	<b>1 793 924 013</b>	<b>1 627 200 013</b>	<b>- 46 000 000</b>	<b>- 46 000 000</b>	<b>1 747 924 013</b>	<b>1 581 200 013</b>
<b>Grand Total</b>	<b>159 892 787 129</b>	<b>134 490 371 363</b>	<b>- 61 333 790</b>	<b>-7 719 660 210</b>	<b>159 831 453 339</b>	<b>126 770 711 153</b>