

Conciliation agreement on the 2016 EU budget

On 14 November, European Parliament (EP) and Council negotiators reached a provisional deal on next year's EU budget, setting commitments at €155 billion and payments at €143.88 billion. The compromise is now to be adopted by the Council and then voted by the EP in plenary.

More funding for research, small businesses, Erasmus+ and migration crisis

The EP's Committee on Budgets (BUDG) has adopted its [report](#) (rapporteurs: José Manuel Fernandes, EPP, Portugal; and Gérard Deprez, ALDE, Belgium) on the joint text approved by the Conciliation Committee. The joint text includes elements that were high on the [EP's negotiating agenda](#), such as additional allocations, in comparison to the draft budget, for the Horizon 2020 framework programme for research and innovation (+€31.82 million in commitments), the COSME programme for small businesses (+€14.28 million) and Erasmus+ for student exchange (+€6.62 million). This is on top of the additional €303 million for Horizon 2020 and the Connecting Europe Facility already secured by the EP earlier in 2015, during negotiations on the [European Fund for Strategic Investments](#). In addition, the Commission is to table proposals to continue the Youth Employment Initiative until 2020. Since the beginning of the 2016 budgetary procedure, the EP has also stressed the need to ensure adequate resources to address the migration crisis, and the joint text increases funding by more than €1.6 billion in this area, including for external action.

Flexibility tools to tackle crises and Multiannual Financial Framework

For several spending areas, the agreed increases in allocations are possible only thanks to the use of the flexibility tools available under the 2014-2020 Multiannual Financial Framework (MFF). This approach is in line with the EP's push for the full use of such tools to address the different crises confronting the EU. The '**Competitiveness for growth and jobs**' sub-heading, which includes programmes such as Horizon 2020, COSME and Erasmus+, should receive €19.01 billion in total, by using the Global Margin for Commitments for an amount of €543 million. Total allocations for the '**Security and citizenship**' heading should amount to €4.05 billion, including the mobilisation of almost €1.51 billion under the Flexibility Instrument to tackle the migration crisis. The Flexibility Instrument is to be mobilised for another €24 million to strengthen the '**Global Europe**' heading, whose allocations would amount to some €9.17 billion. Commenting on the agreement, Jean Arthuis (ALDE, France), chair of the BUDG Committee and head of the parliamentary delegation in the conciliation procedure, [said](#) that next year the 2014-2020 MFF will be used to the maximum and beyond, but added that the seven-year framework no longer meets today's challenges, calling for its full revision. The mid-term review/revision of the MFF is due to be launched by the Commission in 2016.

Payments

For the first time since the entry into force of the Lisbon Treaty, agreed payment appropriations are higher than those initially proposed by the European Commission in the draft budget. This is the net result of increases for some expenditure items (e.g. those related to modifications proposed by the Commission in amending letters and to the mobilisation of the Flexibility Instrument) and reductions for others (e.g. rural development and ITER project). The objective of phasing out the abnormal year-end [payments backlog](#) for 2007-2013 cohesion programmes, which has afflicted recent EU budgets, is confirmed, as well as the commitment to avoid such issues in the future thanks to close monitoring of payments and forecasts until 2020 across all headings. Three interinstitutional meetings on this subject will take place next year.

The EP and the Council have 14 days from the date of the agreement to approve the joint text. If both approve it, the President of the EP signs the budget and declares it definitively adopted. If the EP rejects the joint text, the Commission has to table a new draft budget. If the Council rejects the text, the EP may still decide to approve it.

2016 budgetary procedure: milestones and figures

June 2015: The European Commission tables the [draft EU budget](#) for 2016. It subsequently amends this by means of [Amending Letter \(AL\) No 1/2016](#), aimed at reflecting the budgetary impact of the political agreement that the European Parliament and the Council reached on the financing of the European Fund for Strategic Investments.

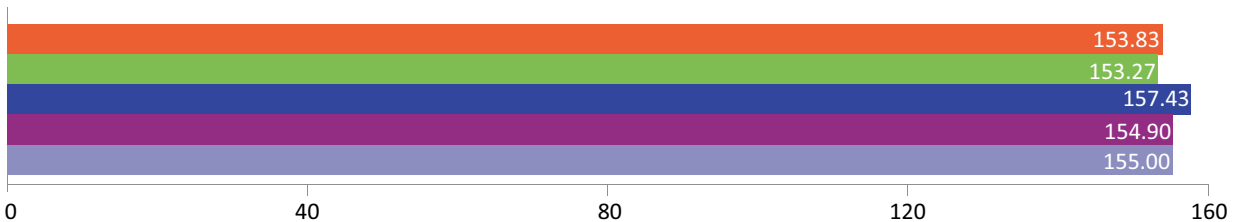
September 2015: The Council formally [adopts](#) its position on the draft 2016 EU budget (including AL 1/2016).

October 2015: The European Parliament [amends](#) the Council's position on the draft 2016 EU budget (including AL 1/2016).

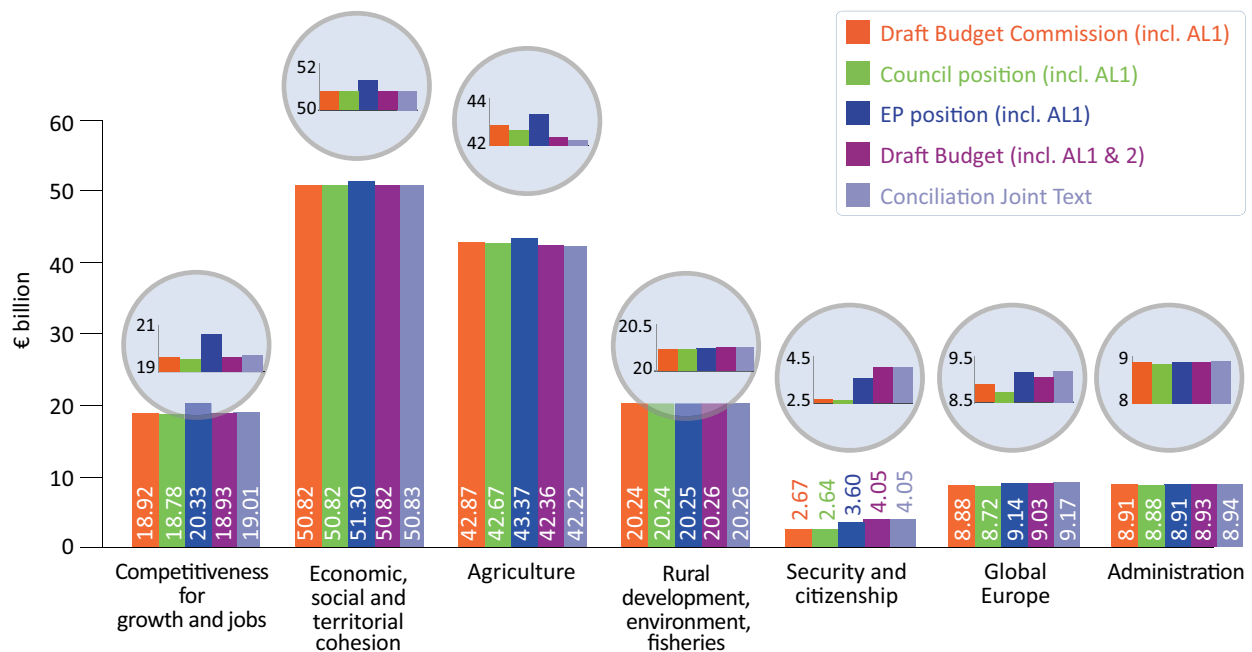
October 2015: The European Commission adds new modifications to its proposal for next year's EU budget by means of [AL 2/2016](#). This includes immediate budgetary measures to manage the refugee crisis under the European Agenda on Migration as well as the update of the estimated needs for agricultural expenditure and fisheries.

November 2015: European Parliament and Council negotiators agree on a joint text (taking into account both AL 1/2016 and AL 2/2016) within the conciliation procedure.

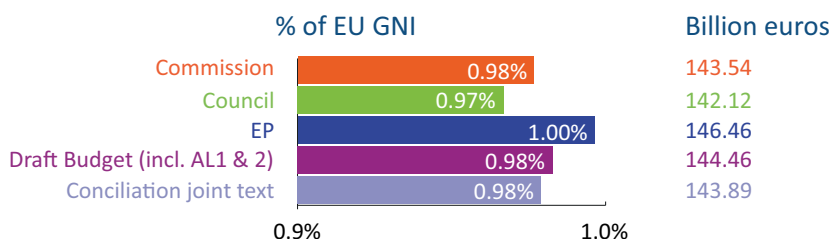
2016 EU budget (commitments, billion euros, current prices)



2016 EU budget by policy area (commitments, billion euros, current prices)



2016 EU budget payments



Data source: European Commission