

## Parliament's reading of the 2016 EU budget

On 27 and 28 October 2015, a crucial step takes place in the annual budgetary procedure, with the European Parliament (EP) due to decide whether and how to amend the Council's position on the 2016 draft EU budget put forward by the European Commission.

### 2016 budgetary procedure: state of play

In its September reading of the draft EU budget for 2016, the **Council** set commitments at €153.27 billion (a €0.56 billion cut to the [initial Commission proposal](#)) and payments at €142.12 billion (€1.42 billion less than the draft budget), [saying](#) that its position is based on recent budget execution figures and an assessment of future absorption capacities. Proposed cuts to the draft budget concern various programmes and spending areas, including the Connecting Europe Facility and the Horizon 2020 framework programme for research and innovation, as well as development and neighbourhood policies.

Following consultation of all the relevant committees of the **European Parliament** (EP), the EP's **Committee on Budgets** (BUDG) has adopted its report on the Council's position (rapporteurs: José Manuel Fernandes, EPP, Portugal; and Gérard Deprez, ALDE, Belgium), which criticises the rationale behind the proposed cuts and sets commitments at €157.42 billion (+2.7%) and payments at €146.45 billion (+3.1%). The work of the BUDG Committee reflects the political priorities for next year's EU budget, earlier agreed by the EP in plenary in a March 2015 [resolution](#) and in the July 2015 [mandate for the trilogue](#).

### Amendments to reinforce funding in key areas

The BUDG report [tabled](#) for plenary reverses all the cuts proposed by the Council. In addition, it further increases commitment and payment appropriations in areas considered of key concern, supporting the full use of the flexibility tools available in the 2014-2020 Multiannual Financial Framework. In line with the focus that the EP has put from the start of the budgetary procedure on ensuring appropriate resources to tackle the **migration crisis**, proposed increases are significant in the 'Security and citizenship' and 'Global Europe' headings, together accounting for an additional €1.19 billion in commitments in comparison to the initial Commission proposal. The amendments take into account the budgetary implications of the two packages on the relocation of asylum-seekers put forward by the Commission, while the motion for a resolution already supports the additional measures included in the Commission's Letter of Amendment 2/2016.

Another spending area where the BUDG report seeks to increase funding in comparison to the draft budget is the '**Smart and inclusive growth**' heading (+€1.88 billion in commitments). The objective is to step up efforts to address weaknesses in the EU's economy, with proposed measures including: 1) the continuation of the Youth Employment Initiative, with funding of €0.47 billion; 2) the offsetting of the planned redeployments (€1.32 billion) from Horizon 2020 and the Connecting Europe Facility to the [European Fund for Strategic Investments](#); and 3) higher allocations to the COSME programme for small and medium-sized enterprises. Under the '**Sustainable growth: natural resources**' heading, the report supports emergency measures of €0.5 billion in the crisis-hit dairy sector.

As regards the year-end payments backlog that has in recent years [afflicted](#) the EU budget, the report underlines the need to comply fully with the [2015-2016 payment plan](#) agreed by the EP, the Council and the Commission in May 2015, proposing increases in **payment appropriations** to this end.

If the EP does not amend the Council's position or does not take a decision by the end of October, the 2016 EU budget is deemed to be adopted in the form of the Council's reading. However, this has never occurred in practice. In case of amendments to the Council's reading, a 21-day conciliation procedure takes place (this year, until 18 November). Should no agreement be reached between the EP and the Council by the end of the conciliation procedure, the European Commission is required to table a new draft budget.