



Brussels, 30.6.2016  
COM(2016) 311 final

**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE  
EUROPEAN PARLIAMENT**

**Technical adjustment of the financial framework for 2017 in line with movements in  
GNI and adjustment of cohesion policy envelopes**

**(Article 6 and 7 of Council Regulation No 1311/2013 laying down the multiannual  
financial framework for the years 2014-2020)**

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## 1. INTRODUCTION

Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020<sup>1</sup> (MFF Regulation) as amended by Council Regulation (EU, Euratom) No 2015/623 of 21 April 2015<sup>2</sup> and as adjusted in the technical adjustment for 2016<sup>3</sup> contains the financial framework table for EU-28 for the period 2014-2020, expressed in 2011 prices (Table 1).

According to Article 6(1) of the MFF Regulation, the Commission makes each year, ahead of the budgetary procedure for year n+1, a technical adjustment to the multiannual financial framework (MFF) in line with movements in the EU's gross national income (GNI) and prices and communicates the results to the Council and the European Parliament. As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% deflator as provided for in Article 6(2) of the MFF Regulation. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

At the same time the Commission calculates the margin available under the own-resources ceiling set in accordance with Decision 2007/436/EC, Euratom, the absolute amount of the Contingency Margin provided for in Article 13, the global margin for payments provided for in Article 5, and the global margin for commitments provided for in Article 14 of the MFF Regulation. In addition, according to Article 3(1) of the MFF Regulation, the sub-ceiling for heading 2 concerning market related expenditure and direct payments shall be adjusted following the transfers between pillar I and rural development in accordance with the legal act establishing these transfers.

According to Article 7 of the MFF Regulation, the Commission shall in 2016, together with the technical adjustment of the financial framework for 2017, review all Member States' total allocations under the "Investment for growth and jobs" goal of the cohesion policy for the years 2017 -2020.

The purpose of this communication is to present to the Council and the European Parliament the result of the technical adjustments (EU-28) for 2017 according to Article 6 of the MFF Regulation and of the review of the cohesion envelopes and corresponding adjustment of the ceilings according to Article 7 of the MFF Regulation.

## 2. ADJUSTMENT OF COHESION POLICY ENVELOPES (ARTICLE 7)

Based on Article 7, the Commission shall review all Member States' total allocations for the "Investment for Growth and Jobs" goal of cohesion policy for 2017-2020, applying the allocation method laid down in the relevant basic act<sup>4</sup> on the basis of the

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<sup>1</sup> OJ L 347, 20.12.2013, p. 884.

<sup>2</sup> OJ L 103, 22.4.2015, p.1.

<sup>3</sup> COM(2015) 320 final of 22.5.2015.

<sup>4</sup> Annex VII of the Regulation (EU) No 1303/2013 of the EP and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006; OJ L 347, 20.12.2013, p. 320.

most recent statistics available and of the comparison, for the capped Member States, between the cumulated national GDP observed for the years 2014-2015 and the cumulated national GDP estimated in 2012. The allocations shall be adjusted whenever there is a cumulative divergence of more than +/- 5%. Moreover, at the same time, Cohesion fund eligibility shall be reviewed and in case a Member States either becomes newly eligible for the Cohesion Fund or loses its existing eligibility, these amounts shall be added or subtracted from the funds allocated to the Member State concerned for the years 2017 to 2020.

Article 7 (4) specifies that the adjustment required shall be spread in equal proportions over the years 2017 to 2020 and that the payment ceilings shall also be modified accordingly to ensure an orderly progression in relation to the appropriations for commitments. According to Article 7(5), the total net effect, whether positive or negative, of all these adjustments shall not exceed EUR 4 billion (in 2011 prices).

## **2.1. Results of the review of the cohesion envelopes**

The review comprises:

- a) For all Member States, the review of allocations for 2017-2020 based on the latest available statistics and applying the same method as for the establishment of the original allocations described in paragraphs 1 to 16 of Annex VII of Regulation (EU) N°1303/2013;
- b) For the capped Member States (Bulgaria, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Romania, Slovakia), the comparison of the observed GDP levels for 2014 and 2015 to the ones forecasted for the same two years in 2012;
- c) The review of the Cohesion fund eligibility on the basis of GNI/head data for the period 2012-2014 in comparison to the EU-27 average.

For indicators related to national and regional accounts (GDP, GNI and population), the statistics used for the review of the cohesion policy envelopes cover the years 2012, 2013 and 2014. For indicators related to the labour market and the educational level, the statistics used cover the years 2013, 2014 and 2015.

The review of the Cohesion fund eligibility results in one case of eligibility change with Cyprus becoming fully eligible for Cohesion Fund support in 2017-2020, resulting in an additional amount of EUR 19.4 million.

Given the impact of the economic crisis on the socio-economic situation in the EU, the application of the allocation method based on the most recent statistics available would result in a total additional amount exceeding the maximum amount of EUR 4 bn in 2011 prices established in Article 7 (5). Therefore, the positive and negative adjustments are proportionally reduced to respect this limit<sup>5</sup>.

The table below shows, for each Member State, the original allocations for the years 2017-2020, the cumulative divergence resulting from the above mentioned calculations based on the most recent statistics available (to be set against the 5%

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<sup>5</sup> As Article 7(3) of the MFF Regulation treats the effects of the review of Cohesion Fund eligibility separately, the amount resulting from it is not subject to the proportional adjustment operated to respect the maximum amount of EUR 4 billion in 2011 prices set in the MFF Regulation.

threshold), the resulting adjustments respecting the maximum amount of EUR 4 billion, and the new adjusted allocations for 2017-2020.

*mio EUR, 2011 prices*

	Original reference allocation 2017-2020	Cumulative divergence in % (based on Art. 7.1 and 7.3)	Adjustment (respecting the Art. 7.5 maximum amount)	New adjusted allocations 2017-2020
BE	969.5	8.05%	9.4	979.0
BG	4133.2	3.73%	0.0	4133.2
CZ	11078.2	-7.39%	-99.1	10979.1
DK	168.4	27.12%	5.5	173.9
DE	8942.4	-3.83%	0.0	8942.4
EE	1960.7	-12.85%	-30.5	1930.2
IE	439.3	5.92%	3.1	442.4
EL	7351.3	94.07%	836.6	8187.9
ES	12971.3	117.07%	1837.1	14808.4
FR	7503.6	2.17%	0.0	7503.6
HR	4714.4	-7.52%	-42.9	4671.5
IT	15338.8	76.40%	1417.8	16756.6
CY	156.0	76.75%	31.5	187.6
LV	2453.9	1.88%	0.0	2453.9
LT	3723.7	-2.49%	0.0	3723.7
LU	22.2	4.34%	0.0	22.2
HU	10756.5	3.48%	0.0	10756.5
MT	267.9	0.39%	0.0	267.9
NL	518.9	8.14%	5.1	524.1
AT	507.6	0.44%	0.0	507.6
PL	42973.5	0.01%	0.0	42973.5
PT	10566.8	-0.50%	0.0	10566.8
RO	12836.5	-2.32%	0.0	12836.5
SI	1577.6	25.30%	48.3	1625.9
SK	7629.3	-6.43%	-59.3	7570.0
FI	676.1	6.09%	5.0	681.1
SE	880.0	-16.59%	-17.7	862.3
UK	5488.2	7.53%	50.0	5538.2
Total	176605.7		4000.0	180605.7

The Commission will engage in discussions with Member States whose allocations are significantly increased with a view to focusing the additional amounts on measures to help tackling the migration crisis and youth unemployment and on investments through financial instruments and a combination with the European Fund for Strategic Investments, taking into account the needs and relevance of those priorities for each Member State.

## 2.2. Adjustment of the 2017-2020 ceilings for heading 1b

The required adjustments need to be spread in equal proportions over the years 2017-2020. Furthermore, the corresponding adjustments of the ceilings for sub-heading 1B

of the Multiannual Financial Framework need to be made in million of euro. In order to recalculate the amounts in current prices, the 2% deflator per year as defined in Article 6(2) is applied.

The ceilings for commitment appropriations for heading 1B are therefore increased as follows:

<b>Commitments</b> (million EUR)	2017	2018	2019	2020	total
<b>2011 prices</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>4 000</b>
<b>current prices</b>	<b>1 126</b>	<b>1 149</b>	<b>1 172</b>	<b>1 195</b>	<b>4 642</b>
<i>deflator (2%)</i>	<i>1.126162</i>	<i>1.148686</i>	<i>1.171659</i>	<i>1.195093</i>	

### 2.3. Payment appropriations

Article 7 MFF provides that “*the payment ceilings shall also be modified accordingly to ensure an orderly progression in relation to the appropriations for commitments*”.

Hence, the annual ceilings for payment appropriations need to be modified on the basis of the payment profiles foreseen for the additional commitments under heading 1b. Given that most of the payments related to this increase in commitments are expected to occur post-2020, the increase in the payment ceilings remains limited.

The ceilings for payment appropriations are therefore increased as follows:

<b>Payments</b> (million EUR)	2017	2018	2019	2020	total
<b>2011 prices</b>	<b>120</b>	<b>161</b>	<b>392</b>	<b>493</b>	<b>1 166</b>
<b>current prices</b>	<b>135</b>	<b>184</b>	<b>459</b>	<b>589</b>	<b>1 367</b>
<i>deflator (2%)</i>	<i>1.126162</i>	<i>1.148686</i>	<i>1.171659</i>	<i>1.195093</i>	

**FOR THE CALCULATION OF THE PAYMENT PROFILE, AN INDICATIVE SPLIT OF 50%:50% BETWEEN ESF AND ERDF HAS BEEN APPLIED IN LINE WITH THE INTENDED CONCENTRATION ON THE PRIORITY AREAS OF MIGRATION, GROWTH AND (YOUTH) EMPLOYMENT.**

### 3. TERMS OF THE ADJUSTMENT OF THE MFF TABLE (ANNEX - TABLES 1-2)

Table 1 shows the financial framework for EU-28 in 2011 prices as included in Annex I of the MFF Regulation adjusted according to Articles 3(1), 5 and 7.

Table 2 shows the financial framework for EU-28 adjusted for 2017 (i.e. in current prices). The financial framework expressed in percentage of GNI is updated with the latest economic forecasts available (spring 2016) and long-term projections and is adjusted according to Articles 3(1), 5 and 7 of the MFF Regulation.

#### 3.1. Total figure for GNI

According to the latest forecast available, the GNI for 2017 is established at EUR 14 989 356 million in current prices for EU-28. According to the Article 6 (4) no further technical adjustments are made in respect of the year concerned, either during the year or as ex-post corrections during subsequent years. Therefore for

information only, the updated GNI is established at EUR 13 639 700 million for 2014, EUR 14 273 948 million for 2015 and EUR 14 500 042 million for 2016.

The GNI is based on system of national accounts ESA 95.

### 3.2. Main results of the technical adjustment of the MFF for 2017

The overall ceiling for commitment appropriations for 2017 (EUR 155 631 million) equals 1.04 % of GNI.

The corresponding overall ceiling concerning the payment appropriations (EUR 142 906 million) equals 0.95% of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.23 % own resources ceiling of EUR 41 463 million (0.28% of GNI for EU-28).

### 3.3. Adjustment of the sub-ceiling for Heading 2

According to Article 3(1) of the MFF Regulation, the sub-ceiling for heading 2 for market related expenditure and direct payments (first pillar) in the period 2014 to 2020 shall be adjusted following the transfers between the first and second pillars (rural development) in accordance with the legal act establishing these transfers. The total amount of the Heading 2 ceiling does not change.

First adjustment: The sub-ceiling of Heading 2 was adjusted for the first time in the technical adjustment of the MFF for 2015<sup>6</sup>. This adjustment as detailed in the first table below was reflected in Commission Implementing Regulation (EU) No 367/2014 of 10 April 2014<sup>7</sup>.

Second adjustment: Two rounds of transfers between pillars of the CAP were reflected in the technical adjustment of the MFF for 2016<sup>8</sup> (see second table below). These transfers covered the flexibility between pillars in accordance with Article 136a of Council Regulation (EC) No 73/2009<sup>9</sup> and Article 14 of Regulation (EU) No 1307/2013<sup>10</sup>, and also the estimated product of reductions to direct payments in accordance with Article 7(2) of this last regulation. The first round of transfers is set out in Commission Delegated Regulation (EU) No 994/2014 of 13 May 2014<sup>11</sup> and reflected in Commission Implementing Regulation (EU) No 1089/2014 of 16 October 2014<sup>12</sup>. The second round of transfers is set out in Commission Delegated

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<sup>6</sup> COM(2014) 307 final (28.5.2014)

<sup>7</sup> Commission Implementing Regulation (EU) No 367/2014 setting the net balance available for EAGF expenditure (OJ L 108, 11.4.2014, p. 13)

<sup>8</sup> COM(2015) 320 final (22.05.2015)

<sup>9</sup> Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 (OJ L 30, 31.1.2009, p. 16).

<sup>10</sup> Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).

<sup>11</sup> Commission Delegated Regulation (EU) No 994/2014 of 13 May 2014 amending Annexes VIII and VIIIc to Council Regulation (EC) No 73/2009, Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annexes II, III and VI to Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L 280, 24.9.2014, p.1).

<sup>12</sup> Commission Implementing Regulation (EU) No 1089/2014 of 16 October 2014 amending Commission Implementing Regulation (EU) No 367/2014 setting the net balance available for EAGF expenditure (OJ L 299, 17.10.2014, p. 7).

Regulation (EU) No 1378/2014 of 17 October 2014<sup>13</sup> and reflected in Commission Implementing Regulation (EU) 2015/141 of 29 January 2015<sup>14</sup>.

In the United Kingdom, the legislation implementing the Union rules on direct payments in Wales was annulled by a national court order in 2015. As a consequence of new decisions subsequently taken by the United Kingdom, the estimated product of reduction transferred from direct payments to rural development decreases by EUR 4 million in the period 2016-2020. This change is set out in Commission Delegated Regulation (EU) 2016/142 of 2 December 2015<sup>15</sup> and is reflected in Commission Implementing Regulation 2016/257 of 24 February 2016<sup>16</sup>. The new amount is included in the proposed change of the sub-ceiling in this technical adjustment (see third table below).

First adjustment of sub-ceiling for market related expenditures and direct payments for transfer between pillars

	(in million EUR - current prices)							
	2014	2015	2016	2017	2018	2019	2020	2014-2020
Initial H2 sub-ceiling	44 130.000	44 368.000	44 628.000	44 863.000	44 889.000	44 916.000	44 941.000	312 735.000
First net transfer from P1 to P2	- 351.900	- 55.600	- 4.000	- 4.000	- 4.000	- 4.000	- 4.000	- 427.500
EAGF net balance after 1 <sup>st</sup> transfer	43 778.100	44 312.400	44 624.000	44 859.000	44 885.000	44 912.000	44 937.000	312 307.500
H2 sub-ceiling after 1 <sup>st</sup> transfer	43 779.000	44 313.000	44 624.000	44 859.000	44 885.000	44 912.000	44 937.000	312 309.000
<i>Rounding difference</i>	<i>0.900</i>	<i>0.600</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>1.500</i>

Second and third adjustment of sub-ceiling for market related expenditures and direct payments for transfer between pillars

	(in million EUR - current prices)							
	2014	2015	2016	2017	2018	2019	2020	2014-2020
Second and third net transfer from P1 to P2		- 122.615	- 565.099	- 602.292	- 612.437	- 560.134	- 561.777	- 3 024.354
<i>Flexibility between pillars: P2 to P1</i>		<i>499.384</i>	<i>573.047</i>	<i>572.440</i>	<i>571.820</i>	<i>571.158</i>	<i>570.356</i>	<i>3 358.205</i>
<i>Flexibility between pillars: P1 to P2</i>		<i>- 621.999</i>	<i>- 1 138.146</i>	<i>- 1 174.732</i>	<i>- 1 184.257</i>	<i>- 1 131.292</i>	<i>- 1 132.133</i>	<i>- 6 382.559</i>
Reduction DP			- 109.619	- 111.975	- 111.115	- 112.152	- 112.685	- 557.546
EAGF net balance after 3 transfers	43 778.100	44 189.785	43 949.282	44 144.733	44 161.448	44 239.714	44 262.538	308 725.600
H2 sub-ceiling after 3 transfers	43 779.000	44 190.000	43 950.000	44 145.000	44 162.000	44 240.000	44 263.000	308 729.000
<i>Rounding difference</i>	<i>0.900</i>	<i>0.215</i>	<i>0.718</i>	<i>0.267</i>	<i>0.552</i>	<i>0.286</i>	<i>0.462</i>	<i>3.400</i>

Change of the estimated amount of the reduction DP for adjustment of sub-ceiling for market related expenditures and direct payments

	(in million EUR - current prices)							
	2014	2015	2016	2017	2018	2019	2020	2014-2020
Change of the estimated amount of the reduction DP			0.960	0.949	0.902	0.794	0.644	4.249
EAGF net balance after correction	43 778.100	44 189.785	43 950.242	44 145.682	44 162.350	44 240.508	44 263.182	308 729.849
H2 sub-ceiling after corrections	43 779.000	44 190.000	43 951.000	44 146.000	44 163.000	44 241.000	44 264.000	308 734.000
<i>Rounding difference</i>	<i>0.900</i>	<i>0.215</i>	<i>0.758</i>	<i>0.318</i>	<i>0.650</i>	<i>0.492</i>	<i>0.818</i>	<i>4.151</i>

The modification of the H2 sub-ceiling in current prices needs to be translated into 2011 prices in order to technically adjust the MFF table in 2011 prices. For this purpose the EAGF net balance is first transformed into 2011 prices by using the 2% fixed deflator. This is then rounded up to obtain the adjusted H2 sub-ceiling as the

<sup>13</sup> Commission Delegated Regulation (EU) No 1378/2014 of 17 October 2014 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L 367, 23.12.2014, p. 16).

<sup>14</sup> Commission Implementing Regulation (EU) 2015/141 of 29 January 2015 amending Implementing Regulation (EU) No 367/2014 setting the net balance available for EAGF expenditure (OJ L 24, 30.1.2015, p.11).

<sup>15</sup> Commission Delegated Regulation (EU) 2016/142 of 2 December 2015 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annex III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council (OJ L 28, 4.2.2016, p.8).

<sup>16</sup> Commission Implementing Regulation (EU) 2016/257 of 24 February 2016 amending Implementing Regulation (EU) No 367/2014 setting the net balance available for EAGF expenditure (OJ L 49, 25.02.2016, p.1).



MFF ceilings are only expressed in millions of euros. Only with this rounding-up procedure it can be ensured that the MFF sub-ceiling is always higher than the net balance available for EAGF expenditure. The resulting small difference does not constitute an available margin, but is exclusively arising from the rounding operation as all figures in the MFF table need to be expressed in millions of euro. For each annual budget, the Commission will use the exact amounts of the net balance available for EAGF expenditure. The same approach was applied in the technical adjustments for 2015 and 2016.

The table below shows the net result of the transfers between the two pillars of CAP and their impact for Heading 2 subceiling.

Sub-ceiling for EAGF (market related expenditures and direct payments) after transfers in current and 2011 prices

	2014	2015	2016	2017	2018	2019	2020	2014-2020
	- in current prices -							
Initial H2 sub-ceiling	44 130.000	44 368.000	44 628.000	44 863.000	44 889.000	44 916.000	44 941.000	312 735.000
H2 subceiling set in Technical adjustment 2016	43 779.000	44 190.000	43 950.000	44 145.000	44 162.000	44 240.000	44 263.000	308 729.000
Total net transfers from P1 to P2	- 351.900	- 178.215	- 677.758	- 717.318	- 726.650	- 675.492	- 677.818	-4 005.151
EAGF net balance after all transfers	43 778.100	44 189.785	43 950.242	44 145.682	44 162.350	44 240.508	44 263.182	308 729.849
<b>H2 sub-ceiling after all transfers</b>	<b>43 779.000</b>	<b>44 190.000</b>	<b>43 951.000</b>	<b>44 146.000</b>	<b>44 163.000</b>	<b>44 241.000</b>	<b>44 264.000</b>	<b>308 734.000</b>
<i>Rounding difference</i>	0.900	0.215	0.758	0.318	0.650	0.492	0.818	4.151
<i>Difference to sub-ceiling in Technical adjustment 2016</i>	0.000	0.000	1.000	1.000	1.000	1.000	1.000	5.000
<b><i>Difference to original sub-ceiling after all transfers</i></b>	<b>- 351.000</b>	<b>- 178.000</b>	<b>- 677.000</b>	<b>- 717.000</b>	<b>- 726.000</b>	<b>- 675.000</b>	<b>- 677.000</b>	<b>-4 001.000</b>
<b>Annual deflator</b>	1.061	1.082	1.104	1.126	1.149	1.172	1.195	
	- in 2011 prices -							
Initial H2 sub-ceiling	41 585.000	40 989.000	40 421.000	39 837.000	39 079.000	38 335.000	37 605.000	277 851.000
H2 subceiling set in Technical adjustment 2016	41 254.000	40 825.000	39 807.000	39 200.000	38 446.000	37 759.000	37 037.000	274 328.000
EAGF net balance after all transfers	41 253.081	40 824.531	39 807.088	39 200.102	38 445.983	37 758.848	37 037.451	274 327.084
<b>H2 sub-ceiling after all transfers</b>	<b>41 254.000</b>	<b>40 825.000</b>	<b>39 808.000</b>	<b>39 201.000</b>	<b>38 446.000</b>	<b>37 759.000</b>	<b>37 038.000</b>	<b>274 331.000</b>
<i>Rounding difference</i>	0.919	0.469	0.912	0.898	0.017	0.152	0.549	3.916
<i>Difference to sub-ceiling in Technical adjustment 2016</i>	0.000	0.000	1.000	1.000	0.000	0.000	1.000	3.000
<b><i>Difference to original sub-ceiling after all transfers</i></b>	<b>- 331.000</b>	<b>- 164.000</b>	<b>- 613.000</b>	<b>- 636.000</b>	<b>- 633.000</b>	<b>- 576.000</b>	<b>- 567.000</b>	<b>-3 520.000</b>

Member States may review their decisions related to the flexibility between pillars in respect of financial years 2019 and 2020 and they have to notify such possible changes to the Commission by 1 August 2017.

#### 4. GLOBAL MARGIN FOR PAYMENTS (GMP)

According to Article 5 of the MFF Regulation, the Commission shall adjust the payment ceiling for the years 2015-2020 upwards by an amount equivalent to the difference between the executed payments and the MFF payment ceiling of the year n-1. Any upward adjustment shall be fully offset by a corresponding reduction of the payment ceiling for year n-1.

In the technical adjustment for 2016, the remaining margin of 2014 (EUR 104 million) was transferred to 2015 (EUR 106 million) and the ceilings were adjusted accordingly. In this year's technical adjustment the GMP for 2015 is calculated.

The payments for other special instruments are treated as being over and above the MFF ceilings<sup>17</sup>. The 2015 payment ceiling was EUR 142 007 million in current prices. The payments executed in 2015 amount to EUR 141 126.2 million. This amount consists of the executed payments of the payment appropriations authorised in the 2015 budget (EUR 139 827.3 million) and carry-overs from 2015 to 2016

<sup>17</sup> Should the European Parliament, the Council and the Commission agree otherwise on payments for special instruments, the Commission shall take account of that agreement when calculating the GMP in future technical adjustments.

(EUR 1 298.9 million)<sup>18</sup>. The payments for special instruments are excluded from the execution (EUR 378.7 million, consisting of EUR 378.1 million executed and EUR 0.6 million carried-over). Therefore the execution taken into account for the calculation of the GMP is EUR 140 747.5 million.

All carry-overs from 2014 to 2015 were counted as executed for the purposes of the calculation of the 2014 GMP but not all of them were actually executed. Therefore the lapsed carry-overs need to be added to the calculation as they in fact constitute underexecution. The lapsed carry overs from 2014 to 2015 amount to EUR 28.6 million, of which EUR 0.2 million for the Special instruments<sup>19</sup>. The total amount of the lapsed carry overs taken into account is thus EUR 28.4 million.

The remaining margin under the 2015 payment ceiling is EUR 1 287.9 million in current prices (i.e. EUR 142 007 million – EUR 140 747.5 + EUR 28.4 million).

According to Article 6(2) of the MFF Regulation, the 2% deflator shall be used for the calculation of the GMP and the corresponding adjustment of the ceilings. The 2015 ceiling is therefore reduced by EUR 1 288 million in current prices or EUR 1 190 million in 2011 prices.

In line with the expected profile of payment needs, the GMP is transferred to the payment ceilings of the years 2018 to 2020 by one third of the 2015 amount each, which corresponds to an increase in current prices of EUR 455 million in 2018, EUR 465 million in 2019 and EUR 474 million in 2020. In 2011 prices, the increases correspond to EUR 396 million in 2018, EUR 397 million in 2019 and EUR 397 million in 2020.

This results in an unchanged overall payment ceiling for the period 2014-20 in 2011 prices and an increase of the overall payment ceiling by EUR 106 million in current prices.

The table below shows the details of the calculation of the GMP for 2015.

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<sup>18</sup> Should any of the carry-overs from 2015-2016 lapse in 2016 the corresponding amount will be added to the calculation of the GMP in 2017.

<sup>19</sup> EUR 35.9 million of carry-over of EGF expenditure was taken into account for the calculation of the 2014 GMP. It consisted of EUR 35.53 million for operational expenditure and EUR 0.33 million for technical assistance. All the operational expenditure were executed. Out of the EUR 0.33 million of TA, only EUR 0.11 million was actually executed.

<b>Global margin for payments</b>			
mil EUR		2014	2015
(1)	PA ceiling (2011 prices) before GMP	128 030	131 193
(2)	PA ceiling (current prices) before GMP	135 866	142 007
(3)	<b>Mobilisation Contingency margin</b>	<b>2 818.2</b>	<b>0.0</b>
(4) = (2) + (3)	<b>TOTAL CEILING TO COMPARE THE IMPLEMENTATION ON VOTED BUDGET</b>	<b>138 684.2</b>	<b>142 007.0</b>
(5)	<b>Executed payments on the voted budget</b>	<b>137 135.6</b>	<b>139 827.3</b>
(6)	Executed payments on the voted budget for EUSF	150.0	209.5
(7)	Executed payments on the voted budget for EGF	6.9	7.3
(8)	Executed payments on the voted budget for EAR	150.0	150.0
(9)	Executed payments on the voted budget for Flexibility instrument	0.0	11.3
(10) = (6) + (7) + (8) + (9)	<b>Executed payments on the voted budget for special instruments</b>	<b>306.9</b>	<b>378.1</b>
(11)	<b>Carry-overs from year n to year n+1</b>	<b>1 787.1</b>	<b>1 298.9</b>
(12)	Carry-over from year n to year n+1 for EUSF	0.0	0.0
(13)	Carry-over from year n to year n+1 for EGF	35.9	0.6
(14)	Carry-over from year n to year n+1 for EAR	0.0	0.0
(15)	Carry-over from year n to year n+1 for Flexibility	0.0	0.0
(16) = (12) + (13) + (14) + (15)	<b>Carry-over of special instruments</b>	<b>35.9</b>	<b>0.6</b>
(17) = (10) + (16)	<b>Total execution + carry-over of Special instruments</b>	<b>342.7</b>	<b>378.7</b>
(18) = (5) + (11) - (17)	<b>TOTAL EXECUTED PAYMENTS + CARRY-OVER n TO n+1 EXCLUDING SPECIAL INSTRUMENTS</b>	<b>138 580.0</b>	<b>140 747.5</b>
(19)	<b>Lapsed carry-overs from year n-1 to year n</b>	n/a	28.6
(20)	Carry-over from year n to year n+1 for EUSF	n/a	0.0
(21)	Carry-over from year n to year n+1 for EGF	n/a	0.2
(22)	Carry-over from year n to year n+1 for EAR	n/a	0.0
(23)	Carry-over from year n to year n+1 for Flexibility	n/a	0.0
(24) = (19) + (20) + (21) + (22)	<b>Lapsed carry-over of special instruments</b>	n/a	<b>0.2</b>
(25) = (4) - (18) + (19) - (24)	<b>Remaining margin</b>	<b>104.2</b>	<b>1 287.9</b>
(26) = 25 rounded to millions	<b>GLOBAL MARGIN FOR PAYMENTS (current prices)</b>	<b>104.0</b>	<b>1 288.0</b>
(27) = (26) adjusted to 2011 prices using 2% deflator	<b>GLOBAL MARGIN FOR PAYMENTS (2011 prices)</b>	<b>98.0</b>	<b>1 190.0</b>

The table below shows the corresponding adjustments of the payment ceilings :

Adjustment of the ceilings	2014	2015	2016	2017	2018	2019	2020	2014-20
Ceilings as adopted in Dec 2013								
2011 prices	128 030	131 095	131 046	126 777	129 778	130 893	130 781	908 400
current prices	135 866	141 901	144 685	142 771	149 074	153 362	156 295	1 023 954
<b>GMP 2014</b>								
adjustment of the ceilings (2011 prices)	-98.0	98						0
adjustment of the ceilings (current prices)	-104.0	106						2
<b>Adjusted ceilings (Tech. adjustment for 2016)</b>								
2011 prices	127 932	131 193	131 046	126 777	129 778	130 893	130 781	908 400
current prices	135 762	142 007	144 685	142 771	149 074	153 362	156 295	1 023 956
<b>GMP 2015</b>								
adjustment of the ceilings (2011 prices)		-1 190.0			396	397	397	0
adjustment of the ceilings (current prices)		-1 288.0			455	465	474	106
<b>Adjusted ceilings GMP 2015</b>								
2011 prices	127 932	130 003	131 046	126 777	130 174	131 290	131 178	908 400
current prices	135 762	140 719	144 685	142 771	149 529	153 827	156 769	1 024 062
Adjustment of Cohesion Policy envelopes								
adjustment of the ceilings (2011 prices)				120	161	392	493	1 166
adjustment of the ceilings (current prices)				135	184	459	589	1 367
<b>Adjusted ceilings (Tech. adjustment for 2017)</b>								
adjustment of the ceilings (2011 prices)	127 932	130 003	131 046	126 897	130 335	131 682	131 671	909 566
adjustment of the ceilings (current prices)	135 762	140 719	144 685	142 906	149 713	154 286	157 358	1 025 429
difference to the original ceilings								
2011 prices	-98.0	-1 092.0	0.0	120.0	557.0	789.0	890.0	1 166.0
current prices	-104.0	-1 182.0	0.0	135.0	639.0	924.0	1 063.0	1 475.0

## 5. SPECIAL INSTRUMENTS

A number of instruments are available outside expenditure ceilings agreed in the financial framework 2014-2020. These instruments aim at providing rapid response to exceptional or unforeseen events, and provide some flexibility beyond the agreed expenditure ceilings within certain limits.

### **5.1. Emergency Aid Reserve**

According to Article 9 of the MFF Regulation, the *Emergency Aid reserve* can be mobilised up to a maximum amount of EUR 280 million per year in 2011 prices, or EUR 315 million in 2017 at current prices (EUR 2 209 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. EUR 219.4 million was carried over from 2015 to 2016, EUR 309 million was made available in 2016. EUR 150 million is included in the 2016 budget. The amount of carry-over to 2017 will depend on the final implementation in 2016.

### **5.2. European Union Solidarity Fund**

According to Article 10 of the MFF Regulation, the *EU Solidarity Fund* can be mobilised up to a maximum amount of EUR 500 million per year in 2011 prices, or EUR 563 million in 2017 at current prices (EUR 3 945 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over to the following year. EUR 491.2 million was carried over from 2015 to 2016; EUR 552 million was made available in 2016. The carry-over to 2017 will depend on the final implementation in 2016.

### **5.3. Flexibility Instrument**

According to Article 11 of the MFF Regulation, the *Flexibility Instrument* can be mobilised up to a maximum annual amount of EUR 471 million in 2011 prices, or EUR 530 million in 2017 in current prices (EUR 3 716 million for the whole period in current prices). The portion of the unused annual amounts of the previous 3 years may be carried over. All appropriations from previous years have been used, nothing will be carried-over to 2017.

### **5.4. European Globalisation Adjustment Fund**

According to Article 12 of the MFF Regulation, the *European Globalisation Adjustment Fund* can be mobilised up to a maximum of EUR 150 million per year in 2011 prices, or EUR 169 million in 2017 in current prices (EUR 1 183 million for the whole period in current prices).

### **5.5. Contingency Margin**

According to Article 13 of the MFF Regulation, a Contingency Margin of up to 0.03 % of the Gross National Income of the Union shall be constituted outside the ceilings of the financial framework for the period 2014-2020.

The absolute amount of the Contingency Margin for the year 2017 is EUR 4 496.8 million.

### **5.6. Global margin for commitments for growth and employment, in particular youth employment (GMC)**

According to Article 14 of the MFF Regulation, margins left available below the MFF ceilings for commitment appropriations for the years 2014-2017 shall constitute a Global MFF Margin for commitments (GMC), to be made available over and above the ceilings established in the Annex of the MFF Regulation for the years 2016 to 2020 for policy objectives related to growth and employment, in particular youth employment.

The margin left available under the commitment ceiling in 2015 amounts to EUR 1 383.2 million. This corresponds to the amount of margins under the ceiling for commitment appropriations in the final budget 2015. The commitments on Special instruments are not taken into account as they are implemented over and above the MFF ceilings.

According to Article 6(2) of the MFF Regulation, the 2% deflator shall be used for the calculation of the GMC. The amount of the remaining margin from 2015 which shall be made available for 2016 corresponds to EUR 1 410.9 million in current prices in 2016 or EUR 1 439.1 million in current prices in 2017<sup>20</sup>. The amount of GMC in 2011 prices corresponds to EUR 1 277.9 million.

The table below shows the details of the calculation of the GMC.

	<i>EUR million</i>
Ceiling CA 2015	162 959.0
Total authorised appropriations budget 2015	162 273.3
of which special instruments:	697.6
European Union Solidarity Fund	82.8
European Globalisation Adjustment Fund	162.4
Emergency Aid Reserve	303.0
Flexibility instrument	149.4
<b>Global margin for commitments 2015 (2015 prices)</b>	<b>1 383.2</b>
<i>Global margin for commitments 2015 (2011 prices)</i>	<i>1 277.9</i>
<b>GMC available in 2016 (2016 prices)</b>	<b>1 410.9</b>
<b>GMC available in 2017 (2017 prices)</b>	<b>1 439.1</b>

The amount of GMC originating from 2014 identified in the technical adjustment for 2016 (EUR 543 million) was allocated in the budget 2016 for EFSI. Out of the GMC originating from 2015 identified in this technical adjustment an amount of EUR 1 265 million is also pre-allocated for EFSI for 2017.

## 6. SUMMARY TABLE AND CONCLUSIONS

The tables below summarise the changes to the ceilings for commitment and payment appropriations in the financial framework based on Articles 3(1), 5 and 7 in current and 2011 prices:

<sup>20</sup>

Should the whole or part of the amount be used in the years 2018-20, the amount shall be adjusted correspondingly by applying the 2% deflator in accordance with Article 6(2) of the MFF Regulation.

(EUR million, current prices)	2014	2015	2016	2017	2018	2019	2020	2014-2020
<b>1a. Competitiveness for Growth and Employment</b>								0
<b>1b. Cohesion for Growth and Employment</b>				1 126	1 149	1 172	1 195	4 642
<b>2. Preservation and Management of Natural Resources</b>								0
<i>of which: market related expenditure and direct payments</i>	0	0	1	1	1	1	1	5
<b>3. Security and citizenship</b>								0
<b>4. EU as a global player</b>								0
<b>5. Administration</b>								0
<i>of which: Administrative expenditure of the institutions</i>								0
<b>6. Compensations</b>								0
<b>Total change in commitment appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 126</b>	<b>1 149</b>	<b>1 172</b>	<b>1 195</b>	<b>4 642</b>
<b>Total change in payment appropriations</b>		<b>-1 288</b>	<b>0</b>	<b>135</b>	<b>639</b>	<b>924</b>	<b>1 063</b>	<b>1 473</b>
of which: GMP		-1 288			455	465	474	106
Art. 7 cohesion adjustment				135	184	459	589	1 367

(EUR million, 2011 prices)	2014	2015	2016	2017	2018	2019	2020	2014-2020
<b>1a. Competitiveness for Growth and Employment</b>								0
<b>1b. Cohesion for Growth and Employment</b>				1 000	1 000	1 000	1 000	4 000
<b>2. Preservation and Management of Natural Resources</b>								0
<i>of which: market related expenditure and direct payments</i>	0	0	1	1	0	0	1	3
<b>3. Security and citizenship</b>								0
<b>4. EU as a global player</b>								0
<b>5. Administration</b>								0
<i>of which: Administrative expenditure of the institutions</i>								0
<b>6. Compensations</b>								0
<b>Total change in commitment appropriations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>	<b>4 000</b>
<b>Total change in payment appropriations</b>		<b>-1 190</b>	<b>0</b>	<b>120</b>	<b>557</b>	<b>789</b>	<b>890</b>	<b>1 166</b>
of which: GMP		-1 190			396	397	397	0
Art. 7 cohesion adjustment				120	161	392	493	1 166



Brussels, 30.6.2016  
COM(2016) 311 final

ANNEX 1

**ANNEX**

*to the*

**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE  
EUROPEAN PARLIAMENT**

**Technical adjustment of the financial framework for 2017 in line with movements in  
GNI and adjustment of cohesion policy envelopes**

**(Article 6 and 7 of Council Regulation No 1311/2013 laying down the multiannual  
financial framework for the years 2014-2020)**

## MULTIANNUAL FINANCIAL FRAMEWORK (EU 28) ADJUSTED FOR 2017

(EUR million - 2011 prices)

COMMITMENT APPROPRIATIONS	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
<b>1. Smart and Inclusive Growth</b>	<b>49 713</b>	<b>72 047</b>	<b>62 771</b>	<b>65 277</b>	<b>66 528</b>	<b>68 214</b>	<b>70 004</b>	<b>454 554</b>
1a: Competitiveness for growth and jobs	15 605	16 321	16 726	17 693	18 490	19 700	21 079	125 614
1b: Economic, social and territorial cohesion	34 108	55 726	46 045	47 584	48 038	48 514	48 925	328 940
<b>2. Sustainable Growth: Natural Resources</b>	<b>46 981</b>	<b>59 765</b>	<b>58 204</b>	<b>53 448</b>	<b>52 466</b>	<b>51 503</b>	<b>50 558</b>	<b>372 925</b>
of which: Market related expenditure and direct payments	41 254	40 825	39 808	39 201	38 446	37 759	37 038	274 331
<b>3. Security and citizenship</b>	<b>1 637</b>	<b>2 269</b>	<b>2 306</b>	<b>2 289</b>	<b>2 312</b>	<b>2 391</b>	<b>2 469</b>	<b>15 673</b>
<b>4. Global Europe</b>	<b>7 854</b>	<b>8 083</b>	<b>8 281</b>	<b>8 375</b>	<b>8 553</b>	<b>8 764</b>	<b>8 794</b>	<b>58 704</b>
<b>5. Administration</b>	<b>8 218</b>	<b>8 385</b>	<b>8 589</b>	<b>8 807</b>	<b>9 007</b>	<b>9 206</b>	<b>9 417</b>	<b>61 629</b>
of which: Administrative expenditure of the institutions	6 649	6 791	6 955	7 110	7 278	7 425	7 590	49 798
<b>6. Compensations</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>114 430</b>	<b>150 549</b>	<b>140 151</b>	<b>138 196</b>	<b>138 866</b>	<b>140 078</b>	<b>141 242</b>	<b>963 512</b>
as a percentage of GNI	0.88%	1.13%	1.03%	1.01%	1.00%	0.99%	0.98%	1.00%
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>127 932</b>	<b>130 003</b>	<b>131 046</b>	<b>126 897</b>	<b>130 335</b>	<b>131 682</b>	<b>131 671</b>	<b>909 566</b>
as a percentage of GNI	0.98%	0.99%	0.97%	0.92%	0.94%	0.93%	0.92%	0.95%
Margin available	0.25%	0.24%	0.26%	0.31%	0.29%	0.30%	0.31%	0.28%
Own Resources Ceiling as a percentage of GNI	1.23%	1.23%	1.23%	1.23%	1.23%	1.23%	1.23%	1.23%



## MULTIANNUAL FINANCIAL FRAMEWORK (EU 28) ADJUSTED FOR 2017

(EUR million - current prices)

COMMITMENT APPROPRIATIONS	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
<b>1. Smart and Inclusive Growth</b>	52 756	77 986	69 304	73 512	76 420	79 924	83 661	513 563
1a: Competitiveness for growth and jobs	16 560	17 666	18 467	19 925	21 239	23 082	25 191	142 130
1b: Economic, social and territorial cohesion	36 196	60 320	50 837	53 587	55 181	56 842	58 470	371 433
<b>2. Sustainable Growth: Natural Resources</b>	49 857	64 692	64 262	60 191	60 267	60 344	60 421	420 034
of which: Market related expenditure and direct payments	43 779	44 190	43 951	44 146	44 163	44 241	44 264	308 734
<b>3. Security and citizenship</b>	1 737	2 456	2 546	2 578	2 656	2 801	2 951	17 725
<b>4. Global Europe</b>	8 335	8 749	9 143	9 432	9 825	10 268	10 510	66 262
<b>5. Administration</b>	8 721	9 076	9 483	9 918	10 346	10 786	11 254	69 584
of which: Administrative expenditure of the institutions	7 056	7 351	7 679	8 007	8 360	8 700	9 071	56 224
<b>6. Compensations</b>	29	0	0	0	0	0	0	29
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	121 435	162 959	154 738	155 631	159 514	164 123	168 797	1 087 197
as a percentage of GNI	0.90%	1.17%	1.05%	1.04%	1.04%	1.04%	1.03%	1.04%

<b>TOTAL PAYMENT APPROPRIATIONS</b>	135 762	140 719	144 685	142 906	149 713	154 286	157 358	1 025 429
as a percentage of GNI	1.01%	1.02%	0.98%	0.95%	0.97%	0.97%	0.96%	0.98%
Margin available	0.22%	0.21%	0.25%	0.28%	0.26%	0.26%	0.27%	0.25%
Own Resources Ceiling as a percentage of GNI	1.23%	1.23%	1.23%	1.23%	1.23%	1.23%	1.23%	1.23%