



EU Budget 2017

Financial Report



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Foreword

It is my pleasure to present the 2017 financial report of the European Union, which provides an overview of EU spending over the past year. While 2016 was a year of doubt for the European project, not least with the decision of the United Kingdom to leave the Union, 2017 was a year of renewed hope and perspective. The 60th anniversary of the Treaty of Rome provided the backdrop to a period of deep reflection on the future of Europe. We took the opportunity to reaffirm our commitment to the values of the EU and to define the priorities for the European Union of 27.



In 2017, the European Union focused on making the economic recovery sustainable. Growth rates for the EU and the euro area beat expectations to reach a 10-year high of 2.4 %. Nevertheless, the EU had to tackle a series of challenges related to competitiveness, migration or security, and address some major natural disasters.

The EU budget is a unique asset for the EU that translates ambitions into tangible results on the ground. It complements national budgets by delivering European added value in areas where a coordinated response is the most efficient and effective way to deliver on our priorities.

2017 was the fourth year of the implementation of the current multiannual financial framework (MFF); all the financial programmes are now fully operational. At the same time, with many unexpected challenges, the importance of a flexible approach to budget implementation was once more confirmed. The midterm revision of the MFF has provided additional means to respond to unforeseen circumstances.

The 2017 adopted budget focused on two main policy priorities for Europe: supporting the ongoing recovery of the European economy and tackling the migration and refugee crisis. It ensured the implementation of the ongoing programmes on the one hand, and provided for financial support to address the new challenges on the other.

Nearly half of the funds — EUR 83.2 billion in commitments (including carry-overs and assigned revenue) — stimulated growth, employment and competitiveness. This included funding for research and innovation under Horizon 2020, for education under Erasmus+, for small and medium-sized enterprises under COSME (the programme for the competitiveness of enterprises and small and medium-sized enterprises) and for infrastructure under the European Structural and Investment Funds and the Connecting Europe Facility. Moreover, the European Fund for Strategic Investments provided for the implementation of the investment plan for Europe, and the convergence among Member States and among regions was fostered through the European Structural and Investment Funds.

The European Fund for Strategic Investments has already triggered more than EUR 287 billion in new investment and has helped create more than 300 000 jobs. In December 2017, the European Parliament and the Council decided to increase and extend the fund to catalyse investments of up to EUR 500 billion by 2020. The European Fund for Strategic Investments guarantee fund, which the Commission established to provide a liquidity cushion to cover guarantee calls by the European Investment Bank (EIB) Group for its investments, reached EUR 3.5 billion at end 2017.

EUR 54 billion was allocated to programmes aiming to strengthen economic, social and territorial cohesion, including the European Regional Development Fund, the Cohesion Fund and the European Social Fund. The Youth Employment Initiative, the implementation of which accelerated in 2017, focuses on decreasing youth unemployment throughout the EU. By the end of 2017 the total eligible cost of operations selected for support had reached nearly EUR 7 billion. Member States declare that 1.7 million young people have already benefited from the assistance provided by the initiative.

Moreover, the EU budget served as an instrument of solidarity with EU Member States, for example through EUR 1.2 billion mobilised under the EU Solidarity Fund, the highest sum ever provided in a single instalment, following the earthquakes of 2016 and 2017 in the Italian regions of Abruzzo, Lazio, Marche and Umbria.

The EU budget devoted EUR 58.6 billion to the promotion of sustainable growth and the preservation of Europe's natural resources. Programmes included the two pillars of the common agricultural policy (market-support measures and rural development), fisheries and activities under the programme for the environment and climate action (LIFE).

The EU budget also continued to underpin the comprehensive European response to the migration crisis and the management of Europe's external borders. The Asylum, Migration and Integration Fund promoted the efficient management of migration flows and the development of a common EU approach to asylum and migration. The total of payments implemented in 2017 amounted to EUR 631 million. Financed by the EU budget, the European Border and Coast Guard Agency, with its extended mandate, has significantly strengthened its presence at the EU's external borders with the aim of supporting the Member States in their border-management activities and jointly implementing integrated border management at EU level.

The EU budget also allowed the Union to play a strong role beyond Europe during a period of turbulence in Europe's neighbourhood. Last but not least, it contributed to the response to global challenges such as climate change by integrating mitigation and adaptation actions into all major EU spending programmes, with the total budget contribution to climate mainstreaming estimated at 20.3 % for 2017.

The optimal performance of the EU's budget has been a priority for the Juncker Commission from day one. We strongly support the increasing emphasis of the European Parliament, the Member States and the European Court of Auditors not only on how programmes are managed, but also on whether they are delivering results in the areas that really matter for the EU's citizens.

Looking ahead, in 2017 the White Paper on the future of Europe and the reflection paper on the future of EU finances launched a process of extensive consultations that led to the presentation of the Commission's proposal for the 2021-2027 multiannual financial framework in May 2018, which reaffirmed our commitment to a budget that delivers added value for every euro spent. The proposals are based on an honest assessment of the resources the EU will need to deliver on its collective ambitions. They offer a fair and balanced approach to the challenges of supporting political priorities and addressing the financial consequences of the withdrawal of the United Kingdom. They show how a reformed, simpler and more flexible budget will allow the EU to put every euro to work for all Member States and all EU citizens. The Commission will continue playing its role, along with the budgetary authority, to harness the potential of the EU budget to invest in growth, create jobs and tackle our common challenges.

Günther H. Oettinger,
European Commissioner for budget and human resources

Key achievements of the EU budget

- Thanks to the EU's research and innovation programme the first microprocessor for examining brain activity in high resolution was developed — a major boost to the fight against diseases like epilepsy.
- It is estimated that, by 2020, projects financed by the European Fund for Strategic Investments will generate an increase of gross domestic product in the EU of 0.7 % and create 700 000 new jobs.
- By the end of 2017, COSME had provided financing to more than 275 000 small and medium-sized companies (of which 50 % were start-ups) in 25 countries that would otherwise have struggled to secure private financing due to their high risk profile.
- Two of the three researchers who were awarded the 2017 Nobel Prize in Chemistry for optimising electron microscopes have participated in EU-funded research projects.
- The Connecting Europe Facility programme invested in a new electricity line between Alytus (Lithuania) and the Lithuanian border with Poland, ending the energy isolation of the Baltic states as part of LitPol Link electricity project (a priority project under the trans-European transport network).
- Recent data shows that the Structural Funds constituted a share of more than 40 % of public investment in a significant number of Member States over the 2015-2017 period.
- Overall, more than 1.3 million jobs were created during the 2007-2013 period thanks to the cohesion policy, and more than 355 000 SMEs were directly supported. During the first 2 years of cohesion policy implementation over the 2014-2020 period, almost 85 000 enterprises were supported and 2.7 million people benefited from improved health services.
- Some 6 500 km of new roads were constructed, 41 000 km of roads were upgraded, 476 km of new railway lines were built and 7 500 km were reconstructed. A reported 15 million additional people were provided with an improved supply of clean drinking water, and 19.7 million additional people were provided with improved wastewater treatment facilities. The population with broadband coverage increased by 20.5 million over the 2007-2013 period due to cohesion policy funding.
- One year after the launch of the European Solidarity Corps, offering young people between the ages of 18 and 30 the opportunity to volunteer inside the EU or abroad, 42 000 young people from all Member States had already signed up.
- By the end of 2017, 1.7 million young people had already benefited from the assistance provided by the Youth Employment Initiative.



- 2017 saw the 30th anniversary of the Erasmus programme. Since 2014, 1.8 million students have taken part in mobility activities and more than 240 000 organisations have been involved in cooperation projects. Additionally, willingness to move abroad permanently is higher among Erasmus+ participants (31 % more willingness compared to non-participants), and they also identify themselves more as EU citizens (19 % more).
- The Asylum, Migration and Integration Fund supported the creation of over 7 000 additional places in reception centres in 2017. The number of places adapted for unaccompanied minors, an especially vulnerable migrant group, has also increased, from only 183 places in 2014 to 17 070 places in 2017.
- The European Border and Coast Guard Agency contributed to rescuing 111 000 migrants who arrived in Italy via the central Mediterranean route in 2017.
- Thanks to the EU Regional Trust Fund in Response to the Syrian Crisis, more than 450 000 refugee and host-community children and young people had improved access to quality education, protection and psychosocial support in 2017.
- Between 2012 and 2017, EU humanitarian funding supported the education of over 4.7 million children caught up in emergencies in over 50 countries.
- EUR 1.2 billion was mobilised under the EU Solidarity Fund, the highest sum ever provided in a single instalment, following the earthquakes of 2016 and 2017 in the Italian regions of Abruzzo, Lazio, Marche and Umbria.



Source: 2017 Integrated Financial Reporting Package.



Section I

2017 EU budget

Multiannual financial framework

Since 1988, EU leaders have agreed on long-term spending plans — now known as multiannual financial frameworks (MFFs) — that provide a stable basis for the appropriate planning and implementation of programmes over a period of at least 5, and usually 7, years. The MFF allows the EU to fund policies with added European value. The current MFF was adopted for the 2014-2020 period.

Ceilings — maximum annual amounts

The MFF lays down the maximum annual amounts (ceilings) the EU may spend in different categories of expenditure (headings).

These ceilings set limits for each of the 7 years.

- For commitment appropriations for each heading: pledges to provide funding for the future year.
- For payment appropriations: actual money to be paid to its various recipients for pledges made during the year or in the past.

The total annual ceilings are expressed in absolute amounts (in million EUR) and as a percentage of EU gross national income (GNI). This latter is updated annually on the basis of the latest available GNI forecasts in order to control the respect of maximum percentages fixed for both commitments and payments.

Annual budgets may not exceed any of these two ceilings (in absolute amounts and in percentages of GNI).

Headings — categories of expenditure

For the 2014-2020 period, the MFF sets a maximum amount ⁽¹⁾ of **EUR 1 087 billion** ⁽²⁾ for commitment appropriations and **EUR 1 025 billion** ⁽³⁾ for payment appropriations (in current prices).



⁽¹⁾ Relevant figures for the 2017 EU budget (before the technical adjustment for 2018).

⁽²⁾ EUR 1 087 billion in figures adjusted for 2018 and following years.

⁽³⁾ EUR 1 026 billion in figures adjusted for 2018 and following years.

Areas financed by the EU budget for the period 2014-2020
In billion EUR and as a percentage, current price

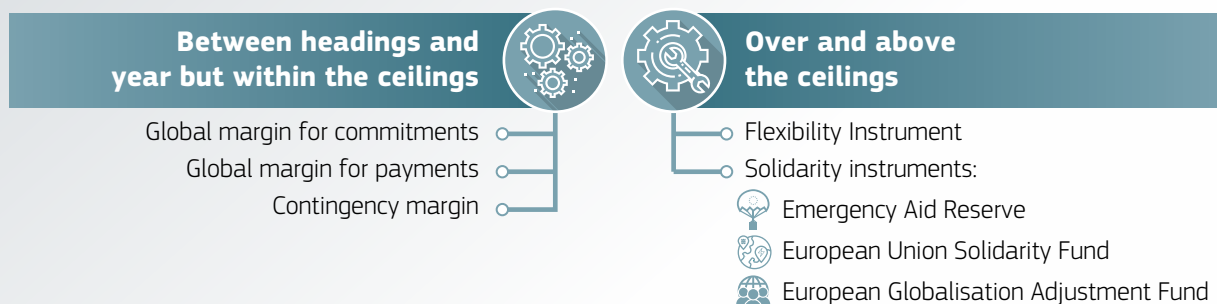


Note: Commitment; adjusted for 2018

Source: European Commission, Reflection paper on the future of EU finances, 2017

Flexibility and special instruments

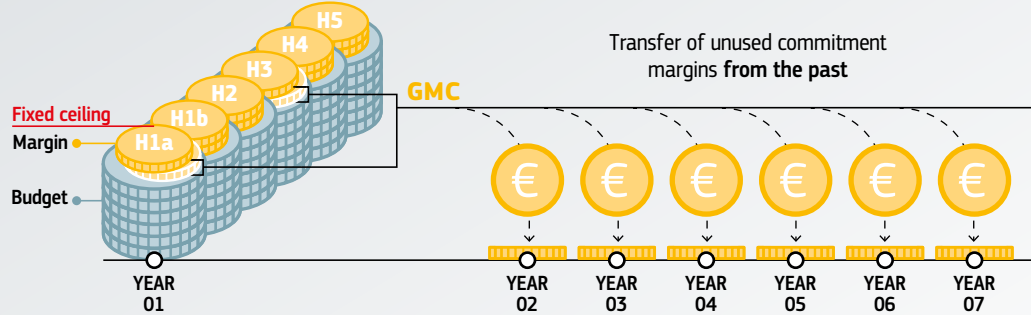
The MFF provides for some flexibility to mobilise the funds necessary to react to unforeseen events.



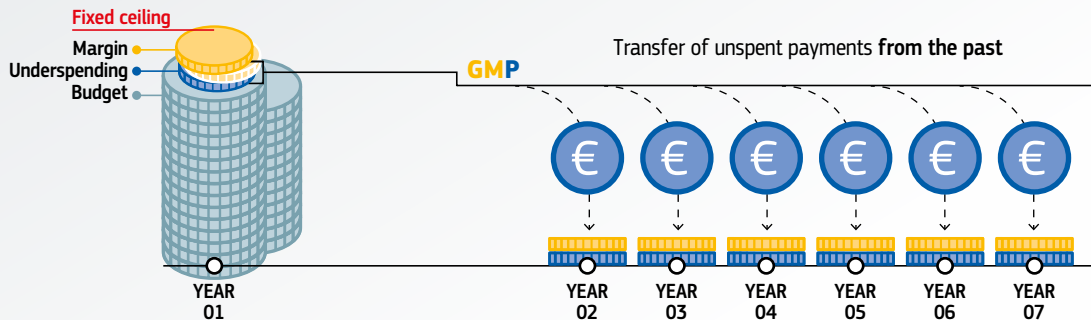
Between headings and years, but within the ceilings



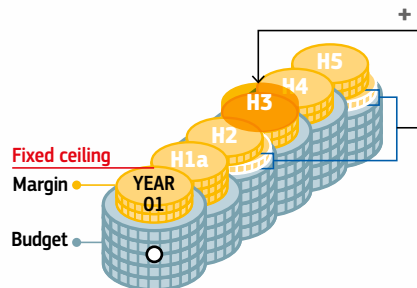
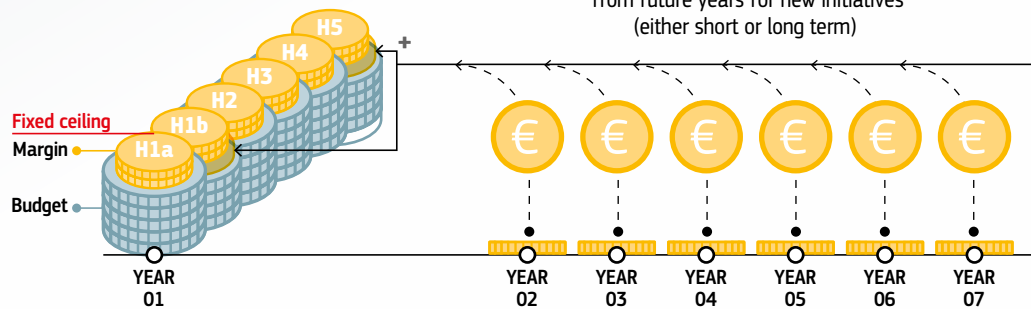
Global margin for commitments



Global margin for payments



Contingency Margin (last resort)



Transfer commitment or payment margins
in the current year for new initiatives
(either for short or long term)

For new initiatives/priorities within the MFF that were not provided for (between headings and years, but within the ceilings)

- **Global margin for commitments.**
Transfer of commitment margin from the previous year.
- **Global margin for payments.**
Transfer of payment margin from the previous year together with underspending from the previous year.
- **Contingency margin.**
The use of commitment or payment margins of current/future years across headings for new initiatives.



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To bring aid/solidarity in case of unforeseen events (over and above ceilings)

- **The Flexibility Instrument.** Envelope of EUR 600 million per year in 2011 prices for expenses that cannot be covered by the EU budget without exceeding the ceilings. This usually is the first flexibility tool to be used if a new initiative/priority occurs (example: migration since 2016).
- **Solidarity instruments:**
 - **the Emergency Aid Reserve** for humanitarian, civilian crisis management and protection operations in non-EU countries;
 - **the EU Solidarity Fund** for emergency financial aid following a major disaster in a Member State;
 - **the European Globalisation Adjustment Fund** to help workers reintegrate into the labour market after they have been made redundant.

Revision of the multiannual financial framework

The MFF can be revised in the event of unforeseen circumstances. The framework may also be revised if new rules or programmes managed by Member States (mainly in the areas of cohesion and agricultural policy) are adopted after the adoption of a specific MFF.

As a result of the agreement on relevant legal acts in 2014, during the first year of the new MFF, a significant number of programmes could not be adopted. Therefore, EUR 21 billion had to be transferred to 2015, 2016 and 2017 by means of a revision of the MFF ⁽¹⁾.

⁽¹⁾ Council Regulation (EU, Euratom) 2015/623 of 21 April 2015 amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 103, 22.4.2015, p. 1).

Multiannual financial framework midterm review

The EU revised its MFF for 2014-2020 in the midterm review to meet new priorities. After the unanimous agreement by the Council and the consent of the European Parliament the new MFF regulation entered into force on 14 July 2017.

The revised MFF increased the resources earmarked for the EU's main priorities by EUR 6 billion for the years 2017-2020. The European Union can devote more resources to help boost jobs and growth and to address the migration crisis. It has also strengthened its capacity to react to unexpected events.



Multiannual financial framework technical adjustments

For the 2014-2020 MFF, a fixed deflator of 2 % per year was applied for the whole period to express the ceilings in current prices.

The Commission makes a technical adjustment to the MFF each year to take account of the changes in EU GNI based on the latest available economic forecasts.

The technical adjustment for 2017 was published in June 2016. The technical adjustment for 2018 was published in May 2017.

The budgetary procedure

Every year the European Commission prepares a draft EU budget respecting the annual ceilings set by the MFF and in accordance with the priorities of the EU leaders for the coming year.

The annual budget is usually below the MFF ceilings in order to provide for some margin to cope with unforeseen needs, except where special instruments are used over and above annual ceilings.

The Commission's draft budget

The Commission proposed on 30 June 2016 a 2017 EU budget focused on growth, jobs and a solid response to the refugee crisis of EUR 157.7 billion in commitment appropriations and EUR 134.9 billion in payment appropriations.

Amending letter

During the course of the procedure, the Commission presented in October 2016 Amending letter No 1/2017 leading to an increase of EUR 1 257.2 million in commitment appropriations and an increase of EUR 523.1 million in payment appropriations. This increased the Commission's proposal to EUR 158.9 billion in commitment appropriations and EUR 135.4 billion in payment appropriations.

This letter covered the following.

- The phasing in of increases announced in the midterm revision of the 2014-2020 MFF for sustainable growth.
- The increase by almost EUR 1 billion of the budgetary resources under heading 4 'Global Europe'. The aim was to address the root causes of migration and promote the swift implementation of agreements with non-EU countries.



The Council's and Parliament's positions

The Council formally adopted its position on 4 September 2016, while the European Parliament adopted its position in plenary on 25 October 2016.

Differences between the positions of the Parliament and the Council were addressed in a negotiation process known as the conciliation procedure. In 2016, the 21-day conciliation procedure ran from 31 October until 20 November.

Adopted budget

An agreement was reached on 17 November 2016 and the 2017 EU budget was adopted by the Council and the Parliament on 28 November and 1 December respectively.

In the adopted 2017 budget, the overall level of commitment appropriations was set at EUR 157.9 billion. The overall level of payment appropriations was set at EUR 134.5 billion.

Key features of the adopted budget

The 2017 EU budget left a margin of EUR 1.1 billion to react to unforeseen needs. Payments were set 1.6 % lower than the 2016 EU budget after being aligned to real needs.

Tackling the migration and refugee crisis

Almost EUR 6 billion in commitments, and hence around 11.3 % more than in 2016, was to address the migration pressure and tackle security challenges. With the bulk of funding already frontloaded, the total for these policy areas would amount to EUR 22 billion in the 2015-2018 period.

Growth and jobs

EUR 21.3 billion in commitments was mobilised to boost economic growth and create new jobs; this was an increase of around 12 % compared to 2016. This part of the budget covered instruments such as Erasmus+, funding for which increased by 19 % to EUR 2.1 billion, and the European Fund for Strategic Investments, the core of the Juncker plan, funding for which rose by 25 % to EUR 2.7 billion.

More money for young people

Besides the significant increase for Erasmus+, young people received more support and more professional opportunities thanks to an agreement to provide EUR 500 million for the Youth Employment Initiative, a key action that sought to address the challenge of youth unemployment in our Member States.



Agriculture

The provision of support to EU farmers amounted EUR 59 billion. The 2017 EU budget also included the EUR 500 million aid package announced in July to support milk producers and other livestock farmers.

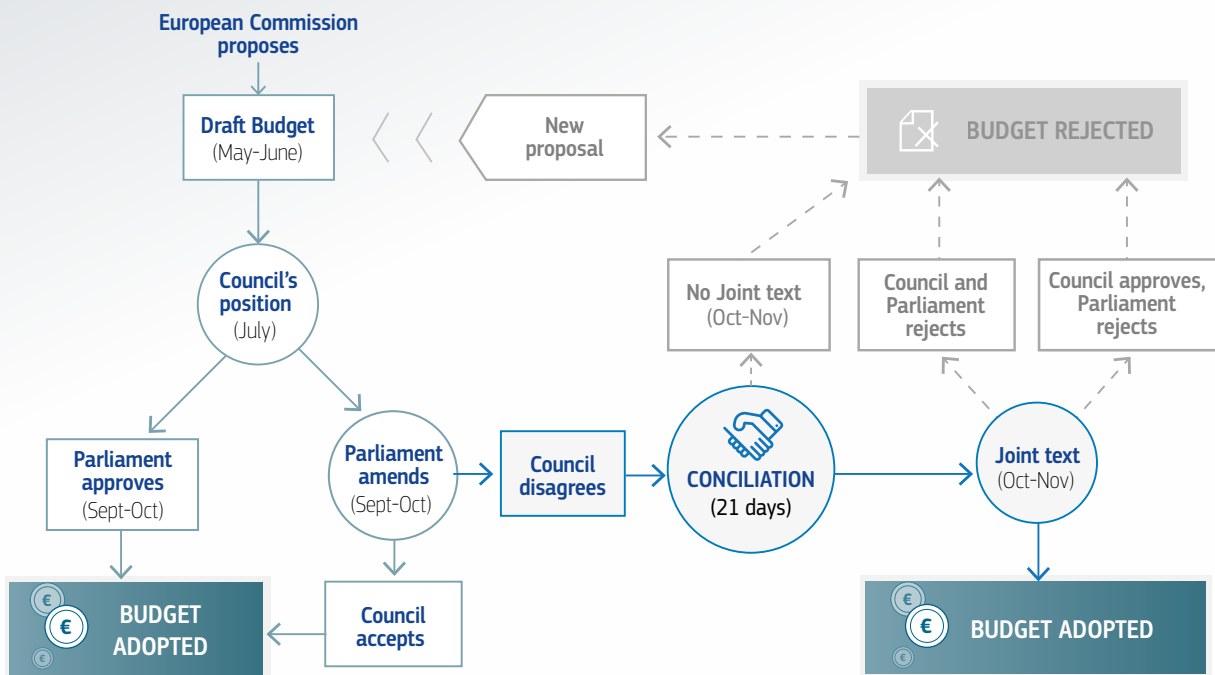
Defence

Further to the launch of the European Defence Fund, EUR 25 million was budgeted to fund collaborative research into innovative defence technologies and products.



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Annual budgetary procedure



From the draft budget to the agreed initial budget for 2017 (million EUR)

Commitments								million EUR
MFF	Description	Final budget 2016	MFF ceiling	Draft budget	Council's position	EP's position	Adopted budget 2017	Difference
		1	2	3	4	5	9	(9)/(1) = (10)
1a	Competitiveness for growth and jobs	19 010	19 925	21 309	20 712	22 417	21 312	12.1 %
	Margin			55	478	-1 227	52	
1b	Economic, social and territorial cohesion	50 831	53 587	53 574	53 571	55 091	53 587	5.4 %
	Margin (after the use of flexibility instrument)			13	16	-1 504	0	
2	Sustainable growth: natural resources	62 470	60 191	58 902	58 722	59 529	58 584	-6.2 %
	Margin			439	939	12	1 032	
3	Security and citizenship	4 292	2 578	4 272	4 248	4 355	4 284	-0.2 %
	Margin			0	0	-83	0	
4	Global Europe	9 167	9 432	10 418	9 327	9 939	10 162	10.9 %
	Margin			0	105	-507	0	
5	Administration	8 951	9 918	9 393	9 263	9 353	9 395	5.0 %
	Margin			11	45	50	16	
Total Commitment Appropriations		154 721	155 631	157 868	155 843	160 684	157 324	1.7 %
	Margin			519	1 583	-3 258	1 100	
	Special instruments	556		1 047	534	1 732	534	-4.0 %
GRAND TOTAL		155 277		158 915	156 377	162 416	157 858	1.7 %

Final budget 2016: without carryover. Administration comprises expenditure of all EU institutions.
Draft budget: includes. AL n°1/2017

The adopted commitment appropriations represented 1.04 % of GNI, a slightly lower rate than in 2016 (1.05 %).

Payments								million EUR
MFF	Description	Final budget 2016	Draft budget	Council's position	EP's position	Adopted budget 2017	Difference	
		1	3	4	5	9	(9)/(1) = (10)	
1a	Competitiveness for growth and jobs	17 402	19 305	18 966	19 993	19 321	11.0 %	
1b	Economic, social and territorial cohesion	41 888	37 349	37 150	37 862	37 201	-11.2 %	
2	Sustainable growth: natural resources	54 972	55 235	55 038	55 862	54 914	-0.1 %	
3	Security and citizenship	3 022	3 782	3 760	3 862	3 787	25.3 %	
4	Global Europe	10 156	9 736	9 220	9 790	9 483	-6.6 %	
5	Administration	8 951	9 395	9 266	9 355	9 395	5.0 %	
Total Payments Appropriations		136 392	134 802	133 400	136 724	134 100	-1.7 %	
	Margin (after the use of flexibility instrument)		9 085	9 506	7 163	9 787		
	Special instruments	250	620	390	1 305	390	55.7 %	
GRAND TOTAL		136 642	135 422	133 790	138 029	134 490	-1.6 %	

Final budget 2016: without carryover. Administration comprises expenditure of all EU institutions.
Draft budget: includes. AL n°1/2017

The adopted payment appropriations represented 0.9 % of GNI, down from 0.98 % of GNI in the 2016 budget.

Budget management

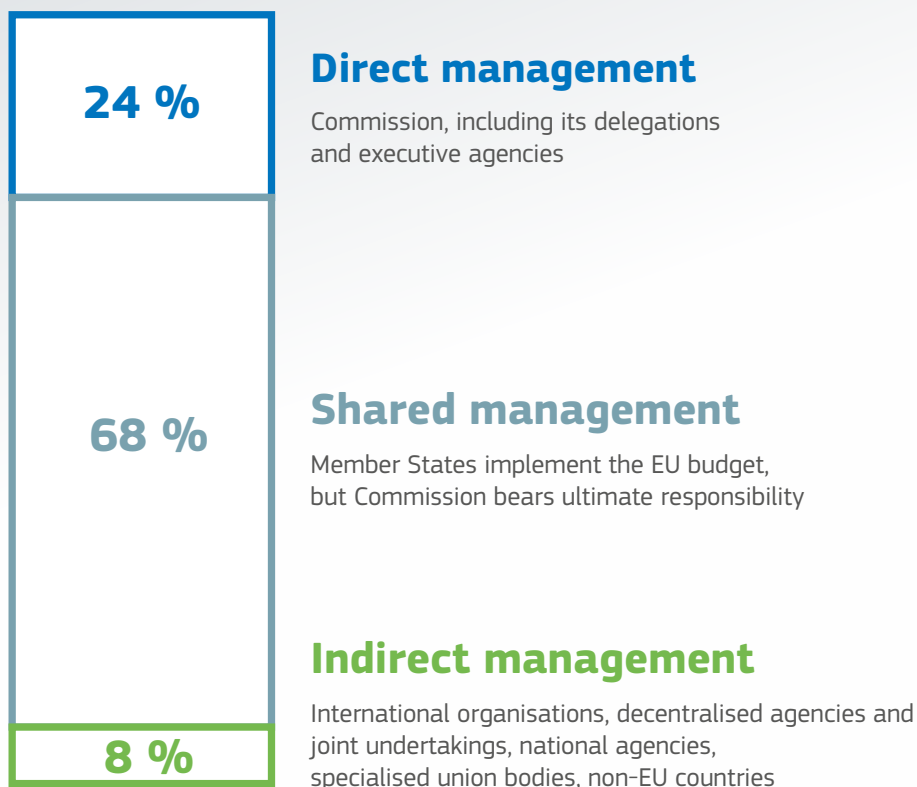
Budget management modes

Once the budget is adopted, it is implemented:

- directly by the Commission (at its headquarters or in EU delegations to non-EU countries) and other EU bodies such as executive agencies ('direct management'); or
- indirectly by other international organisations or non-EU countries ('indirect management'); or
- by both the Commission and Member States ('shared management').

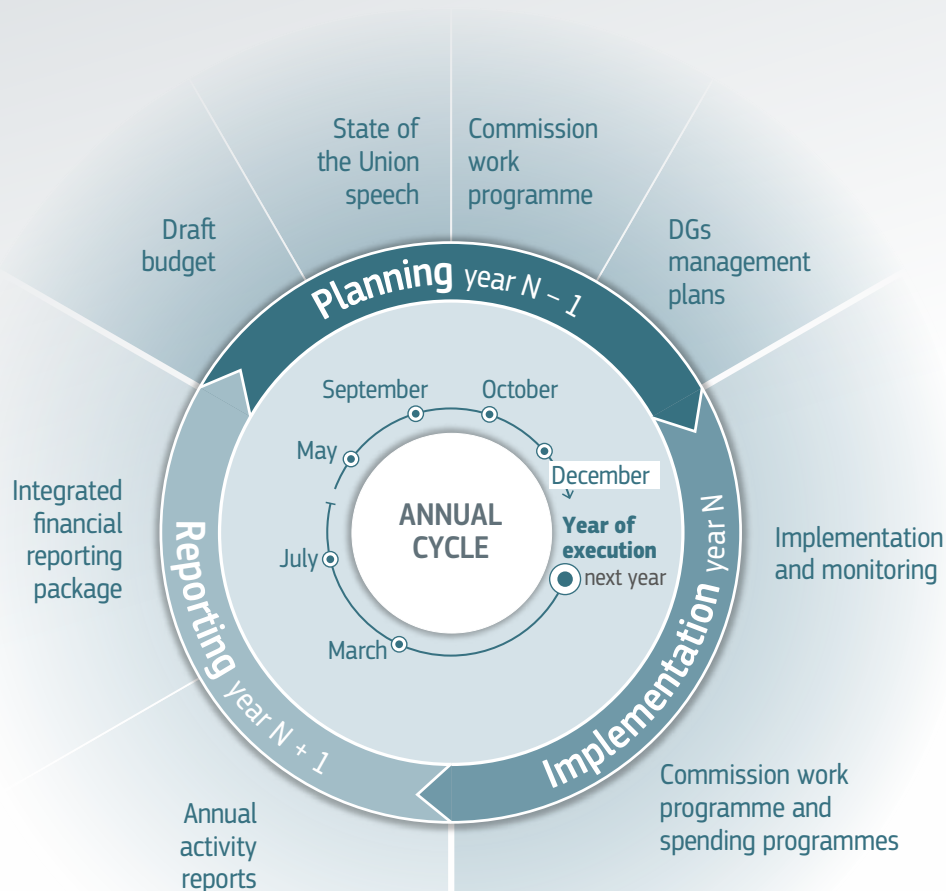
In 2017, 68 % ⁽¹⁾ of EU budget expenditure is managed by Member States under shared management in areas such as agriculture, cohesion policy, growth and employment (on average 75 % over the period 2014-2020). However, the ultimate responsibility for implementing the budget lies with the European Commission.

Management modes



⁽¹⁾ Annual management and performance report financial year 2017.

The EU budget life cycle



Source: Directorate-General for Budget.

Once a new year has started, some 'operations' may affect the budget.

- **Carry-overs** are amounts from the previous year's budget that have not been used and that are therefore carried over to the current financial year. For certain types of appropriations this carry-over is automatic; for others they require a decision from the Commission. In 2017, this decision was made on 9 February 2017.
- **Transfers** between budget items are by definition neutral in their effect on the overall budget. They may increase the amount of appropriations available in operational budget lines when reserves are released. Decisions relating to transfers are generally made by the European Parliament and the Council, but institutions are allowed to carry out internal transfers under specified conditions.
- **Amending budgets** take into account political, economic or administrative needs that could not have been foreseen at the point at which the budget was prepared and adopted. They may also ensure more precise and economical financing of the EU budget by the Member States. Six amending budgets were adopted in 2017 (see opposite table).
- **Assigned revenue** includes appropriations corresponding to the following:

- Contributions received from countries that are not members of the European Union (countries that are members of the European Free Trade Association (EFTA)⁽¹⁾, part of the European Economic Area (EEA), candidate countries or non-EU countries). These countries contribute to certain programmes and, in exchange, may participate in them.
- Amounts recovered from Member States, international institutions or private entities and reassigned to the programmes to which they were initially allocated or to specific actions managed by the European Union.

Changes affecting the budget every year



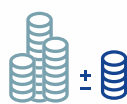
Carry-over

Amount not used for the previous budget added to this year's budget



Transfers

Transfers between budget items



Amending budget

Complementing/reducing annual budgets

They have to be adopted following the same process as the annual budget (after Parliament and Council approval)



Assigned revenue

Revenue coming from outside the EU (EFTA/EEA, candidate countries, non-EU countries, others) + Recoveries from Member States

Summary table of amending budgets in 2017 (million EUR)

Amending budgets	European Parliament Date of adoption	Main subject	Official Journal	Impact on commitment appropriations	Impact on payment appropriations
1/2017	05/04	Mobilisation of the European Union Solidarity Fund (EUSF), relating to floods in the United Kingdom, drought and fires in Cyprus and fires in Portugal.	OJ L 136 of 24/05/2017	70.4	-
2/2017	04/07	Surplus 2016	OJ L 227 of 01/09/2017	-	-
3/2017	13/09	Provision of EUR 500 million of additional commitment appropriations to the Youth Employment Initiative (YEI). Amendment of the establishment plans of the decentralised agency ACER and the SESAR2 joint undertaking	OJ L 330 of 13/12/2017	500.0	
4/2017	13/09	Mobilisation of the European Union Solidarity Fund (EUSF) for earthquakes in Italy between August 2016 and January 2017.	OJ L 330 of 13/12/2017	1 166.8	-
5/2017	24/10	Financing of the European Fund for Sustainable Development (EFSD). Reflecting in the general budget 2017 the outcome of the mid-term revision of the MFF regulation (increase of the annual amount of the Emergency Aid Reserve (EAR), from EUR 280 million to EUR 300 million in 2011 prices).	OJ L 9 of 12/01/2018	297.8	-
6/2017	30/11	Revision of the forecast of own resources Overall reduction (EUR 7 719.7 million) in the level of payment appropriations, mainly heading 1b and to a lesser extent headings 2, 3, 4 and the European Union Solidarity Fund (EUSF). Budgeting of an additional amount of fines decided by the Commission (amount of EUR 2 110 million).	OJ L 21 of 25/01/2018	-61.3	-7 719.7
TOTAL without reserves				1 973.7	-7 719.7
Reserves				-11.2	-38.4

⁽¹⁾ EFTA is an intergovernmental trade organisation and free trade area consisting of four European states: Iceland, Liechtenstein, Norway and Switzerland.

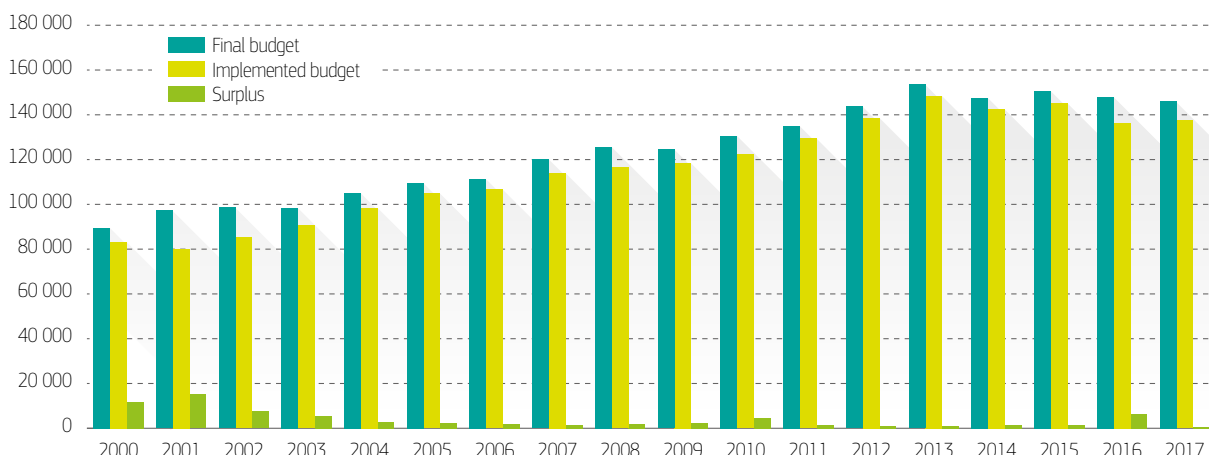
Changes in payment appropriations by heading in 2017 (million EUR)

MFF Heading	Budget appropriations				Additional appropriations		Total appropriations available
	Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	
1 Smart and inclusive growth	56 522	(7 128)	446	49 840	130	11 198	61 168
1a: Competitiveness for growth and jobs	19 321	(0)	744	20 065	117	4 188	24 370
1b: Economic, social and territorial cohesion	37 201	(7 128)	(298)	29 775	13	7 009	36 797
2 Sustainable growth: natural resources	54 914	(793)	346	54 467	635	3 473	58 575
of which: Market-related expenditure and direct payments	42 563	(2)	(3)	42 558	630	2 786	45 975
3 Security and citizenship	3 787	(563)	(431)	2 793	11	189	2 994
4 Global Europe	9 483	(427)	(118)	8 938	120	1 887	10 944
5 Administration	9 395	(0)	(2)	9 392	786	798	10 977
of which: Administrative expenditure of the institutions	3 921	0	0	3 921	494	426	4 841
6 Compensations	0	0	0	0	0	0	0
8 Negative reserve and deficit carried over from the previous financial year	0	0	0	0	0	0	0
9 Special Instruments	390	1 191	(240)	1 341	32	41	1 414
Total	134 490	(7 720)	0	126 771	1 714	17 585	146 071

From an accounting point of view, the budget outturn is, in general terms, the difference between total revenue and total expenditure, a positive difference thus indicating a surplus. Payments cannot exceed receipts. The adopted budget for payment appropriations was subsequently reduced by an amending budget.

Active budget management 2000-2017 (million EUR)

The figures include assigned revenue appropriations and implementation.



Financial regulation

The financial regulation sets out the principles and procedures for implementing the EU budget. Over the last 30 years, the number of general financial rules contained in the financial regulation has sharply increased. In addition, many sectoral financial rules have emerged.

A first step towards more coherent and simpler financial rules was achieved in 2012. Recent revisions have aligned the financial regulation to the 2014-2020 MFF (2013 revision) and to the new EU procurement directives (2015 revision).

However, there was still room for further simplification. Following a Commission initiative in 2016, the European Parliament and the Council agreed in December 2017 on a significant reform simplifying the rules under which citizens, NGOs, SMEs, international organisations and other beneficiaries receive EU funding. It is a solid basis for preparing the next generation of EU programmes, making sure that every euro from the EU budget delivers maximum added value.



Accounting framework

The EU is accountable to its citizens, via their representatives in the European Parliament and the Council, for the money invested in the EU programmes. As a steward of the EU budget, the European Commission has a duty to report on how it has carried out this responsibility. The annual accounts document is key with regard to this transparency and accountability obligation.

The EU accounts are prepared according to the highest standards, the International Public Sector Accounting Standards, ensuring that the accounts provide relevant, reliable, comparable and understandable financial information for citizens.

Annual accounts

The accounts provide information on the financial position (the balance sheet) of the EU, with detailed explanations of its assets, liabilities, financial commitments and obligations. They also show how the EU budget was implemented during the year.

To clearly present this important information, the accounts comprise two main elements:

- consolidated financial statements that show the EU's assets and liabilities and the revenues and expenses of the period;
- budget implementation reports.

The annual accounts are audited by the EU's external auditor, the European Court of Auditors, which gives its opinion both in a public report and directly to the European Parliament and the Council, thus making the accounts available to citizens. For 10 years in a row the EU has received a clean opinion on the reliability of the accounts.

Treasury management

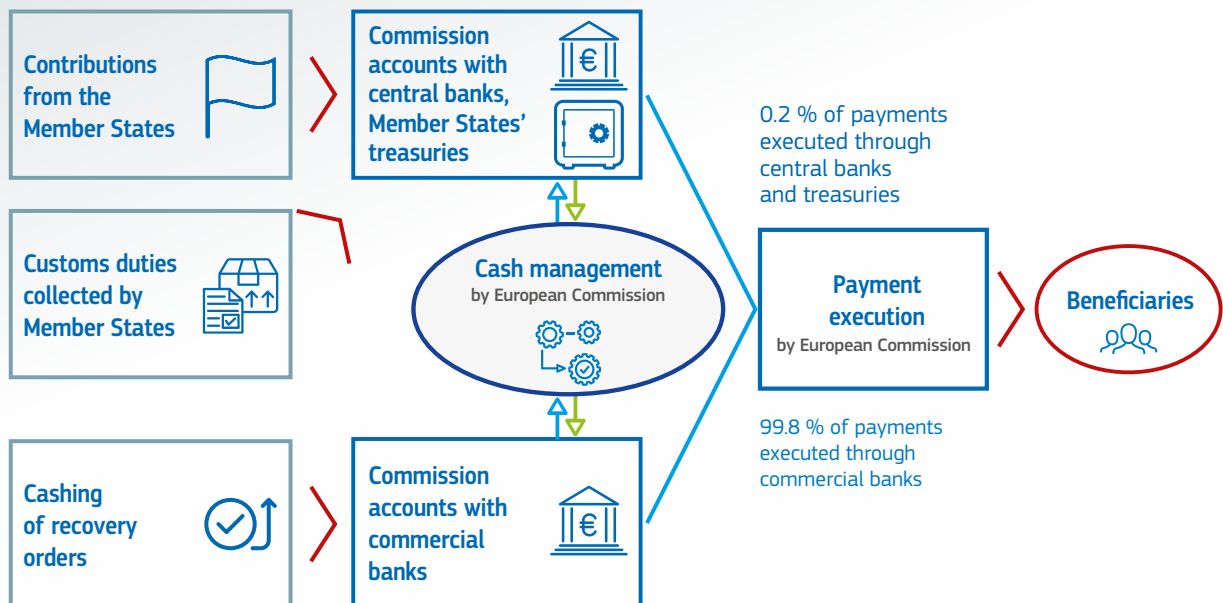
Own resources, the main source of EU revenue, are credited twice a month to the European Commission accounts held with Member States' treasuries or central banks. From there, the Commission transfers the necessary funds to its accounts with commercial banks, from which most of payments are made to EU beneficiaries. However, the Commission only transfers the funds needed to carry out its daily payments.

Replenishment of accounts with commercial banks is made on a just-in-time basis and is managed via the European Commission treasury cash management system.

Member States make their contributions to the budget in their national currencies, while most of the Commission's payments are denominated in euros. The Commission therefore needs to make foreign-exchange transactions, in order to convert contributions from Member States that have not yet adopted the euro, and to be able to make payments in non-EU currencies.

In 2017, 0.2 % of more than 2.4 million payments made were executed through treasuries and central banks, representing 59 % of the total amount paid (EUR 130 billion). The remaining 99.8 % of payments were made through commercial banks (representing 41 % of the total amount paid). The Commission's funds are mainly kept in accounts held with Member States' treasuries and with central banks.

Treasury flows



Control of the EU budget

Efficient financial management and control systems

In order to maintain the highest standards in financial management, the Commission is consistently improving its rules and procedures, organisational fitness and agility. The aim is to further increase efficiency and lower administrative burdens, review the cost of checks/ audits (controls) and shorten the time required to provide grants and pay beneficiaries.

The Commission's persistent efforts, in cooperation with Member States, to improve the financial management of programmes and to keep the error level below 2 % (materiality threshold) have led to declining levels of errors over the past several years.

The Commission estimates the levels of error that would remain at the end of the programmes after all corrective mechanisms have been implemented (amount at risk at closure). This approach reflects the multiannual nature of the programmes and the check/ audit cycle, which covers more than just the year of funding and implementation of the projects. For the 2017 expenditure the amount at risk at closure is estimated to be 0.6 % of the expenditure.

Protecting the EU budget

The Commission gives the highest priority to ensuring that the EU budget is well managed and that all necessary measures are in place to protect taxpayers' money. There are different types of safeguards in place to prevent, detect and rectify incorrect expenditure.

- **Preventive measures**, including control before payments, interruptions and suspensions of payments.
- **Corrective measures**, used when preventive measures have not been effective. They concern primarily financial corrections and recoveries from recipients of EU funds. EUR 1 949 million in financial corrections and recoveries were implemented in 2017. For more information, see Annex 4.

The budgetary discharge procedure

Every year **the European Parliament**, after a recommendation by the Council, **decides on whether to give its final approval, known as discharge, on the way the Commission has implemented the EU budget.**

This procedure ensures full accountability and transparency, and when granted the discharge leads to the formal closure of the accounts for a given year. When deciding to grant, postpone or refuse a discharge, the Parliament takes into account **the integrated financial reporting package** prepared by the Commission, along with the **European Court of Auditors' annual report** on how the budget has been invested and other reports published by the Court.

The **integrated financial reporting package** comprises the following documents.

- The *2017 annual management and performance report*. The report provides an overview of the performance, management and protection of the EU budget. It explains how the EU budget supports the EU's political priorities and describes both the results achieved and the role of the Commission in ensuring the highest standards of financial management.

- The *Consolidated annual accounts of the European Union 2017*.
- The *Report on the follow-up to the discharge for the 2016 financial year*. The Commission reports on its follow-up to the requests made by the Parliament and the Council during the discharge procedure.
- *The Programmes' Performance Overview*. It provides a uniform and comprehensive presentation of each of the spending programmes, their performance framework, benefits for EU citizens, implementation status and highlights key achievements.

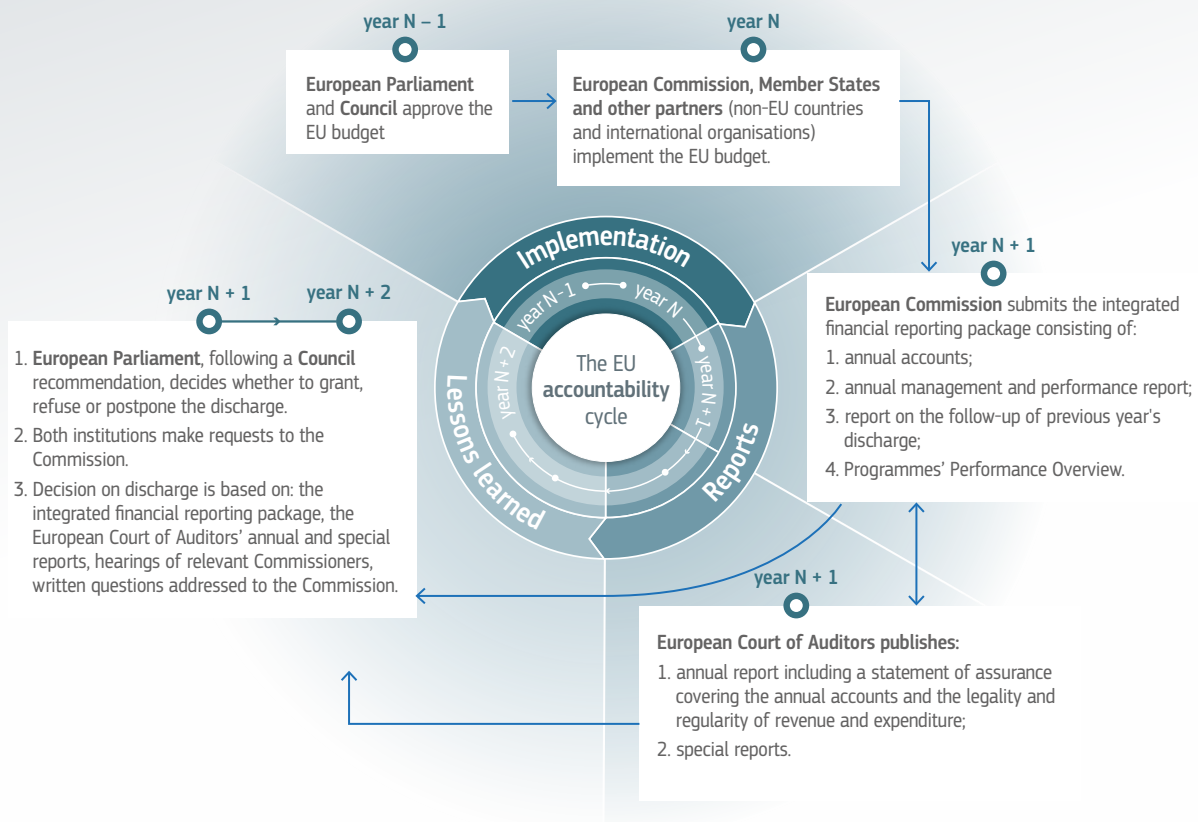
The **European Court of Auditors** examines:

- the reliability of the accounts;
- whether all revenue has been received and all expenditure incurred in a lawful and regular manner;
- whether the financial management has been sound.

During the discharge procedure, the **Committee on Budgetary Control in the European Parliament** submits **written questions to the Commissioners responsible for the most significant spending areas, who have to reply and** appear before its members for an **exchange of views (hearings)**. Additionally, the Parliament and the Council make requests to the Commission, which will have to report on their follow-up. These requests cover wide-ranging topics and help the Commission further improve the way it manages and implements the EU budget. They also form part of the overall discussion/evaluation (reflection) process to prepare the next MFF.

The European Parliament will decide on the discharge for the 2017 budget in Spring 2019.

The EU accountability cycle





Section II

Revenue

According to the equilibrium principle, the total budgeted EU revenue must equal the total budgeted EU expenditure. When determining Member States' own-resource contributions, the starting point is the total amount of authorised expenditure.

A small part of this amount is covered by other revenue (taxes levied on the salaries of EU staff, interest on late payments, fines and contributions from non-EU countries to certain programmes, etc.). The remainder is mostly financed by Member States' own-resource contributions, which accounted for around 83 % of all revenue in 2017.

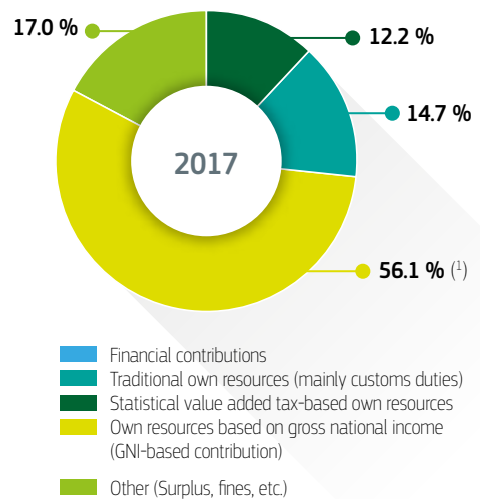
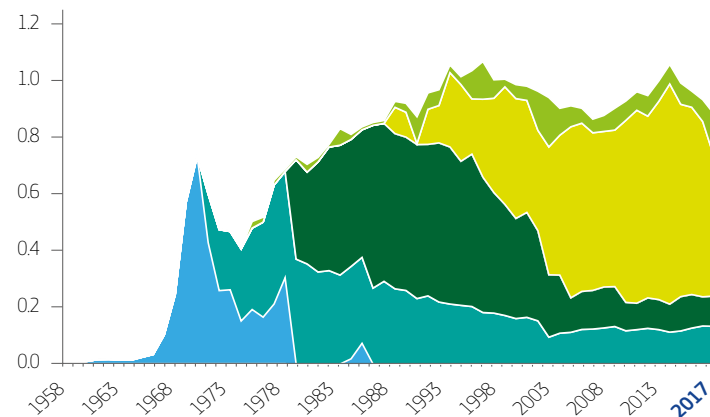
While the EU budget must always be in balance, at the end of the year there can sometimes be a positive difference (surplus) in comparison to the budget estimates, carried over to the next year.

In 2017, the EU had own resources of EUR 115.4 billion and other revenue of 17.2 billion. The surplus carried over from 2016 was EUR 6.4 billion.

Evolution of EU revenue over the last 60 years

Development of own resources

% of GNI



Source: Reflection paper on the future of EU finances.

Own resources

The bulk of the EU funding comes from own resources: funds that Member States make available in advance for the EU. Own resources can be divided into the following categories.

- Traditional own resources (TORs), including customs duties and sugar levies, collected on behalf of the EU by the Member States.
- Participation in the national collection of value added tax (VAT own resource).
- The GNI own resource, which serves as the balancing resource. It finances all spending not covered by other sources of revenue so that revenue and expenditure are always in balance.

⁽¹⁾ The GNI resource adjustment for impact of non-participation of certain Member States in FSJ policies is included.

The total amount of own resources cannot exceed 1.20 % of EU GNI based on the statistical reporting system of the European system of integrated economic accounts 2010. The key for determining the own resources is the own-resources decision. The current decision ⁽¹⁾ was agreed on 26 May 2014 and, ratified by all Member States, entered into force on 1 October 2016, with retroactive effect from 1 January 2014.

Traditional own resources (customs duties and sugar levies)

TORs are levied on economic operators and collected by Member States on behalf of the EU. These payments accrue directly to the EU budget after a 20 % deduction that Member States retain as collection costs. Customs duties are levied on imports of agricultural and non-agricultural products from non-EU countries, at rates based on the common customs tariff.

In 2017, the EU's revenue from customs duties was EUR 20 325 million (14.6 % of its total revenue). A production charge paid by sugar producers brought in revenue of EUR 134 million. The total revenue from TORs (customs duties and sugar levies) was EUR 20 459 million (14.7 % of the EU's total revenue).

Value added tax own resource

The VAT bases of all Member States are first harmonised in accordance with EU rules. They are then capped at 50 % of the GNI base (in order to remedy the regressive aspects of the VAT-based own resource). Finally, a uniform rate of 0.3 % is levied on each Member State's harmonised VAT base, with the exception of Germany, the Netherlands and Sweden, which benefit from the reduced call rate of 0.15 %.

In 2017, six Member States saw their VAT contribution reduced thanks to this 50 % cap (Estonia, Croatia, Cyprus, Luxembourg, Malta and Portugal).

The EU's total revenue from the VAT own resource was EUR 16 947 million (12.2 % of total revenue) in 2017.

Gross national income own resource

The GNI own resource balances budget revenue and expenditure, i.e. to finance the part of the budget not covered by other revenue. The amount of the GNI own resource needed therefore depends on the difference between total expenditure and the sum of all other revenues.

The same percentage is levied on each Member State's GNI, established in accordance with EU rules. The rate is fixed as part of the budgetary procedure. In 2017, Denmark, the Netherlands and Sweden benefited from an annual gross reduction in their GNI-based contribution (of respectively EUR 130 million, EUR 695 million and EUR 185 million — all amounts are expressed in 2011 prices).

In 2017, the rate of call of GNI was 0.5162548 % ⁽²⁾ and the total amount of the GNI resource levied was EUR 78 620 million ⁽³⁾.

⁽¹⁾ Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union (OJ L 168, 7.6.2014, p. 105).

⁽²⁾ Amending budget 6/2017 (OJ L21 of 25/1/2018),

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018B0091&from=EN>, Table 3, p. L21/7.

⁽³⁾ The GNI resource adjustment for impact of non-participation of certain Member States in FSJ policies is included.

The United Kingdom correction

The current United Kingdom correction mechanism was introduced in 1985 to reduce the net contribution of the United Kingdom to the funding of the EU budget. This mechanism has been modified on several occasions to take into account changes made to the system of EU budget financing, but the essential principles remain the same.

The calculation is rather complex. It involves calculating the United Kingdom's contribution as if the own-resources system of the 1980s still prevailed (hence based on VAT), correcting it for fair burden sharing of the cost of expansion (enlargement) of the EU to include new members (excluding the agricultural payment) and neutralising the effect of the introduction of the GNI contribution and the change in the collection cost of the TORs. Two thirds of the difference between what the United Kingdom contributes and what it receives from the EU budget is refunded to the United Kingdom by way of a reduction in its contribution to the EU budget.

The cost of the United Kingdom correction is borne by the other 27 Member States in proportion to their GNI. However, the share of Germany, the Netherlands, Austria and Sweden is reduced by three quarters of their normal share and the cost of this reduction is redistributed across the remaining 23 Member States.

The United Kingdom correction in 2017 was EUR 4 937.6 million.

Opt-out for Denmark, Ireland and the United Kingdom

Denmark, Ireland and the United Kingdom are exempt from financing specific parts of security and citizenship policies, for which they have an opt-out in the Amsterdam Treaty, with the exception of the related administrative costs.

The Commission calculates this adjustment during the year following the financial year concerned.

Other revenue and surplus from the previous year

Revenue other than own resources includes: tax and other deductions from EU staff remunerations, contributions from non-EU countries to certain programmes (e.g. relating to research), interest on late payments and fines, and other diverse items.

As the balance from the previous year's budget is usually positive in comparison to the budget estimates, there is usually a surplus at the end of the year. This positive difference is returned to the Member States in the form of reduced contributions the following year.

In 2017, other revenue totalled EUR 17 191.0 million, and the surplus carried over from 2016 was EUR 6 404.5 million.



Donations

According to the financial regulation, the Commission may accept or reject any donation made to the EU, including foundations, subsidies, gifts and bequests.

The acceptance of donations with a value of EUR 50 000 or more that involve a financial charge, including follow-up costs, exceeding 10 % of the value of the donation made is subject to the authorisation of the Parliament and the Council.

Donations occur very rarely. In 2017, the Commission was not required to take any decisions on donations.

Fines

Fines imposed on companies for infringing EU competition rules are also a source of revenue.

In 2017, the European Commission imposed 41 individual fines on companies for breaching competition law. These related to ten separate cases and had a combined value of EUR 4.5 billion. Of the 41 fines, 18 worth EUR 326 million have not been contested by the companies and are thus final. In the other cases the companies have submitted appeals to the General Court.

When a company served with a fine decides to appeal against the Commission's decision before the Court, the fine must be covered either by a provisional payment or by a financial guarantee. Of all pending fines from 2017 and earlier, as at 31 December 2017 approximately EUR 3.1 billion was covered by guarantees, and provisional cash payments had been made in respect of approximately EUR 3.3 billion (representing a coverage of 96.4 % of the total amount of fines).

Revenues received by way of fines must not be recorded as budgetary revenue for as long as the decisions imposing them may be annulled by the Court of Justice. Provisional payments must therefore be kept off budget. The legal proceedings may take up to 8 years. Depending on the final judgment, any fines provisionally paid, including earned interest, are either transferred to the EU's income account and booked in the budget as other revenue, or are reimbursed to the companies.

Revenue earned from fines in 2017 resulted from a combination of fines imposed during 2017 that were not contested and fines imposed in earlier years where legal proceedings finished during 2017. In total it was worth a total of EUR 3.3 billion, which represented around 2.4 % of the EU budget in 2017.

National contribution per Member State and traditional own resources collected on behalf of the EU in 2017 (million EUR)

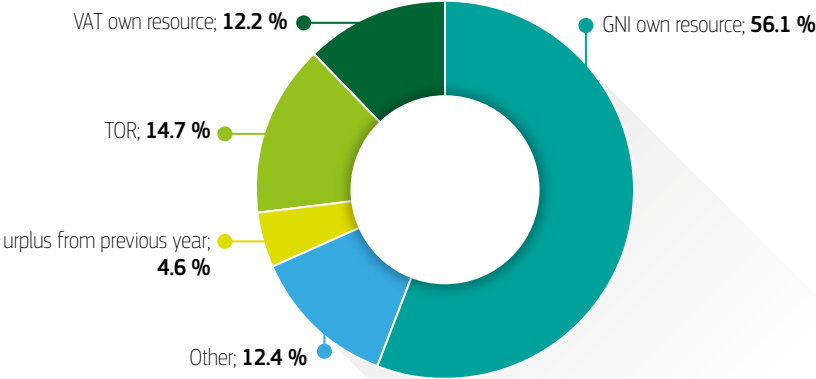
GNI		VAT own resource	GNI own resource	UK correction	Lump sum Reduction granted to DK, NL, AT and SE	TOTAL national contribution			Traditional own resources (TOR),net (80 %)	TOTAL own resources		
		(1)	(2) (*)	(3) (**)	(4) (**)	(5)=(1)+(2)+(3)+(4)	%	% GNI	(6)	(7)=(5)+(6)	%	% GNI
442 168.6	BE	546.7	2 156.0	244.3	31.2	2 978.3	3.1%	0.67%	2 114.2	5 092.5	4.4%	1.15%
50 369.0	BG	72.6	274.1	28.5	3.5	378.7	0.4%	0.75%	76.2	454.9	0.4%	0.90%
181 179.0	CZ	211.8	957.0	100.9	12.7	1 282.3	1.4%	0.71%	266.6	1 548.9	1.3%	0.85%
294 159.4	DK	330.9	1 544.7	171.2	-120.3	1 926.6	2.0%	0.65%	342.3	2 268.9	2.0%	0.77%
3 323 457.0	DE	2 008.1	17 015.3	324.9	238.8	19 587.0	20.6%	0.59%	4 095.5	23 682.5	20.5%	0.71%
22 534.3	EE	33.4	106.6	12.5	1.6	154.1	0.2%	0.68%	30.2	184.3	0.2%	0.82%
241 607.8	IE	257.9	1 367.3	135.0	16.8	1 777.1	1.9%	0.74%	285.0	2 062.0	1.8%	0.85%
178 035.3	EL	219.0	911.7	103.8	13.2	1 247.7	1.3%	0.70%	160.8	1 408.5	1.2%	0.79%
1 163 475.0	ES	1 634.2	5 715.1	646.7	84.0	8 080.0	8.5%	0.69%	1 535.7	9 615.7	8.3%	0.83%
2 324 119.9	FR	3 103.5	11 643.9	1 317.9	168.5	16 233.9	17.1%	0.70%	1 669.0	17 902.9	15.5%	0.77%
47 195.4	HR	74.0	255.0	27.1	3.4	359.4	0.4%	0.76%	45.6	405.0	0.4%	0.86%
1 726 046.8	IT	2 132.9	8 765.2	978.5	123.7	12 000.2	12.6%	0.70%	1 839.9	13 840.2	12.0%	0.80%
18 839.5	CY	28.3	97.5	10.2	1.3	137.4	0.1%	0.73%	21.6	158.9	0.1%	0.84%
26 678.4	LV	34.3	133.2	14.9	1.9	184.3	0.2%	0.69%	34.4	218.7	0.2%	0.82%
40 345.9	LT	51.0	196.7	23.1	2.8	273.6	0.3%	0.68%	80.3	353.9	0.3%	0.88%
36 794.5	LU	62.2	218.6	23.8	2.7	307.3	0.3%	0.84%	21.6	329.0	0.3%	0.89%
118 166.9	HU	146.3	599.4	66.6	8.5	820.8	0.9%	7.85%	149.0	969.8	0.8%	9.28%
10 454.1	MT	16.7	59.1	5.8	0.7	82.4	0.1%	0.01%	11.8	94.1	0.1%	0.01%
728 995.0	NL	460.0	3 560.2	69.6	-705.6	3 384.2	3.6%	0.92%	2 464.5	5 848.7	5.1%	1.59%
368 335.6	AT	511.1	1 856.8	35.0	26.2	2 429.2	2.6%	0.54%	220.4	2 649.6	2.3%	0.59%
446 868.9	PL	566.6	2 203.8	246.2	31.7	3 048.3	3.2%	1.61%	667.7	3 716.0	3.2%	1.97%
188 823.1	PT	308.0	947.8	106.0	13.6	1 375.4	1.4%	0.75%	156.4	1 531.8	1.3%	0.84%
182 896.5	RO	196.2	919.5	100.3	12.6	1 228.7	1.3%	2.90%	162.3	1 391.0	1.2%	3.29%
42 306.6	SI	56.9	209.6	23.8	3.0	293.3	0.3%	0.35%	66.4	359.7	0.3%	0.43%
83 724.0	SK	93.5	451.9	48.2	6.0	599.7	0.6%	0.26%	93.4	693.1	0.6%	0.31%
226 433.0	FI	276.8	1 173.7	128.4	16.0	1 594.9	1.7%	0.33%	140.0	1 734.9	1.5%	0.36%
484 760.6	SE	315.1	2 431.5	47.3	-165.0	2 628.8	2.8%	0.11%	526.3	3 155.1	2.7%	0.14%
2 286 319.9	UK	3 199.0	12 147.2	-4 937.6	166.4	10 575.0	11.1%	0.07%	3 182.1	13 757.1	11.9%	0.09%
15 285 089.9	EU-28	16 947.3	77 918.8	102.9	-0.4	94 968.6	100%	0.62%	20 459.1	115 427.7	100%	0.76%

Surplus from previous year **6 404.5**Surplus external aid guarantee fund **0.0**Other revenue **17 191.0****Total revenue 139 023.2**

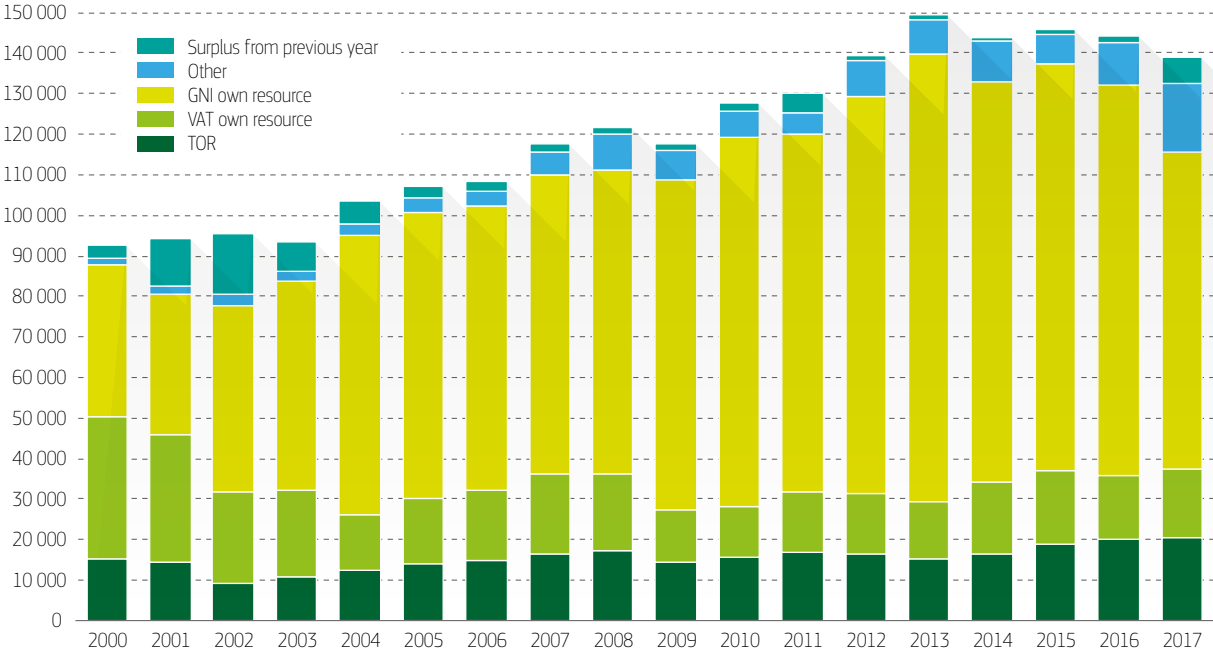
(*) For simplicity of the presentation, the GNI-based own resource includes the adjustment of the re-implementation of the 2014 Own Resources Decision, netting of adjustments to the VAT and GNI-based own resources for previous financial years and FSJ adjustment.

(**) Totals for UK correction payments and GNI Reduction granted to DK, NL, AT and SE are not equal to zero on account of exchange rate differences.

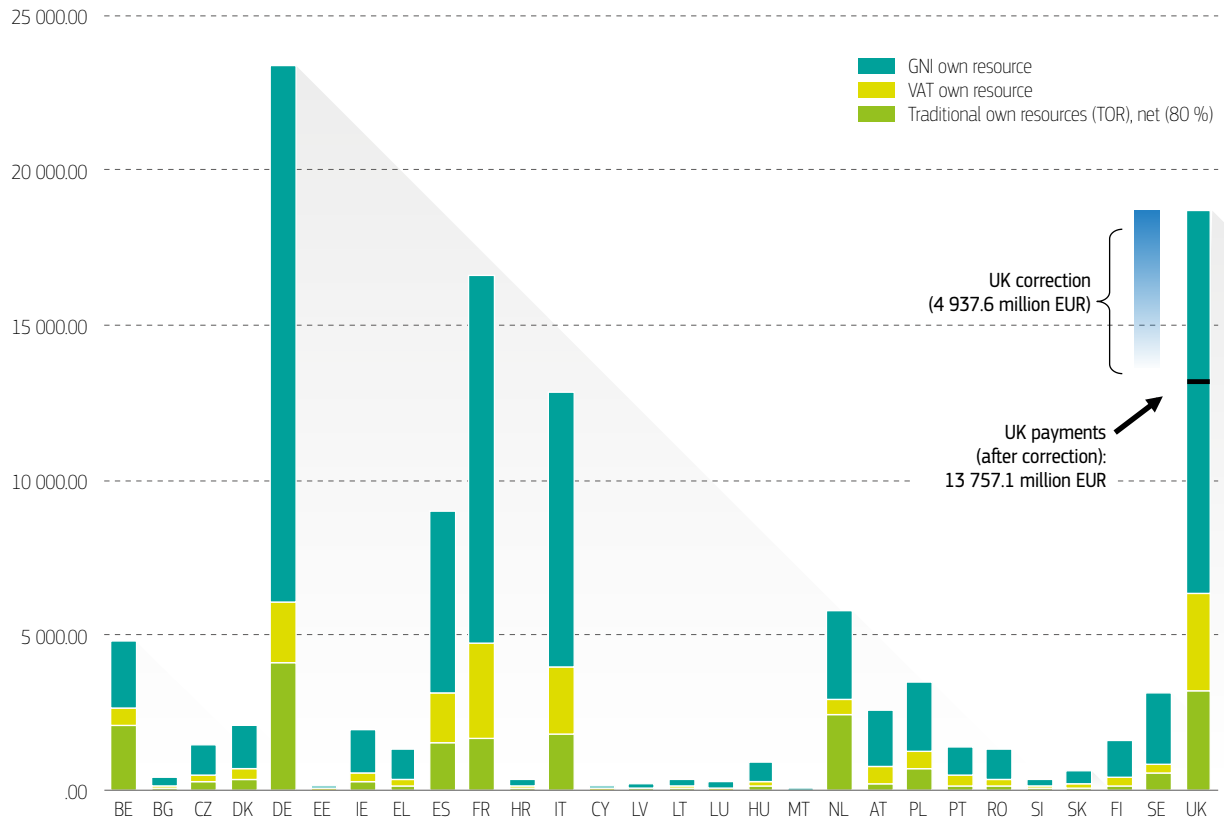
EU revenue 2017 (after United Kingdom correction)



EU revenue 2000-2017 (million EUR)



National contribution per Member State and traditional own resources collected on behalf of the EU in 2017 (million EUR)





Section III

Expenditure

EU expenditure for 2017 by Member State

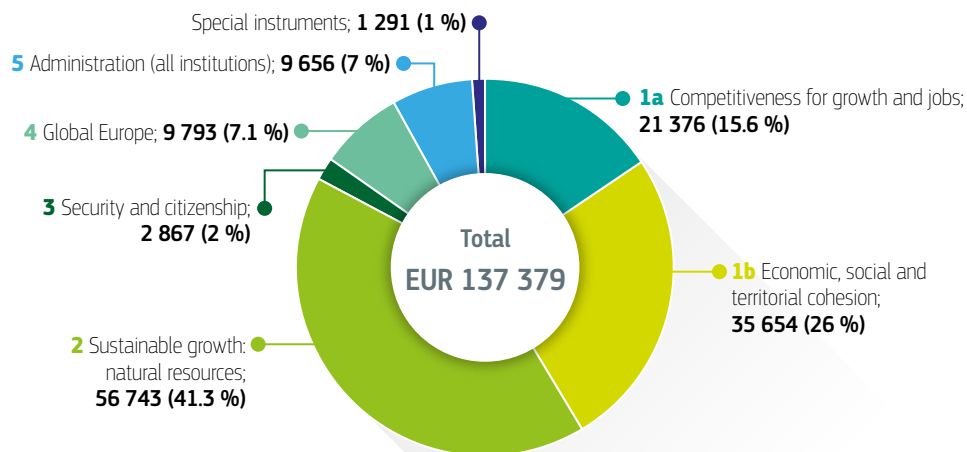
The calculation of the United Kingdom rebate requires that EU expenditures be assigned to specific Member States wherever possible in order to compare what the EU spent in the United Kingdom relative to the remaining 27 Member States. This allocation of expenditure to Member States is merely an accounting process. It does not reflect the benefits that each Member State derives from membership of the EU. This is partially related to the limitations of the accounting system and the allocation methodology (described in more detail in Annex 3). Moreover, and more importantly, there are numerous other non-pecuniary and indirect benefits gained from EU policies — such as those relating to the single market and economic integration, trade, and political stability and security — that are not taken into account in the allocation-of-expenditure exercise.



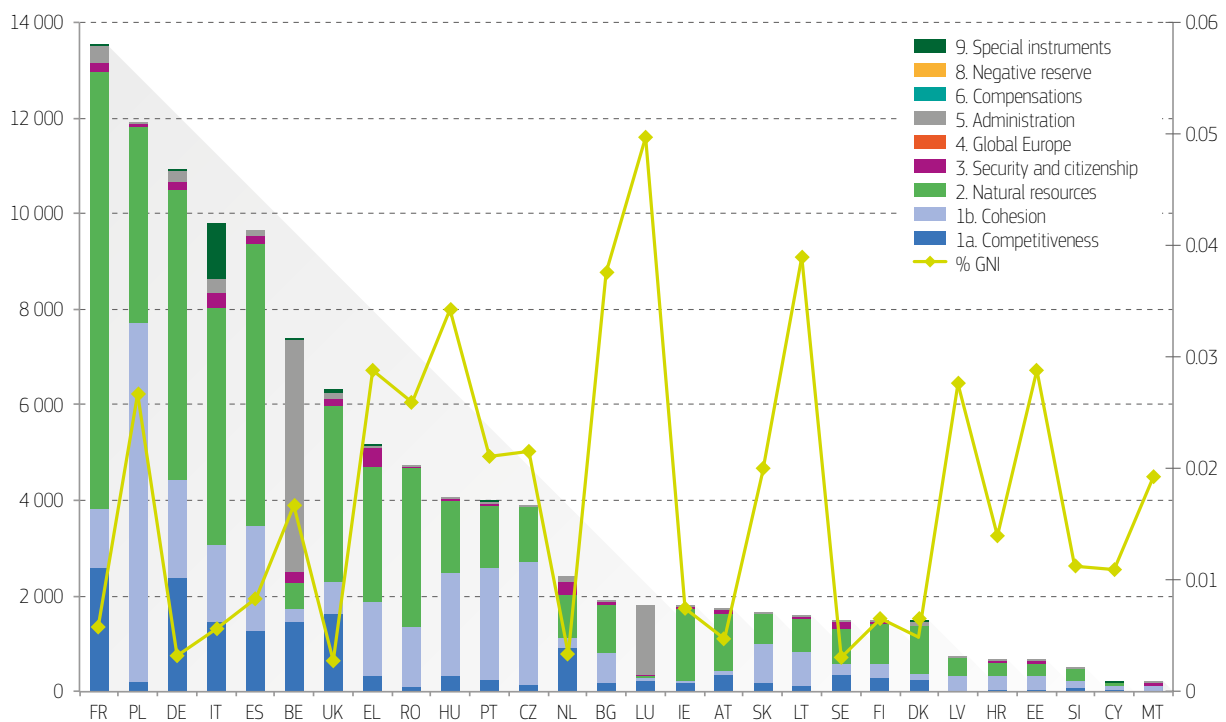
In 2017, EUR 111.6 billion (81.2 % of total EU expenditure) out of EUR 137.4 billion was allocated to Member States. For further details on the methodology used in allocating expenditure see the notes on the tables in the annexes.

The chart below shows the EU expenditure allocated to each Member State as a percentage of national GNI. This gives an indication of the relative importance of EU expenditure for each Member State.

2017 EU budget — payments executed (million EUR)



Expenditure by Member State in 2017 (million EUR) ⁽¹⁾



⁽¹⁾ Excluding implementation financed by earmarked revenue.

Methodological note on the allocation of expenditure in 2017

Executed EU expenditure came to a total of EUR 126.3 billion in 2017 excluding the expenditure related to earmarked revenue (EUR 11.1 billion) and including that relating to EFTA contributions (EUR 362 million), or EUR 137.4 billion including expenditure related to earmarked revenue and expenditure related to revenue from EFTA contributions. Of this total expenditure, EUR 111.6 billion (81.2 %) was allocated to Member States and EUR 8.6 billion to non-EU countries.

In addition, EUR 6.1 billion was allocated to beneficiaries whose countries cannot be determined (covering groups of countries or paid to international organisations).

Expenditure allocated to non-EU countries in 2017 (EUR 8.6 billion) mainly related to the EU's role as a global player (EUR 7.02 billion). Significant amounts were also allocated to large infrastructure projects (EUR 73 million), research and innovation (EUR 647 million), Erasmus+ (EUR 112 million), fisheries (EUR 133 million) and other programmes and actions (EUR 602 million).

Expenditure with an undetermined beneficiary (EUR 6 119 million in 2017) includes the following two categories: expenditure related to the EU's role as a global player (EUR 1 696 million, in addition to the expenditure of this type that was allocated to a specific non-EU country, as referred to above); and expenditure benefiting EU Member States but that, by its nature, cannot be attributed to a specific Member State (EUR 4 424 million). This relates to administration (EUR 743 million), the European Fund for Strategic Investments and large infrastructure projects (EUR 2 457 million), research and innovation (EUR 905 million), COSME (EUR 102 million), the Connecting Europe Facility (EUR 24 million) and other programmes and actions (EUR 194 million). Transfers to financial instruments managed by the EIB and the European Investment Fund are also included in this category.

Methodology

Year of reference

Executed and allocated expenditure are actual payments made during a financial year, resulting from that year's appropriations or from carry-overs of unused appropriations from the previous year. Expenditure financed from earmarked revenue is presented separately.

Allocation of expenditure

Expenditure is allocated according to the criteria used for the United Kingdom correction, i.e. that all possible expenditure must be allocated — with the exception of expenditure related to external actions, the pre-accession strategy, guarantees, reserves and earmarked revenue.

Allocation by Member State

Expenditure is allocated to the Member State in which the principal recipient resides, on the basis of the information available in the Commission's financial system (ABAC). Some expenditure is not (or is improperly) allocated in ABAC due to conceptual difficulties. In such cases, additional information received from the relevant services is used whenever available (e.g. for Galileo, research and administration).

Competitiveness for growth and jobs

Heading 1a

Highlights



Two of the three researchers who were awarded the 2017 Nobel Prize in Chemistry for optimising electron microscopes have participated in EU-funded research projects.



In 2017, a European Research Council-funded team discovered the Meltdown and Spectre security flaws in computer processors, opening new paths for increased security in the design of modern computer systems.



2017 saw the 30th anniversary of the Erasmus programme.



42 000 young people from all Member States have signed up for the European Solidarity Corps, offering young people between the ages of 18 and 30 the opportunity to volunteer inside the EU or abroad.

The expenditure allocated to budget heading 1a (Competitiveness for growth and jobs) plays an important role in boosting growth and creating jobs in the EU.

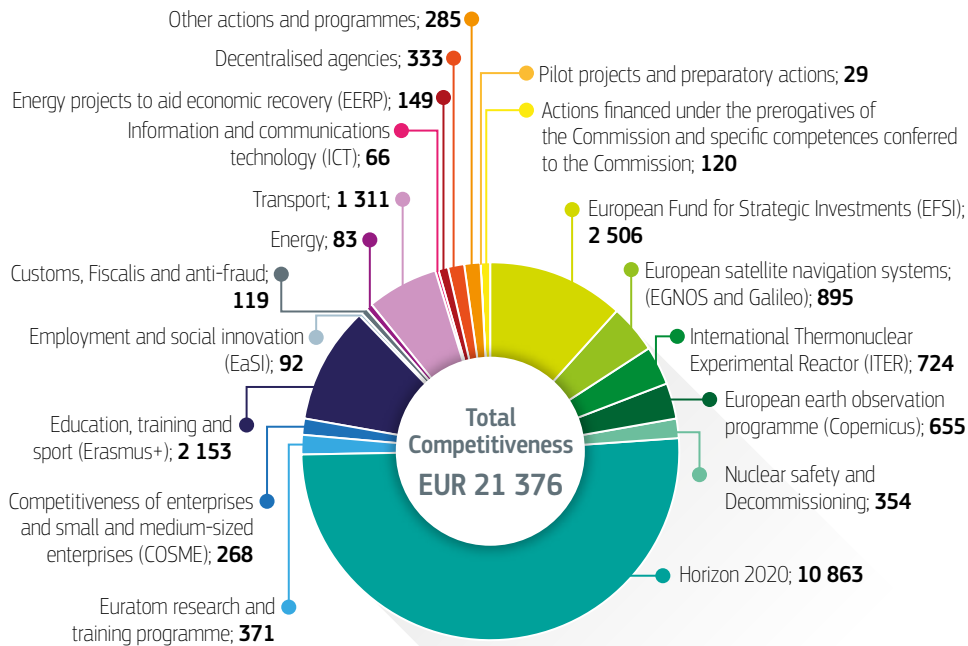
Heading 1a includes investments in:

- research and innovation,
- education and training,
- strategic infrastructures,
- energy, transport and telecommunications networks,
- industry and SMEs,
- EU information systems in the field of taxation, customs, statistics and others.

The main programmes are:

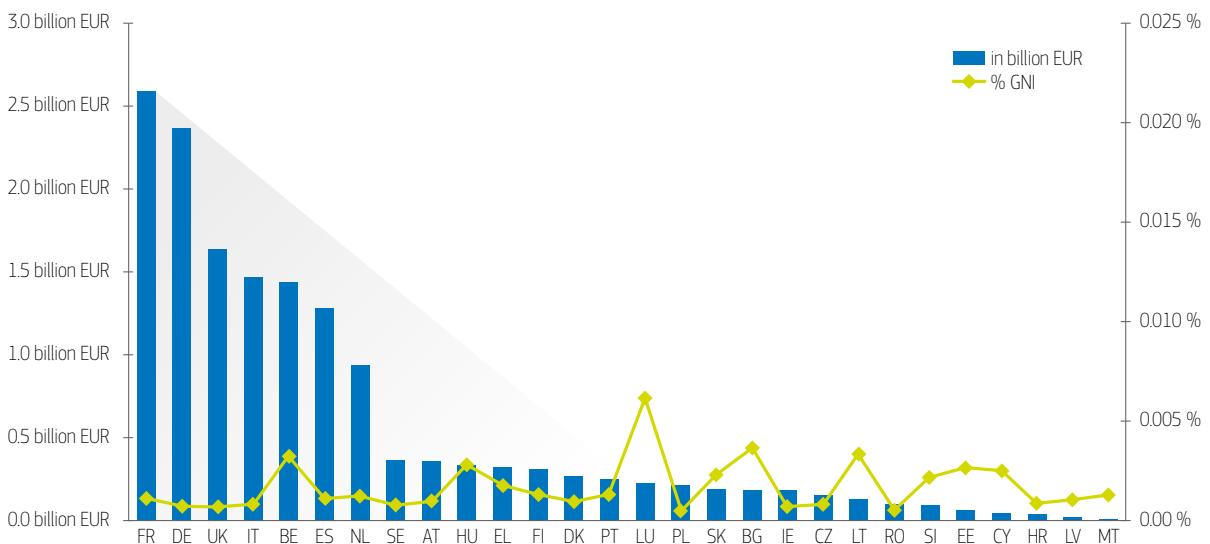
- Horizon 2020,
- Erasmus+ (education, training, young people and sport),
- Galileo and EGNOS (global satellite navigation systems),
- ITER (fusion energy),
- Connecting Europe Facility (transport energy and ITC networks),
- EFSI (European fund for strategic investments),
- COSME (competitiveness of SMEs).

Heading 1a — Payments executed in 2017 (million EUR)



Payments in 2017 covered both current programmes and the completion of previous programmes. The pie chart only includes the names of current programmes.

Heading 1a — Expenditure by Member State in 2017 ⁽¹⁾



⁽¹⁾ Excluding implementation financed by earmarked revenue.

Economic, social and territorial cohesion

Heading 1b

Highlights



The Structural Funds constituted a share of more than 40 % of public investment in a significant number of Member States over the 2015-2017 period.



Up to the end of 2016 an estimated 1 million additional households had been covered by broadband access.



By the end of 2016, 7.8 million people had participated in the Youth Employment Initiative, including 4.2 million unemployed and 2.1 million inactive people. Some 1.6 million participants had been unemployed over the long term.



In 2016, over 377 000 tonnes of food co-financed by the Fund for European Aid to the Most Deprived was distributed.

Heading 1b (Economic, social and territorial cohesion) deals with the regional policy. The regional policy targets all regions and cities of the European Union and is implemented in shared management with the Member States. It aims to strengthen economic and social cohesion by correcting imbalances between regions and supporting the full integration of less developed regions within the EU's internal market.

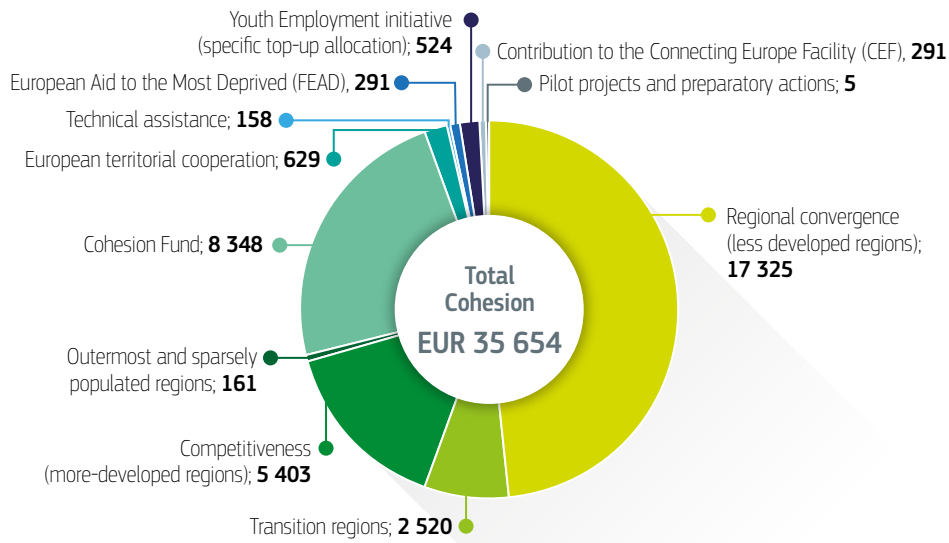
The main fields of intervention are:

- structural reforms in the fields of economy, employment, education and training,
- business competitiveness,
- economic growth,
- sustainable development,
- a better quality of life for EU citizens.

The main Funds are:

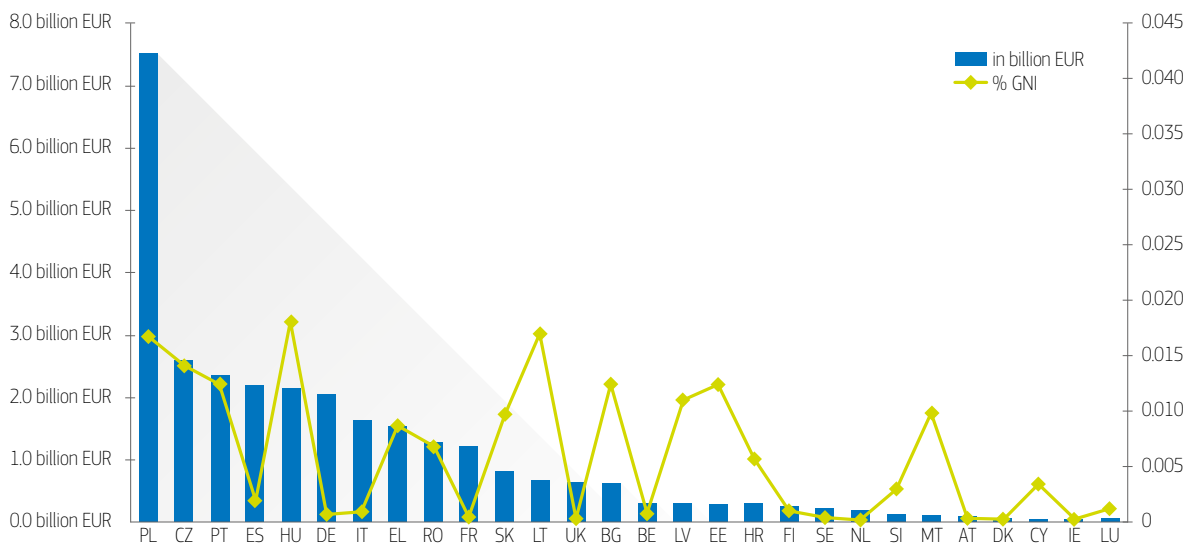
- European Regional Development Fund,
- European Social Fund,
- Cohesion Fund,
- Fund for European Aid to the Most Deprived.

Heading 1b — Payments executed (million EUR) in 2017



Payments in 2017 covered both current programmes and the completion of previous programmes. The pie chart only includes the names of current programmes.

Heading 1b — Expenditure by Member State in 2017 ⁽¹⁾



⁽¹⁾ Excluding implementation financed by earmarked revenue.

Sustainable growth: natural resources

Heading 2

Highlights



The value of agricultural food exports reached EUR 137.9 billion in 2017, an increase of 5.1 % compared to 2016.



The number of fishing vessels benefiting from the European Maritime and Fisheries Fund almost tripled from 3 600 in 2016 to over 9 600 in 2017.



2017 was the 25th anniversary of the LIFE programme for environment and climate action.



In the 2016 claim year (the 2017 financial year), which was the second year of implementation of the reformed system, roughly 7 million farmers benefited from direct payments.

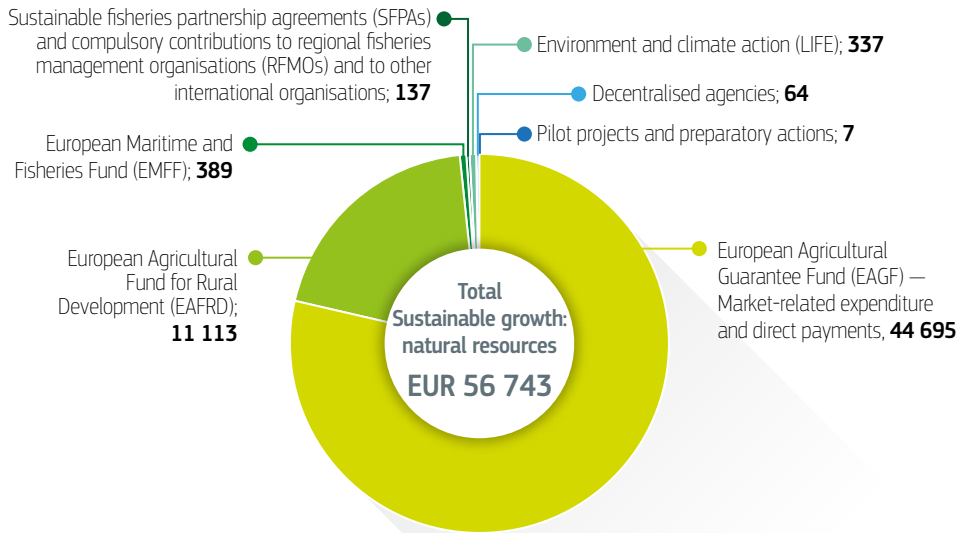
Heading 2 (Sustainable growth: natural resources) includes:

- Agriculture,
- Rural development,
- Fisheries,
- Environment and climate.

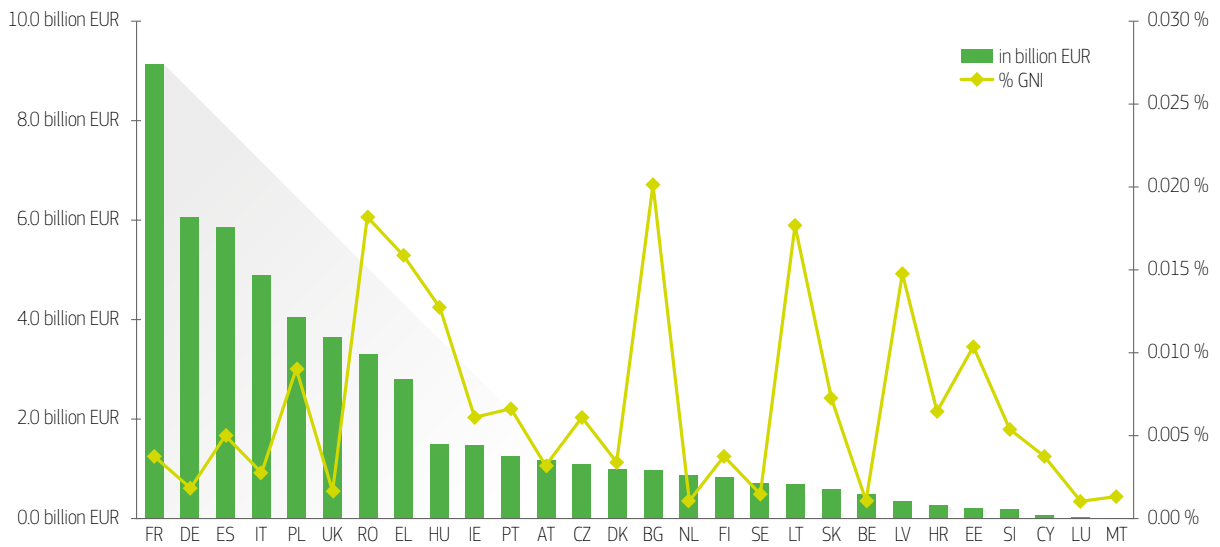
The main programmes are:

- European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD),
- European Maritime and Fisheries Fund (EMFF),
- LIFE (environment, nature conservation and climate action).

Heading 2 — Payments executed in 2017 (million EUR)



Heading 2 — Expenditure by Member State in 2017 ⁽¹⁾



⁽¹⁾ Excluding implementation financed by earmarked revenue.

Security and citizenship

Heading 3

Highlights



The Asylum, Migration and Integration Fund supported the creation of over 7 000 additional places in reception centres in 2017. The number of places adapted for unaccompanied minors, an especially vulnerable migrant group, has also increased, from only 183 places in 2014 to 17 070 places in 2017.



The European Border and Coast Guard Agency contributed to rescuing 111 000 migrants that arrived in Italy via the central Mediterranean route.



Continued funding for the European e-Justice Portal resulted in close to 2.7 million hits being registered in 2017 — a sixfold increase compared to 2012.



The European Consumer Centres Network has developed a 'Travel' app to help consumers exercise their rights while on holiday abroad, registering approximately 100 000 contacts with consumers per year.

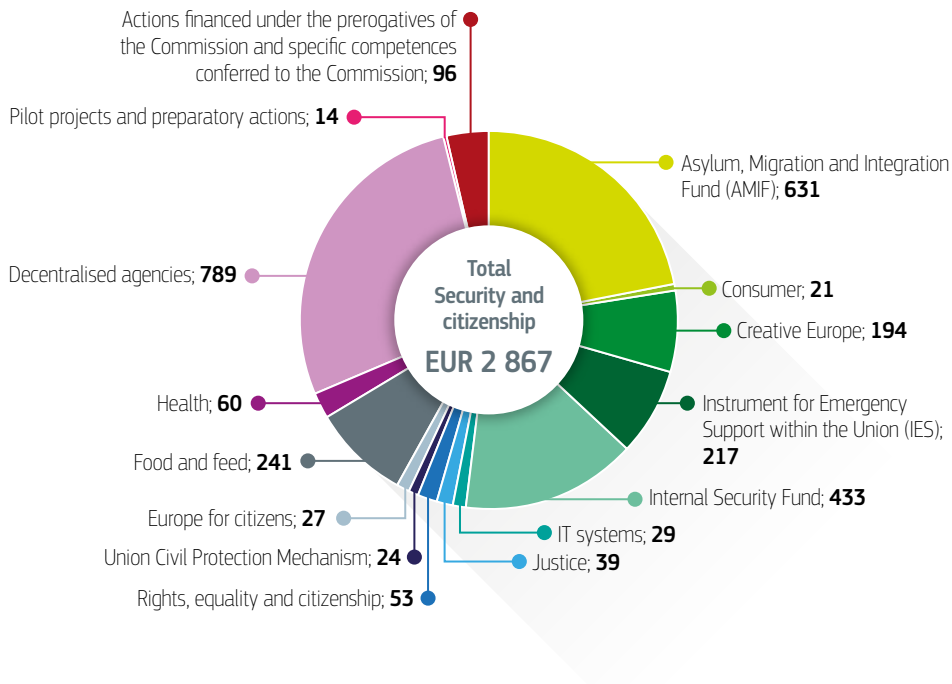
Heading 3 (Security and citizenship) includes:

- justice and home affairs,
- migration and border protection,
- health and food safety,
- consumer protection,
- culture.

The main programmes are:

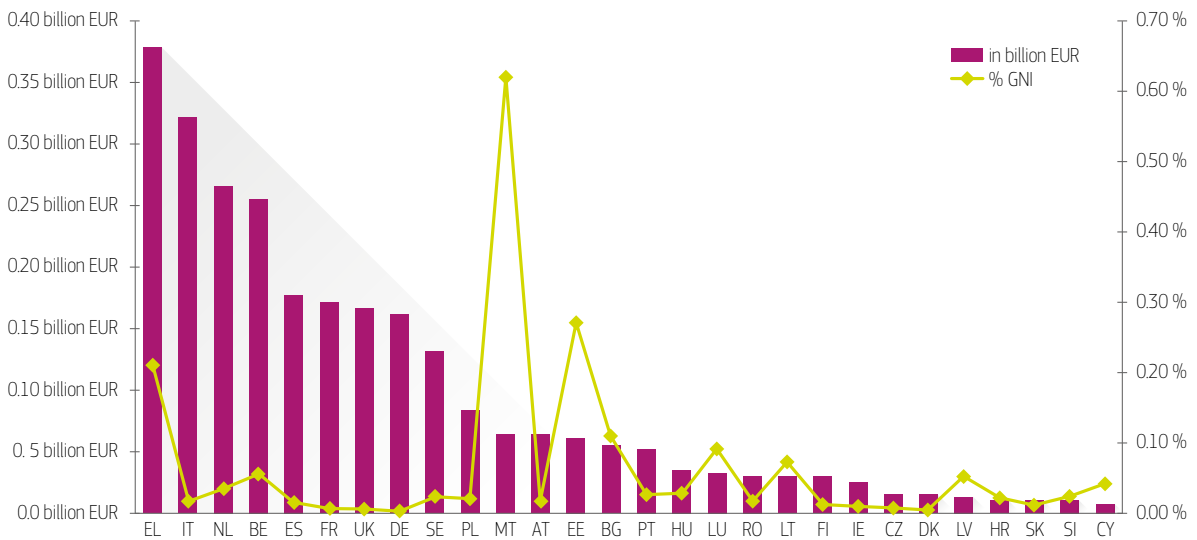
- Justice,
- Rights, equality and citizenship,
- Asylum, Migration and Integration Fund (AMIF),
- Internal Security Fund (ISF),
- Union Civil Protection Mechanism
- Food and feed,
- Health,
- Consumer,
- Creative Europe.

Heading 3 — Payments executed in 2017 (million EUR)



Payments in 2017 covered both current programmes and the completion of previous programmes. The pie chart only includes the names of current programmes.

Heading 3 — Expenditure by Member State in 2017 ⁽¹⁾



⁽¹⁾ Excluding implementation financed by earmarked revenue.

Global Europe

Heading 4

Highlights



In 2017, the EU provided over EUR 2.2 billion in aid to more than 80 countries. More than 50 % of this was directed to the most vulnerable countries, as determined through risk assessment analysis.



The Facility for Refugees in Turkey supported half a million refugee children with access to education, 2 million refugees with primary healthcare services and 1 million with rehabilitative mental health services.



Since 2014, a growing number of small grants have been awarded providing emergency support to over 870 human rights and human-rights defenders and their families, including 107 in 2017.



In 2017, the EU dedicated 6 % of its annual humanitarian aid budget to education in emergencies, one of the most underfunded sectors of humanitarian aid.

Heading 4 (Global Europe) covers all external (or foreign policy) actions carried out by the EU.

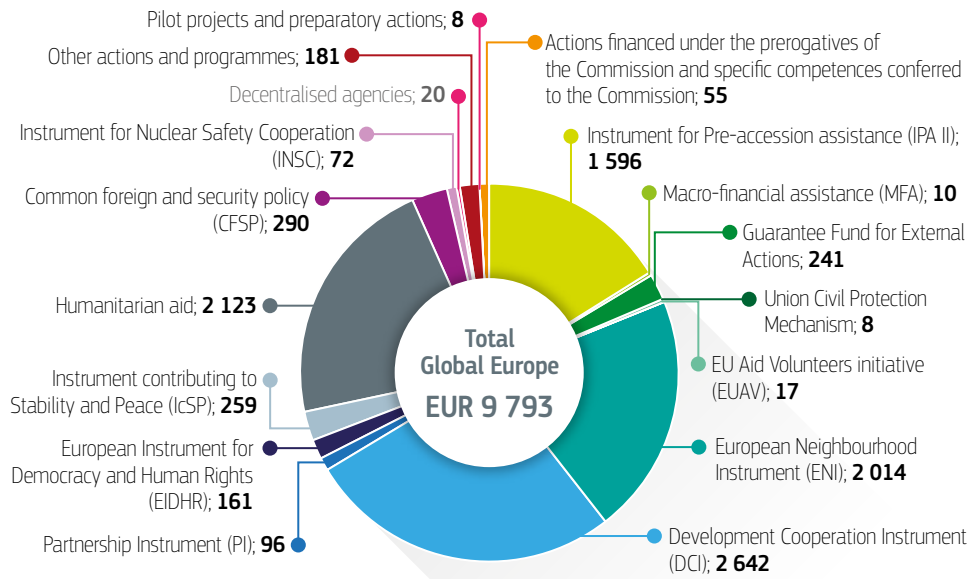
It includes:

- development and international cooperation,
- neighbourhood and enlargement,
- foreign policy instruments,
- development assistance,
- humanitarian aid and response to crises.

The main programmes are:

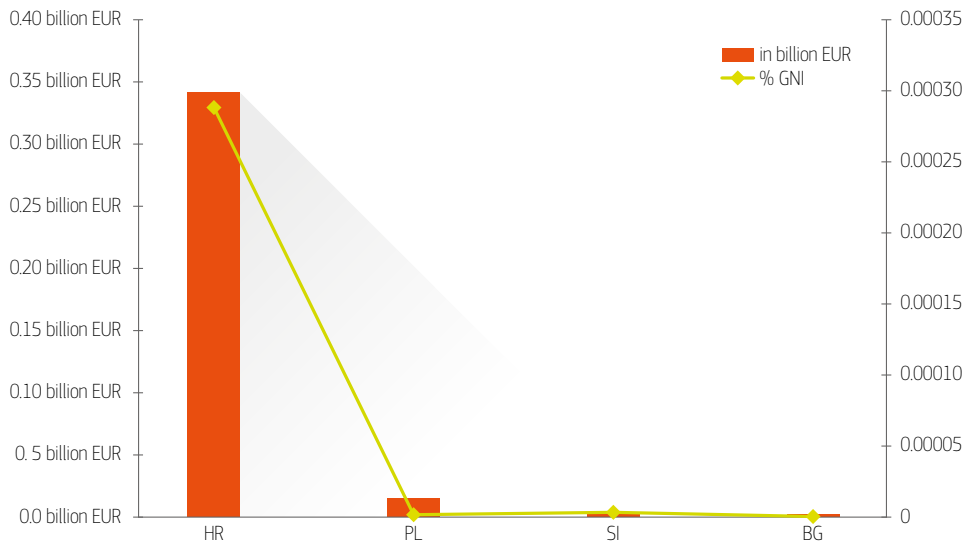
- European Neighbourhood Instrument (ENI),
- Development Cooperation Instrument (DCI),
- Partnership Instrument (PI),
- Humanitarian aid,
- Common foreign and security policy (CFSP),
- Instrument for Pre-accession assistance (IPA II).

Heading 4 — Payments executed in 2017 (million EUR)



Payments in 2017 covered both current programmes and the completion of previous programmes. The pie chart only includes the names of current programmes.

Heading 4 — Expenditure by Member State in 2017 ⁽¹⁾



⁽¹⁾ Excluding implementation financed by earmarked revenue.

Administration

Heading 5

Highlights



The European Union institutions, bodies and agencies have succeeded in hitting their target of a 5 % staff reduction by 2017, according to a rapid case review by the European Court of Auditors.



In 2017, the European Parliament and the Council agreed on a significant reform to simplify and streamline the rules applicable to EU funding.



As of 15 June 2017, roaming charges in the European Union no longer apply. This success is at the heart of the EU's digital single market, and is another step towards building a united and sustainable EU digital society, accessible to all our citizens.

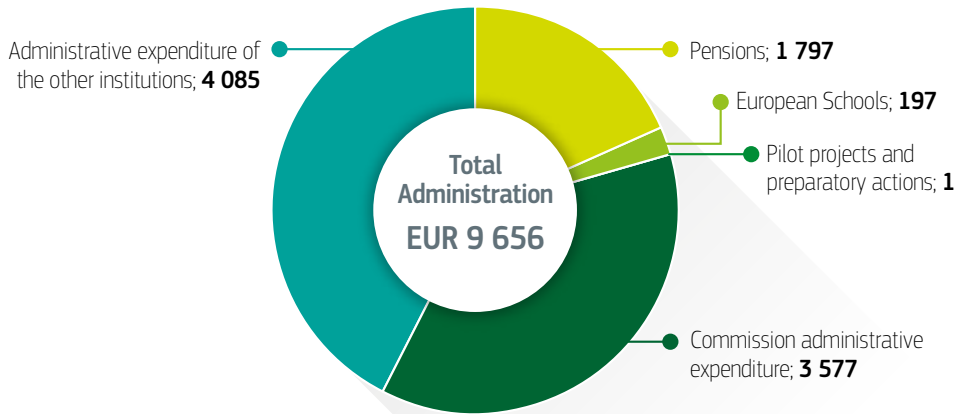


The Commission gives the highest priority to ensuring that the EU budget is well managed and that all the necessary measures are in place to protect taxpayer's money. EUR 2 845 million in financial corrections and recoveries were implemented in 2017.

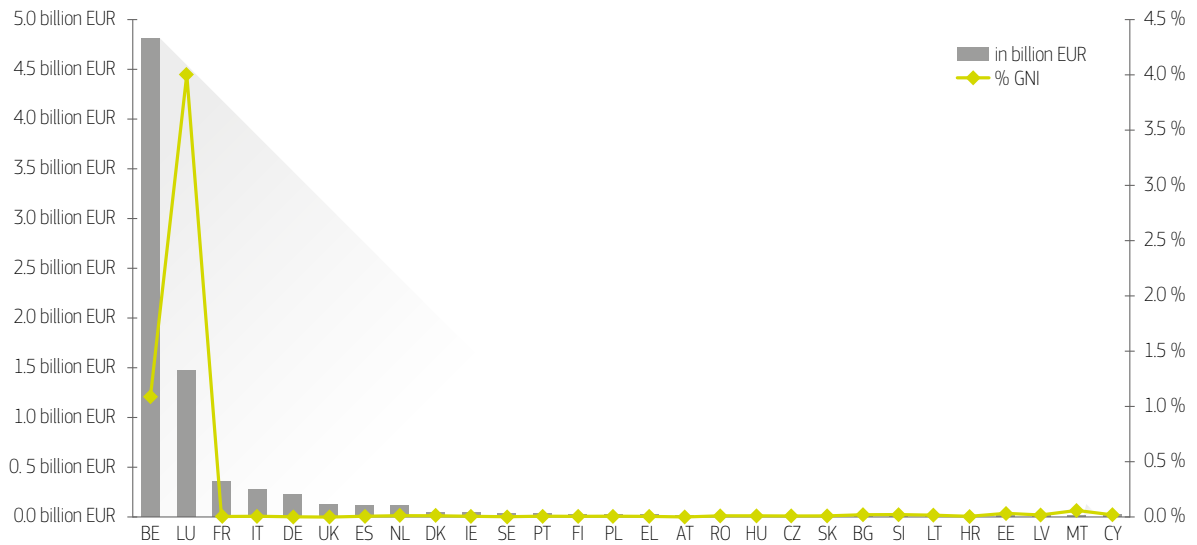
Heading 5 (Administration) covers expenditure by all EU institutions. It includes:

- staff salaries,
- pensions,
- buildings,
- information technology,
- security,
- training,
- translation,
- European schools.

Heading 5 — Payments executed in 2017 (million EUR)



Heading 5 — Expenditure by Member State in 2017 ⁽¹⁾



⁽¹⁾ Excluding implementation financed by earmarked revenue.



Section IV

Annexes

Annex 1

2007-2013 and 2014-2020 financial frameworks

Table 1 — Multiannual financial framework (EU-28)
Technical adjustment for 2018

(million EUR — current prices)

COMMITMENT APPROPRIATIONS	2014	2015	2016	2017	2018	2019	2020	Total 2014-2020
1. Smart and inclusive growth	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
2. Sustainable Growth: Natural Resources	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
3. Security and citizenship	1 737	2 456	2 546	2 578	2 656	2 801	2 951	17 725
4. Global Europe	8 335	8 749	9 143	9 432	9 825	10 268	10 510	66 262
5. Administration	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
6. Compensations	29	0	0	0	0	0	0	29
TOTAL COMMITMENT APPROPRIATIONS	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	1.02	1.01	1.01	1.03
TOTAL PAYMENT APPROPRIATIONS	135 762	140 719	130 694	142 906	154 565	159 235	162 406	1 026 287
as a percentage of GNI	1.01	1.02	0.98	0.95	0.98	0.98	0.97	0.98
Margin available	0.22	0.21	0.25	0.28	0.22	0.22	0.23	0.24
Own resources ceiling as a percentage of GNI*	1.23	1.23	1.23	1.23	1.20	1.20	1.20	1.22

* ORD 2014 entered into force 1st October 2016, after the Technical Adjustment 2017 was calculated, and was reflected as from Technical Adjustment 2018 (communicated to the Council in May 2017).

**Table 2 — Financial framework 2007-2013:
adjusted for 2013**

(million EUR — current prices)

COMMITMENT APPROPRIATIONS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
1. Sustainable growth	53 979	57 653	61 696	63 555	63 974	67 614	70 644	439 115
1a Competitiveness for growth and employment	8 918	10 386	13 269	14 167	12 987	14 853	15 670	90 250
1b Cohesion for growth and employment	45 061	47 267	48 427	49 388	50 987	52 761	54 974	348 865
2. Preservation and management of natural resources	55 143	59 193	56 333	59 955	59 888	60 810	61 289	412 611
of which: market related expenditure and direct payments	45 759	46 217	46 679	47 146	47 617	48 093	48 574	330 085
3. Citizenship, freedom, security and justice	1 273	1 362	1 518	1 693	1 889	2 105	2 407	12 247
3a Freedom, Security and Justice	637	747	867	1 025	1 206	1 406	1 661	7 549
3b Citizenship	636	615	651	668	683	699	746	4 698
4. EU as a global player	6 578	7 002	7 440	7 893	8 430	8 997	9 595	55 935
5. Administration ⁽¹⁾	7 039	7 380	7 525	7 882	8 091	8 523	8 492	54 932
6. Compensations	445	207	210				75	937
TOTAL COMMITMENT APPROPRIATIONS	124 457	132 797	134 722	140 978	142 272	148 049	152 502	975 777
as a percentage of GNI	1.02	1.08	1.16	1.18	1.15	1.13	1.15	1.12
TOTAL PAYMENT APPROPRIATIONS	122 190	129 681	120 445	134 289	133 700	141 360	144 285	925 950
as a percentage of GNI	1.00	1.05	1.04	1.12	1.08	1.08	1.08	1.06
Margin available	0.24	0.19	0.20	0.11	0.15	0.15	0.15	0.17
Own resources ceiling as a percentage of GNI	1.24	1.24	1.24	1.23	1.23	1.23	1.23	1.23

⁽¹⁾ The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of € 500 million at 2004 prices for the period 2007-2013.

Annex 2

Expenditure and revenue 2017 by heading, type of source and Member State

Annex 2a — Expenditure in 2017 by heading

		All types of appropriations (million EUR)
		Total payments (including assigned revenue)
1a. Competitiveness for growth and jobs		
1.1.10	European Fund for Strategic Investments (EFSI)	2 506
1.1.11	European satellite navigation systems (EGNOS and Galileo)	895
1.1.12	International Thermonuclear Experimental Reactor (ITER)	724
1.1.13	European Earth Observation Programme (Copernicus)	655
1.1.2	Nuclear safety and decommissioning	354
1.1.31	Horizon 2020	10 863
1.1.32	Euratom research and training programme	371
1.1.4	Competitiveness of enterprises and small and medium-sized enterprises (COSME)	268
1.1.5	Education, training and sport (Erasmus+)	2 153
1.1.6	Employment and social innovation (EaSI)	92
1.1.7	Customs, Fiscals and anti-fraud	119
1.1.81	Energy	83
1.1.82	Transport	1 311
1.1.83	Information and communications technology (ICT)	66
1.1.9	Energy projects to aid economic recovery (EERP)	149
1.1.DAG	Decentralised agencies	333
1.1.OTH	Other actions and programmes	285
1.1.PPPA	Pilot projects and preparatory actions	29
1.1.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	120
Total — Competitiveness		21 376
1b. Economic, social and territorial cohesion		
1.2.11	Regional convergence (less-developed regions)	17 325
1.2.12	Transition regions	2 520
1.2.13	Competitiveness (more-developed regions)	5 403
1.2.14	Outermost and sparsely populated regions	161
1.2.15	Cohesion Fund	8 348
1.2.2	European territorial cooperation	629
1.2.31	Technical assistance	158
1.2.4	Fund for European Aid to the Most Deprived (FEAD)	291
1.2.5	Youth Employment initiative (specific top-up allocation)	524
1.2.6	Contribution to the Connecting Europe Facility (CEF)	291
1.2.PPPA	Pilot projects and preparatory actions	5
Total — Cohesion		35 654
2. Sustainable growth: natural resources		
2.0.10	European Agricultural Guarantee Fund (EAGF) — Market-related expenditure and direct payments	44 695
2.0.20	European Agricultural Fund for Rural Development (EAFRD)	11 113
2.0.31	European Maritime and Fisheries Fund (EMFF)	389
2.0.32	Sustainable fisheries partnership agreements (SFPAs) and compulsory contributions to regional fisheries management organisations (RFMOs) and to other international organisations	137
2.0.4	Environment and climate action (LIFE)	337
2.0.DAG	Decentralised agencies	64
2.0.OTH	Other actions and measures	0
2.0.PPPA	Pilot projects and preparatory actions	7
2.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	0
Total — Sustainable growth: natural resources		56 743

3. Security and citizenship		
3.0.1	Asylum, Migration and Integration Fund (AMIF)	631
3.0.10	Consumers	21
3.0.11	Creative Europe	194
3.0.12	Instrument for Emergency Support within the Union (IES)	217
3.0.2	Internal Security Fund	433
3.0.3	IT systems	29
3.0.4	Justice	39
3.0.5	Rights, equality and citizenship	53
3.0.6	Union Civil Protection Mechanism	24
3.0.7	Europe for citizens	27
3.0.8	Food and feed	241
3.0.9	Health	60
3.0.DAG	Decentralised agencies	789
3.0.PPPA	Pilot projects and preparatory actions	14
3.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	96
Total — Security and citizenship		2 867
4. Global Europe		
4.0.1	Instrument for Pre-accession assistance (IPA II)	1 596
4.0.10	Macro-financial assistance (MFA)	10
4.0.11	Guarantee Fund for External Actions	241
4.0.12	Union Civil Protection Mechanism	8
4.0.13	EU Aid Volunteers initiative (EUAV)	17
4.0.14	European Fund for Sustainable Development (EFSD)	0
4.0.2	European Neighbourhood Instrument (ENI)	2 014
4.0.3	Development Cooperation Instrument (DCI)	2 642
4.0.4	Partnership Instrument (PI)	96
4.0.5	European Instrument for Democracy and Human Rights (EIDHR)	161
4.0.6	Instrument contributing to Stability and Peace (IcSP)	259
4.0.7	Humanitarian aid	2 123
4.0.8	Common foreign and security policy (CFSP)	290
4.0.9	Instrument for Nuclear Safety Cooperation (INSC)	72
4.0.DAG	Decentralised agencies	20
4.0.OTH	Other actions and programmes	181
4.0.PPPA	Pilot projects and preparatory actions	8
4.0.SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	55
Total — Global Europe		9 793
5. Administration		
5.1.1	Pensions	1 797
5.1.2	European Schools	197
5.2.3DAG	Decentralised agencies	0
5.2.3PPPA	Pilot projects and preparatory actions	1
5.2.3X	Commission administrative expenditure	3 577
5.2.OI	Administrative expenditure of the other institutions	4 085
Total — Administration		9 656
6. Compensations		
6.0.1	Compensations	0
Total — Compensations		0
9. Special Instruments		
9.0.1	Emergency Aid Reserve (EAR)	0
9.0.2	European Globalisation Adjustment Fund (EGF)	18
9.0.3	European Union Solidarity Fund (EUSF)	1 273
Total — Special instruments		1 291
TOTAL		137 379

Annex 2b — EU budget revenue 2000-2017

2000-2006...

Type of revenue	2000			2001			2002			2003			2004			2005			2006		
	m EUR	%		m EUR	%		m EUR	%		m EUR	%		m EUR	%		m EUR	%		m EUR	%	
(1) VAT-based own resource (including balance from previous years)	35 192.5	38.0		31 320.3	33.2		22 388.2	23.5		21 260.1	22.7		13 912.2	13.4		16 018.0	15.0		17 206.2	15.9	
(2) GNP/GNI-based own resource (***) (****) (including balance from previous years)	37 580.5	40.5		34 878.8	37.0		45 947.5	48.1		51 235.2	54.8		68 982.0	66.6		70 860.6	66.2		70 132.1	64.7	
(3) UK correction (*)	-709	-0.1		-70.3	-0.1		148.2	0.2		280.1	0.3		-1 480	-0.1		-130.7	-0.1		-15.3	0.0	
(4) Other payments from/to Member States (**)	0.0	0.0		0.0	0.0		---	---		-0.1	0.0		0.0	0.0		0.0	0.0		0.0	0.0	
(5) Total national contributions = (1) + (2) + (3) + (4)	72 702.0	78.4		66 128.8	70.1		68 484.0	71.8		72 775.3	77.9		82 746.2	79.9		86 748.0	81.0		87 322.9	80.5	
(6) Traditional own resources	15 267.1	16.5		14 589.2	15.5		9 214.0	9.7		10 857.2	11.6		12 307.1	11.9		14 063.1	13.1		15 028.3	13.9	
Agricultural duties	1 198.4	1.3		1 132.9	1.2		1 180.2	1.2		1 349.1	1.4		1 751.2	1.7		1 801.0	1.7		1 722.4	1.6	
Sugar levies	1 196.8	1.3		840.0	0.9		864.8	0.9		510.9	0.5		535.5	0.5		926.8	0.9		202.1	0.2	
Customs duties	14 568.3	15.7		14 237.4	15.1		12 917.5	13.5		12 616.2	13.5		14 122.8	13.6		16 023.0	15.0		18 113.1	16.7	
Amounts retained: collection (***)	-1 696.3	-1.8		-1 621.0	-1.7		-5 748.6	-6.0		-3 619.1	-3.9		-4 102.4	-4.0		-4 687.7	-4.4		-5 009.4	-4.6	
(7) Total own resources = (5) + (6)	87 969.2	94.9		80 718.1	85.6		77 698.0	81.4		83 632.5	89.5		95 053.3	91.8		100 811.1	94.1		102 351.2	94.4	
% GNI	1.01			0.89			0.83			0.87			0.90			0.91			0.88		
(8) Surplus from previous year	3 209.1	3.5		11 612.7	12.3		15 002.5	15.7		7 413.5	7.9		5 469.8	5.3		2 736.7	2.6		2 410.1	2.2	
(9) Other revenue (excluding surplus)	1 546.1	1.7		1 958.5	2.1		2 733.9	2.9		2 422.6	2.6		2 988.8	2.9		3 542.8	3.3		3 661.7	3.4	
(10) TOTAL REVENUE = (7) + (8) + (9)	92 724.4	100		94 289.3	100		95 434.4	100		93 488.6	100		103 511.9	100		107 090.6	100		108 423.0	100	
% GNI	1.06			1.04			1.02			0.98			0.98			0.97			0.93		
p.m. EU GNI	8 742 342.1			9 063 438.7			9 383 942.7			9 573 255.6			10 563 962.7			11 021 731.8			11 641 168.6		

(*) The fact that payments for the UK correction do not add up to zero is due to exchange rate differences.

(**) The category 'Other payments from/to Member States' includes:

- 2000-2001 restitutions to Greece, Spain and Portugal;
- since 2003, the FSJ adjustment (which does not add up to zero, on account of exchange rate differences);
- adjustment reimplementation of ORD 2007;
- reduction in GNI own resource granted to the NL and SE.

(***) TOR collection costs (10%, and from 2001 until 2014: 25 % and since 2014: 20 %) have been recorded as negative revenue. 15% of the 2001 amounts were recorded in 2002.

(****) ESA95 GNI replaces ESA79 GNP as of 2002.

(****) ESA2010 GNI replaces ESA95 GNI as of 2014.

... 2007-2017

Type of revenue	EU-27					EU-28																
	2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%	m EUR	%
(1) VAT-based own resource (including balance from previous years)	19 440.8	165	19 007.7	156	12 796.2	109	12 470.5	98	14 798.9	11.4	14 871.2	107	14 019.7	94	17 667.4	12.3	18 087.0	12.4	15 895.1	11.0	16 947.3	12.2
(2) GNP/GNI-based own resource (***) (****) (including balance from previous years)	73 914.7	62.9	74 477.3	61.3	81 982.5	69.7	91 066.8	71.3	88 414.3	68.0	98 163.0	70.3	110 194.6	73.7	99 075.6	66.8	100 967.4	69.1	95 578.4	66.3	78 620.0	56.6
(3) UK correction (*)	58.9	0.1	400.0	0.3	-321.1	-0.3	-114.8	-0.1	5.4	0.0	-56.5	0.0	169.9	0.1	-209.3	-0.1	-443.0	-0.3	626.1	0.4	102.9	0.1
(4) Other payments from/to Member States (**)	0.1	0.0	1.2	0.0	-78.9	-0.1	-6.9	0.0	-1.7	0.0	-1.2	0.0	-5.9	0.0	-1.8	0.0	-7.0	0.0	-19.5	0.0	-701.6	-0.5
(5) Total national contributions = (1) + (2) + (3) + (4)	93 414.5	79.5	93 886.2	77.2	94 378.7	80.2	103 415.6	80.9	103 216.9	79.4	112 976.4	81.0	124 378.3	83.2	116 531.8	81.0	118 604.3	81.2	112 080.2	77.8	94 968.6	68.3
(6) Traditional own resources	16 573.0	14.1	17 282.9	14.2	14 528.2	12.4	15 659.3	12.3	16 777.7	12.9	16 453.4	11.8	15 365.3	10.3	16 429.5	11.4	18 730.4	12.8	20 094.1	13.9	20 459.1	14.7
Agricultural duties	1 872.1	1.6	1 703.5	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sugar levies	-40.9	0.0	943.8	0.8	175.5	0.1	194.1	0.2	175.6	0.1	256.7	0.2	268.8	0.2	-25.2	0.0	165.0	0.1	165.8	0.1	167.1	0.1
Customs duties	20 266.2	17.2	20 396.6	16.8	19 195.5	16.3	20 684.9	16.2	22 194.7	17.1	21 681.1	15.5	20 218.3	13.5	21 980.0	15.3	24 850.1	17.0	26 659.5	18.5	25 406.7	18.3
Amounts retained: collection (***)	-5 524.3	-4.7	-5 761.0	-4.7	-4 842.7	-4.1	-5 219.8	-4.1	-5 592.6	-4.3	-5 484.5	-3.9	-5 121.8	-3.4	-5 543.3	-3.9	-6 284.7	-4.3	-6 731.2	-4.7	-5 114.8	-3.7
(7) Total own resources = (5) + (6)	109 987.5	93.6	111 169.1	91.4	108 906.9	92.6	119 074.9	93.2	119 994.7	92.3	129 429.8	92.8	139 743.6	93.5	132 961.3	92.4	137 334.7	94.0	132 174.3	91.7	115 427.7	83.0
(8) Surplus from previous year	1 847.6	1.6	1 528.8	1.3	1 796.2	1.5	2 253.6	1.8	4 539.4	3.5	1 497.0	1.1	1 053.6	0.7	1 005.4	0.7	1 434.6	1.0	10 565.8	7.3	6 404.5	4.6
(9) Other revenue (excluding surplus)	5 727.9	4.9	8 886.4	7.3	6 922.5	5.9	6 466.8	5.1	5 465.9	4.2	8 613.8	6.2	8 706.4	5.8	9 973.4	6.9	7 258.2	5.0	1 349.1	0.9	17 191.0	12.4
(10) TOTAL REVENUE = (7) + (8) + (9)	117 563.0	100	121 584.4	100	117 625.6	100	127 795.3	100	130 000.0	100	139 540.5	100	149 503.7	100	143 940.1	100	146 027.4	100	144 089.2	100	139 032.2	100
p.m. EU GNI	12 439 592.2		12 486 466.6		11 772 274.3		12 307 018.9		12 686 953.9		12 923 080.4		13 061 072.6		13 921 700.4		14 621 241.5		14 790 681.1		15 285 089.9	

(*) The fact that payments for the UK correction do not add up to zero is due to exchange rate differences.

(**) The category 'Other payments from/to Member States' includes:

- 2000-2001 restitutions to Greece, Spain and Portugal;
- since 2003, the FSJ adjustment (which does not add up to zero, on account of exchange rate differences);
- adjustment reimplementation of ORD 2007;
- reduction in GNI own resource granted to the NL and SE.

(***) TOR collection costs (10%, and from 2001 until 2014: 25 % and since 2014: 20 %) have been recorded as negative revenue. 15% of the 2001 amounts were recorded in 2002.

(****) ESA95 GNI replaces ESA79 GNP as of 2002.

(****) ESA2010 GNI replaces ESA95 GNI as of 2014.

**Annex 2d — Expenditures Allocated from Relevant Earmarked Revenues*
by Member State (million EUR)**

	Market-related expenditure and direct aids			Total natural resources (H2)		
	Expenditures allocated from the adopted appropriations	Expenditures allocated from relevant earmarked revenues	Total market expenditure and direct aids	Expenditures allocated from the adopted appropriations	Expenditures allocated from relevant earmarked revenues	Grand total H2
	(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2)	(6) = (4) + (5)
BE	421.5	185.3	606.8	527.5	185.5	713.0
BG	812.2	0.0	812.2	1 014.8	1.6	1 016.4
CZ	865.2	0.3	865.5	1 127.9	0.3	1 128.2
DK	863.9	2.1	866.0	1 036.0	8.5	1 044.5
DE	5 051.0	7.3	5 058.3	6 069.1	7.7	6 076.9
EE	124.5	0.0	124.5	235.2	0.0	235.2
IE	1 229.9	2.7	1 232.6	1 508.3	2.7	1 511.1
EL	2 111.4	1.1	2 112.5	2 849.9	4.6	2 854.5
ES	5 086.3	536.2	5 622.5	5 893.9	540.1	6 434.0
FR	7 337.7	674.4	8 012.0	9 151.3	675.2	9 826.5
HR	155.6	53.9	209.5	313.1	53.9	367.1
IT	4 069.3	377.5	4 446.8	4 933.3	377.7	5 310.9
CY	57.1	0.0	57.1	74.3	0.0	74.3
LV	218.9	0.0	218.9	394.3	0.0	394.3
LT	450.1	0.0	450.1	715.1	0.0	715.1
LU	22.3	16.7	39.1	38.0	16.7	54.7
HU	1 312.9	0.2	1 313.1	1 516.9	0.6	1 517.5
MT	5.8	0.0	5.8	13.8	0.0	13.8
NL	818.1	6.7	824.8	901.6	6.7	908.2
AT	722.1	0.2	722.3	1 206.7	0.2	1 206.8
PL	3 482.7	0.4	3 483.1	4 077.6	0.4	4 078.0
PT	722.1	48.7	770.8	1 276.3	49.4	1 325.7
RO	1 829.1	0.0	1 829.1	3 332.1	118.1	3 450.2
SI	144.7	0.0	144.7	233.1	0.1	233.2
SK	444.1	0.1	444.3	616.9	0.1	617.1
FI	537.2	0.7	537.9	873.2	3.9	877.1
SE	632.7	74.6	707.3	751.4	74.6	826.1
UK	3 082.9	92.3	3 175.1	3 675.9	96.6	3 772.4
EU-28	42 611.3	2 081.4	44 692.7	54 357.6	2 225.4	56 583.0

* Expenditures effected regularly by DG Agriculture and Rural Development and DG Maritime Affairs and Fisheries within H2.0.1 from revenues arising mainly from recoveries established during the clearing exercise. (NB: these expenditures are not part of the operative budgetary balance calculation because they are not financed by own resources.)

Annex 3

Operating budgetary balances

Methodology and calculation

Member States' operating budgetary balances are calculated based on data on the allocation of EU expenditure by Member State and on Member States' contributions to the EU budget. It is, however, important to point out that estimating operating budgetary balances is merely an accounting exercise that shows certain financial costs and benefits derived from the EU by each Member State. Furthermore, this accounting allocation is non-exhaustive and gives no indication of the many other benefits arising from EU policies, such as those relating to the single market and economic integration, not to mention political stability and security.



Because of the prevalence of this calculation in the perception of fair burden sharing in relation to the EU budget, it is important to clarify further that certain elements of EU added value are not captured by this methodology, such as:

- collective, cross-border and other indirect benefits arising from budgetary interventions and the supply and demand effects they trigger in Member States other than the immediate recipient of an allocation;
- synergies and global economies of scale resulting from EU cooperation at all levels instead of financing 28 separate policies or programmes;
- 'multiplication effects' of investment flows leveraged through the increased use of financial instruments and guarantee schemes underpinned by EU budget support.

The operating budgetary balance of each Member State is calculated as the difference between the operating expenditure (excluding administration) ⁽¹⁾ allocated to each Member State and the adjusted 'national contribution' ⁽²⁾ of each Member State as follows:

$$OBB_i = TAE_i - HS_i - TNC_i \times \frac{TAE_{EU} - HS_{EU}}{TNC_{EU}},$$

where:

OBB_i = operating budgetary balance of Member State i , where $i = \overline{1.28}$;

TAE_i = total allocated expenditure of Member State i , where $i = \overline{1.28}$ or $i = EU$ for the EU as a whole;

HS_i = administrative expenditure allocated to Member State i , where $i = \overline{1.28}$ or $i = EU$ for the EU as a whole;

TNC_i = total national contribution of Member State i , with $i = \overline{1.28}$ or $i = EU$ for the EU as a whole.

Numerical example — 2017 operating budgetary balance of Belgium:

TAE_{BE} = EUR 7 357.9 million; HS_{BE} = EUR 4 823.6 million;

TNC_{BE} = EUR 2 978.3 million; TAE_{EU} = EUR 111 604.3 million;

HS_{EU} = EUR 7 972.0 million; TNC_{EU} = EUR 94 968.6 million:

$$OBB_{BE} = 7\,357.9 - 4\,823.6 - 2\,978.3 \times \frac{111\,604.3 - 7\,972.0}{94\,968.6} = EUR - 715.7 \text{ million}$$

Operating budgetary balances — listed below — show the relationship between a Member State's share of total allocated EU operating expenditure and its share of 'national contributions'.

⁽¹⁾ In accordance with point 75 of the conclusions of the 1999 European Council in Berlin: 'When referring to budgetary imbalances, the Commission, for presentational purposes, will base itself on operating expenditure.'

⁽²⁾ As in the case of the calculation of the United Kingdom correction, it is not the actual 'national contribution' of Member States (i.e. own-resources payments, excluding TORs, e.g. customs duties and sugar levies) but the related allocation key (i.e. each Member State's share of total 'national contributions') that is used for the calculation of operating budgetary balances. Total 'national contributions' are adjusted to equal total EU allocated operating expenditure, so that operating budgetary balances sum to zero. TORs are not included in the calculation of net balances. Since TORs are a direct result of the application of common policies (such as the common agricultural policy and customs union), they are considered to be pure EU revenue rather than 'national contributions'. Furthermore, the economic agent bearing the burden of the customs duty imposed is not always a resident of the Member State collecting the duty.

	2013		2014		2015		2016 (*)		2017		2007 (**)		2008 (**)		2009 (***)		2014 (°)		2015 (°)		2016 (°°)	
	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	m EUR	% GNI	mio. EUR	% GNI	mio. EUR	% GNI
BE	-1541.1	-0.40%	-1478.1	-0.37%	-1387.8	-0.33%	-1533.9	-0.36%	-715.7	-0.16%	-965.9	-0.28%	-838.7	-0.24%	-1452.7	-0.43%	-1598.2	-0.40%	-1518.3	-0.37%	-1161.4	-0.28%
BG	+1529.0	+3.91%	+1824.3	+4.45%	+2279.4	+5.33%	+1946.5	+4.15%	+1471.3	+2.92%	+327.7	+1.15%	+658.7	+1.95%	+642.2	+1.88%	+1815.9	+4.43%	+2273.8	+5.31%	+1959.2	+4.17%
CZ	+3401.1	+2.44%	+3004.2	+2.08%	+5699.4	+3.77%	+3221.8	+1.96%	+2479.5	+1.37%	+625.6	+0.51%	+1133.9	+0.77%	+1776.8	+1.34%	+2948.4	+2.04%	+5631.2	+3.72%	+3340.2	+2.04%
DK	-1277.1	-0.49%	-836.0	-0.32%	-790.4	-0.29%	-638.9	-0.22%	-702.6	-0.24%	-673.7	-0.29%	-625.2	-0.26%	-821.0	-0.36%	-769.5	-0.29%	-703.6	-0.26%	-783.7	-0.28%
DE	-13824.8	-0.49%	-15501.6	-0.52%	-14306.8	-0.46%	-10988.0	-0.34%	-10675.4	-0.32%	-6521.5	-0.26%	-7836.0	-0.31%	-8107.3	-0.33%	-14523.5	-0.49%	-13210.6	-0.43%	-12944.7	-0.40%
EE	+771.4	+4.33%	+473.8	+2.49%	+242.9	+1.21%	+478.8	+2.34%	+471.1	+2.09%	+222.3	+1.48%	+222.0	+1.44%	+582.0	+4.37%	+469.0	+2.46%	+239.4	+1.20%	+486.2	+2.37%
IE	+279.1	+0.20%	+38.8	+0.02%	+349.3	+0.19%	+181.4	+0.08%	-172.6	-0.07%	+619.0	+0.38%	+512.6	+0.33%	+47.0	+0.04%	-54.2	-0.03%	+268.1	+0.15%	+348.6	+0.16%
EL	+5340.7	+2.94%	+5162.6	+2.89%	+4934.0	+2.80%	+4286.3	+2.43%	+3740.7	+2.10%	+5382.9	+2.48%	+6201.0	+2.75%	+3251.5	+1.44%	+5130.2	+2.88%	+4891.1	+2.77%	+4346.0	+2.47%
ES	+3058.3	+0.30%	+1090.6	+0.10%	+4527.4	+0.42%	+1678.1	+0.15%	+729.4	+0.06%	+3379.4	+0.33%	+2460.8	+0.23%	+1794.3	+0.17%	+860.3	+0.08%	+4273.2	+0.40%	+2113.7	+0.19%
FR	-8445.7	-0.40%	-7164.6	-0.33%	-5522.5	-0.25%	-9216.3	-0.41%	-4569.3	-0.20%	-3500.9	-0.18%	-4494.9	-0.23%	-4739.4	-0.25%	-7763.0	-0.36%	-6210.1	-0.28%	-8173.6	-0.36%
HR	+49.6	+0.12%	+173.6	+0.42%	+226.7	+0.52%	+516.5	+1.17%	+261.9	+0.55%	na	na	na	na	na	na	+167.3	+0.40%	+217.3	+0.50%	+529.5	+1.20%
IT	-3789.9	-0.24%	-4467.0	-0.28%	-2638.7	-0.16%	-3206.8	-0.19%	-3577.8	-0.21%	-2479.7	-0.16%	-4636.6	-0.30%	-4079.2	-0.27%	-4825.5	-0.30%	-3274.0	-0.20%	-2336.8	-0.14%
CY	+40.4	+0.25%	+114.8	+0.69%	-23.4	-0.13%	+21.2	+0.12%	+50.8	+0.27%	-14.5	-0.10%	-23.1	-0.14%	+6.9	+0.04%	+110.7	+0.67%	-30.7	-0.18%	+30.9	+0.18%
LV	+801.2	+3.44%	+799.8	+3.35%	+759.4	+3.12%	+504.3	+2.01%	+527.3	+1.98%	+483.7	+2.38%	+399.5	+1.76%	+513.6	+2.58%	+796.8	+3.34%	+754.7	+3.10%	+510.9	+2.04%
LT	+1514.5	+4.54%	+1543.2	+4.38%	+540.3	+1.51%	+1142.8	+3.09%	+1265.5	+3.14%	+785.9	+2.84%	+832.3	+2.65%	+1510.6	+5.57%	+1537.5	+4.37%	+536.2	+1.50%	+1154.6	+3.12%
LU	-69.4	-0.22%	+80.1	+0.27%	-94.0	-0.27%	+7.5	+0.02%	+13.9	+0.04%	-147.8	-0.49%	-31.9	-0.11%	-82.8	-0.35%	+76.6	+0.26%	-99.0	-0.29%	+12.0	+0.03%
HU	+4954.5	+5.33%	+5681.6	+5.64%	+4636.5	+4.38%	+3580.9	+3.30%	+3137.5	+2.66%	+1578.1	+1.71%	+1078.9	+1.09%	+2772.1	+3.17%	+5654.6	+5.62%	+4613.9	+4.36%	+3625.1	+3.34%
MT	+88.0	+1.31%	+179.4	+2.35%	+31.7	+0.37%	+118.8	+1.27%	+104.7	+1.00%	+26.7	+0.49%	+28.2	+0.49%	+11.7	+0.21%	+178.0	+2.33%	+30.4	+0.35%	+121.3	+1.30%
NL	-2675.1	-0.45%	-4711.1	-0.71%	-3692.2	-0.54%	-308.7	-0.04%	-1391.6	-0.19%	-1766.4	-0.30%	-1551.0	-0.27%	-2026.2	-0.36%	-3708.1	-0.56%	-2663.4	-0.39%	-2071.5	-0.30%
AT	-1251.7	-0.40%	-1240.6	-0.38%	-851.1	-0.25%	-967.9	-0.28%	-933.1	-0.25%	-545.5	-0.20%	-341.4	-0.12%	-431.5	-0.16%	-1343.3	-0.41%	-962.2	-0.29%	-791.3	-0.23%
PL	+12237.1	+3.29%	+13748.0	+3.47%	+9483.1	+2.31%	+6973.1	+1.71%	+8565.9	+1.92%	+5060.4	+1.69%	+4330.3	+1.22%	+6488.5	+2.16%	+13676.1	+3.45%	+9383.6	+2.28%	+7125.8	+1.75%
PT	+4416.7	+2.72%	+3211.3	+1.88%	+981.2	+0.56%	+1717.3	+0.95%	+2437.2	+1.29%	+2433.4	+1.48%	+2642.1	+1.59%	+2242.8	+1.39%	+3165.7	+1.85%	+930.7	+0.53%	+1792.9	+0.99%
RO	+4142.8	+2.99%	+4519.9	+3.09%	+5154.5	+3.27%	+5961.6	+3.62%	+3380.9	+1.85%	+562.0	+0.47%	+1537.9	+1.13%	+1755.8	+1.51%	+4498.4	+3.07%	+5130.9	+3.26%	+5993.9	+3.64%
SI	+429.2	+1.22%	+794.4	+2.17%	+578.9	+1.51%	+180.3	+0.46%	+145.1	+0.34%	+80.3	+0.24%	+102.1	+0.28%	+261.6	+0.75%	+784.1	+2.14%	+567.5	+1.48%	+202.0	+0.51%
SK	+1287.4	+1.83%	+1010.1	+1.37%	+3095.1	+4.07%	+1986.0	+2.49%	+979.6	+1.17%	+603.1	+1.14%	+705.7	+1.12%	+580.2	+0.93%	+993.6	+1.35%	+3077.0	+4.04%	+2018.6	+2.53%
FI	-604.0	-0.31%	-809.0	-0.40%	-488.3	-0.23%	-424.3	-0.20%	-275.4	-0.12%	-223.2	-0.12%	-383.3	-0.21%	-430.3	-0.25%	-883.2	-0.43%	-570.4	-0.27%	-294.0	-0.14%
SE	-2220.7	-0.51%	-2312.7	-0.52%	-2200.2	-0.48%	-946.4	-0.20%	-1403.5	-0.29%	-620.2	-0.18%	-1090.7	-0.32%	-704.2	-0.24%	-1982.5	-0.45%	-1874.1	-0.41%	-1569.1	-0.33%
UK	-8641.7	-0.46%	-4929.8	-0.23%	-11521.4	-0.46%	-6272.2	-0.27%	-5345.1	-0.23%	-4711.3	-0.23%	-993.0	-0.05%	-1362.9	-0.09%	-5412.2	-0.25%	-11702.5	-0.46%	-5585.3	-0.24%
EU	0.0	0.00%	0.0	+0.00%	0.0	+0.00%	0.0	+0.00%	0.0	+0.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(*) including the adjustment relating to the implementation of the ORD 2007

(**) including p.m. the retroactive effect of ORD 2007

(***) without p.m. the adjustment relating to the implementation of the ORD 2007

(°) including the adjustment relating to the implementation of the ORD 2014

(°°) including p.m. the retroactive effect of ORD 2014

(°°°) without p.m. the adjustment relating to the implementation of the ORD 2014

Annex 4.

Recoveries and financial corrections

Annex 4a — Summary of financial corrections and recoveries confirmed during 2017 (million EUR)

	Financial Corrections	Recoveries	2017 Total	2016 Total
Agriculture:				
EAGF	985	195	1 180	1 387
Rural development	225	113	338	700
Cohesion policy:				
ERDF	246	—	246	706
Cohesion Fund	198	—	198	102
ESF	65	—	65	389
FIFG/EFF	4	1	5	14
EAGGF guidance	—	1	1	- 5
Internal policy areas	6	386	391	309
External policy areas	N/A	234	234	173
Administration	N/A	3	3	4
Total confirmed in 2017	1 729	933	2 662	
Total confirmed in 2016	2 944	833		3 777

These figures are taken from the 2017 financial statement discussion and analysis (FSDA)

The recovery of undue payments is the final stage in the operation of control systems. It is essential that recoveries be evaluated in order to demonstrate sound financial management. The aim of this annex is to provide the best possible estimate of the total amount of financial corrections and recoveries for 2017. Further details can be found in Annex 4 to the *2017 annual management and performance report for the EU budget*.

The table above lists the financial corrections and recoveries confirmed in 2017 and resulting from audits carried out by the Commission, checks and audits carried out by the European Court of Auditors and investigations by the European Anti-Fraud Office. The figures include financial corrections confirmed during 2017, even if some of those corrections were not implemented in 2017.

There are a number of ways in which the Commission can recover undue payments if there is a clear case of a financial error or irregularity, depending on the fund concerned. These are explained below.

Net corrections leading to a reimbursement to the EU budget are characteristic of agriculture and rural development. With regard to agriculture, the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development replaced the European Agricultural Guidance and Guarantee Fund. In the case of the European Agricultural Fund for Rural Development, financial corrections are almost always implemented by means of a recovery order. For the European Agricultural Guarantee Fund, financial corrections take the form of deductions from the monthly declarations.



Financial corrections under the cohesion policy (2000–2006 and 2007–2013 periods) are implemented as follows.

- The Member State accepts the correction required or proposed by the Commission. The Member State itself applies the financial correction, either through withdrawal or through recovery of funds paid. The amount may then be reused for other eligible operations that have incurred regular expenditure. In these cases there is no impact on the Commission's accounts, as the level of EU funding for a specific programme is not reduced. The EU's financial interests are thus protected against irregularities and fraud.
- The Member State disagrees with the correction required or proposed by the Commission, following a formal 'contradictory' procedure with the Member State. In this case, the Commission adopts a formal financial correction decision and issues a recovery order to obtain repayment from the Member State. These cases lead to a net reduction in the EU's contribution to the specific operational programme concerned.

The regulatory provisions for the 2014–2020 period significantly strengthen the Commission's position on protecting the EU budget from irregular expenditure. During the accounting year the Commission retains 10 % of each interim payment until the finalisation of all national control cycles. Timely identification of deficiencies in the functioning of the management and control system and reporting of reliable error rates is in the Member States' best interest, since the Commission will make net financial corrections if Member States have not appropriately addressed them before submitting their annual accounts to the Commission. For the accounting year 1.7.2016 to 30.6.2017, there were no net financial corrections imposed by Commission decision. However, the Member States themselves applied financial corrections in the accounts following their audits of operations.

Annex 4b — Summary of financial corrections confirmed during 2017 by Member State (million EUR)

	EAGF	Rural development	ERDF	Cohesion Fund	ESF	FIFG/EFF	Internal policy areas	TOTAL
Belgium	0	1	-	-	-	-	0	1
Bulgaria	3	26	-	-	0	(0)	0	28
Czech Republic	0	1	2	-	0	-	0	3
Denmark	3	0	-	-	-	-	-	3
Germany	4	1	(186)	-	-	-	0	(181)
Estonia	-	-	-	-	-	-	-	-
Ireland	0	0	2	-	-	-	-	2
Greece	0	21	94	(15)	-	-	4	103
Spain	60	2	-	0	5	4	1	72
France	434	60	1	-	-	-	-	495
Croatia	0	0	-	-	-	-	0	1
Italy	394	3	45	-	60	-	0	502
Cyprus	1	0	-	-	-	-	-	1
Latvia	0	1	20	-	-	-	-	21
Lithuania	1	14	-	-	-	-	-	16
Luxembourg	0	1	-	-	-	-	-	2
Hungary	5	4	96	4	-	-	-	108
Malta	(0)	0	-	-	-	-	0	(0)
Netherlands	5	1	-	-	-	-	-	6
Austria	2	0	-	-	-	-	-	2
Poland	98	53	182	209	-	-	0	542
Portugal	3	1	9	0	-	-	-	14
Romania	(75)	12	(16)	-	-	-	-	(79)
Slovenia	(0)	(0)	-	-	-	-	-	(0)
Slovakia	1	0	0	-	-	-	-	2
Finland	2	1	0	-	-	-	-	3
Sweden	2	0	-	-	-	-	0	2
United Kingdom	41	4	3	-	-	-	-	48
Interreg	0	18	(5)	-	-	-	-	12
	985	225	246	198	65	4	6	1 729

Negative amounts displayed in the above table are in general due to Court of Justice judgments annulling financial correction decisions.

These figures are taken from the Annex 4 to the 2017 annual management and performance report for the EU budget.

Annex 5.

Borrowing and lending activities

1. Borrowing

A number of EU and European Atomic Energy Community (Euratom) operations are carried out using borrowed funds. The EU and Euratom have access to the capital markets to fund various categories of loans.

Borrowing transactions in 2017

Balance of payments: none.
 EU macro-financial assistance: EUR 1 013 million.
 Euratom: 50 million.
 European Financial Stabilisation Mechanism: none.

Table 1: Operations of the EU in 2017 (million EUR)

Instrument	Beneficiary	Disbursement Date	Amount Issued
MFA	Ukraine MFA III — 2nd instalment — 04/04/2031	04/04/2017	600
	Georgia — 2nd instalment — 18/05/2032	18/05/2017	13
	Tunisia MFA I — 3rd instalment — 20/07/2032	20/07/2017	100
	Tunisia MFA II — 1st instalment — 04/04/2031	25/10/2017	200
	Jordan MFA II — 1st instalment — 04/04/2031	25/10/2017	100
Euratom	Energoatom (Ukraine) — 1st instalment — 04/05/2027	04/05/2017	50
Total			1 063

2. Lending to Member States

2.1. Balance of payments

The EU medium-term financial assistance facility (the balance of payments facility) enables loans to be granted to one or more Member States that have not yet adopted the euro and that are experiencing, or are seriously threatened by, difficulties in their balance of payments on current accounts.

Romania repaid a loan tranche of EUR 1 150 million in September 2017. The outstanding nominal amount of balance-of-payments loans thus decreased from EUR 4 200 million to EUR 3 050 million in 2017.

No decisions were taken in 2017.

Loan disbursements

No disbursements were made in 2017.

2.2. European Financial Stabilisation Mechanism

The European Financial Stabilisation Mechanism was set up during the financial crisis to provide financial support for Member States experiencing difficulties caused by exceptional circumstances beyond their control. The loans are granted as joint EU/International Monetary Fund support.

No decisions were taken in 2017.

Loan disbursements

No new disbursements were made in 2017.

In 2013, an extension of the maximum average maturity from 12.5 years to 19.5 years was decided upon for Ireland and Portugal.

A request to extend the maturity of the European Financial Stabilisation Mechanism loan of EUR 3.4 billion, disbursed to Ireland in March 2011 and due on 4 April 2018, was received from that Member State on 27 November 2017. The loan was refinanced during the first quarter of 2018 in two transactions with maturities in April 2025 (EUR 2.4 billion) and April 2033 (EUR 1 billion).

This operation does not impact the Member State liability.

3. Lending to non-EU countries

3.1. Macro-financial assistance

The EU may help to restore macroeconomic equilibrium in a particular non-EU country, generally through loans and grants (macro-financial assistance). The Commission administers such support in accordance with the relevant Council decisions.

On 13 September 2017, the European Parliament and the Council decided to provide further macro-financial assistance to Moldova of EUR 100 million (up to EUR 60 million provided in the form of loans and up to EUR 40 million in the form of grants).

In 2017, the Commission also adopted a proposal for a new macro-financial assistance operation of EUR 45 million for Georgia (the adoption by the co-legislators was still pending at the end of the year).

Loan disbursements

On 16 March 2017, the Commission adopted a decision to disburse the second tranche of EUR 600 million under Ukraine's third macro-financial assistance programme (MFA III). The disbursement took place on 4 April 2017.

The second and last tranche (EUR 13 million out of the EUR 23 million decision in loans) of the loan granted to Georgia under its previous macro-financial assistance programme (MFA I) was disbursed on 18 May 2017.

The remaining amount of EUR 100 million (out of the EUR 300 million decision) of Tunisia's first macro-financial assistance programme (MFA I) was disbursed on 20 July 2017.

The first tranche of EUR 100 million (out of the EUR 200 million decision) of Jordan's second macro-financial assistance programme (MFA II) was disbursed on 25 October 2017.

The first tranche of EUR 200 million (out of the EUR 500 million decision) of Tunisia's second macro-financial assistance programme (MFA II) was disbursed on 25 October 2017.

3.2. Euratom loans

Euratom loans to EU Member States are used to finance project investment relating to the industrial production of electricity in nuclear power stations and to industrial installations in the nuclear fuel cycle.

Euratom loans for non-EU countries aim to improve the safety and efficiency of nuclear power stations and installations in the nuclear fuel cycle that are in service or under construction. They can also be used to fund the decommissioning of nuclear installations.

In 2017, no decisions were taken.

Loan disbursements

Euratom is currently financing one ongoing project: a EUR 300 million loan dedicated to financing safety improvements at four nuclear power plants in Ukraine. For this loan, the first Euratom tranche of EUR 50 million was disbursed in May 2017.

3.3. European Investment Bank loans

The EIB traditionally undertakes operations outside the EU in support of EU external policies based on Parliament and Council decisions that grant an EU guarantee to the EIB against losses for projects carried out in certain non-EU countries. The EU guarantee covers outstanding EIB loans under successive mandates.

The maximum ceiling of the current EIB mandate for 2014-2020 amounts to EUR 27 000 million and an optional additional amount of EUR 3 000 million. Activation, in whole or in part, of the optional additional amount will be decided upon in accordance with the ordinary legislative procedure on the basis of the midterm review.

The overall and regional ceilings of the mandate are detailed in the table below.

EIB FINANCING OPERATIONS WITH EU GUARANTEE at 31.12.2017 (in million EUR)

Operations	Authorised ceiling	Net signatures (a)	Amounts disbursed	Outstanding capital	
Mandate 2014/2020:	27 000	13 879	3 516	3 185	→ 65 % 2 070.10
Pre-accession countries	8 739	1 909	794	787	
Neighbourhood and partnership countries:	14 437	9 570	2 046	1 888	
Mediterranean countries	9 606	4 829	1 141	1 058	
Eastern Europe, south Caucasus and Russia	4 831	4 741	906	829	
Asia and Latin America:	3 407	2 201	627	464	
Latin America	2 289	1 378	447	288	
Asia	936	641	180	176	
Central Asia	182	182	–	–	
South Africa	416	200	50	47	

The EU budget guarantee covers 65 % of the aggregate amount of credits disbursed, minus amounts reimbursed, plus all amounts relating to the general mandate. Therefore, the EU guarantee under this mandate is restricted to EUR 2 070.10 million (65 % of EUR 3 185 million).

At 31 December 2017 the amount of loans outstanding and covered by the EIB external lending mandate guarantees for all mandates totalled EUR 19 972 million.

Annex 6.

Glossary

List of abbreviations

TERM	DEFINITION
CAP	common agricultural policy
COSME	competitiveness of enterprises and small and medium-sized enterprises
EAGF	European Agricultural Guarantee Fund
EAGGF	European Agricultural Guidance and Guarantee Fund
EGNOS	European geostationary navigation overlay service
EIB	European Investment Bank
EIF	European Investment Fund
EMFF	European Maritime and Fisheries Fund
EP	European Parliament
ERDF	European Regional Development Fund
ESA	European system of integrated economic accounts

TERM	DEFINITION
ESF	European Social Fund
ESIF	European Structural and Investment Funds
FSDA	Financial statement discussion and analysis
GNI	gross national income
ISF	Internal Security Fund
MFF	multiannual financial framework
OBB	operating budgetary balances
ORD	own resources decision
TOR	traditional own resources
VAT	value added tax

Glossary

	TERM	DEFINITION
1	ABAC	This is the name given to the Commission's accounting system, which since 2005 has been based on accrual accounting rules. The Commission produces accrual-based accounts which recognises revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis accounting that recognises transactions and other events only when cash is received or paid.
2	Accounting	The act of recording and reporting financial transactions, including the origination of the transaction, its recognition, processing and summarisation in the financial statements.
3	Agencies	EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.
4	Appropriations	Budget funding. The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Thus, if the EU budget increases, due to enlargement for example, commitments will increase before payments do. Not all projects and programmes are concluded, and appropriations for payments are therefore lower than for commitments. Non-differentiated appropriations apply for administrative expenditure, agricultural market support and direct payments.
5	Budget	Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks. Amending budget: an instrument adopted during the budget year to amend aspects of the adopted budget of that year.
6	Carry-over	Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under very strict conditions, be exceptionally carried over for use during the following year.
7	Ceiling	Limits of expenditure or revenue fixed by law or by agreement, such as in the own resources decision or in the multiannual financial framework. The latter defines an annual ceiling for each expenditure heading in commitment appropriations and an annual global ceiling for payment appropriations.
8	Common Customs Tariff	The external tariff applied to products imported into the Union.
9	Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution (Article 21 of the financial regulation).
10	EU-15, EU-25, EU-27, EU-28	EU-28 means the EU as constituted in 2013: Belgium (BE), Bulgaria (BG), Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (EL), Spain (ES), France (FR), Croatia (HR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE), United Kingdom (UK) EU-27 means the EU as constituted in 2007: BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK. EU-25 means the EU as constituted in 2004: BE, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, SI, SK, FI, SE, UK. EU-15 means the EU as constituted in 1995: BE, DK, DE, IE, EL, ES, FR, IT, LU, NL, AT, PT, FI, SE, UK.
12	Expenditure allocated	EU expenditure that it is possible to allocate to individual Member States. Non-allocated expenditure concerns notably expenditure paid to beneficiaries in third countries. Allocation of expenditure by country is necessary in order to calculate budgetary balances.
13	Financial regulation	Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union.

	TERM	DEFINITION
14	Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective part of an EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of an EU policy.
15	Gross domestic product (GDP) at market prices	Final result of the production activity of resident producer units. It corresponds to the economy's total output of goods and services, less intermediate consumption, plus taxes less subsidies on products.
16	Gross national income (GNI)	At market prices represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), operating surplus and mixed income. Gross national income equals gross domestic product (GDP) (see above) minus primary income payable by resident units to non-resident units plus primary income receivable by resident units from the rest of the world. GNI has widely replaced gross national product (GNP) as an indicator of income. In the area of the EU budget this change took effect as from the year 2002. In order to maintain unchanged the cash value of the ceiling of EU revenue, referred to as the 'own resources ceiling', the ceiling had to be recalculated in percentage terms. It is now established at 1.20 % of GNI instead of the previous 1.23% of EU GNI.
17	Headings	In the multiannual financial framework or financial perspective are groups of EU activities in broad categories of expenditure.
18	Macroeconomic equilibrium	The situation where there is no tendency for change. The economy can be in equilibrium at any level of economic activity.
19	Macro-financial assistance	Form of financial support to neighbouring regions, which is mobilised on a case-by-case basis with a view to helping the beneficiary countries in dealing with serious but generally short-term balance-of-payments or budget difficulties. It takes the form of medium-/long-term loans or grants (or an appropriate combination thereof) and generally complements financing provided in the context of an International Monetary Fund's reform programme.
20	Operating balances	The difference between what a country receives from and pays into the EU budget. There are many possible methods of calculating budgetary balances. In its financial report, the Commission uses a method based on the same principles as the calculation of the correction of budgetary imbalances granted to the United Kingdom (the UK correction). It is, however, important to point out that constructing estimates of budgetary balances is merely an accounting exercise of the purely financial costs and benefits that each Member State derives from the Union and it gives no indication of many of the other benefits gained from EU policies such as those relating to the internal market and economic integration, not to mention political stability and security.
21	Outturn	Any of the three possible outcomes of the budget resulting from the difference between revenue and expenditure: a positive difference (surplus), a negative difference (deficit) and no difference (i.e. zero, or perfect balance between revenue and expenditure).
22	Own resources	The revenue flowing automatically to the European Union budget, pursuant to the treaties and implementing legislation, without the need for any subsequent decision by national authorities.
23	Revenue	Term used to describe income from all sources that finances the budget. Almost all revenue into the EU budget is in the form of own resources, of three kinds: traditional own resources — duties that are charged on imports of products originating from a non-EU state; the resource based on value added tax (VAT); and the resource based on GNI. The budget also receives other revenue, such as income from third countries for participating in EU programmes, the unused balance from the previous year, taxes paid by EU staff, competition fines, interest on late payments, and so on.
24	Surplus	Positive difference between revenue and expenditure (see outturn) which has to be returned to the Member States.
25	UK correction	At the Fontainebleau European Council in France on 25 and 26 June 1984, the then 10 Member States (Germany, Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands and the UK) agreed on the rebate to be granted to the UK to reduce its contribution to the EU budget.
26	VAT (value-added tax)	An indirect tax, expressed as a percentage applied to the selling price of most goods and services. At each stage of the commercial chain, the seller charges VAT on sales but owes the administration this amount of tax minus the VAT paid on purchases made in the course of business. This process continues until the final consumer pays VAT on the whole value of what is purchased. VAT is broadly harmonised in the European Union but Member States may fix their own rates of tax, within parameters set at EU level, and also enjoy a limited option to tax or not to tax certain goods and services.

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