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

**Technical adjustment of the financial framework for 2014 in line with movements in
GNI**

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

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1. INTRODUCTION

Council Regulation No 1311/2013 laying down the multiannual financial framework for the years 2014-2020¹ (MFF Regulation) contains the financial framework table for EU-28 for the period 2014-2020, expressed in 2011 prices (Table 1).

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

At the same time the Commission shall calculate the margin available under the own-resources ceiling set in accordance with Decision 2007/436/EC, Euratom, the absolute amount of the Contingency Margin provided for in Article 13, the global margin for payments provided for in Article 5, and the global margin for commitments provided for in Article 14 of the MFF Regulation.

The purpose of this communication is to present to the budgetary authority the result of the technical adjustment (EU-28) for 2014 according to Article 6 of the MFF Regulation.

Given that the technical adjustment for 2014 is based on the new provisions of the MFF Regulation which was not adopted before the start of the budgetary procedure for year n+1, the technical adjustment for 2014 was, exceptionally, not made ahead of the budgetary procedure. The Budget for 2014 is, however, in line with the ceilings and amounts that result from this technical adjustment.

2. TERMS OF THE ADJUSTMENT OF THE FINANCIAL FRAMEWORK TABLE (TABLES 1-2)

Table 1 shows the financial framework for EU-28 in 2011 prices as included in Annex I of the MFF Regulation.

Table 2 shows the financial framework for EU-28 adjusted for 2014 (i.e. in current prices). The financial framework expressed in percentage of GNI is updated with the latest economic forecasts available (Autumn 2013) and long-term projections.

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2.1. Total figure for GNI

According to the latest forecast available, the GNI for 2014 is established at EUR 13 422 184 million in current prices for EU-28.

2.2. Main results of the technical adjustment of the Financial Framework for 2014

The overall ceiling for commitment appropriations for 2014 (EUR 142 540 million) equals 1.06 % of GNI.

The corresponding overall ceiling concerning the payment appropriations (EUR 135 866 million) equals 1.01 % of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.23 % own resources ceiling of EUR 29 267 million (0.22 % of GNI for EU-28).

3. GLOBAL MARGIN FOR PAYMENTS

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

This adjustment will be done for the first time in 2015.

4. SPECIAL INSTRUMENTS

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

4.1. Emergency Aid Reserve

According to Article 9 of the MFF Regulation, the *Emergency Aid reserve* can be mobilised up to a maximum amount of EUR 280 million per year in 2011 prices, or EUR 297 million in 2014 at current prices (EUR 2 209 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over.

4.2. European Union Solidarity Fund

According to Article 10 of the MFF Regulation, the *EU Solidarity Fund* can be mobilised up to a maximum amount of EUR 500 million per year in 2011 prices, or EUR 531 million in 2014 at current prices (EUR 3 945 million for the whole period in current prices). The portion of the unused amount of the previous year can be carried over.

4.3. Flexibility Instrument

According to Article 11 of the MFF Regulation, the *Flexibility Instrument* can be mobilised up to a maximum annual amount of EUR 471 million in 2011 prices, or EUR 500 million in 2014 in current prices (EUR 3 716 million for the whole period in current prices). The portion of the unused annual amounts of the previous 3 years may be carried over.

4.4. European Globalisation Adjustment Fund

According to Article 12 of the MFF Regulation, the *European Globalisation Adjustment Fund* can be mobilised up to a maximum of EUR 150 million per year in 2011 prices, or EUR 159 million in 2014 in current prices (EUR 1 183 million for the whole period in current prices).

4.5. Contingency Margin

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

The absolute amount of the Contingency Margin for the year 2014 is EUR 4 026,7 million.

4.6. Global margin for commitments for growth and employment, in particular youth employment

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

The Global MFF Margin for commitments will be calculated for the first time in 2015.