



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: Presidency
to: Permanent Representatives Committee / Council
Subject: Multiannual Financial Framework (2014-2020)
- Negotiating box

- 1. In the framework of discussions on the future Multiannual Financial Framework, the Presidency submits to delegations a revised version of the Negotiating Box.*
- 2. As announced in the issues paper of 20 August, the Presidency believes that it is inevitable that the total level of expenditure proposed by the Commission, including all elements inside and outside of the MFF, will have to be adjusted downwards. This is the first stage in the negotiations that figures are introduced. This revised version of the Negotiating Box presents savings across all Headings of the MFF amounting to at least €50 + (plus) billion. According to the assessment of the Presidency this is a starting point for delegations in order to reflect on the effects of reductions. More sizeable reductions are needed in order to reach a compromise. Further reductions will require even bigger trade-offs and the need to prioritise between policies and programmes. This is the reason the Presidency has presented a floor for reductions but avoided introducing a higher ceiling. At the same time, the direction of further reductions is indicated by X's in the text.*

3. *In weighting the Presidency's decision on the level and distribution of reductions across Headings and sub-Headings, a number of interrelated key elements have been taken into account:*
- the need for appropriate financing to fulfil the Treaty objectives of a given policy;*
 - the contribution of a given policy towards the overall objectives of the Union and notably to growth and jobs;*
 - the level and balance of expenditure proposed by the Commission as compared to the current MFF;*
 - the relative size of the Headings;*
 - the cost effectiveness of different elements of Headings/policies/instruments;*
 - the European added value of policies*
4. *The Presidency has also reduced options in various parts of the Negotiating Box and provided proposals which in the Presidency's assessment will drive negotiations forward and limit the number of issues that need to be dealt at the final stage of negotiation.*
5. *It is recalled that the document is drawn up and developed under the responsibility of the Presidency. It is therefore not binding on any delegation. The Presidency continues to be guided by the principle that nothing is agreed until everything is agreed.*
6. *This revised negotiating box will be discussed at COREPER on 31/10/12.*

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HEADING 5 - ADMINISTRATION

82. This Heading, as all other Headings, will have to be revised downwards. It is essential to continue the technical discussion in order to arrive to an amount of meaningful reductions.
83. The need to consolidate public finances in short, medium and long term requires a particular effort by every public administration and its staff to improve efficiency, effectiveness and adjust to the changing economic context. Taking these fundamental circumstances as well as a number of specific factors determining the level of administrative expenditure and the need to preserve a highly professional and geographically balanced EU administration into account, the level of commitments for this Heading will not exceed :

| HEADING 5 - ADMINISTRATION | | | | | | |
|------------------------------|------|------|------|------|------|------|
| (Million euros, 2011 prices) | | | | | | |
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| X | X | X | X | X | X | X |

84. Within such a ceiling, expenditure for administrative expenditure of institutions, excluding pensions and European Schools, will not exceed the following sub-ceiling.

| Sub ceiling administrative expenditure (excluding pensions and European Schools) | | | | | | |
|--|------|------|------|------|------|------|
| (Million euros, 2011 prices) | | | | | | |
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| X | X | X | X | X | X | X |

85. The abovementioned ceilings, will also include the effects of the following savings:
- In the context of general fiscal consolidation and recognising the need for a particular effort on savings, a reduction applied to all EU institutions, bodies, agencies and their administrations of [X]% in the staff over the period [2013-20XX] [so as to realize savings of [X] million euro over 2014-2020].

- [x] million euro in the period 2014-2020 should be ensured through reforms of the staff regulation. The development in costs for pensions will also be addressed in the reform of the staff regulation.
- [x] million euro in the period 2014-2020 should be ensured in total non-staff expenditure.

Officials of all EU institutions will contribute to these further savings through, *inter alia*, a solidarity levy, increased weekly working time without pay compensation, increased retirement age, restructuring of careers and rationalisation of allowances.

86. The savings referred to in paragraph 91 shall be made binding through their insertion into the Inter Institutional Agreement on budgetary discipline and sound financial management.

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