



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from : the Presidency
to : COREPER/Council

Subject : Financial Perspective 2007-2013
– Presidency discussion paper on structure of the EU budget

1. The General Affairs Council agreed on 7 November that in order to reach a final agreement on the EU Financial Perspective from 2007-2013, it was necessary to make progress on three key issues: the structure of EU spending; modernising the budget (i.e. a review); and Own Resources. This paper seeks the views of Member States on possible ideas for adjusting the structure of EU spending.
2. The Presidency considers that the changes necessary to achieve agreement should be focused on **achieving a more modern budget which responds effectively to the challenges of globalisation**. This reflects the decisions taken at the Informal Summit of Heads of State and Government at Hampton Court. The Presidency considers the initiative taken by the President of the Commission on 20 October to be a good starting-point for this discussion, but notes that a number of Member States have also made contributions.

3. The Presidency therefore invites the views of Member States on the ideas set out below related to the future level and structure of expenditure. In particular the Presidency would welcome views about how these might be incorporated into the final package, including where necessary what the appropriate level of expenditure might be for each idea, and what adjustments might be necessary elsewhere in the package if these ideas were to be incorporated.

4. The Presidency proposes that discussion should focus on the following ideas:
 - (a) **Increasing resources for growth and jobs by ring-fencing a proportion of Headings 1B and/or 2, to be spent specifically on activities that increase the Union's competitiveness**, including through research and innovation, human capital, business services, major elements of European infrastructure, or improvement of energy efficiency and renewables. Member States are invited to consider where ring-fencing of this nature could serve to increase the Union's competitiveness, and what type of funding might be ring-fenced.

 - (b) Creation of a new **Technological Fund** aimed at increasing investment in R&D infrastructure in Member States with a GNI per capita below the EU's average. Member States are invited to consider whether such investment would contribute to the EU's long-term competitiveness and, if so, what level of funding is appropriate and from which headings funding might be allocated.

 - (c) Better exploiting **EIB financing facilities** to increase the total level of funding available for investment in projects focused on increasing the EU's competitiveness.

 - (d) Creation of a **Globalisation Adjustment Fund** to provide support for individuals who lose their job due to the consequences of globalisation by providing them with funding for re-training, re-location and re-employment. The Presidency invites Member States to consider the merits of whether such a fund is desirable, and if so, what the appropriate spending level and funding arrangements should be.

(e) Enhancing the **current agricultural reforms** by allowing further transfers of funding from direct aids to rural development. Member States are asked to consider whether these transfers should be voluntary, compulsory, or a mixture of both, and in which year of the next Financial Perspective they should begin. Member States are also asked to consider whether the increased funding available for rural development projects from these transfers would make it necessary to adjust the expenditure ceiling for rural development.

5. The Presidency proposes to have a first discussion of these issues at the meeting of Coreper II on 9 November.
