



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from : The Presidency

to : Council

Subject : Financial Perspective 2007-2013

Delegations will find attached a set of questions which are intended to guide the debate by the Council on Heading 1a) (competitiveness for growth and employment) of the Financial Framework 2007-2013 at its meeting on 21 February 2005.

The choice of questions is not intended in any way to limit the debate but rather, by focussing on a number of main issues, to help structure it and so to make progress. There will be additional opportunities for discussion on this heading during future Council meetings, and delegations will be able to raise other aspects related to Heading 1a) during any of those meetings. It furthermore remains the case that the negotiations on the future Financial Perspective are global negotiations where nothing can be considered as agreed until everything is agreed.

It is recalled finally that a number of proposals relevant to this sub-Heading (in particular, on research and development) are still pending; they will be presented at the beginning of April.

Questionnaire

Policy content

With a view to contributing to the goal of the Lisbon Strategy of transforming the EU into a dynamic, knowledge-based economy geared to sustainable economic growth and greater social cohesion, the Commission has proposed creating a distinct sub-Heading in the next Financial Perspective covering five objectives under which various contributing policies are grouped. The five objectives are: promoting competitiveness in a fully-integrated single market; research and technological development; connecting Europe through EU networks; education and training; and the social policy agenda.

- 1. Do delegations think that it is appropriate and useful to bring together these five objectives proposed by the Commission under a single sub-Heading on competitiveness for growth and employment?**

Financial envelope and breakdown

The Commission envisages that spending under this sub-Heading should increase almost threefold (compared to spending in 2006), to reach € 24 billion in 2013 in operational expenditure. Total operational spending over the entire period would amount to some € 121.7 billion (including € 7 billion for the proposed Growth Adjustment Fund), amounting to a share of just under 13% of envisaged overall spending on the entire Financial Perspective; the equivalent share in the current FP period is about 7%. Although precise numbers are not yet available, indicative figures suggest that the RDT objective might account for slightly over 55% of this total, EU networks around 19%, education and training around 11%, promoting competitiveness and innovation around 3%, and the social agenda around 0,5%.

- 2. What are delegations' views on the overall rate of increase of expenditure under this sub-Heading?**

- 3. Do delegations think that this sub-Heading's share of envisaged overall FP spending (13%, compared to 7% for the period 2000-2006) is reasonable and appropriate?**
- 4. Do delegations consider that the approximate shares for the five objectives are broadly acceptable?**

Growth Adjustment Fund as an instrument for flexibility

As part of its suggestions concerning possible flexibility arrangements under the next Financial Perspectives, the Commission has proposed to set up a Growth Adjustment Fund under sub-Heading 1a). The purpose is to increase the responsiveness of expenditure to changed circumstances related to the competitiveness and cohesion objectives; it could thus be mobilised in the case of unforeseen events which have an impact on growth and employment or to take account of uneven progress towards these objectives. An annual allocation of € 1 billion under sub-Heading 1a) could be topped up by up to a further € 1 billion a year with funds under sub-Heading 1b) committed but unused in application of the "n+2" rule. Actions under both sub-Headings 1a) and 1b) could be beneficiaries of the GAF.

- 5. The great majority of delegations has expressed opposition to a Growth Adjustment Fund as proposed by the Commission. Is this opposition maintained?**
- 6. Are delegations nevertheless interested in exploring the idea of a pre-defined margin under sub-Heading 1 a) as a way of making expenditure under this sub-Heading responsive to changes in circumstances?**
