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MEMBER OF THE EUROPEAN COMMISSION

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President of the European Parliament
Mr Villy SØVNDAL
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Mr Vítor Manuel DA SILVA CALDEIRA
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President of European Economic and Social Committee
Ms Mercedes BRESSO
President of the Committee of the Regions
Mr Nikiforos DIAMANDOUROS
European Ombudsman
Mr Peter HUSTINX
European Data Protection Supervisor

Subject: Establishment of estimates of administrative expenditure of Institutions for the 2013 Draft Budget

Dears,

The economic and financial crisis continues to hit hard the European economy and national public finances. As part of the efforts towards budget consolidation, numerous Member States are proceeding with severe cuts in the administrative expenditure in their national budgets. Also at the European level, we need to pursue our efforts to contain as far as possible administrative expenditure, despite its limited share of the overall budget of the European Union (5.6%, including pensions and European schools).

Article 314§1 of the TFEU states that: "*...each Institution shall...draw up estimates of its expenditure for the following financial year. The Commission shall consolidate these estimates in a draft budget, which may contain different estimates.*"

Following the nominal freeze of its administrative appropriations in 2012, which entailed heavy cuts on items such as IT sector, meeting, conference and mission costs, the Commission will continue to pay particular attention in the preparation of its budget request for 2013. Our objective will be to keep the nominal increase (as compared to 2012) in the Commission's administrative appropriations under Heading 5 (excluding pensions and European schools) below the forecast inflation of 1,9% to carry out all activities related to the EU-27 Union.

To this end, in 2013 the Commission will reduce by 1% the number of posts in its establishment plans, in line with its proposal that all institutions reduce their staff levels by 5% over five years. That means that any new or additional requirements for human resources

will be met through internal redeployment, simplification of delivery modes and/or other organisational improvements.

Additionally, maintaining administrative expenditure below inflation will require further cuts in other items including technical assistance, external staff, fitting out of buildings, training, security at headquarters, acquisition of information, studies, social expenditure, general equipment and mobility.

As part of the 2013 Draft Budget, the Commission will request a limited increase in administrative resources needed to continue to properly phase in the accession of Croatia to the Union as from July 2013.

The Commission's share of total administrative expenditure under Heading 5 is 40,1% of appropriations authorised in the 2012 budget, compared to 41,8% for the other Institutions (pensions and European schools account for the rest). Therefore the overall evolution of administrative expenditure depends on budgetary demands from other Institutions as much as on the Commission.

That is why I would like to call on all Institutions to take a similar approach, including on establishment plans, and make all possible efforts towards limiting expenditure in preparing their own estimates of expenditure for the Draft Budget 2013. It is of utmost importance to continue to demonstrate that the European Institutions are acting responsibly in the light of the difficult economic and budgetary conditions in Member States and to send a corresponding signal to the European public opinion.

I trust you share my concerns and count on your support for submitting estimates of expenditure that the Commission would be able to easily integrate in the 2013 Draft Budget.

Yours faithfully,



Copies:

Mr Klaus WELLE, Secretary General of the European Parliament

Mr Roger VANHAEREN, Director General for Finance, European Parliament

Mr Uwe CORSEPIUS, Secretary General of the Council

Mr William SHAPCOTT, Director General for Personnel and Administration, Council

Mr Alfredo CALOT ESCOBAR, Registrar of the European Court of Justice

Mr Eduardo RUIZ GARCIA, Secretary General of the Court of Auditors

Mr David O'SULLIVAN, Chief Operating Officer of the European External Action Service

Mr Martin WESTLAKE, Secretary General of European Economic and Social Committee

Mr Gerhard STAHL, Secretary General of the Committee of the Regions

Ms Catherine DAY, Secretary General of the European Commission

Mr Alain LAMASSOURE, President of the Committee on Budgets, European Parliament

Ms Florentia HERACLEOUS, President of the Budget Committee, Council