

# The three places of work of the European Parliament

## Financial, environmental and regional impacts of geographic dispersion<sup>1</sup>

### Introduction

Under Protocol 6 to the Treaties, the seat of the European Parliament is Strasbourg, where the 12 monthly part-sessions are held, with additional part-sessions and committee meetings held in Brussels, and the General Secretariat of the Parliament based in Luxembourg.<sup>2</sup>

Paragraph 10 of the Parliament's resolution of 6 February 2013 on the guidelines for the 2014 budget procedure (sections other than the Commission) requests the administration to supply 'up-to-date figures and information on the financial and environmental impact of the multiple seat arrangement' and to analyse 'the impact of the EP's presence or partial presence on the respective communities and regions' in regard to the institution's three places of work.<sup>3</sup> This is in the context that the Parliament's resolution on its 2013 estimates, adopted on 29 March 2012, referred to 'substantial savings [that] could be made by having a single seat for Parliament'<sup>4</sup>, whilst its resolution on the Council position on the 2013 draft budget, adopted on 23 October 2012, called on the Council 'to start elaborating a road-map with the Parliament towards a single seat and a more efficient use of Parliament's working places'.<sup>5</sup>

This note provides a response to the requests made in Paragraph 10 of the Parliament's resolution of 6 February 2013, as well as addressing certain issues implicit in the other resolutions cited above. It is divided into three sections, which deal respectively with the **financial, environmental and regional impacts** of the geographic dispersion of the Parliament.

### A) The financial impact of the geographic dispersion of the European Parliament

#### 1. Overall summary

The first section of this note is divided into four sub-sections, which look at:

= the *direct annual costs* to the Parliament of operating in three locations - and thus the clearly identifiable savings that might flow from no longer doing so;

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<sup>1</sup> This note is based on contributions from DGs Finance, Infrastructure and Logistics, and Internal Policies.

<sup>2</sup> Protocol Number 6 on the location of the seats of the institutions and of certain bodies, offices, agencies and departments of the European Union.

<sup>3</sup> Texts adopted, P7\_TA (2013) 0048, paragraph 10. Vote on resolution: 568 in favour; 34 against; 26 abstentions.

<sup>4</sup> Texts adopted, P7\_TA (2012) 0109, paragraph 13. Vote on resolution: 548 in favour; 69 against; 42 abstentions.

<sup>5</sup> Texts adopted, P7\_TA (2012) 0359, paragraph 90. Vote on resolution: 536 in favour; 122 against; 31 abstentions.

= the *indirect annual costs* to the Parliament of operating in three locations - and thus the hypothetical savings that might flow from no longer doing so;

= conversely, the *additional recurring annual costs* to the Parliament that would result from *concentrating* all its operations in one location, rather than dispersing them in three; and

= the *additional one-off costs* to the Parliament that would be incurred from the process of *moving* all its operations to one location.

For the purposes of the latter two assessments, dealing with the costs specific to concentrating all of the Parliament's activities in one location, it is assumed that this location would be Brussels, which is the most frequently invoked hypothesis among those proposing to change the status quo. Other assessments - based on concentrating all activities in Strasbourg or Luxembourg - could be made if parliamentary bodies considered that such an analysis would be useful. As requested in the resolution, the analysis uses the most up-to-date figures available, namely for the 2013 budget and the draft budget for 2014.

The **costs of the geographical dispersion** resulting from the Treaty are presented in two parts - direct and indirect annual costs - which are not to be confused with possible savings which could be made when merging all three places of work, which are not necessarily the same. The **direct annual costs** - items featuring in the Parliament's budget and mainly linked to infrastructure, logistics and mission expenses - are calculated at €96.2 million per year. The **indirect annual costs** - which can only be estimated, and which mainly relate to human resource matters linked to geographical dispersion - are assessed at €21.7 million per year.

However, working on the assumption that the consolidated place of work would be Brussels, certain additional recurring annual costs, as well as specific one-off costs, can be expected. The main **additional recurring annual cost** to be taken into account in any move of EP operations from Luxembourg to Brussels is the substantial amount of extra floor-space that would need to be provided in Brussels (both office space itself for almost 2,500 staff and the necessary accompanying infrastructure). Given the considerably more favourable rental conditions which the Parliament enjoys in Luxembourg, the additional annual cost of renting the same amount of space in Brussels is estimated to be €17.0 million per year. However, if the Parliament chose to follow its established policy of purchasing its own buildings wherever possible, the cost involved would be very considerably higher, namely €1,231 million (or just over €1.2 billion). This is as opposed to the €651.1 million<sup>6</sup> cost of the current construction of the new Konrad Adenauer (KAD) building in Luxembourg. (The one-off cost of abandoning the construction of the KAD building at the current stage is calculated at €126.5 million).

The **one-off cost** of moving EP operations in Luxembourg to Brussels is estimated at €58.6 million. This figure only includes basic elements, such as removals, transport of furniture and statutory allowances to staff. Establishing a new European School in

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<sup>6</sup> Corresponding to € 363 million (in 2005 prices as agreed by the Bureau in February 2009 and confirmed by the Committee on Budgets), plus interest paid until 2017 and interest paid during the period of reimbursement (2017-31).

Brussels for more than 1,000 pupils (of the EP staff currently based in Luxembourg) and some other likely costs have not been factored into this analysis.

The overall **theoretical net saving** when consolidating the three places of work into one, in Brussels, is therefore estimated to be €88.9 million per year, once a one-off cost of €58.6 million has been absorbed. This €88.9 million sum comprises: a) possible savings of €102.9 million annually from merging Strasbourg into Brussels, and b) additional expenditure of €14.0 million a year from merging Luxembourg into Brussels. This latter figure takes into account that recent market surveys have shown that there is no office space for rent for 2,500 persons available in the close surrounding of the European Parliament in Brussels. This implies that the new office space required in Brussels is to be built/purchased, which would result in an expenditure of just over €1.2 billion, spread over several years.<sup>7</sup>

<b>Net effect of savings and additional costs when consolidating all EP operations in one place of work (Brussels)</b>			
<b>(in EUR million, 2014 prices)</b>			
	Strasbourg to Brussels	Luxembourg to Brussels	Total
Savings - direct annual costs	- 90,8	- 5,4	- 96,2
Savings - indirect annual costs	-12,1	- 9,6	- 21,7
<i>Additional expenditure (option 'rent') (for information only)</i>	-	17,0	17,0
Additional expenditure (option 'purchase/construct')	-	29,0	29,0
<b>Net effect</b>	<b>- 102,9</b>	<b>14,0</b>	<b>- 88,9</b>
	<b>= savings</b>	<b>= additional expenditure</b>	<b>= net savings</b>
<i>For reference:</i>			
One-off cost of merging	-	58,6	58,6
Total purchase price for new buildings in Brussels	-	1.231,1	1.231,1

<sup>7</sup> The possible income from sales of Strasbourg and Luxembourg property could not be evaluated at this stage, as this would suppose a potential buyer, which seems difficult given the specificities of the buildings.

The net effect of the Parliament's three-site arrangement is of €88.9 million. This represents 4.96 per cent of the EP draft budget for 2014, 1.03 per cent of the total administrative budget of the EU, and 0.06 per cent of the overall Budget of the European Union. The net effect per EU citizen, per year, is 18 cents.

	2014 (EUR million)	Share of net effect in %
<b>Net effect (savings and additional costs when merging to the Brussels site)</b>	- <b>88,9</b>	
EP draft budget	1.793,6	4,96%
Heading 5 (Administration) of EU draft budget	8.595,1	1,03%
EU draft budget	142.467,6	0,06%
<a href="#">Population (with Croatia, 01/01/2012)</a>	506.820.764	
Net effect per EU citizen per year	18	euro cents

## *2. Detailed analysis of the impact of the Parliament's geographic dispersion on its budget*

It is possible to estimate the total additional annual expenditure within the Parliament's existing budget that relates to geographical dispersion, in comparison with a 'hypothetical' Parliament that had been installed entirely in a single place of work. The present analysis starts from work already done for a 'pre-study' submitted in July 2012 to the Joint Working Group of the Bureau and Committee on Budgets on the European Parliament Budget.<sup>8</sup> The Joint Working Group endorsed the methodology used in that document, which calculated the estimated additional annual expenditure caused by the geographical dispersion for 2013 at €119.9 million.<sup>9</sup> The analysis was only partial, in so far as additional expenditures that would be incurred from having a single place of work and the costs of the merging of Parliament's operations were not examined. The calculation was also made in a way that left open the question of which of the three current places of work would ultimately serve as the single place of work.

To reply to the request formulated in the resolution, the initial estimation submitted in July 2012 has been updated and developed as follows:

- the 2014 draft budget has been used as the baseline;
- underlying calculations have been updated where more recent data have become available (for example, statistics on missions);

<sup>8</sup> PE 490.963/GT.

<sup>9</sup> For reference: the depreciation, which amounts to €28.3 million, is an accounting entry, in accordance with accrual-based accounting, and not a budgetary expenditure, according to the Financial Regulation, and therefore is not included in the budget.

- the method for assessing depreciation costs has been adapted to reflect the proposition that Brussels would be the single place of work (this has notably decreased such costs);<sup>10</sup>
- additional costs resulting from the Strasbourg and Luxembourg sites have been declared separately;
- new estimations have been made to show any additional recurrent expenditure as a result of there being a single place of work (notably that buildings would cost more to rent or build in Brussels than in Luxembourg), as well as one-off investments and costs related to the merging of the places of work.

The calculation was made by screening all budget items, identifying those affected by the dispersion of the Parliament's operations, and estimating the additional expenditure incurred. The results are shown per budget chapter and also include indirect or implicit costs - essentially expenditure on staff that would no longer be necessary if there was a single place of work, plus the cost of the infrastructure that could be saved by not employing those staff.

**a) The direct annual costs to the Parliament of operating in three locations - and thus the clearly identifiable savings that might flow from no longer doing so**

The following detailed tables show the Parliament's 2013 budget and 2014 draft budget, per chapter, together with the potential annual savings for each of those chapters, with a breakdown per expenditure type, accompanied by an explanation of the calculation. For 2014, the Strasbourg (STR) and Luxembourg (LUX) columns each show the savings that could be attained by merging each respective site into the Brussels site.

Potential annual savings when consolidating all EP operations in one place of work (Brussels) (in EUR millions, current prices)							
Budget chapters Expenditure type affected	2013		2014				
	Total Budget	Savings	Total Draft Budget	Savings			
				STR	LUX	Total	in %
<b>10 Members of the institution</b>	208,1		228,6				
<b>12 Officials and temporary staff</b>	592,5		620,1				
<b>No impact on these chapters</b>							

<sup>10</sup> Depreciation was initially calculated for the size of the Strasbourg buildings, which represents the floor space not continuously used, but multiplied with the average depreciation cost per m2 of all sites combined, rather than using the lower cost specific to the Strasbourg site that would have implied that the Strasbourg site was going to be abandoned. With the updated method, this figure is now replaced by annual depreciation costs actually recorded in the financial accounts, namely, €23.3 million for all Strasbourg buildings combined.

In these chapters, only budget item 1004, ordinary travel expenses, can be associated with geographical dispersion. However, even if the EP had just one place of work, the overall number of MEP journeys to be reimbursed, and their time and distance, and as a consequence, the amounts reimbursed, would not change dramatically. Notably, the overwhelming majority of reimbursements to MEPs relate to journeys *from the place of residence to the place of work* and not *between the places of work*. In this sense, there is little commuting between Strasbourg and Brussels and hardly any additional expenditure due to the geographical dispersion. If all sessions were to be held in Brussels, a nearly identical number of journeys would be paid for, with similar amounts.

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>14 Other staff and externals</b>	116,8	5,3	98,7	5,4		5,4	5%
Travel exp. of freelance interpreters		3,1		3,1		3,1	
Contractual staff for STR sessions		2,2		2,3		2,3	

Travel expenditure of freelance interpreters: Interpretation needs can be considered identical irrespective of the number of places of work. On the contrary, travel expenditure reimbursed to freelance interpreters would decrease substantially, most freelance interpreters live in Brussels so they would not travel for the 12 sessions. As there are a similar number of staff and freelance interpreters working during the sessions, the rough estimation is based on mission expenditure reimbursed to staff interpreters for Strasbourg sessions (part of budget item 1402 - € 3.1 million). Contractual staff for Strasbourg part sessions (part of budget item 1400 - € 2.3 million).

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>16 Other expenditure relating to persons working with the institution</b>	19,2	1,4	18,5	1,4		1,4	7%
Medical Service		0,4		0,4		0,4	
Catering expenditure		1,0		1,0		1,0	

Medical Service: Efficiency losses compared to a single service are roughly estimated to be 30% of the appropriations (part of budget item 1650 - € 0.4 million). Catering expenditure: Rough estimation for efficiency losses compared to a single service, notably Brussels and Luxembourg canteens running with reduced utilisation during Strasbourg part-sessions (part of budget item 1652 - € 1 million).

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>20 Buildings and associated costs</b>	213,3	45,4	204,8	49,3		49,3	24%
Rent		0,1		0,1		0,1	
Construction of premises				7,3		7,3	
Fitting-out of premises		14,1		8,8		8,8	
Specific property management arrangements		1,2		1,7		1,7	
Maintenance, upkeep and cleaning		17,5		19,3		19,3	
Energy consumption		3,8		4,3		4,3	
Security and surveillance of buildings		8,5		7,7		7,7	
Insurance		0,3		0,3		0,3	

Fitting-out of premises, specific property management arrangements, building maintenance, up-keep, operation and cleaning, energy consumption, security and surveillance of buildings, insurance: current annual expenditure specifically for the Strasbourg site.

Transferring the staff from Luxembourg to Brussels would not save anything on buildings in itself, as offices with the same size would have to be established there. The only exception is a small number of second offices. On the contrary, building costs would be higher in Brussels compared to Luxembourg, as shown in the next part of the analysis.

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>21 Data processing, equipment and movable property</b>	137,0	11,8	139,9	12,1	0,3	12,4	9%
IT and telecommunications infrastructure		3,6		3,6		3,6	
Furniture		1,1		1,1		1,1	
Technical equipment and installations		6,5		7,1		7,1	
Transport		0,2		0,1	0,1	0,2	
Network and telephone charges		0,5		0,2	0,2	0,5	

IT and telecommunications infrastructure: estimation for hardware, software and external assistance expenditure for the Computer Centres, telecommunications and individual user equipment (part of budget items 2100 to 2105). Furniture, technical equipment and installations: estimation of one third of the concerned budget items (2120, 2140). Transport: expenditure for transport between the three places of work (part of budget item 2160). Network and telephone charges: estimation (part of budget items 2100 and 2101).

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>23 Current administrative expenditure</b>	<b>7,3</b>	<b>0,3</b>	<b>6,2</b>	<b>0,3</b>	<b>0,0</b>	<b>0,3</b>	<b>4%</b>
Removals		0,3		0,3		0,3	

Removals: for part-sessions (part of budget item 2370). This is the line that includes all expenditure related to transporting trunks from and to Strasbourg. The annual expenditure is €300,000, or 0.02 per cent of the Parliament's budget.

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>30 Meetings and conferences</b>	<b>36,6</b>	<b>20,3</b>	<b>35,6</b>	<b>12,3</b>	<b>4,6</b>	<b>16,9</b>	<b>47%</b>
Missions for professional training		0,5		0,2	0,2	0,3	
Missions between the 3 places		19,8		12,3	4,4	16,5	

Expenses on missions for professional training: the proportion of training in the other places of work among all training missions was roughly estimated to 20 per cent (part of budget item 3000).

Expenses on missions between the three places of work: In the initial estimation, it was assumed that 95 per cent of those missions would not be necessary with the single place of work. This has now been refined as follows: it was assumed that if the Strasbourg site is merged to Brussels, 95 per cent of missions<sup>11</sup> between the two cities could be saved (total cost of BRU-STR and STR-BRU missions in 2012 was €12.6 million). 95 per cent of missions from Luxembourg to Strasbourg would be diverted towards Brussels, as the relevant Luxembourg-based staff would still have to assist the sessions. Total cost of these missions in 2012 was €2.6 million, and there would be a marginal saving of around €200,000, since Brussels daily allowance and hotel expense ceilings

<sup>11</sup> The remaining 5% of the missions mentioned above is assumed to be towards the other institutions based in Luxembourg, or similarly to the Council of Europe in Strasbourg.

are slightly lower than in Strasbourg, and the train tickets are slightly cheaper. The remaining cost of these missions (€2.3 million) would be saved if the Luxembourg site were then subsequently merged to Brussels. 95 per cent of the missions between Brussels and Luxembourg, costing a total of €2.1 million in 2012, could then also be saved. Finally, no significant change is expected for missions from the Information Offices to the three places of work, or for missions outside the three places. It is worth noting that Strasbourg missions originating in Brussels outnumber those from Luxembourg by a 3.5 ratio, they last longer and cost around €60 more per mission day. (See the next session for the valuation of working time lost due to mission travel).

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>32 Expertise and information</b>	129,0		127,3				
<b>No impact on this chapter</b>							

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>40 Expenditure relating to certain...</b>	92,9	5,0	101,0	4,5	0,5	5,0	5%
Political group mission expenses		5,0		4,5	0,5	5,0	

Political group mission expenses: a rough estimation was made for an amount of €5.0 million, based on annual reports of the groups (part of budget item 4000). It was also assumed that 90 per cent of this relates to the Strasbourg sessions.

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>42 Parliamentary assistance</b>	187,3	5,6	199,6	5,6		5,6	3%
Missions between the three places of work		5,6		5,6		5,6	

Expenses on missions of accredited assistants between the three places of work: It was assumed that, were Brussels to be the only place of work, only 5 per cent of these missions would still take place.

It is worth noting that whilst the Strasbourg session does not result in any additional expenditure relating to Members, it does relating to accredited assistants. The reason is that for the purpose of calculating different allowances as set out in Bureau rules,

Members are considered to be based in their constituency, so that they are entitled to reimbursement of travel costs plus the payment of lump-sum allowances and the daily allowance and that irrespective of where the session would actually take place, so there would be no saving in the Parliament's budget if the sessions were to be held in Brussels, while accredited assistants are considered to be based in Brussels, so that their mission expenses would disappear if the sessions were relocated. However, the amount of the parliamentary assistance allowance, which is made available to Members for the salaries, mission costs and other allowances of assistants, should be decreased by around €620 per Member, per month, for the saving to become effective. If the allowance were not reduced, the amount saved on mission costs could be used by Members to employ more staff or pay higher salaries.

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>44 Current and former members</b>	0,4		0,4				0%
<b>10 x Other expenditure – reserves</b>	10,0		13,0				0%
<b>No impact on these chapters</b>							

Budget chapters Expenditure type affected	2013 Budget	Savings	2014 Draft Budget	Savings			
				STR	LUX	Total	%
<b>Total</b>	1.750,5	94,9	1.793,6	90,8	5,4	96,2	5,4%

**b) The indirect annual costs to the Parliament of operating in three locations - and thus the hypothetical savings that might flow from no longer doing so**

A similar analysis can be done by budget chapter on the indirect, rather than direct, costs of the Parliament's operating in three locations. The figures that result are the hypothetical savings that might flow from no longer being in three places, rather than one, assuming Brussels to be place where all activity was concentrated.

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>12 Officials and temporary staff</b>	592,5	23,5	620,1	13,4	7,0	20,4	3%
Efficiency losses (108 posts)		11,1		5,8	5,6	11,5	

Posts equivalent to time spent travelling on mission (2013: 120 posts; 2014: 84 posts)	12,4	5,8	3,1	8,9
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In this chapter, it is possible to estimate that efficiency losses and working time lost through travel, as a result of geographic dispersion, equal a certain number of staff posts.

108 posts due to efficiency losses: this figure is a rough estimation, provided by the various directorates-general (DGs) in the Parliament's administration. It can relate to efficiency gains when abandoning parallel structures or achieving economies of scale (for example, during Strasbourg sessions, some services must be provided simultaneously in all places of work; there are three units to handle buildings, and so on.). DG COMM: 2 posts; DG PERS: 40 posts; DG INLO: 31 posts; DG ITEC: 35 posts; other DGs: zero posts or not yet clear. These numbers have been multiplied by the average salaries and allowances paid for staff.

An estimated 84 posts equivalent to time spent travelling on mission: as opposed to MEPs travelling overwhelmingly between place of residence and place of work, EP staff travel between places of work. If the time spent on travelling is considered as time lost for work, one could calculate a virtual saving: somewhat fewer staff would be able to do the same amount of work if they were not losing time in travel. (NB. For 2013, it was considered that all travel time was lost work time; for 2014, 25 per cent of the travel time was considered as effectively being spent on work - for example, staff working on their portable devices or reading documents while travelling on the Thalys between Brussels and Strasbourg).

The total number of missions undertaken in 2011 (most recent data available for the 2013 estimation) and 2012 (for 2014) by permanent and temporary officials has been turned into full-time equivalents and that number of posts valued as mentioned above. Missions from Luxembourg and Brussels to Strasbourg and back were estimated to last one eight-hour working day, because most typically Monday morning and Thursday afternoon are lost working time. Missions between Luxembourg and Brussels were estimated to last four hours. The total return travel time by train now approaches six hours, but usually one leg of the journey is either in the early morning, before 08:30 hours, or in the evening, after 17:30 hours, which are not in regular working time.

Budget chapters Expenditure type affected	2013 B	Savings	2014 DB	Savings			
				STR	LUX	Total	%
<b>Buildings and associated costs</b>	213,3	1,6	204,8	0,5	0,9	1,3	1%
Second offices in BRU and LUX ('Bureaux de passage') (175 offices)		0,7			0,6	0,6	
Offices for posts due to efficiency losses & mission travel time (2013: 228 offices; 2014: 192)		0,9		0,5	0,2	0,7	

Second offices: these offices in Brussels and Luxembourg are used by staff on mission coming from the other place of work and would not be necessary in the absence of geographical dispersion. A size of 20m<sup>2</sup> per office has been estimated and the corresponding share of all building-related expenditure (Chapter 20) taken. Offices related to savings of the posts linked to the geographical dispersion (192).

Budget chapters Expenditure type affected	2013 Budget	Savings	2014 Draft Budget	Savings			
				STR	LUX	Total	%
<b>Total</b>	<b>1.750,5</b>	<b>25,0</b>	<b>1.793,6</b>	<b>12,1</b>	<b>9,6</b>	<b>21,7</b>	<b>1,2%</b>

**c) The additional recurring annual costs to the Parliament from concentrating all its operations in one location (Brussels)**

If the Parliament’s nearly 2,500 Luxembourg-based staff were to be moved to Brussels, more than 210,000 m<sup>2</sup> of additional office space would have either to be rented or purchased by the Parliament in Brussels<sup>12</sup>. A comparison between office space costs in the two capitals has been made, based on the Parliament’s current rental costs and on its approved building projects. Rental prices in Brussels are €201 per square metre<sup>13</sup>, much higher than the €121 in Luxembourg. Any move of the Luxembourg staff to Brussels would mean that the Parliament would have to pay some €17 million more in rental costs each year. The Parliament would lose even more than that, €29 million annually, if it was to engage in property investments in Brussels.

It may be noted that the State of Luxembourg continues to provide financial benefits (savings) of approximately €10 million to the Parliament each year, through reduced rents for the TOA, TOB and SCH buildings, until the new KAD building becomes available. Market rental prices would be more than twice as high as current ones.

For the evaluation of the property investment option, the KAD project in Luxembourg has been compared with the TREBEL project in Brussels. The amounts include construction costs, plus financing costs, and are also shown as annual cost for a hypothetical lifetime of 20 years. Here again, Luxembourg has offered the land for a symbolic price of one euro, whereas Belgium has not done so for any building project since the JAN and WIB buildings. It was considered that the above differences are so unfavourable towards Brussels that any further analysis relating to smaller infrastructure matters became superfluous. If office space on the scale of 210,000 m<sup>2</sup> was to be purchased or constructed in Brussels, the investment required would total just over €1.2 billion.

<sup>12</sup> The merging of the Strasbourg site into the Brussels one has not been further analysed in this specific respect, as only just under 100 EP staff are currently based there.

<sup>13</sup> A CBRE study commissioned by the Parliament that examined recent large-scale property transactions confirmed that the rental price of the Square de Meeus building, taken here as a reference, corresponds to the going market price.

Of course, if the Parliament moved all its Strasbourg and Luxembourg operations to Brussels, the property thus freed up could be sold or rented. The historic value of acquisition of the buildings in question is €588.3 million in Strasbourg and €60.4 million in Luxembourg. It is impossible to evaluate at this stage how much of this value could be recouped by the Parliament on the open market, as this would depend on potential buyers/tenants for buildings with very specific layouts (notably in Strasbourg). The greatest likelihood of recouping the Parliament's investment would lie in the possible move of one or various institutions or organisations with similar requirements to Strasbourg.

**Additional annual expenditure on basic infrastructure of merging the EP Luxembourg site into Brussels (in EUR million, 2014 prices)**

Comparison if new Brussels buildings were to be rented			
Building	m2	Annual rent	Rent (EUR/m2/year)
<b>Current LUX rental expenditure (before new KAD is delivered)</b>			
TOA	27.826	3,6	129
TOB	36.437	4,5	122
SCH	42.379	1,6	38
GOL	21.829	4,0	183
GEOS	10.073	3,0	302
<b>Total</b>	<b>138.544</b>	<b>16,7</b>	<b>121</b>
<i>KAD (EP property)</i>	<i>66.429</i>		
<i>SEN (warehouse)</i>	<i>5.521</i>		
<i>Total</i>	<b>210.494</b>		
<b>Current BRU rental expenditure</b>			
Square de Meeus	37.769	7,6	201

<i>Additional rental expenditure</i>	81	EUR/m <sup>2</sup> /year
<i>Surface necessary</i>	210.494	m <sup>2</sup>
<b>Total additional rental expenditure</b>	<b>17,0</b>	<b>M EUR/year</b>

<b>Comparison if new Brussels buildings were to be purchased or constructed</b>			
Building	m <sup>2</sup>	Total price	Price (EUR/m <sup>2</sup> )
LUX: New KAD	259.429	651,1	2.510
BRU: New TREBEL	28.745	136,4	4.745
<i>Additional price</i>		2.236	EUR/m <sup>2</sup>
<i>Surface necessary</i>	259.429		m <sup>2</sup>
<b>Total additional purchase/construction price</b>		<b>580,0</b>	<b>M EUR</b>
		<b>29,0</b>	<b>M EUR/year</b>
<b>Total purchase/construction price in BRU</b>		<b>1.231,1</b>	<b>M EUR</b>

**d) The one-off costs to the Parliament from the process of moving all its operations to one location (Brussels)**

The process of consolidating the Parliament's operations in one location (Brussels) would involve a series of one-off costs, such as removal of equipment and furniture and providing allowances to staff fixed by the EU Staff Regulations. Again, given the balance of the numbers of staff involved, this analysis has focussed on the transfer of operations from Luxembourg to Brussels, rather than Strasbourg to Brussels.

Pursuant to Annex VII to the Staff Regulations, officials who are obliged to change their place of residence are entitled to an installation allowance (Article 5), the reimbursement of their removal expenses (Article 9), and a daily subsistence allowance (Article 10) for a certain period of time. Regarding a removal from Luxembourg to Brussels, officials would also be entitled to ask for a special leave of two days.

The cost of a removal of office furniture from Luxembourg to Brussels has been calculated on the basis of cost estimations used for a removal between buildings in Luxembourg.

In general, the rental contracts for the Parliament's building in Luxembourg stipulate that the Parliament has to re-establish the original state of the property once it leaves a building. Costs have been calculated based on estimations for the PRE building in Luxembourg.

<b>One-off costs of merging the EP Luxembourg site to Brussels (in EUR million)</b>	
<b>Transfer of officials and other staff</b>	<b>Cost</b>
Daily subsistence allowance (30€/day x 150 days x 2.500 persons)	11,3
Installation allowance (7.000€ x 1,5 x 2.500 persons)	26,3
Reimbursement of removal expenses (€ 3.731€ x 2.500 persons)	9,3
Cost of special leave (2 days x 250€/day x 2.500 persons)	1,3
<b>Total cost transfer of officials and other staff</b>	<b>48,1</b>
<b>Removal of furnishing / office furniture</b>	
Cost of moving furniture (gross area 230.000m <sup>2</sup> x 8€/m <sup>2</sup> )	1,8
Cost of transport goods Luxembourg - Brussels (estimation: 10% of cost of moving)	0,2
Loss of job output persons moved (5 days x 250€/day x 2.500 persons)	3,1
<b>Total cost removal of furnishing / office furniture</b>	<b>5,1</b>
<b>Restoration of offices to original state</b>	<b>5,3</b>
<b>Total</b>	<b>58,6</b>

In addition to the costs listed above, it should be noted that more than 1,000 children of European Parliament officials and other staff are enrolled in the Luxembourg I and Luxembourg II European Schools (nursery, primary and secondary cycle). An adequate

infrastructure would have to be provided in Brussels, also including more than 400 places in the Garderie and Study Centre (for children between the ages of 3 and 14).

It would also be necessary to make available about 220 places in crèches. In fact, this need equals the capacity of the Wayenberg crèche in Brussels, owned by the Parliament. The investment cost of this building (with a total gross area of 4,242 m<sup>2</sup>) was €8.5 million.

It is also worth noting that the 'European quarter' of Brussels is already very heavily congested with motor traffic at peak hours. This situation would inevitably be considerably exacerbated by a further 2,500 persons commuting to and from the quarter every day. It is an open question as to whether the Brussels authorities would agree to allow such a change to take place.

A further aspect, which is difficult to express in financial figures, is the difference in the administrative context in which the European Parliament operates in its three places of work. As it is a political priority of the French government to host the European Parliament in Strasbourg, administrative cooperation tends to be relatively easy. The same applies in Luxembourg, where even very complex - and for the State of Luxembourg, sometimes expensive - solutions to problems faced by the Parliament can often be found quickly (for example, in the case of the issues relating to the construction of the new KAD building, within a couple of weeks). A different picture is sometimes witnessed in Brussels, where quick decision-making is hampered by the multiple administrative, communal, regional and federal structures. (For example, after years of discussions, there is still no decision on the use by the Parliament of its own garage under the WIB building). These lengthy processes take up not only time, but considerable human resources, and this dimension would need to be factored into the practical process and potential cost of transferring operations to Brussels.

## **B. The environmental impact of the geographic dispersion of the Parliament**

The environmental impact of the European Parliament having three places of work is to be seen in terms of carbon emissions. The table below estimates the volume of emissions that would have been saved in 2011 if the Parliament had had only one place of work (for this purpose, Brussels). On this basis, more than 10,200 tonnes of CO<sub>2</sub> per year would be saved if Strasbourg were no longer used as a place of work, and more than 460 tonnes would be saved if Luxembourg were no longer used as a place of work.

The energy consumption of buildings, emissions from technical installations (cooling gases), construction of buildings, and information technology equipment in Luxembourg are not included in these calculations, since it is assumed that relocating staff from Luxembourg to Brussels would result in the need to acquire a similar amount of office space in Brussels.

<b>Source of carbon emissions</b>	<b>Tonnes of CO<sub>2</sub> equivalent in 2011</b>	<b>Percentage of EP total carbon footprint in 2011</b>
Energy consumption Strasbourg (detailed below)	583	0.61%
= electricity	0	0.00%
= natural gas	537	0.56%
= oil.	46	0.05%
Freight for parliamentary sessions	123	0.13%
Transport of staff from Brussels and Luxembourg to Strasbourg	2342	2.44%
Other sections Strasbourg (detailed below):	7,187	7.49%
= leakage of cooling gases Strasbourg	960	1.00%
= construction of Strasbourg buildings	4,107	4.28%
= office equipment Strasbourg	111	0.12%
= IT hardware Strasbourg.	2,009	2.09%
<b>Total – Strasbourg</b>	<b>10,235</b>	<b>10.67%</b>
Transport of staff - Brussels-Luxembourg and Luxembourg-Brussels	468	0.49%
<b>Total – Luxembourg</b>	<b>468</b>	<b>0.49%</b>
<b>Total - both Strasbourg and Luxembourg</b>	<b>10,703</b>	<b>11.16%</b>

### C. The impact of the Parliament on its three places of work

The various impacts of the European Parliament - or indeed of the EU institutions more widely - on the three cities (and surrounding areas) in which it works much less easy to quantify than the financial or environmental costs to the institution itself of geographic dispersion. The analysis provided here is limited to information available from Parliament's own administration, the other EU institutions and/or public sources. A longer analysis, produced by outside specialists, could be commissioned by parliamentary bodies if that were considered useful.

#### *Strasbourg*

The general contribution of the European Parliament to the economy of Strasbourg and its surrounding area can be assessed in several ways. Most immediately, in January 2013, the Parliament had 98 of its staff based in Strasbourg, with a gross annualised cost (in terms of salaries and allowances) to the institution's budget of €8.0 million. (10 of the 98 staff work in the Parliament's information office). It is difficult to assess what precise percentage of this sum finds its way directly or indirectly into the local economy. However, a specialist analysis undertaken for the *Communauté urbaine de Strasbourg* (see below) on the general impact of the various European institutions, including most notably the Council of Europe, posits a figure of 67.5 per cent as a working hypothesis.<sup>14</sup> If so, the cost of EP staff salaries and allowances might represent a contribution of around €5.4 million per year to the local economy.

The Parliament's estimates for the 2014 Budget foresee infrastructure spending of €49.3 million in Strasbourg, comprised of €35.7 million of routine or recurrent spending (notably on building maintenance, security and energy), supplemented by €13.6 million for one-off, project-related expenditure (in the form of the construction or fitting out of buildings). The details are set out in Annex 1 to this paper.

In 2012, the last year for which this calculation can be made with certainty, the Parliament engaged in total spending in France of € 98.1 million (predominantly in Strasbourg), of which €47.0 million was related to buildings. Other public procurement-related expenditure amounted to €22.4 million, of which €16.5 million was spent on data processing, equipment and moveable property, and €4.8 million on expertise and information of various kinds. The relevant figures are set out in Annex 2 to this paper.

The total cost of travel to and from Strasbourg and subsistence therein, for 2012, was €20.5 million for Members, €16.2 million for officials and €5.8 million for accredited parliamentary assistants. A proportion of these sums will have been spent in or through Strasbourg-based operators - mainly in hotels, restaurants and taxis - but the calculation of the exact figure is again very difficult to undertake with certainty. The transport of Members within Strasbourg cost around €1.3 million in 2012. (In terms of arrival in and departure from Strasbourg, figures available from 2009 show that of Members arriving or leaving by air or rail, on average, 19 per cent do so by rail, 54 per cent do so via

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<sup>14</sup> Groupement EDR-CityConsult-Médiascopie, *Etude sur le positionnement européen et international de Strasbourg: Impact économique de la présence des institutions européennes à Strasbourg*, Janvier 2011, Annexe 1.1, pp 10-18.

Strasbourg airport, and 27 per cent via other airports between Frankfurt and Basle). The annual expenditure on transporting, loading and unloading trunks between Brussels and Strasbourg was €0.3 million in 2012. Whilst a significant number of other persons from the other EU institutions and the permanent representations of member states - as well as lobbyists and journalists - routinely travel to Strasbourg during the part-session weeks, they are not comprehensively registered, so any figures in this field are largely speculative.

A major consultancy study in January 2011 - conducted jointly by EDR, CityConsult and Mediascope for the *Communauté urbaine de Strasbourg* - attempted to calculate the added value to the local economy generated by the presence of various European institutions and other associated bodies in the city.<sup>15</sup> In its assessment of the specific impact of the European Parliament, it estimated that - taking Members, assistants, staff, lobbyists, journalists and other visitors together - there were around 66,000 visits to Strasbourg by such individuals per year (or an average of 5,500 persons per session). Working on the (highly cautious) assumption that these persons each spent only €304 per visit, the consultancy estimated that the Parliament was contributing €20.1 million annually in this way to the local economy (mainly through spending on hotels, restaurants and taxis). They estimated that, together with a much more modest contribution from the quarterly sessions of the 318-strong Parliamentary Assembly of the Council of Europe (€1.6 million), this combined €21.6 million impact from various parliamentary sessions would be responsible for sustaining 291 jobs. However, it seems more likely that parliamentarians and staff are spending a higher amount than €304 in or around the city on each visit to Strasbourg: if the average figure were €500 euro, for example, it would mean, *ceteris paribus*, that the Parliament would be contributing approximately €33.0 million per year in this way, sustaining around 440 jobs.

In addition to the European Parliament (currently 98 staff) and the European Ombudsman (since 1993; currently 67 staff), the following international organisations or bodies are currently based in or around Strasbourg: the Council of Europe and its associated bodies (since 1949; 2,287 staff in Strasbourg, as opposed to other European locations), Eurocorps (around 1,000 civil and military personnel) and the much smaller Schengen Information System II (50 staff), the Central Commission for the Navigation of the Rhine and the International Commission on Civil Status. For reference, the Council of Europe's associated bodies in Strasbourg include the European Court of Human Rights, the European Audiovisual Observatory, the European Youth Centre, Eurimages, and the European Directorate for the Quality of Medicines (European Pharmacopoeia). In addition, 69 national governments maintain embassies, delegations or observers in Strasbourg to participate in the work of, or liaise with, the Council of Europe in particular.

Various other international bodies have almost certainly been drawn to Strasbourg as a result of its status as home to the Council of Europe and European Parliament. These include the Franco-German television station, ARTE (since 1992; 630 full-time equivalent staff), the European Science Foundation (90 staff), the Human Frontier Science Program, the International Institute of Human Rights, and the Assembly of European Regions.

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<sup>15</sup> Groupement EDR-CityConsult-Médiascopie, *op cit*, Annexe 1.1, pp 7-29.

The EDR study (referred to above) estimated that the annual value of the salaries and pensions accorded by the Council of Europe to current or former employees located in Strasbourg (2,287 staff and 630 retirees) amounted to €177 million in 2010. It calculated that there were nearly 1,000 diplomats and other persons posted or employed by foreign governments to the Council of Europe (or other bodies), who brought about €76 million in further income to Strasbourg each year. In addition, international bodies with a European orientation - notably ARTE and Eurocorps - employed another 1,719 persons, generating income of €133 million. Finally, the staff of the European Parliament based in Strasbourg (90 at that time) and those working for the European Ombudsman (60), SIS (50) and other EU institutions or bodies (23) - a total of 223 persons - benefited from salaries estimated to amount to €17 million.

Adding all these elements together, the number of persons directly employed in Strasbourg, as a result of European institutions (mainly the Council of Europe) or related institutions or bodies being located there, was estimated to be 5,214 people (or about 1.9 per cent of the 265,000 employees in the urban area), generating salaries worth €405 million per year (in 2010). Of this figure, it was calculated that 67.5 per cent, or €273 million, was spent in some way in the Strasbourg economy (including taxes), in turn generating an estimated additional 3,849 jobs. Furthermore, 'intermediate' consumption by international institutions or related bodies - on construction, energy, transport, communications and business services - were calculated to have generated an additional €148 million and thus a further 1,617 jobs.

Overall, the EDR study concludes that 'the European institutions are responsible for the presence of 11,234 jobs in the CUS and Kehl area, and for the creation of €637 million in added value, representing respectively 4.3 per cent of total employment in the area and 3.7 per cent of added value ...'.<sup>16</sup> Within this context, the Council of Europe was calculated by EDR to have contributed, directly or indirectly, €264 million to the economy (in 2010), representing 4,706 jobs, and the European Parliament and linked bodies, to have contributed €51 million or 854 jobs (in that year)

There are also other elements to be taken into account in attempting to estimate the overall impact on the Strasbourg economy of the presence of (notably) the Council of Europe and (to a lesser extent) European Parliament. The French government decided to relocate its national civil-service training school, the *Ecole nationale d'administration* (ENA), to Strasbourg in 1991 - with it becoming largely based in the city from 2005 onwards - partly because of Strasbourg's European status. ENA currently has about 500 students and 230 administrative staff in the city. Since the transfer, the school's teaching has become significantly more focussed on EU issues.

The local and regional authorities in Strasbourg and the surrounding area have played a very active role in promoting a sense of civil identity around, and practical support for, the concept of Strasbourg as '*capitale européenne*'. For over 30 years, the Alsace region, the Bas-Rhin department, the *Ville de Strasbourg* and the *Communauté urbaine de Strasbourg* have engaged in a partnership, known as the *Contrat triennal*, for this purpose. The *Contrat triennal* is supported by funding from the French government, as well as from the region and department - to the tune of €244 million over the three years 2012-14 - with €47.5 million coming from the national budget. In recent years, much of

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<sup>16</sup> Groupement EDR-CityConsult-Médiascopie, *op cit*, Annexe 1.1, p 22.

the Contrat has been devoted to assist the improvement of transport links to Strasbourg and the amalgamation of universities in the city. The EDR study estimated that around 72 per cent of the total sum available had a direct impact on the Strasbourg economy in the previous 2009-11 cycle. The net effect of this is said to benefit Strasbourg by €15.0 million per year, in turn generating 263 jobs.

The creation of a Strasbourg-Ortenau Eurodistrict, launched in 2003 and established as a GECT (*Groupement européen de coopération territoriale*) in 2010, is the latest expression of this pattern. The Eurodistrict comprises Strasbourg and three other French urban communities, together with the physically much larger Ortenau district in Germany, with a joint population of at least 868,000 inhabitants. Among its projects are the '*Ecocités Strasbourg: métropole des deux-rives*' initiative, designed to facilitate the development of a more integrated trans-Rhine economy in the region, including notably the extension of the Strasbourg tramway to Kehl during 2016, and the redevelopment of the old French and German customs areas on either side of the river. In similar vein, the universities of Strasbourg, Mulhouse, Freiburg-en-Brigau, Karlsruhe and Basle have established a Franco-German-Swiss *Confédération européenne des universités du Rhin* (EUCOR), with over 100,000 students.

### **Brussels**

In January 2013, the European Parliament employed 3,894 staff (other than Members' assistants) in Brussels, with a gross annualised cost (in terms of salaries and allowances) to the institution's budget of €334.3 million. Although only part of those salaries would filter through to the local economy, if the proportion is at all comparable to the figure estimated by EDR for Strasbourg (67.5 per cent), this would represent a contribution of around €226 million per year. In addition, there are currently 1,873 accredited parliamentary assistants in Brussels, with a combined gross salary of €92.9 million. Calculated on a similar basis, they may be contributing around €63 million to the local economy as well.

The Parliament's budget estimates for 2014 foresee infrastructure spending of €91.1 million in Brussels, comprised of €79.9 million in routine or recurrent items (notably maintenance, rent, leasing payments, the fitting out of buildings, security and energy), and €11.2 million in one-off, project-specific expenditure (notably for construction). The details are set out in Annex 1 to this paper.

In 2012, the last year for which this calculation can be made with certainty, the Parliament engaged in total spending in Belgium of €719.0 million (predominantly in Brussels), of which €101.3 million was related to buildings. Other public procurement-related expenditure amounted to €87.0 million, of which €53.1 million were spent on data processing, equipment and moveable property, and €28.8 million on expertise and information of various kinds. The relevant figures are set out in Annex 2 to this paper.

The sheer scale of the presence of the EU institutions in Brussels has generated a significant, if complex, impact on the economic and demographic development of the Brussels Capital Region (BCR). Of the region's total population of 1.1 million people in

2010, 182,000 were nationals of EU member states other than Belgium.<sup>17</sup> It is impossible to say definitively what proportion of the population is now represented by EU officials and their families, as well as others, including diplomats and lobbyists, who live in the area as a result of EU business, but this figure is generally considered to be over 100,000 persons. Around 30,000 (of the 46,000) EU staff employed by the EU institutions are based in Brussels, with the relevant figure rising to 80,000 or more once family members are included. Off-setting this figure in part, however, is the fact that approximately 16 per cent of EU staff are of Belgian nationality, depending on institution.

Total EU administrative expenditure in Belgium in 2011, most of it taking place in the BCR by the Commission, was €4.6 billion.<sup>18</sup> Assuming that 60 per cent of this figure went in salary costs (as was the case in European Parliament in 2012), and using the same formula as for Strasbourg above, the specific salary impact of this spending on the Belgian economy could be in the order of €1.9 billion per year.

The three EU institutions formally based in Brussels are European Commission, the Council and the European Council. The latter two share a common secretariat. The Commission has 17,500 out of 23,600 staff (officials and temporary agents) based in Brussels (74.1 per cent), whilst nearly all of the Council's 3,200-strong secretariat is located in city too. Brussels also hosts the European External Action Service (EEAS), the European Economic and Social Committee (EESC), the Committee of the Regions, and the European Defence Agency (EDA), as well as certain inter-institutional services, such as the European Personnel Selection Office, the European School of Administration and the Office of Publications. There are now four European schools in Brussels, with over 10,000 students and more than 1,000 staff.

Other international organisations or bodies in Brussels include (since 1966) the North Atlantic Treaty Organization (NATO), with around 4,000 staff and diplomats assigned to the city, Eurocontrol (2,200 persons) and the Benelux secretariat (50). The diplomatic community encompasses representatives of around 170 countries, with at least 4,000 accredited diplomats working in missions to the EU and NATO (as opposed to Belgium). In addition, somewhere between 20,000 and 30,000 other individuals - whether commercial lobbyists, NGO representatives, lawyers, think tankers or others - are believed to work in the city on EU-related or other international governmental issues. These include staff employed in 300 regional or local representations and some 1,300 journalists and support staff working for international media.

The overall impact of these various components was estimated for a study by the Free University of Brussels (ULB) in 2007 at 12.9 per cent of GDP and 12.6 per cent of employment in the Brussels region - which is equivalent to about 86,000 jobs, and around 2.5 of Belgian GDP.<sup>19</sup> Of this total, a little under half of the effect (5.1 per cent) was generated directly by the EU, NATO and the diplomatic representations linked thereto, with the rest coming from indirect effects. Based on these and other figures, the

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<sup>17</sup> *Brussels-Europe: The Figures*. A study by the Brussels-Europe Liaison Office, November 2011, and *The EU: Brussels' capital*, Brussels Metropolitan position paper.

<sup>18</sup> European Commission, *Financial Report, Budget 2011*, Annex 2(c);

<sup>19</sup> C. Vandermotten (editor), *Impact socio-économique de la présence des institutions de l'Union européenne et des autres institutions internationales en RBC*, ULB (IGEAT), 2007, pp 4-11.

European Commission has claimed that ‘for each job in the European institutions, two jobs are created in satellite sectors. For each euro spent by the European institutions, three others are spent by satellite sectors’<sup>20</sup>

According to the same ULB and Commission studies, around 30 per cent of office accommodation in the Brussels region is occupied by the EU or bodies brought to Brussels by Union-related activity. Brussels is the third largest centre for the holding of conferences in the world, with 10 per cent of such events organised by the Union itself, and another 30 per cent organised by other international bodies. Just over half the hotel nights spent in Brussels and nearly two-thirds of visitor spending in the city are generated directly or indirectly by the presence of international institutions.

### ***Luxembourg***

In January 2013, the European Parliament employed 2,428 staff in Luxembourg, with a gross annualised cost (in terms of salaries and allowances) to the institution’s budget of €223.3 million. On the assumption (see above) that 67.5 per cent of this gross figure may find its way into the local economy, this would represent a contribution of around €151 million per year in Luxembourg and the surrounding area.

The Parliament’s budget estimates for 2014 foresee infrastructure spending of €50.2 million in Luxembourg, comprised of €40.7 million in routine or recurrent items (notably rent, maintenance, security and energy), and €9.5 million in one-off, project-specific expenditure (notably on construction). The details are set out in Annex 1 to this paper.

In 2012, the last year for which this calculation can be made with certainty, the Parliament engaged in total spending in Luxembourg of €335.6 million, of which €39.3 million was related to buildings. Other public procurement-related expenditure amounted to €59.4 million, of which €46.1 million was spent on data processing, equipment and moveable property, and €11.1 million on expertise and information of various kinds. For reference, the cost of missions for parliamentary staff travelling between Luxembourg and Brussels was some €2 million per year. The relevant figures are set out in Annex 2 to this paper.

The Parliament has traditionally rented most of its office accommodation in Luxembourg. It is now seeking to concentrate activities in a single physical facility, which it will own. This project is based on a very substantial extension to the existing Konrad Adenauer (KAD) building, which will allow officials to be in one place, rather than dispersed in six locations, as at the moment.

Under Protocol 6 to the Treaties, Luxembourg hosts not only the general secretariat of the European Parliament, but certain directorates-general of the European Commission, as well as the Court of Justice, the Court of Auditors and the European Investment Bank. Of the Commission’s total of 23,600 staff, 3,300 are currently based in Luxembourg (14.1 per cent). In April, June and October of each year, Council of the European Union meets in Luxembourg. In all, some 10,300 European officials are based

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<sup>20</sup> European Commission (Bureau of European Policy Advisers), Baudouin Regout et al, *European Value Added: Key ways in which Europe adds value to European citizens and Member States*, 2011, pp 40-41.

in Luxembourg, representing some 3.0 per cent of the active workforce of some 359,000 persons.<sup>21</sup> Their offices are mainly located in a 'European quarter' occupying a sizeable part of the Plateau de Kirchberg. In addition, there are two European schools, with around 4,700 pupils and over 400 staff. In 2011, the EU spent €1.33 billion on administration in Luxembourg, a figure equivalent to approximately a third of the Union's administrative expenditure in Brussels.

However, the number of EU officials based in Luxembourg is less than half the number of persons employed in the financial services sector (some 27,000). Even with their families, they constitute only a relatively small part of a large foreign component in the Luxembourg population (44.5 per cent of a total population of 537,000 persons). The overall economic impact of the EU institutions on the local economy has been estimated by the European Commission at around 5.5 per cent of GDP.<sup>22</sup>

Although the importance of the European institutions to the Luxembourg government is shown by the regular convening of a Coordination Committee led by a dedicated unit in the Ministry of Foreign Affairs, there is no up-to-date, publicly-available study giving quantitative data on their impact - the most recent study being a book written by Henri Entringer in 1997.<sup>23</sup> One factor distinguishing Luxembourg from the situation in Brussels is that a relatively high number of the personnel working for the European institutions reside outside the country, whether in Belgium, Germany or France. About 1,000 former officials, two-thirds of them citizens of other member states, are estimated to have continued to live in Luxembourg after retirement.

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<sup>21</sup> STATEC - Luxembourg National Institute for Statistics.

<sup>22</sup> European Commission (BEP), *op cit*, p 41.

<sup>23</sup> Henri Entringer, *La Présence européenne à Luxembourg: Histoire, conséquences et perspectives de l'implantation des institutions communautaires*, Editions les Cahiers luxembourgeois, Imprimerie centrale, 1997.

**Annex 1:**

**Total annual expenditure on infrastructure at all EP places of work**

<b>Infrastructure-related expenditure, 2014 draft budget (in EUR million)</b>							
<b>Budget item</b>	<b>Heading</b>	<b>Nature</b>	<b>BRU</b>	<b>STR</b>	<b>LUX</b>	<b>Info. offices</b>	<b>Total</b>
2000	Rent	Recurrent	7,1	0,1	18,8	6,5	<b>32,4</b>
2001	Lease payments	Recurrent	6,4	0,0	0,0	0,0	<b>6,4</b>
2003	Acquisition of immovable property	Recurrent	0,0	0,0	0,0	0,0	<b>0,0</b>
2005	Construction of buildings	Project	8,9	7,3	9,2	0,0	<b>25,5</b>
2007 01	Fitting-out of premises: Infrastructures	Recurrent	11,9	2,6	1,3	1,9	<b>17,8</b>
2007 02	Fitting-out of premises: Real estate projects	Project	2,1	6,1	0,0	0,0	<b>8,2</b>
2008 01	Specific property management: Infrastructures	Recurrent	1,6	1,5	0,7	0,8	<b>4,6</b>
2008 02	Specific property management: Real estate projects	Project	0,2	0,2	0,3	0,0	<b>0,6</b>
2022	Building maintenance, upkeep, operation and cleaning	Recurrent	32,2	19,3	7,0	1,6	<b>60,1</b>
2024	Energy consumption	Recurrent	10,8	4,3	4,4	1,5	<b>20,9</b>
2026	Security and surveillance of buildings	Recurrent	9,4	7,7	8,4	1,8	<b>27,3</b>
2028	Insurance	Recurrent	0,4	0,3	0,2	0,1	<b>1,0</b>
<b>Total</b>		<b>Recurrent</b>	<b>79,9</b>	<b>35,7</b>	<b>40,7</b>	<b>14,2</b>	<b>170,6</b>
		<b>Project</b>	<b>11,2</b>	<b>13,6</b>	<b>9,5</b>	<b>0,0</b>	<b>34,3</b>
			<b>91,1</b>	<b>49,3</b>	<b>50,2</b>	<b>14,2</b>	<b>204,8</b>

*Notes:*

At the moment, the the European Parliament's total infrastructure-related expenditure in 2014 is foreseen as amounting to €91.1 million in Brussels, to €49.3 million in Strasbourg, and to €50.2 million in Luxembourg.

(These amounts do not include many internal costs necessary for the exploitation of the infrastructure, such as the salaries of the relevant staff working in DGs PRES, INLO or ITEC. These figures could be provided once a computerised cost accounting system is implemented).

**Annex 2:**

**EP payments by member state**

<b>Payments executed by the EP in 2012, by member state of the third party</b> <b>(Payments made on current and carried-over appropriations, in EUR million)</b>							
Budget chapter		Procurement related?	BE	LU	FR	Other/non-allocated	Total
10	Members of the Institution		19.6	0.0	9.3	168.9	197.8
12	Officials and temporary staff		309.5	221,7	8.4	20.9	560.5
14	Other staff and outside services		32.6	10.4	5.9	53.3	102.1
16	Other expenditure relating to persons working with the institution		9.6	4.2	1.4	0.0	15.3
20	Buildings and associated costs	Yes	101.3	39.3	47.0	11.4	199.0
21	Data processing, equipment and movable property	Yes	53.1	46.1	16.5	7.2	122.9
23	Current administrative expenditure	Yes	5.1	2.2	1.1	0.1	8.5
30	Meetings and conferences		4.5	0.2	0.9	25.1	30.8
32	Expertise and information: acquisition, archiving, production and dissemination	Yes	28.8	11.1	4.8	52.4	97.1
40	Expenditure relating to certain institutions and bodies		54.6	0.2	2.8	28.2	85.8
42	Expenditure relating to parliamentary assistance		100.1	0.0	0.0	80.8	180.9
44	Meetings and other activities of current and former members		0.2	0.2	0.0	0.0	0.4
<i>Procurement related</i>			188.3	98.6	69.4	71.2	427.6
<i>Non-procurement related</i>			530.7	237.0	28.7	377.3	1,173.6
<i>of which: MEPs, staff, assistants and allowances</i>			451.9	232.1	19.3	272.2	975.5
<b>Total</b>			<b>719.0</b>	<b>335.6</b>	<b>98.1</b>	<b>448.4</b>	<b>1,601.2</b>
<i>Percentage</i>			44.9%	21.0%	6.1%	28.0%	100.0%