

ORGANISATION EUROPEENNE POUR LA RECHERCHE NUCLEAIRE
CERN EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

Action to be taken

Voting procedure

For recommendation to Council	FINANCE COMMITTEE 328th Meeting 16 December 2009	Consensus of Member States and at least 51% of the contributions of all Member States
For approval	RESTRICTED COUNCIL 153rd Session 17 December 2009	Consensus of Member States

**Future arrangements for the calculation of the scale of Member State
contributions and implementation scheme**

At its 327th meeting on 11 November 2009, the Finance Committee discussed the proposal set out in this document, based on Option B of document CERN/FC/5349-CERN/2850 presented in June 2009, together with two scenarios for implementation. During the discussion, no delegation expressed opposition to the proposed new arrangements, but no convergence in favour of one of the two implementation scenarios could be reached. Recognizing that the matter would require further consultation, the Finance Committee agreed to defer its recommendation to the Council to its December 2009 meeting.

The Finance Committee is therefore invited to recommend to the Council and the Council is invited to approve the new arrangements for the calculation of the scale of Member State contributions proposed in section I of this document as well as their implementation according either to the scheme proposed under Scenario 1 (three-year transition period) or under Scenario 2 (no transition period) set out in section II of this document.

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Voting procedure

For recommendation to Council	FINANCE COMMITTEE 327th Meeting 11 November 2009	Consensus of Member States and at least 51% of the contributions of all Member States
For approval	COUNCIL 153rd Session 18 December 2009	Consensus of Member States

**Future arrangements for the calculation of the scale of Member State
contributions and implementation scheme**

The Finance Committee is invited to recommend, and the Council is invited to approve, the new arrangements for the calculation of the scale of Member State contributions proposed in section I of this document as well as their implementation according either to the scheme proposed under Scenario 1 (three-year transition period) or under Scenario 2 (no transition period) outlined in section II of this document.

Future arrangements for the calculation of the scale of Member State contributions and implementation scheme

I. Proposed future arrangements for the calculation of the scale of Member State contributions

Following the discussions at the November and December 2008 meetings of the Finance Committee, the White Paper on “Future arrangements for the calculation of the scale of Member State contributions” was presented to the Finance Committee on 18 March 2009.

The “Finance Committee decided to invite the Management, as a starting point for further work, to prepare simulations based on the application of various possible calculation methodology scenarios with the overall aim of identifying a methodology that would minimise volatility of Member State contributions.” (CERN/FC/5335/RA p.17)

At the June 2009 meeting of the Finance Committee, the Management submitted two proposals (Options A and B) for the future calculation of the scale of Member State contributions¹, which the Committee agreed not to put to a vote at that stage.

The feedback received from the Delegations at the June Finance Committee meeting, and subsequently on the basis of additional simulations, has shown that there is a substantial preference for Option B (i.e. for using the arithmetic average of three years of Net National Income values until year before last year and applying the corresponding annual average exchange rate for each year). This option has therefore been retained in the present document and two possible schemes for implementation are proposed.

The proposed calculation arrangements are based on the published Net National Income at factor cost (NNI²) for each Member State in their national currency. It is proposed that the final NNI data for the years $n-4$, $n-3$ and $n-2$, available in June of year n , be used. The NNI values are expressed in Swiss francs using the annual average exchange rates for the corresponding year. The simple arithmetic average of the NNI values expressed is then calculated in Swiss francs for each country, which is then used to determine the relative share of the contribution base. These arrangements allow a decision to be taken in June of year n for the scale of year $n+1$.

It should be noted that NNI data for year $n-1$ is available only as a preliminary value in the autumn of year n . Due to the preliminary nature of these data, substantial variations in the NNI data for the year $n-1$ can occur between the autumn of year n and the spring of year $n+1$. In recent years, this has contributed to substantial fluctuations in the share of some Member States from one year to the next.

¹ CERN/FC/5349 - CERN/2850

² Net National Income (NNI) is the aggregate value of the balances of net primary income summed over all sectors. Gross National Income (GNI) less consumption of fixed capital from GNI gives net national income (NNI) at market prices, less indirect taxes plus operating subsidies gives the Net National Income at factor cost.

Table 1 shows the result of the proposed new calculation arrangements for the year 2010 (using the data of the years 2005, 2006, 2007 in 2009 for year 2010) and compares it to the scale calculated using the current arrangements. For comparison, the 2009 scale is also shown.

Table 1: Comparison of current and proposed arrangements for the calculation of the scale of Member State contributions

	2010 Annual Contributions Current Arrangements	2010 Annual Contributions Proposed Arrangements	For comparison 2009 Annual contributions
	in %	in %	in %
Austria	2,2493%	2,1069%	2,2427%
Belgium	2,8167%	2,6801%	2,7688%
Bulgaria	0,3195%	0,2011%	0,2188%
Czech Republic	1,0623%	0,8693%	1,1541%
Denmark	1,7611%	1,7207%	1,7634%
Finland	1,4839%	1,3955%	1,5453%
France	15,6162%	15,1434%	15,3442%
Germany	20,2872%	20,0661%	19,8783%
Greece	1,9310%	1,7603%	1,9563%
Hungary	0,6704%	0,6886%	0,7796%
Italy	11,6296%	11,8492%	11,5081%
Netherlands	4,5458%	4,6370%	4,7940%
Norway	2,6945%	2,3303%	2,5300%
Poland	2,5780%	2,2310%	2,8534%
Portugal	1,1784%	1,1756%	1,1354%
Slovak Republic	0,6021%	0,4335%	0,5378%
Spain	8,8878%	7,9494%	8,5236%
Sweden	2,3466%	2,6235%	2,7625%
Switzerland	2,4353%	2,9820%	3,0089%
United Kingdom	14,9043%	17,1563%	14,6950%
Total	100%	100%	100%

II. Proposed implementation schemes

The Management proposes that either of the following two implementation schemes be adopted:

In order to facilitate the change from the current to the proposed new calculation arrangements, a three-year transition period could be envisaged. The contributions for 2010 are calculated using the current arrangements.

Scenario 1: Transition over 3 years

- 2011 33% of contribution calculated using the new arrangements
67% of contribution calculated using the current arrangements
- 2012 67% of contribution calculated using the new arrangements
33% of contribution calculated using the current arrangements
- 2013 100% of contribution calculated using the new arrangements.

Please note that the 2011 and 2012 scales under this scenario depend partly on results using the current arrangements for which the information will not be available before end of October in 2010 and in 2011. Consequently, this transition scenario allows a Finance Committee recommendation and a Council decision only in December 2010 and 2011.

In order to illustrate the transition, Table 2 shows the percentage distribution for each Member State assuming that the NNI values and exchange rates do not change with time.

Table 2: Three year transition period

	2010 Annual contributions Current	2011 Annual contributions Transition 1/3 - 2/3	2012 Annual contributions Transition 2/3 - 1/3	2013 Annual contributions 100% New
	in %	in %	in %	in %
Austria	2,2493%	2,2019%	2,1544%	2,1069%
Belgium	2,8167%	2,7712%	2,7256%	2,6801%
Bulgaria	0,3195%	0,2801%	0,2406%	0,2011%
Czech Republic	1,0623%	0,9980%	0,9336%	0,8693%
Denmark	1,7611%	1,7476%	1,7342%	1,7207%
Finland	1,4839%	1,4544%	1,4249%	1,3955%
France	15,6162%	15,4586%	15,3010%	15,1434%
Germany	20,2872%	20,2135%	20,1398%	20,0661%
Greece	1,9310%	1,8741%	1,8172%	1,7603%
Hungary	0,6704%	0,6765%	0,6825%	0,6886%
Italy	11,6296%	11,7028%	11,7760%	11,8492%
Netherlands	4,5458%	4,5762%	4,6066%	4,6370%
Norway	2,6945%	2,5731%	2,4517%	2,3303%
Poland	2,5780%	2,4623%	2,3467%	2,2310%
Portugal	1,1784%	1,1775%	1,1766%	1,1756%
Slovak Republic	0,6021%	0,5459%	0,4897%	0,4335%
Spain	8,8878%	8,5750%	8,2622%	7,9494%
Sweden	2,3466%	2,4389%	2,5312%	2,6235%
Switzerland	2,4353%	2,6176%	2,7998%	2,9820%
United Kingdom	14,9043%	15,6550%	16,4057%	17,1563%
Total	100%	100%	100%	100%

Another possibility would be to implement the proposed new calculation arrangements with no transition period. The contributions for 2010 as well as for 2011 and 2012 would then be calculated using the current arrangements and the contributions for 2013 using the new arrangements.

Scenario 2: full implementation from 2013 without any transitional arrangements

2011 100% of contribution calculated using the current arrangements

2012 100 % of contribution calculated using the current arrangements

2013 100% of contribution calculated using the new arrangements.

Table 3 shows the percentage distribution for each Member State until 2013 (no transition) assuming that the NNI values and exchange rates do not change with time.

Table 3: Without any transitional arrangements

	2010 Annual contributions Current	2011 Annual contributions Current	2012 Annual contributions Current	2013 Annual contributions New
	in %	in %	in %	in %
Austria	2,2493%	2,2493%	2,2493%	2,1069%
Belgium	2,8167%	2,8167%	2,8167%	2,6801%
Bulgaria	0,3195%	0,3195%	0,3195%	0,2011%
Czech Republic	1,0623%	1,0623%	1,0623%	0,8693%
Denmark	1,7611%	1,7611%	1,7611%	1,7207%
Finland	1,4839%	1,4839%	1,4839%	1,3955%
France	15,6162%	15,6162%	15,6162%	15,1434%
Germany	20,2872%	20,2872%	20,2872%	20,0661%
Greece	1,9310%	1,9310%	1,9310%	1,7603%
Hungary	0,6704%	0,6704%	0,6704%	0,6886%
Italy	11,6296%	11,6296%	11,6296%	11,8492%
Netherlands	4,5458%	4,5458%	4,5458%	4,6370%
Norway	2,6945%	2,6945%	2,6945%	2,3303%
Poland	2,5780%	2,5780%	2,5780%	2,2310%
Portugal	1,1784%	1,1784%	1,1784%	1,1756%
Slovak Republic	0,6021%	0,6021%	0,6021%	0,4335%
Spain	8,8878%	8,8878%	8,8878%	7,9494%
Sweden	2,3466%	2,3466%	2,3466%	2,6235%
Switzerland	2,4353%	2,4353%	2,4353%	2,9820%
United Kingdom	14,9043%	14,9043%	14,9043%	17,1563%
Total	100%	100%	100%	100%

Conclusion:

The Finance Committee is invited to recommend, and the Council is invited to approve, the new arrangements for the calculation of the scale of Member State contributions proposed in section I of this document as well as their implementation according either to the scheme proposed under Scenario 1 (three year transition period) or under Scenario 2 (no transition period) outlined in section II of this document.