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MINUTES

of the 1815th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 23 January 2008

(morning)

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<u>Single sitting</u>: Wednesday 23 January 2008 (morning)

The sitting opened at 09.13 hours with Mr BARROSO, President, in the chair. Items 22 to 24 were chaired by Ms WALLSTRÖM.

<u>Present</u>:

Mr BARROSO	President	Items 1 to 21
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Ms REDING		
Mr DIMAS		Items 1 to 21
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL’		Items 1 to 21
Mr KYPRIANOU		
Mr REHN		Items 1 to 21
Mr MICHEL		Items 15/21 (in part)
Mr KOVÁCS		
Ms KROES		Items 1 to 21
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		Items 15/21 (in part) to 24
Mr McCREEVY		
Mr ŠPIDLA		
Mr MANDELSON		
Mr PIEBALGS		Items 1 to 21
Ms KUNEVA		
Mr ORBAN		Items 1 to 23 (in part)

Absent:

Mr FRATTINI	Vice-President

The following sat in to represent absent Members of the Commission:

Ms SCHMITT	Deputy Chef de cabinet to Mr FRATTINI

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the President	Items 1 to 21
Ms DURAND	Acting Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	Items 1 to 21
Ms CARVALHO	Bureau of European Policy Advisers	
Mr THEBAULT	Deputy Chef de cabinet to the President	Items 15 to 24
Ms WEYAND	Adviser in the President's Office	Items 1 to 21
Mr BALDWIN	Adviser in the President's Office	Items 1 to 21
Ms ERLER	Chef de cabinet to Mr VERHEUGEN	Items 1 to 21
Ms KONTOU	Chef de cabinet to Mr DIMAS	Items 1 to 21
Mr SCHELLEKENS	Deputy Chef de cabinet to Mr DIMAS	Items 1 to 15/21 (in part)
Mr DOENS	Chef de cabinet to Mr MICHEL	Items 1 to 15/21 (in part)
Mr BOOGERT	A member of Ms KROES’s staff	Items 1 to 21
Mr CHILD	Chef de cabinet to Ms FERRERO-WALDNER	Items 1 to 15/21 (in part)
Mr VIS	A member of Mr PIEBALGS’s staff	Items 15 to 21
Mr DELBEKE	DG Environment	Items 15/21 (in part)
Mr MEADOWS	DG Environment	Items 1 to 21
Mr RUETE	Director General, DG Energy and Transport	Items 1 to 21
Mr HODSON	DG Energy and Transport	Items 1 to 21
Mr VAN STEEN	DG Energy and Transport	Items 1 to 21
Mr SLEATH	Secretariat-General	Items 1 to 21

Secretary: Ms DAY, Secretary-General, assisted by Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS
(OJ(2008)1815/3; SEC(2008)7/2; SEC(2008)42; SEC(2008)43)

The Commission took note of that day’s agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET
(SEC(2008)1815)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 21 January.

3. MINUTES OF 1814TH MEETING (15 JANUARY)
(PV(2008)1814)

The Commission approved the minutes of its 1814th meeting.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED
(SEC(2008)8 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 January.

4.2. SENSITIVE WRITTEN PROCEDURES (SEC(2008)9 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expires between 21 and 25 January and of the "finalisation" written procedure initiated following the weekly meeting of Chefs de cabinet on 21 January

4.3. EMPOWERMENT (SEC(2008)10 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 January.

4.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 14 and 18 January, as archived on "Greffe 2000" (Registry).

5. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF COUNCIL REGULATION (EC) NO 1466/97 ON THE UPDATED STABILITY PROGRAMME OF GERMANY (2007-2011) (SEC(2008)58 AND /2; SEC(2008)59; SEC(2008)68)

The Commission adopted the recommendation for a Council opinion on the updated stability programme of Germany, as set out in SEC(2008)58/2, for transmission to the Council.

6. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF COUNCIL REGULATION (EC) NO 1466/97 ON THE UPDATED STABILITY PROGRAMME OF LUXEMBOURG (2007-2010)
(SEC(2008)62; SEC(2008)59; SEC(2008)68)

The Commission adopted the recommendation for a Council opinion on the updated stability programme of Luxembourg, as set out in SEC(2008)62, for transmission to the Council.

7. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF COUNCIL REGULATION (EC) NO 1466/97 ON THE UPDATED STABILITY PROGRAMME OF THE NETHERLANDS (2007-2010) (SEC(2008)60 AND /2; SEC(2008)59; SEC(2008)68)

The Commission adopted the recommendation for a Council opinion on the updated stability programme of the Netherlands, as set out in SEC(2008)60/2, for transmission to the Council.

8. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF COUNCIL REGULATION (EC) NO 1466/97 ON THE UPDATED STABILITY PROGRAMME OF FINLAND (2007-2010)
(SEC(2008)66; SEC(2008)59; SEC(2008)68)

The Commission adopted the recommendation for a Council opinion on the updated stability programme of Finland as set out in SEC(2008)66, for transmission to the Council.

9. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF COUNCIL REGULATION (EC) NO 1466/97 ON THE UPDATED CONVERGENCE PROGRAMME OF HUNGARY (2007-2011)
(SEC(2008)61 AND /2; SEC(2008)59 SEC(2008)68)

The Commission adopted the recommendation for a Council opinion on the updated convergence programme of Hungary, as set out in SEC(2008)61/2, for transmission to the Council.

10. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF COUNCIL REGULATION (EC) NO 1466/97 ON THE UPDATED CONVERGENCE PROGRAMME OF SWEDEN (2007-2010)
(SEC(2008)65; SEC(2008)59; SEC(2008)68)

The Commission adopted the recommendation for a Council opinion on the updated convergence programme of Sweden, as set out in SEC(2008)65, for transmission to the Council.

11. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF COUNCIL REGULATION (EC) NO 1466/97 ON THE UPDATED CONVERGENCE PROGRAMME OF THE UNITED KINGDOM (2007/2008-2012/2013)
(SEC(2008)63 TO /3; SEC(2008)59; SEC(2008)68)

The Commission adopted the recommendation for a Council Decision on the updated convergence programme of the United Kingdom in SEC(2008)63/2 and /3 for transmission to the Council.

12. COMMISSION DECISION CONCERNING A PROCEEDING UNDER ARTICLE 8(1) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT *(CASE COMP/M. 4781 – NORDDEUTSCHE AFFINERIE/CUMEIRO*)
(C(2008)273 TO /6)

The Commission

- took note of the opinion of the Advisory Committee on Concentrations of 9 January in C(2008)273/3;

- took note of the final report of the Hearing Officer of 17 January in C(2008)273/5;

- adopted, in the authentic language (English), the decision in C(2008)273/6, declaring the notified operation to be compatible with the common market and the agreement on the European Economic Area;

- decided to notify the decision set out in C(2008)273/6 to the firm concerned, together with the final report of the Hearing Officer and the opinion of the Advisory Committee;

- decided that the most important parts of the decision and the opinion of the Advisory Committee and the report of the Hearing Officer would be published in the official languages in the Official Journal of the European Union (with business secrets removed);

- decided to publish the decision (with business secrets removed) on the Internet.

13. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY AND ARTICLE 53 OF THE EEA AGREEMENT *(CASE COMP/F/38.628 – NITRILE BUTADIENE RUBBER)* (C(2008)282 TO /7; SEC(2008)88)

The Commission

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 30 November 2007 and 18 January 2008 in C(2008)282/3 and /5;
- took note of the final report of the Hearing Officer of 11 January in C(2008)282/6;
- adopted, in the authentic languages (German and English), the decision in C(2008)282/7 finding that the companies to which the decision was addressed had infringed Article 81 of the EC Treaty and Article 53 of the Agreement on the European Economic Area and imposing fines on these companies totalling €34 230 000;
- decided that the decision in C(2008)282/7 would be notified to the companies concerned, together with the final report of the Hearing Officer;
- decided that the most important parts of the decision, together with the opinions of the Advisory Committee and the final report of the Hearing Officer, would be published in the EU official languages in the Official Journal (with business secrets removed);
- decided to publish the decision (with business secrets removed) on the Internet.

14. OTHER BUSINESS

STATE OF PLAY ON THE USE OF CLONED ANIMALS AND THEIR OFFSPRING IN THE FOOD CHAIN
(SEC(2008)103)

The Commission took note of the information note from Mr KYPRIANOU in SEC(2008)103.

15. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: 20 20 BY 2020 – EUROPE'S CLIMATE CHANGE OPPORTUNITY (COM(2008)30 TO /3; SEC(2007)1591; SEC(2008)25; SEC(2008)67)

The PRESIDENT introduced the set of proposals under items 15 to 21, presenting in particular the general communication distributed as COM(2008)30/3, which he was tabling for approval.

First he emphasised that this package of measures was central to the Commission's policy agenda and could help achieve the goals of prosperity, solidarity and security; the proposals being tabled were a response not only to climate change but also to other questions of strategic importance, such as security of energy supply and the future competitiveness of the EU.

He recalled the long process that had led from the Commission's first initiative in January 2007 and the European Council's decision in March 2007 to set precise, legally binding targets. The Community had already done much to arrive at a comprehensive international agreement; now it was time to put these aspirations into practice.

The PRESIDENT praised the excellent quality of the proposals, for which he thanked Mr DIMAS, Mr PIEBALGS and Ms KROES. The preparations had benefited from excellent cooperation between the Commission Members, their Offices and the services under their responsibility. Wide-ranging consultations had also been held inside the Commission and with the Member States.

He felt that the package of proposals offered a good balance between meeting the EU's commitments, strengthening energy security and preserving Europe's competitiveness. He acknowledged that major efforts were expected in order to meet these challenges, but felt that the package of measures was feasible and affordable.

Although the proposals were underpinned by a cost-effectiveness analysis, the situation in individual Member States had been duly taken into account, in particular using the criterion of gross domestic product per capita. The direct cost of implementing the proposals by 2020 came to an average of 0.45% of the EU's GDP, whereby the differences in costs from one Member State to another were explained among other things by objective differences in their economic circumstances, energy situations and other factors. As a result no Member State would be faced with unreasonable or unachievable targets.

The PRESIDENT concluded by pointing out that this dossier represented an important advance for the EU as a whole and made a significant contribution to the Commission's work for the benefit of Europe's citizens. The series of proposals formed a resolutely European approach which matched perfectly the transnational nature of the problem.

Mr DIMAS introduced the two proposals for Directives and the proposal for a Decision, which he was tabling for adoption under items 16, 17 and 18.

He drew attention to the international scope of the initiative, referring to the wider context surrounding the Commission's proposals, in particular the Bali Conference, and the messages of encouragement he had received from certain non-member countries, but also to the main goal, which was to obtain in due course a comprehensive international agreement on combating climate change. He explained in particular the instruments proposed to avoid carbon dioxide emissions being shifted to other countries ("carbon leakage") if no international agreement could be secured.

He noted the contribution this package of measures would make to Europe's competitiveness and the importance of incentives for the development of a low-carbon economy and also for growth in the European economy and the creation of jobs.

Studies had shown that the cost to the EU, its citizens and its businesses of implementing the proposals to protect the climate and reduce greenhouse gas emissions was much lower than the cost of inaction.

The proposals would bring other significant benefits: improvements in the quality of the environment and in particular better air quality, improvements in public health and the reduction of certain major costs arising from greenhouse gas emissions.

Referring to the cost-effectiveness study, he stressed that funds for projects carried out in non-member countries under the clean development mechanism and the joint implementation mechanism could be used not only in sectors covered by the emissions trading system, but also in industries that were not part of that system.

He then focused on the proposals on the trading system for greenhouse gas emissions, which were designed to develop further the existing system of auctions and harmonise it at Community level. The rules on the allocation and auctioning of quotas would be adopted by committee procedure.

Mr DIMAS also drew attention to the mechanism for allocating quotas between Member States, noting in particular that the mechanism was based on GDP per capita, which served as a common benchmark for the two proposals for Directives on the emissions trading system and Member States' efforts to reduce their emissions. The additional revenue generated from auctions could be used to fund additional cuts in emissions in the Member States.

Mr PIEBALGS presented the proposal for a Directive and the communication which he was tabling under items 19 and 20. The Commission had made considerable efforts in the energy sector and wanted to see renewable energy play a major role in that context. He recalled the objectives set by the European Council in March 2007, which had prompted the proposal now on the table to set individual binding targets for each Member State and also formed the background to the proposed measures on renewable energy in the electricity, transport, heating and cooling sectors.

The method used to set the targets ensured a fair distribution of efforts between the Member States. The proposal for a Directive took into account specific national circumstances, in particular any major projects that would already be implemented by 2020, possible exceptional circumstances and consistency with national support systems.

Mr PIEBALGS also mentioned the creation of a tradable guarantee of origin scheme (certificates proving that energy comes from a renewable source), which would be separate from the energy itself. Under this scheme, Member States could - provided the EU's overall target were met - take part in the general European effort on renewable energy, without necessarily confining their contribution to national territory, but buying guarantees of origin from other Member States where renewable energy was less expensive to produce.

He then emphasised the priority attached to the development of second-generation biofuels. A crucial element here was that, for the first time, environmental sustainability criteria had been established which should in time allow a significant reduction in the greenhouse gas emissions produced by biofuels.

On the question of biofuels and biomass, further consideration would have to be given to the link between biofuels and price trends in food products, using an effective evaluation system and liaising with businesses and farmers in particular.

Mr PIEBALGS wanted to see the new measures transposed rapidly and a smooth transition. He highlighted the opportunities available to Member States to finance their environmental measures, while stressing the need for transparent debate.

Lastly, Ms KROES introduced the guidelines for state aid in the environmental field, which she was tabling for adoption under item 21. She felt that the new guidelines struck the right balance between generous mechanisms for aid designed to extend and develop environmental protection, and the upholding of competition, without which the objectives set could not be achieved.

She was convinced that the new Community framework for environmental protection formed an important part of the package of measures, as it offered incentives to Member States and industry to step up their efforts on behalf of the environment.

After these presentations, the Commission held a discussion during which the following aspects in particular were raised:

on the proposals as a whole

- the Commission's and the EU's responsibility and key role in driving forward international efforts to combat climate change;
- the importance of this package of measures for citizens and businesses in the Union, and in particular for the younger generation;
- the historic importance of the proposals in terms of the transition to low-carbon industry;
- the need for good public presentation of the package, of the costs of implementing it and of the considerable benefits to be gained by the EU;
- the need for sound communication on international aspects of the proposals, particularly as regards energy-intensive sectors and biofuels;
- the importance of involving the social partners and establishing a platform for communication with them, particularly in view of the potential effects of these measures on jobs;

- the major contribution the proposed measures would make to research and innovation in Europe and their importance in the wider context of European economic policy;

- the need to recognise the role of low-carbon energy and its contribution to combating climate change, in line with the conclusions of the European Council of March 2007;

on the emission reduction targets to be achieved by each Member State

- a request that available data be taken into account in order to assess the effects of the proposals on the Member States, and the need to carry out detailed impact assessments for certain aspects of the package;

- for sectors not covered by the trading system, the value of setting ambitious targets in order to encourage Member States' efforts and the importance of making suitable provision for flexibility mechanisms;

- the need to ensure flexibility measures for Member States with high targets for cutting greenhouse gas emissions and to take account of their potential for cuts;

- the relevance of the proposed measures in terms of fair treatment of the Member States and transitional measures, and a request to take account of the specific circumstances of certain States that were highly dependent on coal for energy production, given the absence of immediately available replacement technologies;

- the need to take account also of the specific situation of certain Member States in relation to cuts in greenhouse gas emissions, given the implications for agriculture and the development of rural regions;

on the specific measures for energy-intensive industries

- the vital importance of keeping the companies and jobs concerned in Europe and of informing businesses in good time of any additional proposal, particularly if no international agreement were concluded;

- the value of setting clear criteria or even spelling out which sectors might be affected, in order to provide companies operating in energy-intensive sectors with legal and economic clarity;

- the importance of promoting the development of the companies concerned and making them more responsible, while complying with competition legislation and keeping exceptions to the "polluter pays" principle to a minimum;

- for certain sectors, such as air transport, the need for evaluation at a later date, so as not to undermine international negotiations in progress;

on the proposals on renewable energy

- regarding the guarantee of origin scheme for renewable energy, the importance of ensuring the smooth operation of the market by conducting an evaluation within a suitable timeframe;

- regarding the development of renewable energy, the need to acknowledge efforts already made and targets already reached or fixed for the long term in certain Member States;

- the major role of improvements in energy efficiency in connection with the present initiative;

- the link between the proposals on the table and certain tax questions, in particular the relationship between customs duties on imports of renewable energy sources and other energy sources;

on biofuels

- the need to preserve the Community's energy security and independence and the importance of maintaining significant biofuel production in the Community;

- the need to review implementation of the provisions in the near future, for example in the light of assessments of their impact, particularly in developing countries, and of the sustainability of certain planned measures;

- reiteration of the need to maintain an ambitious target for the environmental sustainability of biofuels and ensure a speedy transition to second-generation biofuels.

Winding up the debate, the PRESIDENT noted that there was general agreement on the proposals under items 15 to 21. He thanked the Commission Members, their Offices and all the services involved for their work and their contributions to preparing this vital initiative.

He also noted that the Commission agreed to make the following amendments.

In the general communication, distributed as COM(2008)30/3 (in English):

- in the chapter “Securing a prosperous Europe in times of change”", the first bullet point following the third paragraph was amended to read as follows:

  “Oil and gas imports are expected to go down by some €50 bn in 2020,[3] improving energy security and benefiting citizens and businesses across the EU: if current prices became standard for a barrel of oil, the saving from cutting imports would rise.”;

- in the section “A new era for renewable energy”, the third sentence of the second paragraph was amended to read as follows:

  “The targets should be fair, and take account of different national starting points and potentials, including the existing level of renewable energies and the energy mix, notably low-carbon technologies.”;

- in the section "The particular needs of energy-intensive industries", the following two sentences were added after the last sentence of the first paragraph:

  "Concerns have been expressed by a number of energy intensive sectors such as ferrous and non-ferrous metal industries, pulp and paper, and mineral-based industries. The impact of increased electricity prices on certain sectors has also been raised and will need to be addressed, once duly substantiated.".

As regards the proposal for a Directive amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading system of the Community, distributed as COM(2008)16/4 (item 17 of these minutes):

- in recital 14, the last sentence was amended to read as follows:

  "Member States with an average level of income per capita that is more than 20% higher than the average in the Community should contribute to this distribution, except where the direct costs of the overall package estimated in SEC(2008)85 exceed 0.7% of GDP.";

  It was also noted that, as a result of the above amendment, certain changes would have to be made in Annex II to COM(2008)16/4 and in COM(2008)17/4;

- the following sentence was added after the last sentence of recital 19:

  "For those specific sectors or sub-sectors where it can be duly substantiated that the risk of carbon leakage cannot be prevented otherwise, where electricity constitutes a high proportion of production costs and is produced efficiently, the action taken may take into account the electricity consumption in the production process, without changing the total quantity of allowances.";

- Article 10a, paragraph 8, was amended to read as follows:

  "In 2013 and in each subsequent year up to 2020, installations in sectors which are exposed to a significant risk of carbon leakage shall be allocated allowances free of charge up to 100 percent of the quantity determined in accordance with paragraphs 2 to 6. “.

As regards the proposal for a Directive on the promotion of the use of energy from renewable sources, distributed as COM(2008)19/5 (item 19 of these minutes):

– in Article 9, the first sentence of paragraph 5 was amended to read as follows:

  “By 31 December 2014 at the latest, depending on data availability, the Commission shall assess the implementation of the provisions of this Directive for the transfer of guarantees of origin between Member States and the costs and benefits of this.”.

Subject to inclusion of the above amendments and to final linguistic revision, the Commission approved the general communication set out in COM(2008)30/2 (in French and German) and /3 (in English) for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

16. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE GEOLOGICAL STORAGE OF CARBON DIOXIDE
(COM(2008)18 TO /4; SEC(2008)54 AND /2; SEC(2008)55; SEC(2008)56 SEC(2007)1591; SEC(2008)25; SEC(2008)67)

Subject to final linguistic revision, the Commission:

– adopted the proposal for a Council Directive in COM(2008)18/4 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the impact assessment and the summary in staff papers SEC(2008)54/2 and SEC(2008)55, the contents of which were noted;

- took note of the opinion of the Impact Assessment Board on the above proposal for a Directive, as set out in SEC(2008)56.

17. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DIRECTIVE 2003/87/EC SO AS TO IMPROVE AND EXTEND THE GREENHOUSE GAS EMISSION ALLOWANCE TRADING SYSTEM OF THE COMMUNITY (COM(2008)16 TO /4; SEC(2008)52; SEC(2008)53; SEC(2008)85 TO /3; SEC(2008)84; SEC(2008)1591; SEC(2008)25; SEC(2008)67)

Subject to inclusion of the amendments and clarifications mentioned at item 15 of these minutes and to final linguistic revision, the Commission:

- adopted the proposal for a Council Directive in COM(2008)16/4 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the impact assessment, summary and joint impact assessment in staff papers SEC(2008)52, SEC(2008)53 and SEC(2008)85/3, the contents of which were noted;

- took note of the joint opinion of the Impact Assessment Board on the above proposal for a Directive, as set out in SEC(2008)84.

18. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EFFORT OF MEMBER STATES TO REDUCE THEIR GREENHOUSE GAS EMISSIONS TO MEET THE COMMUNITY'S GREENHOUSE GAS EMISSION REDUCTION COMMITMENTS UP TO 2020
(COM(2008)17 TO /4; SEC(2008)85 TO /3; SEC(2008)84; SEC(2007)1591 SEC(2008)25; SEC(2008)67)

Subject to inclusion of the clarifications mentioned at item 15 of these minutes and to final linguistic revision, the Commission:

– adopted the proposal for a Decision in COM(2008)17/4 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the joint impact assessment in staff paper SEC(2008)85/3, the contents of which were noted;

– took note of the joint opinion of the Impact Assessment Board on the above proposal for a Decision, as set out in SEC(2008)84.

19. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PROMOTION OF THE USE OF ENERGY FROM RENEWABLE SOURCES
(COM(2008)19 TO /5; SEC(2008)57 AND /2) SEC(2008)85 TO /3; SEC(2008)84; SEC(2007)1591; SEC(2008)25; SEC(2008)67)

Subject to inclusion of the amendments mentioned at item 15 of these minutes and to final linguistic revision, the Commission:

– adopted the proposal for a Council Directive in COM(2008)19/5 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments together with the report and joint impact assessment in staff papers SEC(2008)57/2 and SEC(2008)85/3, the contents of which were noted;

– took note of the joint opinion of the Impact Assessment Board on the above proposal for a Directive, as set out in SEC(2008)84.

20. COMMUNICATION FROM THE COMMISSION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - SUPPORTING EARLY DEMONSTRATION OF SUSTAINABLE POWER GENERATION FROM FOSSIL FUELS
(COM(2008)13 TO /4; SEC(2008)47 AND /2; SEC(2008)48; SEC(2008)51 SEC(2007)1591; SEC(2008)25; SEC(2008)67)

Subject to final linguistic revision, the Commission:

– approved the communication in COM(2008)13/4, for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the impact assessment and summary in the staff papers distributed as SEC(2008)47/2 and SEC(2008)48, the contents of which were noted;

– took note of the opinion of the Impact Assessment Board on the above proposal for a Directive, as set out in SEC(2008)51.

21. COMMUNITY GUIDELINES ON STATE AID FOR ENVIRONMENTAL PROTECTION
(SEC(2008)64 TO /4; SEC(2007)1591; SEC(2008)25; SEC(2008)67)

The Commission:

- adopted in principle the guidelines for State aid for environmental protection, set out in SEC(2008)64/4;
- empowered Ms KROES to adopt the text formally in all the official languages, after revision by the lawyer-linguists, and to have it published in the Official Journal of the European Union;
- authorised Ms KROES to launch the procedure for adoption of the notification forms relating to the guidelines.

22. RELATIONS WITH THIRD COUNTRIES

22.1. RELATIONS BETWEEN THE EUROPEAN COMMISSION AND THE ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) WITH REGARD TO ITS FUTURE ROLE (SEC(2008) 31 TO /4)

Mr ALMUNIA presented the note he had distributed jointly with Mr MANDELSON, explaining that it should be seen in the context of recent or potential changes in the Organisation for Economic Cooperation and Development, relating both to the mission and to the composition of the organisation; he stated that the OECD had decided to refocus its activities on the central topic of globalisation and to reach out to the emerging economies, and had also offered to assume the role of G8 secretariat.

He emphasised that even though it was not certain that these intentions would eventually materialise, the Commission should keep an eye on this development, since it is represented within the OECD and takes part in the organisation's work, and was one of its main sources of financing, but without holding any voting rights. Mr ALMUNIA considered therefore that if the OECD were to take on new tasks, the Commission needed to clarify its rightful position and improve coordination with the organisation.

Mr ALMUNIA also mentioned the enlargement process launched following the May 2007 meeting of the OECD Council, and the fact that, among the countries that were down to become new member there were only two new EU Member States, Slovenia and Estonia. The fact that not all 27 Member States were represented could be a problem and gave the Commission a special responsibility for safeguarding the general interest of the Union within the OECD.

Mr MANDELSON likewise noted that the OECD was changing tack in order to rise to the challenges and seize the opportunities offered by globalisation, and to associate the emerging economies in the discussions on the key issues at international level. In this connection, he felt that the Commission, which was making a substantial financial contribution to the organisation, should carry greater weight and enjoy influence commensurate with the sums paid. He therefore emphasised the need to reorganise and rationalise the contributions made by various Directorates-General, by selting priorities and seeking means of ensuring appropriate representation within the OECD of the EU Member States that were not members of the organisation. The time had come to consider these institutional matters, to take stock of the situation and to enter into an appropriate dialogue with each Member State.

During a brief exchange of views, the Commission also noted:

– the Commission's close collaboration with the OECD on social policy issues, and the positive results produced;

– the problem caused by the rejection of the applications of several EU Member States with a view to the forthcoming enlargement of the OECD, and the importance of total solidarity in this connection between the Member States;

– the treatment within the OECD of the Cyprus question and the means for the Commission Members to demonstrate their solidarity with that Member State;

– the case for improving coordination and defining common positions with regard to the OECD.

Mr ALMUNIA confirmed the value of all Directorates-General cooperating to provide a comprehensive approach to the OECD and to review the budgetary effort involved.

Ms WALLSTRÖM concluded the exchange with an observation that the discussion would have to continue and a coordinated position be worked out.

The Commission took note of this information and of the note from Mr ALMUNIA and Mr MANDELSON distributed as SEC(2008)31/2 and /4.

22.2. ACCESSION OF UKRAINE TO THE WORLD TRADE ORGANISATION (SEC(2008)98)

The Commission took note of the information note from Mr MANDELSON distributed as SEC(2008)98.

22.3. FIRST FOLLOW-UP MEETING TO THE INTERNATIONAL CONFERENCE OF DONORS FOR PALESTINE (PARIS, 22 JANUARY)

Ms FERRERO-WALDNER reported on the main results of the first follow-up meeting to the December 2007 International Donors Conference, held in Paris on 22 January, the aim of which was to see how to give effect to the contributions announced in December for aid to the Palestinians, the total amount of which was now 7.7 billion dollars.

She pointed out that the EU had always honoured its financial commitments, but added that certain partners needed to be mobilised so that the Union would not be alone in covering recurring costs and could also devote its funds to longer-term actions.

She also referred to the difficult political situation in the Gaza Strip, and pointed to the importance of urging Israel to more moderation in its actions.

Lastly she announced the launch of the Palestine-Europe mechanism for the management of socio-economic aid (PEGASE), intended to channel financial assistance direct to the Palestinian people on a permanent basis, as a replacement for the temporary international mechanism (TIM).

She said that she would be keeping a very close watch on this matter.

The Commission took note of this information.

23. INTERINSTITUTIONAL RELATIONS

23.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's legislative opinions
(SP(2008)97)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Ms WALLSTRÖM and, if necessary, with the other Members concerned, to adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2008)97, drawn up following the January I part-session of Parliament, the contents of which were noted.

23.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council business
(SI(2008)17)

The Commission took note of the information in SI(2008)17 on the Council meetings between 17 and 30 January.

iii) Results of the Economic and Financial Affairs Council (Brussels, 22 January 2008)

Mr McCREEVY referred to the most recent meeting of the Economic and Financial Affairs Council, held on Tuesday 22 January, the main conclusions of which concerned the support expressed for the single euro payments area, an initiative which would be launched on 28 January with a view to setting up by 2010 a single integrated and competitive payments market in Europe, and the ongoing review of the single market.

He added that the meeting had been overshadowed by the disturbances on the financial markets the day before, and noted the difficulty of making forecasts about the prospects for weathering from this turbulence and the risks of the American crisis spreading to the other stock markets, while pointing out that the world economy was less dependent on the United States today than it had been in the past. He explained that the turbulence of recent days was caused by the usual tendency of the financial markets to overreact, whereas the financial institutions had not yet closed their accounts or produced a precise estimate of their losses. In conclusion he acknowledged that the growth forecasts would definitely have to be revised downwards.

Mr ALMUNIA reported on the Eurogroup meeting on 21 January and that of the Economic and Financial Affairs Council on 22 January, meetings held against the backdrop of the fall of the financial markets and of the announced cut of three quarters of a percentage point in the American Federal Reserve's policy interest rate. He noted that the perception of a growing risk of recession in the United States was making the financial markets particularly edgy, and that the announcement by the President of the United States of a package of fiscal measures had not gone down well. He too mentioned the difficulty of producing short-term forecasts, but expected that the danger of things getting worse would continue, particularly as regards investments, as long as uncertainties persisted concerning the real losses of the financial institutions and the repercussions that could also be expected in the insurance sector.

He recognised that if the American economy went into recession, the EU would be affected, and said that the Commission's interim economic forecasts to be published on 21 February would give a lower growth rate than had been announced in November, and that the forecasts of the International Monetary Fund for the world economy, the United States and the EU, due out that Thursday, would also be less favourable than the autumn figures. While recognising the possible effects in terms of a slowdown in growth and economic activity, unemployment and business confidence, he was confident of the EU's ability to resist the risk of being infected by a possible recession in the United States, given the soundness of the fundamentals in the Union and the better general state of the European economy as regards, for instance, the labour market, the absence of a current account deficit, the level of savings and the absence of a mortgage crisis. He considered that the action of the automatic budget stabilisers would be sufficient and effective, provided that the European stability rules were respected by the Member States.

After these statements, the Commission held a brief exchange of views during which the following points were raised:

– concern about the effects of the financial crisis on the Member States not belonging to the euro area, in particular those with close economic links with the United States, and questions about the possibilities for the Commission of taking this dimension into account;

– the intensity of the repercussions of the American crisis on the Asian economy.

Replying to these questions, Mr ALMUNIA said he was convinced that, despite a difficult period as regards the inflationary tendencies in some new Member States, they were only indirectly subject to the effects of the international crisis, but more generally were suffering from the after-blow of the rise in the prices of oil and food products and the consequences of excessive internal demand. He gave reassurances concerning the likelihood of a possible recession in the United States spreading to these countries, given their high degree of integration in the single European market and the protection from external shocks that this integration offered their economies, even if they did not belong to the euro area. He added that the risks of a recession in the United States were still limited, as too were the risks of it spreading to the European economy.

What did concern him more were the effects that might be felt by the emerging economies, particularly the countries heavily dependent on their exports to the United States, whose financial markets were also more vulnerable than the European markets, and the indirect repercussions that could rebound in the EU.

Lastly, he underlined the crucial importance of the level of confidence of consumers and investors, which therefore needed to be consolidated, and he had high hopes that the European financial stability mechanisms would function correctly. The stability and convergence reports were in the process of being published and account had been taken of the international situation in the recommendations to the Member States.

The Commission took note of this information.

23.3. RELATIONS WITH PARLIAMENT

iv) Results of Parliament's January I part-session
(SP(2008) 110)

The Commission took note of the information on the proceedings of the part-session of Parliament held in Strasbourg from 14 to 17 January, as set out in SP(2008)110.

24. TRENDS IN THE MEMBER STATES
(SEC(2008)86)

Ms WALLSTRÖM briefly drew the attention of the Commission Members to the new, more subject-based presentation of her periodical note "Trends in the Member States" and asked them to let her know in the coming months what they thought of the changes made. She pointed out that all the communication tools (internet site, audiovisual media, etc) were being improved and that the Commission had at its disposal all the instruments required; they now needed to be used in the best possible way. She thanked the Commission Members who already expressed satisfaction with the new format of the note, and stated that certain factual corrections would be made in the forthcoming editions.

The Commission took note of this information and of Ms WALLSTRÖM's note SEC(2008)86.

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 12.48 hours.