EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2009)1857 final

Strasbourg, 13 January 2009

MINUTES

of the 1857th meeting of the Commission

held in Prague

Lichtenštejnský Palace – Zlaty Sal (Golden Room)

on Wednesday 7 January 2009

(afternoon)

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Single sitting: Wednesday 7 January 2009 (afternoon)

The sitting opened at 17.10 in the Zlaty Sal (Golden Room) at the Lichtenštejnský Palace, Prague, with Mr Barroso, President, in the chair.

Present:

Mr BARROSO	President
Ms WALLSTRÖM	Vice-President
Mr VERHEUGEN	Vice-President
Mr BARROT	Vice-President
Mr KALLAS	Vice-President
Mr TAJANI	Vice-President
Mr DIMAS	
Mr ALMUNIA	
Ms HÜBNER	
Mr BORG	
Ms GRYBAUSKAITĖ	
Mr POTOČNIK	
Mr FIGEL’	
Mr REHN	
Mr MICHEL	
Mr KOVÁCS	
Ms KROES	
Ms FISCHER BOEL	
Ms FERRERO-WALDNER	
Mr McCREEVY	
Mr ŠPIDLA	
Mr PIEBALGS	
Ms KUNEVA	
Mr ORBAN	
Ms VASSILIOU	
Baroness ASHTON	

Absent:

Ms REDING

<u>The following also sat in</u>:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT
Ms DURAND	Director-General, Legal Service
Mr LAITENBERGER	Commission Spokesman
Ms MARTINHO	Chief adviser in the PRESIDENT's Office

Secretary: Ms DAY, Secretary-General, assisted by Mr GENISSON, Head of Unit in the Secretariat-General.

1. AGENDAS
(OJ(2009)1857/2; SEC(2009)1/2)

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(2009)1857)

The Commission considered the Secretary-General’s report on the weekly meeting of Chefs de cabinet held on Monday 5 January.

3. MINUTES OF 1856TH MEETING (16 DECEMBER 2008)
(PV(2008)1856)

The Commission approved the minutes of its 1856th meeting.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's legislative opinions
(SP(2008)7452)

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)7452, drawn up following the December II part-session of Parliament, the contents of which were noted.

ii) Codecision procedure

Preparation of agreement at first reading

– Crop statistics (Regulation) – JEGGLE report – 2008/0079 (COD)

The Commission authorised Mr ALMUNIA to pursue contacts with Parliament and the Council in order to reach agreement at first reading following the line set out in SPI(2008)135.

4.2. RELATIONS WITH THE COUNCIL

iii) Programming of Council business
(SI(2009)3)

The Commission took note of the information in SI(2009)3 on the Council meetings between 8 and 21 January.

4.3. RELATIONS WITH THE EUROPEAN PARLIAMENT

iv) Results of December II part-session
(SP(2008)7395; SP(2008)7414; SP(2008)7417)

The Commission took note of the information on the part-session of Parliament held in Strasbourg from 15 to 18 December 2008, as set out in SP(2008)7395, SP(2008)7414 and SP(2008)7417.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2009)3 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 December and 2 January.

5.2. EMPOWERMENT (SEC(2009)4 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 December and 2 January.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2009)5 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 15 December and 2 January, as archived in *e-Greffe*.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2009)6)

The Commission took note of the sensitive written procedures for which the time limit expired between 5 and 9 January.

5.5. AD HOC EMPOWERMENT CONCERNING A PROGRAMME OF MEDIUM-TERM FINANCIAL ASSISTANCE FOR LATVIA (C(2009)25)

The Commission decided to empower Mr ALMUNIA, Commission Member responsible for Economic and Monetary Affairs, in agreement with the PRESIDENT, to adopt, on behalf of the Commission and under its responsibility, a recommendation for a Council Decision granting mutual assistance to Latvia and a proposal for a Council Decision granting medium-term financial assistance from the European Union amounting to a maximum of EUR 3.1 billion, according to the terms set out in C(2009)25.

6. POLICY DEBATE ON THE FOLLOW-UP TO THE COMMISSION'S LEGISLATIVE AND WORK PROGRAMME FOR 2009 (COM(2008)712)

Opening the debate, the PRESIDENT stressed the highly symbolic nature of this Commission meeting which, exceptionally, was not being held in Brussels or Strasbourg, thus demonstrating the Commission's desire to see a fully successful Czech Presidency, which was all the more necessary in the context of the current economic crisis.

He then outlined the priorities which the Commission should focus on during the early part of 2009, which would also be examined in detail at the forthcoming seminar. He stressed that the Commission must be seen to remain active right up to the end of its term of office; any tailing-off of its activities was unthinkable in the present economic climate.

On the international front the PRESIDENT referred to the need to remain vigilant and to maintain the capacity to react in the face of global developments. He mentioned in particular the events in the Middle East and relations between Ukraine and Russia. He also remarked on the context surrounding the forthcoming inauguration of the President-Elect of the United States, Barack Obama, and the prospect that the partnership between the EU and the US might develop into a concrete action programme on issues such as climate change, global stability and ways of resolving the economic crisis.

Turning to internal affairs, the PRESIDENT stressed the active contribution the Commission should make to a successful transition to the Lisbon Treaty, and in particular to the referendum campaign in Ireland and preparations for possible entry into force of the new Treaty.

He also mentioned the action to be taken on the agreement reached by the European Council on the energy and climate change package and the need to keep up the momentum in the run-up to the Copenhagen conference.

Pointers would also have to be laid down for presenting the Commission's track record and the positive legacy it would leave; this topic would be discussed at the forthcoming seminar.

Finally, he stressed the importance of keeping management of the economic crisis as a top priority, of successfully completing the initiatives that had been launched and of examining new measures which would have to be proposed and, more generally, of the EU's long-term role in European economic policy. The outlook for the real economy was still bleak and the Commission would have to use all the instruments at its disposal to help citizens affected by the crisis.

He pointed here to the importance of the Spring European Council, which should provide an opportunity to review the assessments made in the process accompanying the Lisbon strategy, update the Community recovery plan where necessary, and come up with tangible progress on the proposals already presented by the Commission, particularly on financial regulation and the use of unspent Community budget appropriations to tackle the crisis.

He also noted that, before the Spring European Council, a clear picture would have to be built up of the measures to be proposed in the three areas highlighted in the 2009 work programme: the recovery plan, the financial markets and financial supervision.

He felt that measures of this kind could play a vital role in defining a common EU position ahead of the G20 summit in London on 2 April, for which the Union must demonstrate its ability to present a practical and effective programme to tackle both the financial and the economic crisis. There was also a need to establish guidelines on how to go about pursuing the Doha Round negotiations in this context.

He ended by stressing the challenges ahead in 2009 on a number of fronts - the economic crisis, institutional transition and international relations. These would require constructive collaboration with the Czech Council Presidency and the European Parliament in the common European interest.

The PRESIDENT then outlined the situation in the dispute between Russia and Ukraine on the gas question, reporting on recent contacts with the authorities in the two countries. He said he had underlined the importance of the EU not being used as a hostage in tensions between Russia and Ukraine, referring to the particularly difficult predicament of certain Member States that were highly dependent on supplies of Russian gas via Ukraine. He had also warned that, in the circumstances, Russia and Ukraine could no longer be considered respectively as a credible supplier and a credible transit country. Lastly, he informed Commission Members that he had asked for a system of international supervision to be set up and that a meeting of representatives of the two parties would be held in Brussels on Thursday.

At the PRESIDENT's request, Mr ALMUNIA then reported on the latest available economic forecasts. The forecasts published by the Commission in November had predicted a possible growth rate of around 0.1 to 0.2% in 2009; this had now been revised downwards to a probable rate of around -1.5% for 2009. Unemployment, deficits and government debt were also likely to get worse.

However, Mr ALMUNIA expected inflation in the euro area to fall further in 2009, which would help mitigate the effects of the crisis. The situation in the money and financial markets had improved somewhat, but he warned of the size of government debt and the implications for the Member States. He also referred to the programme of medium-term financial assistance for Latvia (see item 5.5 of these minutes).

Mr ALMUNIA ended by stressing the importance of coordinating budgetary measures and the various tax incentives and proposed that a study be made of the effects of the initiatives that were already being felt - and the expected long-term effects - in relation to their cost.

Following up Mr ALMUNIA's presentation, Mr McCREEVY highlighted the situation in the financial markets and warned that, although some banks had considerable funds at their disposal, the credit shortage might continue. He regretted that this situation would not only encourage Member States to introduce initiatives to provide companies with additional funds, but would also risk increasing the number of bankruptcies.

He also reported on the Commission's initiatives in the financial field, and in particular the Own Funds Directive, on which an agreement might be reached at first reading. He reminded the meeting of the work of the high-level group on financial supervision chaired by Jacques de Larosière and mentioned the public consultation on hedge funds and private equity funds launched in December 2008.

Mr McCREEVY also pointed to the efforts being made at international level, in particular the work of four working groups set up under the auspices of the G20. Although the Commission was not represented on one of these groups, it would be kept informed of their work by the Council Presidency.

Looking ahead to the European Council meeting on 19 and 20 March, he stressed the need to pursue efforts at Community and national level to react to the financial and economic crisis, particularly to improve the liquidity of the financial markets, so as to restore business and consumer confidence.

Following these presentations, the Commission held a brief debate which also covered topical issues and in particular the following points:

General aspects of the Commission's legislative and work programme for 2009

– the need to pursue and place greater emphasis on the priorities of the legislative and work programme, viz. growth and jobs, climate change and sustainable Europe, a Europe close to its citizens and Europe as a world partner, since international developments and in particular the economic crisis had highlighted the importance of Community action in these four areas;

– the seriousness of the economic crisis for European citizens, Eurobarometer surveys having confirmed their concern about the economic outlook and their expectations of a coordinated European response to the crisis;

- the Commission's responsibility towards citizens, as the scale of the economic crisis meant that sustainable initiatives and long-term responses were needed to face up to the challenges;

Security of natural gas supplies

- the urgent need to reach a solution to the conflict between Russia and Ukraine, the seriousness of the situation and of the problems it posed for the European Union, as many Member States depended entirely or substantially on supplies of Russian gas;

- the impact of this crisis on European citizens and industry in the middle of winter, concerns about the considerable problems already encountered in some Member States, not only in the supply of gas to private households but also in supplies to industry, which could exacerbate the effects of the economic crisis;

- the importance of Member States demonstrating solidarity so as to respond to the challenges in a coordinated and effective manner, the support provided by the Commission to Member States, and a reference to the tools available at Community and national level, in particular the Directive on the security of gas supply;

- the Commission's determination to pursue its efforts in close cooperation with the Council Presidency and all interested parties and stakeholders in order to help resolve the conflict between Russia and Ukraine, and the prospects for finding a way out of the crisis.

Ms FERRERO-WALDNER then reported briefly on the contacts made with the Israeli authorities to help bring about a solution to the critical humanitarian situation in the Gaza Strip. She said that a first measure to help the population had been secured in the form of an agreement in principle to open up humanitarian corridors and a promise to call a ceasefire for three hours a day so that aid could be brought in. She acknowledged, however, that the distribution of aid was hampered by practical difficulties. She also informed the Commission Members that agreement had been reached, with the support of Mr MICHEL, whom she duly thanked, on the dispatch that day to the Israeli Defence Ministry of a coordinator from the Humanitarian Aid DG.

Mr MICHEL thanked Ms FERRERO-WALDNER in turn for the efforts that had been made and the results achieved. He stressed the catastrophic humanitarian situation, with the population almost entirely dependent on incoming aid which was very difficult to deliver on the ground. In this regard he noted that Israel was not complying with international humanitarian law.

Winding up the debate, the PRESIDENT said that immediate efforts should concentrate on obtaining a rapid solution to the gas supply question. As for the economic and financial issues, these were now the responsibility of the Spring European Council, but the Commission must insist on the possibility of mobilising EUR 5 billion of unused Community budget appropriations in accordance with the agreement in principle obtained at the December European Council and with the support of the European Parliament and the Czech Presidency. He also underlined the need for careful preparation of the G20 summit in London on financial regulation issues and for action on the commitments given to the European Parliament in this field.

The Commission took note of the results of the debate.

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The meeting closed at 18.05.