EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2009)1872 final

Strasbourg, 5 May 2009

MINUTES

of the 1872nd meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 29 April 2009

(morning)

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Single sitting: Wednesday 29 April 2009 (morning)

The sitting opened at 8.42 in the Jean Monnet room with Mr BARROSO, President, in the chair. The discussion of item 17 was chaired by Ms WALLSTRÖM.

Present:

Mr BARROSO	President	Items 1 to 16
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	Items 1 to 9/10/11/12/13 (in part)
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Ms REDING		
Mr DIMAS		
Mr ALMUNIA		
Mr BORG		
Mr POTOČNIK		
Mr REHN		
Mr MICHEL		Items 1 to 13
Ms KROES		
Mr McCREEVY		Items 1 to 13
Mr ŠPIDLA		Items 1 to 16
Mr ORBAN		
Ms VASSILIOU		
Baroness ASHTON		

Absent:

Mr TAJANI	Vice-President
Ms HÜBNER	
Ms GRYBAUSKAITĖ	
Mr FIGEL’	
Mr KOVÁCS	
Ms FISCHER BOEL	
Ms FERRERO-WALDNER	
Mr PIEBALGS	
Ms KUNEVA	

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

Mr CANGA FANO	Deputy Chef de cabinet to Mr TAJANI	
Mr BALDINATO	A member of Mr TAJANI's staff	Items 9/10/11/12/13 (in part)
Mr LEMAÎTRE	Chef de cabinet de Ms HÜBNER	
Mr ADAMIŠ	Chef de cabinet to Mr FIGEL’	Items 1 to 9/10/11/12/13 (in part), 14 to 17
Ms ŠUPLATA	A member of Mr FIGEL’s staff	Items 9/10/11/12/13 (in part)
Ms SCOPPIO	A member of Mr KOVÁCS's staff	
Mr CHRISTOFFERSEN	Chef de cabinet to Ms FISCHER BOEL	
Mr CHILD	Chef de cabinet to Ms FERRERO-WALDNER	
Mr GARCÍA PORRAS	A member of Mr PIEBALGS's staff	
Ms STANEVA	Deputy Chef de cabinet to Ms KUNEVA	

The following also sat in:

Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	Items 1 to 16
Ms DURAND	Director-General, Legal Service	
Mr CARVOUNIS	Deputy Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	Items 1 to 16
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	
Mr CABRAL	Adviser *hors classe* in the PRESIDENT's office	Items 1 to 13
Mr KLAUS	A member of the PRESIDENT's staff	Items 9 to 13
Ms MARTÍNEZ ALBEROLA	A member of the PRESIDENT's staff	Item 15
Mr MORDUE	Deputy Chef de cabinet to Mr VERHEUGEN	Items 9/10/11/12/13 (in part) to 17
Mr THOMAS	Chef de cabinet to Mr ALMUNIA	Items 1 to 13

Mr QUEST	Chef de cabinet de Ms GRYBAUSKAITĖ	Item 14
Mr POWER	Chef de cabinet to Mr McCREEVY	Items 1 to 13
Mr OUAKI	Deputy Chef de cabinet to Mr ŠPIDLA	Item 17
Mr BRUNET	Chef de cabinet de Ms VASSILIOU	Item 15
Mr SERVOZ	Secretariat-General	Items 9 to 13

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

1. AGENDAS
(OJ(2009)1872/3; SEC(2009)537/2)

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)1872)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 27 April.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1871st MEETING (21 APRIL)
(PV(2009)1871; PV(2009)1871, PART II)

The Commission held over approval of the minutes of its 1871st meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's legislative opinions
(SP(2009)2248)

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(2009)2248, drawn up following the April II part-session of Parliament, the contents of which were noted.

ii) Codecision procedure

Preparation of agreement at first reading

- Trade in seal products (Regulation) – WALLIS report – 2008/0160 (COD)

The Commission authorised Mr DIMAS to give his agreement on the proposal for a compromise at Parliament’s May part-session, following the line set out in SPI(2009)63.

4.2. RELATIONS WITH THE COUNCIL

**iii) Programming of Council business
(SI(2009)104)**

The Commission took note of the information in SI(2009)104 on the Council meetings between 30 April and 13 May.

**iv) Results of the General Affairs and External Relations Council – External Relations meeting (Luxembourg, 27 and28 April)
(SEC(2009)613; SI(2009)107)**

The Commission took note of the information note from Ms FERRERO-WALDNER set out in SEC(2009)613.

4.3. RELATIONS WITH THE EUROPEAN PARLIAMENT

**v) Results of the April II part-session
(SP(2009)2251 to /3)**

The Commission took note of the information in SP(2009)2251 to /3 on the proceedings of the part-session of Parliament held in Strasbourg from 21 to 24 April.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

5.1. STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST (SEC(2009)584 AND /2)

The Commission adopted the decisions in SEC(2009)584/2.

5.2. STATE AID – HORIZONTAL CASES

i) Notice from the Commission – Best Practices Code on the conduct of state aid control proceedings
(SEC(2009)535/2)

The Commission:

– adopted in principle the notice in SEC(2009)535/2;

– under Article 13 of its Rules of Procedure, empowered Ms KROES, in agreement with the PRESIDENT, to formally adopt the notice in all the official languages and to publish it in the Official Journal of the European Union.

ii) Notice from the Commission – Simplified procedure for treatment of certain types of state aid
(SEC(2009)536/2)

The Commission:

– adopted in principle the notice in SEC(2009)536/2;

– under Article 13 of its Rules of Procedure, empowered Ms KROES, in agreement with the PRESIDENT, to formally adopt the notice in all the official languages and to publish it in the Official Journal of the European Union.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2009)539 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 20 and 24 April.

6.2. EMPOWERMENT (SEC(2009)540 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 20 and 24 April.

6.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2009)541 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 20 and 24 April, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES (SEC(2009)542)

The Commission took note of the sensitive written procedures for which the time limit expired between 27 and 30 April.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – DEALING WITH THE IMPACT OF AN AGEING POPULATION IN THE EU – 2009 AGEING REPORT
(COM(2009)180 TO /5; SEC(2009)508)

The Commission approved the communication in COM(2009)180/5 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.

8. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2009)538/2)

ADMINISTRATIVE MATTERS
(PERS(2009)55)

8.1. EUROPEAN ANTI-FRAUD OFFICE – APPOINTMENT OF AD14/15 DIRECTOR (EU-27)
(PERS(2008)80 TO /6)

The Commission had before it applications under Article 29(1)(a)(i) and (iii), 29(1)(b) and 29(2) of the Staff Regulations for the post of Director (Investigations and Operations I) in the European Anti-Fraud Office (PERS(2008)80 to /4).

The Commission took note of the opinions of the Consultative Committee on Appointments of 16 January and 5 March 2009 (PERS(2008)80/5 and /6).

It proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT, it then decided to appoint Mr Thierry CRETIN to the vacant post.

This decision would take effect immediately.

8.2. DG EDUCATION AND CULTURE – APPLICATION OF THE ARTICLE 50 PROCEDURE (SECOND STAGE) WITH RESPECT TO AN AD15 OFFICIAL (PERS(2009)56)

The Commission continued its discussions on this matter, begun on 19 December 2007 (PV(2007)1813).

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FIGEL', the Commission adopted the decision in PERS(2009)56 applying the second stage of the procedure provided for in Article 50 of the Staff Regulations to Mr David WHITE, an AD15 official, currently Principal Adviser in DG Education and Culture.

This decision would take effect on 1 August 2009.

8.3. DG TRANSLATION – EXTERNAL PUBLICATION OF VACANCY NOTICE FOR AN AD14 DIRECTOR POST (EU-8) (PERS(2009)57)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr ORBAN, the Commission decided to authorise the publication, under Article 29(2) of the Staff Regulations, of the vacancy notice in PERS(2009)57 for the post of Director, Translation (DA-ET-FI-HU-LT-LV-PL-SV), in DG Translation, a post reserved for nationals of Bulgaria, the Czech Republic, Latvia, Lithuania, Malta, Poland, Romania and Slovakia.

This decision would take effect immediately.

8.4. *DG EMPLOYMENT, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES – EXTERNAL PUBLICATION OF VACANCY NOTICE FOR AN AD14 DIRECTOR POST (EU-8) (PERS(2009)58)*

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr ŠPIDLA, the Commission decided to authorise the publication, under Article 29(2) of the Staff Regulations, of the vacancy notice in PERS(2009)58 for the post of Director (ESF, Monitoring of Corresponding National Policies I, Coordination) in DG Employment, Social Affairs and Equal Opportunities, a post reserved for nationals of Bulgaria, the Czech Republic, Latvia, Lithuania, Malta, Poland, Romania and Slovakia.

This decision would take effect immediately.

8.5. *DG PERSONNEL AND ADMINISTRATION – RETIREMENT OF DIRECTOR-GENERAL*

Mr KALLAS informed the Commission of the retirement request submitted by Mr Claude CHÊNE, Director-General of DG Personnel and Administration.

Mr KALLAS paid tribute to Mr CHÊNE, who had served the Commission for 33 years, occupying a number of senior posts in the departments and in Members’ offices. He emphasised Mr CHÊNE’s leadership abilities, his vision and dedication to the European cause and the constructive, pragmatic approach which had made him one of the driving forces behind the liberalisation of air transport and many competition cases, particularly in state aid, where he had helped prepare the ground for the ambitious action plan now being implemented by the Commission. Mr KALLAS described his exemplary working relationship with Mr CHÊNE as Director-General for Personnel and Administration, a post in which he had been driven by a steady determination to promote a modern and efficient administration. Mr CHÊNE’s qualities, loyalty and commitment had earned him the utmost respect as Head of the Task Force for the Commission's administrative reforms and then as Director-General for Personnel and Administration during the period of consolidating and completing the reforms which had served to improve the Commission's human resources policy and modernise its internal organisation. In so doing, he had never lost sight of the human dimension of his work.

Mr KALLAS also mentioned the transfer of Ms Irène SOUKA to the post of Director-General for Personnel and Administration (see item 8.6 of these minutes), as Mr CHÊNE's replacement. He drew attention to her qualifications and professional experience and welcomed her appointment as evidence of the Commission's commitment to promoting the advancement of women to senior management posts.

The PRESIDENT then took the floor to praise Mr CHÊNE's exemplary commitment to Europe and his work as head of DG Personnel and Administration, where he had applied a rigorous approach and displayed a very stong sense of responsibility. The PRESIDENT also highlighted the significance of Ms SOUKA's appointment to the post of Director-General for Personnel and Administration in the context of the Commission's equal opportunities policy.

Following these comments, the Commission took note of the request by Mr Claude CHÊNE, AD16 official and currently Director-General for Personnel and Administration, to retire on 1 May.

8.6. DG PERSONNEL AND ADMINISTRATION – APPOINTMENT OF AD15 DIRECTOR-GENERAL

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission decided, under Article 7 of the Staff Regulations, to fill the post of Director-General of DG Personnel and Administration, by transferring in the interests of the service Ms Irène SOUKA, an AD15 official, currently Deputy Director-General of DG Personnel and Administration.

This decision would take effect on 1 May 2009.

8.7. DG PERSONNEL AND ADMINISTRATION – APPOINTMENT OF AD15 DEPUTY DIRECTOR-GENERAL

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission decided, under Article 7 of the Staff Regulations, to fill the post of Deputy Director-General of DG Personnel and Administration by transferring in the interests of the service Mr Daniel JACOB, an AD15 official, currently Deputy Director-General of DG Research.

This decision would take effect on 16 May 2009.

8.8. DG RESEARCH – INTERNAL PUBLICATION OF A VACANCY NOTICE FOR AN AD 15/16 DEPUTY DIRECTOR-GENERAL (PERS(2009)59)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, the Commission decided to authorise the publication, under Article 29(1)(a)(i) and (iii) of the Staff Regulations, of the vacancy notice in PERS(2009)59 for the post of Deputy Director-General of DG Research.

This decision would take effect immediately.

8.9. DG PERSONNEL AND ADMINISTRATION – SPECIAL ADVISERS TO COMMISSION MEMBERS (PERS(2009)60; PERS(2009)61)

The Commission took note of the information at point 9 of PERS(2009)55 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided:

– to authorise Mr KALLAS to adopt the appointment of Ms Andrea PAPPIN as special adviser to Ms WALLSTRÖM and Mr Claude CHÊNE as special adviser to Mr KALLAS from 1 May to 31 October 2009;

- to authorise the Director-General for Personnel and Administration to implement these decisions by signing contracts of employment on behalf of the authority empowered to conclude contracts of employment;

- to authorise Mr KALLAS to amend the contracts of Ms Ylva NILSSON, special adviser to Ms WALLSTRÖM, and Mr Graham MEADOWS, special adviser to Mr ŠPIDLA.

These decisions would take effect on 1 May 2009.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL – PACKAGED RETAIL INVESTMENT PRODUCTS
(COM(2009)204 TO /4; SEC(2009)556; SEC(2009)557; SEC(2009)558; SEC(2009)559)

10. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON ALTERNATIVE INVESTMENT FUND MANAGERS AND AMENDING DIRECTIVES 2004/39/EC AND 2009/…/EC
(COM(2009)207 TO /4 ; SEC(2009)576 AND /2; SEC(2009)577; SEC(2009)578; SEC(2009)559)

11. COMMUNICATION FROM THE COMMISSION TO PARLIAMENT, COUNCIL AND THE ECONOMIC AND SOCIAL COMMITTEE ACCOMPANYING THE COMMISSION RECOMMENDATION COMPLEMENTING RECOMMENDATIONS 2004/913/EC AND 2005/162/EC AS REGARDS THE REGIME FOR THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES AND THE COMMISSION RECOMMENDATION ON REMUNERATION POLICIES IN THE FINANCIAL SERVICES SECTOR
(COM(2009)211 AND /2; SEC(2009)559)

12. COMMISSION RECOMMENDATION COMPLEMENTING RECOMMENDATIONS 2004/913/EC AND 2005/162/EC AS REGARDS THE REGIME FOR THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES
(C(2009)3177 AND /2; SEC(2009)579; SEC(2009)580; SEC(2009)581; SEC(2009)582; SEC(2009)559)

13. COMMISSION RECOMMENDATION ON REMUNERATION POLICIES IN THE FINANCIAL SERVICES SECTOR
(C(2009)3159 AND /2; SEC(2009)579; SEC(2009)580; SEC(2009)581; SEC(2009)582; SEC(2009)559)

Mr McCREEVY introduced the package of measures he was presenting to the Commission for consideration and began by thanking his cabinet, DG Internal Market and the other departments for all the work they had done to very tight deadlines.

He turned his attention first to the Directive to regulate the activity of alternative investment fund managers and mentioned the criticism of hedge funds and private equity in recent years, the role that had wrongly been attributed to them in triggering the financial crisis, and the strong pressure from the European Parliament for a proposal by the Commission to regulate this sector.

Mr McCREEVY felt that the current proposal, which applied to managers of alternative funds with a turnover above a given threshold, provided an efficient, thorough and proportionate response to the risks of the alternative investment sector, which played an active role in the European economy, providing a source of capital for firms and offering investors an opportunity for diversification.

He recognised that the growing importance of this sector had to be accompanied by greater accountability and transparency and hence proper regulation, given the potential repercussions of the activities of alternative fund managers not only on investors, but also on the markets and companies that benefited from such investment.

The proposal covered all types of alternative fund managers, but, largely because of the differences in the risks involved, the rules had to be adapted to the various business models. He had therefore fine-tuned the proposal so that it applied to managers of hedge funds with assets of over €100 million, but its provisions would only apply to managers of private equity with assets of over €500 million. Other provisions concerned notification of funds and information on investment policy, leveraging and risks, checks on depositaries and valuators and the provision of information to the regulators.

To counterbalance these strict obligations, alternative fund managers would be able to manage and market funds throughout the European Union, thanks to the introduction of a passport, thus contributing to the development of the internal market.

Mr McCREEVY also referred to the importance of the management of offshore funds as part of the activity of hedge funds in the European Union and was confident that the proposal would provide a secure framework for such operations. However, this aspect called for thorough preparation. He therefore proposed that the external aspects described in section 7 of the proposal should not enter into force until three years after the other provisions. This time lag would be a strong incentive to improve the practices of the jurisdictions and managers concerned.

He felt that the proposal thus revised struck the right balance and was a fitting response to the call by the G20 for proper regulation and supervision of all the main actors, in order to guarantee the solidity of the financial system.

Mr McCREEVY then presented the texts on the remuneration of directors of listed companies and remuneration policies in the financial services sector, subjects which had received extensive media coverage with the credit crunch. The two recommendations sought to align pay incentives with the sustainable performance of listed companies in general and to tackle the bonus culture and short-termism in the financial services sector. These recommendations would be supplemented in June by an amendment to the Capital Requirements Directive to give Member States' supervisors the power to penalise financial institutions with high-risk remuneration policies. He then briefly summarised the background to and content of the two recommendations.

The PRESIDENT said that the package of proposals presented by Mr McCREEVY was the first tangible outcome of the programme of reforms announced in the communication of 4 March. The first stage of the response to the financial crisis consisted in remedying the systemic failings in regulation and supervision of the main actors and instruments, as identified by the high-level expert group chaired by Mr Jacques de Larosière and endorsed by the G20.

The PRESIDENT said that the measures currently under examination demonstrated the commitment of the Commission and the EU to practical measures in these areas. The EU had taken the lead in implementing the resolutions adopted by the G20. These proposals also had a political significance, in that the question of directors' pay had raised particular concerns against the background of the financial crisis. He welcomed the agreement that had already been reached on the two recommendations and paid tribute to Mr McCREEVY and his staff for the speed with which they had been drafted.

Turning to the Directive on alternative investment fund managers, he reiterated the importance of striking the right balance and of taking into account the context of the current economic crisis, in which particular attention was focused on protecting investors. In this connection he mentioned the features of the proposal that had been the subject of in-depth debate and on which agreement had now been reached: the introduction of different thresholds for defining the scope of the proposal according to the type of funds involved – €100 million for leveraged funds and €500 million for unleveraged ones – and the three-year time lag before the provisions on third countries came into force, which was directly linked to questions of protecting investors and would give the authorities time to check the equivalence of the regulatory provisions currently being prepared by international partners, and to continue their work on the question of offshore centres. The general review provided for after two years would in any case be a chance to reconsider this aspect, look at the international context and, if necessary, make appropriate proposals before the end of the three-year period.

The PRESIDENT wound up by praising the even-handedness of the compromise that had been struck and thanking Mr McCREEVY for the important work he had accomplished. The proposal being presented that day had received the backing of Mr Jacques de Larosière. Finally, he urged Mr McCREEVY to convey the balanced nature of the proposal when presenting it to the outside world.

The Commission then held a detailed discussion that brought to the fore the following points:

Concerning the proposal for a Directive on Alternative Investment Fund Managers

– the general support for the proposal for a Directive as tabled by Mr McCREEVY. The proposal's balanced structure met the concerns expressed during the preparatory work;

– the Commission's pioneering role in this field. The European Union was the first to translate into action the commitments made at the G20 Summit. The proposal would act as an incentive for others;

– the value of the different treatment permitted by the establishment of exemption thresholds that differed according to the type of funds, and specific provisions concerning disclosure requirements, in order to focus action on funds with systemic risks and not penalise unnecessarily SMEs, and especially venture capital;

– the relevance of the three-year period before the entry into force of provisions relating to third countries; funds in third countries and fund managers in third countries will therefore be unable to obtain the passport during the first three years, once the directive has been enforced;

– the importance of subsequently ensuring the greatest possible degree of convergence between the above provisions and those to be adopted by our international partners in order to achieve a global solution;

- the wisdom of not addressing the issue of short selling in the proposal; given its importance, short selling would be dealt with horizontally and thus in a separate proposal;

- with regard to the exchange of information under Article 46 of the proposal for a Directive, the utility of stipulating that the Member State where the fund manager is established be required to communicate any useful information to the Member States where the fund manager markets their funds;

- the importance of a pro-active but not defensive communication strategy, demonstrating Europe's leading role in supervision; the challenge involved in explaining the choice of specific thresholds; the case for focusing communication on the disclosure requirements for all alternative investment fund managers;

Concerning the issue of remuneration of directors of listed companies

- a question-mark against the applicability of the provision concerning the setting-up of a remuneration committee in relation to the specific way companies are organised in a number of Member States;

- the potential usefulness of mentioning in the Recommendation the question of the balance of representation of men and women on remuneration committees, and the question of financial participation of employees.

Mr McCREEVY thanked the Members of the Commission for their support for the whole package and their departments and cabinets for their cooperation, in particular the cabinet of the PRESIDENT, for its efforts to achieve a solution acceptable to everyone on the proposal for a Directive on Alternative Investment Fund Managers. He replied to various questions and suggestions, and also agreed that it would be useful to take a very pro-active approach to communication on this issue.

The PRESIDENT expressed this thanks to all the Members of the Commission for their work and efforts on this sensitive issue. He also acknowledged the difficulty of getting the message across, in particular in the run-up to elections. The message would have to be forceful, delivered by all the Members of the Commission, and highlight Europe's pioneering and decisive role in putting flesh on the bones of G20 commitments. The question of short selling would be dealt with as part of the review of the Directive on Market Abuse.

At the end of the discussion, the Commission:

- agreed to the Communication set out in COM(2009)204/4;
- empowered Mr McCREEVY, in agreement with the PRESIDENT, to finalise and formally adopt the communication, in the light of the discussion within the Commission, for transmission to the European Parliament, the Council and to the national parliaments, together with the impact assessment and the summary thereof in staff papers SEC(2009)556 and SEC(2009)557 respectively, the contents of which were noted;
- took note of the opinion of the Impact Assessment Board on the above communication, as set out in SEC(2009)558;
- agreed to the proposal for a Directive set out in COM(2009)207/4;
- empowered Mr McCREEVY, in agreement with the PRESIDENT, to finalise and formally adopt the proposal for a Directive, in the light of the discussion within the Commission, for transmission to the European Parliament, the Council, the European Economic and Social Committee, the European Central Bank, and to the national parliaments, together with the impact assessment and the summary thereof in staff papers SEC(2009)576 and /2 and SEC(2009)557 respectively, 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(2009)578;
- agreed to the communication set out in COM(2009) 211/2;
- empowered Mr McCREEVY, in agreement with the PRESIDENT, to finalise

and formally adopt the communication, in the light of the discussion within the Commission, for transmission to the European Parliament, the Council, the European Economic and Social Committee, and to the national parliaments;

- agreed to the recommendations set out in C(2009)3177/2 and C(2009)3159/2;

- empowered Mr McCREEVY, in agreement with the PRESIDENT, to finalise and formally adopt the recommendations, in the light of the discussion within the Commission, to be addressed to the Member States and for transmission to the European Parliament, the Council, the European Economic and Social Committee, and to the national parliaments, together with the impact assessment and the summary thereof in staff papers SEC(2009)580 and SEC(2009)581 respectively, the contents of which were noted;

- took note of the opinion of the Impact Assessment Board on the above recommendations, as set out in SEC(2009)582.

14. PRELIMINARY DRAFT BUDGET OF THE EUROPEAN COMMUNITIES FOR THE 2010 FINANCIAL YEAR (SEC(2009)610 TO /3, VOLUMES I TO V; SEC(2009)552)

Mr KALLAS presented the statement of estimates for the 2010 budget which he was laying before the Commission. He pointed to the multiannual financial framework which formed the backdrop to this statement of estimates and highlighted the importance of guaranteeing the stability of the Community budget in a period of economic crisis and the priority attached in the 2010 preliminary draft to measures aimed at relaunching the economy and stimulating growth.

He then outlined the content of the preliminary draft budget: commitments totalled €138.6 billion, which corresponded to 1.18% of Europe’s GNP and an increase of 3.3% compared with 2009, while payments came to €122.3 billion, or 1.04% of GNP.

The most notable features of the 2008 and 2009 financial years had been the Food Facility and the first wave of economic recovery measures, while the top priority in the 2010 preliminary draft was renewed economic growth and job creation: 45% of expenditure was earmarked for promoting sustainable growth and measures to boost competitiveness and increase cohesion. Examples included training measures under the European Social Fund which could benefit around 9 million European citizens, a total of over €6 billion allocated to research, a 3.3% increase in the framework programme for competitiveness and innovation, and an increase of 12.7% in spending on transport and energy networks.

Referring to the additional €5 billion assigned to the European economic recovery plan, he noted that €2.6 billion had already been taken care of in the 2009 financial year and that the Commission would come back to the question of financing the remaining €2.4 billion during the budgetary negotiations for 2010 this November. He also drew attention to the gradual implementation of the Cohesion, Structural and Agricultural Funds in the Member States which had joined the EU in 2004 and 2007 and an increase of over 15% in spending on programmes in the justice and security fields. He stressed too that the Commission's administrative expenditure would increase by less than 1%, i.e. at a rate below inflation. Finally, Mr KALLAS thanked the Commission Members, their offices and all the departments concerned for the excellent cooperation that had prevailed in the preparations for this statement of estimates.

The PRESIDENT then thanked Mr KALLAS and the Directorate-General for the Budget for their work in preparing the preliminary draft budget for 2010. He also raised the question of the budget discharge and welcomed Parliament's decision at its April II part-session to grant the Commission discharge for 2007. He stressed the importance too of paying close attention to discharge-related matters at the Commission's next meeting with the Court of Auditors and in forthcoming contacts with the budgetary and discharge authority.

Having taken note of these points, the Commission:

– adopted the statement of estimates as set out in SEC(2009)610/3-Volume I, SEC(2009)610/3-Volume II (without annex), SEC(2009)610/2-Volume III, SEC(2009)610/2-Volume IV-Part I, SEC(2009)610/3-Volume IV-Part II and SEC(2009)610/2-Volume V (without annex), together with SEC(2009)610/3-Volume V-Annex, as the basis for the preliminary draft budget of the European Communities for the 2010 financial year;

– took note of SEC(2009)610/3-Volume II-Annex, including the text on relaunching economic activity in the European Union;

– authorised the Member of the Commission responsible for the budget to transmit to Parliament and the Council, for information purposes, Volumes I, II, IV (Parts I and II) and V, and the annexes to Volumes II and V;

– empowered the Member of the Commission responsible for the budget, in agreement with the PRESIDENT, to finalise Volumes I, II, and IV, making up the preliminary draft budget, for transmission to Parliament and the Council, and to the national parliaments.

15. OTHER BUSINESS

DEVELOPMENT OF A NEW FORM OF THE FLU VIRUS (SEC(2009)614)

Ms VASSILIOU informed the Commission of the arrangements put in place at Community and national level to react to the appearance of a new form of the flu virus. She explained that at this juncture, five cases of infection had been confirmed in the Member States: two in Spain, two in the United Kingdom and one in Germany. A number of people presumed infected were currently under medical supervision. She noted the state of preparedness at international level, the World Health Organisation having decided to increase the level of influenza pandemic alert from phase 3 to phase 4.

She referred briefly to the discussions that had taken place on the matter at the

General Affairs and External Relations Council on 27 April in Luxembourg and said that the Commission was remaining in close contact with the Member States and the other authorities involved. An extraordinary Health meeting of the Employment, Social Policy, Health and Consumer Affairs Council had been convened for 30 April in Luxembourg. She also informed the Commission of preparations for a working meeting between the Commission and representatives of the pharmaceutical industry, which would take place on Wednesday 29 April.

Finally, she thanked Mr TAJANI for his cooperation and her own departments for the important work they had done over the past few days.

In a brief exchange of views the following points in particular were put forward:

- the importance of comprehensive information on the new form of the virus and, in the medium and long term, of training on contagious diseases and how to deal with them, in particular in schools;

- the role played by poverty in the spread of contagious diseases and the increased risk to which the most disadvantaged groups were exposed.

The PRESIDENT concluded by thanking Ms VASSILIOU and the departments concerned for their swift and effective reaction. He in his turn stressed the importance of providing the public with factual information on the disease and its causes, without raising alarm, together with the relevance of close cooperation between the Commission and the Member States, and noted that the Commission was continuing to monitor the situation with the greatest care.

The Commission took note of this information and of the note distributed by Ms VASSILIOU, in agreement with Mr TAJANI, as SEC(2009)614.

16. RELATIONS WITH NON-MEMBER COUNTRIES

16.1. VISIT TO TURKEY (ISTANBUL, 5 AND 6 APRIL 2009)

(SEC(2009)604)

The Commission took note of the information note from Mr FIGEL' in SEC(2009)604.

16.2. MEETING OF G8 AGRICULTURE MINISTERS (CISON DI VALMARINO, 18 TO 20 APRIL 2009)

(SEC(2009)603)

The Commission took note of the information note from Ms FISCHER BOEL in SEC(2009)603.

16.3. SPRING MEETINGS OF THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND AND MEETINGS OF THE G20 AND G7 FINANCE MINISTERS (WASHINGTON, 24 AND 25 APRIL 2009)

(SEC(2009)607)

Mr ALMUNIA informed the Commission of the main results of the meetings of the World Bank, the International Monetary Fund (IMF) and the G20 and G7 finance ministers held on 24 and 25 April in Washington, at which the Commission had been represented by Mr ALMUNIA himself and Mr MICHEL, who had attended the meeting of the World Bank's Development Committee held on 26 April.

He started by giving an account of the meeting of the G7 finance ministers, which had been followed by a meeting of finance ministers at G20 level. He drew attention to the innovative nature of the meeting of G20 finance ministers, whose activities had focused on following up the G20 summit held in London on 2 April, preparing for the next G20 summit to be held next September in New York and examining risks to financial stability.

Going on to the outcome of the IMF meeting, Mr ALMUNIA considered that, whilst the recession was still continuing at global level, certain developments seemed to suggest that negative growth was slowing down, while IMF forecasts suggested that there could be a recovery by the end of 2009. He stressed the importance of systematically examining the impact of the fiscal and budgetary incentives put in place over the last few months in order to implement, where appropriate, complementary or corrective measures. In particular, he noted the need for a coordinated response to the problems of the banking sector, both in the United States and in Europe; any measures taken should focus on restructuring and recapitalisation.

Mr ALMUNIA also drew attention to the introduction of new IMF loan facilities and to the issue raised by certain non-Member States of the possible redistribution of voting rights, and stressed the importance of a coordinated approach by the European Union and the Member States. Finally, he came back to the issue of those Member States which had received an IMF loan, underlining the importance of enhanced coordination between the Commission and the IMF and of strengthening support mechanisms.

The following issues were raised during a short exchange of views:

– the importance of sending a clear message about the consolidation of the Member States' voting rights within the IMF;

– the need to ensure coordination between the activities of the G20 and the United Nations, as regards both initiatives to combat the economic crisis and development aid;

– the case for further developing cooperation between the Commission and the IMF and of improving coordination as regards the support provided by the European Union and the IMF to certain Member States.

The Commission took note of this information and of the note from Mr ALMUNIA in SEC(2009) 607.

17. TRENDS IN THE MEMBER STATES (SEC(2009)606)

Ms WALLSTRÖM presented the periodical note on trends in the Member States. She noted that in the context of the present economic crisis there was an increasingly marked tendency for citizens to become disillusioned with politicians and business in the Member States. She warned that this attitude might result in a high rate of abstention from the European elections in June and stressed the importance of encouraging people to take part in the elections, one means being to draw attention to the voting rights of European citizens living in a Member State other than the one of which they are nationals.

Ms WALLSTRÖM referred to the rise of Eurosceptic movements and parties in the Member States and to the setting-up of *Libertas* as a pan-European party. She stressed the role to be played by the Commission in the European election campaign, complementing the activities of the European Parliament, and underlined the fact that the Commission's active involvement must remain even-handed. She encouraged the Members of the Commission to contribute to activities involving communication and information about the European Union and noted that Europe Day, on 9 May, should provide a focus for mobilising efforts in this area. She suggested that the Commission could soon hold a discussion on the European election campaign.

Finally, she referred to the communication actions targeting young people which had been launched on MTV and stressed the importance of ensuring that local media were also involved in conveying information about the European elections.

The Commission took note of this information and of Ms WALLSTRÖM's note in SEC(2009)606.

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The meeting closed at 11.24 hours.