EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2009)1875 final

Brussels, 10 June 2009

MINUTES

of the 1875th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 27 May 2009

(morning)

TABLE OF CONTENTS

<u>Single sitting</u>: Wednesday 27 May 2009 (morning)

The sitting opened at 9.10 in the Jean Monnet room with Mr BARROSO, President, in the chair. Items 9 (in part) and 10 were chaired by Ms WALLSTRÖM.

<u>Present</u>:

Mr BARROSO	President	Items 1 to 9 (in part)
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr DIMAS		
Mr ALMUNIA		Items 1 to 9 (in part)
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL’		
Mr REHN		Items 1 to 8 (in part)
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		Items 8 to 10
Ms FERRERO-WALDNER		Items 8 to 10
Mr McCREEVY		Items 1 to 9 (in part)
Mr ŠPIDLA		
Mr ORBAN		
Ms VASSILIOU		
Baroness ASHTON		Items 1 to 8

Absent:

Mr TAJANI	Vice-President
Ms REDING	
Ms HÜBNER	
Mr MICHEL	
Mr PIEBALGS	
Ms KUNEVA	

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

Mr PRETO	Chef de cabinet to Mr TAJANI	Items 1 to 8
Mr CANGA FANO	Deputy Chef de cabinet to Mr TAJANI	Items 9 and 10
Mr CASINI	A member of Ms HÜBNER's staff	
Mr KESTERIS	Chef de cabinet to Mr PIEBALGS	

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	
Ms DURAND	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	Item 8 (in part)
Ms AHRENKILDE	DG Communication – Commission Spokesman's Service	Items 1 to 8 (in part)
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	
Mr THOMAS	Chef de cabinet to Mr ALMUNIA	Item 8
Mr VANDENBERGHE	Chef de cabinet to Mr POTOČNIK	Item 9
Mr POWER	Chef de cabinet to Mr McCREEVY	Item 8

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

The PRESIDENT congratulated Ms GRYBAUSKAITĖ on her election as President of Lithuania. He saw this as recognition at national level of the great professional and personal qualities which she had demonstrated in the Commission. He was pleased that Ms GRYBAUSKAITĖ could now place at the service of her country her vision and commitment as well as her skills and abilities, which had now been enhanced by her experience as a Member of the Commission.

The PRESIDENT also warmly thanked, on behalf of the Members of the Commission, Ms Claire-Françoise DURAND, who was attending her last Commission meeting as Director-General of the Legal Service before her retirement. He paid tribute to her thirty-six years of continuous commitment and service to the European project and outlined the main stages of her exemplary career at the Commission, beginning in the Directorate-General for Competition, where she helped shape competition policy and assert the Commission's role in this vital sphere of competence. Ms DURAND then moved on to the Legal Service, where she worked on the internal market and institutional affairs, before moving up to the very highest level.

The PRESIDENT was pleased that a woman had reached the post of Director-General of the Legal Service during the present Commission's term of office. He stressed the crucial importance of the Legal Service, which was at the heart of the Commission's activities and of the European integration process, which had to be grounded in the rule of law. He highlighted Ms DURAND's competence and professionalism, and the unwavering commitment and loyalty to the Commission that had made her a leading figure.

For all this the PRESIDENT expressed his sincere thanks and best wishes to Ms DURAND on behalf of the whole Commission.

* * *

1. AGENDAS
(OJ(2009)1875/3; SEC(2009)661/2)

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)1875)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 25 May.

3. MINUTES OF 1874TH MEETING (13 MAY)
(PV(2009)1874)

The Commission approved the minutes of its 1874th meeting.

4. INTERINSTITUTIONAL RELATIONS

RELATIONS WITH THE COUNCIL

i) Programming of Council business
(SI(2009)125)

The Commission took note of the information in SI(2009)125 on the Council meetings between 21 May and 10 June.

ii) Preparation of Council meeting (Competitiveness) (Brussels, 28 and 29 May)
(SI(2009)126)

- Community legal framework for a European Research Infrastructure (ERI) (Regulation) – RIERA MADURELL report – 2008/0148 (CNS)

The Commission approved the line set out in SP(2009)697 and /4, further to note SPI(2009)126, already approved by the Commission at its 1863rd meeting on 18 February.

iii) Preparation of Council meeting (Justice and Home Affairs) (Brussels, 4-5 June)
(SI(2009)127)

- SIS II

The Commission authorised Mr BARROT to present its position at the Council meeting (Justice and Home Affairs) on 4 and 5 June, following the line set out in SI(2009)127.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2009)663 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 20 May.

5.2. EMPOWERMENT (SEC(2009)664 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 20 May.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2009)665 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 11 and 20 May, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2009)666 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 18 and 29 May and of the "finalisation" written procedure initiated following the weekly meeting of Chefs de cabinet on 25 May.

5.5. GENERAL EMPOWERMENT FOR OPERATIONS CO-FINANCED BY THE FOUR FINANCIAL INSTRUMENTS OF THE GENERAL PROGRAMME "SOLIDARITY AND MANAGEMENT OF MIGRATION FLOWS" (SEC(2009)696 AND /2)

The Commission granted the Member of the Commission responsible for

Justice, Freedom and Security the general empowerment set out in SEC(2009)696 for the adoption of certain measures in the field of operations co-financed by the four financial instruments of the general programme "Solidarity and Management of Migration Flows".

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2009)662)

ADMINISTRATIVE MATTERS
(PERS(2009)67)

6.1. FIRE IN THE BERLAYMONT ON 18 MAY

Mr KALLAS gave an account of the fire that had affected the Berlaymont building on 18 May and the measures taken to deal with it. He stressed in particular the short time that had elapsed between detection of the fire and complete evacuation of the building and the arrival of the emergency services. A police investigation into the causes of the fire was under way, but the conclusions would not be known for several months. He praised the overall handling of the crisis and the communication efforts made, noting that the staff representatives had expressed satisfaction on this point.

Mr KALLAS also highlighted the speed and efficiency of the work carried out during the holidays and weekend to restore and clean the building so that essential services could be operational again as early as Monday.

He thanked the Members' offices and the departments for the flexibility they had shown during the closure of the building and was generally pleased with the way the crisis had been handled.

At the same time he acknowledged that lessons would have to be learned from the incident and thought given to the best location for certain critical parts of infrastructure in the building.

The PRESIDENT paid tribute to the efforts made after the fire, which had seriously affected certain technical installations. He also praised the work of Mr KALLAS' departments and the Secretariat-General in managing the crisis and ensuring that the Commission continued to function, while agreeing with the need to draw certain lessons from these events for the future.

The Commission took note of this information.

6.2. DG COMPETITION – EXTENSION OF THE CONTRACT OF AN AD14 MEMBER OF THE TEMPORARY STAFF

The Commission took note of the information set out at point 1 of document PERS(2009)67 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms KROES, decided to extend exceptionally for a period of three years from 1 September 2009 the contract of Mr Damien NEVEN, AD14 member of the temporary staff under Article 2(a) of the Conditions of Employment of Other Servants of the Communities and Chief Economist responsible for competition in DG Competition.

This decision would take effect immediately.

6.3. DG HEALTH AND CONSUMERS – EXTENSION OF LEAVE ON PERSONAL GROUNDS FOR AN AD16 OFFICIAL

The Commission took note of the information in point 2 of PERS(2009)67 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, Ms KUNEVA and Ms VASSILIOU, decided to approve the request for extension of leave on personal grounds, under Article 40 of the Staff Regulations, made by Ms Jaana HUSU-KALLIO, an AD16 official and formerly Deputy Director-General in DG Health and Consumers, for the period from 1 August 2009 to 31 July 2010.

This decision would take effect on 1 August 2009.

6.4. *DG ENVIRONMENT – EXTENSION OF LEAVE ON PERSONAL GROUNDS OF A DIRECTOR*

The Commission took note of the information in point 3 of PERS(2009)67 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr DIMAS, decided to approve the request for leave on personal grounds, under Article 40 of the Staff Regulations, presented by Mr Nicolas THERY, an AD14 official and Director (Resources) in DG Environment, for the period from 1 September 2009 to 31 August 2010.

The decision would take effect on 1 September 2009.

6.5. *DG ENVIRONMENT – TEMPORARY INCREASE IN THE QUOTA OF NON-STRUCTURAL ADVISERS*

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr DIMAS, the Commission decided to increase temporarily from 1 to 2 the quota of non-structural adviser posts in DG Environment from 1 June to 30 September 2009 in order to make it easier to meet the recruitment targets for middle managers from EU12 countries.

This decision would take effect immediately.

6.6. *DG BUDGET – AMENDMENT OF DELEGATION OF POWERS FOR BUDGET IMPLEMENTATION (C(2009)4137)*

The Commission took note of the information in point 5 of PERS(2009)67 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms GRYBAUSKAITĖ, decided to delegate powers of budget implementation, in accordance with the annex to document C(2009)4137, for the period from 1 June 2009 until such time as the new Director-General of DG Budget took up his duties.

This decision would take effect immediately.

7. RELATIONS WITH NON-MEMBER COUNTRIES

7.1. EU-CHINA SUMMIT (PRAGUE, 20 MAY) (SEC(2009)737)

The Commission took note of the information note from the PRESIDENT, Ms FERRERO-WALDNER and Baroness ASHTON distributed as SEC(2009)737.

7.2. TWENTY-THIRD EU-RUSSIA SUMMIT (KHABAROVSK, 22 MAY) (SEC(2009)734)

The Commission took note of the information note from the PRESIDENT, Ms FERRERO-WALDNER, Mr PIEBALGS and Baroness ASHTON distributed as SEC(2009)734.

7.3. EU-SOUTH KOREA SUMMIT (SEOUL, 23 MAY) (SEC(2009)735)

The Commission took note of the information note from the PRESIDENT, Ms FERRERO-WALDNER and Baroness ASHTON distributed as SEC(2009)735.

7.4. FOURTEENTH EU - RIO GROUP MINISTERIAL MEETING (PRAGUE, 13 AND 14 MAY) (SEC(2009)731)

The Commission took note of the information note from Ms FERRERO-WALDNER, distributed as SEC(2009)731.

7.5. VISIT TO AUSTRALIA AND THE SEYCHELLES (CANBERRA AND VICTORIA, 12-18 MAY) (SEC(2009)733)

The Commission took note of the information note from Mr BORG, distributed as SEC(2009)733.

8. COMMUNICATION FROM THE COMMISSION – EUROPEAN FINANCIAL SUPERVISION (COM(2009)252 AND /2; SEC(2009)715; SEC(2009)716; SEC(2009)717; SEC(2009)698; SEC(2009)699)

The PRESIDENT introduced the draft communication on financial supervision in Europe, which he felt would represent a milestone in the response to the crisis. He recalled the establishment the previous November of the High Level Group chaired by Mr Jacques de Larosière and the recommendation in this Group's report that rapid, decisive action should be taken to remedy the weaknesses and shortcomings revealed by the crisis. The Commission had then produced an ambitious action programme to reform the supervision and regulation of financial markets in Europe, which was also in line with the commitments made at the G20 summit.

Progress had already been achieved in reforming regulation, particularly with the adoption the previous month of important proposals on hedge funds and private investment funds, and executive remuneration in the financial sector. A series of reforms of the rules on banks' capital requirements would be announced on 17 June together with original provisions on credit derivatives, followed in the autumn by further proposals on regulation.

Reminding the meeting of the urgent need for action also on the financial supervision front, the PRESIDENT thanked Mr McCREEVY, Mr ALMUNIA and all the Commission Members who had contributed to this communication within such tight time constraints. The communication presented a candid vision of a new

European financial supervisory architecture capable of dealing with the present situation and the complexity and interactive nature of current financial markets. The proposed approach had emerged from the recommendations presented by the High Level Group chaired by Mr de Larosière, and was based on two pillars in particular: the European Systemic Risk Council and the European System of Financial Supervisors.

The PRESIDENT underlined the realistic nature of the envisaged approach which would not require changes to the Treaty, and the progress it represented compared with the current committee structure of the Lamfalussy process. It struck a balance between acknowledging the importance of national supervisors for the everyday supervision of stakeholders, and the solutions, innovative in European terms, to deal with the shortcomings brought to light by the crisis. The approach was ambitious as it merged the two stages recommended by the de Larosière Group and provided for the implementation of the new measures from 2010.

While respecting the prerogatives of each one of the European institutions and national supervisors, the communication suggested granting new tasks and powers to the proposed new European authorities in order to tackle the institutional limitations currently hampering the work of the three committees in the Lamfalussy process.

The PRESIDENT felt that it was time to rid ourselves of the distrust, incoherence and lack of coordination characterising financial supervision in Europe, whose current rules had been shown to be insufficient and inadequate in this crisis.

He underlined the particularly sensitive dynamic process of radical reform conducted since the European Council the previous March and the solid consensus which had emerged among Member States in relation to the supervision framework to be introduced and the principles underlying this approach. Following the examination of the communication by the Economic and Financial Affairs Council, he was intent on promoting the adoption by the June European Council of clear-cut conclusions based on the proposed architecture and defining an ambitious timeline for the coming phases.

The PRESIDENT recognised the challenge for Member States to agree to turn the three supervisors' committees in the Lamfalussy process into authorities with legal status, and the question whether or not their decisions should be binding and whether they should have full supervisory powers over certain types of pan-European bodies such as credit rating agencies. The Commission had committed itself to presenting the corresponding legislative proposals in the autumn, although a number of legal issues and aspects still had to be resolved. This should not, however, detract attention from the important political message conveyed here. European citizens had high expectations. They wanted to see a way out of the crisis and an economic recovery, not to mention measures to prevent such a crisis from ever happening again: what was at stake here was the very legitimacy of open financial markets.

The PRESIDENT ended by saying that the priority must be to overhaul, renew and reinforce financial supervision, and that the communication presented this day showed how to achieve this objective in Europe and, moreover, established an ambitious target which the international partners could use as a benchmark at world level.

Mr McCREEVY said that the Economic and Financial Affairs Council had been focusing for a long time on the question of improving cooperation on financial supervision, however little progress had been achieved so far. He regretted the fact that one effect of the crisis had been to reinforce the tendency by supervisors to concentrate on the national dimension, and that the cross-border communication of decisions concerning the banking sector had been neglected.

The decision to establish the High Level Group chaired by Mr de Larosière was the only way to bring the debate forward, and the report by this Group had raised the discussion to a new level.

The draft communication examined at this meeting, containing practical proposals to provide the internal market with a new system combining micro- and macro-prudential supervision, and designed to maintain financial stability, was directly in line with the Group's recommendations.

Mr McCREEVY then turned to a more specific examination of the micro-prudential aspect and the proposal to set up a European financial supervision system, replacing the current three committees with three new authorities which would network with the national supervisors in order to develop common approaches to the supervision of all financial undertakings. The aim was to protect consumers of financial services and contribute to drafting harmonised rules. These authorities would be responsible in particular for laying down technical standards, helping to ensure the coherent application of Community law and solving disputes between supervisors, and would be headed by a steering committee in charge of coordinating the work, reinforcing cooperation and dealing with cross-sectoral issues.

He then referred to the proposed dispute-settlement mechanism which, he was at pains to point out, would not directly affect Member States' tax responsibilities but would cover aspects relating to the organisation of supervision, the technical implementation of prudential rules and sharing information.

In crises such as that of the previous autumn, these new authorities would be a strong force in coordination, facilitating cooperation and exchanges of information between the competent authorities, acting where necessary as a mediator, checking the reliability of the information provided to all the parties and helping the European authorities to define and implement the appropriate decisions. These authorities' powers would include fully-fledged supervision of specific bodies such as credit rating agencies and collating micro-prudential information obtained from national supervisors. They would also have a role in the technical side of the EU's activities at world level.

According to Mr McCREEVY, the proposals would require no amendment of the Treaties and were compatible with the case law of the Court of Justice. The Legal Service had in fact provided considerable support in defining the powers which could be conferred on the new supervisory authorities.

This framework could provide real added value, in particular given the experience of many Member States with Icelandic banks. The new supervisory authority would have intervention, arbitration and guidance powers in such cases.

He ended by expressing the wish that the European Council's endorsement would allow him to present legislative proposals in the autumn corresponding to the architecture set out in this communication., and by thanking his own department, that of Mr ALMUNIA, the Legal Service and the Secretariat-General for the work already completed and that which still lay ahead.

It was then the turn of Mr ALMUNIA to present the draft communication. He began by referring to the situation in the past, where there had been shortcomings in the system of analysing financial risk at macro-prudential level, particularly as regards collecting, processing and acting on information. The current crisis called for a response at European level as well as global level, to parallel the proposals by the Financial Stability Board and the International Monetary Fund.

The communication followed the report on financial supervision by the expert group chaired by Mr Jacques de Larosière and, in the area of macro-prudential risk assessment, proposed the creation of a European Systemic Risk Council (ESRC) to monitor and analyse potential threats to the stability of the financial system as a whole, collect and analyse information on financial stability, identify and prioritise these risks, issue early warnings in the case of foreseeable systemic risks and, where necessary, recommend measures to be taken in response to them. These recommendations would be made to the Member States through the ECOFIN Council, to the micro-prudential supervisors at national and European level and to the Commission, which would have to adopt appropriate initiatives, insofar as it was competent to do so, and present them to the Council.

Mr ALMUNIA then explained the proposed composition of the ESRC, which would include the President and Vice-President of the European Central Bank (ECB) and the governors of the central banks of the 27 Member States, as well as the micro-prudential supervisory authorities - the chairpersons of the three European supervisory authorities of the European System of Financial Supervisors (ESFS) – and one Member of the Commission. Senior representatives of the national supervisory authorities and the chairperson of the Economic and Financial Committee would participate as observers. In line with the recommendations in the de Larosière report, the ESRC should be chaired by the President of the ECB and the vice-chairperson should be appointed from the representatives of Member States outside the euro area. A small steering committee should be established to prepare and oversee the running of ESRC meetings, and the secretariat would be provided by the ECB. As regards the legal basis for the ESRC, it would not have legal personality, but would have a clear mandate for making recommendations. Mr ALMUNIA referred to two essential aspects of carrying out this mandate: the need for access to proper information on micro-prudential matters, in order to get a comprehensive view of the risks involved, and the need to ensure follow-up to the warnings and recommendations issued, by means of an "act or explain" mechanism, meaning that the addressees of warnings and recommendations would be expected to act on them unless they could provide good reasons for not doing so. Finally, he noted that although the ESRC would have no binding legal powers it would exert a powerful influence on those to whom the warnings and recommendations were issued because of the quality of its analyses and the involvement in its work of all the governors of EU central banks, the supervisory authorities and the Commission (which would of course remain entirely responsible for its normal economic surveillance activity).

The Commission then held a brief exchange of views, covering the following points:

- the balanced nature of the communication, which combined the necessary ambition for providing an effective response to preventing financial crises and the necessary realism in terms of institutional structure;

- the importance of combining the micro and macro-prudential dimensions and promoting coordination and mutual trust between the national and European levels;

- the contribution of this initiative to the response to the financial crisis at both European and global level;

- the importance of good communication about the Commission's proposals and the legislative proposals planned for the autumn, and of showing how this initiative fitted into the timetable of measures taken by the Commission to tackle the financial and economic crisis;

– at macro-prudential level, the importance of acting swiftly, by bringing together national regulators and the ECB to ensure that the proposal was well received in the Member States;

– at micro-prudential level, the sensitive nature of the budgetary impact of the proposals, and the need to stress that the decisions adopted under the ESFS must not directly encroach on the budgetary responsibilities of the Member States;

– the question of how the proposed system of micro-prudential supervision would help to prevent problems involving financial institutions outside the European Union.

Replying to the various comments, Mr McCREEVY emphasised the importance of ensuring the link between the micro and macro-prudential dimensions, particularly as regards the efficiency of information flows between the two levels. Although he was at pains to stress that primary responsibility for financial supervision continued to rest with the national governments, as did responsibility for budgetary affairs, he insisted that the added value of this initiative lay precisely in the coordination between the different levels. The proposals in the communication were fully compatible with the framework of the existing treaty, and he was confident about the reception they would receive from the Member States in the Council and the European Council.

Mr ALMUNIA also replied to the comments, expressing his firm belief that the proposed architecture would help to prevent or significantly limit future crises and stressing the importance of adopting it before the end of the present crisis. The aim was in future to avoid the failings of the past, particularly in individual supervision at national level, but also at the level of the transnational institutions, and to improve regulation and macro-prudential supervision. He echoed the need for good communication, to show how this initiative fitted into the overall picture of measures taken by the Commission in response to the crisis, and said that documents explaining this point were available.

The PRESIDENT wound up the debate by stressing the importance of acting on this matter in the current context, after years of discussion which had failed to produce results. The present financial crisis brought home the need for immediate action. He reiterated the importance of the work of the expert group chaired by Mr de Larosière and the desire to reach a consensus, and mentioned the European Parliament's support for the group's recommendations. He firmly believed that the present communication was both realistic enough to win the support of the Member States and ambitious enough to be effective.

He agreed on the importance of good communication about all of the Commission's actions in response to the crisis and said that a chronological presentation of the measures taken had been prepared for this purpose. He was proud of the Commission's contribution to the work of the international organisations, particularly in the G20 and the Financial Stability Board. He also praised the excellent cooperation with the ECB and was confident of the success of this joint initiative. He underlined the importance of action at European level, which should as a priority address the concerns of the public. Finally, he mentioned the contribution of this European initiative to the international efforts to tackle the crisis. Europe's international partners were eagerly awaiting this initiative, which he hoped would contribute to the global debate.

The Commission approved the communication in COM(2009)252/2 for transmission to Parliament, the Council, the Economic and Social Committee and the European Central Bank, and to the national parliaments, accompanied by the impact study and its summary in staff papers distributed as SEC(2009)715 and SEC(2009)716 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above communication, as set out in SEC(2009)717.

9. MEMORANDUM TO THE COMMISSION ON PROGRESS IN IMPLEMENTATION OF ITER - THE CHALLENGES AND OUTLOOK (SEC(2009)713 AND /2)

Mr POTOČNIK presented the memorandum he was tabling for approval by the Commission. He ran through the historical background to the ITER project, the purpose of which was to build a prototype thermonuclear experimental reactor at Cadarache in France in order to examine the scientific and technical feasibility of nuclear fusion as a new energy source. He also described the organisation, management and nature of the ITER project and the challenges currently facing it.

He laid special emphasis on the reasons for the very large increase in the estimated costs of the project, in particular the rising price of raw materials, advances in scientific knowledge, the high number of members and an underestimation of the risks when the project was initially designed. He set out the conditions that appeared to be necessary for the success of the ITER project and for continued financing from the Community budget; these concerned the evaluation of costs, lower risks and improvements in organisation and in the management of funding. He felt that all options were still open in this regard.

Concluding his presentation, Mr POTOČNIK said that, without prejudging the decision that would have to be taken by the Commission at a later date, he would like to be able to put forward these various points to the Member States at the Council meeting (Competitiveness) on 28 and May. He also pointed out that the Commission would have to discuss these matters in more depth before the Council meeting (Competitiveness) on 24 and 25 September.

For his part, the PRESIDENT stressed the importance of the ITER project in a number of respects. He supported the approach recommended by Mr POTOČNIK and confirmed that discussion on the substance of this issue would be placed on the agenda of a Commission meeting in September. Finally, he noted the benefits for the Commission of pursuing discussions with international and scientific partners within the ITER project in order to strike a better balance between the risks involved and the Community funds that could reasonably be invested.

The Commission then held a discussion, during which the following points were brought to the fore:

- strong concerns about the very large increase in the estimated costs of the ITER project;
- the importance of a reliable evaulation of the costs of the ITER project and, more generally, the costs of scientific and technical projects which the European Union took part in or was associated with;
- the need for the governance of the ITER project to match the scale of the challenges involved, particularly as regards transparency and costs;
- a reminder of the inherent difficulties in large infrastructure and scientific projects, which nevertheless deserved support because of their long-term strategic and economic importance;
- the need for this matter to be discussed at a forthcoming Commission meeting in the light of all the available and relevant information and evaluations.

Mr POTOČNIK thanked the Members of the Commission for the support they had shown for this approach. He outlined the international and scientific context surrounding ITER and the conditions that would have to be met to allow increased EU support for the project. He stressed again that he was ready and willing to discuss further both this project and any issues – in particular financial issues – that arose in similar projects with which the EU was associated.

Ms WALLSTRÖM wound up by noting the unanimous support of Commission Members for Mr POTOČNIK to proceed in line with the proposed approach.

The Commission adopted the communication in SEC(2009)713/2.

10. OTHER BUSINESS

10.1. IMPACT OF THE ECONOMIC CRISIS ON KEY ECONOMIC SECTORS OF THE EU – MAY 2009 UPDATE (SEC(2009)736)

The Commission took note of the information note from Mr VERHEUGEN, distributed as SEC(2009)736.

10.2. CELEBRATION OF EUROPEAN MARITIME DAY (ROME, 18-20 MAY) (SEC(2009)732)

The Commission took note of the information note from Mr BORG, distributed as SEC(2009)732.

10.3. CAMPAIGN FOR THE EUROPEAN ELECTIONS

Ms WALLSTRÖM spoke about the European election campaign that was under way and the importance of effectively mobilising the public. She mentioned in this connection the communication measures carried out by the Commission and the various information outlets that could be used, including the audiovisual media (advertisements on the MTV channel) and the Internet (launch of an election blog and a multilingual portal providing access to press articles on European affairs).

The Commission took note of this information.

*

*   *

The meeting closed at 11.15.