



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2009)1877 final

Brussels, 17 June 2009

MINUTES
of the 1877th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 10 June 2009
(morning)

PV(2009)1877 final

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COMMUNITY MEDIUM-TERM FINANCIAL ASSISTANCE TO HUNGARY AND

ROMANIA (SEC(2009)795) 27

Single sitting: Wednesday 10 June 2009 (morning)

The sitting opened at 9.09 in the Jean Monnet room with Mr BARROSO, President, in the chair. Items 11 to 13 were chaired by Ms WALLSTRÖM.

Present:

Mr BARROSO	President	Items 1 to 10
Ms WALLSTRÖM	Vice-president	
Mr VERHEUGEN	Vice-president	
Mr BARROT	Vice-president	Items 1 to 10
Mr KALLAS	Vice-president	
Mr TAJANI	Vice-president	
Ms REDING		
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		Items 8 (in part) and 9
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL'		
Mr REHN		
Mr MICHEL		Items 1 to 8
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		
Mr McCREEVY		Items 9 (in part) to 12 (in part)
Mr ŠPIDLA		Items 1 to 12 (in part)
Mr PIEBALGS		Items 1 to 10 (in part)
Ms KUNEVA		
Mr ORBAN		
Ms VASSILIOU		Items 1 to 11

Absent:

Baroness ASHTON

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

Mr PETERS Deputy Chef de cabinet to Baroness ASHTON

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	Items 1 to 10
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	Items 8 (in part) to 10
Ms AHRENKILDE	DG Communication – Commission Spokesman's Service	Items 1 to 8 (in part)
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	Items 1 to 12 (in part)
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	Item 8
Mr CABRAL	Adviser hors classe in the PRESIDENT's office	Item 10
Ms MARTINHO	Chief adviser in the PRESIDENT's Office	Item 10 (in part)
Ms WEYAND	Adviser in the PRESIDENT's Office	Items 9 (in part) and 10
Ms MARTÍNEZ ALBEROLA	A member of the PRESIDENT's staff	Items 1 to 8
Mr MUSCHEL	Deputy Chef de cabinet to Mr BARROT	Item 8
Mr LEMAÎTRE	Chef de cabinet to Ms HÜBNER	Items 1 to 8 (in part) and 9 to 13
Mr POWER	Chef de cabinet to Mr McCREEVY	Items 1 to 8 (in part)
Ms DE BASALDUA	Deputy Chef de cabinet to Mr McCREEVY	Items 8 (in part) and 9 (in part)
Ms SOEWARTA	Deputy Chef de cabinet to Mr PIEBALGS	Items 10 (in part) to 13
Mr SERVOZ	Secretariat-General	Items 10 (in part) and 12
Mr SLEATH	Secretariat-General	Items 9 (in part) and 10

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

The PRESIDENT welcomed Ms REDING, Ms HÜBNER, Mr MICHEL and Ms KUNEVA on their return from electoral leave after standing as candidates in the elections for the European Parliament. He congratulated them warmly on the excellent results which had led to their being elected. The results of the European elections would be assessed at today's meeting (see item 10.2 of these minutes).

* * *

1. AGENDAS

(OJ(2009)1877/3; SEC(2009)752/2)

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)1877)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 8 June.

3. APPROVAL OF MINUTES OF THE 1875TH AND 1876TH COMMISSION MEETINGS AND SPECIAL MINUTES OF THE 1876TH COMMISSION MEETING (27 MAY AND 3 JUNE)

(PV(2009)1875; (PV(2009)1876; PV(2009)1876, PART II)

The Commission approved the minutes of its 1875th and 1876th meetings.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2009)754 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 2 and 5 June.

4.2. *EMPOWERMENT*

(SEC(2009)755 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 2 and 5 June.

4.3. *DELEGATION AND SUBDELEGATION OF POWERS*

(SEC(2009)756 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 2 and 5 June, as archived in e-Greffe.

4.4. *SENSITIVE WRITTEN PROCEDURES*

(SEC(2009)757)

The Commission took note of the sensitive written procedures for which the time limit expired between 8 and 12 June.

5. COMMISSION DECISION CONCERNING A PROCEEDING UNDER COUNCIL REGULATION (EC) NO 139/2004 AND ARTICLE 7(1) OF COUNCIL REGULATION (EEC) NO 4064/89 (CASE COMP/M.4994 – *ELECTRABEL / COMPAGNIE NATIONALE DU RHONE*) (C(2009)4416 TO /7; SEC(2009)797)

The Commission:

- took note of the opinions of the Advisory Committee on Concentrations of 14 May and 4 June in C(2009)4416/3 and /6;
- took note of the final report of the Hearing Officer of 29 May in C(2009)4416/4;
- adopted, in the authentic language (French), the decision set out in C(2009)4416/7, finding that the company to which it was addressed had infringed Article 7(1) of Regulation (EC) No 4064/89, and imposing on it a fine of €20 000 000;
- decided to notify the decision in C(2009)4416/7 to the company 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.

6. RELATIONS WITH NON-MEMBER COUNTRIES

PREPARATION OF THE UN HIGH-LEVEL CONFERENCE ON THE WORLD FINANCIAL AND ECONOMIC CRISIS AND ITS IMPACT ON DEVELOPMENT – G-20 FOLLOW-UP (NEW YORK, 24 TO 26 JUNE 2009) (SEC(2009)800)

The Commission took note of the information note from Mr REHN in SEC(2009)800.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2009)753/2)

ADMINISTRATIVE MATTERS

(PERS(2009)73/2)

7.1. DG BUDGET – APPOINTMENT OF AD16 DIRECTOR-GENERAL

Mr KALLAS reminded the meeting that the post of Director-General of DG Budget had been vacant since 1 June 2009 following the transfer of Mr Luis ROMERO REQUENA to the post of Director-General of the Legal Service.

Mr KALLAS indicated that it was proposed to fill the post of Director-General of DG Budget by transferring, in the interest of the service, Mr Hervé JOUANJEAN, currently Deputy Secretary-General in the Secretariat-General. He spoke of Mr JOUANJEAN's long and brilliant career in the Commission, emphasising his first-rate skills as an economist and financier by training and a specialist in international negotiations. He referred also to his high-level professional experience, particularly in the Trade and External Relations DGs and, more recently, as Deputy Secretary-General responsible for interinstitutional relations.

The PRESIDENT and Ms FERRERO-WALDNER also underlined

Mr JOUANJEAN's excellent qualifications and professional experience.

In view of the above, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms GRYBAUSKAITĖ, the Commission decided, under Article 7 of the Staff Regulations, to fill the post of Director-General of the Directorate-General for the Budget by transferring in the interest of the service Mr Hervé JOUANJEAN, an AD16 official, currently Deputy Secretary-General in the Secretariat-General.

This decision would take effect on a date to be determined.

7.2. DG PERSONNEL AND ADMINISTRATION – MEMORANDUM TO THE COMMISSION ON THE TARGETS FOR THE RECRUITMENT AND APPOINTMENT OF WOMEN TO MANAGEMENT AND OTHER AD POSTS AT THE COMMISSION FOR 2009 (SEC(2009)694 TO /4)

The Commission adopted the memorandum in SEC(2009)694/4.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – AN AREA OF FREEDOM, SECURITY AND JUSTICE SERVING THE CITIZEN (COM(2009)262 TO /4; SEC(2009)763)

The PRESIDENT introduced the communication which he and Mr BARROT were presenting to the Commission for approval and began by thanking Mr BARROT for the enthusiasm, competence and commitment he had displayed during the preparation of this, the Commission's contribution to the Stockholm programme, which would set the EU's multiannual policy priorities in the area of justice, freedom and security for the period from 2010 onwards.

He recalled the exploratory debate on 13 May to decide the final content of this important communication and ran through the priorities that had been agreed on that occasion: (i) the decision to put the citizen at the heart of measures to develop an area of freedom, security and justice; (ii) the importance of preserving the balance and complementarity between security aspects and freedoms; (iii) the role of immigration and asylum policy and the need to give due weight to the external dimension of this policy; and (iv) the need to take stock of the efforts and progress achieved so far, while at the same time stressing the need for further action, vision and ambition to realise the full potential of this issue for ordinary citizens.

The PRESIDENT was pleased that the present text followed these guidelines, placing them in an overall framework and setting priorities that properly addressed the day-to-day problems people faced. In particular it sought to develop a Europe of rights by strengthening the current system of protection of fundamental rights, to build a Europe of justice, in which rights were applied uniformly throughout the Union and the functioning of the internal market was optimised, to implement a domestic security strategy that protected citizens from cross-border threats, and finally to consolidate a Europe of solidarity with a common immigration and asylum policy and action, in partnership with non-EU states.

He reiterated his thanks to Mr BARROT and all the other Members for their efforts to reach a consensus. He mentioned the two points which remained unresolved, namely the idea of a single date for future European elections, where there was the problem of different national traditions and the possibility of proposing criminal penalties for offences including financial crimes, which had also been debated during the drafting of the communication.

Mr BARROT then took the floor and thanked all the Members of the Commission for their cooperation in what had been an effective team effort. He welcomed the fact that the communication maintained the balance between security aspects and the protection of fundamental rights and freedoms and showed the Commission making full use of its right of initiative.

He then reviewed the proposals set out under the four main headings of the

communication: a Europe of rights; a Europe of law and justice; a Europe that protects; and a Europe of responsibility and solidarity in matters of immigration and asylum.

The first chapter focused on citizens' rights, and here he singled out (i) the proposed system of personal data protection as an area in which the EU should set an example, (ii) the idea of a "lead state" for the purposes of consular protection in crisis situations and (iii) the suggestion that in future a single date – ideally 9 May – should be set for European elections across the EU, in order to encourage debate. He was, however, prepared to be flexible on this point and would consider any other day in the week of 9 May, thereby retaining the symbolic significance of celebrating Europe Day but taking into account the specific national traditions of the Member States.

In order to create a Europe of law and justice, the theme of the second chapter of the communication, Mr BARROT underlined the importance of making maximum use of the principle of mutual recognition of judicial decisions and gradually abolishing the *exequatur*. He also pointed to the proposals regarding the training of judges, the evaluation of national judicial policies, the approximation of definitions of the most serious crimes, increased use of e-justice, and simplification of the legalisation of authentic documents and contract law. Finally he cited the possibility of using criminal law to punish serious financial crimes, as was already the case in the environmental field.

Turning to the third chapter – a Europe that protects – Mr BARROT said that policies on police cooperation, criminal justice and border management were still too fragmented. There was therefore a need to improve the interoperability of the information systems, particularly by setting up an internal security fund, to create an Erasmus programme for police officers and the judiciary, to establish a European framework on the taking of evidence, to ensure integrated border management (including an enhanced role for the European Agency for the Management of Operational Cooperation at the External Borders (Frontex)), to set up an electronic system for recording entries and exits and to develop a European strategy to combat organised crime and terrorism.

Turning finally to the chapter on immigration and asylum policies, he stressed the need for a monitoring system to gather comparable data, an immigration code consisting of common rules, a single asylum procedure and a uniform international protection status. A voluntary internal resettlement mechanism for refugees should also be set up between the Member States, to ensure that responsibility for reception and integration was shared, and asylum policy should demonstrate solidarity with the non-EU countries that had to deal with mass movements of refugees.

Mr BARROT pointed out that the text would form the basis for the initial discussions in the Council on the Stockholm programme, to be adopted at the European Council in December. The European Parliament would also be closely involved in the process, as would national parliaments. He concluded by thanking the PRESIDENT for his help in presenting this highly technical document.

The Commission then held a discussion in which the following points were raised and broad support was expressed for the approach adopted.

On the subject of the date of future elections to the European Parliament

- a broad consensus in favour of bringing forward the date of future European elections to May, something which Parliament itself had been calling for years. This would fit in better with the Commission's timetable than elections in June;
- differences of opinion about the idea of setting a single date – 9 May – for the election, some Members feeling that this would send out a stronger message and would make it easier to compare results and turnout, while others stressed the need to take into account the different national traditions regarding the day on which voting took place, whether on a weekday or at the weekend; the need to consider the impact such a decision might have on voter turnout;
- consequently the case for a compromise solution which took more account of the practical realities by restricting the period during which elections should be held to the week of 9 May, because the link with Europe Day was generally felt to have a symbolic importance;

- the fact that the date of the elections was relatively unimportant, the main thing being to focus on the content of the campaign and the policies, to devise more realistic communication strategies and to deploy more resources, particularly in the representations and delegations;
- the need to get the Member States to discuss ways of encouraging voters to take part in the elections and to promote the use of different, more modern voting methods, in order to encourage young people in particular to vote, or even to declare 2013 the year of European citizenship and, in connection with that, to organise specific activities on the right to vote;

On the use of criminal penalties, in particular for financial crimes

- the Commission's power to apply criminal penalties in certain specific cases, as upheld by the Court of Justice, and the fact that this approach received further support in the text of the Lisbon Treaty;
- the importance of action against economic crime at European or even global level, and the need for Europe to play a leading role in this field;
- the need to study carefully the impact of this proposal and to provide sound legal grounds for it;
- calls for a cautious approach and proportionate penalties, given the sensitive nature of the subject and the issues of sovereignty it raised;

On immigration and asylum policy

- the importance of highlighting the two strands of the proposed policy - police cooperation, and burden-sharing in the reception of refugees, so that they could be accommodated in better conditions;
- the need for a good policy of cooperation with the migrants' countries of origin, particularly in Africa;
- more generally, the importance of consistency between external and internal

action in this field, and the need for the external dimension of justice, freedom and security policy to be based on dialogue with non-EU countries and for the adoption of a nuanced approach tailored to the countries concerned;

- particular concern at the situation in the Mediterranean where there was a rapid increase in the number of illegal migrants, but also the scale of the influx from the East and the need to maintain a balance;
- the urgent need for a response based on solidarity between Member States, particularly in the distribution of asylum applicants; the case for not ruling out a compulsory and non-voluntary resettlement mechanism in future;
- for some Members, the importance of striving to obtain readmission agreements with non-EU Mediterranean countries as quickly as possible, although others felt that such agreements were not the solution to immigration problems;
- the case for setting up regional or specialised branches of the Frontex agency;

On other aspects

- a request for the rewording of the paragraph on the internal security fund.

Replying to the various comments, Mr BARROT agreed that, for the election date, a longer period around 9 May should be proposed in order to respect national electoral traditions and that the text should underline the determination to encourage a higher turnout by introducing additional voting arrangements.

The PRESIDENT noted that the Members unanimously approved the communication presented by Mr BARROT and himself, subject to a few minor amendments, and strongly supported its balanced approach and level of ambition. The communication would occupy an important place in this Commission's track record. The PRESIDENT also noted the consensus on the recommendation that the European elections be held during the week of 9 May and underlined the importance of making voting procedures easier. On the question of applying criminal penalties, he too outlined the possibilities available under case law and the recommendation in the report by the high-level group of experts chaired by Jacques de Larosière to

tighten up and harmonise the systems of penalties in the Member States, although he felt that the cautious wording of the document, which he suggested toning down further, offered the necessary guarantees regarding the limits of Community action in this field.

The PRESIDENT accordingly noted the agreement of the Members of the Commission on the text distributed as COM(2009)262/4, subject to the following amendments being made to the French version of the communication:

- in section 2.4, page 9, the end of the second paragraph was amended to read as follows:

‘Faciliter toutes les opérations de vote pour les citoyens et l’inscription sur les listes électorales ainsi que voter pendant la semaine du 9 mai contribueront à cette démarche.’

- in section 3.3, page 13, the third paragraph of that section was amended to read as follows:

‘Par ailleurs, dans le respect de la jurisprudence de la Cour de Justice des Communautés, la mise en œuvre de certaines politiques de l’Union pourrait exiger la définition d’infractions et de sanctions communes pour assurer son efficacité, comme cela a été partiellement le cas en matière d’environnement et de transports.’

- at point 4.1.3, page 17, the last sentence of the fourth paragraph was deleted;
- in the annex, in the text box on page 32, the last sentence of the seventh paragraph was amended to read as follows:

‘Par ailleurs, l’Union pourrait décider de recourir lorsque nécessaire au droit pénal pour sanctionner les comportements abusifs dans le domaine financier.’

Subject to the inclusion of these amendments, the Commission approved the communication set out in COM(2009)262/4, 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.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS CONCERNING THE EUROPEAN UNION STRATEGY FOR THE BALTIC SEA REGION

(COM(2009)248 TO /4; SEC(2009)712 AND /2; SEC(2009)702 AND /2; SEC(2009)703; SEC(2009)704; SEC(2009)729)

Ms HÜBNER presented the Communication which she was submitting to the Commission for approval, mentioning the good cooperation and high-quality work carried out over the past eighteen months by the Commission departments concerned and the various external stakeholders involved in this initiative. She felt that the proposed strategy enhanced the Commission's image and spurred on the preparation and definition of a coherent framework for implementing concrete measures. Such a strategy was innovative in the field of regional cooperation, and must make it possible to better identify certain problems and to design a common approach to solve them.

The Baltic Sea Region provided numerous possibilities and enormous and as yet unexploited economies of scale in relation to the four pillars decided on – environment, prosperity, accessibility and attractiveness, and safety and security – comprising fifteen priority areas which in turn were broken down in the action plan into twenty-four flagship projects, each one of which had a specific lead partner.

Implementing this strategy would not lead to the establishment of any new structures. In reply to a question on this point, Ms HÜBNER said that existing structures would be fully used, without singling out any one of them. This strategy deserved special attention by the incoming European Union presidency, and could be evaluated, for instance in 2011, in particular from the point of view of the results achieved.

Ms HÜBNER pointed out that other European regions and macro-regions were interested in this initiative, for instance the Danube basin where common problems had already been identified and where it would be possible to share the burden of providing solutions. This type of dynamic approach based on action and cooperation ensured more effective and better implementation of existing Community instruments.

The Commission then held an exchange of views during which the following points were raised:

- the significance of the proposed strategy for the Member States bordering the Baltic Sea;
- the key role which the Commission was poised to play in coordinating and monitoring the measures adopted;
- the need for the Commission to strike a balance between the regional or macro-regional approach and the Community approach;
- the importance of effective communication of this strategy by the Commission to European citizens and the stakeholders more directly concerned.

The PRESIDENT congratulated Ms HÜBNER on the quality of the work and stressed the importance of the project for a region with significant economic and environmental potential, pointing out that certain measures such as those relating to energy interconnection were particularly interesting.

He rounded off this item by reminding the meeting that the Commission provided constant support, especially in terms of solidarity, to all European Union regions, in line with their needs and mindful of diversity.

The Commission approved the Communication set out in COM(2009)248/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the action plan, the impact assessment and a summary of this, which were disseminated as SEC(2009)712/2, SEC(2009)702/2 and SEC(2009)703 respectively. The

Commission took note of this.

The Commission also took note of the Opinion of the Impact Assessment Board set out in SEC(2009)704.

10. INTERINSTITUTIONAL RELATIONS

10.1. RELATIONS WITH THE COUNCIL

i) Programming of Council business

(SI(2009)148)

The Commission took note of the information in SI(2009)148 on the Council meetings between 11 and 24 June.

ii) Preparation of the Transport, Telecommunications and Energy Council (Luxembourg, 11 and 12 June)

(SI(2009)142; SI(2009)143)

- Obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (Council Directive) – RANSDORF report – 2008/0220 (CNS)

The Commission authorised Mr PIEBALGS to continue contacts with the Council in order to reach political agreement at the Council meeting (Transport, Telecommunications and Energy) on 11 and 12 June, following the line set out in SI(2009)142.

- European rail network for competitive freight (Regulation) – DUCHON report – 2008/0247 (COD)

The Commission authorised Mr TAJANI to follow the line set out in SI(2009)143 at the Council meeting (Transport, Telecommunications and Energy) on 11 and 12 June.

iii) Preparation of the Environment Council (Luxembourg, 25 June) and the meeting of the Permanent Representatives Committee (COREPER) (10 June)

(SI(2009)146 and /2)

- Industrial emissions – Integrated pollution prevention and control (Directive – recast) – KRAHMER report – 2007/0286 (COD)

The Commission approved the line set out in SI(2009)146 and /2.

iv) Preparation of the COREPER meeting on 11 June

(SI(2009)144)

- Community framework for nuclear safety (Council Directive (Euratom)) – HÖKMARK report – 2008/0231 (CNS)

The Commission approved the line set out in SI(2009)144.

10.2. RELATIONS WITH THE EUROPEAN PARLIAMENT

v) Action taken on Parliament's legislative opinions and non-legislative resolutions

(SP(2009)3060)

The Commission approved document SP(2009)3060 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its March I and II part-sessions, for transmission to Parliament.

vi) Results of the European Parliament elections of 7 June

Ms WALLSTRÖM presented the main lessons that could be drawn from the results of the recent European Parliament elections, while pointing out that final and complete figures were not yet available and that certain analyses were based on assumptions that had still to be borne out, for example regarding the formation and composition of the political groups in Parliament.

For the first time the Commission had taken part in efforts to raise public

awareness of the elections. Ms WALLSTRÖM thanked the Commission departments concerned for the work they had done as well as the Commission Members who had played an active part. She also congratulated the four Commission Members who had been candidates, all of whom had been elected.

Ms WALLSTRÖM said that a more detailed analysis of the Commission's efforts would be available in the next few days. On the question of the relatively low turnout, she outlined a number of ideas for improving it in future, for example the possibility of declaring 2013 European Citizenship Year.

The PRESIDENT then took the floor and once again congratulated Ms HÜBNER, Ms KUNEVA, Ms REDING and Mr MICHEL, all four of whom had been elected to the European Parliament. He then analysed the results of the elections and their implications, particularly as regards the composition of the newly-elected Parliament and the voter turnout. He stressed here the special nature of the EU's institutional and political structure and the importance for the Commission of pursuing its strategy of focusing on a 'Europe of results'.

Following a brief exchange of views, the PRESIDENT thanked the Commission Members for their comments and raised the possibility of continuing this discussion at a working Commission breakfast or lunch.

The PRESIDENT then reported on the previous day's visit by the Czech Prime Minister and President of the European Council, Mr Jan Fischer. On being asked by Mr Fischer, the PRESIDENT had agreed to let his name be put forward at the consultations with a view to the next European Council as a candidate for a second term of office as Commission President. At the same time the PRESIDENT had made it clear that his application for a second term would have to be accompanied by an assurance of support from the European Council and the European Parliament not only for him personally, but also for the ambitious political programme which Europe needed and which he

intended to implement over the next five years. He pointed out here that the economic and financial crisis had brought home the need for both a strong European Commission and a strong European Union. With this in mind he intended to obtain a firm commitment to a renewed social market economy based on clear ethical principles and to an economic agenda that encouraged the creation of more and better jobs and more environment-friendly growth.

The PRESIDENT would also seek a firm commitment to better regulation and supervision of the financial markets and to open, competitive and innovative economies. He wanted to see Europe leading the global fight against climate change and exerting all its influence to help shape the world around it. He felt that the weeks ahead would be crucial in this regard and would reveal whether this ambition was shared by the Heads of State or Government of the Member States and by the European Parliament.

The Commission took note of these points.

11. OTHER BUSINESS

SITUATION IN THE EUROPEAN DAIRY SECTOR

(SEC(2009)796)

Ms FISCHER BOEL reported on the situation in the European dairy sector and reviewed the recent measures taken at Community level to stabilise prices and improve the difficult position in which producers found themselves. The total cost of these measures now came to EUR 650 million. She mentioned in particular the measures announced at the last Agriculture Council to extend intervention and aid for private storage of butter beyond August and to authorise the producers concerned to receive – after the requisite checks had been made – up to 70% of direct payments starting from 16 October rather than 1 December.

Ms FISCHER BOEL reiterated her own and the Commission's commitment to continue to support the smooth operation of the dairy market, as far as resources

allowed. In this context, she identified possible flaws in the way competition operated in the dairy industry and welcomed the fact that Mr ALMUNIA's departments were preparing a report on this issue.

Ms FISCHER BOEL was open to any suggestions that were consistent with the market and with the rationale behind the current reform of the common agricultural policy. She concluded by emphasising that the Commission's position was sound, balanced and appropriate in the long term.

Ms WALLSTRÖM thanked Ms FISCHER BOEL for her very clear and precise information and asked her to provide Commission Members with a briefing paper on the situation in the dairy sector, in the form of questions and answers.

The Commission took note of this information and of the note from Ms FISCHER BOEL, distributed as SEC(2009)796.

12. INTERINSTITUTIONAL RELATIONS (CONTINUED FROM ITEM 10)

RELATIONS WITH THE COUNCIL

Results of the Economic and Financial Affairs Council (Luxembourg, 9 June) and the Employment, Social Policy, Health and Consumer Affairs Council (Luxembourg, 8 and 9 June)

Mr. McCREEVY informed the Commission of the discussions on its Communication on financial supervision held at the Economic and Financial Affairs Council on 9 June.

He noted that the Council had reacted very positively to the initiative, including the setting up of a European System of Financial Supervision, the establishment of a European Systemic Risk Board, and harmonisation of financial supervision between Member States.

He mentioned the very useful exchange of views on accounting standards held with Sir David Tweedie, Chairman of the International Accounting Standards Board (IASB), who had been invited to the Economic and Financial Affairs Council for the first time.

Mr. ALMUNIA completed the picture by referring to the discussions on the macro-prudential aspects of financial supervision, in particular the European Systemic Risk Board.

He also reported on the discussions of evaluation of measures taken under the European Economic Recovery Plan and under national plans. In view of the budgetary implications of certain measures and the need to stabilise public finances, he stressed the importance of preparing a coordinated exit strategy now that could be rolled out gradually as the economy recovers. He confirmed that in the autumn the departments reporting to him would prepare a number of excessive deficit procedures that would be referred to the Commission before the end of the year.

With regard to evaluation of the programmes adopted to support the banking sector, Mr. ALMUNIA highlighted the usefulness of organising stress tests for banks, and underlined the importance of basing the tests on common parameters throughout the EU.

Lastly, he informed the Commission of the discussion about international burden-sharing in financing the fight against climate change ahead of preparations for the Copenhagen Conference at the end of 2009. He felt in particular that some of the questions raised would have to be studied in more detail in the near future.

Mr. KOVÁCS gave a progress update on a number of important taxation issues, in particular the Commission Communication on promoting good governance in tax matters, initiatives concerning the Savings Taxation Directive, and the proposals for Directives on administrative cooperation in tax matters and on mutual assistance in the recovery of taxes.

He also mentioned the discussions on negotiations with Liechtenstein on an agreement concerning fraud and on the negotiating directives for similar agreements

with Switzerland, San Marino, Monaco and Andorra, expressing optimism that substantial progress could be made during the next Council Presidency.

Mr. ŠPIDLA gave a brief summary of the main results of the Employment, Social Policy, Health and Consumer Affairs Council held on 8 and 9 June.

He welcomed the fact that the Commission Communication: A Shared Commitment for Employment had been received very favourably during an initial discussion at the Council.

He pointed out that the discussions had mainly addressed the Commission proposal to amend the Structural Funds Regulation in order to give Member States the possibility of not providing national cofinancing in 2009 and 2010, the aim being to make it easier for the Social Fund to finance the proposals for helping people affected by the crisis contained in the economic recovery plan.

He explained that while some Member States had insisted that existing cofinancing be maintained, others, in particular those severely affected by the economic crisis, welcomed the possibility of not having to provide national cofinancing. Consequently, he felt that the discussions on this question would have to be continued.

The Commission took note of the information.

13. OTHER BUSINESS (CONTINUED FROM ITEM 11)

COMMUNITY MEDIUM-TERM FINANCIAL ASSISTANCE TO HUNGARY AND ROMANIA

(SEC(2009)795)

Mr. ALMUNIA drew the Commission's attention to the financial support measures for Hungary and Romania, referring to the information note distributed under his authority.

(10 June 2009)

He also mentioned the budget situation in Latvia and confirmed the Commission's desire to support the Latvian Government's efforts to reduce the public deficit and to consolidate the budget. He referred to the close cooperation between the Commission and the Latvian Government; the PRESIDENT, Mr. PIEBALGS and himself were meeting the Latvian Prime Minister, Mr. Valdis Dombrovskis, that day.

The Commission took note of the information and of the note from Mr. ALMUNIA, distributed as SEC(2009)795.

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The meeting closed at 12.50.