



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2009)1883 final

Brussels, 2 September 2009

MINUTES
of the 1883rd meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 22 July 2009
(morning)

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Single sitting: Wednesday 22 July 2009 (morning)

The sitting opened at 9.11 in the Jean Monnet room with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Mr VERHEUGEN	Vice-president	
Mr BARROT	Vice-president	
Mr KALLAS	Vice-president	
Mr TAJANI	Vice-president	Items 14 (in part) to 19
Ms REDING		
Mr DIMAS		
Mr ALMUNIA		
Mr BORG		
Mr POTOČNIK		
Mr FIGEL'		
Mr REHN		Items 1 to 19 (in part)
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		Items 1 to 17
Mr ŠPIDLA		
Mr PIEBALGS		Items 16/17 (in part)
Ms KUNEVA		
Mr ORBAN		
Ms VASSILIOU		
Baroness ASHTON		
Mr ŠEMETA		
Mr SAMECKI		
Mr DE GUCHT		

Absent:

Ms WALLSTRÖM

Vice-president

Ms FERRERO-WALDNER

Mr McCREEVY

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

Mr COSTELLO	Deputy Chef de cabinet to Ms WALLSTRÖM
Mr CHILD	Chef de cabinet to Ms FERRERO- WALDNER
Ms DE BASALDUA	Deputy Chef de cabinet to Mr MCCREEVY

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr CARVOUNIS	Deputy Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	
Mr CONDOMINES BERAUD	Bureau of European Policy Advisers	
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	Items 14 to 19
Ms MARTÍNEZ ALBEROLA	A member of the PRESIDENT's staff	Items 16 to 19
Ms SVENDSTRUP	A member of Ms FISCHER BOEL's staff	Items 18 and 19
Ms SCHREIBER	Chef de cabinet to Mr ŠPIDLA	Points 1 à 15
Ms RASA	A member of Mr PIEBALGS's staff	
Mr BRUNET	Chef de cabinet to Ms VASSILIOU	Items 18 and 19
Mr SERVOZ	Secretariat-General	Items 16 and 17

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

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The PRESIDENT welcomed Mr Karel DE GUCHT, the new Commission Member appointed to replace Mr MICHEL, who had been elected as a member of the European Parliament.

In introducing Mr DE GUCHT, the PRESIDENT spoke of his solid European experience, particularly as a member of the European Parliament and minister for foreign affairs. He felt sure that Mr DE GUCHT would make an effective contribution to achieving the objectives of the present Commission.

The PRESIDENT wished Mr DE GUCHT every success in the performance of his new duties.

* * *

1. AGENDAS

(OJ(2009)1883/3; SEC(2009)1027/2)

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)1883)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 20 July.

3. MINUTES OF 1882ND MEETING (14 JULY)

(PV(2009)1882)

The Commission approved the minutes of its 1882nd meeting.

4. INTERINSTITUTIONAL RELATIONS

4.1. RELATIONS WITH THE COUNCIL

i) Programming of Council business

(SI(2009)193)

The Commission took note of the information in SI(2009)193 on the Council meetings between 23 and 29 July.

4.2. RELATIONS WITH PARLIAMENT

ii) Results of Parliament's July part-session

(SP(2009)3650; SP(2009)3649; SP(2009)3647)

The Commission took note of the information on the proceedings of the first part-session of the European Parliament of the seventh parliamentary term, held in Strasbourg from 14 to 16 July, distributed in SP(2009)3647.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

5.1. STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST

(SEC(2009)1049; SEC(2009)1048)

The Commission formally adopted four of the decisions (cases N 446/2008, N 673/2008, N 416/2009 and C 18/2005) in SEC(2009)1049.

With regard to Case N 34/2009 (France – budget subsidy for France Télévisions), the Commission:

- adopted in principle the decision in SEC(2009)5534/5 pending information from the French authorities on the costs of the public service in 2009;
- under Article 13 of its Rules of Procedure, empowered Ms KROES, in

agreement with the PRESIDENT, to formally adopt the decision.

5.2. STATE AID – HORIZONTAL DOSSIER
(SEC(2009)1882)

Commission notice – The return to viability and the assessment of restructuring measures in the financial sector in the current crisis under the State aid rules

(SEC(2009)968/4)

The Commission:

- adopted in principle the notice set out in SEC(2009)968/4;
- 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 of the Union and to publish it in the Official Journal of the European Union.

5.3. INFRINGEMENTS - THIRD BIENNIAL COHERENCE MEETING ON INFRINGEMENTS (JULY 2009)
(SEC(2009)1056; SEC(2009)1057)

The Commission took note of the information from the PRESIDENT in SEC(2009)1056.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2009)1028)

ADMINISTRATIVE MATTERS
(PERS(2009)92)

6.1. DG RESEARCH – APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL
(PERS(2009)59 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Deputy Director-General responsible for the outsourcing and implementation of new mechanisms under the 7th Framework Programme within the Research Directorate-General (PERS(2009)59 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 19 and 26 June 2009 (PERS(2009)59/3 and /4).

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

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

6.2. DG EDUCATION AND CULTURE – APPOINTMENT OF AD14/15 DIRECTOR
(PERS(2008)106 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, Directorate Lifelong learning: horizontal Lisbon policy issues and international affairs, in the Directorate-General for Education and Culture (PERS(2008)106 and /2).

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The Commission took note of the opinions of the Consultative Committee on Appointments of 18 December 2008 and 8 January 2009 (PERS(2008)106/3 and /4).

It proceeded to compare the applicants' qualifications for the post. It also considered the applicants' ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FIGEL', it then decided to appoint Mr Jordi CURELL GOTOR to the vacant post.

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

**6.3. DG INFORMATION SOCIETY AND MEDIA – APPOINTMENT OF
AD14/15 DIRECTOR
(PERS(2009)52 TO /4)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, Directorate Lisbon Strategy and Policies for the Information Society in the Directorate-General for Information Society and Media (PERS(2009)52 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 10 and 25 June (PERS(2009)52/3 and /4).

It proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms REDING, it then decided to appoint Mr Detlef ECKERT to the vacant post.

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

**6.4. DG FISHERIES AND MARITIME AFFAIRS – APPOINTMENT OF
AD14/15 DIRECTOR
(PERS(2008)118 TO /4)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, Directorate Baltic Sea, North Sea and Landlocked Member States, in the Directorate General for Maritime Affairs and Fisheries (PERS(2008)118 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 15 October 2008 and 8 January 2009 (PERS(2008)118/3 and /4).

It proceeded to compare the applicants' qualifications for the post. It also considered the applicants' ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr BORG, it then decided to appoint Mr Ernesto PENAS LADO to the vacant post.

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

**6.5. DG EXTERNAL RELATIONS – APPOINTMENT OF AD15 CHIEF
ADVISED**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, the Commission decided to appoint a chief adviser in the Commission delegation in Washington, under Article 7 of the Staff Regulations, by transferring in the interests of the service Mr Antonio DE LECEA FLORES DE LEMUS, an AD15 official currently Director, Directorate International economic and financial affairs in the Directorate-General for Economic and Financial Affairs.

This decision would take effect on 16 October 2009.

6.6. *DG ENLARGEMENT – TERMINATION OF INTERNAL SELECTION PROCEDURE FOR AN AD14/15 DIRECTOR AND APPOINTMENT OF AD14/15 DIRECTOR*

The Commission took note of the information in point 6 of PERS(2009)92 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr REHN, decided:

- to terminate the internal selection procedure to appoint a director, Directorate Croatia, the former Yugoslav Republic of Macedonia, Turkey, in the Directorate-General for Enlargement; this decision would take effect immediately;
- to fill this post, under Article 7 of the Staff Regulations, by transferring in the interests of the service Ms Alexandra CAS GRANJE, an AD15 official and currently Director, Directorate Latin America, in the EuropeAid Cooperation Office. This decision would take effect on 1 November 2009.

6.7. *DG ECONOMIC AND FINANCIAL AFFAIRS – SECONDMENT OF AN OFFICIAL IN THE INTEREST OF THE SERVICE (C(2009)5875)*

The Commission took note of the information in point 7 of PERS(2009)92 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms ALMUNIA, decided:

- to approve, under Articles 37(a) and 38 of the Staff Regulations, the secondment in the interests of the service with the president of the group of EU representatives at the International Monetary Fund (EURIMF) of Ms Pilar GARCÍA MARTÍNEZ, an official in the Directorate-General for Economic and Financial Affairs, and the arrangements for this secondment set out in C(2009)5875;
- to authorise the Director-General of the Directorate-General for Economic

and Financial Affairs to sign with EURIMF the protocol of agreement also set out in C(2009)5875, which it approved.

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

6.8. *DG RESEARCH – INTERNAL AND INTERINSTITUTIONAL (GRADE AD14/15) AND EXTERNAL (GRADE AD14 – EU-27) PUBLICATION OF A VACANCY NOTICE FOR A CHIEF ADVISER (PERS(2009)93)*

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), 29(1)(b) and 29(2) of the Staff Regulations, of the vacancy notices in PERS(2009)93 for a post of chief adviser in the Directorate-General for Research.

This decision would take effect immediately.

6.9. *EDUCATION AND CULTURE DG – LIST OF CANDIDATES FOR THE APPOINTMENT OF AN AD14 EXECUTIVE DIRECTOR AT THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (PERS(2009)79 AND /2)*

Having noted the procedure followed, as set out in point 9 of PERS(2009)92, the Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FIGEL', decided:

- to approve the list of five candidates set out in point 9 of PERS(2009)92;
- to consider this list as the Commission proposal;
- to ask Mr FIGEL' to notify this list to the Governing Board of the European Institute of Innovation and Technology.

These decisions would take effect immediately.

6.10. BUREAU OF EUROPEAN POLICY ADVISERS – LEAVE ON PERSONAL GROUNDS OF A MEMBER OF THE TEMPORARY STAFF AT GRADE AD14

The Commission took note of the information in point 10 of PERS(2009)92 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided to approve the request for leave on personal grounds, under Article 15 of the Staff Regulations, presented by Ms Maria da Graça CARVALHO, a member of the temporary staff at AD14 and Chief Adviser in the Bureau of European Policy Advisers, for the period from 13 July 2009 to 12 July 2014.

This decision would take effect on 13 July 2009.

6.11. DG ENLARGEMENT – EXTENSION OF LEAVE ON PERSONAL GROUNDS FOR AN AD14 OFFICIAL

The Commission took note of the information in point 11 of PERS(2009)92 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr REHN, decided to approve the request for leave on personal grounds, under Article 40 of the Staff Regulations, presented by Mr Christian DANIELSSON, an AD14 official and formerly Chief Adviser in the Directorate-General for Enlargement, for the period from 1 September 2009 to 31 August 2010.

This decision would take effect on 1 September 2009.

6.12. DG PERSONNEL AND ADMINISTRATION – TEMPORARY OCCUPATION OF DIRECTOR POSTS (PERS(2009)94)

The Commission took note of the information in point 12 of PERS(2009)92 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided under Article 7(2) of the Staff Regulations that Mr Gordon CLARK, Mr David DALY, Mr Hans DE JONG, Mr Peter GAMMELTOFT, Mr Roland LANE, Mr Panayotis STAMATOPOULOS, Mr Ian WALTON-

GEORGE, Mr Thierry CRETIN, Mr John O'ROURKE and Mr Andrew STANDLEY should be deemed temporarily to have occupied Director posts as set out in PERS(2009)94.

These decisions would take effect immediately.

7. DECISION BY THE COMMISSION PRESIDENT ON THE ORGANISATION OF RESPONSIBILITIES OF THE MEMBERS OF THE COMMISSION (C(2009)5777)

The PRESIDENT informed the Commission of the decision he had taken on the organisation of responsibilities of Commission Members, set out in C(2009)5777, following the departure of Mr MICHEL and the arrival of Mr DE GUCHT.

The Commission:

- took note of the change in portfolio allocation decided on by the PRESIDENT, as set out in C(2009)5777;
- took note of the order of precedence among the Members of the Commission, as established by the PRESIDENT and set out in C(2009)5777.

8. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS ON A EUROPEAN INITIATIVE ON ALZHEIMER'S DISEASE AND OTHER DEMENTIAS (COM(2009)380 TO /4; SEC(2009)1040 AND /2; SEC(2009)1041 AND /2; SEC(2009)1042; SEC(2009)1043)

The Commission approved the communication in COM(2009)380/4 for transmission to the European Parliament, the Council, the European Economic and

Social Committee and the Committee of the Regions and to the national parliaments, together with the impact assessment and the related executive summary in staff papers SEC(2009)1040/2 and SEC(2009)1041/2, 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)1042.

9. PROPOSAL FOR A COUNCIL RECOMMENDATION ON MEASURES TO COMBAT NEURODEGENERATIVE DISEASES, IN PARTICULAR ALZHEIMER'S, THROUGH JOINT PROGRAMMING OF RESEARCH ACTIVITIES

(COM(2009)379 TO /3; SEC(2009)1039; SEC(2009)1043)

The Commission adopted the proposal for a Council recommendation in COM(2009)379/3, for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the staff paper distributed as SEC(2009)1039, the contents of which were noted.

10. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – THE FUTURE COMPETITION LAW FRAMEWORK APPLICABLE TO THE MOTOR VEHICLE SECTOR

(COM(2009)388 TO /4; SEC(2009)1052; SEC(2009)1053; SEC(2009)1054; SEC(2009)1055)

The Commission approved the communication in COM(2009)388/4 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

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impact study and the related executive summary in staff papers SEC(2009)1052 and SEC(2009)1053, 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)1054.

11. COMMISSION DECISION, UNDER ARTICLE 86(3) OF THE EC TREATY, ESTABLISHING THE SPECIFIC MEASURES TO CORRECT THE ANTI-COMPETITIVE EFFECTS OF THE INFRINGEMENT IDENTIFIED IN THE COMMISSION DECISION OF 5 MARCH 2008 ON THE GRANTING OR MAINTAINING IN FORCE BY THE HELLENIC REPUBLIC OF RIGHTS IN FAVOUR OF *PUBLIC POWER CORPORATION S.A.* FOR EXTRACTION OF LIGNITE (*INFRINGEMENT PROCEDURE No 2003/4428*) (C(2009)5623 TO /3)

The Commission:

- adopted in principle, in the authentic language (Greek), the decision establishing specific measures, as part of the procedure under Article 86(3) of the EC Treaty, on the granting or maintaining in force by the Hellenic Republic of rights in favour of *Public Power Corporation S.A.* for extraction of lignite in C(2009)5623;
- empowered Ms KROES, in agreement with the PRESIDENT, to formally adopt the decision;
- empowered Ms KROES, in agreement with the PRESIDENT, to adopt the decisions necessary to implement the obligations resulting from the Decision concerning, firstly, the possible extension of the applicable time periods and, secondly, possible authorisation to allocate exploitation rights to the aforementioned company when no other reliable bid had been submitted in a call for tenders relating to the lignite reserves covered by this decision;

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- decided, once the Decision in C(2009)5623 had been formally adopted, to notify it to the Hellenic Republic and to the undertaking concerned;
- decided, once the Decision had been formally adopted, that the key parts be published (minus any business secrets and other confidential information) in the official languages of the Union in the Official Journal of the European Union;
- decided, once the Decision had been formally adopted, to publish it on the Internet (with business secrets and other confidential information removed).

12. COMMISSION DECISION CONCERNING A PROCEEDING UNDER ARTICLE 81 OF THE EC TREATY AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/C2/39.396 – CALCIUM CARBIDE AND MAGNESIUM BASED REAGENTS FOR THE STEEL AND GAS INDUSTRY) (C(2009)5791 TO /14; SEC(2009)1082)

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 19 June and 17 July, as well as those of the Member State representatives and the representatives of the European Free Trade Association (EFTA) Supervisory Authority of 17 July set out in C(2009)5791/3, /5 and /9;
- took note of the final report of the Hearing Officer of 29 July in C(2009)5791/4;
- adopted, in the authentic languages (English, German, Slovak and Slovenian), the decision set out in C(2009)5791/6 finding that the companies to which the decision was addressed had infringed Article 81 of the EC Treaty and Article 53 of the Agreement on the European Economic Area, and imposing fines on some of those companies totalling €61 120 000;

- decided that the decision in C(2009)5791/10 to /14 would be notified to the companies concerned together with the final report of the Hearing Officer;
- decided that the key parts of the Decision, together with the Advisory Committee's opinions and the Hearing Officer's final report, would be published in the official languages of the Union in the Official Journal of the European Union (with business secrets and other confidential information removed);
- decided to publish the decision on the Internet (with business secrets and other confidential information removed).

13. TRENDS IN THE MEMBER STATES (SEC(2009)1072)

The Commission took note of the information note from Ms WALLSTRÖM in SEC(2009)1072.

14. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL – DAIRY MARKET SITUATION 2009 (COM(2009)385 TO /4; SEC(2009)1050 AND /2; SEC(2009)1051)

Ms FISCHER BOEL spoke of the current difficulties in the dairy market, stressing the particularly sensitive nature of this issue. Referring to the recent measures taken by the Commission to improve the situation of dairy producers in the short term, she said that today's communication was the Commission's response to the European Council's request in June for an analysis of the dairy market. The European Council's invitation made clear reference to the need to respect the conclusions of the Common Agricultural Policy "Health Check", thereby determining the short-term implications of the measures to stabilise the market.

She pointed out that it was not the aim of the communication to provide ready-made

solutions to the problems identified, which were complex and largely connected with the economic and financial crisis. It would therefore be unwise to raise unrealistically high expectations on the part of certain producers, most of whom supported the approach recommended by the Commission. She opposed any change in the milk quota management system and stressed the options put forward in the proposed document, particularly as regards state aid in the agricultural sector. Concerning the question of food price formation, in principle a survey on this issue was to be presented in the autumn.

She laid particular emphasis on the importance of sending dairy producers a clear and unambiguous message while bearing in mind the very difficult context which had given rise to the crisis in this market. She referred in particular to young farmers who had invested hugely in financial and human terms in their businesses and who were now in an extremely vulnerable situation.

Ms FISCHER BOEL concluded by saying that the Commission would remain vigilant concerning this sensitive issue, that it would use the means and instruments available to improve the situation as much as possible in the short term and was collaborating fully with the Member States.

Following this presentation, the Commission approved the communication set out in COM(2009)385/4, for transmission to Parliament and the Council, and to the national parliaments, together with the related technical Annex in staff paper SEC(2009)1050/2, the contents of which were noted.

15. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

15.1. WRITTEN PROCEDURES APPROVED

(SEC(2009)1029 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 July.

15.2. EMPOWERMENT

(SEC(2009)1030 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 July.

15.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2009)1031 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 13 and 17 July, as archived in e-Greffe.

15.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2009)1032 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 20 and 24 July and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 20 July.

15.5. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) 1083/2006 CONCERNING GENERAL PROVISIONS ON THE EUROPEAN REGIONAL DEVELOPMENT FUND, THE EUROPEAN SOCIAL FUND AND THE COHESION FUND AS REGARDS SIMPLIFICATION OF CERTAIN REQUIREMENTS AND AS REGARDS CERTAIN PROVISIONS RELATING TO FINANCIAL MANAGEMENT – FORMER WRITTEN PROCEDURE EP/2009/5567

(COM(2009)384 TO /3)

The PRESIDENT spoke of the proposal concerning simplified provisions for financing active measures to boost employment through the European Social Fund, stressing that this proposal followed on from the communication on employment adopted on 3 June. At the June European Council he had stated

that the Commission would present a proposal in this field in order to meet the short-term financing needs of certain measures to boost employment in the current economic crisis. The proposed measures did not entail adjustments to the financial perspectives and one of their main purposes was to offer the option of flexibility in the distribution of payments for the period as a whole.

He was convinced of the importance of this proposal in supporting the efforts of the Member States to address the difficulties of the labour market, in particular those States receiving support for the balance of payments. This was therefore a solidarity drive with a social dimension, aimed at meeting immediate needs in an exceptional situation, and was compatible with the rules governing the financial perspectives. He trusted that the proposal would also be duly supported in the interinstitutional process.

Mr ŠPIDLA put the proposal in the context of the economic crisis, pointing out the adverse effects of the crisis on employment and the considerable differences between different Member States and regions. He was convinced that this was the most important issue to be taken into account when defining the response to the crisis and, moreover, that it was vital to maintaining social cohesion in Europe.

The aim of the proposal was to facilitate the implementation by the Member States of active policies to boost employment and to favour the necessary investments needed by making it possible for Member States to request repayment of all public expenditure relating to their operational programmes carried out under the European Social Fund. However, these measures did not call into question the principle of co-financing; they were temporary, optional and within the limits of the current financial perspective. He felt sure that the proposal was sound and consistent and was ready to provide any clarifications still necessary.

Mr SAMECKI, in turn, provided information on certain additional aspects of the proposal, in particular those aimed at making management of the structural funds simpler, more targeted and more flexible. He referred, for

example, to the harmonisation of thresholds for large projects, the diversification of sources of financing, the use of financial engineering so as to encourage energy efficiency in the housing sector, and the simplification of management of the European Social Fund and European Regional Development Fund.

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

- the importance of paying particular attention to this proposal and highlighting its exceptional nature in view of the serious impact the crisis was having on employment and the need to adapt industrial production capacities, in particular in the most vulnerable sectors;
- the fact that the proposed measures were swift, targeted and temporary and compatible with the European economic recovery plan; the importance of implementing the proposed measures as soon as possible, starting in 2009;
- the importance of using this temporary measure to support the most vulnerable Member States in terms of employment resources and institutional structures, in particular those States in receipt of support for the balance of payments;
- the need to propose measures aimed at simplifying management of the structural funds and reinforcing support for the beneficiary countries, whether or not they belonged to the euro area, so as to strengthen their absorption capacity; however, it was important to ensure compliance with the procedures and rules for proper management of Community funds with a view to the budget discharge exercise at the end of the period of implementation of these measures;
- given the particularly serious impact of the crisis on the labour market, the need to avoid the development of structural unemployment and to prioritise active policies directed at this market;

- the need for ambitious measures and investment in human resources in order to address the current economic crisis;
- the importance of promoting lifelong education and vocational training as an essential component of long-term employment policies, and the need for measures to simplify policies in this area and making them more flexible.

Mr ŠPIDLA pointed out the temporary nature of the measures and stressed that they would have no impact on the principle of co-financing of Community funds. His clarifications, which would be added to the proposal, were set out in the amendments below.

Concluding, the PRESIDENT expressed the Commission's support for this proposal, stressing the need to explain clearly the principles underlying it, in particular the fact that it was an exceptional measure with no effect on the current financial perspectives, and hoped that it would be supported by the Council.

He also stated the support of the Commission as a whole for the following amendments being made to the French language version of COM(2009)384/3:

- in Chapter 1, *Background to the proposal*, of the Explanatory Memorandum, in the section *General context*, page 3, a new paragraph is inserted after the first paragraph, as follows:

"The crisis is also having a negative impact on the budgets of Member States and the increase in unemployment outlined below is a significant factor in this. On the one hand, an increase in the number of persons entitled to receive benefits can automatically lead to a strain on budgetary resources. At the same time the need to implement active labour market measures in order to maintain people in employment or to get them back to work becomes more acute. Given the general budgetary constraints, severe cash-flow difficulties can arise for the sources of public finance in Member States for the implementation of active labour market measures.

As a consequence, such measures may be delayed at a time when they are increasingly necessary, to the detriment of the citizens."

- in the same chapter, in the section *Provisions in force in the policy sphere of the proposal*, pages 3 and 4, the second paragraph now reads as follows:

"In order to further accelerate programmes implementation and provide help to overcome the difficulties mentioned earlier, an additional measure is proposed to alleviate the current pressures and allow the highest possible use of Community funding. This measure will require amendment of Council Regulation No 1083/2006 on general provisions governing cohesion policy, including, as proposed in the Communication A Shared Commitment for Employment a temporary change to the ways in which interim payments to programmes co-financed by the European Social Fund are calculated. This involves introducing a temporary option for Member States, where severe cash-flow difficulties exist for the financing of labour market measures necessary to combat the crisis, and which are eligible under the ESF, to request reimbursements made by the Commission at 100% during 2009 and 2010, thus obviating the need to provide national co-financing during this period. The aim is to increase the effectiveness of the important role assigned to the ESF in the above-mentioned communication in implementing active labour market measures, such as training in the context of short-time working arrangements, the anticipation and managing of restructuring, the upgrading of skills as well as the providing of high-quality apprenticeships for the young by the end of 2010. This proposal is presented together with a number of simplification measures that also imply amendments to the Council Regulation."

- in Chapter 4, *Budgetary Impact*, of the Explanatory Memorandum, page 9, the first three paragraphs read as follows:

"There is no impact on commitment appropriations since no modification

is proposed to the maximum amounts of ESF financing provided for in the Operational Programmes for the programming period 2007-2013.

Where Member States decide to make use of the option to request 100% reimbursements during 2009 and 2010 there will be an impact on payment appropriations.

The analysis of the Member States' payment forecasts and the payment appropriations available in the budget for 2009 and the Draft Budget for 2010 show that the maximum additional payment appropriations to be paid under the 100% reimbursement option in 2009 and 2010 for the ESF programmes would represent approximately €6.6 billion. This will be compensated by a reduced need for payment appropriations later in the programming period."

- in the text of the proposal for a regulation, pages 11 and 12, recital (11) reads as follows:

"(11) As outlined in the Communication of the Commission of 3 June 2009 on A Shared Commitment for Employment, in order to counteract cash flow problems occurring in Member States as a result of financial constraints during the peak of the crisis and in order to speed up the implementation of active labour market measures aiming at supporting citizens and more specifically the unemployed or those at risk of unemployment, it is necessary to modify for a limited period of time the provisions concerning the calculation of interim payments. For this reason it is appropriate, without altering the national co-funding obligations which apply to operational programmes over the whole programming period, for the Commission to reimburse, where Member States so request, interim payment claims at 100% of the public contribution to each priority axis in operational programmes co-financed by the ESF."

Subject to inclusion of the above amendments and to final linguistic revision,

the Commission approved the proposal for a Council regulation in COM(2009)384/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

16. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON PROGRESS IN BULGARIA UNDER THE COOPERATION AND VERIFICATION MECHANISM (COM(2009)402 AND /2; SEC(2009)1074)

17. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON PROGRESS IN ROMANIA UNDER THE COOPERATION AND VERIFICATION MECHANISM (COM(2009)401 AND /2; SEC(2009)1073)

The PRESIDENT introduced the two reports on progress in Bulgaria and Romania under the cooperation and verification mechanism (CVM) and tabled them for adoption in agreement with Mr BARROT.

He pointed out that these reports reviewed the progress made and the shortcomings that remained, noting that the mechanism, now entering its third year, was producing results and was a useful tool for achieving the common objectives. He stressed that the areas covered by the CVM were particularly sensitive and it would take time to achieve the desired results. He mentioned in this connection that the reports showed that there had been an improvement, although the mechanism needed to remain in place in both countries.

Referring to the report on Bulgaria, the PRESIDENT commented on the existence of a dynamic of reforms designed to solve the structural problems and the measures taken to tackle some of the shortcomings identified. However, the authorities at all levels needed to show greater commitment if the technical measures already adopted were to be extended further.

As regards the progress made by Romania, the PRESIDENT noted that a global approach had been adopted and mentioned the major proposals for reform presented by the government, in particular the adoption of civil and penal codes and the tabling in Parliament of draft procedural codes. He also referred to the measures adopted in the legal field to unify jurisprudence. However, the efforts were still fragmented and the reform process was constantly being undermined by over-politicisation.

The two reports contained specific recommendations intended to guide Bulgaria and Romania towards priority measures which would be the subject of a follow-up next year; these recommendations should help both Member States to concentrate their efforts on the next key steps.

The PRESIDENT went on to discuss the question of whether the reference to the prospect of the accession of the two countries to the Schengen area was appropriate given the discussion in the preparatory meeting of Chefs de cabinet. While emphasising that this reference was not intended to impose additional conditions on the two countries but should rather be seen as a further incentive to carry out the necessary reforms, he was concerned about the way the reference might be received in the interinstitutional process and about the usefulness of the link it created between the cooperation and verification mechanism and membership of the Schengen area.

He concluded by highlighting the success of the mechanism and its contribution to the dynamic of reform but also stressed the need for a greater degree of political commitment to reform in judicial matters and the eradication of corruption in the two countries concerned; Bulgaria had the additional problem of combating organised crime.

Mr BARROT began by welcoming the significant progress made by the two Member States, which made it unnecessary to implement safeguard measures as it seemed it would be sufficient to continue monitoring until all the criteria had been fully met.

He said that closer cooperation had been achieved with the Bulgarian authorities since the July 2008 report, but also that priority should continue to be given to the fight against organised crime and corruption, as well as to shortening time scales and simplifying criminal proceedings.

In the case of Romania, Mr BARROT also mentioned the new penal and civil codes and the codes of procedure which were expected to be adopted in September, while at the same time highlighting the staff shortages affecting the justice sector and the excessive burden of procedural formalities, which delayed the conclusion of cases. He praised the efficiency of the National Integrity Agency but noted that work still remained to be done in the fight against corruption, particularly at local level.

As regards the texts of the reports, he mentioned certain final adjustments that ought to be made to the report on Romania, and also agreed not to mention at this stage the prospect of membership of the Schengen area.

The Commission then held a discussion during which the following aspects were examined:

- the balance of the two reports, the benefits of the cooperation and verification mechanism and the need to keep it in place;
- the immediate effect of the recommendations made;
- the recognition of the efforts made by Bulgaria since July 2008 to improve its management of Community funds; the steps it had taken in the right direction but also the need for these measures to be implemented in practice and the hope that the new Bulgarian government would continue in the same vein;
- the fact that while, for some, mentioning the prospect of membership of the Schengen area could provide a valuable incentive, for the majority the preference was not to link the two exercises;
- the extreme sensitivity of the questions of corruption and organised crime and the reminder that similar problems also existed in other Member States;

- the need to make one or two final adjustments to the wording of the two reports;
- the importance of adequate communication on the two documents.

The PRESIDENT thanked the members of the Commission for their strong support for the two reports.

He also noted the Commission's agreement to the following modifications being made to the English language versions of the reports:

In the report on the progress made by Bulgaria (COM(2009)402/2)

- The second sentence of the second paragraph on page 3 should read:

“The widespread existence of organised crime and corruption is no longer denied and some efforts are being undertaken by the prosecution and the judiciary to combat these problems.”

- on page 7, the third paragraph, in square brackets, was deleted.

In the report on the progress made by Romania (COM(2009)401/2)

- The fifth sentence of the second paragraph on page 3 should read:

“In particular, the Parliament should take consistent decisions to support the efforts of the executive on judicial reform and eradicating corruption.”

- The fourth sentence of the second paragraph on page 5 should read:

“It is important that the Parliament shows its full and high degree of commitment to pursuing the fight against high level corruption in order to ensure a positive impact throughout the system.”

- on page 7, the third paragraph, in square brackets, was deleted.

Subject to inclusion of these amendments in the respective documents, the Commission:

- adopted the report on Bulgaria in COM(2009)402/2, for transmission to Parliament and the Council, and to national parliaments, accompanied by the technical document distributed as SEC(2009)1074, the contents of which were noted;
- adopted the report on Romania in COM(2009)401/2, for transmission to Parliament and the Council, and to national parliaments, accompanied by the technical document distributed as SEC(2009)1073, the contents of which were noted.

18. RELATIONS WITH NON-MEMBER COUNTRIES

18.1. FUTURE OF THE TRANSATLANTIC ECONOMIC COUNCIL (SEC(2009)1086)

The Commission took note of the information note from Mr VERHEUGEN in SEC(2009)1086.

18.2. SITUATION IN MAURITANIA: IMPLICATIONS FOR THE FISHERIES PARTNERSHIP AGREEMENT (SEC(2009)1083)

The Commission took note of the information note from Mr BORG in SEC(2009)1083.

18.3. MEMBERSHIP APPLICATION FROM ICELAND (SEC(2009)1084/2)

Mr REHN briefed the Commission on the latest developments in Iceland's application for EU membership. Following the vote in the Icelandic parliament on 16 July, the application had been made to the Council

Presidency the next day and would be formally handed over at an official ceremony in Stockholm on 23 July.

Mr REHN referred to Iceland's long democratic and parliamentary tradition and its membership of both the European Economic Area and the Schengen Area, which meant that two-thirds of the Community *acquis* had already been incorporated into its national legislation. However, special attention would have to be paid to certain sensitive areas in the forthcoming accession negotiations, particularly fisheries, agriculture and the financial sector.

Looking ahead to the next stages, Mr REHN referred to the current procedures, and particularly the opinion the Commission had to prepare for presentation to the Council, which entailed sending a questionnaire to the candidate country to determine whether it complied with the Copenhagen criteria. The matter would be discussed at the next meeting of the General Affairs and External Relations Council in Brussels on 27 and 28 July, and as soon as the Council had asked the Commission to produce its opinion on Iceland's application a draft questionnaire would be sent for inter-service consultation. In due course various administrative arrangements would also have to be made within the Commission departments for organising possible accession negotiations.

A brief discussion followed in which the following points were raised:

- the procedural steps that might still have to be completed in Iceland once the negotiations had ended;
- the need to develop a proactive strategy in the fisheries sector straight away, and to examine with Iceland the limits to be placed on expectations in this field;
- the positive reaction to the application, particularly from the Nordic Member States, and its possible implications for the EU's relations with other non-member countries in the region.

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Mr REHN confirmed that there would probably be another vote in Iceland once the negotiations had been completed and agreed that questions about the fisheries sector would be very important during these negotiations. He also raised the question of internal procedures for dealing with the matter during the summer holidays.

The PRESIDENT wound up the discussion by stressing the positive nature of Iceland's application for membership both in its own right and for the EU's relations with other non-member countries in the region, but also insisted that the application should not raise undue expectations in Iceland in certain sectors and would have to be dealt with in accordance with the rules and procedures in place, including rules for interservice consultations during the summer period. It was also necessary to proceed with caution pending the full ratification of the Lisbon Treaty.

The Commission took note of these observations and of Mr REHN and Ms FERRERO-WALDNER's briefing note in SEC(2009)1084/2.

18.4. VISIT TO SERBIA (BELGRADE, 12 AND 13 JULY)
(SEC(2009)1080)

The Commission took note of the information note from Mr FIGEL' in SEC(2009)1080.

19. OTHER BUSINESS

**19.1. IMPACT OF THE ECONOMIC CRISIS ON KEY ECONOMIC SECTORS
OF THE EU – JULY 2009 UPDATE**
(SEC(2009)1088)

The Commission took note of the information note from Mr VERHEUGEN in SEC(2009)1088.

19.2. SITUATION REGARDING PANDEMIC FLU A H1N1**(SEC(2009)1087)**

Ms VASSILIOU gave an update on the situation regarding the A H1N1 flu pandemic and the measures taken or planned by the Commission to monitor its spread and coordinate action by the Member States.

She reported on the increase in the number of cases and the mortality rate and pointed to the specific risks associated with the summer holiday period, when more people were on the move. However, the mortality rate remained relatively low and comparable to that of seasonal flu.

She described the contacts between the Commission and the Member States in the Council and the Health Security Committee. She briefly reviewed the areas for priority action identified in a working paper presented to the Ministers of Health at their informal meeting on 6 and 7 July in Jönköping: the development of a European vaccination strategy, the launch of a joint invitation to tender on a voluntary basis, monitoring of the conditions for marketing vaccines, the preparation of joint guidelines on information and the implementation of joint actions with the World Health Organisation for supplying vaccines to non-member countries.

Finally, she promised to keep the Commission informed of any further developments and initiatives in this area. She stressed the need for transparent information and pragmatism and careful monitoring of the epidemiological situation.

During the brief exchange of views that followed this presentation the following points were raised:

- at this stage the mortality rate of type A flu was no different from that of seasonal flu;
- responsibility for preventing and dealing with epidemics lay first with the Member States; they could consider the conditions for sharing the

available vaccines between Member States on a voluntary basis;

- it was important to consider the social and medical aspects of the pandemic, and in particular its impact on the poorest and most vulnerable members of society;
- it would be useful to have more detailed information about the epidemiological situation and possible measures to be taken concerning people's movements within the Member States or on the territory of non-member countries.

The PRESIDENT wound up the discussion by reiterating the importance of the Commission adopting a pragmatic approach and ensuring close monitoring of the development of type A flu.

The Commission took note of this information and of the note from Ms VASSILIOU distributed as SEC(2009)1087.

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

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The meeting closed at 11.16.