



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2009)1899 final

Brussels, 13 January 2010

MINUTES

**of the 1899th meeting of the Commission
held in Strasbourg
(Winston Churchill building)
on Tuesday 15 December 2009
(afternoon)**

PV(2009)1899 final

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Single sitting: Tuesday 15 December 2009 (afternoon)

The sitting opened at 13.13 with Mr BARROSO, President, in the chair. Items 11, 12 and 13 were chaired by Ms WALLSTRÖM.

Present:

Mr BARROSO	President	Items 1 to 10
Baroness ASHTON	High Representative/Vice-President	
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	Items 8 (in part) to 13
Ms REDING		Items 8 (in part) to 13
Mr ALMUNIA		
Mr POTOČNIK		
Mr REHN		
Mr KOVÁCS		
Ms KROES		Items 1 to 13 (in part)
Ms FISCHER BOEL		Items 1 to 13 (in part)
Ms FERRERO-WALDNER		Items 1 to 9
Mr McCREEVY		
Mr ŠPIDLA		
Mr PIEBALGS		
Ms KUNEVA		
Mr ORBAN		
Mr ŠEMETA		
Mr SAMECKI		
Mr DE GUCHT		Items 1 to 13 (in part)
Mr ŠEFČOVIČ		

Absent:

Mr DIMAS

Mr BORG

Ms VASSILIOU

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

Mr KOEHLER	Chef de cabinet to Mr BORG	Items 1 to 12
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The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	Items 1 to 10
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	Items 1 to 12
Mr ENGLISH	DG Communication – Commission Spokesman's Service	Items 1 to 12
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	Items 1 to 12
Mr PRONK	Adviser in Ms REDING's office	Items 1 to 8 (in part)
Ms SCHREIBER	Chef de cabinet to Mr ŠPIDLA	Item 12

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

1. AGENDAS

(OJ(2009)1899/3; SEC(2009)1675/2)

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)1899)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 14 December.

3. MINUTES OF 1898TH MEETING (9 DECEMBER)

(PV(2009)1898)

The Commission approved the minutes of its 1898th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST

(SEC(2009)1694; SEC(2009)1696)

The Commission adopted the decisions in SEC(2009)1694.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED
(SEC(2009)1677 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 December.

5.2. EMPOWERMENT
(SEC(2009)1678 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 December.

5.3. DELEGATION AND SUBDELEGATION OF POWERS
(SEC(2009)1679 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 7 and 11 December, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES
(SEC(2009)1680 TO /3)

The Commission took note of the sensitive written procedures for which the time limit expired between 14 and 18 December and of the 'finalisation' written procedure initiated following the weekly meeting of Chefs de cabinet on 14 December.

**6. 26TH ANNUAL REPORT FROM THE COMMISSION ON MONITORING THE APPLICATION OF COMMUNITY LAW (2008)
(COM(2009)675 TO /3; SEC(2009)1683 AND /2; SEC(2009)1684 AND /2; SEC(2009)1685 AND /2; SEC(2009)1701)**

The Commission approved the report in COM(2009)675/3 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions and, for information, to the national parliaments, accompanied by a report on sample sectors, the report on the situation in the various sectors and the five statistical annexes in the staff papers distributed as SEC(2009)1683/2, SEC(2009)1684 and /2 and SEC(2009)1685 and /2 (volumes 1 to 4) respectively, the contents of which were noted.

**7. SECOND COMMISSION REPORT TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS ON THE IMPLEMENTATION OF THE COMMUNITY LISBON PROGRAMME 2008 – 2010
(COM(2009)678 AND /2; SEC(2009)1691)**

The Commission approved the report in COM(2009)678/2, for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and, for information, to the national parliaments.

**8. INTERINSTITUTIONAL RELATIONS
(SEC(2009)1682)**

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 11 December (SEC(2009)1682).

It paid particular attention to the following points.

8.1. LEGISLATIVE MATTERS

i) Preparation for the Council meeting (Transport, Telecommunications and Energy) (Brussels, 17 and 18 December)

(point 1.3 of the IRG record)

- Structures for the management of the European satellite radio navigation programmes (Galileo) (Regulation) – TOŠENOVSKÝ report – 2009/0047 (COD)

The Commission agreed that Mr TAJANI would reserve its position at the Council meeting (Transport, Telecommunications and Energy) on 17 and 18 December, following the line set out in note SI(2009)326.

ii) Preparation for Parliament's December part-session

(point 1.4 of the IRG record)

Ordinary legislative procedure – first reading

- European Microfinance Facility for Employment and Social Inclusion (Progress Microfinance Facility) – GÖNCZ report – 2009/0096 (COD)

The Commission approved the line set out in SP(2009)5281 and /3.

8.2. RELATIONS WITH THE COUNCIL

iii) Results of the European Council (Brussels, 10 and 11 December)

(SI(2009)305)

The PRESIDENT reported on the results of the European Council meeting in Brussels on 10 and 11 December. He noted first that this meeting marked the start of a new era: with the entry into force of the Lisbon Treaty the European Council acquired a new status and different results could be expected. The meeting would now be smaller, attended only by the Heads of State or Government, the President of the European Council and the President of the Commission, with the participation of the Vice-President/High Representative

for Foreign Affairs and Security Policy, and this format should encourage more frank and open discussions. These changes would make a real difference and might make it possible to try out certain ideas informally, but also to take action more quickly.

He reported that at the dinner the President of the European Council, Mr Herman VAN ROMPUY, had outlined his vision of how the European Council should function in future, expressing a preference for shorter, more focused and informal sessions of the Council configurations in order to prepare the ground effectively for the European Councils. During the discussions most of the Member States had stressed the importance of better coordination, and he particularly noted the greater emphasis on external affairs.

The PRESIDENT then referred to the conclusions reached on the UN Climate Change Conference, which was taking place in Copenhagen, and welcomed the agreement worked out during the European Council on the question of fast start funding for developing countries, worth €2.4 billion per year for the period 2010-2012, in which all the Member States would participate, and the renewed offer of a 30% reduction by 2020 in the EU's greenhouse gas emissions compared to their 1990 levels, provided that the other developed countries agreed to comparable efforts and the developing countries made an appropriate contribution.

He spoke of the increasingly tense atmosphere in Copenhagen, but considered this to be normal for negotiations at this level. It was encouraging that the Member States had recognised the need to present a united front, and he hoped that this determination would withstand the pressure of the next few days, because unity was the only realistic way to achieve Europe's objectives. He had also been in contact with the leaders of a number of developing countries to try to pre-empt any fierce dissension at the conference. He felt it would be premature to make any predictions about the agreement that might be reached; as a result of documents being leaked, some States had adopted extreme positions from which it would be difficult to make them back down.

However, the arrival of the leaders in Copenhagen should act as a powerful stimulus to reach an agreement.

The PRESIDENT felt that even if only a political agreement could be reached at this stage and further negotiations were needed this should not in itself be seen as a failure; on the other hand, if the agreement could include real pledges to reduce emissions by both the developed and the developing countries, a clear funding commitment, and an agreement on the arrangements for implementation and verification, it would be a major success.

At a practical level, the Danish Prime Minister, Lars Løkke Rasmussen, was due to present a text the next day (Wednesday), which still lacked the key figures but which the leaders would have to use as a basis for forging an agreement. The EU had to keep up the momentum it had generated in recent years, although the final stretch could be difficult. He reiterated his hope that the EU would be able to maintain a united front in order to achieve the most ambitious agreement possible.

The Commission then held a discussion during which the following points were made:

- questions about the implications of the new format of the European Council for the examination of technical dossiers;
- a reminder that there had been calls ever since the work of the Convention to limit the size of the European Council meetings, to vary the composition according to the subjects on the agenda and to allow the Heads of State or Government to choose which minister should accompany them, rather than always bringing their Foreign Ministers to the meeting;
- a question about whether the President of the European Council would be able to attend the meetings of the different Council configurations;
- a request for information about any discussions that might have taken

place surrounding the adoption of the Stockholm programme;

- the threat to the outcome of the Copenhagen summit posed by the position adopted by the G77 countries, which were united behind China and India, but also the role the EU could play in reopening dialogue and restoring confidence;
- if an agreement were reached, the need for a structure for distributing the funds; the United States' preference here was for funds to be channelled through the World Bank, and it was important that the Commission insist on retaining the option of using existing channels;
- the importance of also pressing for the establishment of a structure for monitoring how the funds were used;
- the close link between environmental and economic questions, and the importance of seeing the technological advances needed to combat climate change and the development of an eco-efficient economy as opportunities for industry.

The PRESIDENT began by clarifying some aspects of the new format for European Council meetings following the entry into force of the Lisbon Treaty. On a suggestion by the German Chancellor, Angela Merkel, the Foreign Ministers could be invited to take part once a year, but the Heads of State or Government would in any case be free to invite the minister of their choice to accompany them. He added that Mr VAN ROMPUY had insisted on a strict application of the new rules. He also pointed out that after the Spanish Council Presidency the summits with third countries would be held in Brussels. He confirmed that Mr VAN ROMPUY had also announced that he intended to establish a close link between the Presidency of the European Council and the rotating Council Presidency and to take part in the meetings of the various Council configurations.

On the question of the Stockholm Programme, the five-year plan containing 170 future actions for the Commission, he stated that it had been adopted

without discussion, except for one request for a minor amendment from Poland and a comment by Malta stressing the importance of the immigration issue.

The PRESIDENT concluded by reiterating the central role attributed by this Commission and the next to innovation, particularly in the field of renewable energies, and, more generally, to the development of an eco-efficient economy as a source of growth.

The Commission took note of this information.

iv) Results of the Council meeting (General Affairs) (Brussels, 7 and 8 December)
(SEC(2009)1725; SI(2009)323)

Mr REHN reported on the conclusions on enlargement reached by the Council at its General Affairs meeting in Brussels on 7 and 8 December. The communications and reports sent by the Commission in October had been discussed in great detail and the Council had adopted the conclusions only after lengthy deliberations. Nevertheless, he was pleased with the positive outcome that had finally been obtained.

He noted with satisfaction that progress had been made in all the countries concerned, except Bosnia and Herzegovina.

The report on Croatia had been an 'A item' at the Council meeting. Accession was planned for 2012, provided that all the Copenhagen criteria were met, and the Council had adopted a financial package and decided to set up a working group for the drafting of the Accession Treaty. While the Council felt it was possible that negotiations could be concluded by the end of 2010, it had also urged Croatia to step up its cooperation with the International Criminal Tribunal for the former Yugoslavia.

Regarding the former Yugoslav Republic of Macedonia, Mr REHN was pleased that the Council had welcomed the Commission's recommendation on

opening accession negotiations and that a decision had been taken to reconsider the matter during the Spanish Council Presidency. This postponement had caused disappointment in the country concerned, but time was needed to resolve tensions with Greece on this issue. He thought that progress might be possible over the next few months.

Mr REHN then discussed the case of Turkey, which had dominated the discussions even more than usual. The Council had adopted firm conclusions on application of the Ankara protocol, but without attaching any sanctions. Cyprus intended to oppose the opening of five negotiating chapters, which had in fact already been blocked by other Member States. However, negotiations on the environment chapter should begin the following week.

Mr REHN then turned to Serbia, noting the major progress that had been made this month, with the abolition of visas set to enter into force on 19 December. Also, the Council had decided to unblock the interim agreement and intended to re-examine in six months at the latest the question of ratification of the stabilisation and association agreement. Mr REHN further reported that Serbia was planning to submit an application to join the European Union.

Regarding Bosnia and Herzegovina, Mr REHN noted the clear message issued by the Council that no application for membership could be considered until the Office of the High Representative were closed and its responsibilities transferred to the EU. He said he had tried his utmost to break the deadlock, together with the Swedish Foreign Minister, Mr Carl Bildt, and regretted that local leaders had not seized the opportunity offered to them. He further pointed out that no progress had been observed in the country and that this was one of the most acute problems affecting security in the Balkans.

Turning to Kosovo, he noted the support given by the Council to the study presented by the Commission and to the measures proposed, particularly as regards visas; he felt that, given the differences of views within the Union

over recognition of Kosovo, the conclusions adopted were the best result that could be achieved.

Finally, he welcomed the wording that been adopted regarding Iceland, Montenegro and Albania. The Council would examine their membership applications once the Commission had presented the corresponding opinions. He said that Iceland should be ready first and that the Spanish Presidency intended to address this question in February/March 2010.

During a brief discussion the Commission also discussed the reasons for and political repercussions of Turkey's ban on the Kurdish parliamentary party.

The Commission took note of this information and of Mr REHN's note in SEC(2009)1725.

**v) Preparations for Council meeting (Agriculture and Fisheries)
(Brussels, 14 to 16 December)**

(point 2.3 of the IRG record)

- Council conclusions on objections against certain recommendations for conservation measures established by the North-East Atlantic Fisheries Commission (NEAFC)

The Commission took note of the conclusions to be adopted by the Council at its meeting on 14-16 December (Agriculture and Fisheries), including the invitation to the Commission to notify by letter objections to three recommendations for conservation measures established by the North-East Atlantic Fisheries Commission (NEAFC), following the line set out in note SI(2009)330.

vi) Association agreements with Armenia and Georgia – Trade-related aspects – Joint Declaration by the Council and the Commission
(point 5.1 of the IRG record)

The Commission took note of the information note from Ms FERRERO-WALDNER, in association with Baroness ASHTON, distributed as SEC(2009)1716.

8.3. RELATIONS WITH THE EUROPEAN PARLIAMENT

vii) Preparation for December part-session of Parliament – Oral questions
(point 3.4 of the IRG record)

H-0426/09, H-0428/09, H-0429/09, H-0430/09, H-0432/09, H-0433/09, H-0435/09, H-0437/09, H-0438/09, H-0439/09, H-0441/09, H-0442/09, H-0443/09, H-0444/09, H-0446/09, H-0448/09 (joined with H-0452/09), H-0450/09, H-0454/09, H-0456/09, H-0457/09, H-0459/09, H-0460/09, H-0461/09, H-0464/09, H-0465/09, H-0467/09, H-0468/09, H-0469/09 et H-0471/09

The Commission approved the draft answers set out in SP(2009)5415 to /3, following the agreement reached between the Chefs de cabinet on revisions to some of these draft answers, and certain draft supplementary answers, revisions to answers and draft answers as set out in SP(2009)5415/4 *et seq.*

8.4. RELATIONS WITH THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS

viii) Action taken on opinions of the European Economic and Social Committee – Third quarter 2009
(point 4.1 of the IRG record)

The Commission approved the replies to the opinions adopted by the Economic and Social Committee during the third quarter of 2009 contained in

the documents distributed as SC(2009)41/2 and 3, for transmission to the European Economic and Social Committee.

9. RELATIONS WITH NON-MEMBER COUNTRIES

9.1. STATE OF PLAY OF THE BANANA DISPUTE AT THE WORLD TRADE ORGANISATION

Ms FERRERO-WALDNER told the Commission members that a comprehensive agreement on the banana trade would be signed that day in Geneva. It included an agreement with Latin American producers and a specific agreement putting an end to the dispute with the U.S.

She reminded the meeting of the background to this issue and praised the significant efforts made by her predecessor Baroness ASHTON and by Ms FISCHER BOEL, and their respective departments. She felt sure that this agreement would significantly boost the multilateral trading system, in particular the Doha Round.

She emphasised that under the agreement, the European Union would gradually reduce its import tariffs for bananas from Latin America from the current €176 per tonne to €114 per tonne by 2017 at the earliest. It was not yet possible at this stage to specify the date on which the agreement would be signed, since on the EU side it required authorisation by the Council and a favourable opinion from the European Parliament, but she was optimistic about the outcome.

An important point of the agreement concerned EU support to producers in the African and Caribbean (ACP) countries. Under the agreement negotiated, these producers would not only benefit from the duty-free and quota-free access to the EU market they currently enjoyed, but would also have several years to adapt to the new conditions of competition with the Latin American countries and a guarantee from the EU that there would be no further

reduction of customs duties for bananas from non ACP countries in the Doha Round.

In conclusion, she told the meeting that the European Union would provide financial aid to the ACP banana exporting countries to enable them to adapt to the gradual reduction of their preference. The agreement negotiated had made it possible to settle the dispute over bananas between the US and the European Union at the World Trade Organisation.

The Commission took note of this information.

**9.2. 8TH UNION FOR THE MEDITERRANEAN TRADE MINISTERIAL CONFERENCE (BRUSSELS, 9 DECEMBER)
(SEC(2009)1723)**

The Commission took note of the information note from Ms FERRERO-WALDNER set out in SEC(2009)1723.

**9.3. VISIT TO JAPAN (TOKYO, 5-9 DECEMBER 2009)
(SEC(2009)1721)**

The Commission took note of the information note from Ms KUNEVA in SEC(2009)1721.

**10. COMMISSION WORKING DOCUMENT ON THE IMPLEMENTATION OF THE SMALL BUSINESS ACT
(COM(2009)680 TO /3; SEC(2009)1691)**

Mr VERHEUGEN briefly presented the working document on the implementation of the Small Business Act. He thanked all the Commission members for their support in the implementation of this cross-cutting initiative. Thanks to this support, good progress had been made in this field, although there was still room for improvement.

The initiative, which reflected the Commission's wish to give small and medium-sized enterprises (SMEs) a central role in the EU economy, was on the right track, but two aspects were still giving cause for concern: access by SMEs to financing, which was still difficult and might become more so in the coming years given the problems facing the banking sector, and the complexity of the rules for participating in EU-funded projects. This complexity had in fact led to fewer applications by SMEs even though one of the present Commission's objectives was to increase participation by these businesses.

Mr VERHEUGEN thought that this decline in participation by SMEs in projects financed by the EU had negative effects both for the SMEs themselves and for the research sector, which lost a potential source of innovative ideas. He stressed that the next Commission should keep a watchful eye on this matter.

He finally drew attention to the «Enterprise Experience Programme», implemented by his services, programme allowing the officials to familiarise with the daily life of SMEs, and he invited the Members of the Commission to undertake similar initiatives.

The discussion that followed focused on the following points:

- agreement as to the over-complexity of the rules for participation by SMEs in EU-funded projects, particularly in the area of research, and the low participation by SMEs in these activities, although there were doubts concerning the reduction in participation by SMEs, since specific financing conditions for these enterprises had been introduced entailing increased control, which currently gave rise to more accurate figures than under the 6th framework programme;
- observance in any case of a reverse trend in the area of technological research, in which participation by SMEs had increased; however, start-ups still encountered problems and should therefore be fully exempted from the rules;

- the fact that research inevitably entailed risk, and the need to reach agreement with the European Court of Auditors and the European Parliament's Committee on Budgetary Control in order to enable risks to be taken in the area of research;
- the sound knowledge of these matters that would be brought by the new Commissioner for research, innovation and science as a former member of the Court of Auditors;
- the difficulties encountered by SMEs which were required to repay the sums received or whose projects were rejected;
- the need to facilitate participation by SMEs by systematically reviewing and simplifying the rules concerning certain programmes, as had already been successfully achieved in the field of transport with the Marco Polo programme.

The PRESIDENT confirmed that, in his mission statement for the future Commissioner for research, he had asked him to pursue this objective of simplification, which was extremely important for the area of research and development. While he recognised the difficulty of the task, it was necessary to investigate ways of making things easier for SMEs.

He said that the present Commission could consider the Small Business Act as an achievement to be proud of and thanked Mr VERHEUGEN for the work carried out. He welcomed the fact that SMEs recognised the efforts being made on their behalf. The next Commission must continue to make this objective one of its key priorities and examine what could be done through the various portfolios to create an even more favourable environment for SMEs.

Following this discussion, the Commission approved the working document in COM(2009)680/3 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

**11. COMMUNICATION TO THE COMMISSION REGARDING
SIMPLIFICATION OF THE RECOVERY PROCESS IN THE
FRAMEWORK OF THE IMPLEMENTATION OF THE AUDIT
STRATEGY UNDER THE FRAMEWORK PROGRAMMES FOR
RESEARCH
(SEC(2009)1720 AND /2)**

Mr POTOČNIK presented the communication which, in agreement with Mr KALLAS, he was submitting to the Commission for approval, stressing that its main purpose was to propose the simplification of the recovery procedures at the place where the beneficiaries of research financing are located.

He pointed out that five years previously expenditure on research had been severely criticised by the European Court of Auditors and the European Parliament's Committee on Budgetary Control. The Commission had taken this criticism on board and had successfully adopted an ambitious audit strategy, deployed the necessary resources and carried out considerable work which had substantially reduced the error rate.

Mr POTOČNIK explained that part of the strategy adopted consisted of extrapolating the results of the audits carried out. When systematic errors were found in audited contracts, they were presumed to be equally present in the non-audited contracts concluded with the same beneficiary. Experience had shown, however, that extrapolation involved a heavy workload both for the Commission departments concerned and for the beneficiaries.

The rules on the eligibility of certain personnel costs were also perceived as being very complex and the problems this caused could sometimes be solved only by legal action.

Mr POTOČNIK said that the European Parliament had raised these issues in its recent report on the budget discharge for 2007, in which it had explicitly asked the Commission to simplify the recovery procedure, in particular by making proper use of flat-rate corrections and taking into account the good faith and legitimate

expectations of beneficiaries. In his view, these requests would probably be reiterated in the near future in the resolution which Parliament had to adopt on the draft budget for 2010, and this matter might very well be raised during his successor's hearing before Parliament and during the forthcoming discharge procedure.

The communication responded to the requests by Parliament, first by permitting the use of flat-rate corrections based on the average error rates observed in the audited projects to establish the amounts to be recovered, which meant that there was no longer any need to examine each non-audited project and to recalculate the sums claimed.

Mr POTOČNIK added that the communication was fully in line with the principle of sound financial management since the Commission was not waiving the recovery of arrears but was ensuring better cost-effectiveness in human resources use both within the Commission and among beneficiaries. The recovery process would have to be speeded up, thus responding to one of the aspects criticised in the Court of Auditors' last report.

The communication also tackled the question of differences of interpretation in the audits regarding the eligibility of some personnel costs, a matter which was the subject of several legal actions in the context of the sixth framework programme for research. The communication proposed that beneficiaries could, under certain conditions, invoke the principle of legitimate expectations as regards the eligibility of these costs.

Mr POTOČNIK considered that the proposed communication constituted a balanced response to some of the problems, protecting the European Union's financial interests while ensuring a better cost-effectiveness ratio in the use of the relevant human resources. It also confirmed the Commission's ability to deal with complex issues and to satisfy the expectations of the scientific world.

Mr POTOČNIK concluded by saying that he would impress on his successor the need to make general use of averages and flat-rate corrections in order to achieve a

real simplification of the procedures. The Commission must be allowed to retain its freedom to take certain risks and, in order to do this, must reach agreement with Parliament and the Court of Auditors on the applicable criteria. He recalled the communication approved in December 2008 on the concept of a tolerable risk of error and considered that this communication was also relevant in this respect. He thanked all those who had contributed to producing this communication.

Mr KALLAS fully supported the comments by Mr POTOČNIK, saying that this was a very complex issue and was linked to certain procedural problems encountered by small and medium-sized enterprises when competing to obtain research contracts.

A very brief discussion ensued, highlighting the concept of risk, particularly in the field of research, and the importance of simplifying current procedures.

The Commission approved the communication set out in SEC(2009)1720.

12. DRAFT JOINT EMPLOYMENT REPORT 2009-2010 (COM(2009)674 TO /3; SEC(2009)1691)

Mr ŠPIDLA presented the draft joint employment report which he was submitting to the Commission before it was forwarded to the Council for joint adoption with a view to the Spring European Council.

There were two main messages in the draft report, namely the fact that the labour market crisis was not yet over and would possibly still be felt in 2010 and even in 2011, depending on the Member State, and that the situation differed widely across the EU, with some Member States having almost emerged from the economic and financial crisis without too much damage to their labour markets, while others were still being seriously affected.

In relation to the latter, Mr ŠPIDLA pointed to certain significant common factors: in each case the construction sector accounted for a large share of GDP, for instance

in Spain, Ireland and the Baltic States. Countries such as Ireland and the Baltic States had quite weak social protection systems, and certain types of structure appeared to be affected more than others.

In any case, the growth forecasted for the EU did not appear to be enough to bring down unemployment.

Mr ŠPIDLA also said that certain categories of labour were more vulnerable than others, but called for prudence when processing figures, particularly in relation to youth unemployment where the calculations did not take account of students and must therefore be put in perspective.

Given the unfavourable context, the differing situations in the Member States called for different policies and a European response adapted to the country in question. There were three groups of countries: those which must still strengthen their measures to combat the crisis; those like Germany, in which adjustments must be made to measures already implemented in order to produce a visible improvement on the labour market; and lastly those which, like Poland, must gradually abolish the measures taken to combat the crisis as improvements were already in evidence.

The crisis could, by 2011, lead to the loss of the eight million jobs created in the EU during the present Commission's term of office. The impact of this development would vary from one Member State to another.

The Commission then held an exchange of views concerning the following aspects in particular:

- the strong correlation, in the Baltic countries and in Ireland, between unemployment and growth figures;
- the special nature of the situation in Spain, where the rapid rise in unemployment was completely out of proportion to the albeit lower-than-average growth, while Germany, which had a lower growth rate, was experiencing very different labour market results;

- the role played by the differences in functioning of institutions, labour market policies and economic structures in the Member States;
- the high rate of youth unemployment in Spain and the decisive impact of the level of education and training;
- the outlook for the next decade in terms of absorbing the rise in unemployment and public debt connected with the crisis, and the vital need to find ways of creating jobs and training opportunities in order to ward off the consequences of any social reaction;
- the paradox whereby the worsening of the demographic deficit in Europe was coinciding with an inability to employ young people; the consequent importance of ensuring that young people were given vocational training, and the need for the EU to urge Member States to set up the appropriate structures;
- the decisive role of the banking system, rather than the social system, in the current situation, and the risk to the stability of public finance;
- the lessons that could be learnt by the Commission from the functioning of certain policies based on the different situations in the Member States.

Following this exchange of views, the Commission:

- approved the Joint Employment Report in COM(2009)674/3 and decided to transmit it, for adoption, to the Council and, for information, to Parliament, the Economic and Social Committee, the Committee of the Regions, and to the national parliaments.
- empowered Mr ŠPIDLA, Commission Member responsible for Employment, Social Affairs and Equal Opportunities, in agreement with the PRESIDENT, to adopt the report jointly with the Council with a view to the Spring European Council.

13. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2009)1676/2)

ADMINISTRATIVE MATTERS
(PERS(2009)151/2)

***13.1. DG PERSONNEL AND ADMINISTRATION – PREPARATION OF
IMPLEMENTING DECISIONS CONCERNING THE ORGANISATION
OF RESPONSIBILITIES OF THE MEMBERS OF THE NEXT
COMMISSION***

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission adopted the decisions in point 1 of PERS(2009)151/2:

These decisions would take effect immediately.

***13.2. DG ECONOMIC AND FINANCIAL AFFAIRS – REQUEST FOR
PARENTAL LEAVE FROM AD 15 DIRECTOR***

The Commission took note of the information in point 2 of PERS(2009)151/2 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr ALMUNIA, decided to approve the two requests for parental leave under Article 42a of the Staff Regulations, submitted by Ms Elena FLORES GUAL, an AD15 official and Director (Economies of the Member States II) in DG Economic and Financial Affairs, for the periods from 1 January to 28 April 2010 and from 1 July to 31 August 2010.

The decision would take effect on 1 January 2010.

***13.3. DG INFORMATION SOCIETY AND MEDIA – EXTENSION OF LEAVE
ON PERSONAL GROUNDS OF AN AD14 OFFICIAL***

The Commission took note of the information in point 3 of PERS(2009)151/2 and, on a proposal from M. KALLAS, in agreement with the PRESIDENT and Ms REDING, decided to approve the request for the extension of leave on personal grounds, under Article 40 of the Staff Regulations, submitted by

Mr Ulf DAHLSTEN, an AD14 official and former Director (Emerging Technologies and Infrastructures) in DG Information Society and Media, for the period from 1 January to 30 June 2010.

The decision would take effect on 1 January 2010.

**13.4. SECRETARIAT GENERAL – APPOINTMENT OF MEMBERS OF THE
AD HOC ETHICS COMMITTEE SET UP BY COMMISSION DECISION
C(2003) 3750
(C(2009)9384)**

The Commission adopted the decision in C(2009)9384.

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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 15.02.