EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2010)1915 final

Brussels, 4 May 2010

<u>MINUTES</u>

of the 1915th meeting of the Commission

held in Brussels

(Berlaymont)

on Tuesday 27 April 2010

(morning)

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<u>Single sitting</u>: Tuesday 27 April 2010 (morning)

The sitting opened at 8.37 with Mr BARROSO, President, in the chair. The discussion of item 14 was chaired by Ms REDING.

<u>Present</u>:

Mr BARROSO	President	Items 1 to 13
Baroness ASHTON	High Representative/Vice-President	Items 1 to 13
Ms REDING	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK		
Mr REHN		
Mr BARNIER		
Ms VASSILIOU		
Mr ŠEMETA		
Ms GEOGHEGAN-QUINN		
Mr LEWANDOWSKI		Items 1 to 10
Ms DAMANAKI		
Mr OETTINGER		Items 1 to 13
Mr HAHN		
Ms HEDEGAARD		
Mr ANDOR		
Ms MALMSTRÖM		
Mr CIOLOŞ		

Absent:

Mr ALMUNIA	Vice-President
Mr PIEBALGS	
Mr DE GUCHT	
Mr DALLI	
Ms GEORGIEVA	
Mr FÜLE	

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

Mr MARTÍNEZ MONGAY	Chef de cabinet to Mr ALMUNIA	
Mr JONES	Chef de cabinet to Mr PIEBALGS	Items 1 to 13
Mr HOFFMEISTER	Deputy Chef de cabinet to Mr DE GUCHT	Items 1 to 13
Ms DARMANIN	Chef de cabinet to Mr DALLI	Items 1 to 13
Mr CHAIBI	A member of Ms GEORGIEVA's staff	
Mr MORDUE	Chef de cabinet to Mr FÜLE	

The following also sat in:

Mr FRUTUOSO DE MELO	Deputy Chef de cabinet to the PRESIDENT	Items 1 to 13
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Items 1 to 13
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr SCHINAS	Bureau of European Policy Advisers	
Mr CABRAL	Adviser *hors classe* in the PRESIDENT's office	Items 9 to 13
Mr KLAUS	A member of the PRESIDENT's staff	Item 13
Mr HOLOLEI	Chef de cabinet to Mr KALLAS	Item 13 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	Item 13 (in part)
Mr LEMAÎTRE	Chef de cabinet to Mr LEWANDOWSKI	Items 1 to 10
Mr SERAFIN	Deputy Chef de cabinet to Mr LEWANDOWSKI	Items 13 and 14
Mr RUETE	Director-General, DG Mobility and Transport	Item 13 (in part)

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

1. AGENDAS
(OJ(2010)1915/3; SEC(2010)452/2)

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(2010)1915)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Friday 23 April.

3. MINUTES OF 1914th MEETING (20 APRIL)

The Commission held over approval of the minutes of its 1914th meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

4.1. RELATIONS WITH THE COUNCIL

i) Programming of Council business
(SI(2010)110)

The Commission took note of the information in SI(2010)110 on the Council meetings between 29 April and 12 May.

4.2. RELATIONS WITH PARLIAMENT

ii) Results of the April II part-session of Parliament
(SP(2010)2224 and /2)

The Commission took note of the information in SP(2010)2224 and /2 on the proceedings of the part-session of Parliament held in Strasbourg from 19 to 21 April.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES
(SEC(2010)491/3)

The Commission adopted the decisions in SEC(2010)491/3.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED
(SEC(2010)454 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 April.

6.2. EMPOWERMENT
(SEC(2010)455 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 April.

6.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2010)456 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 19 and 23 April, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES (SEC(2010)457 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 26 and 30 April and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 23 April.

7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2010)453/4)

ADMINISTRATIVE MATTERS
(PERS(2010)46/4)

7.1. DG RESEARCH – LIST OF CANDIDATES FOR THE AD14 POST OF EXECUTIVE DIRECTOR OF THE FUEL CELLS AND HYDROGEN JOINT UNDERTAKING (PERS(2010)3 AND /2)

The Commission took note of the procedure followed, as set out in point 1 of PERS(2010)46/4, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms GEOGHEGAN-QUINN, decided:

- to approve the list of three candidates set out in point 1 of PERS(2010)46/4;

- to consider this list as the Commission proposal under Article 6 of Council Regulation (EC) 521/2008;
- to ask Ms GEOGHEGAN-QUINN to communicate this list to the Governing Board of the Fuel Cells and Hydrogen Joint Undertaking.

These decisions would take effect immediately.

7.2. DG HUMAN RESOURCES AND SECURITY – DRAFT PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING THE STAFF REGULATIONS OF OFFICIALS AND THE CONDITIONS OF EMPLOYMENT OF OTHER SERVANTS OF THE EUROPEAN COMMUNITIES AS REGARDS THE EUROPEAN EXTERNAL ACTION SERVICE (SEC(2010)531)

The Commission took note of the information note distributed as SEC(2010)531 and authorised Mr ŠEFČOVIČ:

- to attend, on behalf of the Commission, a meeting with the trade unions and staff associations under the conciliation procedure;
- to report to the Commission on the results of this conciliation meeting;
- to ensure that the objectives and key components of the proposal were preserved.

These decisions would take effect immediately.

7.3. SECRETARIAT GENERAL – ACTIVITIES OF MEMBERS OF THE COMMISSION AFTER LEAVING OFFICE (SEC(2010)499; SEC(2010)500; SEC(2010)501; SEC(2010)502)

The Commission approved the memoranda in SEC(2010)499, SEC(2010)500, SEC(2010)501 and SEC(2010)502 concerning the activities planned by Mr BARROT, Mr ORBAN, Mr SAMECKI and Ms KUNEVA respectively after leaving office at the Commission. It concluded that these activities were compatible with the second paragraph of Article 245 of the Treaty on the Functioning of the European Union.

8. COMMISSION OPINION PURSUANT TO THE FIRST SUBPARAGRAPH OF ARTICLE 48(3) OF THE TREATY ON EUROPEAN UNION ON A EUROPEAN COUNCIL DECISION IN FAVOUR OF EXAMINING AMENDMENTS TO THE TREATIES CONCERNING THE COMPOSITION OF THE EUROPEAN PARLIAMENT, AS PROPOSED BY THE GOVERNMENT OF SPAIN
(COM(2010)189 AND /2; SEC(2010)492)

The Commission adopted the opinion set out in COM(2010)189 for transmission to the European Council and, for information, to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Central Bank, the Court of Justice of the European Union, the Court of Auditors and the national parliaments.

9. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND TO THE COUNCIL ON THE FUNCTIONING OF THE INTERINSTITUTIONAL AGREEMENT ON BUDGETARY DISCIPLINE AND SOUND FINANCIAL MANAGEMENT
(COM(2010)185 TO /4; SEC(2010)477)

10. STATEMENT OF ESTIMATES OF THE COMMISSION FOR 2011 – PREPARATION OF THE 2011 DRAFT GENERAL BUDGET OF THE EUROPEAN UNION
(SEC(2010)473 TO /3, DOCUMENTS I, II, III, III *BIS*, IV AND IV *BIS*; SEC(2010)477)

Mr LEWANDOWSKI presented the report on the functioning of the interinstitutional agreement on budgetary discipline and sound financial management and the statement of estimates for the general budget of the European Union for 2011.

First he referred to the background to the 2011 draft budget and interinstitutional agreement on budgetary discipline and sound financial management, and in particular the connection between them and the multiannual financial framework. Moreover, changes had occurred with the entry into force of the Lisbon Treaty. The Treaty on the Functioning of the European Union provided for a unanimously adopted Council Regulation establishing a multiannual financial framework. The Commission had tabled a proposal along these lines on 3 March.

Mr LEWANDOWSKI then turned to issues relating to budgetary flexibility, underlining the importance of sufficiently broad margins between the expenditure provided for in the annual budgets and the ceilings in the multiannual financial framework. He drew attention to the fact that in recent financial years, the margins available had been very tight and had been partly used to cope with contingencies and additional requests such as the funding of energy projects under the European Economic Recovery Plan and the financing of the decommissioning of the Kozloduy nuclear power plant.

This meant that there was only a very limited margin of manoeuvre left for 2011, 2012 and 2013 to finance new measures or potential additional contingencies, such as the international thermonuclear experimental reactor (ITER), efforts to combat climate change and activities relating to the European Union's external action, even though the establishment of the External Action Service should, in principle, be budget neutral. The particularly tight margin under heading 4 of the financial framework cast doubt on the possibility of financing other, more ambitious measures to combat climate change or emergency measures in response to international crises. The biggest margin concerned agriculture, however this would be reduced following the gradual introduction of direct aid in Member States which had joined the EU in 2004 and 2007.

Turning to the key aspects of the 2011 draft budget, Mr LEWANDOWSKI pointed to the expenditure planned for the implementation of the Europe 2020 strategy. The commitment appropriations for the seven flagship initiatives amounted to €57.9 billion, including €21.9 billion for "Innovative Union", €21.1 billion for "Resource-efficient Europe", and €9 billion for "An agenda for new skills and jobs". In the estimates relating to measures to boost economic recovery, resources had been allocated to help young people, with commitments for the "Youth on the move" flagship initiative amounting to €1.1 billion.

Recalling the main adjustments made during the final-stage preparations of the statement of estimates for the draft budget, Mr LEWANDOWSKI quoted several examples, for instance the additional expenditure allocated to external relations, estimated expenditure of €50 million to combat climate change, an extra allocation of €15 million for the EU's contribution to the global climate change fund, an estimated €200 million for assistance for the Palestinian National Authority, an estimated €25 million for aid for the Turkish Cypriot community, €5 million for the strategy for the Baltic sea region, €65 million to combat AIDS, tuberculosis and malaria, together with an additional €1.2 million for the Commission representations in Member States.

The principle of zero growth in human resources at the Commission was applied in the 2011 draft budget despite the new powers given to the EU and the Commission's additional obligations following the entry into force of the Lisbon Treaty.

Lastly, Mr LEWANDOWSKI thanked the Commission Members and departments concerned for their flexibility and readiness to help, and for the outstanding cooperation during the preparation of this statement of estimates for 2011.

During a brief exchange of views, the following points in particular were raised:

- the case for reviewing in a letter of amendment, between now and the end of 2010, the availability of resources in the margins, additional financing needs and, where appropriate, the need for resources to deal with contingencies;

- the linkage between the annual budget and the multiannual financial framework, and the question whether or not to introduce greater flexibility in using the margins and recommitting resources not used under other headings or even in other financial years;

- the possibility of making margins in the agricultural policy area more flexible or of pooling them (not forgetting, however, the gradual introduction of direct aid in the new Member States), and the importance of leaving a broad enough margin to take account of contingencies such as dairy sector payments;

- the size of the allocations aimed at youth initiatives;

- the case for the estimated allocation of €25 million in aid to the Turkish Cypriot community, since this was an essential contribution to the process of reconciliation between the communities in Cyprus.

The PRESIDENT concluded the exchange of views, congratulating Mr LEWANDOWSKI on his excellent work and thanking all the Commission Members and departments for their close cooperation in drawing up the 2011 draft budget.

He considered that this draft budget, the first to be presented since the entry into force of the Lisbon Treaty, paved the way for financing the new tasks to be performed by the EU and for dealing with the major challenges the EU and its Member States faced, while at the same time taking into account the principle of zero growth in human resources at the Commission and the tough public finance situation in the Member States.

Lastly, he announced that issues relating to the review of the budget and preparation of the future multiannual financial framework would be referred to the Commission during a policy debate on 12 May. Questions concerning the financing of the ITER would also be put before the Commission shortly.

In the light of this information, the Commission:

- adopted the report set out in COM(2010)185/4 for transmission to the European Parliament and the Council and, for information, to the national parliaments;

- adopted the statement of estimates in documents I, II, III, III *bis*, IV and IV *bis*, set out in SEC(2010)473/2 (documents II, III, III *bis* and IV) and SEC(2010)473/3 (documents I and IV *bis*), as a basis for drawing up the draft general budget of the European Union for 2011;

- took note of the activity statements annexed to document I;

- authorised Mr LEWANDOWSKI, the Member of the Commission with responsibility for the budget, to update documents I, II, III and III *bis* on the basis of the latest information provided by the other institutions about their own statements of estimates;

- authorised Mr LEWANDOWSKI, the Member of the Commission with responsibility for the budget, to forward to the European Parliament and Council, for their information, documents I, II, III and III *bis* in the three procedural languages, together with the activity statements annexed to document I;

- authorised Mr LEWANDOWSKI, the Member of the Commission with responsibility for the budget, in agreement with the PRESIDENT, to finalise documents I and IV bis set out in SEC(2010)473/3 and documents II, III, III *bis* and IV set out in SEC(2010)473/2, and to convert documents I, II, III and III *bis* into the corresponding volumes of the draft budget and send them to the European Parliament and the Council, and, for information, to the national parliaments.

11. RECOMMENDATION FOR A COUNCIL RECOMMENDATION ON BROAD GUIDELINES FOR THE ECONOMIC POLICIES OF THE MEMBER STATES AND OF THE UNION – PART I OF THE EUROPE 2020 INTEGRATED GUIDELINES (SEC(2010)488 TO /3; SEC(2010)486; SEC(2010)487)

12. PROPOSAL FOR A COUNCIL DECISION ON GUIDELINES FOR THE EMPLOYMENT POLICIES OF THE MEMBER STATES – PART II OF THE EUROPE 2020 INTEGRATED GUIDELINES (COM(2010)193 TO /3; SEC(2010)486; SEC(2010)487)

The PRESIDENT introduced the Commission Recommendation and the proposal for a Council decision on the integrated guidelines for the new strategy for jobs and growth, Europe 2020, adopted by the Commission on 3 March. He explained that the two initiatives, setting out broad economic policy guidelines and employment policy guidelines respectively, were designed both to provide a legal framework for the Europe 2020 strategy and to guide Member States in the drafting and implementing of their national reform programmes.

He thanked all the Members of the Commission for having worked together in a spirit of cooperation on preparing the two documents, which meant that the guidelines had been kept to ten and an appropriate balance had been struck between a broad approach relevant to all Member States and specific wording that would serve as a guide in drawing up national reform programmes with a view to detailing the actions to be carried out.

He pointed out that while the guidelines related to two areas with different legal bases, namely Article 121 of the Treaty on the Functioning of the European Union with regard to economic policies and Article 148 with regard to employment policies, they none the less formed a coherent whole. He was therefore confident of a favourable outcome to the interinstitutional process ahead and to the European Council meeting in June which was to endorse the political principles underlying the guidelines.

At the end of this presentation, the Commission:

– adopted the Recommendation distributed as number SEC(2010)488/3 and decided to send it to the Council and, for information, to the European Parliament, the European Economic and Social Committee, the Committee of the Regions, the European Central Bank, the European Investment Bank and the national parliaments;

- adopted the proposal for a Council Decision distributed as COM(2010)193/3 and decided to send it to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Central Bank, the European Investment Bank and, for information, to the national parliaments.

13. OTHER BUSINESS

13.1. IMPACT ON AIR TRAFFIC OF THE VOLCANIC ASH CLOUD CAUSED BY THE ERUPTION OF THE EYJAFJOLL VOLCANO IN ICELAND – LATEST SITUATION (SEC(2010)533)

Mr KALLAS summarised the events following the eruption of the Eyjafjöll volcano in Iceland on 14 April, referring briefly to the closure of European air space and the intervention by the Commission and the Council Presidency with a view to encouraging coordination at European level.

He said that the information note, presented at that day's meeting in agreement with Mr ALMUNIA and Mr REHN, followed on from the President's decision of 18 April to set up an ad hoc group of Commissioners with the task of assessing the impact of the crisis on the aviation sector and the economy as a whole. He stressed that it had been an ambitious project and thanked all the departments that had contributed to it under conditions of considerable pressure. He explained that the information note provided a preliminary evaluation of the effects of the crisis and put forward two types of measures to deal with them; these would be examined at the extraordinary meeting of transport ministers planned for 4 May. He stressed the importance of the Commission taking the initiative in this way, emphasising that the unprecedented closure of European air space justified exceptional measures which must nevertheless comply with established rules and policies.

Mr KALLAS then highlighted the main initiatives contained in the note, starting with the measures to provide an immediate response to the crisis, namely: (i) as regards EU legislation, a series of measures on the interpretation of the slots regulation, greater flexibility as regards current operating restrictions, and the implications of the reduction in traffic from the point of view of the directive on the emissions trading scheme; (ii) as regards en-route charges, a recommendation to the Member States and Eurocontrol to act immediately to assess the possibility of deferring payment of these charges for a limited period; (iii) a reminder of the need for consistent and uniform application of legislation on the rights of air passengers; and (iv) a favourable approach on the part of the Commission to support measures taken by the Member States to offset the losses of companies directly affected by the closure of the air space, under the control of Mr ALMUNIA in the case of the rules on State aid, in order to preserve fair conditions as far as possible and prevent distortions of competition, by laying down uniform criteria for national schemes.

He then talked about structural measures to cope with the crisis: (i) acceleration of the implementation of the Single European Sky, with a proposal for seven concrete measures to be taken in 2010; (ii) a new approach to risk-assessment, including the creation of a working group of experts whose conclusions will enable to Commission to develop a more integrated and consistent approach to the assessment and management of safety risks in relation to the closure and reopening of airspace; this group would be instructed to prepare a paper for the International Civil Aviation Organisation (ICAO) General Assembly in September 2010; (iii) a pan-European mobility plan to ensure that, in case of need, one form of transport can step in quickly to replace another and to improve intermodality between air services and other modes of transport, notably rail; and (iv) the creation of an Aviation Platform bringing together all aviation stakeholders at European level and tasked with providing follow-up to the crisis measures and developing initiatives that have an impact on the sector.

Mr KALLAS noted that other practical details could be found in the information note. He stressed the importance of tabling proposals within an appropriate timeframe and thanked the Members of the Commission, and in particular Mr ALMUNIA and Mr REHN, for their unfailing support throughout the crisis.

Mr REHN expressed his gratitude to Mr KALLAS and Mr ALMUNIA for the information note, which he felt represented an appropriate response to the crisis. He emphasised that these events had highlighted the need to take action at European level to develop a prevention and response capacity. The aviation sector had been hit very hard, although it was still too soon for a full evaluation of the effects of closing the airspace. He welcomed the firm line adopted in the note with regard to State aid and the conditions imposed in this regard, which still had to be clarified in a communication to be presented by Mr ALMUNIA.

On the impact on the economy as a whole, Mr REHN said that estimates suggested that losses would be relatively small in terms of GDP, since the part played by air transport in the EU economy was itself less than it had been. While acknowledging the gravity of the situation, he stressed the importance of a proportionate response.

After this presentation the Commission held a brief discussion on the following points:

– the fact that this crisis had demonstrated the need to urge the Member States to speed up the reform of the European skies and the importance of seizing this opportunity to act;

– the effects on the tourism industry and on tour operators in particular, and the argument for allowing a State-aid based solution for tour operators along the lines of that proposed for airlines, with due regard for the rules in force.

Mr KALLAS agreed with Mr REHN's comment calling for calm and measured response, pointing out that State aid was a limited instrument. He stressed the EU's dependence on air transport, noting that, while the volumes involved were not great, the value of the goods transported by plane tended to be higher than that of goods using other modes of transport. He confirmed the need to give priority to efforts to improve air-traffic management, referring to the strong resistance at national level, despite the acknowledged drawbacks of the present system in terms of journey times and greenhouse gas emissions.

The PRESIDENT thanked Mr KALLAS, Mr ALMUNIA and Mr REHN for the excellent document, produced within very short deadlines. He welcomed the fact that practical and appropriate responses to the crisis had been proposed, showing that the Commission was active and willing to take action, and taking account of the problems facing the public.

He said that he had himself received representatives of the air transport sector, who had complained about the sometimes unfair competition from other parts of the world enjoying privileged access to energy, for example. He was aware of the need to consider the problems of this sector from a strategic angle and to examine the risks facing European companies of leading importance at global level, with due regard for the rules on competition.

The PRESIDENT also mentioned the need to combat protectionist tendencies with regard to airspace, since climate and economic arguments called for a European approach in the field of air traffic control.

He concluded by saying that it was important for the Commission to endorse the measures set out in the information note, agree on the need for action, and issue a communication on these proposals as quickly as possible, thus demonstrating the added value of the European dimension.

The Commission took note of this information and endorsed the information note from Mr KALLAS, in agreement with Mr ALMUNIA and Mr REHN, distributed as SEC(2010)533.

13.2. *GREECE'S ECONOMIC AND BUDGETARY SITUATION – AID MECHANISM PROSPECTS*

Mr REHN reported on the recent meetings of the G20 and G7 finance ministers and of the international monetary and financial committee of the Board of Governors of the International Monetary Fund (IMF) in Washington on 23 April and 24 April, respectively. The discussions had focused primarily on the prospects of economic recovery and the implementation of financial regulation reforms, as well as the commitments undertaken by the G20 to improve operation of the financial institutions. He also mentioned the debate on the G20 framework for strong, sustainable and balanced growth and on the IMF's role in implementing it.

He then turned to the state of play regarding activation of the financial aid mechanism for Greece, the principle of which had been set out in the declaration of the eurozone Heads of State and Government on 25 March. He had given the same information to the G7 finance ministers during an informal dinner during the G20 summit. He pointed out that on 23 April Greece had asked for the aid mechanism to be activated and explained that this step and the payments to be made as a result would have to take place before Greece's repayment deadline of 19 May,

He had discussed the arrangements for activating the mechanism at a meeting with the Managing Director of the IMF, Dominique Strauss-Kahn, the President of the European Central Bank (ECB), Jean-Claude Trichet, and the Greek finance minister, George Papaconstantinou, as well as at a meeting with the German finance minister, Wolfgang Schäuble. He referred also to the work carried out jointly by the Commission, the IMF, the ECB and the Greek authorities to ensure that the programme was in place by the deadline. The programme would have to be submitted both to the Greek parliament and, in accordance with each country's constitutional procedures, to the Member States participating in the mechanism.

The programme itself would have to be multiannual, given the prospects for adjusting Greece's public finances, and would have to be sufficiently well-endowed to reassure the markets, which faced uncertainty concerning the future development of the crisis. He considered that Greece must also put forward a credible reform programme.

Turning to the question of communication, he stressed that a coherent message should be sent out stressing the intense efforts being made to put together practical proposals by the beginning of May, the Member States' unanimous commitment to providing aid under the programme to be agreed, and the fact that this situation went beyond Greece, since it concerned the financial stability of the whole of the eurozone.

He wound up by pointing to the Commission's specific role in this mechanism, which was to coordinate the bilateral loans, stand by in preparation to make the payments on time and adopt the necessary legislative instruments. At the next Commission meeting he would be submitting a request for empowerment to enable him to negotiate the conditions of the aid mechanism, in particular a memorandum of understanding on the political conditions associated with the loans granted; the agreements by the Member States concerned to grant loans; and the loan management agreements, detailing the tasks entrusted to the Commission.

Mr BARNIER, taking the floor, spoke of the programme of initiatives he intended to present in the coming year with a view to drawing lessons from the economic and financial crisis and preparing a response to any new crisis that might arise in future.

These proposals followed on from the first proposal relating to a financial supervision structure. The European Parliament was to give its opinion on that proposal in May and he hoped it would be adopted at first reading. The second set of proposals focused on prevention and was based on the "polluter pays" principle, through a series of tools which he intended to submit for debate to Parliament and the Council and which had already had a favourable reception at the informal meeting of economy and finance ministers in Madrid on 16-18 April. He referred in particular to:

- more power for supervisors to avoid the accumulation of risks in undertakings whose multinational dimension led to cross-border systemic risks;
- the possibility of early intervention in cases where risks were identified in cross-border groups, such as a ban on distributing dividends and a limitation of activities involving risk;
- harmonisation of crisis resolution tools such as hive-off vehicles ("bad banks");
- setting up a contingency or crisis resolution fund financed by banks to mitigate crises and prevent future financial crises from burdening taxpayers;
- Europe-wide harmonisation of insolvency procedures.

With regard to the timetable, Mr BARNIER intended to present two communications, in June and October respectively on the resolution fund and on all the contingency tools, followed by the corresponding legislative measures in early 2011.

He pointed out that events on the market were outpacing the implementation of new policies and stressed the importance of learning the lessons of the previous crisis before tackling a new one. A new crisis would exceed taxpayers' capacity to pay and risk creating dissatisfaction and populist reactions, the first victim of which could be the internal market.

He therefore felt it was the Commission's responsibility to draw up the necessary measures and confirmed that it would present all the projected financial regulation proposals next spring.

The Commission then held an exchange of views in which the following aspects were raised:

- the appropriateness of the pragmatic approach adopted, in particular in view of the concerns of certain Member States and the need to take into account the scope of the aid needed in the coming years;

- the arrangements and guarantees that would have to be defined to ensure the effectiveness of the aid, on the one hand, and Greece's real efforts to recover growth and competitiveness, on the other;

- the advisability, and short-term effectiveness, of suspending Cohesion Fund payments, and the need to return to this question in order to reach a unified position.

Replying to these comments, Mr REHN stressed the importance of arriving at proposals by the required deadline, while having regard to financing needs over a number of years, but without prejudging the outcome of the current negotiations. He felt that any discussion of possible measures concerning the Cohesion Fund should consider the medium term, and reiterated the need to respect the rules of the stability and growth pact.

He also expressed his support for Mr BARNIER in his efforts to achieve a positive outcome to the proposals on financial supervision and prevention, and to complete the presentation of all the proposals in the course of this year, particularly in the context of the current debate in the USA on the possible introduction of a bank tax.

The PRESIDENT expressed his support for the programme presented by Mr BARNIER. This programme was an ambitious one for the European Union as a whole, since it drew on all the lessons learned from the economic crisis and could allow the Commission to steer the G20's activities.

He also thanked Mr REHN for his work in preparing the financial aid mechanism for Greece and, more generally, on the financial stability of the eurozone as a whole. He pointed to the worsening situation in Greece and the importance of a unified stance by the Union, particularly for its external partners' perception of its capacity to settle its internal problems. This was a question of responsibility as well as of solidarity and the future of the eurozone and the Union as a whole was at stake. He welcomed the recognition the Commission had received for its work and for its key role and emphasised the need for the Member States to be given support in these efforts.

A summit of the eurozone Member States, and possibly a special meeting of the Heads of State and Government, could be organised for 10-11 May. He and the Commission fully supported Mr REHN in his efforts to arrive at solutions in the very short term that would preserve Greece's financial stability and limit any risk of contagion of the other eurozone Member States.

The Commission took note of this information.

14. GREEN PAPER – UNLOCKING THE POTENTIAL OF CULTURAL AND CREATIVE INDUSTRIES (COM(2010)183 TO /3; SEC(2010)459)

Ms VASSILIOU presented the Green Paper on the potential of cultural and creative industries, which she was proposing to the Commission for approval in agreement with Mr TAJANI. She explained that the objective of the document, which was based on the European Agenda for Culture, an initiative supported by the European Council in December 2007, was to open a public consultation on a major economic sector, which was also one of the most dynamic and innovative in Europe. She referred to the importance of cultural and creative industries for both cultural diversity in Europe and the creation of jobs, recalling that approximately five million people worked in the sectors of artistic and monumental heritage, archives and libraries, books and press, visual arts, architecture, performing arts and the media. She reported that cultural and creative industries accounted for 2.6% of gross domestic product in Europe and that growth in these sectors was in excess of that of most other sectors of the European economy.

Ms VASSILIOU then highlighted the opportunities opened up by digitisation and globalisation for cultural and creative industries, particularly small and medium-sized companies, but also stressed the importance of helping such companies to overcome obstacles specific to the sectors. She also pointed out the key role of cultural industries for ensuring the competitiveness and social cohesion of European cities and regions.

By way of example, she referred to the positive impact of investment in cities such as Lille in France and Liverpool in the UK under the 'European Capitals of Culture' initiative. In addition to supporting the transformation of the cities themselves, this initiative had also served to improve the image of the cities as viewed from the outside and generate a significant increase in visitor numbers. The example of the Ruhr basin in Germany was also mentioned, where cultural and creative industries had played an important role in transforming the entire region.

Ms VASSILIOU pointed out the importance of cultural and creative industries for Europe's presence on the world stage, as well as for relations between the European Union and third countries. She emphasised that, while initiatives and undertakings in the field of culture and creativity were often launched at local or regional level, there was always scope for extending them to the world stage. She therefore considered that it was important to implement appropriate and well-targeted measures to prepare European companies for the international arena.

She explained that, in order to take account of this broader spectrum, the consultation would address a number of open questions, with the objective of exploring (i) the right enablers for developing the business environment in cultural and creative sectors, (ii) scope for reinforcing both the local and regional environment of European cultural and creative industries and their presence on the world stage, and (iii) options for catalysing the spill-over effects of cultural and creative industries for the economy and society as a whole.

MsVASSILIOU thanked the members of the Commission and the departments involved in the preparation of the initiative for their input and indicated that any further contributions would be welcome over the months ahead. Finally, she invited all stakeholders to take an active role in the consultation process, emphasising that the Commission wished to have as broad a basis as possible to identify priority areas with a view to a coordinated action at European level.

Mr TAJANI took the floor to express his support for the initiative. He underscored the importance of the cultural and creative sectors for companies and for European industry as a whole. He referred to the cross-cutting nature of culture and creativity, as well as their key role in the economic recovery and the Europe 2020 strategy, mentioning examples such as the connection with tourism, the contribution of radio, television and the print media to creativity and the role of creativity in European culture.

There followed a brief exchange of views in which the Commission emphasised the following points in particular:

– the importance of cultural and creative industries for the image of Europe and the European institutions in the eyes of European citizens and the EU's partners at world level;

– the positive connotations of culture and creativity and their importance for the growth and innovation of the European economy;

– the broader dimension of cultural sectors, including overlaps with history, environmental protection, agriculture and gastronomy;

– the objective of issuing a communication setting out the major contribution of cultural and creative industries to the development of heritage, the creation of jobs, and innovation in the European economy and European societies;

– the pertinence of an initiative aimed at developing the role of culture and creativity in Europe, while respecting national, regional and local competences, and reinforcing the role of these different levels in the field of cultural policy;

– synergies with the Commission's other initiatives, with regard to the internal market and services in particular.

Ms REDING closed the discussion by thanking Ms VASSILIOU and Mr TAJANI and the departments involved in the preparation of the initiative and underscoring the quality of the document. She emphasised the importance of cultural and creative industries for the creation of jobs, the identity of Europeans and the cultural richness and diversity which characterise our continent. She also encouraged all interested parties to engage actively in the consultation process, adding a reminder that the Commission would be presenting a specific initiative at the end of the process.

Following this discussion, the Commission approved the Green Paper in COM(2010)183/3 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 for information.

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The meeting closed at 10.23.