



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2010)1939 final

Brussels, 21 December 2010

MINUTES
of the 1939th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 8 December 2010
(morning)

PV(2010)1939 final

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Single sitting: Wednesday 8 December 2010 (morning)

The sitting opened at 9.05 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/Vice-President	Items 1 to 14 (in part) and 15
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr POTOČNIK	Member	
Mr REHN	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	Items 1 to 14 (in part) and 15 (in part)
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 13 (in part) to 15
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	Items 1 to 14 (in part) and 15
Mr HAHN	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	Items 13 (in part) to 15
Mr CIOLOŞ	Member	

Absent:

Ms REDING	Vice-President
Mr TAJANI	Vice-President
Mr ŠEFČOVIČ	Vice-President
Ms HEDEGAARD	Member
Ms MALMSTRÖM	Member

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

Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	
Mr PRETO	Chef de cabinet to Mr TAJANI	Items 1 to 13 (in part)
Ms PASERMAN	A member of Mr TAJANI's staff	Items 13 (in part) to 15
Ms CORREIRA	A member of Mr ŠEFČOVIČ's staff	
Ms BERGENFELT	Adviser in Ms HEDEGAARD's office	
Mr BOSCH	A member of Ms MALMSTRÖM's staff	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
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 (in part), 14 and 15
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Ms VANNINI	Adviser in the PRESIDENT's Office	Items 13 (in part) and 14
Mr MARTÍNEZ MONGAY	Chef de cabinet to Mr ALMUNIA	Items 1 to 13 (in part)
Ms JORNA	Chef de cabinet to Mr BARNIER	Items 14 (in part) and 15 (in part)
Mr VANHEUKELEN	Chef de cabinet to Mr DE GUCHT	Items 1 to 13 (in part)
Mr HAEUSLER	Chef de cabinet to Mr CIOLOŞ	Item 14
Ms CATALÃO	A member of Mr CIOLOŞ's staff	Item 14

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

1. AGENDAS

(OJ(2010)1939/3; SEC(2010)1483/2)

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)1939)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 6 December.

3. MINUTES OF 1938th MEETING (1 DECEMBER)

(PV(2010)1938)

The Commission held over approval of the minutes of its 1938th meeting for the following week.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED

(SEC(2010)1485 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 November and 3 December.

4.2. EMPOWERMENT

(SEC(2010)1486 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 November and 3 December.

4.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2010)1487 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 29 November and 3 December, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2010)1488)

The Commission took note of the sensitive written procedures for which the time limit expired between 6 and 10 December.

**4.5. GENERAL EMPOWERMENT FOR THE ADOPTION OF
REGULATIONS RELATED TO THE PROTECTION OF
GEOGRAPHICAL INDICATIONS AND DESIGNATIONS OF ORIGIN
WHERE THE COMMISSION RECEIVES NO OBJECTION**

(SEC(2010)1526 AND /2)

The Commission granted the general empowerment set out in SEC(2010)1526 to the Member of the Commission responsible for agriculture and rural development for the adoption, on behalf of the Commission and under its responsibility, of certain Regulations related to the protection of geographical indications and designations of origin.

**5. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2010)1484)**

**ADMINISTRATIVE MATTERS
(PERS(2010)166)**

**5.1. DG ENTERPRISE AND INDUSTRY – LIST OF CANDIDATES FOR
THE AD14 POST OF EXECUTIVE DIRECTOR OF THE EUROPEAN
GLOBAL NAVIGATION SATELLITE SYSTEM SUPERVISORY
AUTHORITY (GSA)
(PERS(2010)135 AND /2)**

Having noted the procedure followed, as set out in point 1 of PERS(2010)166, the Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr TAJANI, decided:

- to approve the list of three candidates, presented in order of priority, set out in point 1 of PERS(2010)166;
- to consider this list as the Commission proposal;
- to ask Mr TAJANI to communicate this list to the Administrative Board of the European Global Navigation Satellite System Supervisory Authority (GSA).

These decisions would take effect immediately.

**5.2. DG INTERNAL MARKET AND SERVICES – APPOINTMENT OF
INTERIM EXECUTIVE DIRECTOR OF THE EUROPEAN
SUPERVISORY AUTHORITIES**

The Commission took note of the information in point 2 of PERS(2010)166 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, decided:

- to authorise Mr Olivier SALLES, AD13 official and currently Adviser in DG Internal Market and Services, to carry out the duties of interim Executive Director of the European supervisory authorities (the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority) in addition to his present duties, until the respective Executive Directors of these three authorities took up their posts;
- to grant Mr Olivier SALLES, under Article 7(2) of the Staff Regulations, a temporary posting as Director, from 1 January until the end of his term of office as interim Executive Director.

These decisions would take effect on 1 January 2011, subject to the availability of the relevant budget resources and the establishment plan.

6. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/39.398 – VISA MIF)
(C(2010)8760 TO /5)

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 26 November in C(2010)8760/3;
- took note of the final report of the Hearing Officer of 26 November in C(2010)8760/4;
- adopted in the authentic language (English) the decision in C(2010)8760, making the commitments offered by the company concerned, as set out in C(2010)8760/5, binding on it;

- decided that the decision in C(2010)8760 would be notified to the company concerned, together with the final report of the Hearing Officer;
- authorised Mr ALMUNIA, Member of the Commission responsible for competition, to adopt, in agreement with the PRESIDENT, the decisions necessary to implement the commitments attached to the decision and set out in C(2010)8760/5, in order to ensure that the company concerned complied with them;
- 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 also to publish the decision on the internet (with business secrets and other confidential information removed).

**7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/39.309 – LCD – LIQUID CRYSTAL DISPLAYS)
(C(2010)8761 TO /10; SEC(2010)1538)**

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 22 November and 3 December in C(2010)8761/3 and /10;
- took note of the final report of the Hearing Officer of 30 November in C(2010)8761/4;

- adopted, in the authentic language (English), the decision in C(2010)8761/5 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53 of the Agreement on the European Economic Area and imposing a fine of EUR 648 925 000 on those companies;
- decided that the decision in C(2010)8761/6 to /8 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 also to publish the decision on the internet (with business secrets and other confidential information removed).

8. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (CASE COMP/39.510 – LABCO / ONP) (C(2010)8952 TO /7; SEC(2010)1538)

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 22 November and 3 December in C(2010)8952/3 and /5;
- took note of the final report of the Hearing Officer of 3 December in C(2010)8952/4;
- adopted, in the authentic language (French), the decision in C(2010)8952/7 finding that the bodies to which the decision was addressed had infringed

Article 101 of the Treaty on the Functioning of the European Union and imposing a fine of EUR 5 000 000 on those bodies jointly and severally;

- decided that the decision in C(2010)8952/7 would be notified to the bodies 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 also to publish the decision on the internet (with business secrets and other confidential information removed).

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - REINFORCING SANCTIONING REGIMES IN THE FINANCIAL SERVICES SECTOR

(COM(2010)716 TO /3; SEC(2010)1496 AND /2; SEC(2010)1497; SEC(2010)1498; SEC(2010)1499)

The Commission approved the communication in COM(2010)716/3 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions and, for information, to the national parliaments, together with the impact assessment and the summary thereof in staff working papers SEC(2010)1496/2 and SEC(2010)1497, 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(2010)1498.

10. COMMUNICATION TO THE COMMISSION ON THE ALLOCATION OF HUMAN RESOURCES AND DECENTRALISED ADMINISTRATIVE APPROPRIATIONS FOR 2011

(SEC(2010)1501 AND /2)

The Commission approved the communication on the allocation of human resources and decentralised administrative appropriations for 2011 set out in SEC(2010)1051/2.

11. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON ENERGY MARKET INTEGRITY AND TRANSPARENCY

(COM(2010)726 TO /3; SEC(2010)1510 AND /2; SEC(2010)1511 AND /2; SEC(2010)1512; SEC(2010)1513)

The Commission adopted the proposal for a Regulation in COM(2010)726/3 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 impact assessment and the summary thereof in staff working papers SEC(2010)1510/2 and SEC(2010)1511/2 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2010)1512.

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

(COM(2010)715 TO /4; SEC(2010)1489 TO /3; SEC(2010)1490; SEC(2010)1491; SEC(2010)1492; SEC(2010)1494)

The Commission approved the communication in COM(2010)715/4 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions and, for information, to the national parliaments, together with the action plan, the impact assessment and the summary thereof in staff working papers SEC(2010)1489/3, SEC(2010)1490 and SEC(2010)1491 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(2010)1492.

13. INTERINSTITUTIONAL RELATIONS

(SEC(2010)1503)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 3 December (SEC(2010)1503).

It paid particular attention to the following points.

13.1. LEGISLATIVE MATTERS

i) Horizontal dossiers

(point 1.1 of the IRG record)

- Initiatives by the Member States under Chapters 4 and 5 of Title V and Article 74 TFEU, in the areas covered by these Chapters – Collegial

position by the Commission and transmission to other institutions and to national parliaments.

The Commission adopted the communication in SEC(2010)1536.

ii) Ordinary legislative procedure

(point 1.2 of the IRG record)

Preparation of agreements at first reading

- Credit rating agencies (Regulation) – GAUZÈS report – 2010/0160 (COD)

The Commission approved the line set out in SI(2010)342/2.

- Consumer rights (Directive) – SCHWAB report – 2008/0196 (COD)

The Commission approved the line set out in SI(2010)335.

Dossier awaiting first reading in Council

- Placing on the market and use of biocidal products (Regulation) – KLASS report – 2009/0076 (COD)

The Commission approved the line set out in SI(2010)336/3.

iii) Preparation for Parliament's December part-session

(point 1.3 of the IRG record)

Ordinary legislative procedure – Codecision – 1st reading

- Creation of an immigration liaison officers network (Regulation) – DIAZ DE MERA GARCIA CONSUEGRA report – 2009/0098 (COD)

The Commission approved the line set out in SP(2010)8631.

- Single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and a common set of

rights for third-country workers legally residing in a Member State (Directive) – MATHIEU report – 2007/0229 (COD)

The Commission approved the line set out in SP(2010)8632 and /2.

- Preventing and combating trafficking in human beings, and protecting victims (Directive) – HEDH / BAUER report – 2010/0065 (COD)

The Commission approved the line set out in SP(2010)8634/2.

- Extension of the status of long-term residents to beneficiaries of international protection (Directive) – MORAES report – 2007/0112 (COD)

The Commission approved the line set out in SP(2010)8637.

- European Protection Order (Directive) – JIMÉNEZ-BECERRIL BARRIO / ROMERO LÓPEZ report – 2010/0802 (COD)

The Commission approved the line set out in SP(2010)8636.

- Repealing Directives regarding metrology (Directive) – WEISGERBER report – 2008/0227 (COD)

The Commission approved the line set out in SP(2010)1552 and /2.

- Citizens' initiative (Regulation) – LAMASSOURE / GOURMAI report – 2010/0074 (COD)

The Commission approved the line set out in SP(2010)8639/2.

- European Union action for the European Heritage Label (Decision) – PALIADELI report – 2010/0044 (COD)

The Commission approved the line set out in SP(2010)8642 and /3.

Special legislative procedure – Consultation

- Enhanced cooperation in the area of the law applicable to divorce and legal separation (Regulation) – ZWIEFKA report – 2010/0067 (CNS)

The Commission approved the line set out in SP(2010)8643.

iv) Preparations for Council meeting (Competitiveness) (Brussels, 10 December)

(point 1.4 of the IRG record)

- State aid to facilitate the closure of uncompetitive coal mines (Council regulation) – RAPKAY report – 2010/0220 (NLE)

The PRESIDENT launched the discussion on state aid to facilitate the closure of uncompetitive coal mines, ahead of the COREPER meeting to be held that afternoon. He reminded the meeting that the Council was to give its opinion on the Commission's proposal at the end of the month and that it was therefore the Commission's last opportunity either to reaffirm its position or to modify it in the search for a balanced compromise.

Mr ALMUNIA briefly outlined the main points of the proposal adopted by the Commission on 20 July and the discussions that had taken place in Parliament, which had been consulted for its opinion, and the Council.

In its resolution, the European Parliament had voted by a large majority in favour of amendments concerning: (i) extending the period of aid for closure until 2018; (ii) the possibility of also granting aid for investments; (iii) continuing to decrease the general aid granted for coal production in a Member State while, however, abolishing the fixed rate of degressivity; and (iv) abolishing all environmental impact mitigation plans.

The Council had already held two discussions on this proposal in COREPER. The Presidency's compromise on 1 December, supported by 26 Member States, amended the proposal by (i) changing the legal nature of the proposal, which became a proposal for a decision; (ii) extending the deadline for

closing the mines to 31 December 2018; (iii) introducing a more gradual degressivity allowing 40% of the current amount of aid to be granted in 2018; and (iv) extending the expiry date for the measure and for use of the aid for exceptional costs to 31 December 2027.

Mr ALMUNIA said that the Commission must bear in mind the institutional political context and review its position in the light of the current negotiations. It should move towards a compromise involving high degressivity of the aid in view of the need to close the coalmines concerned and rigorous control of implementation of the closure plans, while agreeing to extend the deadline for closure of the mines to 31 December 2018.

The Commission then held an in-depth discussion, during which the following points were made:

- the importance for the Commission of maintaining the principle of ending the aid while at the same time demonstrating realism and flexibility. It should favour a compromise, namely setting a date for the end of the aid together with credible degressivity (linear if possible) and rigorous control of the implementation of the Member States' commitments in respect of closure plans for the mines concerned;
- the importance, in seeking a compromise, of taking due account of the social dimension (for example through the European Social Fund), environmental aspects and the necessary sustainability of European economic growth and its industrial development;
- a reminder of the discussions held in the Commission when the initial proposal was adopted, the changes in the economic environment that had occurred since then, and the economic, social and political context of the current discussion, particularly in certain Member States;
- the need for the Commission, the Member States and the European Union to ensure that the decisions taken were credible and that issues relating to

the structural changes needed in Europe were addressed satisfactorily and in the long term;

- a reminder of the other options open to the Commission, i.e. maintaining the proposal unchanged or withdrawing it, as well as the need to take a realistic approach;
- the relative place of hard coal in the European energy mix and the positioning of European producers on the world market;
- the concerns regarding the situation of the coal mining sector in certain new Member States and the time needed to restructure these sectors;
- the need to ensure an appropriate information campaign, highlighting in particular the importance of an exit strategy for the state aid currently received by the sector and the need for restructuring, which would ultimately ensure the competitiveness of the European economy.

Mr ALMUNIA thanked the other Commission Members for their contributions. He pointed out that there were two main issues at stake in this matter for the Commission: flexibility, particularly in response to the Council's shift in position, and credibility in respect of the mine closure plans to be submitted by the Member States, which must be rigorously controlled, mine by mine, in each country. He went on to stress that the degressivity of the aid was still an essential part of the compromise ultimately reached and that in order to ensure effective mine closures, the degree of linearity should be sufficiently flexible, for example over two years. Lastly, he said that in 2011 he would submit to the Commission draft guidelines on state aid in the environmental field.

Following this discussion, the PRESIDENT pointed out that there was a real possibility of unanimous agreement in the Council against the Commission's initial proposal. The Commission must therefore consider the signal that would be sent to the Member States and to public opinion in the current economic situation.

He felt that the solution put forward by Mr ALMUNIA would allow the Commission to continue to play an active role in seeking a compromise solution and to maintain the ultimate objective of setting a fixed, unequivocal and unconditional date for ending aid to the coal sector. Adjusting the degressivity rates would make it possible to achieve the objective of closing unprofitable mines, even if the closure date was somewhat later than that originally proposed by the Commission.

He concluded that the Commission authorised Mr ALMUNIA to pursue the negotiations in support of near-linear degressivity of the aid with a degree of flexibility, which would make the closure process irreversible in 2018. He trusted that there would be a favourable outcome to this issue at the COREPER meeting that day.

The PRESIDENT ended by asking each Commission Member to give some thought to the case for European policies to take greater account of the environmental dimension of the issues addressed and of the need for a more efficient use of natural resources. He assured Mr POTOČNIK that he had the Commission's full support in the review of these matters, particularly as regards reducing state aid with an adverse impact on the environment.

The Commission approved the approach set out in SI(2010)328 as specified in the PRESIDENT's conclusions.

13.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

v) Programming of Council business

(SI(2010)341)

The Commission took note of the information in SI(2010)341 on the Council meetings between Thursday 9 and Wednesday 22 December.

vi) Preparation of Council meeting (Competitiveness) (Brussels, 10 December)

(point 2.2.5 of the IRG record)

- Decision of the Council, meeting in the Conference of Representatives of the Governments of the Member States, on the seat of the European GNSS Supervisory Authority (GSA)

The Commission approved the line set out in SI(2010)334.

- Translation arrangements for the European Union patent – 2010/0198 (CNS)

Mr BARNIER briefly informed the Members of the Commission that he had received a formal request for enhanced cooperation from ten Member States (Denmark, Estonia, Finland, France, Lithuania, Luxembourg, the Netherlands, Slovenia, Sweden and Germany). The United Kingdom still had to clarify a number of legal points with the Commission. In line with the authorisation he had been given at the last Commission meeting, he intended to respond favourably to the Council on the principle of such enhanced cooperation.

The PRESIDENT welcomed the progress on this matter, which was important for the effective operation of the internal market and the competitiveness of European companies. This was the second example of application of the Lisbon Treaty provisions on enhanced cooperation, following cooperation on the law applicable to divorce and legal separation.

The Commission took note of this information.

vii) Preparation of Council meeting (Agriculture and Fisheries) (Brussels, 13 and 14 December)

(point 2.2.7 of the IRG record)

- Fixing for 2011 the fishing opportunities for certain fish stocks and groups of fish stocks, applicable in EU waters and, for EU vessels, in certain non-EU waters (Council Regulation) – 2010/0324 (NLE)

The Commission approved the line set out in SI(2010)329.

- Fixing for 2011 the fishing opportunities for certain fish stocks applicable in the Black Sea (Council Regulation) – 2010/0336 (NLE)

The Commission approved the line set out in SI(2010)331.

13.3. RELATIONS WITH PARLIAMENT

viii) Action taken on non-legislative resolutions adopted by Parliament at its September II part-session (point 3.4.2 of the IRG record)

The Commission approved documents SP(2010)8656 and /2 on the action taken on Parliament's non-legislative resolutions adopted at its September II part-session, for transmission to Parliament.

ix) Latest developments at the European Parliament (point 3.6 of the IRG record)

- Guidelines for implementation of the framework agreement on relations between the European Parliament and the Commission.

The Commission took note of SP(2010)8633 and /2.

x) Participation by Members of Parliament in international conferences (point 3.7 of the IRG record)

- International conference on climate change (Cancún, 29 November to 10 December)

The Commission agreed to the request to the PRESIDENT from Mr Jerzy Buzek, President of Parliament, concerning the attendance of 15 Members of the European Parliament at the above-mentioned conference, in addition to the EU delegation, with a reminder about the procedure to be followed.

- Seventh regular session of the Western and Central Pacific Fishing Commission (WCPFC) (Honolulu, 6 to 10 December 2010)

The Commission agreed to the request to the PRESIDENT from Mr Jerzy Buzek, President of Parliament, concerning the attendance of one Member of the European Parliament at the above-mentioned meeting, with a reminder about the procedure to be followed.

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

xi) Follow-up to Committee of the Regions opinions – Forty-second report (April and June 2010 plenary sessions)

(point 4.3 of the IRG record)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during the April and June 2010 plenary sessions, contained in the document distributed as SR(2010)29/2, for transmission to the Committee of the Regions.

14. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING COUNCIL REGULATION (EC) NO 1234/2007 AS REGARDS CONTRACTUAL RELATIONS IN THE MILK AND MILK PRODUCTS SECTOR (COM(2010)728 TO /4; SEC(2010)1527)

Mr CIOLOŞ presented the proposal for a Regulation on contractual relations in the milk sector, which he submitted to the Commission for adoption. He was eager to underline the strong local dimension of agriculture, underlining the close ties in the milk sector in particular between production and local areas. This sector was in a special post-crisis situation and had to adapt to the decision taken in 2008 to abolish administered quotas. He therefore considered that it should be given support to

make it more market-oriented, while allowing it to fulfil its two functions connected with production and the local dimension by granting it a transition period so to allow it to adapt to competition.

Recalling the background to this matter, he pointed out that the Commission had adopted a communication in 2009 on the food supply chain which tackled the question of the distribution of added value in the sector, and in particular the relations between producers, processing firms and distributors in the milk sector. A High Level Experts' Group on Milk set up the previous year had examined the problems encountered in this sector and had issued recommendations on which this proposal was based.

The aim now was to restore a balance in terms of negotiating power between producers and processing firms by giving producers the possibility of organising themselves in order to conduct collective negotiations. This possibility was delimited by certain precise production thresholds and in any case concerned only an average of 40% of European producers as the cooperatives were not involved. The other measures proposed included in particular elements of contractual relations aimed at facilitating predictability and access to credit, fostering the restructuring of the sector in the context of the rural development policy, the inclusion of a safeguard clause allowing national authorities to intervene in the event of risks for small and medium-sized enterprises, and two clauses on reviews in 2014 and 2018; the transitional arrangements were in any case limited to 2020.

Referring to some concerns about competition law expressed during the preparation of the proposal, he explained that, from the legal point of view, the proposal was in line with Article 42 of the Treaty on the Functioning of the European Union and that, from the economic point of view, the risk of excessive concentration of the sector had been limited by excluding cooperatives, which accounted for 60% of European production, with structural measures envisaged to encourage their development. He also explained that this proposal was in line with the planned general reform of the common agricultural policy (CAP) since it was intended to underpin (by means of safeguards at the level of the national competition authorities) the transition of the milk sector from an administered system to a

situation of real competition, while maintaining both production and the presence of producers in rural areas.

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

- the relevance of this proposal in order to restore a balance to relations in the food production chain and promote the modernisation and adaptation of the milk sector to competition, in particular by underpinning the abolition of milk quotas and ensuring a balance in the negotiating powers of the various stakeholders in the sector, mindful of the special nature and fragmentation of milk production and of the additional problems encountered in some new Member States;
- the importance of ensuring that this proposal had a limited impact on compliance with the rules of competition, in particular as regards strengthening collective negotiating powers and avoiding the creation of a precedent for other sectors by firmly pursuing efforts to reform the CAP and exploring alternatives such as developing cooperatives, vertical integration and horizontal agreements, all of which comply with the rules of competition; in addition, some regrets concerning the lack of a real impact study;
- the need, in any case, to be vigilant when applying safety nets and review clauses, and to pay very careful attention to the way these measures were presented to the public; the case, too, for properly modulating the thresholds for authorising collective negotiations to make sure that the best possible configuration is guaranteed in relation to competition, in particular by lowering the national and combined production thresholds in Member States to 33% instead of 49% while maintaining the threshold of 3.5% of total EU production.

Mr CIOLOŞ replied to these comments by saying that the aim was, in accordance with the Treaty provisions, to underpin the transition of the milk sector from administered management to management based on market forces. Because of the fragmented nature of the sector and the ties producers have to their local areas, the measures taken must allow production to be maintained. These measures were

simply aimed at restoring a balance in negotiating power in the food production chain by allowing collective negotiations, which would in any case be concluded in the form of individual contracts and would not therefore pose a risk in terms of competition. The development of producer groups would take time and this should be supported by means of these temporary transition measures, which would be reviewed in 2014 and 2018 and expire in 2020. Lastly, as regards examining alternatives, he pointed to the in-depth study conducted by the High Level Expert Group on Milk and said that this proposal was the best way of dealing with the imbalances observed.

At the request of the PRESIDENT, the Director-General of the Legal Service explained, in reply to several questions concerning the interpretation of Article 42 of the Treaty on the Functioning of the European Union, that this Article allowed the legislator to get the rules of competition applicable within certain limits, to be specified by it in line with the legal bases for agricultural policy set out in Articles 42 and 43. In the case of a legislative proposal, he indicated that it was for the Commission to take the initiative, to define the policy content and to lay down the limits with a view to submitting it to the legislator for approval. The proposal was in line with the Treaty.

The PRESIDENT concluded by saying that there was widespread support for the proposal, and that Mr CIOLOŞ was open to discussion on the modulation of the thresholds for authorising collective negotiations. As for the question of compliance with the Treaty, he pointed out that Article 42 provided for flexibility in relation to agriculture so that the special situation of the CAP could be recognised, a special situation that also prevented any risk of implications in other domains. The proposal was therefore fully within the margins of manoeuvre laid down by the Treaty, and it was for the Commission to define the political direction of its proposals within these margins.

At the proposal of the PRESIDENT, the Commission agreed that the proposal for a Regulation set out in COM(2010)728/4 would be adopted by the finalisation written procedure, the time limit for which would end on Thursday 9 December 2010 (PE/2010/8722), taking into account the need to modulate the thresholds for

authorising collective negotiations.

15. INTERINSTITUTIONAL RELATIONS (CONTINUED FROM ITEM 13)

15.1. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

Results of the Council (Economic and Financial Affairs) and Eurogroup meetings (Brussels, 6 and 7 December)

Mr REHN informed Commission Members of the results of the Council meeting (Economic and Financial Affairs) held in Brussels on 7 December and the Eurogroup meeting the previous day. He underlined the fact that, since the crisis had become systemic, the euro-area Member States must also come up with a systemic response.

During these meetings ministers had explored a number of possible ways of achieving that end. Among the points that had been discussed, Mr REHN picked out (i) the fiscal consolidation measures required of Member States, (ii) preparation of another stress test for European banks that would be tougher and more comprehensive than the previous one, (iii) rapid implementation of the new rules on economic governance, where progress was needed, particularly in relation to pensions, and (iv) improvements in the real lending capacity of the European Financial Stability Facility.

It was important for the European Union to show determination and resolve on this issue despite the upheaval on the financial markets. Work was continuing with the Council with a view to reaching decisions in the very near future.

He noted that the question of European bonds, raised in a press article by Mr Jean-Claude Juncker, chairman of the Eurogroup, and Mr Giulio Tremonti, Italian Minister for Economic Affairs and Finance, had not been formally discussed at the meeting.

Lastly, Mr REHN reported, for the record, that the question of the EU's representation in the G20 had been raised briefly, but unfortunately no significant progress had been made.

During the short discussion that followed, particular emphasis was placed on Europe's contribution to implementing the financial regulation programme recently adopted by the G20, and the importance of the Commission's forthcoming communication on raw materials which, following on from the work of the G20, should enable the EU to take higher-profile action on this issue.

The PRESIDENT confirmed that a communication on raw materials was in the pipeline and should be laid before the Commission in January. In this sensitive area it was important for the Commission to adopt an approach that was both sound and ambitious, while at the same time supporting the French Presidency of the G20 as far as possible.

He wound up discussion on this item by referring to the Commission's efforts to encourage a systemic European response to the crisis in order to help Member States by reassuring financial markets that the euro area was both capable of reacting and determined to do so.

The Commission took note of this information.

15.2. OTHER BUSINESS

Results of the trialogue meeting on the EU budget for 2011 (Brussels, 6 December)

Mr LEWANDOWSKI briefed Commission Members on the outcome of the recent budgetary trialogue meeting aimed at reaching agreement on the adoption of the budget for 2011, and on the discussions in progress with the budgetary authority.

The PRESIDENT stressed the importance of continuing these discussions and identified the working lunch to be held that day with President Buzek as an

opportunity to raise this subject in a constructive atmosphere, in line with the framework agreement between the two institutions.

The Commission took note of this information.

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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 12.35.