



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1945 final

Brussels, 2 February 2011

MINUTES
of the 1945th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 26 January 2011
(morning)

PV(2011)1945 final

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Single sitting: Wednesday 26 January 2011 (morning)

The sitting opened at 10.05 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/Vice-President	
Ms REDING	Vice-President	Items 1 to 10
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	Items 1 to 10 (in part)
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK	Member	Items 1 to 10 (in part)
Mr REHN	Member	Items 1 to 10
Mr PIEBALGS	Member	
Mr BARNIER	Member	
Ms VASSILIOU	Member	Items 1 to 10
Mr ŠEMETA	Member	
Mr DALLI	Member	Items 1 to 10
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 10
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	Items 1 to 10 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Mr DE GUCHT

Member

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

Mr HOFFMEISTER	Deputy Chef de cabinet to Mr DE GUCHT
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The following also sat in:

Mr FRUTUOSO DE MELO	Deputy 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	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 1 to 10
Mr SCHINAS	Bureau of European Policy Advisers	
Mr SOBRAL	A member of the PRESIDENT's staff	Item 10
Ms SUTTON	A member of the PRESIDENT's staff	Item 9
Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	Item 11
Mr PESONEN	Chef de cabinet to Mr REHN	Item 9
Mr SLOWIK	A member of Mr LEWANDOWSKI's staff	Item 11

Secretary: Ms DAY, Secretary-General, assisted by Mr GENISSON, Head of Unit in the Secretariat-General.

1. AGENDAS

(OJ(2011)1945/3; SEC(2011)82/2)

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(2011)1945)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 24 January.

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1944TH MEETING
(18 JANUARY)**

(PV(2011)1944; PV(2011)1944, PART II)

The Commission approved the minutes of its 1944th meeting.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES

(SEC(2011)104/2)

The Commission adopted the decisions in SEC(2011)104/2.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2011)84 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 21 January.

5.2. *EMPOWERMENT*

(SEC(2011)85 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 21 January.

5.3. *DELEGATION AND SUBDELEGATION OF POWERS*

(SEC(2011)86 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 17 and 21 January, as archived in e-Greffe.

5.4. *SENSITIVE WRITTEN PROCEDURES*

(SEC(2011)87 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 24 and 28 January and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 24 January.

5.5. GENERAL EMPOWERMENT FOR APPOINTING, REPLACING AND RENEWING THE APPOINTMENT OF MEMBERS OF THE GROUP OF EXPERTS ON THE MISSION EVOLUTION OF THE EUROPEAN SATELLITE NAVIGATION SYSTEMS
(SEC(2011)106 AND /2)

The Commission granted the general empowerment as set out in SEC(2011)106 to the Commission Member responsible for the European satellite radio navigation programmes for the adoption, on behalf of the Commission and under its responsibility, of certain measures concerning the appointment, replacement and renewal of the appointment of members of the group of experts on the mission evolution of the European Satellite Navigation Systems.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2011)83)

ADMINISTRATIVE MATTERS
(PERS(2011)13)

6.1. DG MOBILITY AND TRANSPORT – APPOINTMENT OF AD14 DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr KALLAS, the Commission decided to fill the post of Director (Air Transport) in DG Mobility and Transport by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Matthew BALDWIN, an AD14 official and currently Director (Market Access and Industry) in DG Trade.

This decision would take effect on 1 March 2011.

**6.2. EUROPEAID DEVELOPMENT AND COOPERATION
DG/SECRETARIAT-GENERAL / HUMAN RESOURCES AND
SECURITY – LAUNCH OF THE 2011 ROTATION EXERCISE FOR
COMMISSION OFFICIALS (OTHER THAN MANAGERS)**

The Commission took note of the information in paragraph 2 of PERS(2011)13 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Baroness ASHTON, Mr PIEBALGS, Mr DE GUCHT, Mr FÜLE and Ms GEORGIEVA:

- decided that officials employed in the Europeaid Development and Cooperation, Humanitarian Aid & Civil Protection (ECHO), Enlargement, and Trade Directorates-General, and in the Foreign Policy Instruments Service (FPIS), would continue to be subject to rotation;
- confirmed that Article 2 of Annex X to the Staff Regulations would continue to apply in accordance with Decision C(2002)5370, in particular Articles 13, 14 and 16, which would apply mutatis mutandis;
- noted that, under Article 97 of the Staff Regulations, the Appointing Authorities of the European External Action Service (EEAS) and of the Commission could, in exceptional cases, acting by common agreement and solely in the interest of the service, transfer EEAS officials who were transferred from the Commission to the EEAS during the start-up phase to a vacant post of the same grade in the Commission;
- decided that as the EEAS continued to publish all the posts involved in the rotation exercise under Article 98(1) of the Staff Regulations, thereby allowing Commission officials to apply for these posts, the Commission could consider expressions of interests from EEAS officials originating from the Commission for posts involved in the rotation exercise under Article 97 of the Staff Regulations;
- noted that the final decisions to transfer officials would be taken by the directorate-general of origin concerned in accordance with the rules

regarding the Appointing Authority, after consulting the heads of delegation concerned and the EEAS; in the event of a negative opinion with regard to an individual case, the decision would be taken by the Commission Member responsible for personnel, in agreement with the PRESIDENT, Baroness ASHTON and the Commission Member responsible for the directorate-general of origin; if no agreement was reached within five working days, the decision would be taken at Commission level;

- confirmed that the Commission posts not filled after the rotation exercise would be published internally under Article 29 of the Staff Regulations and that EEAS officials would be able to apply for these posts under Article 98(2) of the Staff Regulations;
- authorised the Director-General of the EuropeAid Development and Cooperation DG to agree with the EEAS, in agreement with the Secretariat-General, DG Human Resources and Security and the Legal Service, on the necessary administrative arrangements for coordinating the rotation exercises for Commission and EEAS officials;
- authorised the Director-General of the EuropeAid Development and Cooperation DG, together with the EEAS, to inform all the officials concerned of the arrangements, thereby amending the note from the Director-General of DG External Relations of 22 December 2010 on the launching of the 2011 rotation exercise for officials other than managers.

These decisions would take effect immediately.

6.3. DG ENLARGEMENT – AMENDMENT OF ORGANISATION CHART

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr FÜLE, the Commission decided to abolish the post of adviser *hors classe* in the Directorate-General for Enlargement, which had become vacant following the transfer in the interest of the service, under Article 7 of the Staff

Regulations, of Mr Christian DANIELSSON to the post of Deputy Secretary-General in the Secretariat-General on 3 January 2011.

This decision would take effect immediately.

6.4. DG INFORMATICS – AMENDMENT OF ORGANISATION CHART

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, the Commission decided to abolish the post of Principal Adviser in the Directorate-General for Informatics, which had become vacant following the retirement of Mr Rocco TANZILLI on 1 January 2011.

This decision would take effect immediately.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A RESOURCE-EFFICIENT EUROPE – FLAGSHIP INITIATIVE UNDER THE EUROPE 2020 STRATEGY (COM(2011)21 TO /3; SEC(2011)105)

The Commission approved the communication in COM(2011)21/3 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.

8. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 8(3) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.5830 – OLYMPIC / AEGEAN AIRLINES) (C(2011)316 TO /6; SEC(2011)95)

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 13 January in C(2011)316/3;
- took note of the final report of the Hearing Officer of 19 January in C(2011)316/6;
- adopted, in the authentic language (English), the decision in C(2011)316/5, declaring the notified operation to be incompatible with the common market and with the functioning of the agreement on the European Economic Area;
- decided to notify the decision in C(2011)316/5 to the companies concerned, together with the final report of the Hearing Officer and the opinion of the Advisory Committee;
- decided that the key parts of the decision, together with the Advisory Committee's opinion 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. INTERINSTITUTIONAL RELATIONS

9.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's legislative opinions (SP(2011)439)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and, if necessary, with the other Members concerned, to

adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2011)439, drawn up following the January part-session of Parliament, the contents of which were noted.

9.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business

(SI(2011)11)

The Commission took note of the information in SI(2011)11 on the Council meetings between 27 January and 9 February.

iii) Results of the Eurogroup meeting and the Economic and Financial Affairs Council (Brussels, 17 and 18 January)

Mr REHN reported on the Eurogroup meeting and the Economic and Financial Affairs Council. No decision had yet been reached on the priorities presented by the Commission, which aimed to promote better-coordinated and more effective policies for putting the European economy on a path to sustainable growth. Decisions on this issue were expected in February and at the European Council meeting in March.

Mr REHN then spoke about the economic situation more generally, noting some improvement in the climate in the markets since the beginning of the year. In his view, the explanation for this lay in the improvement in the budget situation in certain Member States and the confirmation of a recovery in the real economy, in the firm and decisive action of the European Central Bank and, finally, in the markets' expectation that an agreement to strengthen the European Financial Stability Facility was in the offing.

Investors were still concerned about the sustainability of public debt, however. In his view, the Commission should seize the opportunity to finalise the various elements of its comprehensive response to the crisis without delay. This would help to reassure the markets and to show that the euro area had an effective system of governance.

Mr REHN also stressed that Europe's response must be not only comprehensive but also credible in the eyes of investors. This meant not only firm action on the part of the Member States in terms of fiscal consolidation and structural reforms to promote growth, as prescribed by the Commission in its recent communication on the Annual Growth Survey, but also heeding investors' concerns about the European Financial Stability Facility by increasing its operational capacity, extending its scope and re-examining the cost of its interventions.

In Europe's comprehensive response to the crisis, he also pointed to the importance of a recovery in the banking sector, given that the banks had still not managed to allay investors' concerns about the quality of their accounts. The positive effect on investors of the stress tests carried out in the EU in 2010 had worn off rapidly and it was therefore important for improvements to be made to the next tests, in terms of credibility of the scenarios, peer review of the quality of the findings and more transparency.

Mr REHN stressed the importance of the Commission's proposals for stronger economic governance, which demonstrated that lessons had been learned from the crisis. They were due to be adopted before the summer. Finally, he noted that the Commission had to continue its efforts in a coherent and determined fashion, working closely with the Member States on the various elements of the comprehensive response that was needed. He stressed that the Commission's main priorities would have to be approved at the European Council in February, while the final decisions could be taken at the Council in March.

Mr BARNIER also referred to the Economic and Financial Affairs Council and stressed the link between macroeconomic stability and the solidity of the banking sector, which financed roughly three quarters of the European economy. He reiterated the importance of credible and rigorous stress tests. These should be based on a reliable and robust methodology and their results should be transparent. In this context he also mentioned the forthcoming liquidity tests, which were not the same as the stress tests and were currently

the subject of discussions between the European Banking Authority, the European Central Bank and the Commission.

Mr BARNIER concluded with an update on the appointment procedure for the chairpersons and executive directors of the new European supervisory authorities.

The PRESIDENT referred to the meetings he and Mr REHN had had with the German Chancellor, Angela Merkel, in Berlin, when the question of reinforcing the European Financial Stability Facility had been discussed. He stressed the vital importance for the European Union of the comprehensive response proposed by the Commission, particularly for restoring confidence in the euro. This assumed that the weakest Member States would continue their process of fiscal consolidation and the rest would demonstrate the necessary solidarity.

The Commission then engaged in a brief discussion during which the following points were mentioned:

- the need for a comprehensive approach in Europe's response to the crisis, one element of which was the reinforcement of the European Financial Stability Facility;
- the importance in future stress tests of taking debt and the liquidity issue into account;
- the need to preserve the momentum of growth and job creation when implementing fiscal consolidation measures and structural reforms.

At the end of the discussion Mr REHN commented favourably on the success of the first five billion euro bond issue by the European Financial Stability Facility, which had met with particularly strong demand from investors. He also mentioned the inaugural meeting of the European Systemic Risk Board in Frankfurt on 20 January, which had held an initial discussion of the current risk situation, based on documents prepared by the European Central Bank.

The Commission took note of this information.

9.3. *RELATIONS WITH PARLIAMENT*

iv) Results of Parliament's January part-session

(SP(2011)245 to /3)

The Commission took note of the information in SP(2011)245 to /3 on the proceedings of the part-session of Parliament held in Strasbourg from 17 to 20 January.

10. RELATIONS WITH NON-MEMBER COUNTRIES

RECENT DEVELOPMENTS IN FOREIGN POLICY

Baroness ASHTON reported on recent developments in a number of foreign policy issues, mentioning in particular Côte d'Ivoire, Tunisia, Lebanon, Sudan, Russia, the Middle East, Albania and Iran.

The discussion that followed highlighted the following points in particular:

- the value of having regular updates on the international situation in Commission meetings;
- as regards Côte d'Ivoire, the EU's support for mediation efforts by the UN and by African countries, and questions about the prospects for resolving the current crisis soon.
- as regards Tunisia, the action taken by the EU to support the organisation of democratic elections; the case for considering a series of short and longer-term measures; the spread of popular uprisings to other countries in the region; the potential risk that a period of major instability might lead to the rise of fundamentalist movements;
- in the case of Lebanon, serious concerns over the political situation, and the

EU's request to Lebanon to open up the formation of the government to as many political groups as possible;

- on Sudan, satisfaction that the referendum on self-determination for the southern provinces had been held successfully, although careful attention would have to be paid to the population movements that might result from the partitioning of the country in the coming months;
- the fact that a number of nationals of EU Member States had been among the victims of the recent attack on an airport in Moscow; the observation that no one had yet claimed responsibility for the attack, and the context surrounding the election campaign in Russia;
- on the Middle East peace process, the leak of a confidential Palestinian document regarding the content of the negotiations, how this was being exploited by Hamas, and the action currently being taken by the Quartet's Special Envoy;
- a regards Iran, the suspension of negotiations on the nuclear issue, a reminder of the offer on the table and a request for an International Atomic Energy Agency (IAEA) mission there;
- the situation in a number of other countries such as Yemen, Syria and Egypt and the EU process for the Mediterranean;
- the foreign policy aspects of the State of the Union speech given by the US President.

The PRESIDENT took the floor to report on the recent visit to Commission headquarters by the President of Uzbekistan, Mr Islam Karimov, after the Foreign Affairs Council had lifted the restrictions imposed on Uzbekistan. Mr Karimov's visit had enabled the EU to press for tangible progress on human rights, fundamental freedoms and the rule of law in Uzbekistan, making it clear what reforms it expected from Uzbekistan in order to develop a possible bilateral relationship. The issue of energy had also been discussed, with the signature of an

important memorandum of understanding that would enable the EU to continue its policy of securing and diversifying energy supplies. He stressed that the EU must defend its political and economic interests while at the same time asserting and promoting its values.

The PRESIDENT then turned to the tense situation in Albania. He had spoken to the Prime Minister several times to ask about efforts to find solutions that would guarantee public safety and the stability of the country. He thanked Baroness ASHTON and Mr FÜLE for continuing to monitor the situation very carefully.

The PRESIDENT wound up this exchange of views by assuring Baroness ASHTON that she had the Commission's full support for her efforts. He stressed the importance of the external dimension of internal policies, particularly in relation to the EU's immediate neighbours. Lastly, he insisted on the need for close cooperation between Commission departments and the European External Action Service.

The Commission took note of this information.

11. OTHER BUSINESS

Mr ALMUNIA mentioned the decision on a merger case which the Commission was adopting that day (see item 8 of these minutes). He explained that an in-depth investigation of the case had clearly shown that the proposed merger was incompatible with the internal market. He stressed that it was rare for the Commission to take a decision prohibiting a company merger.

During the very brief discussion that followed, a question was asked about the possible impact of this decision on the future of the two airline companies concerned.

The Commission took note of this information.

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The meeting closed at 12.55.