EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 30 March 2011

# MINUTES

**of the 1952nd meeting of the Commission**

**held in Brussels**

**(Berlaymont)**

**on Wednesday 16 March 2011**

**(morning)**

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## Single sitting: Wednesday 16 March 2011 (morning)

The sitting opened at 09.08 hours with Mr BARROSO, President, in the chair.

Present:

| | | |
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| Mr BARROSO | President | |
| Baroness ASHTON | High Representative/<br>Vice-President | |
| Ms REDING | Vice-President | Items 1 to 10 (in part) |
| Mr ALMUNIA | Vice-President | |
| Mr ŠEFČOVIČ | Vice-President | |
| Mr POTOČNIK | | |
| Mr REHN | | Items 9 to 11 (in part) |
| Mr PIEBALGS | | |
| Mr BARNIER | | |
| Ms VASSILIOU | | Items 1 to 11 (in part) |
| Mr ŠEMETA | | Items 1 to 11 (in part) |
| Mr. DALLI | | |
| Ms GEOGHEGAN-QUINN | | |
| Mr LEWANDOWSKI | | |
| Ms DAMANAKI | | |
| Ms GEORGIEVA | | |
| Mr OETTINGER | | Items 9 (in part) to 12 |
| Mr HAHN | | |
| Ms HEDEGAARD | | Items 9 to 12 |
| Mr FÜLE | | |
| Mr ANDOR | | |
| Ms MALMSTRÖM | | |
| Mr CIOLOŞ | | |

Absent:

| | |
|---|---|
| Mr KALLAS | Vice-President |
| Ms KROES | Vice-President |
| Mr TAJANI | Vice-President |
| Mr DE GUCHT | |

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

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| Ms MANFREDI | A member of Mr KALLAS's staff | |
| Mr WHELAN | Chef de cabinet to Ms KROES | Items 9 (in part) to 12 |
| Ms BOIX ALONSO | Deputy Chef de cabinet to Ms KROES | Item 9 (in part) |
| Mr VAN ORANJE-NASSAU | A member of Ms KROES's staff | Items 1 to 9 (in part) |
| Ms SUPERTI | A member of Mr TAJANI's staff | Items 1 to 12 (in part) |
| Mr HOFFMEISTER | Deputy Chef de cabinet to Mr DE GUCHT | |

The following also sat in:

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| Mr LAITENBERGER | Chef de cabinet to the PRESIDENT | Items 9 (in part) to 12 |
| Mr FRUTUOSO DE MELO | Deputy Chef de cabinet to the PRESIDENT | Items 1 to 9 (in part), 11 and 12 |
| Mr ROMERO REQUENA | Director-General, Legal Service | |
| Mr SØRENSEN | Director-General, DG Communication | Items 1 to 11 |
| Ms AHRENKILDE HANSEN | Commission Spokeswoman | Items 1 to 10, and 12 (in part) |
| Mr BAILLY | European Commission Spokesperson Service | Items 11 and 12 (in part) |
| Mr THEBAULT | Head of the Bureau of European Policy Advisers | Items 9 (in part) to 12 |
| Mr CABRAL | Adviser hors classe in the PRESIDENT's office | Item 11 (in part) |
| Mr SOBRAL | A member of the PRESIDENT's staff | Item 12 |
| Ms SUTTON | A member of the PRESIDENT's staff | Items 9 to 12 |
| Mr MORRISON | Chef de cabinet to Baroness ASHTON | Items 10 (in part) to 12 |
| Ms HOFFMANN | Deputy Chef de cabinet to Ms REDING | Items 10 (in part) to 12 |
| Ms HYVÄRINEN | A member of Mr REHN's staff | Items 11 (in part) and 12 |

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|---|---|---|
| Mr GUERSENT | Chef de cabinet to Mr BARNIER | Item 10 |
| Ms JORNA | Deputy Chef de cabinet to Mr BARNIER | Items 1 to 10 |
| Mr SADAUSKAS | Chef de cabinet to Mr ŠEMETA | Items 1 to 9, 11 (in part) and 12 |
| Mr KOEHLER | Chef de cabinet to Mr OETTINGER | Items 11 (in part) and 12 |
| Mr DEFFAA | Director General, DG Taxation and Customs Union | Item 9 |
| Mr SZLASZEWSKI | Secretariat-General | Items 11 (in part) and 12 |

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

**1. AGENDAS**
**(OJ(2011)1952/3; SEC(2011)305/2; SEC(2011)333)**

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)1952)**

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

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1951ST MEETING (8 MARCH)**
**(PV(2011)1951; PV(2011)1951, PART II)**

The Commission approved the minutes of its 1951st meeting.

## 4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

### *4.1. WRITTEN PROCEDURES APPROVED (SEC(2011)306 ET SEQ.)*

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

### *4.2. EMPOWERMENT (SEC(2011)307 ET SEQ.)*

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

### *4.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2011)308 ET SEQ.)*

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

### *4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2011)309 AND /2)*

The Commission took note of the sensitive written procedures for which the time limit expired between 14 and 18 March and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 7 March.

## 5. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2011)310)

**ADMINISTRATIVE MATTERS**
**(PERS(2011)32)**

### *5.1. INTERNAL AUDIT SERVICE – APPOINTMENT OF AD15 DIRECTOR*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ŠEMETA, the Commission decided to fill the post of Director, 'Audit in the Commission', in the Internal Audit Service by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Ciaran SPILLANE, an AD15 official and currently Director, 'Budget Execution (General Budget and EDF)', in DG Budget.

This decision would take effect on 16 May 2011.

### *5.2. DG HUMAN RESOURCES AND SECURITY - POSSIBLE RECRUITMENT OF SUCCESSFUL CANDIDATES FROM MIDDLE-MANAGEMENT COMPETITIONS (EU-2) TO ADVISER, DEPUTY HEAD OF UNIT OR HEAD OF SECTOR POSTS*

The Commission took note of the information set out in point 2 of document PERS(2011)32 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to authorise those DGs and services that had reached their targets for the recruitment of successful candidates from middle-management competitions (EU-2), to recruit those successful candidates, in accordance with the arrangements laid down in SEC(2009)1482 and SEC(2009)120, to adviser, deputy head of unit or head of sector posts, even though no commitment could be made concerning their future recruitment to a middle-management post, provided that all accompanying measures were taken to facilitate their recruitment to a middle-management post.

This decision would take effect immediately.

**6. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS ON BRINGING LEGAL CLARITY TO PROPERTY RIGHTS FOR INTERNATIONAL COUPLES**
**(COM(2011)125 TO /3; SEC(2011)322; SEC(2011)327; SEC(2011)328; SEC(2011)329; SEC(2011)330 AND /2)**

**7. PROPOSAL FOR A COUNCIL REGULATION ON JURISDICTION, APPLICABLE LAW AND THE RECOGNITION AND ENFORCEMENT OF DECISIONS IN MATTERS OF MATRIMONIAL PROPERTY REGIMES**
**(COM(2011)126 AND /2; SEC(2011)322; SEC(2011)327; SEC(2011)328; SEC(2011)329; SEC(2011)330 AND /2)**

**8. PROPOSAL FOR A COUNCIL REGULATION ON JURISDICTION, APPLICABLE LAW AND THE RECOGNITION AND ENFORCEMENT OF DECISIONS REGARDING THE PROPERTY CONSEQUENCES OF REGISTERED PARTNERSHIPS**
**(COM(2011)127 AND /2; SEC(2011)322; SEC(2011)327; SEC(2011)328; SEC(2011)329; SEC(2011)330 AND /2)**

The Commission:

- adopted the Communication in COM(2011)125/3;

- adopted the two proposals for a Council Regulation in COM(2011)126/2 and COM(2011)127/2;

- decided to transmit the Communication and the two proposals for a Regulation to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, accompanied by the impact assessment and summary thereof in staff working papers SEC(2011)327/2 and SEC(2011)328;

– also took note of the opinion of the Impact Assessment Board on the Communication and the two proposals for a Regulation, as set out in SEC(2011)329.

## 9. PROPOSAL FOR A COUNCIL DIRECTIVE ON A COMMON CONSOLIDATED CORPORATE TAX BASE (CCCTB) (COM(2011)121 TO /4; SEC(2011)315 AND /2; SEC(2011)316; SEC(2011)317; SEC(2011)320)

The PRESIDENT opened the debate on the proposal for a Council Directive on a common consolidated corporate tax base (CCCTB), describing it as an important and sensitive issue which had been the subject of a great deal of preparatory work over a long period of time and which had been announced in both the Commission's 2011 work programme and the Annual Growth Survey. The proposal was particularly timely, given that the Member States were preparing to adapt their tax systems to meet the challenges of fiscal consolidation and structural reform. He recognised that the forthcoming debate would reflect the differences in opinion and the different sensitivities of the Member States, and pointed out that the Commission's role was to launch and facilitate the debate and create a framework for discussion, acting in the general European interest.

Mr ŠEMETA observed that tax policy was now at the heart of the European political agenda, particularly since the summit of the Heads of State and Government of the euro area Member States on 11 March (see item 11.2.iv of these Minutes). Tax policy cut across two of the main challenges facing the European Union: the consolidation of public finances and the need to stimulate sustainable growth to create more better-quality jobs. The Commission therefore had a responsibility to ensure that this debate was conducted under the Community method. Taxation was an integral part of the global response to the crisis proposed by the Commission, for example in the Europe 2020 strategy, the Annual Growth Survey, the Single Market Act and the Small Business Act.

Mr ŠEMETA then described the main feature of the proposal, which offered companies an optional system allowing them to calculate and consolidate their corporate tax base. The aim of the proposal was to stimulate growth and support companies by offering them three advantages: firstly, it provided a sort of one-stop-shop for corporate tax; secondly, it protected groups of companies from the risks of over-taxation, double taxation and high compliance costs which were associated with the current system of 27 different tax regimes; and thirdly, it promoted company expansion within the single market, particularly among small and medium-sized businesses, by cutting administrative red tape and reducing the costs of such a move. He stressed the important savings the proposal could achieve, and its positive impact on the business environment, innovation and investment, particularly in research and development, thanks to the design and structure of the proposed CCCTB

He also referred to the detailed analysis and extensive work that had gone into the preparation of this complex initiative. Coordination at European level allowed Member States to create a level playing field for companies, while retaining their tax prerogatives, because the proposal did not concern tax rates and the CCCTB was an optional system. It also included a clause allowing for the impact of the new regime to be reviewed five years after its entry into force.

In the discussion that followed the following points were mentioned in particular:

- general support for the proposal, largely on the grounds that it increased European integration, deepened the internal market and represented genuine economic progress for European companies, while also providing for greater coherence and harmonisation;

- the timeliness of the proposal, which would promote recovery by making the tax system more efficient for companies, reducing the administrative costs they faced for compliance and promoting job creation in a generally difficult economic climate;

- the need to build as broad a political consensus as possible on the proposal, to take account of the current political and economic context in Europe, to allay the concerns of certain Member States by producing specific responses backed by hard figures;

- the need, identified by some speakers, to pay particular attention to the impact of the proposal on Member States' tax revenue, to place the emphasis on tax revenue neutrality, and to avoid asymmetrical redistribution of tax revenue between the Member States. Mention was also made of the need to draw attention to the exclusion of intangible assets, which were the most movable, to analyse the proposal's impact on national tax administrations and to bear in mind the specific situation of small and medium-sized businesses;

- the call for the guarantees provided in the proposal to be supplemented by a reliable and comprehensive review mechanism, which would allow for the system to be amended after five years if necessary.

Replying to the various comments, Mr ŠEMETA reiterated in particular the principle of consolidation, stressing the many advantages of a consolidated tax base for companies compared with the current situation, and arguing in favour of maintaining this principle. He also insisted on the optional nature of the proposed system and the fact that European companies which did not engage in cross-border activities would be free to continue with their national system. The rationale for excluding intangible assets was the desire not to encourage downward competition and to prevent the movement of companies' assets to countries with low tax rates. He reiterated his conviction that by reducing companies' costs the proposal would be beneficial to research and development. The formula for apportionment was based on real economic factors, such as assets and employment. It aimed to minimise distortions in the apportionment of revenue between the Member States and provided protection for companies that invested heavily in research and development. Finally, he explained that the common consolidated corporate tax base might be more attractive for investors than a situation in which there were 27 different tax bases. He reaffirmed the importance of the safeguard clause and the review mechanism. On this last aspect he proposed to reinforce Article 133 of the proposal.

The PRESIDENT wound up the discussion by thanking the participants for the excellent team work on a proposal whose impact would ultimately depend on the choice of each Member State, and also each company and their own particular situation. He, too, stressed the importance of the safeguard clause and the review clause and thanked Mr ŠEMETA for drawing attention to this. On the second point, he suggested that Article 133 of the proposal should explicitly require the Commission to report on the impact of the application of the distribution formula on the national tax bases and that a new recital should be added calling on Member States to provide the information needed for the review process. The text of these proposed amendments was distributed during the meeting. He thus proposed the following amendments to the English version of COM(2011)121/4 :

– **the inclusion on page 15 of a new recital after recital 26, to read as follows:**

'*(27) The Commission should review the application of the Directive after a period of five years and that Member States should support the Commission by providing appropriate input to this exercise.*';

– **on page 65, Article 133 should read as follows:**

*'The Commission shall, five years after the entry into force of this Directive, review its application and report to the Council on the operation of this Directive. The report shall in particular include an analysis of the impact of the mechanism set up in Chapter XVI of this Directive on the distribution of the tax bases between the Member States.'*.

Finally, citing the highly political nature of the dossier, the PRESIDENT stressed the need to bear in mind the fundamental question of proportionality and to ensure that there was very clear communication about what objectives the proposal was trying to attain and what it was not trying to do.

Subject to the amendments mentioned above, the Commission adopted the proposal for a Council Directive in COM(2011)121/4 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the national parliaments, together with the impact assessment and the summary thereof in staff papers SEC(2011)315 and /2 and SEC(2011)316 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 Directive, as set out in SEC(2011)317.

## 10. POLICY DEBATE – PREPARATION OF THE SINGLE MARKET ACT (SEC(2011)324 AND /2; SEC(2011)332)

The PRESIDENT opened the policy debate to prepare the Single Market Act, due to be adopted by the Commission on 13 April, stressing the potential for the single market to give a new boost to growth and employment in line with the Europe 2020 Strategy and the Annual Growth Survey.

Mr BARNIER pointed out that the single market provided a common platform for all the Union's policies and that the aim of the Single Market Act was to provide clarity and momentum to the actions chosen to meet the expectations of the public and to identify drivers of growth. He reported on the results of the public consultation, highlighting two main messages that had emerged: the need to concentrate on a limited number of priorities to be implemented by the end of 2012, and the need to start now to prepare a package of additional measures to be accomplished after 2012. He set out the questions he wished to put to the Commission, namely the two-stage approach, how to plan the work beyond 2012, the criteria for deciding on the action to be included in the first stage, the main priorities to be adopted on the basis of these criteria, and how to follow progress in implementing the Single Market Act.

The PRESIDENT asked the Commission Members to focus their comments on the criteria and on an objective and horizontal analysis of the priorities, which should not number more than 10 or 12 for the first stage. He stressed the importance of concentrating on new initiatives which were likely to have a strong impact on growth.

The Commission then held a discussion which revealed strong support for the two-stage approach and for a limited number of concrete and targeted indicators; the progress achieved could be celebrated with a new annual 'single market day'. As regards the priorities for the first stage, the debate highlighted the need to concentrate on the criteria of growth, competitiveness and employment, taking into account the social dimension On this basis the Commission stressed the need to prioritise measures that would encourage the development of cross-border trade, promote technological progress and innovation, improve access to loans for businesses, create conditions conducive to social innovation and the fostering of a citizenship dimension, and develop international aspects.

Mr BARNIER thanked the Commission Members for their contributions, which he would combine with the results of the public and interinstitutional consultations. A balance would have to be struck between the objectives of growth and confidence. For monitoring purposes he advocated the use of specific, technical benchmarks.

Winding up the policy debate, the PRESIDENT observed that it had provided a good preparation for the re-setting of ambitious targets for the single market. He noted the Commission's support for a two-stage approach, with the first stage due to be performed for the 20th anniversary of the single market in 2012. He was in favour of maintaining this balanced and priority-based approach, which was easy to get across to the outside world. Lastly, he identified some of the priorities mentioned during the debate that might be taken up during this first phase, in particular the market for services, the strategy on intellectual property rights, access to capital for SMEs, the renovation of the framework, including public procurement, better external access, the mobility of workers and the portability of pensions.

The Commission took note of the results and conclusions of the policy debate and of the note from Mr BARNIER in SEC(2011)324/2.

## 11. INTERINSTITUTIONAL RELATIONS

### *11.1. LEGISLATIVE MATTERS*

**i) Action to be taken on Parliament's legislative opinions**
(SP(2011)1961)

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)1961, drawn up following the March I part-session of Parliament, the contents of which were noted.

### *11.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL*

**ii) Programming of Council business**
(SI(2011)71)

The Commission took note of the information in SI(2011)71 on the Council meetings between 17 and 30 March.

**iii) Report on the first evaluation of the Agreement between the European Union and the United States of America on the processing and transfer of Financial Messaging Data from the European Union to the United States for purposes of the Terrorist Finance Tracking Program**
(SI(2011)76 to /3)

The Commission approved the line set out in SI(2011)76/3.

**iv) Results of the summit of Heads of State or Government of the euro area member countries (Brussels, 11 March), the meeting of the Eurogroup, the intergovernmental meeting at ministerial level on the European Stability Mechanism and the Council meeting (Economic and Financial Affairs) (Brussels, 14 and 15 March)**

The PRESIDENT reported first on the euro area summit which, he felt, had marked an important step in Europe's search for a comprehensive solution to the crisis. Real progress had been made, as explained in the letter he had sent to each of the Commissioners. The Commission had played a particularly important role in paving the way for consensus.

The discussions on the pact for the euro, which established stronger economic policy coordination for competitiveness and convergence, had been very productive as a result of the excellent cooperation with the President of the European Council and the preparatory work by the 'sherpas'. The seventeen euro area Member States had approved the pact and would now have to present the measures they pledged to implement under it.

He regarded this as a highly satisfactory result, encompassing as it did all the key elements of the Commission's proposal. The pact would be firmly anchored in the structures and rules of the Treaty, with the Commission playing a pivotal role in its application. He also noted that, for measures to strengthen the Stability and Growth Pact, the rule laid down was that the Council would adopt recommendations put forward by the Commission.

He also welcomed the fact that the pact for the euro would sit within the existing structure of economic governance, with the commitments given by Member States being included in their national stability or convergence programmes. Most of the proposals tabled by the Commission in its Annual Growth Survey had been incorporated there too.

Finally, he stressed that the pact would be inclusive and open, with no discrimination against the non-euro area Member States, who were invited to express an interest at the forthcoming Spring European Council. He hoped that many of them would do so, and stressed that, in any event, implementation of the pact would not undermine the integrity of the single market.

The PRESIDENT reported that the most difficult issue in the discussions on the Pact had been that of the corporate tax and the etablishment of a common consolidated base for this tax (see item 9 of these Minutes).

Summing up the pact for the euro, the PRESIDENT said that, despite the initial difficulties, it now seemed to have been an excellent opportunity to dispel misunderstandings about the benefits of the Community method and the Commission's role in policy coordination. He hoped that the forthcoming debate could now focus on implementation of the reforms needed to get the European economy back on track to generate growth and employment.

The PRESIDENT mentioned the results achieved at the same euro area meeting with regard to the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM). He welcomed the decision that had been taken to increase the EFSF's lending capacity to €440 billion – as the Commission had proposed in its Annual Growth Survey – and the fact that the future permanent ESM would have a lending capacity of €500 billion and would be able to intervene in the primary markets, subject to certain conditions.

He also noted with satisfaction the progress that had been made on interest rates: the EFSF would now be able to lend at lower rates on a case-by-case basis. The interest rate on loans to Greece would be reduced by 100 basis points in recognition of the additional reform commitments given by Greece and the sustainability of its debt. Discussions with Ireland were continuing.

Despite reluctance in some quarters, decisive steps had been taken in the right direction, which should reassure the markets regarding the commitments made by the European institutions and the euro area Member States to give the currency maximum support.

The PRESIDENT warned that, despite the major progress that had been made in fiscal consolidation and financial reforms, the situation was still a cause for concern. As he had already pointed out at the European Council, the next step would be a major effort to tackle the situation in the banking sector. The reform of European banking regulations and banking supervision should be followed by tougher, credible stress tests, and Member States should be prepared to react promptly to the results of the tests by applying appropriate backstop mechanisms.

He ended by reminding the meeting of the preparations for the forthcoming Spring European Council: the Commission would push for adoption of firm conclusions on various aspects of the comprehensive European response to the crisis. In the meantime the Finance Ministers would have to implement the decisions taken at the meeting on 11 March.

Mr REHN was also pleased with the progress made at the euro area summit regarding the pact for the euro and the finalisation of elements of Europe's comprehensive response to the crisis, which were based mainly on the Commission's Annual Growth Survey.

He considered that the measures adopted on the EFSF and the ESM were satisfactory, although it would be desirable to have greater flexibility in order to prevent and contain any future crises.

He also welcomed the adoption at the recent Economic and Financial Affairs Council of six Commission proposals on economic governance: the texts adopted were very close to the initial proposals in both wording and substance. He was reasonably optimistic that they would be approved by the European Parliament, which should vote on them before the summer.

Mr REHN felt that huge advances had been made on the issue of economic governance at the various meetings mentioned above. By way of conclusion he outlined the next steps to be taken, in particular the stress tests for banks, on which he would work in close concert with Mr BARNIER.

In the course of the exchange of views which followed, the following points were mentioned in particular:

- satisfaction at the decisions taken and the key role played by the Commission throughout the process and in the final outcome;
- the need to learn as much as possible from the financial and economic crisis in order to foster real economic governance and sound economic coordination at European level;
- certain clarifications regarding salaries, in connection with the ongoing European social dialogue, and pensions;
- a reminder of the need for a thorough review and reform of the banking sector, including rating agencies, in order to avoid speculative or destabilising movements.

The PRESIDENT noted that real decisions had been taken which served to underpin the Commission's role and the key importance of the Community method.

The issues of salaries and pensions would be addressed in the context of the pact for the euro, but the Commission could not play such an important role here as it did, for example, in the Stability and Growth Pact. Employers' associations and trade unions needed to be aware of this in order to avoid any ambiguity or misunderstandings. The PRESIDENT confirmed that the next stage in the assessments being carried out by the Commission would focus on the vulnerability of the banks.

The PRESIDENT wound up discussion on this item by thanking the Commission Members, and in particular Mr REHN and Mr BARNIER, for their efforts and their commitment, while pointing out that there was still a great deal of work to be done before the forthcoming European Council.

The Commission took note of this information.

**v) Results of the extraordinary European Council meeting on the situation in neighbouring countries in the southern Mediterranean (Brussels, 11 March)**
(SI(2011)80)

The PRESIDENT reported that the extraordinary European Council meeting on Friday had focused on the situation in Libya and that the discussions had concerned in particular the possibility of imposing a no-fly zone; however the Member States had differed on this point, with some in favour and others more reluctant to take any initiative that might turn into military action.

He referred to the European Council's declaration which states that "Member States will examine all necessary options, provided that there is a demonstrable need, a clear legal basis and support from the region", adding that this was the position that had also been expressed the evening before by the NATO Secretary General and the High Representative. Another point discussed by the Member States had been the question of recognising the interim transitional council. The conclusion adopted in the end was that the European Union "welcomes and encourages the interim transitional national council based in Benghazi which it considers a political interlocutor".

The PRESIDENT said that the European Council had also called for the rapid holding of a summit between the Arab League, the African Union and the European Union, and that talks were in progress between the President of the European Council, the High Representative and the European External Action Service to push ahead with this proposal from the point of view of format, date and, above all, substance. It was difficult, however, to reconcile the agendas of the various parties, and there was very little time for coordinated, determined international action.

He was pleased with the very positive reception given to the communication from the Commission and the High Representative on a partnership for democracy and shared prosperity with the southern Mediterranean, considering that it set the tone for the medium and long-term measures to be taken to help the countries in the region, and placed the European institutions at the forefront of current and future discussions. Other matters discussed included the question of visas and the possible extension of the operations of the European Bank for Reconstruction and Development.

The PRESIDENT said that the situation in Libya was changing constantly and very swiftly, and he asked Baroness ASHTON to present to the Commission Members her assessment of the situation and of the possibility of a no-fly zone being decided upon before Colonel Gaddafi retook control of the country.

First Baroness ASHTON confirmed that the communication adopted by the Commission the previous week had been very well received both by the Member States and by the countries in the region. She described the political and military situation on the ground in Libya, referring to the humanitarian aspects of the various movements of people and the impact of the Libyan crisis on oil production.

She went on to mention the contacts she had had with the Arab League, explaining that it had on Saturday adopted a resolution in favour of a no-fly zone, and with the African Union, which she felt was ready to act as a mediator and facilitator in the current crisis. She also referred to the talks at the UN Security Council leading to the decision to authorise a no-fly zone and the work under way with a view to reconciling the various positions, including those of the EU Member States.

Baroness ASHTON ended by saying that it was difficult to exert any control over arms exports to Libya, and by stressing the need for rapid, in-depth contacts with the Arab League.

Ms GEORGIEVA explained several points relating to the humanitarian aspects of the Libyan crisis and the work already carried out by the European

Union. She referred to the growing numbers leaving Libya for neighbouring countries, the difficult situation for African and Middle Eastern nationals seeking refuge in Egypt, and, lastly, the concerns about food prices in the near future.

Mr FÜLE said that he was working with Baroness ASHTON on reassessing budget allocations for 2011 to provide financial assistance to the countries concerned. Several new instruments had been created or modified, and he was drafting a worksheet jointly with the Secretary-General that would show in summary form the responsibilities, timetables and content of the various measures and programmes in progress. Later on he would look into the possibility of establishing a lightweight steering structure for these measures.

Lastly, he pointed out that the national indicative programmes were being reviewed and he would inform the other Commission Members once this had been completed.

Ms MALMSTRÖM described the work under way to identify potential short-and medium-term measures to control migration flows in the Mediterranean region, explaining that this item would be on the agenda of the June European Council.

Turning to the situation in Italy, in particular the island of Lampedusa, she referred to her discussions with the Italian Minister of the Interior. At the request of Malta, Frontex was currently working on measures that would help this Member State to cope with a sudden influx of refugees. She added that she was working, together with Ms GEORGIEVA, on the question of refugees needing international protection.

A brief discussion ensued, during which support was expressed for the Commission Members specifically concerned by this matter, and emphasis placed on stepping up the pooling of civil protection and humanitarian assistance resources by the Member States and the European Union.

The PRESIDENT ended by thanking the Commission Members for their work and asking Ms GEORGIEVA to present at a forthcoming Commission meeting her thoughts on the possibility of collective civil protection in the European Union to be deployed in Europe and, if necessary, beyond its borders.

The Commission took note of this conclusion and the information.

### *11.3. RELATIONS WITH THE EUROPEAN PARLIAMENT*

**vi) Results of Parliament's March I part session**
(SP(2011)1919 to /3)

The Commission took note of the information on Parliament's part session in Strasbourg from 7 to 10 March 2011 which was set out in SP(2011)1919 to /3.

## 12. RELATIONS WITH NON-MEMBER COUNTRIES

***DEVELOPMENTS IN JAPAN FOLLOWING THE EARTHQUAKE AND TSUNAMI OF 11 MARCH***
***(SEC(2011)353)***

Mr OETTINGER recapped events in Japan over the past week, stressing that it was still not possible to ascertain the full impact of the earthquake and tsunami in view of the deteriorating situation at the Fukushima nuclear site. He said that the Japanese authorities themselves admitted that they were no longer in control of developments at the site.

He noted that some Member States had begun repatriating their nationals and commented on the difficulty of carrying out a mass evacuation given the density of the country's population.

He referred to the debate that the disaster had instigated in Europe and the decisions already taken by some governments on nuclear energy, pointing to the risk of a split between those countries that were for and those against nuclear power. He hoped that a pragmatic middle way could be found, in particular by evaluating the need for additional safety equipment at some European reactors in the light of the results of stress tests.

He noted that the issue of nuclear safety would be a key concern over the coming weeks both in the Council and the European Council, and suggested that the Commission should prepare to present an initiative on the subject at the earliest opportunity.

He concluded by reiterating his fear that the situation in Japan was deteriorating rapidly and stressed the need to anticipate all possible outcomes and to prepare for them.

Ms GEOGHEGAN-QUINN noted briefly the crisis management role of the Joint Research Centre which oversees the European Community Urgent Radiological Information Exchange (ECURIE). She said that the system had been deployed immediately at the weekend.

Ms GEORGIEVA spoke of the formal request made by Japan the previous day for aid in the form of humanitarian equipment, to which she hoped to provide an imminent response. She underlined Japan's wish for a pan-European response. In view of the scale of the disaster the Commission was, exceptionally, considering financial assistance. She recalled that Japan itself had always been quick to provide help to countries in difficulty.

Baroness ASHTON stated that she had met the Japanese foreign minister the previous day and confirmed that the Japanese authorities had requested a joint European response. She went on to speak of the long-term major repercussions of the disaster, particularly for the country's growth and energy supply, and of the likely impact on the world economy.

The PRESIDENT stressed the importance of keeping calm so as not to exacerbate the situation and of working together with the Member States on managing the crisis.

The Commission took note of this information and of Mr OETTINGER's note in SEC(2011)353.

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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 13.09 hours.