



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1965 final

Brussels, 29 June 2011

MINUTES
of the 1965th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 22 June 2011
(morning)

PV(2011)1965 final

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Single sitting: Wednesday 22 June 2011 (morning)

The sitting opened at 9.06 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	Items 9 (in part) and 10
Mr TAJANI	Vice-President	Item 9 (in part)
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK	Member	
Mr REHN	Member	
Mr BARNIER	Member	Items 9 (in part) and 10
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	Item 9 (in part)
Mr HAHN	Member	Items 9 (in part) and 10
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Baroness ASHTON

High Representative/
Vice-President

Mr PIEBALGS

Member

Mr DE GUCHT

Member

Mr DALLI

Member

Ms HEDEGAARD

Member

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

Ms NIKOLAY	Adviser in Baroness ASHTON's office
Ms MELNGAILE	A member of Mr PIEBALGS's staff
Mr HOFFMEISTER	Deputy Chef de cabinet to Mr DE GUCHT
Ms DARMANIN	Chef de cabinet to Mr DALLI
Mr VIS	Chef de cabinet to Ms HEDEGAARD

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	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Mr CABRAL	Adviser <i>hors classe</i> in the PRESIDENT's office	Items 1 to 9 (in part)
Ms SUTTON	A member of the PRESIDENT's staff	Item 9 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	Items 1 to 9

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

1. AGENDAS

(OJ(2011)1965/3; SEC(2011)769/2)

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)1965)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 20 June.

3. APPROVAL OF THE MINUTES OF THE 1963RD AND 1964TH COMMISSION MEETINGS (7 AND 15 JUNE)

(PV(2011)1963)

The Commission approved the minutes of its 1963rd meeting and decided to hold over for one week approval of the minutes of its 1964th meeting.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASE

(SEC(2011)846)

The Commission adopted the decision in SEC(2011)846.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2011)770 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 17 June.

5.2. EMPOWERMENT

(SEC(2011)771 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 17 June.

5.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2011)772 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 14 and 17 June, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2011)773 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 20 and 24 June and of the 'finalisation' written procedures initiated following the weekly meeting of Chefs de cabinet on 20 June.

6. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 102 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (CASE COMP/39.525 – TELEKOMUNIKACJA POLSKA) (C(2011)4378 TO /8) SEC(2011)831; SEC(2011)833)

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 10 and 20 June in C(2011)4378/3 and /7;
- took note of the final report of the Hearing Officer of 20 June in C(2011)4378/8;
- adopted, in the authentic language (Polish), the decision in C(2011)4378/5 finding that the company to which the decision was addressed had infringed Article 102 of the Treaty on the Functioning of the European Union, ordering it to bring the infringement to an end and imposing on it a fine of EUR 127 554 194;
- decided to notify the company concerned of the decision in C(2011)4378/5 and of the Hearing Officer's final report;
- 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 to make the decision (minus any business secrets and other confidential information) also accessible on the Internet.

**7. GREEN PAPER - MODERNISING THE PROFESSIONAL QUALIFICATIONS DIRECTIVE
(COM(2011)367 TO /4; SEC(2011)777)**

The Commission approved the Green Paper in COM(2011)367/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

**8. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON ENERGY EFFICIENCY AND REPEALING DIRECTIVES 2004/8/EC AND 2006/32/EC
(COM(2011)370 TO /5; SEC(2011)779 AND /2; SEC(2011)780; SEC(2011)781; SEC(2011)782)**

The Commission adopted the proposal for a Directive in COM(2011)370/5 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the impact assessment, the annexes thereto and the summary thereof in staff working papers SEC(2011)779 and /2 and SEC(2011)780, 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)781.

**9. INTERINSTITUTIONAL RELATIONS
(SEC(2011)776 AND /2)**

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 17 June (SEC(2011)776 and /2).

It paid particular attention to the following points.

9.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.2 of the IRG record)

Dossiers at Parliament first reading

- Provisions for engines placed on the market under the flexibility scheme (Directive) – PIETIKÄINEN report – 2010/0195 (COD)

The Commission approved the line set out in SI(2011)228 and /2.

- Cooperation between national authorities responsible for the enforcement of consumer protection laws (Regulation) – REPO report – 2011/0001 (COD)

The Commission approved the line set out in SI(2011)225.

- Minimum standards for the qualification and status of third country nationals or stateless persons as beneficiaries of international protection and the content of the protection granted (Directive – recast) – LAMBERT report – 2009/0164 (COD)

The Commission approved the line set out in SI(2011)229.

- Establishment of an Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (Regulation) – COELHO report – 2009/0089 (COD)

The Commission approved the line set out in SI(2011)230 and /2.

- Short selling and certain aspects of credit default swaps (Regulation) – CANFIN report – 2010/0251 (COD)

The Commission approved the line set out in SI(2011)226.

- Community regime for the control of exports of dual-use items and technology (Council Regulation) – LEICHTFRIED report – 2008/0249 (COD)

The Commission approved the line set out in SI(2011)231.

- Deposit guarantee schemes (Directive – recast) – SIMON report – 2010/0207 (COD)

The Commission approved the line set out in SI(2011)236.

Dossiers at Council first reading

- Provisions for fishing in the GFCM (General Fisheries Commission for the Mediterranean) Agreement Area (Regulation) – RIVELLINI report – 2009/0129 (COD)

The Commission approved the line set out in SI(2011)218.

- Common rules for direct support schemes for farmers under the common agricultural policy and establishment of certain support schemes for farmers (Regulation) (alignment – delegated acts / implementing acts) – DE CASTRO report – 2010/0267 (COD)

The Commission approved the line set out in SI(2011)221.

- Support for rural development by the European Agricultural Fund for Rural Development (Regulation) (alignment – delegated acts / implementing acts) – DE CASTRO report – 2010/0266 (COD)

The Commission approved the line set out in SI(2011)222/2.

- Scrutiny by Member States of transactions forming part of the system of financing by the European Agricultural Guarantee Fund (Regulation) (alignment – delegated acts / implementing acts) – CAPOULAS SANTOS report – 2010/0366 (COD)

The Commission approved the line set out in SI(2011)223.

- Rules for the implementation of voluntary modulation of direct payments under the common agricultural policy (Regulation) (alignment – delegated acts / implementing acts) – REIMERS report – 2010/0372 (COD)

The Commission approved the line set out in SI(2011)224.

Dossiers at second reading

- Provision of food information to consumers (Regulation) – SOMMER report – 2008/0028 (COD)

The Commission approved the line set out in SI(2011)227/3.

- Cross-border enforcement of legislation in the field of road safety (Directive) – AYALA SENDER report – 2008/0062 (COD)

The Commission approved the line set out in SI(2011)219/3.

ii) Preparation of the June II part-session of Parliament
(point 1.3 of the IRG record)

Ordinary legislative procedure – Codecision – 1st reading

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

The Commission approved the line set out in SP(2011)5358.

- European Year for Active Ageing (2012) (Decision) – KASTLER report – 2010/0242 (COD)

The Commission approved the line set out in SP(2011)5359.

- Prevention and correction of macroeconomic imbalances (Regulation) – FERREIRA report – 2010/0281 (COD)
- Effective enforcement of budgetary surveillance in the euro area (Regulation) – GOULARD report – 2010/0278 (COD)

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- Strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (Regulation) – WORTMANN-KOLL report – 2010/0280 (COD)
- Enforcement measures to correct excessive macroeconomic imbalances in the euro area (Regulation) – HAGLUND report – 2010/0279 (COD)

The Commission approved the line set out in SP(2011)5361, SP(2011)5362, SP(2011)5363 and SP(2011)5364.

Special legislative procedure – Consultation

- Speeding up and clarifying the implementation of the excessive deficit procedure (Council Regulation) – FEIO report – 2010/0276 (CNS)

The Commission approved the line set out in SP(2011)5365.

Non-legislative procedure

- Requirements for the budgetary frameworks of the Member States (Council Directive) – FORD report – 2010/0277 (NLE)

The Commission approved the line set out in SP(2011)5366.

- Management of spent nuclear fuel and radioactive waste (Council Directive) – JORDAN CIZELJ report – 2010/0306 (NLE)

The Commission approved the line set out in SP(2011)5463 and /3.

9.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business

(SI(2011)234)

The Commission took note of the information in SI(2011)234 on the Council meetings between 23 June and 6 July.

iv) Results of the Eurogroup meeting and the Economic and Financial Affairs Council (Luxembourg, 19 and 20 June)

First Mr REHN turned to the latest economic developments: the situation in the euro area was still strained, with the widening of government bond spreads, in particular for Greece, Ireland and Portugal.

There were several reasons for this trend, but it was mainly linked to concerns about the situation in Greece and the current discussions on the possible involvement of the private sector in a new aid package for this Member State. The lowering of Greece's credit rating by one of the main credit rating agencies had worsened the situation.

Referring also to the other countries in the euro area, Mr REHN said that the inflation rate had dropped slightly in May compared with the previous month (2.7% compared with 2.8%) mainly because of lower energy and services prices, which had offset the rise in food prices to a large extent.

Recent figures confirmed that the American property market was still in the doldrums; it must not be forgotten that the economic outlook in the United States was closely tied to the question of how to resolve the growing deficit in the Federal budget.

Mr REHN referred again to the recent discussions by Finance Ministers at the latest meetings of the Eurogroup and the Economic and Financial Affairs Council.

In relation to the urgent situation in Greece and the implications at European and world levels, the agreement reached would probably pave the way for the payment of the fifth tranche of the financial aid in July provided that, in the meantime, the Greek parliament approved the revised memorandum which the Government was to submit to it shortly. This would make up for the delays in implementing the agreement reached in May with the Commission, the European Central Bank and the International Monetary Fund.

A medium-term strategy should be decided at the Eurogroup meeting in July, concerning in particular the Greek programme and the question of private sector involvement.

The other decisions taken by the Finance Ministers essentially concerned strengthening the lending capacity of the future European Stability Mechanism in association with the possible involvement of private bondholders and, in some cases, the granting of preferred creditor status to public donors.

Lastly, some progress had been made on the six legislative proposals on economic governance. Mr REHN hoped that it would be possible, with the help of Parliament which was to vote in plenary session on 7 July, to obtain the Council's agreement on issues that were pending, in particular reverse qualified majority voting.

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

- the importance of reaching agreement soon on financial aid for Greece in order to alleviate the tension on the markets and restore confidence in the euro area and at international level;
- the need to focus also on medium and long-term strategies to boost growth, create jobs and promote more awareness of the economic, political and social dimensions of the situation in Europe;
- the reminder that a lasting solution would require strong commitment and real consensus on the part of Greek citizens and the entire Greek political spectrum as regards the solutions to the current crisis, for instance fiscal consolidation, privatisation and structural reforms;
- the importance of taking into account the European dimension of some types of Greek infrastructure, for instance energy, air transport and

shipping, and of ensuring that any solution found protected the value of these assets;

- the reminder of the important role that could be played by the Structural Funds in helping Member States, especially peripheral States, and in fostering sustainable growth; the need for flexibility in implementing these Funds, but also the concern that rigorous conditions should be maintained;
- some questions about the role of credit rating agencies.

The PRESIDENT thanked Mr REHN and the other speakers. He said that he had recently met the Greek Prime Minister and had reminded him that Greece must find within itself the resources to forge a national consensus on the necessary reforms.

Technical assistance by the Commission, asked by the Greek Prime Minister, would help Greece to improve its competitiveness and employment situation. An effort should also be made to look into what could be done and what could be financed under the Structural Funds already authorised and their current regulations to help this Member State back to the path of sustainable growth. He intended to ask the Secretary-General to take steps in this direction; this might include a task force which would, moreover, make it possible to work more closely with the Member States concerned.

The PRESIDENT wound up the discussion by underlining the need for Europe to demonstrate that it could and would take decisions on these matters which formed the core of European economic and political integration, and which he would raise before the Heads of State or Government at the next European Council (see also item 9.2.v of these minutes).

The Commission took note of this information.

v) Preparation for European Council (Brussels, 23 and 24 June)

The PRESIDENT reported on the main issues to be discussed at the European

Council on 23 and 24 June, besides the situation in Greece (see item 9.2.iv of these minutes). Referring to the letter he had sent to the President of the European Council, he welcomed the successful conclusion of the first European semester and reviewed some of the matters on the agenda of the next Council meeting (migration, the response to the situation of the EU's neighbouring countries in the southern Mediterranean. taxation in the financial sector and reducing the administrative burden).

With regard to European economic governance, specifically reinforced supervision of budgetary and macroeconomic policies, he stressed the need for the European Council to provide the final impetus needed for adoption of the six legislative proposals currently being negotiated by Parliament and the Council.

In this context, he said that the communication on the conclusion of the first European semester and the specific draft recommendations, by Member State, approved by the Commission on 7 June clearly showed how this new framework could be used to provide an independent and objective analysis. However, in his view the Commission should remind the Heads of State or Government that the undertakings set out in the national programmes still fell short of the level of ambition set in the Europe 2020 strategy. Referring to the interest shown by the Member States and the subsequent intense and encouraging discussions, he hoped that the European Council would unanimously support the recommendations.

He also expected the European Council to agree to the implementation in 2013 of the European Stability Mechanism and the reinforcement of the financing capacity of the European Financial Stability Facility, as proposed by the Commission in its Annual Growth Survey.

He turned next to the introduction of a tax on financial transactions referred to in his letter to the other members of the European Council. While a global agreement must still be sought on this subject, it was desirable to press forward with the proposal to introduce such a tax on a European scale and to

submit a legislative proposal to that effect in the autumn. The objectives of the proposal would be: (1) to avoid the fragmentation of the internal financial services market as a result of uncoordinated national fiscal measures; (2) to introduce measures to discourage particularly high-risk or purely speculative transactions; (3) to ensure that financial institutions bore part of the costs of the crisis and to address the issue of excessive profits in the financial sector.

The PRESIDENT also referred to the "Better lawmaking" initiative, in particular the reduction of the administrative burden for micro-businesses and the development of these businesses in the context of European SME policy.

Lastly, he turned to the question of migration, which was another key item on the European Council agenda. He reminded the meeting of the global initiative taken by the Commission with a view to addressing the twofold challenge of mobility and security in managing migration flows, while stressing the particular attention paid to the situation in the southern Mediterranean countries. The Member States had reacted positively to the Commission's ideas, and this momentum should be harnessed in order to continue improving governance of the Schengen area and to reach an agreement on the common asylum system.

With regard to governance of the Schengen area, the PRESIDENT hoped that the Heads of State or Government would react to the Commission's suggestion that a decision-making mechanism should be established at European level to address the situations that arose when the EU's external borders were subjected to particularly strong and unforeseen pressure, or when a Member State did not meet its obligations to control its segment of an external border, underlining the importance of avoiding unilateral actions in such situations. This mechanism would only be triggered as a last resort in really critical situations and would enable a decision to be made at European level on the exceptional and temporary reintroduction of controls at internal borders. The positions taken by the Heads of State or Government in this area should help the Commission to draw up formal proposals which it would submit in due course.

The European Council would also discuss the situation of the EU's neighbouring countries in the southern Mediterranean. He referred once again to his letter to the other members of the European Council reporting on the progress made by the Commission in implementing the Partnership for Democracy and Shared Prosperity with the Southern Mediterranean, in particular with regard to Tunisia and Egypt.

In conclusion, he hoped that the European Council would send out a strong signal of support for Croatia's accession to the European Union while closely monitoring its progress.

The Commission then held a brief exchange of views on the following aspects:

- support for the introduction of a tax on financial transactions;
- with regard to the Schengen area, the importance of evaluation mechanisms at European level;
- a reminder of the undertakings made to move forward on the issue of a common asylum system;
- the financing available to help the southern Mediterranean countries, combining flexibility and strict conditionality in implementing programmes to support these countries.

The Commission took note of this information.

vi) Memoranda of Understanding on the Conservation of Migratory Sharks and Birds of Prey under the Convention on the Conservation of Migratory Species of Wild Animals

The Commission approved the line set out in SI(2011)237.

9.3. RELATIONS WITH PARLIAMENT

vii) Action taken on non-legislative resolutions adopted by Parliament at its March I part-session

(point 3.5.2 of the IRG record)

The Commission approved documents SP(2011)5426 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its March I part-session, for transmission to Parliament.

viii) Action taken on non-legislative resolutions adopted by Parliament at its March II part-session

(point 3.5.3 of the IRG record)

The Commission approved document SP(2011)5427 on the action taken on the non-legislative resolutions adopted by Parliament at its March II part-session, for transmission to Parliament.

10. OTHER BUSINESS

BUDGET IMPLEMENTATION AT 31 MAY 2011

(SEC(2011)794)

Mr LEWANDOWSKI briefly presented the state of play in the implementation of the budget at 31 May, which he felt was satisfactory as regards both commitment and payment appropriations. He asked the other Commission Members and their departments to keep up the good work in order to demonstrate that the resources requested and allocated in the budget were in line with real needs.

He was pleased that the tendency for outstanding commitments to build up at the end of the programme cycle was now changing. This was an important point for the budgetary authority, particularly with a view to negotiations on the 2012 budget.

Concluding his presentation, he said that the situation would be reviewed again in

the autumn and he hoped that Commission departments would in the meantime send DG Budget realistic forecasts of their budget implementation for the months ahead and present full and detailed explanations for any discrepancies between these forecasts and actual implementation rates in order to head off any future criticism.

During a brief discussion the Commission mentioned the more varied picture as regards implementation of cohesion policy, where the error rate seemed to have risen substantially in 2010 compared with 2009, and the need to curb this tendency as far as possible.

Winding up the discussion, the PRESIDENT stressed the importance of monitoring these matters closely and the need to continue efforts to ensure that, at the end of the financial year, implementation of the budget was satisfactory.

The Commission took note of this information and of the note from Mr LEWANDOWSKI, distributed as SEC(2011)794.

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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 11.09.