EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 5 October 2011

MINUTES

of the 1973rd meeting of the Commission

held in Strasbourg

(Winston Churchill building)

on Tuesday 27 September 2011

(afternoon)

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<u>Single sitting</u>: Tuesday 27 September 2011 (afternoon)

The sitting opened at 12.06 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK	Member	
Mr REHN	Member	
Mr BARNIER	Member	Items 7 (in part) and 8
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 7 (in part) and 8
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	Items 7 (in part) and 8
Mr OETTINGER	Member	Items 1 to 8 (in part)
Mr HAHN	Member	
Mr FÜLE	Member	Items 7 (in part) and 8
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Ms KROES	Vice-President
Mr PIEBALGS	Member
Mr DALLI	Member
Ms HEDEGAARD	Member
Mr ANDOR	Member

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

Mr WHELAN	Chef de cabinet to Ms KROES	Items 1 to 8 (in part)
Ms SOEWARTA	A member of Mr PIEBALGS's staff	
Mr DEMICOLI	A member of Mr DALLI's staff	
Mr MÜLLER	A member of Ms HEDEGAARD's staff	
Mr HEGYI	A member of Mr ANDOR's staff	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr HETSCH	Deputy Director-General, Legal Service	
Mr VANDERSTEEN	Acting Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Ms SUTTON	A member of the PRESIDENT's staff	Items 1 to 7
Mr SADAUSKAS	Chef de cabinet to Mr ŠEMETA	Items 1 to 7

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

1. AGENDAS
(OJ(2011)1973/3; SEC(2011)1084/3)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2011)1973)

The Commission considered the Secretary-General’s report on the weekly meeting of Chefs de cabinet held on Monday 26 September.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 1971ST AND 1972ND MEETINGS OF THE COMMISSION (13 AND 20 SEPTEMBER)
(PV(2011)1971; PV(2011)1971, PART II; PV(2011)1972; PV(2011)1972, PART II)

The Commission approved the minutes of its 1971st and 1972nd meetings.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2011)975)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 23 September (RCC(2011)975).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Horizontal matters – Correlation tables
(point 1.1 of the IRG record)

The Commission approved the line set out in SI(2011)330/2.

ii) Ordinary legislative procedure
(point 1.2 of the IRG record)

Dossiers at Parliament first reading

– Programme to support the further development of an Integrated Maritime Policy (Regulation) – KOUMOUTSAKOS report – 2010/0257 (COD)

The Commission approved the line set out in SI(2011)321/2.

– Amendment of Regulation (EC) 648/2004 as regards the use of phosphates and other phosphorous compounds in household laundry detergents (Regulation) – NEWTON DUNN report – 2010/0298 (COD)

The Commission approved the line set out in SI(2011)335.

– Amendment of Directives 2003/71/EC and 2009/138/EC in respect of the powers of the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority (Directive) – BALZ report – 2011/0006 (COD)

The Commission approved the line set out in SI(2011)333/2.

Conciliation procedure

– Amendment of Regulation (EC) 1905/2006 establishing a financing instrument for development cooperation (Regulation) – GOERENS report – 2010/0059 (COD)

– Amendment of Regulation (EC) 1905/2006 establishing a financing instrument for development cooperation and amendment of Regulation

(EC) 1889/2006 on establishing a financing instrument for the promotion of democracy and human rights worldwide (Regulation) – LOCHBIHLER/GAL report – 2009/0060B (COD)

– Amendment of Regulation (EC) 1905/2006 establishing a financing instrument for development cooperation and amendment of Regulation (EC) 1889/2006 on establishing a financing instrument for the promotion of democracy and human rights worldwide (Regulation) – MITCHELL report – 2009/0060 (COD)

– Amendment of Regulation (EC) 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories (Regulation) – SCHOLZ report – 2009/0059 (COD)

The Commission approved the line set out in SI(2011)324.

iii) Special legislative procedure
(point 1.3 of the IRG record)

– Amendment of Directive 93/109/EC as regards certain detailed arrangements for the exercise of the right to vote and stand as a candidate in elections to the European Parliament for citizens of the Union residing in a Member State of which they are not nationals (Council Directive) – DUFF report – 2006/0277 (CNS)

The Commission approved the line set out in SI(2011)325.

iv) Preparation of the September II part-session of Parliament
(point 1.4 of the IRG record)

<u>Ordinary legislative procedure – Codecision – First reading / Special legislative procedure – Consultation / Non-legislative procedure</u>

– 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)

- 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)

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

- 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)8286, further to document SP(2011)5902, approved at its meeting on 5 July 2011, and documents SP(2011)5361, SP(2011)5362, SP(2011)5363, SP(2011)5364, SP(2011)5365 and SP(2011)5366, approved at its meeting on 22 June 2011.

<u>Ordinary legislative procedure – First reading</u>

- Amendment of Regulation (EC) 1927/2006 establishing the European Globalisation Adjustment Fund (Regulation) – BERES report – 2011/0147 (COD)

The Commission approved the line set out in SP(2011)8287.

<u>Ordinary legislative procedure – Codecision – First reading / Non-legislative procedure</u>

- Professional cross-border transportation of euro cash by road between euro-area Member States (Regulation) – AUCONIE report – 2010/0204 (COD)

- Extension of the scope of the Regulation on the professional cross-border transportation of euro cash by road between euro-area Member States (Council Regulation) – AUCONIE report – 2010/0206 (APP)

The Commission approved the line set out in SP(2011)8288 and /2.

- Conclusion of a new Protocol setting out the fishing opportunities and financial contribution provided for in the Fisheries Partnership Agreement between the European Community and the Republic of Cape Verde (Council Decision) – GALLAGHER report – 2011/0097 (NLE)

The Commission approved the line set out in SP(2011)8289 and /2.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

v) Programming of Council business
(SI(2011)332)

The Commission took note of the information in SI(2011)332 on the Council meetings between 29 September and 12 October.

vi) Protection of the porbeagle species, certain TACs and certain fishing effort limits set for the United Kingdom, Germany and Ireland (Council Regulation) – 2011/0222 (NLE)
(SI(2011)329)

The Commission approved the line set out in SI(2011)329.

4.3. RELATIONS WITH PARLIAMENT

vii) Action taken on non-legislative resolutions adopted by Parliament at its June II part-session
(point 3.5.2 of the IRG record)

The Commission approved document SP(2011)8296 on the action taken on the non-legislative resolutions adopted by Parliament at its June II part-session, for transmission to Parliament.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2011)1085 ET SEQ.)

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

5.2. EMPOWERMENT (SEC(2011)1086 ET SEQ.)

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

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2011)1087 ET SEQ.)

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

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2011)1088 AND /2)

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

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2011)1089)

ADMINISTRATIVE MATTERS
(PERS(2011)126)

6.1. DG HUMAN RESOURCES AND SECURITY/ OFFICE FOR INFRASTRUCTURE AND LOGISTICS IN LUXEMBOURG – RENEWAL OF DIRECTOR'S TERM OF OFFICE

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, the Commission decided to renew the term of office of Ms Marian O'LEARY as Director of the Office for Infrastructure and Logistics in Luxembourg until 31 October 2013.

This decision would take effect immediately.

6.1. DG HUMAN RESOURCES AND SECURITY – IMPLEMENTATION OF ARTICLE 1(3) OF THE COMMISSION DECISION ON SECONDED NATIONAL EXPERTS (SEC(2011)1124)

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, the Commission decided:

– to endorse the memorandum of understanding between the Turkish Government and the European Commission on the secondment of Turkish officials to the European Commission, as set out in SEC(2011)1124;

– to authorise Mr ŠEFČOVIČ, the Commission Member responsible for administration, to sign that decision on behalf of the Commission.

7. PROPOSAL FOR A COUNCIL DIRECTIVE ON A COMMON SYSTEM OF FINANCIAL TRANSACTION TAX AND AMENDING DIRECTIVE 2008/7/EC (COM(2011)594 TO /3; (SEC(2011)1102 AND /2; SEC(2011)1103/3; SEC(2011)1104; SEC(2011)1111; RCC(2011)976)

First, the PRESIDENT emphasised in his introduction that the proposed tax on financial transactions presented this day clearly illustrated the fact that the Commission kept to its commitments.

The idea of introducing this tax, which had emerged some time ago, was now broadly agreed, the objective being to ensure that the financial sector made a fair contribution to covering the cost of the crisis and the future prosperity of European economies. Noting that eleven Member States had already introduced taxes of this kind, he justified the Commission's proposal by the need for a common European approach in the interests of the internal market.

He had announced this commitment in a letter sent to the Heads of State or Government before the European Council meeting on 23 and 24 June 2011. The Commission had discussed this matter on several occasions at its seminars, in particular at the one held the previous June focusing on the multiannual financial framework, during which it had reached agreement on the principle of proposing a tax on financial transactions and on the idea of making this a possible new source of financing for the EU budget, partly replacing the national contributions that were based on Member States' gross national income. He praised the important work accomplished during the summer, thanking Mr ŠEMETA for having taken into account in the proposal the concerns voiced by several Commission Members about the risks this plan could involve for gross domestic product and the volume of financial transactions handled in the EU.

The PRESIDENT emphasised the credibility of the arrangements devised, the soundness of the solutions put forward and the fact that the proposal drew on the past and, in particular, on Sweden's experience a few years previously. However, every tax inevitably had an impact, and in setting the rate of the future financial transaction tax, the Commission must decide what was the politically acceptable cost of the proposal compared with the expected benefits, for instance in terms of public finance consolidation. He outlined the issues discussed, explaining that the aim was to strike the best possible balance between the need for a substantial new source of tax revenue and the objective of alleviating the negative impact of the proposal on gross domestic product and on the relative drop in financial market activity that might result in the EU. He concluded by calling for a strong, credible proposal on the tax rates to be set.

Mr ŠEMETA then presented in detail the proposal for a harmonised base at European level for the financial transaction tax. He listed the main advantages of the proposal stressing that (i) it would give the European Union a motor role at the G20 in obtaining the adoption of such a tax at world level; (ii) it met the general public's desire to ask the financial sector to make a fair contribution to public finances; (iii) it would discourage the excessive risk-taking which had caused the financial crisis; and (iv) it was essential to ensure new own resources for the EU.

He went into the reasons why it was right to tax the financial sector, mentioning first the possibility of recovering after the event part of the cost of the crisis in the form of direct aid granted to the sector since 2008 and the indirect cost that had resulted for public finance. Then there was a need to restore a balance in view of the under-taxation of the financial sector, which explained the profits recorded and the salaries paid by this sector for a number of years, even during periods of crisis. Lastly, this proposal was fair in that the financial sector was benefiting from implicit revenue allowing it to give free rein to extremely risky behaviour, if not moral hazard problems, the consequences of which could affect the entire financial system.

Convinced that it would be possible to introduce the proposed tax at European level, Mr ŠEMETA presented his carefully thought-out arrangements which included elements likely to alleviate the main risks identified – the reaction of the markets and the impact on growth. He said that the plan was sound because of three essential factors: (i) the broad scope of the tax, which covered most financial products, and would thus prevent transfers from one product to another to avoid taxation; (ii) taxation of financial institutions based on the place of establishment, which would mean that all financial transactions relating to the European financial market or economy would be covered, the risk of relocation of business would be reduced and there would be better distribution of tax revenue from this tax within the European Union; and (iii) the fact that the tax was limited to the financial sector, that transactions by private individuals such as credit card payments, personal loans, consumer credit and insurance contracts were excluded, and that in addition transactions directly linked to the financing of the manufacturing sector were exempt, for instance share issues on the primary market and lending and borrowing.

As for the impact of the tax, Mr ŠEMETA was expecting some reaction from the markets in relation to certain products such as derivatives. He considered, however, that this would not cause a massive relocation of such transactions. The main commercial model affected would be high-frequency trading of derivatives, which arguably had very little positive effect on the European economy. Turning to the concerns expressed about the impact of the tax on GDP, he said that the tax had been devised in such a way that it would not affect companies and consumers outside the financial sector. With the factors in place to alleviate the risks, the tax should not, in the long term, account for more than about 0.5% of the European GDP, in other words a relatively insignificant volume. This figure should not be looked at in isolation, in particular at this difficult time of fiscal consolidation, but should be seen from the point of view of the alternatives, for instance raising taxes on labour, which would have a much more negative effect, in particular on jobs.

In terms of calibrating the tax, he felt that it should create a situation that was favourable both for the EU and for Member States: the Member States must see the benefit of being able to raise additional revenue, while the EU must prove its credibility by ensuring a large reserve of new own resources to enhance its budget. This would subsequently reduce Member States' contributions to the EU budget as they are based on their gross national income and financed by direct and indirect tax revenue.

Following the presentation of the proposal, the Commission held an in-depth discussion during which the following main points were raised:

– the importance of the European Union being the first political entity in the world to present a proposal for a financial transactions tax, following on from the work in the G20;

– the fact that the proposal was consistent with the body of legislative proposals put forward by the Commission in response to the economic and financial crisis, the structural reforms it was advocating, its work on economic governance and the agreement reached in the Commission in June on the multiannual financial framework;

– the importance of stressing, for example in communication activities, the contribution this proposal made both to the fiscal consolidation currently being implemented in most Member States and to the formulation of a genuine vision for the future of the European Union's own resources, as well as the impact it would have on relieving the burden of national recovery efforts; the importance of demonstrating, under very difficult circumstances, that as well as demanding that they implement fiscal consolidation, the European Union was also capable of creating new sources of tax revenue for its Member States;

– questions about how the future revenue from this tax would be divided between national budgets and EU own resources and whether there would be mechanisms for adapting its implementation in the case of Member States that already applied a similar tax;

– broad support for the architecture of the proposed tax, its technical simplicity, the fact that it was financially productive, economically viable and politically fair, the residence criterion and the risk-minimisation features, which a large majority of the Members considered to be effective safeguards;

– a desire to tone down the wording of the proposal as regards the role played by the banking sector in the financial crisis;

– a request for more detailed information about the risks the proposal entailed and concerns about the likelihood of financial activities being relocated outside the European Union if the tax were not introduced worldwide, particularly in the light of the experience already gained in one Member State, and the impact of the tax on the EU's GDP, as revealed by the impact assessment;

– support for setting ambitious targets in both the proposal itself and the level at which the tax rates were pitched, and hence support for the most ambitious option, i.e. tax rates of 0.1% on all financial transactions other than those related to derivatives agreements – shares and bonds – and 0.01% on derivatives agreements;

– as regards the communication activities to be undertaken in connection with the presentation of the proposal, the importance of careful preparation, particularly in order to anticipate the reaction of the stock markets, and of placing more emphasis on the benefits of the proposal for the internal market and for the transparency of the financial system, but also of educating the public about the many features of the tax and particularly the fact that it was targeted not at the real economy, small and medium-sized businesses or manufacturing, but at excessively risky transactions; similarly, the need to provide a clearer explanation of the notion of harmonisation, to avoid people drawing the wrong conclusions about the possibility of a conflict of sovereignty between the European and national level;

– the need for a major effort at political level to convince other members of the G20 to follow the European Union's example and introduce a financial transactions tax;

– the European public's support for this proposal, which came at a turning point in Europe's history when it faced not only an economic and financial crisis, but also a crisis of confidence, and the need to send people a strong political message about shared efforts to secure economic recovery;

– some doubts about how the proposal would be received in the Member States and at interinstitutional level.

Mr ŠEMETA thanked the speakers and replied to their various comments. He mentioned the impact of the tax on Europe's gross domestic product, which had been modelled for the first time, and said he had compared it with other possible scenarios for redressing the fiscal situation in the Member States, such as an increase in value-added tax, corporation tax or income tax. He explained that the low rates opted for in the proposal reflected a political desire to protect the real economy and maintain a competitive environment in Europe. The financial products most affected would be high-frequency trades and netting operations, accounting for 70% of all financial transactions on derivatives.

He went on to explain that the rates proposed represented a minimum threshold that would serve as a basis for Member States to set their own rates. This meant that, when the new tax entered into force, Member States which already applied a similar tax would only have to make minor adjustments, as the level of taxes currently applied was generally higher than the minimum rate set out in the proposal. Mr ŠEMETA insisted that it was too early to consider the question of how the revenue from the financial transaction tax would be divided between national budgets and the Community budget, as Mr LEWANDOWSKI would be presenting a proposal on this in the weeks ahead. However, he noted that the principle underlying the proposal was that tax revenue would be shared out in such a way that the receipts allocated to the Community budget would serve to reduce national contributions to that budget.

Finally, he outlined the current political situation as regards the worldwide adoption of a tax on financial transactions: twelve members of the G20 supported the idea and some of the EU's partners were prepared to discuss the issue.

Winding up the discussion, the PRESIDENT thanked the Commission Members for their contributions to a constructive debate. While acknowledging that this was a sensitive proposal, he saw no need to reopen the fundamental debate on the case for a financial transaction tax, as the College had already decided on this issue by a large majority. He insisted that the proposal was intended to achieve fairness, since most financial transactions were currently untaxed, and at the same time to respond to the need for further fiscal consolidation efforts in the Union. He pointed out that most of the Member States needed extra revenue and that the proposed tax would avoid them having to resort to other sources of financing, such as new charges on labour, which would push up unemployment figures, or on consumption, which would penalise in particular the most vulnerable members of society. He also stressed that the revenue gained could be employed usefully at European level, for example to finance infrastructure projects.

Noting the diversity of views that had been expressed, he was pleased that the Commission had agreed to set ambitious but realistic rates for the two types of transactions covered by the proposal.

The PRESIDENT expressed his confidence in the proposal, which could raise an estimated EUR 57 billion a year, to be shared between the Member States and the EU budget according to a distribution key, for which Mr LEWANDOWSKI would be putting forward various proposals in a few weeks' time. However, he stressed again that the proposal for a tax on financial transactions was not driven by a need to fill European treasuries that had been depleted by the current sovereign debt crisis, but stood on its own merits, being in the interests of the European Union as a whole and of a level-playing field between Member States in the internal market.

He ended by hailing this fair, visionary and credible proposal as evidence of the EU's capacity for initiative and its role as a driving force and a global pioneer. As with any daring enterprise, he considered that this proposal, which involved risks that had been carefully weighed up, would hand Europe a considerable political advantage, particularly ahead of the G20 summit he would be attending in Cannes on 3 and 4 November.

Lastly, he said he would be announcing the Commission proposal in his State-of-the-Union address to the European Parliament the next day.

On a proposal from the PRESIDENT, and subject to the outcome of that day's discussion being taken into account, the Commission agreed that the proposal for a

Council Directive currently set out in COM(2011)594/3 would be formally adopted by finalisation written procedure, the time limit for which was set at 9.00 on Wednesday 28 September 2011 (PE/2011/6758).

8. PREPARATION OF THE DEBATE ON THE STATE OF THE UNION

The PRESIDENT introduced this last exchange of views on the preparation of the State of the Union address he was to give to the European Parliament the next day. He made particular reference to the work carried out by the Commission at its seminar on 30-31 August and thanked the Commission Members for their numerous contributions to the preparation of this address.

He stressed that he intended his presentation to focus on certain key themes. These were, firstly, how to find a way out of the current economic crisis while reconciling the objectives of stability and growth, fiscal consolidation and solidarity, and secondly, deepening European integration and economic governance. In this address he also wished to present a vision of the future prospects at a defining moment when we must press ahead with European integration if we were not to regress. He emphasised that it was important to address not just the economic and financial crisis but also a crisis of confidence, not only in the governments of the Member States and their leaders but also in Europe itself. He was convinced that the only possible response to such a crisis of confidence was the Community approach and the defence of the general European interest.

He also informed the Commission Members of the letter he would be sending at the same time to the President of the European Parliament, setting out in more detail the Commission's next policy initiatives. In this connection, he mentioned a series of important meetings planned in the coming weeks, in particular a meeting between the Commission and Parliament's Conference of Committee Chairmen concerning the Commission's work programme for 2012, which would be definitively adopted on 15 November 2011.

Mr REHN then took the floor to speak of the latest economic developments. He confirmed his support for the guidelines presented by the PRESIDENT for the State of the Union debate, underlining the need to reinforce budgetary stability and deepen political and economic integration. He presented the latest available data, which confirmed a significant slowdown in growth, continuing concern about government debt, and increased volatility on the markets.

He reported on the annual meeting of the International Monetary Fund and the World Bank on 24 September. The situation in Europe had been one of the main issues discussed and the euro area Member States had pledged to do whatever was necessary to ensure the stability of the euro area as a whole. The expert mission of the troika of the Commission, the European Central Bank and the International Monetary Fund must be completed in order to release the sixth tranche of the programme of financial support to Greece.

He went on to refer to the undertaking made at this meeting to implement the decisions adopted on 21 July in order to put in place the necessary "firewalls" to prevent contagion from sovereign debt from spreading. In addition to the measures decided on 21 July, he referred to the discussion on the possibility of giving the European Financial Stability Facility a greater leverage effect and of bringing forward the introduction of the European Stability Mechanism. The equity of financial institutions would have to be reinforced. He ended by saying that work was under way on all three fronts and that he hoped the Euro group meeting at the beginning of next week would be a constructive one with a view to the October European Council.

A lively exchange of views was held during which the following main points were raised:

– the need, in the current situation, for political resolve, which took precedence over technical decisions; the importance of making clear and honest statements concerning the economic crisis while at the same time emphasising the opportunities to be seized;

- the need for a proactive speech in order to transmit a new determination on the part of Europe; a reminder that the national political leaders must speak in support of Europe at home as well as abroad;
- the importance of stressing the three conditions needed to restore confidence among the public and the markets, namely the political capacity to take decisions, financial stability and a return to economic growth;
- the need to emphasise the Commission's firm commitment to make a determined effort to combat attempts to break up the European project;
- the need for the Commission to demonstrate once again its central role in implementing economic governance and to express its opinion not only on the sovereign debt crisis and the adoption of the proposals on economic governance but also on the next steps for reinforcing economic integration, the Commission's powers in this area and the interinstitutional consequences for decision-making;
- the importance of taking measures to bring forward the introduction of the European Stability Mechanism, which would replace the European Financial Stability Facility; the need for the Commission to adopt a position on Eurobonds as soon as possible;
- the need for growth but above all for job creation, the need to seize the opportunities provided by the implementation of the Europe 2020 Strategy and to underline Europe's capacity for renewal, particularly in respect of the debate on economic issues and in the areas of research and innovation, the common agricultural policy and the cohesion policy;
- the importance of implementing European financial regulations in order to improve the functioning of the financial markets so that they can better finance businesses, including SMEs, and thus support the growth of the real economy;

– the need to strike a note of hope in the speech, invest in the future and focus on creating jobs, completing the single market and developing services and infrastructure;

– the importance of improving the quality of growth, which should be greener and more inclusive, based on a new development model; a reminder of the interconnectedness of the economic, social and environmental factors and of the importance of the efficient use of resources, which was a key issue for businesses and European competitiveness;

– the commitment to maintaining the European social model, strengthening social inclusion, reducing poverty and helping the most vulnerable;

– the need to reinforce the common foreign and security policy.

The PRESIDENT thanked the participants for their contributions to the debate, which would be duly reflected in his address to Parliament next day. He was encouraged by the opinions and ideas expressed by the Commission Members and convinced that the Commission was united in order to address the challenges to come.

Taking into account the preparation of the debate on the State of the Union and today's discussion, he said that he intended to give a political speech that would be both realistic and decisive, conveying a vision of hope for the future. Reviewing its main points, he placed particular emphasis on closer integration, a more ambitious Europe and the completion of economic and monetary union, while maintaining the EU *acquis* in the various different areas, in particular the single market and the four freedoms. In conclusion, he stressed that Europeans could justifiably feel proud of the considerable achievements of their Union and their social model, while reiterating the Commission's commitment to assuming its responsibilities, keeping its promises and doing its upmost to mobilise the Member States and the other European institutions in support of European interests.

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The meeting closed at 14.46.