



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1974 final

Brussels, 19 October 2011

MINUTES

**of the 1974th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 5 October 2011
(morning)**

PV(2011)1974 final

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Single sitting: Wednesday 5 October 2011 (morning)

The sitting opened at 9.36 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	Items 1 to 7 (in part)
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK		Items 7 (in part) to 17
Mr REHN		
Mr PIEBALGS		
Mr BARNIER		
Ms VASSILIOU		Items 1 to 8/16 (in part)
Mr ŠEMETA		
Mr DE GUCHT		
Mr DALLI		
Ms GEOGHEGAN-QUINN		
Mr LEWANDOWSKI		
Ms DAMANAKI		
Ms GEORGIEVA		
Mr OETTINGER		Items 1 to 7
Mr HAHN		
Ms HEDEGAARD		
Mr FÜLE		
Mr ANDOR		
Ms MALMSTRÖM		
Mr CIOLOȘ		

Absent:

Ms KROES

Vice-President

(5 October 2011)

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

Mr WHELAN

Chef de cabinet to Ms KROES

The following also sat in:

Mr LAITENBERGER

Chef de cabinet to the PRESIDENT

Mr ROMERO REQUENA

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

Mr DANDROY

A member of the PRESIDENT's staff

Items 7 (in part) to 16

Mr VANDENBERGHE

Chef de cabinet to Mr POTOČNIK

Items 1 to 7 (in part)

Mr PESONEN

Chef de cabinet to Mr REHN

Items 1 to 7

Mr GAMBS

Chef de cabinet to Mr HAHN

Items 8 to 16

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

1. AGENDAS

(OJ(2011)1974/3 ; SEC(2011)1118/2)

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

2. WEEKLY MEETING OF CHEFS DE CABINET

(RCC(2011)1974)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 3 October.

3. MINUTES OF 1973RD MEETING (27 SEPTEMBER)

(PV(2011)1973)

The Commission approved the minutes of its 1973rd meeting.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

4.1. STATE AID – INDIVIDUAL CASES

(SEC(2011)1150/2)

The Commission adopted the decisions in SEC(2011)1150/2.

4.2. INFRINGEMENTS – INDIVIDUAL CASE

(C(2011)7145)

Case C-241/11 – European Commission v Czech Republic – Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision

(C(2011)7145)

The Commission approved the points in C(2011)7145.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2011)1119 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 September.

5.2. EMPOWERMENT

(SEC(2011)1120 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 September.

5.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2011)1121 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 26 and 30 September, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES
(SEC(2011)1122)

The Commission took note of the sensitive written procedures for which the time limit expired between 3 and 7 October.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2011)1123)

ADMINISTRATIVE MATTERS
(PERS(2011)128)

6.1. DG EDUCATION AND CULTURE – TERMINATION OF THE
SELECTION PROCEDURE FOR AN AD14 DIRECTOR POST
(PERS(2011)85 AND /2)

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms VASSILIOU, the Commission decided to terminate – without making any appointment – selection procedure CEDEFOP/2010/3/AD (COM/2010/10284) for the post of Director of the European Centre for the Development of Vocational Training (CEDEFOP).

This decision would take effect immediately.

6.2. DG HUMAN RESOURCES AND SECURITY – SPECIAL ADVISERS TO
COMMISSION MEMBERS – 1 OCTOBER 2011 TO 31 MARCH 2012
(PERS(2011)129)

The Commission took note of the information in point 2 of PERS(2011)128 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to authorise Mr ŠEFČOVIČ to adopt the list of special advisers to Commission Members set out in PERS(2011)129;

- to authorise the Director-General for Human Resources and Security to implement that decision by signing contracts of employment on behalf of the authority empowered to conclude contracts of employment.

The decision was backdated to take effect on 1 October 2011.

7. INTERINSTITUTIONAL RELATIONS

7.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's legislative opinions

(SP(2011)8372)

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)8372, drawn up following the September II part-session of Parliament, the contents of which were noted.

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

(SI(2011)345 and /2)

The Commission approved the line set out in SI(2011)345/2.

iii) Repayable assistance and financial engineering (Regulation) – HÜBNER report – 2011/0210 (COD)

(SI(2011)346)

The Commission approved the line set out in SI(2011)346.

- iv) Transitional arrangements for bilateral investment agreements between Member States and third countries (Regulation) – SCHLYTER report – 2010/0197 (COD)**
(SI(2011)350 and /2)

The Commission approved the line set out in SI(2011)350/2.

7.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

- v) Programming of Council business**
(SI(2011)347)

The Commission took note of the information in SI(2011)347 on the Council meetings between 6 and 19 October.

- vi) Results of the Eurogroup meeting and the Economic and Financial Affairs Council (Luxembourg, 3 and 4 October)**

Reporting on the recent Eurogroup and Economic and Financial Affairs Council meetings in Luxembourg, Mr REHN referred first to the serious and persistent turmoil affecting the European economy, the deterioration in the economic and financial situation, the contagion risks and the disastrous effects on growth and the banking system.

Only an exhaustive systemic response such as the one referred to by the PRESIDENT in his address on the State of the Union would be capable of solving the current problems. Regretting the fact that no concrete decisions had been taken at the Luxembourg meetings, Mr REHN sincerely hoped that the euro-area Governments would shoulder their responsibilities in this respect. The Eurogroup had decided to cancel the meeting scheduled for 13 October; as a result the next euro-area summit would be prepared by a Eurogroup working party.

In relation to Greece, he confirmed that the troika experts had resumed their mission in Athens. It was the responsibility of the Greek authorities to fulfil the commitments made by Greece at legislative level and in practice, and to

reduce the public deficit as of 2011, even though this would be a slower process than initially envisaged.

Mr REHN said that the troika should, if possible, complete its work before November, which would then allow the euro-area Member States to decide, based on an assessment of the commitments by the Greek Government and an examination of the viability of the Greek debt, whether to grant Greece the sixth tranche of financial aid.

Agreement had been reached in Luxembourg on the question of collateral guarantees demanded by Finland, which would enable Finland to make a one-off future payment to the European Financial Stability Facility. The amendment of the agreement establishing the Facility was in the process of being ratified in the Member States, and hopefully those countries that had not yet ratified it, notably Slovakia, would do so.

Mr REHN then turned to the difficult situation facing the European banking system. Together with Mr ALMUNIA and Mr BARNIER, he would try to find common, pragmatic solutions, for instance in relation to recapitalisation.

Lastly, since the legislative proposals to strengthen economic governance had just been adopted, what was important now was to prepare the next stages of implementation, in particular with regard to Member States with excessive deficits.

Mr BARNIER referred to the outcome of the Luxembourg meetings, stressing the fact that, while no decisions had been taken, the Commission's importance and key role as a strategist and proponent of new ideas had been strengthened.

Efforts would continue on complex issues relating to bank consolidation, for instance the proposals adopted by the Commission to implement the Basel III agreements on banking regulation.

The Commission was also working on other responses to the banking crisis, for example deposit guarantees, crisis resolution plans, the Directive on the

financial markets, market abuse, credit rating agencies and audits, and thus it would have done its share of work by adopting before the end of the year the proposals aimed at implementing all the G20 decisions concerning financial markets and services.

Lastly, he trusted that the proposals already discussed at interinstitutional level could be swiftly adopted, in particular those on short selling and derivatives, so that this sector would be made more transparent and responsible.

During the ensuing discussion, the Commission raised the following points in particular:

- the importance for the Commission of providing a political response equal to the gravity of the economic and financial situation, and of promoting the adoption of appropriate decisions by euro-area Governments;
- the strategy to be followed in terms of bank recapitalisation and the corresponding solution to the question of excessive public debt;
- the need for the Greek Government to ensure vigorous implementation of the decisions adopted, in particular in relation to privatisation and the reform of the public sector;
- the delicate social situation in Greece and the concern regarding the cuts, which would have an excessive impact on the more underprivileged sections of society; the question of the minimum salary was raised in this context;
- aid to Greece in the form of local technical assistance to implement the projects financed by the European Structural Funds and the possibility of setting up a fund to allow for financial contributions from the private sector;

- the political situation in Slovakia and the effect this was having on the ratification of the agreement establishing the European Financial Stability Facility;
- the possibilities for the entry into force of the European Stability Mechanism in 2012 rather than 2013 as originally planned;
- the fact that the Commission might draw up a road map of Member States' and regions' competitiveness so that it could take preventive action where necessary.

In response to the various contributions, Mr REHN underlined the importance of finding a rapid solution to issues raised by sovereign debt problems and the need for the European banking system to regain the confidence of savers and the financial markets before the banks were recapitalised.

The situation in the Greek public sector was worrying, but Greece would also have to focus on slowing the decline in its competitiveness. As regards the European Financial Stability Facility, it was not possible at this juncture to give a timeframe for entry into force.

The PRESIDENT thanked Mr REHN and Mr BARNIER for their presentations, emphasising in turn the Commission's regret at the absence of decisions by the Eurogroup at a time when the situation demanded that Europe and its governments should provide adequate, collective responses to the current serious structural problems. He referred to the letter he had sent the euro-area Governments the previous August to remind them of the need to implement promptly the decisions adopted on 21 July.

Lastly, he was working with the President of the European Council and the President of the European Central Bank on various issues relating in particular to Greece, the European Financial Stability Facility, boosting growth, implementation of economic governance and bank recapitalisation. He sincerely hoped that the Commission would soon be in a position to adopt initiatives and practical, innovative proposals in these domains.

The PRESIDENT wound up this item by pointing out that the Commission would prepare the next meeting of the European Council at its meeting on 12 October.

The Commission took note of this information.

7.3. RELATIONS WITH PARLIAMENT

vii) Results of September II part-session

(SP(2011)8363; SP(2011)8364)

The Commission took note of the information in SP(2011)8363 and SP(2011)8364 on the proceedings of the part-session of Parliament held in Strasbourg from 26 to 29 September.

- 8. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL LAYING DOWN COMMON PROVISIONS ON THE EUROPEAN REGIONAL DEVELOPMENT FUND, THE EUROPEAN SOCIAL FUND, THE COHESION FUND, THE EUROPEAN AGRICULTURAL AND RURAL DEVELOPMENT FUND AND THE EUROPEAN MARITIME AND FISHERIES FUND COVERED BY THE COMMON STRATEGIC FRAMEWORK AND LAYING DOWN GENERAL PROVISIONS ON THE EUROPEAN REGIONAL DEVELOPMENT FUND, THE EUROPEAN SOCIAL FUND AND THE COHESION FUND AND REPEALING REGULATION (EC) 1083/2006
(COM(2011)615 TO /3; SEC(2011)1141 (PART III); SEC(2011)1141/2 (PARTS I AND II); SEC(2011)1142/3; SEC(2011)1158; SEC(2011)1144; RCC(2011)977; RCC(2011)980)**
- 9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS –**

THE FUTURE OF THE EUROPEAN UNION SOLIDARITY FUND

(COM(2011)613 AND /2; SEC(2011)1143; RCC(2011)977; RCC(2011)980)

- 10. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE COHESION FUND AND REPEALING COUNCIL REGULATION (EC) 1084/2006**
(COM(2011)612 TO /3; SEC(2011)1138 (PARTS II AND III); SEC(2011)1138/2 (PART I); SEC(2011)1139/2; SEC(2011)1157; SEC(2011)1140; RCC(2011)977; RCC(2011)980)
- 11. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON SPECIFIC PROVISIONS CONCERNING THE EUROPEAN REGIONAL DEVELOPMENT FUND AND THE ‘INVESTMENT FOR GROWTH AND JOBS’ GOAL AND REPEALING REGULATION (EC) 1080/2006**
(COM(2011)614 TO /3; SEC(2011)1138 (PARTS II AND III); SEC(2011)1138/2 (PART I); SEC(2011)1139/2; SEC(2011)1157; SEC(2011)1140; RCC(2011)977; RCC(2011)980)
- 12. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON SPECIFIC PROVISIONS FOR THE SUPPORT FROM THE EUROPEAN REGIONAL DEVELOPMENT FUND TO THE ‘EUROPEAN TERRITORIAL COOPERATION’ GOAL**
(COM(2011)611 TO /3; SEC(2011)1138 (PARTS II AND III); SEC(2011)1138/2 (PART I); SEC(2011)1139/2; SEC(2011)1157; SEC(2011)1140; RCC(2011)977; RCC(2011)980)
- 13. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EC) 1082/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 5 JULY 2006 ON A EUROPEAN GROUPING OF TERRITORIAL COOPERATION (EGTC) AS REGARDS THE CLARIFICATION, SIMPLIFICATION AND**

**IMPROVEMENT OF THE ESTABLISHMENT AND IMPLEMENTATION
OF SUCH GROUPINGS**

(COM(2011)610 TO /3; SEC(2011)1140; RCC(2011)977; RCC(2011)980)

**14. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ON THE EUROPEAN SOCIAL FUND AND
REPEALING REGULATION (EC) 1081/2006**

**(COM(2011)607 TO /3; SEC(2011)1130; SEC(2011)1131/2; SEC(2011)1132/2;
SEC(2011)1135; RCC(2011)977; RCC(2011)979)**

**15. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ON THE EUROPEAN GLOBALISATION
ADJUSTMENT FUND 2014-2020**

**(COM(2011)608 TO /3; SEC(2011)1133/2; SEC(2011)1130 ; SEC(2011)1131/2;
SEC(2011)1132/2 ; SEC(2011)1136; RCC(2011)977; RCC(2011)979)**

**16. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ESTABLISHING A EUROPEAN UNION
PROGRAMME FOR SOCIAL CHANGE AND INNOVATION**

**(COM(2011)609 TO /3; SEC(2011)1134; SEC(2011)1130 ; SEC(2011)1131/2;
SEC(2011)1132/2 ; SEC(2011)1137; RCC(2011)977; RCC(2011)979)**

Mr HAHN expressed his satisfaction at the quality of the proposals for regulations and the proposal for a communication presented under items 8 to 16 of these minutes and thanked the departments and cabinets for their contributions.

He pointed out that having a single general regulation deal with five Structural Funds – covering different areas – constituted an exceptional success; it sent a positive signal to the outside world regarding the quality and efficiency of the funds' operations and put into action the intentions set out in June in the proposal for the future multiannual framework for 2014-2020.

In communicating with the public on these proposals it was essential to focus on both this point and the idea that cohesion policy was an investment policy.

He also highlighted the importance of establishing a close link between Member States' use of the funds and the objectives of the Europe 2020 strategy, the case for setting effective ex ante conditions, and the need to receive from the Member States and regions quantifiable results that could be used to gauge the effectiveness of the investments made. He was convinced that these provisions would help focus greater attention on the added value of these funds.

Referring to the detailed points discussed at the last preparatory meetings, specifically the questions of macroeconomic conditionality and the link between the Cohesion Fund and the Connecting Europe Facility, he explained that his concern throughout had been to maintain a balanced system that could attract widespread support; he hoped that the relevance and appeal of these proposals in their current form could be preserved as they went through the interinstitutional decision-making process.

Finally, he declared that this could mark a new era in the history of the Structural Funds, with the establishment of new instruments that would reflect the priorities set out in the Europe 2020 strategy and help deliver them. In order to achieve this, he urged the Commission Members and their departments to take an active part in subsequent stages of the procedure.

Mr ANDOR then took the floor to praise the excellent cooperation between departments and cabinets in preparing this set of initiatives.

He drew attention to two particularly sensitive issues – the programme of food aid for the most deprived in the period post-2014 and the changes made to the operation of the European Globalisation Adjustment Fund.

He also stressed the importance of using the Structural Funds to finance jobs and welcomed the positive step of aligning the funds on the goals of the Europe 2020 strategy and the simplification and smoother coordination that would stem from the funds being covered by a single, overarching regulation.

He concluded by referring to the communication efforts that would have to be deployed on the issue of macroeconomic conditionality and called for close cooperation in order to monitor reactions, so that an appropriate response could be prepared for the discussions that would follow during the interinstitutional

decision-making process.

Mr LEWANDOWSKI noted that the set of proposals being tabled followed on from the discussions on the 2014-2020 multiannual financial framework on 29 June. He was particularly pleased that room had been found for sanctions and macroeconomic conditionality, while stressing the need for careful communication given the current context where exceptional treatment was being afforded in the form of macroeconomic assistance.

The PRESIDENT concluded by noting that the Commission was in agreement on all of the proposals, which would be formally adopted by empowerment procedure on 6 October. He warmly thanked the Commission Members, and in particular Mr HAHN, Mr ANDOR, Mr LEWANDOWSKI and Mr REHN, Mr CIOLOŞ and Ms DAMANAKI, for their contributions to the drafting and adoption of this package.

He drew attention to the common provisions on all of the Structural Funds, which would make it possible to maximise efficiency and optimise synergies; these provisions marked a major step towards simplifying the management and implementation of cohesion policy.

He then turned to the issue of macroeconomic conditionality, which had already been discussed at length during the preparatory work. In this context he stressed the key role the Commission would play in coordinating national budgets and particularly in managing the Structural Funds. He said that the compromise reached was a good one, as it opened the way to a balanced, gradual approach and the implementation of a system that would strengthen coordination between cohesion policy and the Stability and Growth Pact. He went on to discuss the interinstitutional context in which negotiations on this package would take place as well as the difficult economic background.

It was vital that the Commission show its commitment to rigorous use of the various funds; the package met that objective, with clear priorities such as simplification, conditionality and concentration on goals that were aligned on those of the Europe 2020 strategy. Lastly, he felt it was important to flag up the positive aspects of the

package, particularly with a eye to the negotiations ahead.

Consequently, the Commission:

- agreed on the proposals for regulations and the proposal for a communication presented under items 8 to 16 of these minutes and set out in COM(2011)615/3, COM(2011)612/3, COM(2011)614/3, COM(2011)611/3, COM(2011)610/3, COM(2011)607/3, COM(2011)608/3 and COM(2011)609/3 (proposals for regulations) and COM(2011)613/2 (proposal for a communication);
- decided to empower the PRESIDENT, Mr REHN, Mr LEWANDOWSKI, Ms DAMANAKI, Mr HAHN, Mr ANDOR and Mr CIOLOŞ to finalise and to adopt formally the proposal for a Regulation laying down common provisions on all of the funds, now distributed as COM(2011)615/3;
- decided to empower Mr HAHN, in agreement with the PRESIDENT, to finalise and to adopt formally the proposals for Regulations concerning the Cohesion Fund, the European Regional Development Fund and the European Grouping of Territorial Cooperation, and the proposal for a Communication on the future of the European Union Solidarity Fund, now distributed as COM(2011)612/3, COM(2011)614/3, COM(2011)611/3, COM(2011)610/3 and COM(2011)613/2;
- decided to empower Mr ANDOR, in agreement with the PRESIDENT, to finalise and to adopt formally the proposals for Regulations on the European Social Fund, the European Globalisation Adjustment Fund and the European Union programme for social change and innovation, now distributed as COM(2011)607/3, COM(2011)608/3 and COM(2011)609/3;
- took note of all the impact assessments, their executive summaries and the other staff working papers distributed as SEC(2011)1141 (part III), SEC(2011)1141/2 (parts I and II), SEC(2011)1142/3, SEC(2011)1138 (parts II and III), SEC(2011)1138/2 (part I), SEC(2011)1139/2, SEC(2011)1130, SEC(2011)1131/2, SEC(2011)1133/2 and SEC(2011)1134;
- took note also of the opinions of the Impact Assessment Board, as set out in

SEC(2011)1158, SEC(2011)1157 and SEC(2011)1132/2.

17. OTHER BUSINESS

GERMAN CHANCELLOR'S VISIT TO THE COMMISSION (BRUSSELS, 5 OCTOBER)

The PRESIDENT briefly reminded the other Members of the practical arrangements for that day's visit to the Commission by the German Chancellor, Angela Merkel.

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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 11.40.