



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1976 final

Brussels, 9 November 2011

MINUTES
of the 1976th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 19 October 2011
(morning)

PV(2011)1976 final

TABLE OF CONTENTS

Attendance list	7-9
1. AGENDAS (OJ(2011)1976/3; SEC(2011)1192/2).....	10
2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2011)1976).....	10
3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 1974 TH MEETING OF THE COMMISSION AND THE MINUTES OF THE 1975 TH MEETING (5 AND 12 OCTOBER) (PV(2011)1974; PV(2011)1974, PART II).....	10
4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	11
4.1. WRITTEN PROCEDURES APPROVED (SEC(2011)1193 ET SEQ.).....	11
4.2. EMPOWERMENT (SEC(2011)1194 ET SEQ.).....	11
4.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2011)1195 ET SEQ.).....	11
4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2011)1196).....	11
4.5. DELEGATION OF POWERS IN THE FIELD OF COMPETITION (C(2011)7442; C(2011)5742; RCC(2011)988).....	11
5. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2011)1197).....	12
5.1. JOINT RESEARCH CENTRE – INTERNAL AND INTERINSTITUTIONAL (GRADE AD14/15) AND EXTERNAL (GRADE AD14 – EU-27) PUBLICATION OF A VACANCY NOTICE FOR A DIRECTOR (PERS(2011)142).....	12
5.2. DG HUMAN RESOURCES AND SECURITY – DEROGATION FROM THE COMMISSION DECISION ON MIDDLE MANAGEMENT STAFF AND FROM THE COMMISSION COMMUNICATION ON ORGANISATION CHARTS OF COMMISSION DGS AND SERVICES.....	13
5.3. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A TRANSFER IN THE INTEREST OF THE SERVICE IN ORDER TO FILL AN AD13 HEAD OF EUROPEAN UNION DELEGATION POST (PERS(2011)107/2).....	13

5.4.	<i>DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A TRANSFER IN THE INTEREST OF THE SERVICE IN ORDER TO FILL AN AD13 HEAD OF EUROPEAN UNION DELEGATION POST (PERS(2011)97/2)</i>	14
6.	COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (<i>CASE COMP/39605 – GLASS FOR CATHODE RAY TUBES</i>) (C(2011)7436 TO /6; RCC(2011)999).....	14
7.	COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 8(1) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (<i>CASE COMP/M.6106 – CATERPILLAR/MWM</i>) (C(2011)7434 TO /9).....	15
8.	COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 8(1) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (<i>CASE COMP/M.6214 – SEAGATE TECHNOLOGY/THE HDD BUSINESS OF SAMSUNG ELECTRONICS</i>) (C(2011)7592 TO /4)	16
9.	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS – A FRAMEWORK FOR THE NEXT GENERATION OF INNOVATIVE FINANCIAL INSTRUMENTS – THE EU EQUITY AND DEBT PLATFORMS (COM(2011)662 AND /2; SEC(2011)1245; RCC(2011)990; RCC(2011)996)	17
10.	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A PILOT FOR THE EUROPE 2020 PROJECT BOND INITIATIVE	

(COM(2011)660; SEC(2011)1237; SEC(2011)1239; SEC(2011)1240; SEC(2011)1242; RCC(2011)990; RCC(2011)996)	17
11. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DECISION 1639/2006/EC ESTABLISHING A COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME (2007-2013) AND REGULATION (EC) 680/2007 LAYING DOWN GENERAL RULES FOR THE GRANTING OF COMMUNITY FINANCIAL AID IN THE FIELD OF THE TRANS-EUROPEAN TRANSPORT AND ENERGY NETWORK (COM(2011)659 AND /2; SEC(2011)1237; SEC(2011)1239; SEC(2011)1240; SEC(2011)1242; RCC(2011)990; RCC(2011)996)	18
12. OTHER BUSINESS	19
<i>BUDGET IMPLEMENTATION AT 30 SEPTEMBER 2011 (INFO(2011)1023)</i>	<i>19</i>
13. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING THE REGULATION [EMIR] ON OTC DERIVATIVES, CENTRAL COUNTERPARTIES AND TRADE REPOSITORIES (COM(2011)652 TO /3; SEC(2011)1226 AND /2; SEC(2011)1227; SEC(2011)1228; SEC(2011)1221; RCC (2011)991)	19
14. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON MARKETS IN FINANCIAL INSTRUMENTS AND REPEALING DIRECTIVE 2004/39/EC (RECAST) (COM(2011)656 TO /4; SEC(2011)1226 AND /2; SEC(2011)1227; SEC(2011)1228; SEC(2011)1221; RCC(2011)991)	19
15. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON INSIDER DEALING AND MARKET MANIPULATION (MARKET ABUSE)	

(COM(2011)651 TO /3; SEC(2011)1217 AND /2; SEC(2011)1218; SEC(2011)1219; SEC(2011)1223; RCC(2011)991).....	19
16. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON CRIMINAL SANCTIONS FOR INSIDER DEALING AND MARKET MANIPULATION (MARKET ABUSE) (COM(2011)654 TO /3; SEC(2011)1217 AND /2; SEC(2011)1218; SEC(2011)1219; SEC(2011)1224; RCC(2011)991).....	19
17. MONITORING THE APPLICATION OF EUROPEAN UNION LAW	20
<i>STATE AID – INDIVIDUAL CASES (SEC(2011)1253/2; C(2011)7364/4; RCC(2011)994).....</i>	<i>20</i>
18. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN COURT OF JUSTICE, THE COURT OF AUDITORS, THE EUROPEAN INVESTMENT BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A GROWTH PACKAGE FOR INTEGRATED EUROPEAN INFRASTRUCTURES (COM(2011)676 AND /2; RCC(2011)990; RCC(2011)996)	22
19. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE CONNECTING EUROPE FACILITY (COM(2011)665 TO /4; SEC(2011)1262; SEC(2011)1263; SEC(2011)1264; SEC(2011)1252; RCC(2011)990; RCC(2011)996)	22
20. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON UNION GUIDELINES FOR THE DEVELOPMENT OF THE TRANS-EUROPEAN TRANSPORT NETWORK (COM(2011)650 TO /3 ; SEC(2011)1212; SEC(2011)1213; SEC(2011)1214; SEC(2011)1215; RCC(2011)990; RCC(2011)996).....	22

21. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON GUIDELINES FOR TRANS-EUROPEAN TELECOMMUNICATIONS NETWORKS AND REPEALING DECISION 1336/97/EC (COM(2011)657 TO /3; SEC(2011)1229; SEC(2011)1230; SEC(2011)1231; SEC(2011)1232; RCC(2011)990; RCC(2011)996)	23
22. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON GUIDELINES FOR TRANS-EUROPEAN ENERGY INFRASTRUCTURE AND REPEALING DECISION 1364/2006/EC (COM(2011)658 TO /4; SEC(2011)1233; SEC(2011)1234; SEC(2011)1235; SEC(2011)1236; RCC(2011)990; RCC(2011)996)	23
23. INTERINSTITUTIONAL RELATIONS (RCC(2011)989)	25
23.1. LEGISLATIVE MATTERS	26
23.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL	27
23.3. RELATIONS WITH PARLIAMENT	34

Single sitting: Wednesday 19 October 2011 (morning)

The sitting opened at 9.05 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	Items 1 to 23 (in part)
Mr KALLAS	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK	Member	
Mr REHN	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 17 (in part) to 23
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	Items 17 (in part) to 23
Mr OETTINGER	Member	
Mr HAHN	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	Items 17 (in part) to 23
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Ms KROES

Vice-President

Mr TAJANI

Vice-President

Ms HEDEGAARD

Member

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

Mr WHELAN	Chef de cabinet to Ms KROES
Mr CANGA FANO	Deputy Chef de cabinet to Mr TAJANI
Mr VIS	Chef de cabinet to Ms HEDEGAARD

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	Items 17 (in part) to 23
Mr FRUTUOSO DE MELO	Deputy Chef de cabinet to the PRESIDENT	Items 1 to 22
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr VANDERSTEEN	Acting Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Item 17 (in part)
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 17 (in part) to 23
Ms VANNINI	Adviser in the PRESIDENT's Office	Items 1 to 17
Ms SUTTON	A member of the PRESIDENT's staff	Item 23
Mr MARTÍNEZ MONGAY	Chef de cabinet to Mr ALMUNIA	
Ms OEN	A member of Mr KALLAS's staff	Items 18 to 22
Mr PESONEN	Chef de cabinet to Mr REHN	Item 23
Mr LEVIE	A member of Mr DE GUCHT's staff	Items 1 to 17 (in part)
Mr DELPHIN	Deputy Chef de cabinet to Ms GEORGIEVA	Items 1 to 17 (in part)

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

1. AGENDAS

(OJ(2011)1976/3; SEC(2011)1192/2)

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)1976)

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

**3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE
1974TH MEETING OF THE COMMISSION AND THE MINUTES OF THE
1975TH MEETING (5 AND 12 OCTOBER)**

(PV(2011)1974; PV(2011)1974, PART II)

The Commission approved the minutes of its 1974th meeting, and decided to hold over for one week approval of the minutes of its 1975th meeting.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED (SEC(2011)1193 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 10 and 14 October.

4.2. EMPOWERMENT (SEC(2011)1194 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 10 and 14 October.

4.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2011)1195 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 10 and 14 October, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2011)1196)

The Commission took note of the sensitive written procedures for which the time limit expired between 17 and 21 October.

4.5. DELEGATION OF POWERS IN THE FIELD OF COMPETITION (C(2011)7442; C(2011)5742; RCC(2011)988)

The Commission took note of the decision taken by the PRESIDENT, under Article 22 of its Rules of Procedure, on the function and terms of reference of the Hearing Officer in certain competition proceedings, as set out in C(2011)5742.

For its part the Commission decided under Article 14 of its Rules of Procedure to delegate in competition proceedings the power to adopt on behalf of the Commission and under its responsibility certain measures implementing Article 101 and 102 of the Treaty on the Functioning of the European Union and Council Regulation (EC) 139/2004 on the control of concentrations between undertakings, in accordance with the terms set out in C(2011)7442.

5. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2011)1197)

ADMINISTRATIVE MATTERS
(PERS(2011)144)

**5.1. JOINT RESEARCH CENTRE – INTERNAL AND
INTERINSTITUTIONAL (GRADE AD14/15) AND EXTERNAL (GRADE
AD14 – EU-27) PUBLICATION OF A VACANCY NOTICE FOR A
DIRECTOR**
(PERS(2011)142)

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms GEOGHEGAN-QUINN, the Commission decided to authorise the publication, under Articles 29(1)(a)(i) and (iii), 29(1)(b) and 29(2) of the Staff Regulations, of the vacancy notice in PERS(2011)142 for the post of Director, Institute for Environment and Sustainability (Ispra), in the Joint Research Centre.

This decision would take effect immediately.

5.2. DG HUMAN RESOURCES AND SECURITY – DEROGATION FROM THE COMMISSION DECISION ON MIDDLE MANAGEMENT STAFF AND FROM THE COMMISSION COMMUNICATION ON ORGANISATION CHARTS OF COMMISSION DGs AND SERVICES

The Commission took note of the information in point 2 of PERS(2011)144 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- by way of derogation from the Commission decision on middle management staff in C(2008)5028/2 and from the Commission Communication on organisation charts of Commission DGs and Services in SEC(2006)1702/4, to publish at grades AD12/AD14 the posts of Head of the Estonian, Maltese, Slovak and Slovenian language departments in the Directorate-General for Translation;
- to publish these posts exclusively under Article 29(1)(a)(i) of the Staff Regulations and to apply the provisions of Articles 9(2) and 10 of Commission decision C(2008)5028/2, with the exception of the eligibility criterion relating to seniority in grade.

These decisions would take effect immediately.

5.3. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A TRANSFER IN THE INTEREST OF THE SERVICE IN ORDER TO FILL AN AD13 HEAD OF EUROPEAN UNION DELEGATION POST (PERS(2011)107/2)

The Commission took note of the information in point 3 of PERS(2011)144 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the proposal to transfer in the interest of the service, under Article 95(2) of the Staff Regulations, Mr Norbert JOUSTEN, currently Head of the European Union Delegation to Kazakhstan, to the post of Head of the European Union Delegation to Uzbekistan; the final decision on this transfer

would be taken by the competent authority of the European External Action Service.

This decision would take effect immediately.

5.4. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A TRANSFER IN THE INTEREST OF THE SERVICE IN ORDER TO FILL AN AD13 HEAD OF EUROPEAN UNION DELEGATION POST (PERS(2011)97/2)

The Commission took note of the information in point 4 of PERS(2011)144 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the proposal to transfer in the interest of the service, under Article 95(2) of the Staff Regulations, Mr Richard ZINK, currently Head of the European Union Delegation to the Democratic Republic of Congo, to the post of Head of the European Union Delegation to Mali; the final decision on this transfer would be taken by the competent authority of the European External Action Service.

This decision would take effect immediately.

**6. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/39605 – GLASS FOR CATHODE RAY TUBES)
(C(2011)7436 TO /6; RCC(2011)999)**

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 17 October in C(2011)7436/3;

- took note of the final report of the Hearing Officer of 18 October in C(2011)7436/4;
- adopted in the authentic language (English) the decision in C(2011)7436/5 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53 of the Agreement on the European Economic Area, requiring the parties to put an end to the infringements immediately and imposing on some of these companies fines totalling EUR 128 736 000;
- decided that the decision in C(2011)7436/5 would be notified to the companies concerned, together with the final report of the Hearing Officer;
- decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the *Official Journal of the European Union* (with business secrets and other confidential information removed);
- decided also to publish the decision on the internet (with business secrets and other confidential information removed).

7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 8(1) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.6106 – CATERPILLAR/MWM) (C(2011)7434 TO /9)

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 4 October in C(2011)7434/5;

- took note of the final report of the Hearing Officer of 4 October in C(2011)7434/6;
- adopted in the authentic language (English) the decision in C(2011)7434/8, declaring the notified operation to be compatible with the common market and the agreement on the European Economic Area;
- decided to notify the decision set out in C(2011)7434/9 to the company concerned, together with the final report of the Hearing Officer and the opinion of the Advisory Committee on Concentrations;
- decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the *Official Journal of the European Union* (with business secrets and other confidential information removed);
- decided also to publish the decision on the internet (with business secrets and other confidential information removed).

8. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 8(1) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.6214 – SEAGATE TECHNOLOGY/THE HDD BUSINESS OF SAMSUNG ELECTRONICS) (C(2011)7592 TO /4)

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 4 October in C(2011)7592/3;
- took note of the final report of the Hearing Officer of 5 October in C(2011)7592/4;

- adopted in the authentic language (English) the decision in C(2011)7592, declaring the notified operation to be compatible with the common market and the agreement on the European Economic Area;
- decided to notify the decision set out in C(2011)7592 to the company concerned, together with the final report of the Hearing Officer and the opinion of the Advisory Committee on Concentrations;
- decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the *Official Journal of the European Union* (with business secrets and other confidential information removed);
- decided also to publish the decision on the internet (with business secrets and other confidential information removed).

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS – A FRAMEWORK FOR THE NEXT GENERATION OF INNOVATIVE FINANCIAL INSTRUMENTS – THE EU EQUITY AND DEBT PLATFORMS

(COM(2011)662 AND /2; SEC(2011)1245; RCC(2011)990; RCC(2011)996)

The Commission approved the communication in COM(2011)662/2, for transmission to the European Parliament, the Council and the Court of Auditors and, for information, to the national parliaments.

10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A

PILOT FOR THE EUROPE 2020 PROJECT BOND INITIATIVE

**(COM(2011)660; SEC(2011)1237; SEC(2011)1239; SEC(2011)1240;
SEC(2011)1242; RCC(2011)990; RCC(2011)996)**

The Commission approved the communication in COM(2011)660 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions and, for information, to the national parliaments, together with the impact assessment and the summary thereof in staff working papers SEC(2011)1237 and SEC(2011)1239, respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above communication, as set out in SEC(2011)1240.

**11. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL AMENDING DECISION 1639/2006/EC
ESTABLISHING A COMPETITIVENESS AND INNOVATION
FRAMEWORK PROGRAMME (2007-2013) AND REGULATION (EC)
680/2007 LAYING DOWN GENERAL RULES FOR THE GRANTING OF
COMMUNITY FINANCIAL AID IN THE FIELD OF THE
TRANS-EUROPEAN TRANSPORT AND ENERGY NETWORK
(COM(2011)659 AND /2; SEC(2011)1237; SEC(2011)1239; SEC(2011)1240;
SEC(2011)1242; RCC(2011)990; RCC(2011)996)**

The Commission adopted the proposal for a Regulation in COM(2011)659/2 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the impact assessment and the summary thereof in staff working papers SEC(2011)1237 and SEC(2011)1239, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2011)1240.

12. OTHER BUSINESS

***BUDGET IMPLEMENTATION AT 30 SEPTEMBER 2011
(INFO(2011)1023)***

The Commission took note of the information note from Mr LEWANDOWSKI in INFO(2011)1023.

**13. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ON MARKETS IN FINANCIAL INSTRUMENTS
AND AMENDING THE REGULATION [EMIR] ON OTC DERIVATIVES,
CENTRAL COUNTERPARTIES AND TRADE REPOSITORIES**

**(COM(2011)652 TO /3; SEC(2011)1226 AND /2; SEC(2011)1227;
SEC(2011)1228; SEC(2011)1221; RCC (2011)991)**

**14. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ON MARKETS IN FINANCIAL INSTRUMENTS
AND REPEALING DIRECTIVE 2004/39/EC (RECAST)**

**(COM(2011)656 TO /4; SEC(2011)1226 AND /2; SEC(2011)1227;
SEC(2011)1228; SEC(2011)1221; RCC(2011)991)**

**15. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ON INSIDER DEALING AND MARKET
MANIPULATION (MARKET ABUSE)**

**(COM(2011)651 TO /3; SEC(2011)1217 AND /2; SEC(2011)1218;
SEC(2011)1219; SEC(2011)1223; RCC(2011)991)**

**16. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ON CRIMINAL SANCTIONS FOR INSIDER**

DEALING AND MARKET MANIPULATION (MARKET ABUSE)

**(COM(2011)654 TO /3; SEC(2011)1217 AND /2; SEC(2011)1218;
SEC(2011)1219; SEC(2011)1224; RCC(2011)991)**

On a proposal from the PRESIDENT, the Commission agreed that the proposals for Regulations and Directives in items 13 to 16 of these minutes, currently set out in COM(2011)652/3, COM(2011)656/4, COM(2011)651/3 and COM(2011)654/3, would be formally adopted by finalisation written procedure, the time limit for which was set at 10.00 hours on Thursday 20 October 2011 (PE/2011/7334, PE/2011/7348, PE/2011/7332 and PE/2011/7342).

17. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES

(SEC(2011)1253/2; C(2011)7364/4; RCC(2011)994)

The Commission adopted the decisions in SEC(2011)1253/2.

Mr ALMUNIA briefly explained the negative decision he was proposing in Case SA.32600 ‘France – Restructuring aid to SeaFrance SA from SNCF’. In particular he pointed out that the loans granted to SeaFrance by SNCF could not be regarded as the beneficiary’s own contribution in accordance with the guidelines on rescue and restructuring aid, as the loans were granted at the same time as the restructuring aid, for the same purpose and to a firm in difficulty, and the interest rate charged on these loans was below the market rate. He also reminded the meeting of all the efforts that had been made in the past weeks to find a positive solution in this case, including numerous contacts with the French authorities. The Commission must take a decision by 25 October, when a French court was due to give a ruling on the liquidation of the company in question.

In order to give the French authorities one last chance to come up with an acceptable offer, he asked the Commission to empower him, in agreement with the PRESIDENT, to adopt a decision by 09.00 hours on 25 October at the latest, in the

knowledge that, if the French authorities failed to present an acceptable offer by 14.00 hours on Monday 24 October, the proposed negative decision would be formally adopted on that same day.

The Commission then held a brief exchange of views, covering the following points:

- the relevant case law of the Court of Justice and the applicability of the Commission's communication on reference rates to a restructuring operation;
- the principle of neutrality of ownership in the context of financing of a subsidiary by its parent company;
- the economic and social problems of the region concerned and the consequences of a negative decision;
- the case for giving France one last chance to submit a revised restructuring plan that envisaged funding from an investor or creditor that was independent of SNCF, on market terms.

The PRESIDENT noted that the negative decision being tabled had a sound legal basis and concluded that, given the political, economic and social consequences of a decision finding the plan to be incompatible with the common market, Mr ALMUNIA should be empowered to take a decision on the basis of what the French authorities presented to him by 14.00 hours on Monday.

Following this exchange of views, the Commission decided:

- to adopt in principle a negative decision with recovery, according to the terms set out in C(2011)7364/4;
- to empower Mr ALMUNIA, the Member of the Commission with responsibility for competition, in agreement with the PRESIDENT, to adopt formally the negative decision in C(2011)7364/4 and to notify the French authorities thereof on 24 October, unless the French authorities submitted by 14.00 hours on that day a revised restructuring plan in which the loan of EUR 99.7 million from

SNCF was replaced by an own contribution for the same amount obtained on market terms from an investor or creditor independent of SNCF.

- to empower Mr ALMUNIA, the Member of the Commission with responsibility for competition, in agreement with the PRESIDENT, to adopt a positive decision and to notify the French authorities thereof before 09.00 hours on 25 October, in the event that the French authorities submitted by 14.00 hours on 24 October a revised restructuring plan in which the loan of EUR 99.7 million from SNCF was replaced by an own contribution for the same amount obtained on market terms from an investor or creditor independent of SNCF.

**18. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN COURT OF JUSTICE, THE COURT OF AUDITORS, THE EUROPEAN INVESTMENT BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A GROWTH PACKAGE FOR INTEGRATED EUROPEAN INFRASTRUCTURES
(COM(2011)676 AND /2; RCC(2011)990; RCC(2011)996)**

**19. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE CONNECTING EUROPE FACILITY
(COM(2011)665 TO /4; SEC(2011)1262; SEC(2011)1263; SEC(2011)1264; SEC(2011)1252; RCC(2011)990; RCC(2011)996)**

**20. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON UNION GUIDELINES FOR THE DEVELOPMENT OF THE TRANS-EUROPEAN TRANSPORT NETWORK
(COM(2011)650 TO /3 ; SEC(2011)1212; SEC(2011)1213; SEC(2011)1214; SEC(2011)1215; RCC(2011)990; RCC(2011)996)**

21. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON GUIDELINES FOR TRANS-EUROPEAN TELECOMMUNICATIONS NETWORKS AND REPEALING DECISION 1336/97/EC

(COM(2011)657 TO /3; SEC(2011)1229; SEC(2011)1230; SEC(2011)1231; SEC(2011)1232; RCC(2011)990; RCC(2011)996)

22. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON GUIDELINES FOR TRANS-EUROPEAN ENERGY INFRASTRUCTURE AND REPEALING DECISION 1364/2006/EC (COM(2011)658 TO /4; SEC(2011)1233; SEC(2011)1234; SEC(2011)1235; SEC(2011)1236; RCC(2011)990; RCC(2011)996)

The PRESIDENT briefly introduced the package of documents in items 18 to 22 and items 9 to 11 of these minutes, emphasising that the Connecting Europe Facility was a new instrument forming part of the Multiannual Financial Framework for 2014-2020. This extra investment, which was worth €50 billion over the period as a whole, would improve transport, energy and digital networks by removing bottlenecks and completing the missing links, and would provide new investment opportunities by increasing the use of innovative financial instruments. An example of this would be the launch in 2012 of a pilot phase to introduce Europe 2020 Project Bonds.

He believed that this package of proposals showed the added value of European action and gave greater purpose to the European Union budget. He thanked Mr KALLAS, Ms KROES, Mr OETTINGER and Mr REHN for the excellent work they had put into this set of measures.

The Commission alluded to the discussions that had taken place during the preparation of the dossier as to whether macroeconomic conditionality should be applied to funding under the Connecting Europe Facility as well as to projects of common interest under this mechanism which would be financed by the Cohesion Fund, and thanked the Legal Service for clarifying this point.

The PRESIDENT ended by noting that the Connecting Europe Facility was not divided into national allocations and should be seen from a European perspective, so that the poor macroeconomic performance of one Member State should not prevent the development of integrated European networks that would be beneficial to several Member States and to the development of the internal market. He also pointed out that the Legal Service had clearly explained in its memorandum that macroeconomic conditionality could not be applied to this Facility for legal reasons. Macroeconomic conditionality was an instrument carefully designed for use in the Structural Funds, which could not be applied to other expenditure under the EU budget.

At the end of this presentation, the Commission:

- approved the communication in COM(2011)676/2 for transmission to the European Parliament, the Council, the European Court of Justice, the Court of Auditors, the European Investment Bank, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments;
- adopted the proposal for a Regulation in COM(2011)665/3, for transmission to the European Parliament, the Council, the European Court of Justice, the Court of Auditors, the European Investment Bank, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff working papers SEC(2011)1262 and SEC(2011)1263, the contents of which were noted;
- took note also of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2011)1264;
- adopted the proposal for a Regulation in COM(2011)650/2 and /3, for transmission to the European Parliament, the Council, the European Court of Justice, the Court of Auditors, the European Investment Bank, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in

staff working papers SEC(2011)1212 and SEC(2011)1213, the contents of which were noted;

- took note also of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2011)1214;
- adopted the proposal for a Regulation in COM(2011)657/3, for transmission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff papers SEC(2011)1229 and SEC(2011)1230, the contents of which were noted;
- took note also of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2011)1231;
- adopted the proposal for a Regulation in COM(2011)658/3 and /4, for transmission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff papers SEC(2011)1233 and SEC(2011)1234, the contents of which were noted;
- took note also of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2011)1235.

23. INTERINSTITUTIONAL RELATIONS

(RCC(2011)989)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Thursday 13 October (RCC(2011)989).

It paid particular attention to the following points.

23.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.2 of the IRG record)

Dossiers at Parliament first reading

- Amendment of Directive 2001/112/EC relating to fruit juices and certain similar products intended for human consumption (Directive) – PERELLÓ RODRÍGUEZ report – 2010/0254 (COD)

The Commission approved the line set out in SI(2011)371/2.

- Amendment of Council Regulation (EC) 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) / Common rules for direct support schemes for farmers under the common agricultural policy and establishment of certain support schemes for farmers / Amendment of Council Regulation (EC) 1290/2005 on the financing of the common agricultural policy and repeal of Council Regulation (EC) 165/94 and Council Regulation (EC) 78/2008 / Common organisation of agricultural markets and specific provisions for certain agricultural products ('Single CMO Regulation') (Regulations) – DE CASTRO and LA VIA reports – 2010/0266 (COD) / 2010/0267 (COD) / 2010/0365 (COD) / 2010/0385 (COD)

The Commission approved the line set out in SI(2011)373/2.

- Common organisation of agricultural markets and specific provisions for certain agricultural products ('Single CMO Regulation') (Regulation) – DE CASTRO report – 2010/0385 (COD)

The Commission approved the line set out in SI(2011)375/2.

Dossiers at Council first reading

- First radio spectrum policy programme (Decision) – HÖKMARK report – 2010/0252 (COD)

The Commission approved the line set out in SI(2011)361/2.

ii) Preparations for October II part-session of Parliament

(point 1.4 of the IRG record)

Special legislative procedure

- Common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (Council Directive – recast) – GIEGOLD report – 2010/0387 (CNS)

The Commission approved the line set out in SP(2011)8545.

Non-legislative procedure

- Conclusion of the Agreement between the European Union and Australia on the processing and transfer of Passenger Name Record (PNR) data by air carriers to the Australian Customs and Border Protection Service (Council Decision) – IN 'T VELD report – 2011/0126 (NLE)

The Commission approved the line set out in SP(2011)8547.

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

(SP(2011)8534)

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)8534, drawn up following the October I part-session of Parliament, the contents of which were noted.

23.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business

(SI(2011)377)

The Commission took note of the information in SI(2011)377 on the Council meetings between 20 October and 2 November.

**v) Preparations for the Agriculture and Fisheries Council
(Luxembourg, 20 and 21 October 2011)**

(point 2.3.1 of the IRG record)

- 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)

The Commission approved the line set out in SI(2011)329/2.

- Fixing for 2012 of the fishing opportunities for certain fish stocks and groups of fish stocks applicable in the Baltic Sea (Council Regulation) – 2011/0240 (NLE)

The Commission approved the line set out in SI(2011)366.

vi) Preparation of the European Council and the summit of Heads of State or Government of the euro area (Brussels, 23 October)

The PRESIDENT opened the discussion focusing on the preparation of the European Council to be held on 23 October by recalling the roadmap to stability and growth approved and presented by the Commission on 12 October. He referred to the global approach taken by this document, welcoming the very positive reception it had been given at the European Parliament part-session the previous week and the widespread support for the Commission's comments voiced by almost all of the Heads of State or Government with whom he had held talks in recent days. There was a general consensus that, in order to deal effectively with the current crisis, all the elements in the roadmap should be completed simultaneously as they were interdependent and inseparable.

While the roadmap had sparked a convergence of opinions that might well lead to the European Council adopting firm, strong conclusions, the

PRESIDENT nevertheless considered that a lot of work remained to be done, particularly in relation to especially complex technical points, in order to prepare the groundwork for the first three issues set out in the document. These were (i) finding a decisive response to Greece's problems (the Commission would this day conclude its report on the viability of Greece's debt), (ii) consolidating the euro area's backstops against the crisis, in particular the European Financial Stability Facility, and (iii) strengthening the banking system through recapitalisation.

The PRESIDENT welcomed the active involvement of Mr REHN, Mr ALMUNIA and Mr BARNIER in the current efforts, in close cooperation with himself. A series of very important meetings would take place in the coming days, namely the meeting of the Eurogroup and the General Affairs Council, to be attended by Mr ŠEFČOVIČ, on 21 October, the meeting of the Economic and Financial Affairs Council on 22 October and the European Council on 23 October.

He then turned to the institutional dimension of the roadmap, in other words its fifth element, which envisaged the building of sounder and more integrated economic governance. On this point, he stated that he had worked with the European Council President, Mr Herman Van Rompuy, following trilateral meetings with each Member State. Referring to the report to be produced on economic governance, which he trusted would be published very shortly, he said that it would clearly acknowledge the importance of working within the present institutional and legal framework, although an amendment to the Treaty could not be ruled out in the long term. It would also underline the need for the Commission to take centre stage, within the limits of its powers, as an "independent economic government" of the European Union.

The PRESIDENT felt that the connection between what was done by the 17 euro area Member States and what was done by all 27 Member States would give rise to discussions at the European Council, which was another reason why the Commission would have an essential role to play. In this connection, he recognised that a future amendment to the Treaty could

facilitate matters, by ensuring cohesion between a more integrated euro area and the EU as a whole. He reiterated his conviction that there must be no separation between these two groups as this would affect the internal market, running the risk of a renationalisation of policies.

The PRESIDENT then asked Mr REHN to present the work in progress, emphasising, however, what still had to be accomplished before the European Council. He urged all the Commission Members, in their contacts with Member States, to call for efforts to ensure that this summit culminated in a comprehensive, decisive agreement.

Mr REHN referred first to the meeting of G20 Finance Ministers and Central Bank Governors he had attended in Paris on 14 and 15 October. Very strong pressure was being brought to bear by international partners concerned about the sovereign debt crisis in Europe and its implications for the world economy. While efforts needed to be made by some big partners to consolidate their public finance or shore up domestic demand, the epicentre of the world economic crisis was, without a doubt, the euro area.

The adoption of the six proposals on economic governance and the reform of the European Financial Stability Facility had been positively received. The state of the world economy had been discussed in depth, as had innovative financing methods, with a view to preparing the Cannes summit.

The Commission's roadmap had been well received, although four points should be borne in mind: (i) as regards the situation in Greece, negotiations were proving very tough since the various financial partners did not necessarily have the same political agenda; (ii) as regards the support mechanisms for the euro area, there had been progress in completing the reform in order to ensure greater flexibility of the European Financial Stability Facility, but no result had yet been obtained; (iii) as regards the recapitalisation of the banks, efforts were in progress with the European Banking Authority and a decision was expected at the end of the week; and (iv) as regards strengthening economic governance, the objective now was to

implement the six legislative proposals adopted recently and to ensure meticulous preparation of the next stages concerning economic surveillance.

In communications with the outside world, the main message must be the need for a comprehensive and coherent response. This was the biggest challenge facing the next European Council meeting and the euro area summit.

Mr BARNIER emphasised the seriousness of the current situation and, consequently, the considerable importance of the meetings of the European Council and of the Heads of State or Government of the euro area.

He thanked the PRESIDENT for his efforts to keep the Commission at the centre of the discussions and noted that in addition to the roadmap to stability and growth of 12 October, other work carried out by the Commission also gave it a key political role. He also stressed the importance of the work carried out by the PRESIDENT in his regular bilateral contacts with the Heads of State or Government.

With regard to the first element of the roadmap - the search for a solution that would make Greece's finances viable - he said it was vital to ensure that the efforts demanded of the country were humanly possible for the Greek people. As regards the question of bank recapitalisation, he called for some caution concerning the levels to be set. With regard to economic governance and support for growth, he felt that the Commission had sound arguments to put forward.

He highlighted the importance of the work carried out on regulation of the financial sector to restore confidence, in fulfilment of the commitments made at the G20. In this connection, he referred to the crucial agreement reached the day before at a triologue meeting on the regulation of short selling and naked credit default swaps, and to the four proposals being adopted by the Commission this week by finalisation written procedure (proposals for a regulation and a directive on markets in financial instruments, and proposals

for a regulation and a directive on insider dealing and market abuse, referred to in items 13 to 16 of these minutes). In particular, he thanked the PRESIDENT's cabinet and all the Members for their support for this dossier. He stressed that these proposals were of key importance given the current situation, and that the Commission's work in this area would provide it with strong arguments ahead of the European Council.

The Commission then held a brief discussion during which the following main aspects were mentioned:

- the dangerous domino effect noted in a growing number of European economies in the wake of the Greek crisis and the need to take decisive action to restore confidence as a matter of absolute urgency;
- in this context, the need to take measures to stimulate growth; the structural funds were useful for this purpose but it was also necessary to find solutions to the administrative obstacles to the absorption of these funds;
- as regards bank recapitalisation, questions concerning the possible source of the necessary funds and the minimum level of capital to be held by banks, and how these requirements interacted with the Basel III Agreement; questions about the impact on growth of the recapitalisation measures, while also noting the generally favourable reception by the Member States of the approach on recapitalisation set out in the Commission's roadmap; in this context, the need to reinforce the stress tests to make them more credible; the suggestion that the possibilities of uncoupling different banking activities should also be explored;
- once the legislative package to enhance and strengthen economic governance came into force, the need for the Commission to undertake information activities to explain the content of this package both at the political level and to the general public;
- with regard to the proposals on the markets in financial instruments

which would be adopted the next day by finalisation written procedure, a reminder that the Commission was proposing for the first time to introduce penalties against market abuse under Article 83(2) of the Treaty on the Functioning of the European Union.

The PRESIDENT thanked the Commission Members for their contributions and stressed the need, given the critical situation for growth, to promote measures to stimulate it, in particular the completion of the internal market, measures within the "Better lawmaking" initiative, the benefits to be drawn from innovatory financial instruments, especially bonds to finance projects, commercial policy and Structural Fund policy.

He emphasised that the Commission must send a strong signal and open up future prospects, reminding the meeting that the solution to the current economic crisis must reconcile the objectives of fiscal discipline and solidarity as well as budgetary consolidation and growth.

With regard to bank recapitalisation, it was important to find a credible and reasonable solution in order to boost public confidence in the banking sector.

With regard to Greece, he emphasised the political will to ensure the integrity of the euro area and the decision of principle taken to disburse the sixth tranche of the financial aid programme for Greece.

He said that he agreed with the view that it was important to step up communication efforts concerning the legislative package to enhance economic governance, noting in conclusion that this package marked the victory of the Community method and would give the Commission enhanced supervisory powers which it could use to put in place a coherent framework for better economic governance.

The Commission took note of this information.

23.3. RELATIONS WITH PARLIAMENT

vii) Results of Parliament's October I part-session

(SP(2011)8549; SP(2011)8550)

The Commission took note of the information in SP(2011)8549 and SP(2011)8550 on the proceedings of the part-session of Parliament held in Brussels from 12 to 13 October.

viii) Participation by Members of Parliament in international conferences

(point 3.5 of the IRG record)

- 17th Conference of the Parties to the United Nations Framework Convention on Climate Change (Durban, 28 November to 9 December)

The Commission agreed to the request to the PRESIDENT from Mr Jerzy Buzek, President of Parliament, concerning the attendance of fifteen Members of the European Parliament at the above-mentioned meeting as observers in the EU delegation, with a reminder about the procedure to be followed.

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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 10.37.