EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1980 final

Brussels, 30 November 2011

MINUTES

of the 1980th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 23 November 2011

(morning)

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<u>Single sitting</u>: Wednesday 23 November 2011 (morning)

The sitting opened at 9.09 with Mr Barroso, President, in the chair.

<u>Present</u>:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	Items 1 to 14/18 (in part)
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr BARNIER	Member	Items 1 to 18
Ms VASSILIOU	Member	Items 1 to 14/18 (in part)
Mr ŠEMETA	Member	Items 1 to 18
Mr DE GUCHT	Member	Items 14/18 (in part)
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 14/18 (in part)
Ms GEORGIEVA	Member	Items 1 to 14/18 (in part)
Mr OETTINGER	Member	Items 1 to 18
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

<u>Absent</u>:

Mr PIEBALGS	Member
Ms DAMANAKI	Member

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

Ms ARNOULD	A member of Mr PIEBALGS's staff	Items 1 to 18
Mr MARKOPOULIOTIS	Chef de cabinet to Ms DAMANAKI	

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	Items 1 to 18
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Ms SUTTON	A member of the PRESIDENT's staff	Items 1 to 18
Mr KONIECKI	A member of the PRESIDENT's staff	Items 14 to 18
Mr LAHTI	A member of Mr REHN's staff	Items 1 to 18
Mr SADAUSKAS	Chef de cabinet to Mr ŠEMETA	
Mr VANHEUKELEN	Chef de cabinet to Mr DE GUCHT	Items 1 to 14/18 (in part)
Ms HRISTCHEVA	Adviser in Ms GEORGIEVA's office	Items 14/18 (in part) and 19
Mr SERVOZ	Deputy Secretary-General	Items 1 to 18

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

1. AGENDA
(OJ(2011)1980/3)

The Commission took note of that day's agenda.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2011)1980)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 21 November.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 1978TH AND 1979TH MEETINGS OF THE COMMISSION (9 AND 15 NOVEMBER)
(PV(2011)1978; PV(2011)1978, PART II; PV(2011)1979 AND /2; PV(2011)1979, PART II)

The Commission approved the minutes of its 1978th and 1979th meetings.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

i) Amendment of Directives 89/666/EEC, 2005/56/EC and 2009/101/EC as regards the interconnection of central, commercial and companies registers (Directive) – LECHNER report – 2011/0038 (COD)
(SI(2011)429)

The Commission approved the line set out in SI(2011)429.

ii) Technical requirements for credit transfers and direct debits in euros (Regulation) – ESSAYAH report – 2010/0373 (COD)
(SI(2011)431)

The Commission approved the line set out in SI(2011)431.

iii) Amendment of Regulation (EC) 1927/2006 establishing the European Globalisation Adjustment Fund (Regulation) – BERES report – 2011/0147 (COD)
(SI(2011)427)

The Commission approved the line set out in SI(2011)427.

iv) Action to be taken on Parliament's legislative opinions and resolutions of a legal nature
(SP(2011)8593/2; SP(2011)8644)

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)8593/2 and SP(2011)8644, drawn up following the October II and November I part-sessions of Parliament, the contents of which were noted.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

v) Programming of Council business
(SI(2011)430)

The Commission took note of the information in SI(2011)430 on the Council meetings between 24 November and 7 December.

4.3. RELATIONS WITH PARLIAMENT

vi) Results of Parliament’s November I part-session
(SP(2011)8611; SP(2011)8635)

The Commission took note of the information in SP(2011)8611 and SP(2011)8635 on the proceedings of the part-session of Parliament held in Strasbourg from 14 to 17 November.

4.4. OTHER MATTERS

vii) European Endowment for Democracy (EED)
(SI(2011)416/3)

The Commission approved the line set out in SI(2011)416/3.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES (SEC(2011)1412/3)

The Commission adopted the decisions in SEC(2011)1412/3.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2011)1378 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 November.

6.2. EMPOWERMENT (SEC(2011)1379 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 November.

6.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2011)1380 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 14 and 18 November, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES (SEC(2011)1381 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 21 and 25 November and of the 'finalisation' written procedures initiated following the weekly meeting of Chefs de cabinet on 21 November.

7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2011)1382/3)

ADMINISTRATIVE MATTERS
(PERS(2011)152/3)

7.1. DG BUDGET – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2011)34 TO /6)

The Commission had before it applications under Article 29(1)(a)(i) and (iii), Article 29(1)(b) and Article 29(2) of the Staff Regulations for the post of Director, 'Budget execution (General Budget and EDF)', in DG Budget (PERS(2011)34 to /4).

It took note of the opinions of the Consultative Committee on Appointments of 5 and 13 October (PERS(2011)34/5 and /6).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr LEWANDOWSKI, it then decided to appoint Ms María Rosa ALDEA-BUSQUETS to the post.

This decision would take effect on 1 December 2011.

7.2. DG INFORMATION SOCIETY AND MEDIA – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2011)49 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, 'Resources', in DG Information Society and Media (PERS(2011)49 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 7 and 14 July (PERS(2011)49/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms KROES, it then decided to appoint Ms Gertrud INGESTAD to the post.

This decision would take effect on 1 January 2012.

7.3. DG INFORMATION SOCIETY AND MEDIA – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms KROES, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Digital Content and Cognitive Systems', in DG Information Society and Media to Ms Patricia MANSON, AD14 official and Head of Unit in that DG, from 1 December 2009 to 28 February 2011, in order to take into account the interest of the service and to ensure fair treatment of the official concerned.

This decision would take effect immediately.

7.4. DG INFORMATION SOCIETY AND MEDIA – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms KROES, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Audiovisual, Media, Internet', in DG Information Society and Media to Mr Fritz Michael NIEBEL, AD14 official and Head of Unit in that DG, from 1 September 2010 to 28 February 2011.

This decision would take effect immediately.

7.5. DG INFORMATION SOCIETY AND MEDIA – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms KROES, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Converged Networks and Services', in DG Information Society and Media to Mr Luis RODRÍGUEZ ROSELLÓ, AD14 official and Head of Unit in that DG, from 1 November 2009 to 31 March 2011, in order to take into account the interest of the service and to ensure fair treatment of the official concerned.

This decision would take effect immediately.

7.6. DG JUSTICE / DG HOME AFFAIRS – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Ms REDING and Ms MALMSTRÖM, the Commission decided, under Article 7(2) of the Staff Regulations, to extend beyond one year, from 1 October to 15 November 2011, the temporary posting as Director of the Shared Resources Directorate in DG Justice and DG Home Affairs granted to Mr Joseph MURRAN, AD13 official and Head of Unit in DG Justice, in order to take into account the interest of the service and to ensure fair treatment of the official concerned.

This decision would take effect immediately.

7.7. DG INTERNAL MARKET AND SERVICES – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Resources and Communication', in DG Internal Market and Services to Mr Panayotis STAMATOPOULOS, AD13 official and Head of Unit in that DG, from 16 February 2011 until such time as the post was filled, but in principle without exceeding the maximum period of one year laid down in the Staff Regulations.

This decision would take effect immediately.

7.8. DG REGIONAL POLICY – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr HAHN, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Austria, Czech Republic, Germany, the Netherlands, Slovakia, Slovenia', in DG Regional Policy to Mr Michel-Eric DUFEIL, AD14 official and Head of Unit in that DG , from 1 March 2011 to 31 December 2011.

This decision would take effect immediately.

8. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – MINIMIZING REGULATORY BURDEN FOR SMEs – ADAPTING EU REGULATION TO

THE NEEDS OF MICRO-ENTERPRISES (COM(2011)803 AND /2)

The Commission approved the report and the annexes thereto in COM(2011)803/2, for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and, for information, to the national parliaments.

9. COMMISSION DECISION CONCERNING A PROCEEDING UNDER ARTICLE 8(2) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (*CASE COMP/M.6203 – WESTERN DIGITAL IRELAND / VIVITI TECHNOLOGIES*) (C(2011)8664 TO /3)

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 9 November in C(2011)8664/3;

- took note of the final report of the Hearing Officer of 21 November in C(2011)8664/2;

- adopted, in the authentic language (English), the decision set out in C(2011)8664, declaring the notified operation compatible with the common market and with operation of the Agreement on the European Economic Area subject to full compliance with the commitments made, as set out in document C(2011)8664;

- decided to notify the decision set out in C(2011)8664 to the firm concerned, together with the final report of the Hearing Officer and the opinion of the Advisory Committee;

– decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's 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).

**10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – CREATIVE EUROPE – A NEW FRAMEWORK PROGRAMME FOR THE CULTURAL AND CREATIVE SECTORS (2014-2020)
(COM(2011)786 AND /2; RCC(2011)1016)**

The Commission approved the Communication in COM(2011)786/2 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

**11. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON ESTABLISHING THE CREATIVE EUROPE PROGRAMME
(COM(2011)785 TO /3; SEC(2011)1399 AND /2; SEC(2011)1400 AND /2; SEC (2011)1401; RCC(2011)1016)**

The Commission adopted the proposal for a Regulation in COM(2011)785/3 for transmission to Parliament, the Council, the 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)1399/2 and SEC(2011)1400/2, 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)1401.

12. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – ERASMUS FOR ALL: THE EU PROGRAMME FOR EDUCATION, TRAINING, YOUTH AND SPORT
(COM(2011)787 TO /3; RCC(2011)1016)

Mr LEWANDOWSKI spoke to highlight his wish that in the second paragraph on page 4 of the Communication, the title of the Marie Curie programme and actions be modified to Marie Skłodowska-Curie to reflect the origins and career of this exceptional personality and eminent scientist.

The PRESIDENT also emphasised the exceptional personality of a lady who had given her name to a programme and to actions providing European funding in the field of research. However, he considered that it would be useful to raise this question in connection with the Horizon 2020 file, which was due to be submitted to the Commission on 30 November, and that without affecting the name of this programme – which was now well known – it would be possible to find a solution to acknowledge in an appropriate manner the scientific work and the name of Marie Skłodowska-Curie.

The Commission approved the Communication in COM(2011)787/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

13. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING "ERASMUS FOR ALL" – THE EU PROGRAMME FOR EDUCATION, TRAINING, YOUTH AND SPORT (COM(2011)788 TO /3; SEC (2011)1402 (VOLUMES 1 TO 5); (SEC(2011)1403 AND /2); SEC (2011)1404; RCC(2011)1016)

The Commission adopted the proposal for a Regulation in COM(2011)788/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions and to the national parliaments, together with the impact assessment and the summary thereof in staff working papers SEC(2011)1402 (volumes 1 to 5) and SEC(2011)1403/2 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2011)1404.

14. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN INVESTMENT BANK AND THE EUROPEAN CENTRAL BANK – ANNUAL GROWTH SURVEY 2012
(COM(2011)815 AND /2; RCC(2011)1018)

The PRESIDENT opened the discussion on the Annual Growth Survey 2012 and on the legislative proposals and the Green Paper on ‘stability bonds’, initiatives discussed under points 15 to 18 of these minutes, looking at these issues from the perspective of the very fruitful policy debate which the Commission had held two weeks previously and the roadmap to stability and growth approved on 12 October. He then presented all the initiatives of this day, underlining their consistency, and identified two main strands, namely growth and economic governance.

As regards growth first of all, the current situation was very serious and measures needed to be taken urgently to deal with the crisis. Five priorities would be tackled through coordinated action by the European institutions and Member States.

The PRESIDENT said that the first priority was to pursue fiscal consolidation. Emphasising in particular the quality of the consolidation measures implemented and the effectiveness of tax systems, he explained that the Commission was calling for fiscal consolidation tailored to the Member States and conducive to growth and employment. Second, there was a need to restore normal lending conditions for the real economy by continuing to strengthen the European financial sector. Third, he reviewed ways of boosting growth and competitiveness, ranging from the continuation of the structural reforms recommended to each Member State in July 2011 to full mobilisation of the Structural Funds, which would include measures to reduce the fragmentation of European markets. While recognising that most of these levers were in the hands of Member States, he underlined the help available at European level, referring to the Commission proposal to speed up the deployment of certain growth factors, which he, the PRESIDENT, would present to the European Council in December. He then turned to the fourth priority – the urgent need to tackle unemployment, particularly among young people, and the social consequences of the crisis which were affecting inclusion and poverty figures. Lastly, continued efforts would have to be made to modernise public administrations in order to create a favourable environment for undertakings and enable European citizens to enjoy all the advantages of belonging to the European Union and the single market.

The PRESIDENT noted that the adoption of the Annual Growth Survey marked a new 'European semester' in economic governance and referred to the forthcoming stages in the process, placing them in the perspective of the European Council in March 2012 and the evaluation of the progress made by Member States in achieving the objectives set out in the Europe 2020 strategy, the national recommendations issued in 2011 and the commitments entered into under the 'Euro Plus' Pact.

Turning to the second main strand of the Annual Growth Survey, namely economic governance, he said that the aim was to complete the structure introduced two years previously, where possible covering the 27 Member States in order to maximise the impact, but bearing in mind the special features and responsibilities of the euro area Member States. The Community method was the only way for the institutions, at all levels, to take swift decisions and put them into action. Citing Article 121 of the Treaty on the Functioning of the European Union, he considered it a matter of urgency that the Member States, particularly those in the euro area, should regard their economic policies as a matter of common interest.

He presented the Commission's new initiative on economic governance, which supplemented the proposals in the ‘six pack’ and reinforced the current governance framework for the EU as a whole and the euro area in particular, on the basis of the Treaties in force. He explained the content of the two Regulations aimed at reinforcing preventive surveillance of national budgets in the euro area, in which the Commission would play an active role, and at stepping up the monitoring of euro area Member States threatened with serious financial instability, in the context of a potential financial assistance programme (see points 15 and 16 of these minutes).

He ended by referring to the Green Paper which the Commission was on the point of submitting for a broad public consultation and objective debate on the creation of stability bonds, saying that this matter should not be taboo and should be discussed realistically in terms of its feasibility and short-term impact (see point 17 of these minutes).

Mr REHN examined the macroeconomic background to the Annual Growth Survey 2012, explaining that the aim was to act simultaneously on three fronts: (i) fiscal consolidation, to ensure the viability of Member States’ public finances, (ii) the introduction of safety nets for sovereign debt, consisting of the European Financial Stability Facility and the European Stability Mechanism, while at the same time restoring the financial sector’s ability to finance the economy, in particular small and medium-sized enterprises, and (iii) the further emphasis to be put on growth and hence structural reform, given the lack of budgetary margins, which would have a beneficial effect in terms of restoring a climate of confidence.

He described in detail the content of the two Regulations proposed this day on the basis of Article 136 of the Treaty on the Functioning of the European Union (see points 15 and 16 of these minutes).

The proposal for a Regulation concerning the monitoring and assessment of draft budgetary plans was an important additional step in the integration of the euro area. Powers would be given to the Commission to assess draft budgets and issue recommendations directly to the Member States undergoing excessive deficit procedures.

As for the second proposal for a Regulation, on the strengthening of economic and budgetary surveillance of Member States whose financial stability was threatened, Mr REHN pointed out that it set out the arrangements for enhanced surveillance of Member States that were receiving financial assistance or that were at risk of financial instability which resulted in a risk to the euro area as a whole. In particular, he drew attention to the Commission's prerogative, on the basis of an analysis carried out by itself, and in consultation with the European Central Bank, to propose to the Council that a recommendation be made to a Member State that it request financial assistance. He explained that this proposal was justified because, as experience showed, Member States tried to avoid resorting to financial assistance until the last moment, which allowed the situation to deteriorate still further and increased the economic and political cost to the other Member States.

Raising the question of the Green Paper on the feasibility of introducing stability bonds (see item 17 of these Minutes), he pointed out that the recent turbulence on the sovereign debt markets had led to a resurgence of interest in this subject. He set out the advantages, in particular lower borrowing costs for Member States and greater resilience in the financial system to withstand shocks, but he also explained that such common bonds would only be possible against the background of substantially consolidated economic governance. He explained the three broad approaches identified in the Green Paper, two of which – likely to be the most effective – would involve the full or partial replacement of national bonds by common bonds, accompanied by joint and several guarantees, but would probably require amendments to the Treaty as it stood, which would take a long time.

Mr ANDOR then introduced the draft Joint Employment Report, which formed part of the Annual Growth Survey, placing it in the context of the policies adopted recently or to be adopted soon in this field, together with the White Paper on pensions and the package of measures on 'flexicurity' to be presented by the Commission in 2012. Sketching an outline of the current social situation in the European Union, he mentioned specifically the worryingly high level of unemployment in general and among young people in particular. He said it was important to make sure that the weakness of the employment market did not become an obstacle to growth and that the social consequences of the economic crisis did not turn into a threat to budget consolidation. He therefore supported the principle of adapting proposals to the national circumstances of the Member States, especially since their situations differed greatly from one to the other.

Among the most pressing challenges in the area of employment and social policies listed by Mr ANDOR were (i) the question of removing rigidities, especially within the labour markets, (ii) youth unemployment, for which the report called for measures to be taken quickly to improve young people's access to the labour market, for example by supporting apprenticeship schemes or encouraging a spirit of enterprise, (iii) the growing failure of existing systems to match up supply and demand, both in geographical terms and in terms of workers' qualifications and the needs of employers, an area in which the joint report proposed action on mobility as well as reforms in education and training, and (iv) the question of salaries – although it took different forms in the various Member States – which was also important for maintaining overall demand within the European Union. He stressed the urgency of implementing sound and long-term policies to give a boost to job creation and preserve strong social cohesion. He concluded his presentation by stressing the need for the Union and the Member States to show that they really were ready to move forward towards an economic model that encouraged growth through innovation and the development of human capital.

Mr ŠEMETA for his part pointed out that the question of taxation had returned to the public arena as the focal point of two very topical preoccupations, fiscal consolidation and economic growth. He welcomed the inclusion of tax policy as an annex to the Annual Growth Survey, which would ultimately lead to specific recommendations for the individual Member States. He also stressed that the Commission’s work here did not in any way undermine the sovereignty of the Member States in this area, but was intended merely to guide them towards the necessary structural reforms.

He felt that, in the context of the ‘European Semester’, the Member States should enter into firm and responsible commitments and then keep to them. He accordingly stressed the structural measures that would have to be taken and the need to bring them to the attention of the Member States in connection with, on the one hand, fiscal consolidation – in order to improve the management of and compliance with tax rules and systems and to broaden the tax base – and growth, on the other hand, by improving the structure of taxation through lower taxes on labour and a re-examination of each individual tax measure to reduce costs and possible contradictions.

Mr ŠEMETA concluded his presentation by pointing out that the European added value of what might be proposed lay in regulation, for example by strengthening the internal market, in coordination, for example by exchanging best practice between Member States, and in the financing of certain programmes, for example the recent ‘Fiscus’ programme.

The Commission then held an in-depth discussion during which the following main points were raised:

– in the context of the Annual Growth Survey, certain questions as to whether it would be economically possible and politically advisable to strengthen aggregate demand within the European Union by asking Member States that enjoyed surpluses to help boost consumption and growth in Europe; a reminder here of the recommendations already made in the first European semester to Member States with a balance-of-payments surplus;

– the importance of fiscal consolidation and investment in the future, but the importance too of social cohesion, which was a precondition for sustainable growth in Europe;

– the need to bear in mind that if Europe were to consume it must also continue to produce; a reminder in this context of the importance of key enabling technologies;

– the importance for the Commission of working intelligently with the European companies that would create the jobs of the future;

– the case for shifting the tax burden from labour to other factors in order to stimulate growth;

– the importance of well-performing public administrations and of the public sector reforms under way in the Member States, particularly in terms of developing a culture of administrative transparency; on the same issue of public administration and putting economic governance into practice, the importance of not adding to the Member States’ administrative burden and of taking specific national situations into account, for example as regards timescales;

– a reminder of the quality of expenditure in the field of research and innovation, the effects of which must not be underrated, in the medium and long term; also in this context, the need to introduce more competitiveness in the allocation of funding;

– the relevance and quality of the proposals, which were both innovative and pro-active, in particular the legislative proposals on the multilateral surveillance of fiscal policies and increased economic and budgetary surveillance of euro-area Member States threatened with serious difficulties with respect to their financial stability;

– the need to increase democratic involvement in the implementation of economic governance by attaching greater importance to the Commission's interaction with national parliaments in exercising the powers conferred on it, as well as with employers’ and trade union organisations;

– again on the subject of stronger economic governance, the importance for the Commission to ensure smooth relations between Member States in the euro area and those outside;

– the importance of the external dimension of economic governance and the need to look further into what could be done to encourage such economic diplomacy under the present treaties;

– the scope of the role of the European Central Bank, in particular its room for manoeuvre for stepping up its intervention in order to support euro-area members in difficulty;

– the importance of the Green Paper on stability bonds, which was likely to spark a debate in Europe on the feasibility of pooling the issue of sovereign debt among the euro-area Member States by identifying, on the basis of a number of suggested options, the possible benefits of such a measure and the difficulties to be overcome; questions too as to whether this was the right time to present such a Green Paper; in this connection, the importance of careful communication when launching the consultation exercise, and in particular of stressing that the top priority was still to implement the decisions taken at recent summits.

Replying to the questions that had been raised, Mr REHN stressed the difficult political climate in Europe and advised utmost caution with regard to any amendment of the Treaties. He also pointed out that the economic situation of most Member States was such that it was economically and politically impossible to implement a fiscal recovery policy; moreover, the effects of such a policy would chiefly benefit external demand and might generate inflationary pressures and a rise in interest rates by the European Central Bank.

He also pointed out that the European Central Bank held a central place in the current set-up and played a key role in guaranteeing financial stability, although in the longer term it would be necessary to give a suitable boost to the European Financial Stability Facility and to prepare for the future European Financial Stability

Mechanism. He ended by underlining the importance for the euro area of the debate on stability bonds.

Winding up the discussion, the PRESIDENT stressed that the initiatives presented were intended above all to be politically and economically realistic, and that the Commission must act as a driving force for hope and optimism for Europeans while clearly setting out the current challenges and risks.

He said that a proper analysis showed that the situation in Europe was not so unfavourable and that, in particular, the private sector and European businesses had on the whole managed to adapt effectively to changes and to the crisis, thereby demonstrating more flexibility than their governments. He pointed out that the Commission's role was to make proposals and promote public debate in the Member States even if there were some disagreements about certain proposals.

In conclusion, the PRESIDENT said that the Commission must show conviction in its proposals and must not hesitate to reaffirm its leadership role on the European scene by associating all the institutional and private partners concerned.

Following this discussion, the PRESIDENT noted the Commission's unanimous support for the proposed texts and its agreement to the following changes to the English-language version of COM(2011)815/2:

– **on page 5, the second bullet point is amended as follows:**

"Greater efforts should be made to shift taxation away from labour towards taxation which is less detrimental to growth: for example, increasing consumption, environmental, wealth (for example, high value property) taxation can help to alleviate the tax burden on labour thus making hiring more attractive. Particular attention should be paid to the needs of the most vulnerable groups in any tax shifts.";

– **on pages 7 and 8, the fourth paragraph of Chapter 3, *Promoting growth and competitiveness for today and tomorrow,* is amended as follows:**

"Without the necessary structural reforms, medium term projections point to the EU remaining stuck in slow growth. Specific priority areas for reform in each Member State have been identified in the EU country-specific recommendations. The EU level can support and complement national actions, for example, through the Single Market Act proposed by the Commission and endorsed by the European Parliament and the European Council. A number of growth levers could deliver rapid results during 2012, if pursued both individually by each Member State and as part of EU wide action.";

– **on page 8, the second indent of the second bullet point is amended as follows:**

"Enhancing competition and competitiveness in the retail sector, reducing barriers for the entry and exit of firms, and eliminating unjustified restrictions for business and professional services, legal professions, accounting or technical advice, health and social sectors.";

– **on page 9, the fourth sentence of the bullet point in the section *Mobilising the EU budget for growth and competitiveness* is amended as follows:**

"In some, EU funds can represent as much as 4% of GDP.";

– **on page 14, the fourth bullet point is amended as follows:**

"Where absorption rates of EU structural funds is low, building administrative capacity, including the necessary expertise and continuity of management, to ensure speedier disbursement of unused funds on growth-enhancing projects and using available technical assistance for this purpose.";

– **on page 19, the second bullet point is amended as follows:**

"Providing a common legal base for mutual recognition of e-authentication and electronic signature across borders – Commission proposal 2nd Qt 2012, agreement by Council and EP by the end 2012".

Subject to the inclusion of the above amendments and a final linguistic revision of the text, the Commission approved the Communication and the four annexes thereto (the Progress Report on the Europe 2020 Strategy, the Macro-Economic Report, the Draft Joint Employment Report and the paper on growth-friendly tax policies in Member States and better tax coordination in the EU) in COM(2011)815/2 for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Investment Bank and the European Central Bank and, for information, to the national parliaments.

15. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON COMMON PROVISIONS FOR MONITORING AND ASSESSING DRAFT BUDGETARY PLANS AND ENSURING THE CORRECTION OF EXCESSIVE DEFICITS OF THE MEMBER STATES IN THE EURO AREA (COM(2011)821 AND /2; SEC (2011)1450; RCC(2011)1018)

The Commission adopted the proposal for a Regulation in COM(2011)821/2, for transmission to Parliament, the Council, the European Central Bank and to the national parliaments.

16. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE STRENGTHENING OF ECONOMIC AND BUDGETARY SURVEILLANCE OF MEMBER STATES EXPERIENCING OR THREATENED WITH SERIOUS DIFFICULTIES WITH RESPECT TO THEIR FINANCIAL STABILITY IN THE EURO AREA (COM(2011)819; SEC (2011)1450; RCC(2011)1018)

The Commission adopted the proposal for a Regulation in COM(2011)819 for transmission to Parliament, the Council, the European Central Bank and to the national parliaments.

17. GREEN PAPER ON THE INTRODUCTION OF "STABILITY BONDS" (COM(2011)818 AND /2; SEC (2011)1450; RCC(2011)1018)

The Commission approved the Green Paper in COM(2011)818/2, for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the European Central Bank and, for information, to the national parliaments, and decided to launch a public consultation on this basis.

18. PROPOSAL FOR A COUNCIL DECISION ON GUIDELINES FOR THE EMPLOYMENT POLICIES OF THE MEMBER STATES (COM(2011)813; RCC(2011)1018)

The Commission adopted the proposal for a Decision in COM(2011)813 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

19. RELATIONS WITH NON-MEMBER COUNTRIES

Baroness ASHTON outlined the political situation in Iran, Syria, Egypt and Yemen, the recent events in those countries, the analysis of the situation by the European Union and its main allies and the actions taken by them.

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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 12.31.