



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012)1989 final

Brussels, 22 February 2012

MINUTES
of the 1989th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 8 February 2012
(morning)

PV(2012)1989 final

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Single sitting: Wednesday 8 February 2012 (morning)

The sitting opened at 9.12 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	Item 10 (in part)
Mr BARNIER	Member	Items 1 to 10 (in part)
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Mr OETTINGER	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	Item 10 (in part)
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Baroness ASHTON

High Representative/
Vice-President

Ms GEORGIEVA

Member

Mr HAHN

Member

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

Mr BANNERMAN	Adviser in Baroness ASHTON's Office	Items 1 to 10 (in part)
Ms FINK-HOOIJER	Chef de cabinet to Ms GEORGIEVA	
Mr GAMBS	Chef de cabinet to Mr HAHN	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT
Mr ROMERO REQUENA	Director-General, Legal Service
Mr VANDERSTEEN	Deputy Director-General (acting), DG Communication
Ms AHRENKILDE HANSEN	Commission Spokeswoman
Mr THEBAULT	Head of the Bureau of European Policy Advisers
Mr KONIECKI	Member of the President's staff
Mr PESONEN	Chef de cabinet to Mr REHN

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

1. AGENDAS

(OJ(2012)1989/3; SEC(2012)81/2)

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(2012)1989)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 6 February.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 1987TH MEETING OF THE COMMISSION (25 JANUARY) AND THE MINUTES OF THE 1988TH MEETING (1 FEBRUARY)

(PV(2012)1987; PV(2012)1987, PART II)

The Commission approved the minutes of its 1987th meeting, and decided to hold over for one week approval of the minutes of its 1988th meeting.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2012)7; RCC(2012)9/2)

The Commission took note of the records, distributed as RCC(2012)7 and RCC(2012)9/2 respectively, of the meetings of the Interinstitutional Relations Group held on Friday 27 January and Friday 3 February.

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.2 of the IRG records of 27 January and 3 February)

Dossiers at Parliament first reading

- 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)

The Commission approved the line set out in SI(2012)34.

- Amendment of Council Regulation (EC) 834/2007 on organic production and labelling of organic products (Regulation) – HÄUSLING report – 2010/0364 (COD)

The Commission approved the line set out in SI(2012)30/3.

- Amendment of Council Regulation (EC) 617/2009 opening an autonomous tariff quota for imports of high-quality beef (Regulation) – QUISTHOUDT-ROWOHL report – 2011/0169 (COD)

The Commission approved the line set out in SI(2012)31.

Dossier at Council first reading

- Amendment of Decision 573/2007/EC establishing the European Refugee Fund for the period 2008 to 2013 as part of the General programme "Solidarity and Management of Migration Flows" and repealing Council Decision 2004/904/EC (Decision) – TAVARES report – 2009/0127 (COD)

The Commission approved the line set out in SI(2012)39.

ii) Results of Parliament's January part-session

(point 1.3 of the IRG record of 27 January)

Empowerment

- Placing on the market and use of biocidal products (Regulation) – KLASS report – 2009/0076 (COD)

The Commission empowered Mr POTOČNIK, under Article 13 of its Rules of Procedure, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and any associated Members, to adopt and transmit to the Council its opinion on the amendments, in accordance with Article 294(7)(c) of the Treaty on the Functioning of the European Union, once Parliament had been consulted, and if necessary to attach to its opinion an amended proposal, on the basis of the line set out in SI(2011)441, approved on 30 November, and SP(2012)19, of which the Commission had taken note on 17 January 2012.

iii) Preparation for the February II 2012 part-session of Parliament

(point 1.3 of the IRG record of 3 February)

Ordinary legislative procedure – First reading

- Tasks entrusted to the Office for Harmonisation in the Internal Market (trade marks and designs) relating to the protection of intellectual property rights, including the assembling of public and private sector representatives as a European Observatory on Counterfeiting and Piracy (Regulation) – MASIP HIDALGO report – 2011/0135 (COD)

The Commission approved the line set out in SP(2012)81 and /2.

- Establishing technical requirements for credit transfers and direct debits in euros and amending Regulation (EC) 924/2009 (Regulation) – ESSAYAH report – 2010/0373 (COD)

The Commission approved the line set out in SP(2012)82 and /2.

- 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)

The Commission approved the line set out in SP(2012)83 and /2.

- Over-the-counter derivatives, central counterparties and trade repositories (Regulation) – LANGEN report – 2010/0250 (COD)

The Commission approved the line set out in SP(2012)84 and /2.

- Amendment of Council Regulation (EC) 1234/2007 as regards contractual relations in the milk and milk products sector (Regulation) – NICHOLSON report – 2010/0362 (COD)

The Commission approved the line set out in SP(2012)85.

Special legislative procedure

- Guidelines for the employment policies of the Member States (Council decision) – BERÈS report – 2011/0390 (CNS)

The Commission approved the line set out in SP(2012)87 and /2.

Non-legislative procedure

- Conclusion of an Agreement in the form of an Exchange of Letters between the European Union and the Kingdom of Morocco concerning reciprocal liberalisation measures on agricultural products, processed agricultural products, fish and fishery products, the replacement of Protocols 1, 2 and 3 and their Annexes and amendments to the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part (Council Decision) – BOVÉ report – 2010/0248 (NLE)

The Commission approved the line set out in SP(2012)88 and /2.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business

(SI(2012)33; SI(2012)46)

The Commission took note of the information in SI(2012)33 and SI(2012)46 on the Council meetings between 2 and 22 February.

4.3. RELATIONS WITH PARLIAMENT

v) Results of Parliament's February I part-session

(SP(2012)79)

The Commission took note of the information on the proceedings of the part-session of Parliament held in Strasbourg on 1 and 2 February, as set out in SP(2012) 79.

vi) Action taken on legislative opinions and non-legislative resolutions adopted by Parliament at its December part-session

(point 3.5.1 of the IRG record of 3 February)

The Commission approved document SP(2012)90 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its December part-session, for transmission to Parliament.

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

(point 3.5.2 of the IRG record of 3 February)

The Commission approved documents SP(2012)55 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its November I part-session, for transmission to Parliament.

4.4. RELATIONS WITH THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS

viii) Action taken on opinions of the European Economic and Social Committee – Third quarter 2011

(point 4.3 of the IRG record of 3 February)

The Commission approved document SC(2012)5/4 on the action taken by the Commission on the opinions adopted by the European Economic and Social Committee during the third quarter of 2011, for transmission to that Committee.

4.5. *MULTIANNUAL FINANCIAL FRAMEWORK 2014-2020*

ix) Downstream coordination of the Multiannual Financial Framework External Action package – Working arrangements

(point 6.1 of the IRG record of 27 January)

The Commission took note of document SI(2012)36.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES

(SEC(2012)99/2)

The Commission adopted the decisions in SEC(2012)99/2.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2012)82 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 23 January and 3 February.

6.2. EMPOWERMENT

(SEC(2012)83 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 23 January and 3 February.

6.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2012)84 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 23 January and 3 February, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2012)85 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 6 and 10 February.

**6.5. DELEGATION OF POWERS CONCERNING COMMISSION OPINIONS
ON PROGRAMMES PROPOSED UNDER THE EUROPEAN
ECONOMIC AREA FINANCIAL MECHANISM 2009-2014 AND THE
NORWEGIAN FINANCIAL MECHANISM 2009-2014**

(C(2012)547)

The Commission decided to delegate powers to the Director-General responsible for regional policy to adopt, on the Commission's behalf and under its responsibility, Commission opinions on programmes proposed under the EEA Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014, as well as the opinion on any substantial changes in these programmes, under the terms set out in C(2012)547.

6.6. AD HOC EMPOWERMENT CONCERNING THE ROLE PLAYED BY THE COMMISSION IN THE FINANCIAL SUPPORT TO GREECE PROVIDED BY THE EUROPEAN FINANCIAL STABILITY FACILITY (C(2012)755)

The Commission decided to empower Mr REHN, Member of the Commission responsible for economic and monetary affairs and the euro, in agreement with the PRESIDENT, on behalf of the Commission and under its responsibility, to prepare, negotiate with the Greek authorities and sign, after approval by the lending Member States, the memorandum of understanding setting the policy conditions attached to the loans that would be disbursed by the European Financial Stability Facility for the purposes of facilitating private sector involvement in the provision of financial support to Greece, under the terms set out in C(2012)755.

6.7. AD HOC EMPOWERMENT CONCERNING THE ROLE PLAYED BY THE COMMISSION IN THE FINANCIAL SUPPORT TO GREECE PROVIDED BY THE EURO AREA MEMBER STATES (C(2012)756)

The Commission decided to empower Mr REHN, Member of the Commission with responsibility for economic and monetary affairs and the euro, in agreement with the PRESIDENT, on behalf of the Commission and under its responsibility, and according to the terms set out in C(2012)756:

- to negotiate with the Greek authorities an amendment to the EUR 80 billion loan facility agreement of 8 May 2010 between certain euro area Member States and *KfW Bankengruppe* as lenders and the Hellenic Republic as borrower and the Bank of Greece as agent to the borrower;
- to sign that amendment after approval by the lenders and on their behalf, except Germany whose part of the loan is provided by *KfW Bankengruppe*.

7. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2012)86)

ADMINISTRATIVE MATTERS
(PERS(2012)19)

**7.1. DG MOBILITY AND TRANSPORT – APPOINTMENT OF AD14/15
DIRECTOR**
(PERS(2011)117 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, ‘Innovative and Sustainable Mobility’, in DG Mobility and Transport (PERS(2011)117).

It took note of the opinions of the Consultative Committee on Appointments of 29 November 2011 and 10 January 2012 (PERS(2011)117/2 and /3).

The Commission proceeded to compare the applicants’ qualifications for the post. It also considered the applicants’ ability, efficiency and conduct in the service. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr KALLAS, it then decided to appoint Mr Olivier ONIDI to the post.

This decision would take effect on 1 June 2012.

**7.2. DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION –
TERMINATION OF THE SELECTION PROCEDURE FOR AN AD14/15
DIRECTOR POST**
(PERS(2011)39 TO /4)

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ANDOR, the Commission decided to terminate – without making any appointment – internal selection procedure COM/2011/624 for the post of Director, ‘Resources, Communication’, in DG Employment, Social Affairs and Inclusion.

This decision would take effect immediately.

**7.3. DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION –
APPOINTMENT OF AD14 DIRECTOR**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ANDOR, the Commission decided to fill the post of Director, ‘Resources, Communication’, in DG Employment, Social Affairs and Inclusion by transferring in the interest of the service under Article 7 of the Staff Regulations Ms Hélène CLARK, currently Director, ‘Lifelong Learning: Policies and Programme’, in DG Education and Culture.

This decision would take effect on 1 March 2012.

**7.4. DG INFORMATION SOCIETY AND MEDIA – INTERNAL AND
INTERINSTITUTIONAL (GRADE AD15/16) AND EXTERNAL (GRADE
AD15 – EU-27) PUBLICATION OF A VACANCY NOTICE FOR A
DEPUTY DIRECTOR-GENERAL POST
(PERS(2012)20)**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms KROES, the Commission decided to authorise the publication, under Article 29(1)(a)(i) and (iii), 29(1)(b) and 29(2) of the Staff Regulations, of the vacancy notice in PERS(2012)20 for a post of Deputy Director-General in DG Information Society and Media.

This decision would take effect immediately.

**7.5. DG HUMAN RESOURCES AND SECURITY – INTERNAL
PUBLICATION OF A VACANCY NOTICE FOR AN AD15/16 DEPUTY
DIRECTOR-GENERAL POST
(PERS(2012)21)**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, the Commission decided to authorise the publication, under Article 29(1)(a)(i) and (iii) of the Staff Regulations, of the vacancy notice in

(8 February 2012)

PERS(2012)21 for the post of Deputy Director-General in DG Human Resources and Security.

This decision would take effect immediately.

**7.6. DG DEVELOPMENT AND COOPERATION - EUROPEAID –
TEMPORARY POSTING AS DIRECTOR**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Mr PIEBALGS and Mr FÜLE, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, ‘Resources in Headquarters and in Delegations’, in DG Development and Cooperation – EuropeAid to Mr Kristian SCHMIDT, an AD14 official and Principal Adviser in that DG, from 1 December 2010 (date at which Mr SCHMIDT was established as an official) to 31 March 2011.

This decision would take effect immediately.

**7.7. DG ENTERPRISE AND INDUSTRY – TEMPORARY POSTING AS
DIRECTOR**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr TAJANI, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, ‘Coordination, Planning and International Affairs’, in DG Enterprise and Industry to Mr Didier HERBERT, an AD14 official and Adviser in that DG, from 16 September 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. SECRETARIAT GENERAL / DG BUDGET / DG HUMAN RESOURCES
AND SECURITY – OPENING OF A EUROPEAN OFFICE IN BURMA/
MYANMAR
(PERS(2012)22)**

The Commission took note of the information in point 8 of PERS(2012)19 and in PERS(2012)22 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Baroness ASHTON, Mr PIEBALGS, Mr DE GUCHT, Ms GEORGIEVA and Mr FÜLE, approved the decision to open a European Union office in Burma/Myanmar.

The Commission also took note of the fact that the decision on the organisation chart would have to be taken in agreement with the Commission, and the Commission resources to be assigned to the office would have to be made available in accordance with the procedures in force at the Commission.

These decisions would take effect immediately.

**7.9. DG HUMAN RESOURCES – EMPLOYMENT ARRANGEMENTS FOR
CHINESE STAFF WORKING FOR THE COMMISSION AT THE EU
DELEGATION IN BEIJING**

The Commission took note of the information in point 9 of PERS(2012)19 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Baroness ASHTON and Mr LEWANDOWSKI, decided:

- to authorise the use of Chinese agency staff employed by the European External Action Service in the name of the Commission, without them having the status of local staff under the Conditions of Employment of Other Servants of the European Union, on an exceptional basis and where this was indispensable in the interest of the service;
- to allow staff in the EU Delegation in Beijing, employed under the conditions described above, to be exceptionally covered by the social security scheme established under Article 121 of the Conditions of

Employment of Other Servants of the European Union;

- to authorise such staff, by derogation from Article 47 of the detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, and after having ensured the necessary control level, to initiate financial operations, in order to secure the continuity of financial activities of the EU Delegation in Beijing;
- to ratify the labour contracts concerned that had already been signed with Chinese local staff by the European External Action Service in the name of the Commission.

These decisions would take effect immediately.

7.10. REPORTS ON THE 2007 ENLARGEMENT AND ON COMMISSION RECRUITMENT OF BULGARIAN AND ROMANIAN NATIONALS THROUGH COMPETITIONS – STATE OF PLAY AT THE END OF THE TRANSITION PERIOD (1 JANUARY 2007 – 31 DECEMBER 2011) (SEC(2012)110 AND /2)

The Commission took note of the reports in SEC(2012)110 and /2.

**8. PROPOSAL FOR A COUNCIL REGULATION ON THE STATUTE FOR A EUROPEAN FOUNDATION
(COM(2012)35 AND /2; SWD(2012)1; SWD(2012)2; SEC(2012)94; RCC(2012)11)**

The Commission adopted the proposal for a Regulation in COM(2012)35/2, 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 documents SWD(2012)1 and SWD(2012)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 Council Regulation, as set out in SEC(2012)94.

**9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A SIMPLIFICATION AGENDA FOR THE MULTIANNUL FINANCIAL FRAMEWORK (2014-2020)
(COM(2012)42 TO /5 ; RCC(2012)10)**

The Commission approved the Communication in COM(2012)42/5 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

10. OTHER BUSINESS

LATEST ECONOMIC DEVELOPMENTS

Opening the discussion, the PRESIDENT referred to the two main questions to be addressed that day: (i) the state of play of the negotiations under way on the financial assistance plan for Greece and of the discussions on the participation of the private sector in reducing the country's government debt; (ii) the progress made in the discussions on the Commission's forthcoming decision on the early warning mechanism for macroeconomic imbalances.

With regard to the second point, the PRESIDENT said that the new early warning mechanism, which could be adopted by written procedure on 14 February, was part of the enhanced economic governance currently being deployed in the European Union. He explained that this mechanism addressed three concerns. The first was to identify and monitor, consistently and systematically, the European Union's internal and external imbalances and competitiveness gaps, which were a significant cause

of its current problems. Secondly, a scoreboard would be used to guide the process on the basis of indicators established in agreement with Parliament and the Council, the aim being to conduct an in-depth analysis taking into account a wide range of factors. Thirdly, he stressed the need to ensure the coherence of all the economic governance measures adopted in the Union, pointing out that macroeconomic imbalances would be addressed in the national reform programmes and country-specific recommendations to be established under the 'European semester'.

Turning to the situation in Greece, Mr REHN said that the negotiations on an agreement to involve the private sector in reducing government debt appeared to be drawing to a successful conclusion, although some uncertainties still remained as to the outcome of these negotiations. He then outlined the main issues still on the table. These were the labour market, for which the Greek authorities were proposing a series of reforms including a reduction in the minimum wage, and the question of the budget. He regretted that the Greek government had delayed proposing a solution that would enable financing needs to be met in 2012. While pointing out that €700 million still remained to be found, he spoke of the concern to avoid adopting measures that would restrict the country's investment capacity still further in a situation that was already very fraught.

While acknowledging that these were steps, albeit insufficient, in the right direction, he pointed out that the real challenge facing the Greek authorities today was to reach a national political consensus and undertake commitments in writing, these being the conditions that would enable a Eurogroup meeting to be held by the end of the week. In this connection he also reminded the meeting of the position of the main creditor Member States, who were insisting on compliance with the conditions set at the October 2011 European Council (a debt ratio of 120% by 2020 and a maximum of €130 billion for the second assistance programme or a second tranche of the current aid programme for Greece), as well as on the preconditions for payment of any funds and a written undertaking signed by all the national policy makers. In conclusion, he emphasised the need for the Greek authorities to take measures and implement them without delay in a spirit of national union.

Mr REHN then presented the new economic governance tool, the 'macroeconomic

imbalance procedure' aimed at adding a macroeconomic pillar to the budgetary pillar formed by the six-pack economic governance measures. He explained that it was a preventive monitoring instrument whose purpose was to detect and correct economic trajectories at risk while establishing an in-depth dialogue with Member States on economic policy issues. This instrument went further than the monitoring provided for under the 'broad economic policy guidelines', since it placed more emphasis on the possible contagion effects between the EU Member States, in particular those of the euro area.

He went on to describe the different stages of the excessive macroeconomic imbalance procedure. The first of these started with the report of the early warning mechanism, a screening tool. The second consisted of an in-depth risk analysis of the situation of Member States liable to potentially damaging imbalances or exposed to the risk of such imbalances, in order to establish whether the imbalances in question did not pose a problem, in which case the procedure concluded with this stage, or were serious enough to justify triggering the third stage (preventive or corrective action).

With regard to the preventive component, he stressed that in order to avoid any aggravation of imbalances, under Article 121(2) of the Treaty on the Functioning of the European Union it would from now on be possible to issue recommendations at an early stage, together with country-specific recommendations which would be presented in May as part of the 'European semester'.

The corrective component applied to the most serious situations, which, under Article 121(4) of the Treaty on the Functioning of the European Union, triggered the launching of an excessive imbalance procedure against Member States, which must then submit an action plan accompanied by a roadmap and clear milestones. Mr REHN observed that an enforcement system, for example in the form of an interest-bearing deposit, could be adopted by reverse qualified majority vote for euro area Member States which failed to submit an action plan or to take the recommended corrective measures.

He noted that the scoreboard was the result of extensive consultations with

Parliament, the Council and the European Systemic Risk Board.

In conclusion, he said that the departments placed under his authority would take an economic rather than strictly quantitative approach to these factors in order to avoid mechanical interpretations and take into account the latest economic and financial information. With some days to go to the launching of the first stage, i.e. the early warning mechanism report, he said that this would act as a screen without prejudging the existence of macroeconomic imbalances.

During the discussion that followed this presentation, the following main points were raised:

Concerning the preparation of the second financial assistance programme for Greece

- the need to ensure that the measures to be taken were consistent with economic forecasts and were long term;
- several questions about Greece's economic situation in 2012 and the available forecasts in this respect;
- the importance of clearly disconnecting the compiling of statistics in Greece from the current political process, it being understood that the availability of reliable, unquestionable statistical data, validated by Eurostat, was essential for the credibility of the whole exercise;
- a reminder of the extremely sensitive nature of the social situation in Greece and the need to take account of this in the ongoing discussions;
- the fact that this was a difficult situation that could quickly affect other euro area Member States and, given this, the need for the Commission Members to have a briefing note on each Member State, summarising its situation and the action taken by the Commission;

- the serious consequences of a default by Greece, and a reminder that the main responsibility for resolving the current crisis lay with the Greek political parties;
- the need to reflect on the role of the Commission and the other European institutions in monitoring the measures required of Greece, and to explain this clearly;

Concerning the progress in the work on the early warning system for macroeconomic imbalances

- a reminder about the macroeconomic imbalances not corrected at national level, at the root of the current crisis, and the relevance of a decidedly European approach to ensure that they were monitored better in future on preventive grounds;
- the concern to ensure that all imbalances were taken into account, both deficits and surpluses, and the importance of boosting internal demand in the European countries concerned, without any loss of competitiveness;
- the importance for the European Union and its Member States of striking a balance between the necessary budget consolidation measures and a monetary policy that was not too restrictive;
- a reminder of the need to underpin the three main sources of financing growth and the real economy, namely banks, insurance companies and pension funds, while at the same time endeavouring to preserve, in future negotiations, certain key elements relating to liquidity and solvency rules;
- the importance, for the European project and EU citizens, of returning to the fundamentals of a competitive social market economy;
- the necessary communication efforts to be made by the Commission, with respect to the general public and national parliaments, when implementing macroeconomic surveillance mechanisms;

- several questions concerning the scope of the warning mechanism.

Mr REHN answered the questions raised and further clarified the measures to step up macroeconomic surveillance. The interim economic forecasts for the Member States would be published very soon. He underlined the important role played by the European Central Bank in preventing the funds needed for the European economy from drying up, and in response to comments concerning the government surpluses in some Member States, he stressed the need for caution and a balance between maintaining export competitiveness and boosting internal demand, for instance in the fields of services and infrastructure.

It was essential to have reliable statistics on Greece: this was a vital precondition to ensuring the credibility of Greece in handling the current crisis. A long-term solution was needed that would bring about a significant reduction in Greek's public debt, restore its competitiveness and ensure better use of the Structural Funds.

He wound up by pointing to the importance of appropriate, sensitive communication within the Commission on these very delicate issues.

The PRESIDENT wrapped up the discussion, saying again that Mr REHN had the Commission's full support both for his work on the Greek case and for the introduction of the new warning mechanism, which would require considerable efforts by all Commission departments.

Commenting on the growing "Europeanisation" of Member States' internal policies to deal with the crisis, he highlighted the new pivotal role – political as well as technical – which the Commission was being compelled to play in economic governance, and which it must be prepared to play, even in the face of criticism. He underlined the twofold task now facing the Commission: to be rigorous and recommend budget consolidation measures that were sometimes painful but necessary, and to table dynamic proposals for growth and employment and restore hope for European citizens. He expressed a wish to see the Commission pursuing this dual objective – stability and growth – steadfastly and adopting a realistic discourse, however he made it clear that structural reforms would have to be

continued to adapt the European Union and allow it to enhance its competitiveness, against a background of tight budgetary constraints. At the same time, new market opportunities would have to be opened up and new forward-looking political measures proposed such as European stability bonds or bonds linked to European-wide projects, for instance in the energy or digital economy sectors where there were excellent prospects.

He concluded by reasserting the Commission's determination to do everything in its power to achieve an effective, collective solution to the crisis and put the EU back on the path to growth, in tandem with the Member States, which must also assume their responsibilities with regard to Europe as a whole.

The Commission took note of this information.

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The meeting closed at 11.10.