EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012)1993 final

Strasbourg, 13 March 2012

MINUTES

of the 1993rd meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 7 March 2012

(morning)

TABLE OF CONTENTS

<u>Single sitting</u>: Wednesday 7 March 2012 (morning)

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

<u>Present</u>:

Mr BARROSO	President	
Ms REDING	Vice-President	Items 1 to 8 (in part)
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	Items 7 (in part) and 8
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr BARNIER	Member	Items 7 (in part) and 8 (in part)
Ms VASSILIOU	Member	Items 1 to 8 (in part)
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 7 and 8 (in part)
Mr DALLI	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Mr OETTINGER	Member	Items 1 to 8 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	Items 1 to 8 (in part)
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	Item 8 (in part)

Absent:

Baroness ASHTON	High Representative/ Vice-President
Ms KROES	Vice-President
Mr PIEBALGS	Member
Ms GEOGHEGAN-QUINN	Member
Ms GEORGIEVA	Member

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

Mr BANNERMAN	Adviser in Baroness ASHTON's office	
Mr WHELAN	Chef de cabinet to Ms KROES	
Mr KARHUNEN	Adviser in Mr PIEBALGS's Office	
Mr KÜTT	Deputy Chef de cabinet to Ms GEOGHEGAN-QUINN	
Ms FINK-HOOIJER	Chef de cabinet to Ms GEORGIEVA	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	Items 1 to 8 (in part)
Mr PAULGER	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Items 7 (in part) and 8
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 7 (in part) and 8 (in part)
Ms MARTÍNEZ ALBEROLA	Adviser in the PRESIDENT's Office	Items 1 to 7
Ms SKURATOWICZ	A member of the PRESIDENT's staff	
Ms SUTTON	A member of the PRESIDENT's staff	Item 8
Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	Item 8 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	
Mr GUERSENT	Chef de cabinet to Mr BARNIER	Item 8 (in part)
Mr HAEUSLER	Chef de cabinet to Mr CIOLOŞ	Items 1 to 8 (in part)

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

1. AGENDAS
(OJ(2012)1993/2; SEC(2012)150/2)

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)1993)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 5 March.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 1991ST AND 1992ND MEETINGS OF THE COMMISSION (22 AND 29 FEBRUARY)
(PV(2012)1991; PV(2012)1991, PART II; PV(2012)1992; PV(2012)1992, PART II)

The Commission approved the minutes and special minutes of its 1991st and 1992nd meetings.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED
(SEC(2012)151 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 February and 2 March.

4.2. EMPOWERMENT (SEC(2012)152 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 February and 2 March.

4.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012)153 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 27 February and 2 March, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012)154 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 5 and 9 March.

5. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2012)155/2)

ADMINISTRATIVE MATTERS
(PERS(2012)31/2)

5.1. DG HUMAN RESOURCES AND SECURITY – PROMOTION OF SENIOR MANAGEMENT OFFICIALS – 2011 EXERCISE

The Commission noted the procedure followed, as set out at point 1 of PERS(2012)31/2, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

– to promote to grade AD16 Mr Jos DELBEKE, Ms Françoise LE BAIL, Mr Walter RADERMACHER, Mr Dominique RISTORI, Ms Irène SOUKA, Ms Paola TESTORI COGGI and Mr Jean-Claude THEBAULT, presented in alphabetical order, exercising the basic function of Director-General, with effect from 1 January 2012;

– to promote to grade AD15 Mr Pal CSISZAR, Mr Christos ELLINIDES, Ms Signe RATSO, Ms Eva SYNOWIEC, Mr Gerassimos THOMAS and Mr Miroslaw ZIELINSKI, presented in alphabetical order, exercising the basic function of Director, with effect from 1 January 2012.

These decisions would take effect immediately.

5.2. DG HUMAN RESOURCES AND SECURITY – COMMUNICATION TO THE COMMISSION ON GUIDELINES ON GIFTS AND HOSPITALITY FOR STAFF MEMBERS (SEC(2012)167/2)

The Commission noted the information at point 2 of PERS(2012)31/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

– to adopt the communication in SEC(2012)167/2;

– to authorise the Member of the Commission responsible for administration to revise, if necessary, the guidelines on gifts and hospitality for staff members.

These decisions would take effect immediately.

5.3. DG COMMUNICATION - AMENDMENT OF ORGANISATION CHART AND APPOINTMENT OF AD14 PRINCIPAL ADVISER

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

– to create a temporary AD14 principal adviser post, directly attached to the Deputy Director-General, in DG Communication;

- to fill that post by transferring in the interest of the service under Article 7 of the Staff Regulations Ms Androulla KAMINARA, AD14 official and currently Head of the Commission Representation Office in Cyprus;
- to abolish this post after the departure of its holder.

This decision would take effect on 16 March 2012.

5.4. DG COMMUNICATION – APPOINTMENT OF AD14 HEAD OF REPRESENTATION OFFICE

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms REDING, the Commission decided to fill the post of Head of the Commission Representation Office in Cyprus (DG Communication) by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Georgios MARKOPOULIOTIS, AD14 official and currently a seconded head of unit in DG Communication.

This decision would take effect on 16 March 2012.

6. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON IMPROVING SECURITIES SETTLEMENT IN THE EUROPEAN UNION AND ON CENTRAL SECURITIES DEPOSITORIES (CSDs) AND AMENDING DIRECTIVE 98/26/EC (COM(2012)73 TO /3; SWD(2012)22; SWD(2012)23; SEC(2012)131; RCC(2012)17)

The Commission adopted the proposal for a Regulation in COM(2012)73/3 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee and the national parliaments, and, for information, to the European Data Protection Supervisor, together with the impact assessment and the summary thereof in staff working documents SWD(2012)22 and SWD(2012)23, 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(2012)131.

7. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

7.1. STATE AID – INDIVIDUAL CASES (SEC(2012)160/2)

The Commission adopted the decisions in SEC(2012)160/2.

7.3. INFRINGEMENTS – URGENT INDIVIDUAL CASES (SEC(2012)175)

– **2012/2011 – HU – Infringement of the principle of an independent data protection supervisory authority**
Decision: reasoned opinion Article 258 TFEU

– **2012/2012 – HU – Fixed retirement age for judges, prosecutors and notaries**
Decision: reasoned opinion Article 258 TFEU

Opening the discussion on the action to be taken on the infringement proceedings against Hungary launched on 17 January, the PRESIDENT referred to the detailed replies from the Hungarian authorities, which had been provided within the prescribed time limit and analysed thoroughly by the Commission. He personally had met the Hungarian Prime Minister, Mr Viktor Orbán. Mr Orbán had stated his intention of taking on board the Commission's legal arguments, although the PRESIDENT regretted that the spirit of cooperation had not prevented more critical positions from being taken concerning the legitimacy of the Commission's action. He mentioned too that he had received a visit from the Hungarian President, Mr Pál Schmitt, who had also expressed his wish to address the Commission's concerns constructively.

He stressed the need for a precise and rigorous legal approach as the best way for the Commission to ensure that Hungary met its obligations. He emphasised the legal procedures under way, in which the Commission, as the guardian of the Treaty and of European Union law, intended to make good use of its quasi-judicial powers.

The PRESIDENT also stressed that although the Hungarian authorities had not accepted all the Commission's objections, they had proposed to bring their legislation into line with its legal analysis. Since not all the problems had been resolved, the proceedings would continue to take their course. If necessary, Member States had the right to refer any legal disagreements with the Commission to the Court of Justice of the European Union.

Referring to the independence of the judiciary and the legislation on the media in Hungary, the PRESIDENT said that infringement proceedings had not been brought in this connection but letters had been sent by Ms REDING and Ms KROES. He felt that it was important to await the analysis to be given by the Venice Commission and the Council of Europe in mid-March. He also placed these matters in the context of the opening of negotiations with the Hungarian authorities on the possible financial assistance programme for Hungary.

Ms REDING began by thanking the Legal Service for the speed and quality of its analysis of these complex matters. She then presented the issues that were still giving cause for concern from a legal standpoint at this stage of the infringement procedure.

Turning first to the independence of the supervisory authority for the protection of personal data, she said that Hungary still had to bring the rules applicable to the dismissal of the president of this authority into line with the relevant European directive, and to explain to the Commission how it intended to achieve this and the timeframe it was proposing. Ms REDING added that the Hungarian authorities must also explain the dismissal of the data protection commissioner before the end of his term and provide redress.

She turned secondly to the retirement age of judges, prosecutors and public notaries, which was being reduced despite the fact that in Hungary there was no general obligatory retirement age. She stressed the unequal treatment this would cause and the inadequacy of the proposed derogation procedure, which was based on a medical examination and a professional aptitude test.

Ms REDING proposed to send Hungary two reasoned opinions on these matters, to which it would have a month to reply.

Lastly, on the question of the independence of the judiciary, she referred to the unsatisfactory reply from the Hungarian authorities to the Commission's administrative letter of 17 January. Hungary had challenged the Commission's competence in this area even though the Hungarian courts, like all national courts, act as "European Union judges" when applying EU law and must therefore provide effective judicial protection. She expressed her concerns on this last point, regarding which another administrative letter would have to be sent. In conclusion, she pointed out that it was in Hungary's interests to have a judicial system that was beyond reproach in order to safeguard the principle of mutual recognition, for example in the area of judicial cooperation between the Member States and the European Union.

Mr REHN discussed the two cases concerning Hungary which fell within his area of responsibility, namely (i) the procedure for correction of the excessive budget deficit initiated against Hungary under Article 126(7) of the Treaty on the Functioning of the European Union, and (ii) the infringement proceeding concerning the independence of the Hungarian central bank.

He began by drawing a clear distinction between the first of these cases and the infringement proceedings being discussed. By way of information, he then referred to the adoption the previous day, by written procedure, of a new Commission recommendation for a Council recommendation to the Hungarian authorities to put an end to the excessive government deficit in 2012. He felt it was realistic that Hungary could meet the European Union's expectations in the next six months. This recommendation and the

Commission's other proposal concerning the suspension of cohesion funds would be examined jointly at the next Economic and Financial Affairs Council.

Turning to the infringement case concerning the independence of the Hungarian central bank, Mr REHN began by announcing that the objection regarding the provisions on taking an oath had now been withdrawn, since the new version of these provisions was satisfactory and therefore no longer constituted an infringement.

He suggested that at this stage the Commission should not take any further procedural steps but should send the Hungarian authorities an administrative letter requesting additional clarifications and undertakings. He was pleased that the Hungarian government had undertaken to correct several provisions, while observing that the time had now come for actions rather than words and that Hungary must lose no time in sending the Commission a draft regulation.

On the undermining of the independence of the governor of the central bank – by reducing his salary during his term of office – and of that of the president of the Hungarian supervisory authority for the financial markets, Mr REHN said that a reasoned opinion might have to be sent subsequently if the measures appeared to have been taken out of personal considerations, as the information available to the Commission seemed to indicate. The Commission was asking Hungary for specific measures concerning the arrangements for consulting the European Central Bank. It was also asking for a change in behaviour on the part of the government, whose press releases systematically criticised the decisions of the Hungarian central bank.

Lastly, with regard to the assistance programme for Hungary, Mr REHN explained that the Commission would consult the International Monetary Fund and the European Central Bank on the desirability of continuing the negotiations. For Hungary, the question of financing would not arise until June or July.

The Commission then held a discussion during which the following points were highlighted:

- the need to draw a clear distinction between the infringement proceedings, the excessive government deficit procedure and the negotiations on preventive financial assistance for Hungary;

- given the unfortunate fact that these cases coincided with the excessive government deficit procedure, the importance of not allowing this to overshadow – in terms of communication and public perceptions – the Commission's specific responsibilities as the impartial guardian of European law and the treaties;

- the need for good information and communication regarding the action taken by the Commission in the various infringement proceedings so as to remove any temptation for Hungary to present itself as a victim, to seek to exploit anti-European sentiment and to deny the Commission's legitimacy to act in these fields;

- although the Commission had adopted a sound approach – acting solely on the basis of a thorough legal analysis – the proceedings were being viewed in a political light; this fact should now be taken on board and the Commission must avoid giving the impression that it was motivated by an excessive zeal to apply the letter of the law and concerned with incidental aspects, rather than concentrating on the seriousness of Hungary's wider economic situation;

- the difficulty for Hungarian citizens to understand the Commission's arguments concerning the salary of the governor of the Hungarian central bank or its power to launch infringement proceedings in that regard; the need to argue and explain clearly this point of principle, i.e. that the Hungarian government was altering the remuneration of the governor of the central bank in mid-term, and to place it in the wider context of the bank's independence;

– the importance of stressing the means at the Commission's disposal for helping Hungary rectify the problems that had come to light, on the basis of real and constructive dialogue;

– concerns about the unilateral measures taken by the Hungarian authorities concerning the single market, in particular the exclusion of foreign companies from offering certain services; questions too about the draft laws on education, in particular higher education.

Ms REDING made it clear that, if Hungary were willing, the presumed infringements of Community law could be resolved quickly. She noted a contradiction between the statements by leading Hungarian politicians encouraging certain nationalist instincts in the media and the contacts the Commission had with the Hungarian authorities, who said they were prepared to take the measures needed to bring Hungary's legislation into line with EU law. She said that the Commission needed to be entirely objective in its legal analysis of the facts, drawing a distinction between a political stance, such as the European Parliament might adopt, and infringement proceedings, which came under the Commission's basic remit.

Mr REHN also stressed the need to have as a basis a sound legal analysis of the measures taken by Hungary, pointing to the Commission's dual role as the driving force of European integration and the watchdog responsible for compliance with the Treaties. As regards the Hungarian central bank, what was at issue was not the remuneration of the governor as such, but the fact that the measures taken by the Hungarian government did not appear to respect the central bank's independence, which was a fundamental principle of the Treaty on the Functioning of the European Union. He ended by saying that at this stage it was better not to issue a reasoned opinion, but to send another letter asking for clarification on these various points.

The PRESIDENT thanked the Commission Members for their contributions. He concluded that the College agreed with the decisions proposed by Ms REDING to send two reasoned opinions to Hungary concerning the removal from office of the former Data Protection Commissioner and the retirement age for judges, prosecutors and notaries. The Commission had also taken note of the initiative by Ms REDING and Mr REHN to send two new administrative letters to the Hungarian authorities concerning the independence of the central bank and the judiciary.

He reminded the meeting of the Commission's goal, which was to fulfil its mission of ensuring that Hungary complied with European law as soon as possible. Nevertheless, he stressed that, alongside the thorough legal analysis, scrupulous attention should also be paid to the political aspects of this case, as there was a danger that it might be exploited for populist ends, that the rhetoric might get out of hand and that national divisions might be opened up. In this context there was considerable onus on the Commission, as it alone could bring together the European institutions, the Member States and the Hungarian government to seek a satisfactory outcome to the current problems. He therefore recommended that, as the guardian of the treaties, integrity and values of the European Union, the Commission adopt a constructive attitude and a firm, objective and clear-headed position, which could only serve to strengthen its authority and legitimacy.

The Commission adopted the decisions set out in SEC(2012)175 and took note of the intention of Ms REDING and Mr REHN to send two administrative letters to the Hungarian authorities concerning respectively the independence of the Hungarian central bank and the independence of the judiciary.

8. INTERINSTITUTIONAL RELATIONS (RCC(2012)18)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 2 March (RCC(2012)18).

It paid particular attention to the following points.

8.1. LEGISLATIVE MATTERS

i) Preparation for the March I part-session of Parliament
(point 1.3 of the IRG record)

Ordinary legislative procedure – First reading

– Jurisdiction, applicable law, recognition and enforcement of decisions and authentic instruments in matters of succession and the creation of a European Certificate of Succession (Regulation) – LECHNER report – 2009/0157 (COD)

The Commission approved the line set out in SP(2012)173.

– Amendment of certain regulations relating to the common commercial policy as regards the procedures for the adoption of certain measures (Regulation) – QUISTHOUDT-ROWOHL report – 2011/0039 (COD)

The Commission approved the line set out in SP(2012)174/3.

– Amendment of Regulation (EC) 1198/2006 on the European Fisheries Fund, as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability (Regulation) – FERREIRA report – 2011/0212 (COD)

The Commission approved the line set out in SP(2012)175 and /2.

8.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business
(SI(2012)86)

The Commission took note of the information in SI(2012)86 on the Council meetings between 8 and 21 March.

iii) Results of the European Council (Brussels, 1 and 2 March) (SI(2012)85; SI(2012)87; SI(2012)41/2)

The PRESIDENT recalled that when the preparation of the European Council had been raised at the Commission meeting the previous week, he had expressed the hope that it would be a traditional summit focusing on economic issues. This had in fact been the case, and it had been possible to hold an in-depth discussion on restoring confidence and boosting growth in Europe, in line with a balanced approach fully supported by the Commission.

Growth and the European semester

Prior to the European Council meeting, he had expressed several concerns about an apparent failure by Member States to assume ownership of the Europe 2020 strategy. Regretting the fact that the letter of 20 February from twelve Heads of Government did not mention this strategy at all, he said that he had used the meeting to raise the awareness of the Heads of State or Government of their fundamental responsibility in placing this strategy back at the heart of their policy action. The whole world was scrutinising the structural reforms Europe was adopting to return to sustainable growth, and waiting to see how strictly it was going to implement them.

Ownership of the strategy was also very important in order to restore the confidence of European citizens for, while the strategy had been proposed by the Commission, it had been approved by the Heads of State or Government. The Europe 2020 strategy was balanced since it also tackled social issues by helping the most vulnerable and combating poverty. Such a balance was essential to ensure greater acceptance of the major structural changes that had been decided.

He referred to the European Council working dinner on 1 March during which he had highlighted the need to rally the various stakeholders at European, national and regional level, together with the social partners, in order to achieve the common objectives of the Europe 2020 strategy. He had asked each member of the European Council to focus more on this strategy in their communications and to urge their national ministers to do likewise.

The PRESIDENT then explained a second matter of concern to him, which he had also raised with the Heads of State or Government, namely the considerable gap between the time when political objectives were agreed at the highest level and the adoption of Council decisions, pointing out that his comments had appeared to echo the growing frustration felt by a number of European leaders who wondered why it sometimes took months or even years to translate these objectives into action at ministerial level and deployment on the ground.

This gap had ended up becoming one of the main topics of the working dinner on 1 March and there had been mention of a possible report on this matter by himself and the President of the European Council, Herman Van Rompuy.

He welcomed the positive reaction to the letter he had sent to the Heads of State or Government on 27 February, noting that several of them had agreed with his call for a firm commitment to implement the proposals, a good number of which were still pending.

The PRESIDENT said that the conclusions of the European Council, which enshrined the five priorities proposed by the Commission in its Annual Growth Survey, had been expanded on to include very specific actions and stricter timetables for implementation, in particular in relation to the political priorities put forward by the Commission in recent weeks.

He had also submitted an initial evaluation of the work by the Commission action teams set up with the eight Member States with the highest youth unemployment levels. This was a key action in the same way as the measures targeted at small and medium-sized enterprises, which had also been adopted at the last informal European Council in January.

He urged the Commission Members concerned to follow up these matters so that the Commission would be able to report on the actual progress made at the next European Council in June.

The European Council had also agreed, at the initiative of the PRESIDENT, to work on two additional priorities connected with targeted infrastructure investments, namely the deployment of broadband internet access and European bonds to finance projects.

The PRESIDENT felt that, when the European Council meeting had ended, the Heads of State or Government had returned to their respective capitals determined to assume ownership of and implement the proposed reforms at their level. This new spirit was clearly reflected in the commitment of the Heads of State or Government to develop "peer reviews" between Member States, based on an analysis provided by the Commission of their results in implementing, for instance, internal market rules. The Commission must now give some thought to the best way of perpetuating this dynamic spirit and, with a view to the European Council meeting in June, of seeing that it materialises in practical proposals likely to improve governance in the internal market.

The PRESIDENT also expressed a wish that these commitments made by the Heads of State or Government would be included in the national reform programmes that Member States had to present in April, on the basis of which the Commission would the following month put forward draft recommendations for each country, to be endorsed by the European Council in June.

He wound up the discussion on economic aspects by saying that, with the new reinforced economic governance, Member States were starting to take the European semester seriously and that it was therefore important in the coming weeks to ensure that the commitments made in this context were adhered to just as seriously. Lastly, he pointed out that one of the Commission's priorities in the run-up to June would be to do its share of the work by objectively and critically evaluating the national plans and proposing relevant, ambitious recommendations.

Other issues addressed

The PRESIDENT then referred to the other discussions and important decisions during the European Council, starting with the granting of candidate country status to Serbia, which he welcomed and regarded as the right outcome of the real progress made in fulfilling the three conditions laid down in December 2011 that Serbia had to meet, in particular in its relations with Kosovo. This decision was the fruit of the work done by the Commission ahead of the European Council, and he paid tribute to the actions and initiatives of Baroness ASHTON and Mr FÜLE.

With regard to external relations, he referred to the conclusions on Syria and the Southern Mediterranean. It was essential to implement the measures announced by the Commission in its communications of 2011 for reasons of the credibility of European action, but also to give the countries concerned the best possible chance of success on the path of the reforms that they had undertaken.

He also recalled the priorities set for the forthcoming international meetings, in particular the G20 Summit in Los Cabos, Mexico, in June 2012 and the Rio+20 Conference in Rio de Janeiro, Brazil, also in June, which had been prepared at the Commission meeting the previous week.

The PRESIDENT regretted the fact that the European Council had been unable to take a decision on the accession of Romania and Bulgaria to the Schengen area, while noting the commitment to return to this issue in September with, next time, grounds for believing that it would be possible to take a positive decision.

As expected, the term of office of Mr Herman Van Rompuy as President of the European Council had been unanimously extended for two and a half years, and Mr Van Rompuy had also agreed to chair the euro area summits.

On the morning of Friday 2 March, in a separate ceremony, the Member States directly concerned had signed the Treaty on Stability, Coordination and Governance within Economic and Monetary Union.

The PRESIDENT pointed out that this time there had not been a separate euro area summit and that the Heads of State or Government of the euro area had adopted a joint statement welcoming the progress made on the new Greek programme and supporting the Commission's decisions to strengthen its presence in Greece in order to improve the monitoring of the programme and the provision of technical assistance through the work of its Task Force. On this point, he recalled with satisfaction the thanks addressed publicly to the Commission by the Greek Prime Minister, Mr Lucas Papademos, and also underlined the important responsibility that fell to the Commission in the follow-up and implementation of the decisions taken.

He noted that the above-mentioned statement also confirmed that the re-assessment of the overall ceiling of the European Financial Stability Facility and the European Stability Mechanism would in principle take place later in March, although it had already been decided to accelerate the payment of the first tranches of capital for the European Stability Mechanism.

The PRESIDENT concluded that this meeting of the European Council had been positive – the conclusions adopted perfectly reflected the Commission's priorities and objectives. In this context, he highlighted the very good cooperation between himself and the Commission departments, on the one hand, and with the President of the European Council and the General Secretariat of the Council, on the other. Finally, he felt that the Commission now had to maintain the momentum achieved and play its role to the fullest so that the European Union could move tangibly from the crisis it had undergone to real and lasting growth.

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

– the quality of the preparations for the European Council, which was reflected in the conclusions and in the resulting agenda for growth and employment;

– the importance of better implementation of the *acquis* by the Member States;

– a reminder of forthcoming Commission initiatives on strengthening governance in the single market and the second round of proposals under the Single Market Act as well as measures on youth employment, and the importance of ensuring the consistency and coordination of the various proposals, including in the longer term;

– the importance of good communication by the Commission on the different issues, in particular economic issues, highlighting the positive aspects of the reforms already undertaken and the progress made in Greece;

– a number of questions concerning Spain's economic and budgetary situation and a reminder, on this occasion, of the need to comply with the rules of the Stability and Growth Pact and to assess the situation correctly, on the basis of recent and reliable statistics;

– with regard to the economic situation in Europe, a reminder of the very different realities in the Member States and the usefulness, in this context, of promoting better utilisation of the rules on strengthened governance and of good communication with public opinion;

– the reminder of the importance of the European budget for growth and the regret that there was no reference to this in the conclusions of the European Council;

– questions on the setting up of the European and international firewalls;

– the welcome reference to industry in the conclusions of the European Council and the wider benefits of initiatives favourable to European business, for example on the issue of intangible assets;

– the request that certain questions relating to trade policy be addressed at a future European Council, in particular the protection of European strategic interests and certain aspects linked to the length of time taken to ratify trade agreements;

– satisfaction with both the reference to European bonds to finance infrastructure projects and a possible agreement on that subject at the next European Council, and with the reference to the questions of tax policy and the preparation of the forthcoming Rio+20 Conference.

The PRESIDENT agreed that trade policy issues should be discussed at a forthcoming European Council.

Turning to the economic and budgetary situation in Spain, he supported Mr REHN's remarks and highlighted the importance for the Commission of basing its decisions on a detailed, factual analysis of the Spanish budget deficit and of the reasons for the discrepancies compared with the initial forecasts. He was confident that the Spanish Government would abide by the rules of the Treaty, the Stability and Growth Pact and the new provisions on strengthened economic governance.

He highlighted the importance of the European budget as a factor contributing to growth in the Union and its Member States. European initiatives in this field ought to have a higher public profile, as this would help counter the general mood of pessimism. He pointed here to the importance of the assistance to Greece and the efforts made by Greece to exit the current crisis; it would be advantageous if the various components of this assistance were better known and explained.

He concluded by stressing the importance of inclusive growth that took account of social cohesion and by saying that the Member States should press ahead relentlessly with their fiscal consolidation and structural reform efforts.

The Commission took note of this information.

8.3. EXTERNAL RELATIONS

iv) Intergovernmental decision within the Council authorising the opening of negotiations for an international agreement on the creation of a foundation between the European Union and the countries of Latin America and the Caribbean (EU-LAC) as an international organisation
(point 5.1 of the IRG record)

The Commission approved the line set out in SI(2012)79/2.

8.4. OTHER BUSINESS

v) General budget of the European Union for 2012 – Reserve concerning expert groups
(point 7.2 of the IRG record)

The Commission approved the line set out in SI(2012)80/3.

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 11.42.