EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012)2008 final

Brussels, 11 July 2012

MINUTES

of the 2008th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 27 June 2012

(morning)

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Single sitting: Wednesday 27 June 2012 (morning)

The sitting opened at 09.09 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	
Ms REDING	Vice-President	Items 1 to 11 (in part)
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	Items 11 (in part) and 12
Ms KROES	Vice-President	Items 1 to 11 (in part)
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	Items 11 (in part) and 12
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	Items 1 to 12 (in part)
Ms VASSILIOU	Member	Items 11 (in part) and 12
Mr ŠEMETA	Member	Items 1 to 11 (in part)
Mr DE GUCHT	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 11 (in part)
Ms DAMANAKI	Member	Items 11 (in part) and 12
Mr OETTINGER	Member	Items 1 to 11 (in part)
Ms HEDEGAARD	Member	Items 1 to 11 (in part)
Mr FÜLE	Member	Items 11 (in part) and 12
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	Items 1 to 11
Mr CIOLOŞ	Member	

Absent:

Mr DALLI	Member
Ms GEORGIEVA	Member
Mr HAHN	Member

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

Ms DARMANIN	Chef de cabinet to Mr DALLI
Ms HRISTCHEVA	Adviser in Ms GEORGIEVA's Office
Mr GAMBS	Chef de cabinet to Mr HAHN

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	Items 1 to 11 (in part)
Mr SOBRAL	Deputy Chef de cabinet to the PRESIDENT	Items 11 (in part) and 12
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PAULGER	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Items 1 to 11 (in part)
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 1 to 11 (in part)
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 11 (in part) and 12 (in part)
Ms SUTTON	A member of the PRESIDENT's staff	Item 11 (in part)
Mr SELMAYR	Chef de cabinet to Ms REDING	Items 11 (in part) and 12
Mr WHELAN	Chef de cabinet to Ms KROES	Items 11 (in part) and 12
Mr VAN ORANJE-NASSAU	A member of Ms KROES's staff	Item 11 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	Items 1 to 11 (in part)
Mr SADAUSKAS	Chef de cabinet to Mr ŠEMETA	Items 11 (in part) and 12
Ms CHRISTOPHIDOU	Chef de cabinet to Ms DAMANAKI	Items 1 to 11 (in part)
Mr VIS	Chef de cabinet to Ms HEDEGAARD	Items 11 (in part) and 12

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

1. AGENDAS
(OJ(2012)2008/FINAL; SEC(2012)393/2)

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)2008)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 25 June.

3. APPROVAL OF THE MINUTES OF THE 2006TH AND 2007TH COMMISSION MEETINGS (12 AND 20 JUNE)
(PV(2012)2006; PV(2012)2007)

The Commission approved the minutes of its 2006th and 2007th meetings.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES
(SEC(2012)405/2)

The Commission adopted the decisions in SEC(2012)405/2.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2012)394 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 22 June.

5.2. EMPOWERMENT (SEC(2012)395 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 22 June.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012)396 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 18 and 22 June, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012)397)

The Commission took note of the sensitive written procedures for which the time limit expired between 25 and 29 June.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2012)398/2)

ADMINISTRATIVE MATTERS
(PERS(2012)78)

6.1. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF LISTS OF CANDIDATES FOR AD9-14/AD12 HEAD OF EUROPEAN UNION DELEGATION POSTS
(PERS(2012)79; PERS(2012)80; PERS(2012)81)

The Commission took note of the information at point 1 of PERS(2012)78 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the lists of candidates in PERS(2012)79, PERS(2012)80 and PERS(2012)81 for the posts of Head of the European Union Delegations to Cuba, Paraguay and Uruguay; these lists would serve as a basis for the competent authority of the European External Action Service to make the final appointments.

These decisions would take effect immediately.

6.2. DG ENVIRONMENT – RESIGNATION OF AN AD14 PRINCIPAL ADVISER

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr POTOČNIK, the Commission decided to accept, pursuant to Article 48 of the Staff Regulations, the resignation of Mr Nicolas THERY, AD14 official and Principal Adviser in DG Environment, currently on leave on personal grounds.

This decision would take effect on 1 August 2012.

6.3. DG RESEARCH AND INNOVATION – TEMPORARY APPOINTMENT OF DIRECTOR OF THE RESEARCH EXECUTIVE AGENCY (REA)

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms GEOGHEGAN-QUINN, the Commission decided to appoint Mr Marc TACHELET, AD13 official and currently seconded in the interest of the service to the Research Executive Agency, to perform temporarily the duties of Director of that Agency, in addition to his current responsibilities and until such time as the Director of the Agency took up office.

This decision would take effect on 16 July 2012.

7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (*CASE COMP/39611 – WATER MANAGEMENT PRODUCTS*) (C(2012)4313 TO /6; RCC(2012)73)

The Commission:

– took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 25 June in C(2012)4313/4;

– took note of the final report of the Hearing Officer of 25 June in C(2012)4313/5;

– adopted, in the authentic language (English), the decision in C(2012)4313/6 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union, requiring them to put an end to the infringements immediately and imposing on some of them fines totalling EUR 13 661 000;

– decided that the decision in C(2012)4313/6 would be notified to the companies concerned, together with the final report of the Hearing Officer;

– decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the Official Journal of the European Union (with business secrets and other confidential information removed);

– decided also to publish the decision on the internet (with business secrets and other confidential information removed).

8. COMMISSION DECISION AMENDING DECISION C(2006)6762 FINAL OF 24 JANUARY 2007 RELATING TO A PROCEEDING UNDER ARTICLE 81 OF THE EC TREATY (NOW ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION) AND ARTICLE 53 OF THE EEA AGREEMENT TO THE EXTENT THAT IT WAS ADDRESSED TO MITSUBISHI ELECTRIC CORPORATION AND TOSHIBA CORPORATION (*CASE COMP/39966 – GAS INSULATED SWITCHGEAR – FINES*)

(C(2012)4381 TO /5; RCC(2012)73)

The Commission:

– took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 19 June in C(2012)4381/3;

– took note of the final report of the Hearing Officer of 20 June in C(2012)4381/4;

– adopted, in the authentic language (English) and subject to the inclusion of the correction made at the meeting of an obvious clerical error at points (h) and (i) of Article 1 of the English-language version only [inversion of figures in accordance with points (c) and (b) of recital (85)], the decision in C(2012)4381/5 amending Decision C(2006)6762 final of 24 January 2007 relating to a proceeding under Article 81 of the EC Treaty (now Article 101 of the Treaty on the Functioning of the European Union) and Article 53 of the EEA Agreement to the extent that it was addressed to Mitsubishi Electric Corporation and Toshiba Corporation and imposing fines totalling EUR 136 260 000 on those companies;

- decided that the decision in C(2012)4381/5, as corrected, would be notified to the companies concerned, together with the final report of the Hearing Officer;
- decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the Official Journal of the European Union (with business secrets and other confidential information removed);
- decided also to publish the decision on the internet (with business secrets and other confidential information removed).

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON CONCRETE WAYS TO REINFORCE THE FIGHT AGAINST TAX FRAUD AND TAX EVASION INCLUDING IN RELATION TO THIRD COUNTRIES (COM(2012)351 TO /3; RCC(2012)69)

The Commission approved the communication in COM(2012)351/3, for transmission to Parliament and the Council and, for information, to the national parliaments.

10. OTHER BUSINESS

BUDGET IMPLEMENTATION AT 31 MAY 2012
(INFO(2012)57; RCC(2012)70)

The Commission took note of the information note from Mr LEWANDOWSKI in INFO(2012)57.

11. INTERINSTITUTIONAL RELATIONS (RCC(2012)71)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 22 June (RCC(2012)71).

It paid particular attention to the following points.

11.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure
(point 1.2 of the IRG record)

Dossiers at Parliament first reading

– Amendment of Council Regulation (EC) 539/2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement (Regulation) – DÍAZ DE MERA GARCÍA-CONSUEGRA report – 2011/0138 (COD)

The Commission approved the line set out in SI(2012)319/2.

– Approval and market surveillance of two- or three-wheel vehicles and quadricycles (Regulation) – VAN DE CAMP report – 2010/0271 (COD)

The Commission approved the line set out in SI(2012)322/3.

– Amendment of Regulation (EC) 726/2004 as regards pharmacovigilance (Regulation) / Amendment of Directive 2001/83/EC as regards pharmacovigilance (Directive) – MCAVAN report – 2012/0023 (COD) / 2012/0025 (COD)

The Commission approved the line set out in SI(2012)323.

– European venture capital funds (Regulation) – LAMBERTS report – 2011/0417 (COD) / European social entrepreneurship funds (Regulation) – AUCONIE report – 2011/0418 (COD)

The Commission approved the line set out in SI(2012)325/3.

– Alternative dispute resolution for consumer disputes and amendment of Regulation (EC) 2006/2004 and Directive 2009/22/EC (Directive) – GRECH report – 2011/0373 (COD)

The Commission approved the line set out in SI(2012)313.

– Action programme for customs and taxation in the European Union for the period 2014-2020 (Fiscus) and repeal of Decisions 1482/2007/EC and 624/2007/EC (Regulation) – BALDASSARRE report – 2011/0341 (COD)

The Commission approved the line set out in SI(2012)318/2.

– Financial rules applicable to the annual budget of the Union (Regulation) – GRÄSSLE / RIVELLINI report – 2010/0395 (COD)

The Commission approved the line set out in SI(2012)328 and /2.

ii) Preparation of Parliament's July part-session
(point 1.3 of the IRG record)

<u>Ordinary legislative procedure – Second reading</u>

– Single European railway area (Directive – recast) – SERRACCHIANI report – 2010/0253 (COD)

The Commission approved the line set out in SP(2012)448.

Empowerment

– Single European railway area (Directive – recast) – SERRACCHIANI report – 2010/0253 (COD)

The Commission empowered Mr KALLAS, 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 SP(2012) 448.

Ordinary legislative procedure – First reading

– Amendment of Council Regulation (EEC) 3821/85 on recording equipment in road transport (tachographs) and amendment of Regulation (EC) 561/2006 of the European Parliament and of the Council (Regulation) – ȚICĂU report – 2011/0196 (COD)

The Commission approved the line set out in SP(2012)449 and /2.

– Customs enforcement of intellectual property rights (Regulation) – CREUTZMANN report – 2011/0137 (COD)

The Commission approved the line set out in SP(2012)450 and /2.

– Temporary judges of the European Union Civil Service Tribunal (Regulation) / Amendment of the Statute of the Court of Justice of the European Union (Regulation) – THEIN reports – 2011/0902 (COD) / 2011/0901A (COD)

The Commission approved the line set out in SP(2012)452.

– Alignment with the Lisbon Treaty (committee procedure) – Amendment of Council Regulation (EC) 73/2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers (Regulation) – DE CASTRO report – 2010/0267 (COD)

The Commission approved the line set out in SP(2012)454.

– Alignment with the Lisbon Treaty (committee procedure) – Amendment of Council Regulation (EC) 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (Regulation) – DE CASTRO report – 2010/0266 (COD

The Commission approved the line set out in SP(2012)455 and /2.

– Alignment with the Lisbon Treaty (committee procedure) – Common organisation of agricultural markets and specific provisions for certain agricultural products (Single CMO Regulation) (Regulation) DE CASTRO report – 2010/0385 (COD)

The Commission approved the line set out in SP(2012)458.

<u>Non-legislative procedure</u>

– Conclusion of the Anti-Counterfeiting Trade Agreement between the European Union and its Member States, Australia, Canada, Japan, the Republic of Korea, the United Mexican States, the Kingdom of Morocco, New Zealand, the Republic of Singapore, the Swiss Confederation and the United States of America (Council Decision) – MARTIN report – 2011/0167 (NLE)

The Commission approved the line set out in SP(2012)460 and /4.

11.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business
(SI(2012)327)

The Commission took note of the information in SI(2012)327 on the Council meetings between 28 June and 11 July.

iv) Preparation of the European Council (Brussels, 28 and 29 June) and the meeting of Heads of State or Government of the euro area (Brussels, 29 June)

v) Results of the General Affairs Council (Luxembourg, 26 June)
(SI(2012)312/3)

vi) Results of the meetings of the Eurogroup and the Economic and Financial Affairs Council (Luxembourg, 21 and 22 June) and latest economic developments

The PRESIDENT opened the discussion on preparing the forthcoming European Council by stressing just how crucial this summit would be for European integration and for boosting confidence in the Union's ability to trigger a process of sustainable and balanced growth. He outlined the political background to the summit, highlighting the leading role played by the Commission in putting together a full and comprehensive response to the crisis and the efforts that had been made to convince people of the need for action that combined smart fiscal consolidation with the stimulation of growth, structural reforms and targeted investments.

For the past year the Commission had been arguing constantly for a stronger economic and monetary union (EMU). The PRESIDENT explained that the proposal to be put to the European Council took the form of a banking, fiscal and political union that was designed to put into action the European Union’s unfailing commitment to the euro and the irreversible nature of the single currency.

While acknowledging that the European Council would not, of course, be able to resolve all the current problems, the PRESIDENT stressed that the ground had been prepared for European leaders to send out a convincing message on growth, jobs and investment in the future, while at the same time taking decisive, long-term steps along the path towards a real EMU.

As regards the position which the Commission would be defending at this European Council, it was the PRESIDENT's firm intention to ensure that the proposed Compact for Growth and Jobs aimed high, particularly as regards implementation of the single market, trade and targeted investments. If an ambitious agreement were reached, he would recommend going a step further by confirming this advance in an interinstitutional agreement, as this would send out a strong signal of the desire to bring together the Commission, the Council and Parliament in pursuit of a common objective, and of their determination to work together closely in particularly difficult circumstances. He added that this would be a good way of bridging the delivery gap between the objectives set at the highest level and the work carried out by the institutions on the ground.

Among the most important tools for making renewed growth a reality, he mentioned the Union's multiannual financial framework. Although the European Council might not make as much substantial progress on this issue as some would like, the summit would in a sense set the ball rolling in the difficult budgetary negotiations which, he hoped, would lead to an agreement at the end of 2012. He took this opportunity to point out the ambiguous position of certain Member States which wanted more growth, particularly in the euro area, but at the same time were calling for the future European budget to be reduced by 10%.

The PRESIDENT also noted that this June European Council marked the end of the European Semester – with the endorsement at the highest political level of the country-specific recommendations proposed by the Commission on 30 May – and the beginning of the 'national semester', i.e. the practical implementation of the recommendations in the Member States. He noted in passing that the 2012 European Semester was the first in which the 'six-pack' economic governance measures had been applied. He was pleased that all the Member States had taken the European Semester seriously, although some of them seemed to be tempted to rewrite the Commission's recommendations. In any event, he welcomed the fact that a real multilateral debate was taking place.

Lastly, the PRESIDENT came to the most keenly awaited item on the agenda of the European Council, the deepening of EMU, which would be discussed on the basis of a joint report by the President of the European Council, Herman van Rompuy, the President of the European Central Bank, Mario Draghi, the President of the Eurogroup, Jean-Claude Juncker, and himself.

He explained that his contribution, on which he had worked closely with Mr REHN and Mr BARNIER, had been inspired by the Communication of 30 May in which the Commission had been the first to put forward the idea of a banking union, a fiscal union and a political union. He reminded the meeting that he had launched these ideas in his State of the Union address in September 2011 before developing them further in his recent speech to the European Parliament on 12 June. Although some of the terminology had changed in the meantime, the analysis he had presented of what gaps needed to be filled and how to achieve this had largely been taken up.

To restore confidence in the euro, the PRESIDENT stressed that it was vital to have a shared vision of the future shape of a real EMU that would in time incorporate a political union. He was therefore pleased that the report put before the European Council took up the argument that what was needed was an ambitious vision combined with an intelligent timetable. On the first point, he explained that the aim was to make it perfectly clear to the people of Europe and to the markets that the euro was here to stay and that the European institutions were determined to continue working towards the logical conclusion of EMU. On the question of timing, he felt it was vitally important to move forward with an equal measure of responsibility and solidarity.

The PRESIDENT said he would argue that the EU should immediately begin taking all possible measures in all areas not requiring amendment of the Treaty on the Functioning of the European Union (TFEU). Given the extensive integration of the European banking system within the European Union and the euro area, the establishment of a banking union was a priority in order to safeguard the sector's stability. For progress to be made on fiscal union, a stronger economic union and the steps that would have to be taken in order to move towards political union, a transparent, progressive and objective process would have to be set in motion that involved the Member States and the European institutions, in particular the European Parliament. Given the considerable scale of this task, it was vital that agreement be reached on a working method. He hoped that by taking immediate measures based on secondary legislation and without amending the TFEU it would be possible to generate momentum that could then be sustained by medium and long-term measures that might require treaty amendments.

As for deepening EMU, he took the view that it was indispensable for the process at hand to be inclusive and open to all Member States. Since the euro was the single currency of the European Union as a whole, except for those Member States which had opted for derogations, he argued strongly in favour of the notion of all 27 States working together on this initially, even if special measures would have to be taken, where necessary, for example on specific features directly tied to monetary union and the stability of the single currency, for Member States which did not want to engage in radical changes. Emphasising that further integration of the euro area was as important for the Member States which had adopted the single currency as for the European Union as a whole, he pointed out that those which needed to go further had to be allowed to do so.

This was also the reason why he stressed the necessity of the Community method as a framework, as the only means to ensure equal respect for the interests of all Member States and to avoid a two-tiered Europe. He wanted the Community institutions to be fully involved in the process and was happy that the report presented to the European Council explicitly recognised the European Parliament as the cornerstone of democratic legitimacy at the European level.

The PRESIDENT wound up his presentation by emphasising the very sensitive nature of these political topics which concerned fundamental issues of European integration and by stressing the scale of the task ahead. He also pointed out what was at stake, noting that, at the Los Cabos summit in Mexico on 18 and 19 June, the G20 leaders had stated that a stronger, more integrated European Union was vital to economic stability worldwide and had expressed their support for Europe's intention to adopt measures to that end. They viewed the project for deeper economic and budgetary integration as both a stimulus and a challenge. He ended by referring to the great expectations of Europe's international partners, which explained why all eyes were riveted on Brussels that week.

Before opening up the debate, he gave the floor to Mr REHN to report on progress in the discussions on fiscal union and the outcome of the meetings of the Eurogroup and the Council of Finance Ministers of 21 and 22 June, to Mr BARNIER for his remarks on banking union, to Mr ŠEFČOVIČ for a report on the previous day's General Affairs Council and to Mr LEWANDOWSKI to inform the Commissioners on the state of play of discussions at that same meeting on the multiannual financial framework.

Mr REHN spoke initially about the outcome of the recent meetings and the preparatory work for the European Council, emphasising just how important it was for the European Union for convincing decisions to be taken rapidly in the short term.

He then turned to the request from Spain for financial assistance from the euro area and the positive response to it from the members of the Eurogroup. From the institutional perspective he explained that the source of funding was to be the European Financial Stability Facility, from which the European Stability Mechanism was to take over, while, on the Spanish side, the public Fund for

Orderly Bank Restructuring (FROB) was to act as an intermediary, on behalf of the Spanish government, collecting and allocating the sums granted. He added that the Spanish government was shortly to sign a memorandum of understanding, which was to contain a number of elements of conditionality, in particular concerning structural reforms of Spain's banking and financial sector.

He also said that the troika's first mission to Athens had been postponed, due to the unavailability of the Greek Prime Minister Mr Antonis Samaras and his Minister of Finance, Mr Vassilis Rapanos. He added that Mr Rapanos had subsequently resigned due to health reasons and his successor, Mr Yannis Stournaras, had been appointed on Tuesday. He also confirmed that Greece was to be represented at the European Council by the President of the Greek Republic, Mr Karolos Papoulias.

To end, Mr REHN turned to the request for financial assistance submitted by Cyprus, which had been received on Tuesday and was to be examined by the Eurogroup as rapidly as possible. He noted that the Cypriot authorities appeared to have made a similar request for assistance to the International Monetary Fund and added that, in any case, future negotiations on such assistance would involve major elements of conditionality, especially with respect to Cyprus's financial sector.

Mr BARNIER noted that, in the debate on growth, the Commission had now put forward several proposals covering all aspects and what mattered now was for the legislative instances to adopt them.

He added that the same was true of the discussions on banking union, where the foundations for all 27 Member States had been laid by the Commission's four proposals on oversight, a European deposit guarantee framework, bank capitalisations and bank resolutions. These proposals were being debated and they should be adopted as rapidly as possible.

To develop and consolidate banking union, he highlighted the Commission's additional future proposals on mutualising deposit guarantee funds and direct oversight, which, in his opinion, were politically and technically two highly important components which had to go hand in hand in order to reach the objectives set.

He therefore hoped that the next European Council would take the necessary political measures at its level, noting that the technical proposals would follow on from there.

He concluded by emphasising the need to measure accurately the combined impact of the various financial regulations on the lending capacity of the banking sector to Europe's real economy. In the debate which had just started in some Member States and political circles over pooling budgetary sovereignty, he wanted the Commission to be more proactive concerning the democratic conditions in which any such pooling should take place.

Mr ŠEFČOVIČ reported briefly on the outcome of the recent General Affairs Council, noting the agreement achieved on opening accession negotiations with Montenegro, to be confirmed by the European Council, the continued negotiations concerning the multiannual financial framework and the lengthy debate on national recommendations under the European Semester. That debate was, in his view, likely to continue during the European Council, given the attempt by a number of Member States to change one or other of the points in the recommendations concerning them.

He then turned to the discussions on the draft conclusions of the European Council, and in particular the aspects relating to deeper economic and monetary union. During the debate he had stressed (i) the Commission's belief in the importance of maintaining suitably ambitious goals for its proposals on growth and employment, based on the commitments made to renewed sustainable growth founded on budgetary consolidation and structural reforms, (ii) the value of an interinstitutional agreement on the subject and (iii) the need to push ahead with certain issues or proposals and achieve results by working to a timetable agreed by all, for example for the single market or for increasing the capital of the European Investment Bank.

Mr ŠEFČOVIČ had also spoken of the need to advance as a Union of 27 Members, but without ruling out other options if they were appropriate, and the need to preserve the Community method. He wound up his comments by saying that it was now important for the Heads of State and Government, at the next European Council, to support what had been agreed in the Council on 26 June in order to reinforce the message of responsibility and solidarity and to boost confidence in the single currency and its irreversibility for the Member States who had chosen it.

Mr LEWANDOWSKI then reported on the General Affairs Council in Luxembourg and the negotiations on the multiannual financial framework, stressing the importance of drawing attention wherever possible to the positive impact of the European budget on investment, growth and employment in the Member States. Noting that the macroeconomic conditionalities were essential to encourage the national governments to adopt the structural reforms needed, he stressed that this budget was not about the figures alone, but also and above all about the Union's ability to act and invest for the future.

Finally, he said that the next EU presidency would launch the bilateral talks with all the parties concerned, with a view to reaching a general agreement before the end of the second half of 2012. This would mean rigorous and transparent work on the figures, including an examination of the financial implications of Croatia's forthcoming accession.

The Commission then held an exchange of views focusing on the following main points:

– the fact that the Presidents' report presented ambitious proposals for a true European economic and monetary union (EMU), setting out a roadmap for creating a comprehensive architecture for EMU, seeking a balance between solidarity and responsibility and opening a debate on the conditions under which euro area countries' debts could be mutualised, while at the same time remaining realistic about the timetable for this deepening of EMU;

- at the same time, the urgent need for the Member States to find a solution to the sovereign debt crisis, to enhance Europe's capacity for financial intervention and to reassure investors;

- the mismatch between the long process described by the report to bring about a deeper EMU and the aspirations of Europe's citizens, the financial markets and Europe's partners, who wanted quick solutions for getting out of the sovereign debt crisis and restoring the stability of the European economies;

- the question of the democratic legitimacy of the measures proposed, given that they entailed the surrender of national sovereignty in certain areas, and the importance of basing the process of deepening EMU on consultation, participation and extensive debate within society and close cooperation with the European Parliament and national parliaments;

- the need to take the union of 27 Member States and the reinforcement of the Community method as the starting point for deepening EMU, this being the only way to meet the challenges of European integration; questions about the signals and encouragement the European Union could give to those Member States that were not yet members of the euro area but were committed to joining it, and to the candidates for EU membership, and a reminder of the Commission's essential role in this regard;

- satisfaction at seeing the Commission's hand in the draft growth pact, which endorsed its ideas and initiatives; this showed how the Commission had been able to shape the European debate on the ways of reviving growth in Europe; at the same time, the need to be realistic in the debate on growth in the short and medium term, given the current economic slow-down;

– on the subject of mutualising sovereign debt, the need to clearly define the parameters in terms of solidarity and further transfers of sovereignty;

– as regards better coordination on labour mobility, as outlined in the report, the belief that not only this aspect but also closer coordination of social and employment policy more generally were key to any integrated economic policy; if the European project was to have democratic legitimacy, the need for citizens to have confidence that social cohesion would be reinforced too; similarly, a call for an explicit link to be made between the social dimension of the multiannual financial framework and the growth pact;

– a number of questions about the economic situation in Cyprus, its relations with certain non-EU countries and its request for financial support;

– the challenge of how to communicate the process of deepening EMU and the transfers of power which it entailed, and the need to remind people of the interdependence of the Member States which made such a fiscal and economic union a necessity;

– the importance of setting a firm timetable for adopting the revision of the savings tax directive;

– in the debate on strategies for growth and the conclusions of the European Council, the need to emphasise the number of jobs which implementation of the digital agenda could generate.

The PRESIDENT thanked the Commission Members for their presentations and contributions, which confirmed both the direction decided on and the need for the European Union to achieve concrete results on major issues at the European Council meeting.

In reply to certain comments, he agreed that the Commission's measures to promote growth could not immediately and automatically restore growth, but they did constitute essential steps and strong incentives for Member States to pursue the appropriate policies which would, in the long term, permit a return to a more balanced economic situation. He acknowledged the difficulty from the political point of view of presenting ambitious proposals in a down-to-earth way, particularly given the time needed for them to produce visible effects because of the lengthy adoption procedures involved, and the period required for implementation and the emergence of results in what was, moreover, an adverse global economic climate.

It was therefore important not to create too many expectations as regards the outcome of this European Council since, in any case, no summit would be able to deliver a miracle solution for such a complex situation in the very short term.

In reply to several questions about the as yet uncertain nature of the proposed process, the PRESIDENT said that the European Council still had to discuss the matter and agree on an approach culminating in the kind of commitment expected by the markets, which needed to be reassured about the irreversibility and future of the euro. He referred in particular to the critical situation regarding the Spanish and Italian economies which were no longer able to attract investors despite being among the biggest in the world.

This period was decisive and, in view of the alternative and the price that would be paid by Member States if the euro collapsed, reasonable solutions would have to be found and important decisions taken by the Heads of State or Government. To his regret, two years had gone by since the Commission's warning about the risk of the crisis becoming systemic. Moreover, unavoidable decisions were being taken too slowly.

He acknowledged the legitimacy of the concerns harboured by several Member States with triple A ratings about pooling the debt, but urged them to look at the bigger picture and consider the implications of an alternative scenario. Fiscal consolidation and structural reforms were necessary to ensure that the markets regained confidence in a sustainable European economy. Likewise, support for the euro by Member States with strong economies was vital. In this connection he pointed to the crucial importance of the discussions in progress between France and Germany on the position to be adopted on pooling debt, the flexibility of the European Stability Mechanism and the transfer of certain powers to European level, and he welcomed the support now expressed by the United Kingdom for stronger integration of the euro area. Stronger integration was clearly essential and should meet with the approval in principle of most Member States, although the actual procedures and timetable for this still needed to be discussed.

The PRESIDENT hoped that this would be an inclusive process and not result in the stratification of the Union. While none of the Member States were forced to accept it, none of them could, on the other hand, block a process others wanted. He thought that some form of a variable-speed Union would probably have to be accepted given that several countries had already refused to join this stronger EMU, however he pointed out that it was the Commission’s duty to do everything it could to promote decisions that applied to the greatest number of States and not only, for instance, to the euro area countries.

The other stabilisation measures proposed had not been unanimously accepted by the Ministers of Finance. The PRESIDENT trusted that this European Council meeting would manage to resolve at least some of the issues up for discussion.

As to the legitimacy of EU action in the areas in question, he acknowledged that the new phase proposed went beyond the EU’s current powers, thus closer cooperation with national parliaments was absolutely essential: action was vital but should not undermine the bases of European democracy. The European Parliament, to which the Commission was accountable, should also be involved in these efforts. The best solution here would be an interinstitutional agreement.

He wound up by stressing that the process of reinforcing EMU would take time, but he was confident that the European Council would manage to bring the positions of Member States closer together and to come up with a positive result.

The Commission took note of this information and exchange of views, and retroactively approved the approach set out in SI(2012)312/3.

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

vii) Follow-up to the Contribution of the 47th Conference of Community and European Affairs Committees of Parliaments of the European Union (Copenhagen, 22 to 24 April)
(point 4.3 of the IRG record)

The Commission approved document SNP(2012)6/2 containing its reply to the Contribution of the 47th Conference of Community and European Affairs Committees of Parliaments of the European Union (COSAC), for transmission to the Presidency of COSAC.

11.4. OTHER BUSINESS

viii) Draft decision of the European Parliament, the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors, the European Economic and Social Committee and the Committee of the Regions amending Decision 2009/496/EC, Euratom on the organisation and operation of the Publications Office of the European Union
(point 7.1 of the IRG record; SEC(2012)1507)

The Commission approved the line set out in SI(2012)310.

12. RELATIONS WITH NON-MEMBER COUNTRIES

12.1. RECENT DEVELOPMENTS IN EXTERNAL POLICY

Baroness ASHTON gave a brief report of recent developments in a number of countries.

With regard to Egypt she highlighted the historic nature of the elections that had just been held, the country's first ever democratic presidential election, which would be followed by legislative elections in a few months' time. She noted the commitment of the elected president, Mr Mohamed Morsi to a pluralist political system. While welcoming this development, she drew attention to the major task facing the new Egyptian authorities.

She then turned to the very worrying events in Syria. She said that she would attend an international meeting in Geneva on the coming Saturday organised by Kofi Annan, with whom she was in close contact. The meeting was also going to be attended by representatives of the five permanent members of the United Nations Security Council, and of Turkey, Qatar and Iraq. She referred to a series of meetings between the Syrian opposition forces and representatives of the European Union which were held recently in Brussels, in particular within the context of Committees of the European Parliament.

Finally, she reported broadly on the difficult talks she had held, on behalf of the European delegation comprising representatives from France, the United Kingdom and Germany, with an Iranian delegation on 18 and 19 June in Moscow concerning Iran's nuclear programme. The meeting had also been attended by representatives of the three other members of the group of negotiators, the United States, Russia and China. Despite the difficulties, in particular technical ones, she noticed that for the first time, Iran responded to the proposals made. She welcomed the European Union's role as a driving force behind the dynamic that seemed to be settling in.

The Commission took note of these points.

12.2. RESULTS OF THE UNITED NATIONS CONFERENCE ON SUSTAINABLE DEVELOPMENT – RIO+20 (RIO DE JANEIRO, 20 TO 22 JUNE)
(INFO(2012)60)

Mr POTOČNIK gave a brief account of the results of the United Nations Conference on Sustainable Development (Rio+20), held in Rio de Janeiro from 20 to 22 June. Generally speaking, he felt that, while not all the results had matched up to the EU's original hopes and aspirations, it was nevertheless important to welcome the significant step towards a sustainable future that it represented.

He recalled the main points on which progress had been made at the conference, mentioning in particular the concept of the green economy, the setting of objectives and targets – although it was unfortunate that no timetable had been agreed – and the decisions taken in relation to the high seas, energy, chemicals, agriculture, food security, and sustainable production and consumption.

He went on to say that important steps had also been taken on institutional reform and governance, and on ways of implementing them through a strategy for financing sustainable development. Finally, he pointed out that, compared with previous conferences, there was a noticeable increase in the scale and effectiveness of private sector involvement and he commented on the decision to set up, under the aegis of the United Nations Organisation and its agencies, a schedule for the development of indicators which went beyond GNP alone.

Mr POTOČNIK concluded by highlighting the importance of the contribution and commitment of the European Union for the success of the Conference, noting that it had required long months of prior coordination and negotiation between the Commission and the Member States, and he felt that the results marked genuine progress in the right direction. At the same time, much remained to be done and the time had now come for the European Union to tackle all these questions proactively, through discussion and negotiation with all stakeholders, both public and private.

Finally, he noted that these measures would call for enhanced coordination within the Commission's departments and with the European External Action Service, and he added that in that context he would be asking for a commitment from the Members of the Commission to seize and use all the opportunities offered by the main results of the Rio Conference.

The Commission took note of this information and of the note from the PRESIDENT, Mr POTOČNIK and Mr PIEBALGS, in agreement with Mr CIOLOŞ, under INFO(2012)60.

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The meeting closed at 12.48.