EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012) 2016 final

Brussels, 26 September 2012

MINUTES

of the 2016th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 19 September 2012

(morning)

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<u>Single sitting</u>: Wednesday 19 September 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	
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	
Mr BARNIER	Member	
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Item 8 (in part)
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	Items 8 (in part) and 9
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	Items 1 to 8 (in part)
Mr HAHN	Member	Items 1 to 8 (in part)
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Baroness ASHTON	High Representative/ Vice-President
Mr ALMUNIA	Vice-President

<u>The following sat in to represent absent Members of the Commission</u>:

Mr BANNERMAN	Adviser in Baroness ASHTON's office	Items 1 to 8 (in part)
Ms SEPPÄLAÏNEN	A member of Baroness ASHTON's staff	Items 8 (in part) and 9
Mr MARTÍNEZ MONGAY	Chef de cabinet to Mr ALMUNIA	

<u>The following also sat in</u>:

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	Items 1 to 9 (in part)
Mr ULZURRÚN DE ASANZA Y MUÑOZ	European Commission Spokesperson Service	Item 9 (in part)
Mr SCHINAS	Bureau of European Policy Advisers	
Mr SOBRAL	Deputy Chef de cabinet to the PRESIDENT	Items 8 (in part) and 9 (in part)
Mr KARNITSCHNIG	A member of the PRESIDENT's staff	
Mr PESONEN	Chef de cabinet to Mr REHN	Item 9 (in part)
Mr HOFFMEISTER	Deputy Chef de cabinet to Mr DE GUCHT	Items 1 to 7
Mr BELL	Chef de cabinet to Ms GEOGHEGAN-QUINN	Items 1 to 8 (in part)
Mr MORDUE	Chef de cabinet to Mr FÜLE	Items 1 to 8
Mr SANNINO	Director-General, DG Enlargement	Items 1 to 8

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

1. AGENDAS
(OJ(2012) 2016/FINAL; SEC(2012) 517/2)

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) 2016)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 17 September.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 2015TH MEETING (11 SEPTEMBER)
(PV(2012) 2015; PV(2012) 2015, PART II)

The Commission held over approval of the minutes of its 2015th meeting for the following week.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES
(SEC(2012) 528/2)

The Commission adopted the decisions in SEC(2012) 528/2.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2012) 518 ET SEQ.)

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

5.2. EMPOWERMENT (SEC(2012) 519 ET SEQ.)

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

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012) 520 ET SEQ.)

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

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012) 521 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 17 and 21 September and of the finalisation written procedure initiated following the weekly meeting of Chefs de cabinet on 17 September.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2012) 522)

ADMINISTRATIVE MATTERS
(PERS(2012) 99)

6.1. DG HUMAN RESOURCES AND SECURITY – SPECIAL ADVISERS TO COMMISSION MEMBERS – 1 OCTOBER 2012 TO 31 MARCH 2013 (PERS(2012) 100)

The Commission took note of the information in point 1 of PERS(2012) 99 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

– to authorise Mr ŠEFČOVIČ to adopt the list of special advisers to Commission Members set out in PERS(2012) 100;

– to authorise the Director-General for Human Resources and Security to implement that decision by signing contracts of employment on behalf of the authority empowered to conclude contracts of employment.

This decision would take effect immediately.

6.2. DG JUSTICE – DEPUTISING FOR DIRECTOR-GENERAL

Under Article 27 of its Rules of Procedure, the Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms REDING, decided to designate the following officials, in the order set out below, to deputise for the Director-General of DG Justice if she should be prevented from performing her duties:

– Ms Paraskevi MICHOU, Director, ‘Civil justice’;

– Ms Lotte KNUDSEN, Director, ‘Criminal justice’.

This decision would take effect immediately.

7. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE EUROPEAN VOLUNTARY HUMANITARIAN AID CORPS – EU AID VOLUNTEERS
(COM(2012) 514 TO /3; SWD(2012) 265; SWD(2012) 266; SEC(2012) 524; RCC(2012) 89)

The Commission adopted the proposal for a Regulation in COM(2012) 514/3, for transmission to the European Parliament, the Council, the European Data Protection Supervisor and the national parliaments, together with the impact assessment and the summary thereof in staff working documents SWD(2012) 265 and SWD(2012) 266, 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) 524.

8. POLICY DEBATE ON ENLARGEMENT POLICY
(SEC(2012) 538)

Mr FÜLE opened the debate by saying that the package of documents on enlargement policy to be presented to the Commission on 10 October would not include any proposals for major political decisions by the Council before the end of the year, given the need to prioritise economic and financial issues.

At the same time, he said it would be a mistake to think that enlargement policy had stalled and lacked momentum, because there was good news on this front: Croatia would be joining the EU on 1 July 2013, Montenegro was making good progress towards accession, and the creativity shown by the Commission in constantly establishing new ties and offering new countries prospects for the future was generating a dynamic for reform. He referred in particular to the high-level dialogue with the Former Yugoslav Republic of Macedonia (FYROM), the structured dialogue with Bosnia-Herzegovina, and the feasibility study on a stabilisation and association agreement with Kosovo[1], all of which were stages in a practical process which took enlargement forward, reinforced its credibility and demonstrated its power to transform the countries concerned.

Mr FÜLE then reviewed the latest developments in the various countries, which would be reflected in the ‘package’ of proposals tabled on 10 October.

In the debate that followed there was very broad support for the gradual approach adopted for this 2012 ‘package’ which focused solely on progress, facts and achievements; there was broad support, too, for the emphasis placed on candidate countries respecting the fundamental criterion of the rule of law and on the experience gleaned from past enlargements. Members also recalled the success of previous enlargements and the transformative power of the accession process; the importance of maintaining the policy and process of enlargement in order to promote the stability and prosperity of the European continent; the mutual benefits for both the Member States and the countries joining the Union; and the importance of enlargement policy as a fundamental branch of the Union’s external policy.

Mr FÜLE thanked his colleagues for their contributions to this debate. He remained convinced that enlargement policy was the most effective tool for transforming the countries concerned and was sure that the Union could both expand and, at the same time, move towards closer integration. In Mr FÜLE’s view, it was also very important how the history of enlargement was presented. In time it would be possible to demonstrate the project's viability. It would be useful in future to work with the countries concerned on the new political realities that were now emerging and the new vision outlined by the PRESIDENT in his State of the Union speech, and to look closely at how these ideas were being received in candidate countries and future potential candidates. He ended by pointing out that the European Union

[1] This designation was without prejudice to positions on status and was in line with UN Security Council Resolution 1244/99 and the International Court of Justice's opinion on Kosovo’s declaration of independence.

and the Commission in particular could be proud that nine countries were motivated by the prospect of membership and involved in the process.

The PRESIDENT then took the floor to say that enlargement was Europe’s greatest historical achievement, for which it was admired throughout the world. Nevertheless, he pointed out that the Commission had no decision-making power in this field and must always take into account in its proposals the international context and public opinion in the Member States. The current context was complicated, with ongoing discussions on Europe's internal organisation and how much integration was required. It was necessary to adopt a cautious approach to the question of enlargement.

The Commission took note of the results and conclusions of the policy debate and of the background note distributed under the authority of Mr FÜLE in SEC(2012) 538.

9. INTERINSTITUTIONAL RELATIONS

9.1. LEGISLATIVE MATTERS

i) Access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms – Amendment of Directive 2002/87/EC on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (Directive) / Prudential requirements for credit institutions and investment firms (Regulation) – KARAS reports – 2011/0203 (COD) / 2011/0202 (COD)

The Commission approved the line set out in SI(2012) 389/2.

ii) Action to be taken on Parliament’s legislative opinions and resolutions of a legal nature
(SP(2012) 605)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and, if necessary, with the other Members concerned, to adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2012) 605, drawn up following the September part-session of Parliament, the contents of which were noted.

9.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business
(SI(2012) 395)

The Commission took note of the information in SI(2012) 395 on the Council meetings between 20 September and 3 October.

iv) Outcome of the informal meeting of the Eurogroup Ministers responsible for Economic Affairs and Finance and of the informal Economic and Financial Affairs Council (Nicosia, 14 and 15 September)

The PRESIDENT asked Mr REHN and Mr BARNIER to report to the Commission Members on the outcome of the informal meeting of Eurogroup Ministers responsible for Economic Affairs and Finance and the informal Economic and Financial Affairs Council held in Nicosia on 14 and 15 September under the Cypriot Presidency of the European Union.

Mr REHN prefaced his comments by saying that these two informal meetings had provided an opportunity for a comprehensive overview of economic and financial news, noting in particular the constructive discussions held by the Eurogroup when reviewing the assistance programmes for Ireland, Portugal and Spain, and the negotiations on a programme for Cyprus.

Turning first to Spain, he said that the programme for the financial sector had now been launched and the Government would submit to the Commission the restructuring programmes it intended to implement once the results of the due diligence currently in progress were made available at the end of the month. A positive exchange of views had also taken place on the monetary and structural reforms by Spain.

As for Greece, Mr REHN informed the meeting of his positive impression of the situation, shared by all the Ministers present in Nicosia, as a result of the recent resumption of talks between the Greek authorities and the Troika. However it would be premature to draw any conclusions, therefore this matter would be discussed again at the meeting of the Council of euro-area Ministers of Economic Affairs and Finance on 8 October.

The European Ministers had welcomed the commendable efforts made by Portugal in terms of monetary and structural reforms. He justified the consensus reached by the Ministers, who considered that slowing down the pace of adjustment of Portuguese public finances was warranted given that the re-balancing had produced a result faster than expected. This would not require additional financing from the EFSF. The situation would be reviewed again in due course once the examination of Portugal's public accounts had been completed in October, when the Commission would put forward proposals under the excessive deficit procedure.

Mr REHN then underlined the satisfactory progress achieved by the assistance programme implemented in Ireland which had made it possible to sign the revised protocol agreement for the next three months. This clear progress was reflected in particular in the fact that the country had quickly regained partial access to borrowing on the financial markets.

It had been agreed to speed up the negotiations in the next few days on the contents of a programme for Cyprus once the Cypriot authorities had finalised their response to the suggestions made by the Troika in July.

Mr REHN then turned briefly to the other topics discussed, in particular the main lines of the new bond-buying instrument for Outright Monetary Transactions presented by Mario Draghi, the President of the European

Central Bank, a measure that had been warmly welcomed. The last few points to be discussed before the entry into force in October of the ESM Treaty and the implementation of the mechanism itself included issues that needed to be decided in relation to the pricing policy for ESM assistance and the declaration to be finalised by the Eurogroup that week in the wake of the judgment handed down by the German Constitutional Court. On this last point, he was pleased to point out that this judgment paved the way for the launching of the European Stability Mechanism nine months before the initially planned date, a move which reinforced the view, generally shared by the European Ministers for Economic Affairs and Finance, that the EU had taken major steps in recent weeks in its response to the crisis.

He ended by saying that the Commission's proposal to introduce a single supervisory mechanism for banks in the euro area had also led to lively and constructive debates, on which Mr BARNIER would report in detail. All of these factors plus the PRESIDENT's State of the Union address on 12 September before the European Parliament would definitely reinforce the idea of a capable Commission eager to embark on a bold discussion on the future of the Union and the euro area. While delighted that the right direction had been taken, he warned against complacency, underlining the reform efforts the Member States must commit themselves to pursuing.

Mr BARNIER welcomed the fact that an initial discussion on the banking supervision proposal adopted very recently by the Commission had been held in Nicosia, on the initiative of the current Union Presidency, with the Ministers for Economic Affairs and Finance, the governors of the European central banks, the chairpersons of the three European Supervisory Authorities, the Vice-President of the European Central Bank (ECB) and the Chair of Parliament's Committee on Economic and Monetary Affairs.

The tabling by the Commission of a high-quality proposal which met the requirements of the Heads of State and Government had been almost unanimously welcomed, both at the meeting and in bilateral discussions. At present, markets were calm on the surface but tensions and volatility could reappear at any time. Although a European response to the crisis was taking shape, it remained fragile, and it was important for the Commission to continue to demonstrate that it would meet its commitments, as exemplified by the proposal for a single supervisory system.

Discussions had been frank but, above all, very useful and constructive, enabling the Commission to inform ministers, listen to their concerns and answer their questions while avoiding misunderstandings and explaining aspects of the proposal itself which were not clear. The ECB was fully behind the Commission proposal and had strongly endorsed the answers provided and solutions adopted.

With regard to the discussions themselves, no minister or governor had any misgivings about the principles underpinning the proposal or its cohesiveness, and their questions or comments focused on very specific issues. The Commission would provide proper answers, improve the existing text and find compromises where necessary. Many Member States, and the euro-area countries in particular, were strongly in favour of the proposal.

The Commission ought to clarify its approach regarding the respective roles of the ECB and national supervisors and demonstrate that it wished to retain a central role for national supervisors, particularly in matters which did not impact on financial stability, while attributing a pre-eminent role with direct intervention powers to the ECB. The Commission should take an open approach to the number of banks covered and feasibility as this was crucial to the credibility of its proposal, while also providing reassurance on the arrangements for gradual implementation after 1 January 2013.

One of the most sensitive issues was the involvement of the non-members of the euro area, including voting rights on the supervisory committee. The Commission should continue working on this subject with the ECB in particular to increase the involvement of these countries. A number of clarification requests concerned the role of the supervisory committee within the ECB with a view to guaranteeing that its monetary policy would be independent and that it would be fully answerable to Parliament.

Lastly, Mr BARNIER reviewed the possible consequences for the single market and, in particular, within the European Banking Authority. Some non-members of the euro area were concerned that the euro-area members could at some point in the future constitute a qualified majority and wanted the ECB to have the same official status as the other supervisors, irrespective of the legal difficulties that this might entail.

He ended by noting that single supervision was a necessary but not, of itself, sufficient condition for deployment of the European Stability Mechanism in the recapitalisation of certain banks. The discussions in Nicosia had shown that the Commission kept its promises while being willing to listen and to respond to reasonable requests. They had also enabled the Commission to clear up a number of misunderstandings and, more fundamentally, to make the point that the Heads of State and Government had called for these proposals and it was now time to start the negotiations.

It emerged in the course of a brief discussion that the delicate political situation of the governments of some Member States should be taken into account and that the relevant Members of the Commission had a role to play in explaining the proposal.

The PRESIDENT thanked the speakers and said that measures to end the crisis should continue. Although steps had been taken in the right direction, the situation remained fragile. He planned to work with the President of the European Council on conclusions for the forthcoming October European Council which reflected this approach and focused on the progress achieved to date and the need for all parties to continue working in a rigorous and realistic fashion.

He welcomed the fact that, leaving aside outstanding questions on various technical aspects of the proposal, a general agreement had now been reached to boost Europe’s credibility by setting up a single supervisory system.

The Commission took note of this information.

9.3. RELATIONS WITH PARLIAMENT

v) Results of Parliament's September part-session
(SP(2012) 581; SP(2012) 582)

The Commission took note of the information in SP(2012) 581 and SP(2012) 582 on the proceedings of the part-session of Parliament held in Strasbourg from 10 to 13 September.

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

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The meeting closed at 12.10.