EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012) 2025 final

Strasbourg, 12 December 2012

MINUTES

of the 2025th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 28 November 2012

(morning and afternoon)

TABLE OF CONTENTS

<u>Single sitting:</u> Wednesday 28 November 2012 (morning and afternoon)

The sitting opened at 8.08 with Mr BARROSO, President, in the chair.

<u>Present:</u>

Mr BARROSO	President	
Ms REDING	Vice-President	Items 1 to 10 (in part)
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	Items 1 to 9 (in part)
Ms KROES	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	Items 1 to 10
Mr BARNIER	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Item 9 (in part)
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 9
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	Item 9 (in part)
Ms HEDEGAARD	Member	Items 1 to 9 (in part), 10 (in part) and 11
Mr FÜLE	Member	Items 1 to 10 (in part) and 11 (in part)
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	Items 1 to 9 (in part), 10 (in part) and 11
Mr CIOLOŞ	Member	Items 1 to 9 (in part)

Absent:

Baroness ASHTON	High Representative/ Vice-President
Mr TAJANI	Vice-President
Ms VASSILIOU	Member
Mr HAHN	Member

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

Mr MORRISON	Chef de cabinet to Baroness ASHTON	
Ms SUPERTI	Deputy Chef de cabinet to Mr TAJANI	Items 1 to 9 (in part), 10 and 11
Mr PANELLA	A member of Mr TAJANI's staff	Item 9 (in part)
Mr HILL	A member of Ms VASSILIOU's staff	
Mr GAMBS	Chef de cabinet to Mr HAHN	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr VANDERSTEEN	Deputy Director-General (acting), DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 1 to 9 (in part) and 10 (in part)
Mr SCHINAS	Bureau of European Policy Advisers	Items 9 (in part), 10 (in part) and 11
Mr CABRAL	Adviser hors classe in the PRESIDENT 's Office	Items 1 to 10 (in part)
Ms SKURATOWICZ	A member of the PRESIDENT's staff	Items 9 (in part) to 11
Ms LUCAS	A member of the PRESIDENT's staff	
Mr SZOSTAK	A member of Ms REDING's staff	Items 10 (in part) and 11
Ms LÖHMUS	A member of Mr KALLAS's staff	Items 9 (in part) to 11
Mr PESONEN	Chef de cabinet to Mr REHN	Items 1 to 10 (in part)
Mr LAHTI	Adviser in Mr REHN's office	
Mr MOUTARLIER	Adviser in Mr ŠEMETA's office	Items 10 and 11

Mr VANHEUKELEN	Chef de cabinet to Mr DE GUCHT	Items 1 to 9 (in part)
Mr KOEHLER	Chef de cabinet to Mr OETTINGER	Items 1 to 9 (in part)
Mr VIS	Chef de cabinet to Ms HEDEGAARD	Item 10 (in part)
Mr MORDUE	Chef de cabinet to Mr FÜLE	Item 10 (in part)
Mr HAEUSLER	Chef de cabinet to Mr CIOLOŞ	Items 9 (in part) and 10 (in part)
Ms UJUPAN	A member of Mr CIOLOŞ's staff	Items 10 (in part) and 11
Mr SERVOZ	Deputy Secretary-General	Item 10

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

1. AGENDAS
(OJ(2012) 2025/FINAL; SEC(2012) 650/2)

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) 2025)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 26 November.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2023RD MEETING OF THE COMMISSION (14 NOVEMBER) AND THE MINUTES OF THE 2024TH MEETING (20 NOVEMBER)
(PV(2012) 2023; PV(2012) 2023, PART II)

The Commission approved the minutes of its 2023rd meeting and decided to hold over approval of the minutes of its 2024th meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

i) Award of concession contracts (Directive) – JUVIN report – 2011/0437 (COD)
(SI(2012) 518 and /2)

The Commission approved the line set out in SI(2012) 518/2.

ii) Insider dealing and market manipulation (market abuse) (Regulation) – McCARTHY report – 2011/0295 (COD)
(SI(2012) 522)

The Commission approved the line set out in SI(2012) 522.

iii) Annual financial statements, consolidated financial statements and related reports of certain types of undertakings (Directive) – LEHNE report – 2011/0308 (COD)
(SI(2012) 523 and /2)

The Commission approved the line set out in SI(2012) 523/2.

iv) Procurement by entities operating in the water, energy, transport and postal services sectors (Directive) – TARABELLA report – 2011/0439 (COD)
(SI(2012) 524 and /2)

The Commission approved the line set out in SI(2012) 524/2.

v) Amendment of Regulation (EC) 1060/2009 on credit rating agencies (Regulation) – DOMENICI report – 2011/361 (COD)
(SI(2012) 525 and /2)

The Commission approved the line set out in SI(2012) 525/2.

vi) Conferring on the European Central Bank of specific tasks concerning policies relating to the prudential supervision of credit institutions (Council Regulation) / Amendment of Regulation (EU) 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with Council Regulation (EU) …/… conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (Regulation) – THYSSEN / GIEGOLD reports – 2012/0242 (CNS) /

2012/0244 COD)
(SI(2012) 526 to /3)

The Commission approved the line set out in SI(2012) 526/3.

vii) Criminal sanctions for insider dealing and market manipulation (Directive) – McCARTHY report – 2011/0297 (COD)
(SI(2012) 527)

The Commission approved the line set out in SI(2012) 527.

viii) Mutual recognition of protection measures in civil matters (Regulation) – LÓPEZ-ISTÚRIZ WHITE & PARVANOVA report – 2011/0130 (COD)
(SI(2012) 528)

The Commission approved the line set out in SI(2012) 528.

ix) Accounting rules and action plans on greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (Decision) – ARSENIS report – 2012/0042 (COD)
(SI(2012) 530 and /2)

The Commission approved the line set out in SI(2012) 530/2.

x) Amendment of Regulation (EC) 1073/1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) (Regulation) – GRÄSSLE report – 2006/0084 (COD)
(SI(2012) 531 and /2)

The Commission approved the line set out in SI(2012) 531/2.

xi) Safety of offshore oil and gas prospection, exploration and production activities (Regulation) – BELET report – 2011/0309 (COD)
(SI(2012) 533 and /2)

The Commission approved the line set out in SI(2012) 533/2.

xii) Multiannual financial framework 2014-2020 – Consumer Programme 2014-2020 (Regulation) – ROCHEFORT report – 2011/0340 (COD)
(SI(2012) 540)

The Commission approved the line set out in SI(2012) 540.

xiii) Improving the portability of supplementary pension rights (Directive) – OOMEN-RUIJTEN report – 2005/0214 (COD)
(SI(2012) 542)

The Commission approved the line set out in SI(2012) 542.

xiv) Action to be taken on Parliament's legislative opinions and resolutions of a legal nature
(SP(2012) 810)

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) 810, drawn up following the November part-session of Parliament, the contents of which were noted.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

xv) Programming of Council business
(SI(2012) 536)

The Commission took note of the information in SI(2012) 536 on the Council meetings between 29 November and 12 December.

xvi) Fixing for 2013 and 2014 of the fishing opportunities for EU vessels for certain deep-sea fish stocks (Council Regulation) – 2012/0282 (NLE)
(SI(2012) 521)

The Commission approved the line set out in SI(2012) 521.

xvii) Position to be adopted by the European Union within the ACP - Committee of Ambassadors concerning the statutes of the Technical Centre for Agricultural and Rural Cooperation (Council Regulation) – 2012/0273 (NLE)
(SI(2012) 532)

The Commission approved the line set out in SI(2012) 532.

xviii) Authorising the opening of negotiations on a Free Trade Agreement between the European Union and Japan (Council Decision)
(SI(2012) 537)

The Commission approved the line set out in SI(2012) 537.

xix) European Union position within the General Council of the World Trade Organization on the accession of the Republic of Tajikistan to the World Trade Organization (Council Decision) – 2012/0308 (NLE)
(SI(2012) 538)

The Commission approved the line set out in SI(2012) 538.

4.3. RELATIONS WITH PARLIAMENT

xx) Parliament's November part-session
(SP(2012) 754; SP(2012) 771)

The Commission took note of the information in SP(2012) 754 and SP(2012) 771 on the proceedings of the part-session of Parliament held in Strasbourg from 19 to 22 November.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2012) 651 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 November.

5.2. EMPOWERMENT (SEC(2012) 652 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 November.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012) 653 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 19 and 23 November, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012) 654 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 26 and 30 November and of the finalisation written procedure initiated following the weekly meeting of Chefs de cabinet on 26 November.

5.5. AD HOC EMPOWERMENT TO PREPARE, NEGOTIATE AND SIGN THE REVISIONS TO THE MEMORANDUM OF UNDERSTANDING SETTING THE CONDITIONALITY ASSOCIATED WITH THE FINANCIAL SUPPORT TO GREECE PROVIDED BY THE LENDING EURO AREA MEMBER STATES (C(2012) 8797)

The Commission decided to empower Mr REHN, Member of the Commission responsible for economic and monetary affairs and the euro, in agreement with the PRESIDENT, on behalf of the Commission and under its responsibility, to prepare, negotiate and sign the revisions to the memorandum of understanding with Greece setting the conditionality attached to the loan, after approval of the lending Member States in line with the conditions set out in the corresponding Council Decision, under the terms set out in C(2012) 8797.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2012) 655/2)

ADMINISTRATIVE MATTERS
(PERS(2012) 119/2)

6.1. DG ECONOMIC AND FINANCIAL AFFAIRS – APPOINTMENT OF AD15 CHIEF ECONOMIST (EU-27) (PERS(2012) 18 TO /5)

The Commission had before it applications under Article 2(a) of the Conditions of Employment of Other Servants of the European Communities for the post of Chief Economist in DG ECFIN for a period of five years (PERS(2012) 18 to /3).

It took note of the opinions of the Consultative Committee on Appointments of 25 July and 4 October (PERS(2012) 18/4 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr REHN, it then decided to appoint Mr Philipp ROTHER, as a member of the temporary staff under Article 2(a) of the Conditions of Employment of Other Servants of the European Communities, to the post for a period of five years.

This decision would take effect on 16 January 2013.

6.2. DG ENVIRONMENT − LIST OF CANDIDATES FOR THE AD14 POST OF EXECUTIVE DIRECTOR OF THE EUROPEAN ENVIRONMENT AGENCY (PERS(2012) 107 TO /2)

The Commission noted the procedure followed, as set out in point 2 of PERS(2012) 119/2, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr POTOČNIK, decided:

– to approve the list of two candidates laid before it at point 3 of PERS(2012) 119/2 for the post of Executive Director of the European Environment Agency in Copenhagen;

– to ask Mr POTOČNIK, Member of the Commission responsible for the environment, to communicate this decision to the Management Board of the European Environment Agency.

These decisions would take effect immediately.

7. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – ALERT MECHANISM 2013 REPORT, PREPARED IN

ACCORDANCE WITH ARTICLES 3 AND 4 OF THE REGULATION ON THE PREVENTION AND CORRECTION OF MACROECONOMIC IMBALANCES
(COM(2012) 751; SWD(2012) 420; SWD(2012) 421; RCC(2012) 120)

The Commission approved the report in COM(2012) 751 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments, together with the staff working documents SWD(2012) 420 and SWD(2012) 421, the contents of which were noted.

8. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF REGIONS AND THE EUROPEAN INVESTMENT BANK − STATE OF THE SINGLE MARKET INTEGRATION 2013 − CONTRIBUTION TO THE ANNUAL GROWTH SURVEY 2013
(COM(2012) 752 AND /2; RCC(2012) 120)

The Commission approved the report in COM(2012) 752/2 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – BLUEPRINT FOR A DEEP AND GENUINE ECONOMIC AND MONETARY

UNION – LAUNCHING A EUROPEAN DEBATE
(COM(2012) 777 TO /3)

The PRESIDENT opened the debate on the Blueprint for a Deep and Genuine Economic and Monetary Union (EMU) by recalling that he had already announced this in his State of the Union address before the European Parliament on 12 September. The Blueprint was being submitted to the Commissioners this day for discussion and approval with a view to the debate on deepening EMU to be held during the European Council meeting on 13 and 14 December 2012. The content would then be developed at the European Parliament and with respect to the general public, with the launch of a broad debate. The Blueprint was intended as a basis for discussion. It would also serve as the Commission's contribution to the report by the four Presidents (of the European Council, the Commission, the European Central Bank and the Eurogroup), the aim of which was to provide fuel for the debates at the above-mentioned European Council meeting.

The PRESIDENT highlighted the ambitious nature of this Blueprint which, as well as setting forth a political vision for the future of EMU, proposed a satisfactory roadmap to overcome the crisis of confidence affecting European economies. In the Commission's view, the Blueprint would show that Europe was determined to remain united and to move forward decisively by buttressing the financial, fiscal, economic and political structure underlying the stability of the euro and of the Union as a whole.

Turning to the actual document, he said again that it was designed to trigger a broad political debate in the Union. The PRESIDENT described the first part, which took stock of the successive economic governance reforms adopted in recent years to improve the functioning of EMU and consolidate the euro in the context of a response to the crisis. Based on this review, the Blueprint underlined the measures still to be taken to achieve a real banking, fiscal and economic union, equipped with the underlying components of a political union, in line with the principle that new steps to strengthen democracy are needed at each new stage of European integration.

He outlined the four principles followed when drafting the Blueprint: one, a balance between responsibility and solidarity, discipline and support; two, the structure should be anchored on the Community method; three, swifter and stronger integration momentum for the euro area while maintaining convergence between existing and future Members and the integrity of the European Union as a whole (in particular the single market); and lastly, increased legitimacy and democratic accountability.

As for the measures set out in the Blueprint in order to achieve a deep and genuine EMU, the approach recommended was a combination of ambition regarding the substance and appropriate scheduling of implementation over time. Referring to the three main stages covering the short, medium and long terms set out in the Blueprint, the PRESIDENT explained that in a slightly amended version of the document, handed out at the meeting, he was proposing, in agreement with Mr REHN and Mr BARNIER, to set the short-term stage at 6 to 18 months instead of 6 to 12 months as initially envisaged in order to take into account the European Parliament election in 2014. The medium-term stage would consequently be postponed to 18 months to five years, while the long-term stage would be maintained at over five years away.

The PRESIDENT first tackled the very ambitious programme for the first stage (6 to 18 months), covering the short term. He referred to the precondition required – the adoption of the economic governance mechanism already agreed in the two-pack. He then emphasised the objective of adopting the single supervisory mechanism for the banking sector by the end of the year. It should be complemented by the adoption of the single bank resolution mechanism to be proposed by the Commission, which was essential for the functioning of the banking union. In view of this, he felt that the Commission should use its political leadership to forge ahead and suggest the establishment of both an ex ante coordination framework for major structural reforms and an instrument of convergence and competitiveness. He pointed out that these measures, which had been called for by Parliament, referred to in the European Council conclusions of October and mentioned in the interim report by the four Presidents, would all be discussed at the European Council meeting on 13 and 14 December. They could be adopted as secondary law, leaving the Treaties untouched.

The PRESIDENT described the convergence and competitiveness instrument in more detail, saying that it was designed to stabilise the single currency and to provide a solid basis, in the context of the Union's institutional framework, to the macroeconomic imbalance procedure by introducing a kind of contract between the euro-area Member States involved and the European institutions concerning the structural reforms they undertook to implement. It would also constitute the first few steps in the direction of EMU budgetary capacity, as distinct from the multiannual financial framework.

The PRESIDENT explained that in the medium-term stage (18 months to 5 years), a combination of measures would be adopted, either under the Treaties in force or that required amendments to the Treaties. He referred in particular to the establishment of closer, binding budgetary and economic coordination, the creation of a Debt Redemption Fund and the issuing of European treasury bonds.

After the next five years, the Commission's intention was to achieve full economic and monetary union which would range from a full banking union to a fiscal and economic union with real powers to stabilise and absorb shocks, hence the need for a more thorough reform of the Treaties.

The PRESIDENT pointed out that all the Commission’s proposals came under the institutional and legal framework created by the Treaties, while at the same time providing for the integration of intergovernmental instruments such as the European Stability Mechanism (ESM) and the Treaty on Stability, Coordination and Governance (TSCG or ‘new fiscal compact’) in the ‘Community matrix’. He considered that the framework of the Treaties was essential in guaranteeing equality between the Member States and thus ensuring that the measures for the euro area took due account of convergence with the countries that wanted to enter it, since all the current Member States with the exception of the UK and Denmark could in time become full members of EMU.

He reminded the meeting that Article 119 of the Treaty on the Functioning of the European Union established a link between the overall activities of the European Union and the euro, while noting that the integrity of the policies pursued by 27 (soon to be 28) Member States, in particular the single market, could be preserved only if EMU evolved within the European Union. Failing this, he warned of the risk of the emergence of two uncoordinated unions and divisions in the euro area.

Winding up, the PRESIDENT emphasised the elements of democratic legitimacy and accountability proposed in combination with these successive steps forward, stressing that they largely consisted of strengthening the democratic control exercised by Parliament.

Taking the floor, Mr REHN said that the Blueprint on EMU continued the considerable progress made by the Union in the last two years (in fiscal and macroeconomic governance, the consolidation of the financial markets or structural reforms) aimed at finding a way out of the economic and financial crisis and creating the conditions for renewed growth and job creation in Europe.

He pointed out that this was a balanced Blueprint which was the result of mature reflection. It combined the economic theory of what an economic and monetary union could be with due acknowledgement of the political realities of the Union and the legal constraints of the Treaties, and opened up longer horizons while remaining clearly based on the Community method and the existing institutions. He added that the move towards increased mutualisation of economic risks, and hence towards greater solidarity, must go hand-in-hand with deeper integration of the political decision-making process and greater accountability.

He then analysed the detailed content of the Blueprint, phase by phase. It was particularly important in the short term to develop the Commission's proposal of reinforcing the current framework of economic governance of the euro area by upstream coordination of the major economic reforms and the creation of a convergence and competitiveness instrument. The principle of this instrument would be to provide financial and other assistance to the Member States, in particular the most vulnerable, enabling them to deploy the specific reforms recommended to them in the context of the European Semester, which could be politically and economically difficult to implement. He explained this ‘quid pro quo’ principle, remarking that more solidarity and support meant more economic rigour and accountability.

In conclusion, Mr REHN addressed the question of the external representation of the euro area, which would have to be strengthened already at the last stage of the process in a manner commensurate with the area’s economic weight and advanced economic governance. It was essential for the euro area to speak with a single voice when adopting guidelines on decisions in the areas of economic and budgetary policy, macroeconomic supervision, exchange-rate policy and financial stability, whether at the G20, the International Monetary Fund (IMF), the G7 or the G8, in the multilateral economic institutions, or in bilateral relations with the European Union’s major strategic partners. For this reason he was calling for a single seat in the IMF for the Union, or at least for the euro area.

Mr BARNIER pointed out the importance and ambitious scope of the Blueprint presented by the Commission. In it the Commission was fulfilling its role of putting things in perspective, charting a course and demonstrating to European public opinion that beyond the mechanical and technical aspects, it was proposing a European model for an open, sustainable and inclusive social market economy.

The document presented that day was fully in line with the Commission Communication of 12 September on banking union, which would make it possible to put an end to the vicious circle between sovereign debt and the financial sector. As regards the method to be used, the same gradual and progressive approach was to be taken, the priority being to set up a single banking supervisory system by the end of the year. For 2013, he also mentioned the proposal to create a single bank resolution mechanism, emphasising that this legally complex project was essential to ensuring the soundness and effectiveness of the system. Lastly, he spoke of strengthening the guarantee systems, on the basis of the guidelines agreed when the Commission adopted its Communication on banking union.

Mr BARNIER said he believed that the Blueprint submitted to the Commission met the challenges and expectations concerning Europe. It was a pragmatic document which, however, did not rule out the exploration of new approaches such as eurobills or closer fiscal coordination. He saw in it the beginnings of a convincing medium- and long-term perspective and of the shaping of a genuine political project for deeper EMU which, among other things, gave a greater role to the European Parliament and the Eurogroup.

An in-depth discussion followed, in the course of which the following points were raised:

– the scope of the Blueprint, the aim of which vis-à-vis European citizens, the Member States and the other European institutions was to prepare the ground for a crucial political debate on the future of the European Union, put forward proposals for deepening economic and monetary union that could be realised immediately and, furthermore, project a longer-term political vision of EMU;

– the need to place more emphasis on the ultimate goal of deepening EMU, alongside that of the European Union, as enshrined in the Treaties, which was to ensure the well-being and prosperity of its citizens while applying the European model of a social market economy; with this in mind, it was important, when informing the public about the Blueprint, not to focus solely on its technical and institutional aspects;

– the need to counterbalance any new transfers of national sovereignty with increased democratic legitimacy; the need to tighten democratic scrutiny and the importance of ensuring that the national parliaments were involved in European economic governance in a balanced way, since budgetary powers were at the heart of national sovereignty; a reminder also of the advantages of closer interaction between the European Parliament and the national parliaments;

– the importance of the general message addressed to European citizens, in order to restore their trust in the Union's ability to find solutions to the current crisis, and to the governments of the Member States, by proposing to bring existing intergovernmental measures under the Community method;

– the need to give the content of the Blueprint a high political profile by engaging closely with the European parties in order to make it a central theme of the campaign for the European Parliament elections in 2014;

– a reminder of the Commission’s role, as guardian of the interests of the 27 Member States and of an open and transparent process vis-à-vis the non-euro area countries, which took account of their convergence efforts; the observation, nonetheless, that this group of Member States could not place obstacles in the way of deeper EMU;

– questions from some participants about the timing of the presentation of the convergence and competitiveness instrument proposed in the Blueprint and on its compatibility with the proposal for the 2014-2020 Multiannual Financial Framework, in particular the macroeconomic conditions attached to the use of the Structural Funds, which complemented the instruments set up under the Union's economic governance measures; comments from others on the timeliness of this budgetary instrument, which marked a vital step forward and sent the Member States a real political signal of support for their structural reform efforts;

– questions about the room for manoeuvre which the Blueprint would leave for anti-cyclical measures, in particular the automatic social stabilisers in the Member States;

– the importance of studying the implications of the recent decision by the Court of Justice for the ‘ Meroni ’ case-law and the need to preserve the Commission’s institutional prerogatives and discretionary powers, while giving for example a future European bank resolution authority both real power and the tools to do its job;

– the observation that Europe’s capacity to pool risks and to balance the need for discipline with solidarity measures at each stage described in the Blueprint would boost the financial markets’ confidence in the future of EMU;

– the need to strengthen the Union's powers with regard to taxation and social affairs; in this context the case for examining the possibility of extending the ordinary legislative procedure to tax matters; also, questions about the treatment of public investments in the Blueprint.

In reply to these various comments, Mr REHN said that, given the diversity of the Member States' positions, the gap between them needed to be bridged by setting out guidelines that combined solidarity and discipline, and that this was a reason for focusing on the Community method rather than intergovernmental arrangements. He then explained the rationale behind the convergence and competitiveness instrument, stressing the proposed support for economic reforms in the Member States in line with the country-specific recommendations in the European Semester exercise.

Taking the floor, the PRESIDENT stressed that the Commission would play a key role in the wide-ranging political debate which the Blueprint would undoubtedly spark. He believed that the Commission should adopt a proactive approach, laying down pointers for the debate and putting forward an ambitious project for EMU. Warning once again of the risk of divisions in the Union, he argued that the Community method, which was the Commission's guiding principle and which he would continue to defend staunchly, should be given a central role. Without downplaying the difficult political circumstances in which the Blueprint would be presented and the unfortunate fact that it coincided with the postponement of the final negotiations on the 2014-2020 Multiannual Financial Framework until January or February 2013, he was proud that the Commission was remaining faithful to its primary role as a source of ideas, proposals and initiatives, and was presenting a visionary contribution which, he was convinced, would become a reference work that set out the basic principles of EMU.

The PRESIDENT suggested a number of amendments to take into account the comments made during the discussion. He concluded by noting that the Members of the Commission supported the Blueprint presented jointly with Mr REHN, in agreement with Mr BARNIER, and that they agreed to the introduction of the following amendments in the English-language version of the document distributed as COM(2012) 777/3:

– **on the title page and on page 1, the title of the document was amended to read as follows:**

"*A blueprint for a deep and genuine EMU. Launching a European debate*";

– **on page 1, a new first paragraph was added after the title of Chapter 1, reading as follows:**

"*According to the Treaties, the aim of the European Union is to promote peace, its values and the well-being of its people. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote economic, social and territorial cohesion, and solidarity among Member States. The European Union shall establish an Economic and Monetary Union (EMU) whose currency is the Euro (cf. Art 3 TEU).*";

– **on page 1, the first sentence of the second paragraph in Chapter 1 was amended to read as follows:**

"*The creation of the EMU and the introduction of the euro were milestones of European integration.*";

– **on page 12, in Chapter 3, the first sentence of the third paragraph was amended to read as follows:**

"*In the medium term (18 months to 5 years), further budgetary coordination (including a possibility to require a revision of a national budget in line with European commitments), the extension of deeper policy coordination in the field of taxation and employment, and the creation of a proper fiscal capacity for the EMU to support the implementation of the policy choices resulting from the deeper coordination should be established.*";

- **on page 14, in Chapter 3, the first sentence of the penultimate paragraph in Box 1 entitled "*The basic legal principles*" was amended to read as follows:**

"*Wherever legally possible the euro area measures should be open for participation of other Member States.*";

- **on page 27, the first sentence of the fourth paragraph in Subsection 3.2.1 was amended to read as follows:**

"*Moving further in terms of national budgetary control, for example by setting up a European right to require a revision of national budgets in line with European commitments would require a Treaty change.*";

- **on page 28, the first sentence of the second indent in Subsection 3.2.1 was amended to read as follows:**

"*Second, building upon the tighter monitoring and coordination process set up by the two-pack, in certain particularly serious situations to be defined, a right to require a revision of individual decisions of budget execution in line with European commitments which would result in a serious deviation from the path of budgetary consolidation set at EU level.*";

- **on page 31, the first sentence of the first paragraph in Section 3.3 was amended to read as follows:**

"*In the longer term, the European Union should move towards a full banking union, a full fiscal union, a full economic union, which all require, as a fourth element, appropriate democratic legitimacy and accountability of decision-making.*";

- **on page 32, the second sentence of the first paragraph in Subsection 3.3.2 was amended to read as follows:**

"*As a final destination, it would involve a political union with adequate pooling of sovereignty with a central budget as its own fiscal capacity and a means of imposing budgetary and economic decisions on its members, under specific and well-defined circumstances.*";

- **on page 36, a final sentence was added to the end of the first paragraph in Section 4.1, reading as follows:**

"*This section sets out preliminary and non-exhaustive avenues for further work.*";

- **on page 39, in Section 4.2, the first sentence of the second paragraph was amended to read as follows:**

"*Second, to be appropriately legitimised, a new power of requiring a revision of a national budget in line with European commitments, if considered necessary, could be taken as a legislative act by co-decision*.";

- **on page 40, in Section 4.2, the penultimate sentence of the second paragraph was amended to read as follows:**

"*A Treaty change creating a special status for Agencies in the field of financial regulation, strengthening the supranational character of these Agencies, and their democratic accountability could also be considered.*".

Subject to the introduction of the above amendments and to a final revision, the Commission approved the Communication set out in COM(2012) 777/3, for transmission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank and, for information, to the national parliaments.

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The meeting was suspended at 13.30 and resumed at 14.18.

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10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE

OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – ANNUAL GROWTH SURVEY 2013
(COM(2012) 750 AND /2; RCC(2012) 120)

The PRESIDENT launched a debate on the Annual Growth Survey, which marked the start of the 2013 European Semester and formed an integral part of the economic package under review (see also items 7, 8 and 9 of these minutes). The survey focused on the priorities agreed by the Members of the Commission during the policy debate on 10 October, i.e. the priorities set out in the Annual Growth Survey 2012, which were still largely applicable in the current economic climate.

Most Member States faced a difficult economic situation, with the recovery slower than anticipated, fragile labour markets and serious social unrest, and the 2013 forecasts did not point to a significant improvement on these various fronts.

However, the approach taken by the EU was the right one, although it was a matter for regret that in some Member States reform was taking place too slowly or, indeed, not at all. Those countries which had adopted bold reforms were now beginning to reap the benefits. The macroeconomic imbalances which had intensified prior to the crisis were starting to level out, albeit with the initial difficulties, particularly in the social field, that this phenomenon can cause.

Efforts to place the public finances on a sounder footing and structural reforms, particularly of labour markets, had to be continued and supported by targeted investment to stimulate growth, competitiveness and job creation. Precisely because the economic and social situation was so volatile, reforms should be based on the notion of equity, particularly in the field of taxation.

He noted that the document which had been presented was balanced, welcomed the continuity of the Commission’s approach and said that he understood the challenges posed by the economic and social situation. The PRESIDENT then explained why fiscal consolidation, as provided for in the Stability and Growth Pact, should promote business activity, be differentiated and be accompanied by a raft of structural reforms which were conducive to growth and job creation.

Responding to those who argued that each measure should serve a number of objectives, he said that the crisis facing the European Union was such that various reforms and measures should be carried through simultaneously to achieve a single objective, i.e. restoring the right conditions for sustainable growth.

Lastly, the PRESIDENT said that the Annual Growth Survey should also be regarded as forming an integral part of Europe's overall response to ensure that a return to job-generating growth boosted business investment and consolidated measures to promote convergence and competitiveness within the EU. He ended by thanking the departments reporting to Mr REHN, Mr ANDOR and Mr ŠEMETA for the work carried out in the course of the year as part of the Annual Growth Survey.

Mr REHN briefed the meeting on the state of the European economy in 2012 and on the forecasts for 2013 and 2014, emphasising the disparities in growth and employment between Member States.

He then outlined the priorities for 2013, i.e. (i) placing the financial sector on a sounder footing to ensure better access to credit for economic operators, particularly SMEs, (ii) structural reforms, which had to be continued or speeded up in some cases, (iii) unemployment in Europe, which varied between Member States but was generally unacceptably high and still rising, and (iv) fiscal consolidation, which had to continue, albeit at a pace adapted to each Member State.

He also mentioned the Alert Mechanism Report (see item 7 of these minutes), which launched the second cycle of the procedure for preventing and correcting excessive macroeconomic imbalances. The main purpose of this report was to ascertain in advance the Member States on which in-depth reviews would be carried out at a later date.

He ended by emphasising the objective of the exercise, which was to relaunch growth and job creation in Europe, in part by way of renewed private investment.

Mr ANDOR said that the document kept macroeconomic adjustments and fiscal consolidation at the heart of the necessary measures, but also emphasised that they should be implemented in such a way as to avoid a downward spiral on European economies and labour markets. The economic and social climate had worsened in several Member States and reform work undertaken by the EU should preserve social security systems and the growth potential of the European economies.

He discussed the labour market situation in Europe as evidenced by the statistics provided in the draft Joint Employment Report which accompanied the Annual Growth Survey. These statistics pointed to a worsening situation on the EU labour market, particularly, but not only, for young people, and to considerable diversity between Member States, reflected in a variety of pressures on national social security systems and social inclusion strategies.

Finally, Mr ANDOR stressed that, as in 2012, combating unemployment and the social consequences of the crisis would remain a priority, but he regretted the absence of any reference to automatic stabilisers in the social area, as he felt that they would have an increasingly important role to play in the current process of budgetary consolidation.

Mr ŠEMETA emphasised the on-going efforts the Member States would need to make to reform their tax systems and the importance of the objectives already identified, such as lowering the tax burden on labour, widening the tax bases, reducing the tax bias to debt, developing environmental taxation and improving tax governance.

He considered that efforts in 2013 should be focused on competitiveness and fairness in tax systems and that it was important for the Commission to continue to advocate a more ambitious reduction in the tax burden on labour, particularly for the lowest paid, and the simplification of tax systems.

Finally, he stressed that the Commission should encourage the Member States to implement reforms which would have a universally positive effect, for example by reducing the expenditure on taxation of labour and combating tax evasion and fraud, by means of simpler and more efficient collection systems. Such reforms could be introduced rapidly by the Member States, he added. He concluded his presentation by listing some of the proposals he intended to present for adoption in the near future, in cooperation with the Members of the Commission most concerned, specifically in the areas of tax evasion, fraud prevention and 'green taxation' on the one hand, and combating harmful tax aid on the other.

The following points in particular were raised in the ensuing short discussion:

– support for the proposal presented, which was well-prepared, solid and balanced;

– the importance of referring more explicitly in the text to the problem of combating climate change and the issue of sustainable development;

– a reminder of the need to study in detail the fundamental causes of delayed growth and high unemployment rates in Europe and, in the framework of making the investments needed for growth, to look at the question of the unequal progress between countries in deficit and countries with a budgetary surplus;

– in the light of the changes which had taken place in the European and world economies, the question of whether the ranking of priorities in the Annual Growth Survey should be reviewed, to give precedence to growth and competitiveness;

– a reminder of all the Commission's efforts to ease access to credit for the real economy, particularly in the framework of the interinstitutional negotiations on the Commission's legislative proposal (CRD IV) on capital requirements and bank solvency.

Mr REHN responded to the questions and observations, mentioning the studies which were under way on countries with a budget surplus and the importance of building on their conclusions to achieve balanced adjustment policies in Europe.

The PRESIDENT thanked the Members of the Commission for their useful contributions to this debate, during the extended discussion on the previous point, and concluded by observing that the communication he had presented, in agreement with Mr REHN, Mr ŠEMETA and Mr ANDOR enjoyed widespread support among the Members of the Commission.

The Commission approved the communication in COM(2012) 750/2 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee, the Committee of the Regions, the European Investment Bank and, for information, to the national parliaments.

11. OTHER BUSINESS

LATEST ECONOMIC DEVELOPMENTS

Mr REHN summarised the results of the Eurogroup meeting this week, and in particular the political agreement which had been reached as regards Greece's financial requirements and the reduction in its public debt. He indicated that there was a clear undertaking to reduce Greece's debt by 20 percentage points by 2020, and he outlined certain specific components of the agreement, such as the reduction of the interest rates applicable to financial support for Greece, or if necessary, supplementary measures to achieve a sustainable reduction of the debt ratio in relation to Greek GDP in 2020 and 2022.

He emphasised that this agreement would not have been possible without the reforms and commitments entered into by Greece, and the determination of the Greek authorities to apply them.

He also touched on the situation of Cyprus, following the return this Friday of the Troika delegation, made up of Commission, IMF and ECB experts. He considered that substantial progress had been made in discussions with the Cypriot authorities, which represented an important step in the direction of an agreement on a programme of assistance for Cyprus. He stressed, however, that the preliminary talks were still under way, particularly as regards the long-term sustainability of Cypriot public debt, and that the subject would be discussed at the Eurogroup meeting on 3 December.

In answer to questions, Mr REHN clarified certain aspects of the Greek bond repurchase, which he insisted was an important component of the agreement for the Member States, and confirmed that at the meeting of the Eurogroup, Portugal and Ireland had argued for equal treatment for Member States benefiting from a European programme of assistance.

The Commission took note of this information.

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The meeting closed at 15.38.