EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012) 2026 final

Brussels, 19 December 2012

<u>MINUTES</u>

of the 2026th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 5 December 2012

(morning)

TABLE OF CONTENTS

<u>Single sitting</u>: Wednesday 5 December 2012 (morning)

The sitting opened at 9.15 with Mr BARROSO, President, in the chair.

<u>Present</u>:

Mr BARROSO	President	
Ms REDING	Vice-President	Items 1 to 13 (in part)
Mr ALMUNIA	Vice-President	Items 1 to 13 (in part)
Mr KALLAS	Vice-President	Items 1 to 13 (in part)
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	
Mr REHN	Vice-President	Items 1 to 12 (in part)
Mr POTOČNIK	Member	
Mr BARNIER	Member	
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 13 (in part)
Ms DAMANAKI	Member	
Mr OETTINGER	Member	Items 12 (in part) and 13 (in part)
Mr HAHN	Member	
Mr FÜLE	Member	Items 1 to 13 (in part)
Mr ANDOR	Member	
Mr CIOLOŞ	Member	
Mr BORG	Member	

Absent:

Baroness ASHTON	High Representative/ Vice-President
Mr ŠEFČOVIČ	Vice-President
Mr PIEBALGS	Member
Ms GEORGIEVA	Member
Ms HEDEGAARD	Member
Ms MALMSTRÖM	Member

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

Mr BANNERMAN	Adviser in Baroness ASHTON's Office	Items 1 to 13 (in part)
Mr NOCIAR	Chef de cabinet to Mr ŠEFČOVIČ	
Mr KARHUNEN	Adviser in Mr PIEBALGS's Office	Items 12 (in part) and 13
Mr DELPHIN	Chef de cabinet to Ms GEORGIEVA	
Mr VIS	Chef de cabinet to Ms HEDEGAARD	
Ms ÅSENIUS	Chef de cabinet to Ms MALMSTRÖM	Items 1 to 13 (in part)
Mr SCHØNBERG	A member of Ms MALMSTRÖM's staff	Item 13 (in part)

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PAULGER	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Items 1 to 13 (in part)
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 1 to 13 (in part)
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 12 (in part) and 13
Mr SCHINAS	Bureau of European Policy Advisers	Items 1 to 12 (in part)
Ms SUTTON	A member of the PRESIDENT's staff	
Mr SELMAYR	Chef de cabinet to Ms REDING	Item 13 (in part)
Mr LORIOT	Deputy Chef de cabinet to Mr ALMUNIA	Item 13 (in part)
Mr WHELAN	Chef de cabinet to Ms KROES	
Mr GUERSENT	Chef de cabinet to Mr BARNIER	Items 12 (in part) and 13

Mr HOFFMEISTER	Deputy Chef de cabinet to Mr DE GUCHT	Item 12 (in part)
Mr BENGTSSON	A member of Mr DE GUCHT's staff	Item 12 (in part)
Mr KOEHLER	Chef de cabinet to Mr OETTINGER	Items 1 to 12 (in part)
Mr FAULL	Director-General, DG Internal Market and Services	

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

1. AGENDAS
(OJ(2012) 2026/FINAL; SEC(2012) 666/2)

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) 2026)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 3 December.

3. APPROVAL OF THE MINUTES OF THE 2024TH AND 2025TH COMMISSION MEETINGS (20 AND 28 NOVEMBER)
(PV(2012) 2024; PV(2012) 2025)

The Commission approved the minutes of its 2024th meeting and decided to hold over approval of the minutes of its 2025th meeting for the following week.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

4.1. STATE AID – INDIVIDUAL CASES
(SEC(2012) 683/2)

The Commission adopted the decisions in SEC(2012) 683/2.

4.2. STATE AID – HORIZONTAL CASES

i) Proposal for a Council Regulation amending Regulation (EC) 659/1999 laying down detailed rules for the application of Article 93

of the Treaty establishing the European Community
(COM(2012) 725 to /3; RCC(2012) 126)

The Commission adopted the proposal for a Council Regulation set out in COM(2012) 725/3 for transmission to Parliament and the Council and, for information, to the national parliaments.

ii) Proposal for a Council Regulation amending Council Regulation (EC) 994/98 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid and Regulation (EC) 1370/2007 of the European Parliament and of the Council on public passenger transport services by rail and by road
(COM(2012) 730 to /3; RCC(2012) 126)

The Commission adopted the proposal for a Council Regulation in COM(2012) 730 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2012) 667 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 November.

5.2. EMPOWERMENT (SEC(2012) 668 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 November.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012) 669 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 26 and 30 November, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012) 670 TO /3)

The Commission took note of the sensitive written procedures for which the time limit expired between 3 and 7 December and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 3 December.

5.5. AD HOC EMPOWERMENT CONCERNING THE ROLE PLAYED BY THE COMMISSION IN THE FINANCIAL SUPPORT TO GREECE PROVIDED BY THE EURO AREA MEMBER STATES (C(2012) 9088)

The Commission decided to empower Mr REHN, Member of the Commission with responsibility for economic and monetary affairs and the euro, in agreement with the PRESIDENT, on behalf of the Commission and under its responsibility, and according to the terms set out in C(2012) 9088:

– to negotiate with the Greek authorities the third amendment to the €80 billion loan facility agreement of 8 May 2010 between certain euro area Member States and *KfW Bankengruppe* as lenders and the Hellenic Republic as borrower and the Bank of Greece as agent to the borrower;

– to sign that third amendment after approval by the lenders and on their behalf, except Germany, whose part of the loan is provided by *KfW Bankengruppe*.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2012) 671)

ADMINISTRATIVE MATTERS
(PERS(2012) 120)

6.1. DG INTERNAL MARKET AND SERVICES – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2012) 84 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, 'Intellectual Property', in DG Internal Market and Services (PERS(2012) 84).

It took note of the opinions of the Consultative Committee on Appointments of 3 and 25 October 2012 (PERS(2012) 84/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, it then decided to appoint Ms Kerstin JORNA to the post.

This decision would take effect on 16 December 2012.

6.2. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A LIST OF CANDIDATES FOR A HEAD OF EUROPEAN UNION DELEGATION POST (PERS(2012) 121)

The Commission took note of the information in point 2 of PERS(2012) 120 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the list of candidates for the AD9-14/AD12 post of Head of the EU Delegation in the United Arab Emirates in PERS(2012) 121, which would serve as a basis for the competent authority of the European External Action Service to make a final appointment.

This decision would take effect immediately.

7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (*CASE COMP/39437 – TUBES FOR TELEVISION AND COMPUTER SCREENS*) (C(2012) 8839 TO /9; RCC(2012) 129)

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 19 November and 3 December 2012 in C(2012) 8839/3 and /7;
- took note of the final report of the Hearing Officer of 3 December in C(2012) 8839/6;
- adopted in the authentic language (English) the decision in C(2012) 8839/8 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53(1) of the Agreement on the European Economic Area, requiring the parties to put an end to the infringements immediately and imposing on some of these companies fines totalling €1 470 515 000;
- adopted in the authentic language (English) Annex 3 to the decision in C(2012) 8839/9;
- decided that the decision in C(2012) 8839/8 would be notified to the companies concerned, together with the final report of the Hearing Officer;
- decided to notify Annex 3 to the decision in C(2012) 8839/9 to Technicolor S.A.;

- 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 COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – MOVING YOUTH INTO EMPLOYMENT (COM(2012) 727 TO /3; (SEC(2012) 406 AND /2; RCC(2012) 124)

The Commission approved the Communication in COM(2012) 727/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments, together with the staff working document distributed as SWD(2012) 406/2, the contents of which were noted.

9. PROPOSAL FOR A COUNCIL RECOMMENDATION ON ESTABLISHING A YOUTH GUARANTEE (COM(2012) 729 TO /3; SWD(2012) 409 TO /3; RCC(2012) 124)

The Commission adopted the proposal for a Council Recommendation in COM(2012) 729/3, for transmission to the Council, and, for information to Parliament, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the staff working document distributed as SWD(2012) 409/3, the contents of which were noted.

10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: TOWARDS A QUALITY FRAMEWORK ON TRAINEESHIPS – SECOND PHASE OF CONSULTATION OF MANAGEMENT AND LABOUR AT UNION LEVEL UNDER ARTICLE 154 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION
(COM(2012) 728 AND /2; SWD(2012) 407; SWD(2012) 408; SEC(2012) 676; RCC(2012) 124)

The Commission approved the Communication in COM(2012) 728/2 for transmission – for information – to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact study and the summary thereof in staff working documents SWD(2012) 407 and SWD(2012) 408 respectively, the contents of which were noted.

It also decided to authorise the Director-General of DG Employment, Social Affairs and Inclusion to send this Communication to the representatives of management and labour at European Union level in order to seek their views in accordance with Article 154 of the Treaty on the Functioning of the European Union.

Lastly, it took note of the opinion of the Impact Assessment Board on the above Communication, as set out in SEC(2012) 676.

11. DECISION OF THE PRESIDENT OF THE EUROPEAN COMMISSION OF 28 NOVEMBER 2012 ON THE ORGANISATION OF RESPONSIBILITIES OF THE MEMBERS OF THE COMMISSION
(C(2012) 8950)

The PRESIDENT welcomed Mr Tonio BORG, who was attending a Commission meeting for the first time. In his own name and on behalf of the whole College he congratulated him on his appointment to the Commission and on his performance at the hearing organised as part of the consultation of the European Parliament regarding this appointment, pursuant to Article 246 of the Treaty on the Functioning of the European Union.

He highlighted the importance of the responsibilities he had decided to confer on Mr BORG within the Commission, namely health and consumer policy, and said he was convinced that, boosted by his long experience in politics, Mr BORG would make a significant contribution to the work of the Commission.

The PRESIDENT also thanked Mr ŠEFČOVIČ who had taken on the health and consumer policy portfolio on an interim basis until 28 November 2012 when Mr BORG was appointed.

The Commission echoed these words of welcome to Mr Tonio BORG and took note of the PRESIDENT'S decision of 28 November 2012 on the organisation of responsibilities of the Members of the Commission set out in C(2012) 8950.

12. INTERINSTITUTIONAL RELATIONS (RCC(2012) 123)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 30 November (RCC(2012) 123).

It paid particular attention to the following points.

12.1. LEGISLATIVE MATTERS

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

<u>Dossiers at Parliament first reading</u>

– Guidelines for trans-European energy infrastructure and repeal of Decision 1364/2006/EC (Regulation) – CORREIA DE CAMPOS report – 2011/0300 (COD)

The Commission approved the line set out in SI(2012) 565 and /2.

– Multiannual financial framework 2014-2020 – Action programme for customs in the European Union for the period 2014-2020 and repealing Decisions 1482/2007/EC and 624/2007/EC (Regulation) – BALDASSARRE report – 2011/0341a (COD)

The Commission approved the line set out in SI(2012) 546 and /2.

– Conditions of entry and residence of third-country nationals for the purposes of seasonal employment (Directive) – MORAES report – 2010/0210 (COD)

The Commission approved the line set out in SI(2012) 548.

– Mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change (Regulation) – EICKHOUT report – 2011/0372 (COD)

The Commission approved the line set out in SI(2012) 549 and /3.

– Strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area (Regulation) / Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (Regulation) – the 'two-pack' – GAUZÈS / FERREIRA reports – 2011/0385 (COD) / 2011/0386 (COD)

The Commission approved the line set out in SI(2012) 563.

– Non-commercial movement of pet animals (Regulation) – Amendment to Council Directive 92/65/EEC laying down animal health requirements governing trade in and imports into the Union of dogs, cats and ferrets (Directive) – SCHNELLHARDT reports – 2012/0039 (COD) / 2012/0040 (COD)

The Commission approved the line set out in SI(2012) 556.

– European Network and Information Security Agency (ENISA) (Regulation) – CHICHESTER report – 2010/0275 (COD)

The Commission approved the line set out in SI(2012) 552/2.

– Amendment to Council Regulation (EC) 1217/2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Community (Regulation) – SCOTTÀ report – 2011/0416 (COD)

The Commission approved the line set out in SI(2012) 547/2.

– Amendment to Council Regulation (EC) 1342/2008 establishing a long-term plan for cod stocks and the fisheries exploiting those stocks (Regulation) – DODDS report – 2012/0236 (COD)

The Commission approved the line set out in SI(2012) 544.

– Insider dealing and market manipulation (market abuse) (Regulation) - McCARTHY report – 2011/0295 (COD)

The Commission approved the line set out in SI(2012) 559/2.

<u>Dossiers at Council first reading</u>

– Minimum standards on procedures in Member States for granting and withdrawing international protection (Directive – recast) – GUILLAUME report – 2009/0165 (COD)

The Commission approved the line set out in SI(2012) 529/3.

– Food intended for infants and young children and food for special medical purposes (Regulation) – RIES report – 2011/0156 (COD)

The Commission approved the line set out in SI(2012) 553/2.

ii) Non-legislative procedure
(point 1.2.2 of the IRG record)

– Migration from the Schengen Information System (SIS 1+) to the second-generation Schengen Information System (SIS II) (Council Regulation – recast) – COELHO report – 2012/0033 (NLE)

The Commission approved the line set out in SI(2012) 558.

iii) Preparation of Parliament's December part-session
(point 1.3 of the IRG record)

Ordinary legislative procedure – Second reading

– Further macro-financial assistance to Georgia (Decision) – MOREIRA report – 2010/0390 (COD)

The Commission approved the line set out in SP(2012) 822 and /2.

Empowerment

– Further macro-financial assistance to Georgia (Decision) – MOREIRA report – 2010/0390 (COD)

Under Article 13 of its Rules of Procedure, the Commission empowered Mr REHN, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and any other members associated, to adopt its opinion on the amendments together with any amended proposals, on the basis of the line set out in SP(2012) 822 and /2, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 294(7)(c) of the Treaty on the Functioning of the European Union.

Ordinary legislative procedure – First reading

– Airport package – Groundhandling services at Union airports and repealing Council Directive 96/67/EC (Regulation) – ZASADA report – 2011/0397 (COD) / Fixing common rules for the allocation of slots at European Union airports (Regulation – recast) – UGGIAS report – 2011/0391 (COD) / Establishing rules and procedures with regard to the introduction of noise-related operating restrictions at Union airports within a balanced approach and repealing Directive 2002/30/EC (Regulation) – LEICHTFRIED report – 2011/0398 (COD)

The Commission approved the line set out in SP(2012) 823 and /2, SP(2012) 824 and SP(2012) 825.

– Macro-financial assistance to the Kyrgyz Republic (Decision) – MOREIRA report – 2011/0458 (COD)

The Commission approved the line set out in SP(2012) 826 and /2.

– Multiannual financial framework 2014-2020 – European Statistical Programme 2013-2017 (Regulation) – SCICLUNA report – 2011/0459 (COD)

The Commission approved the line set out in SP(2012) 827.

– European statistics on safety from crime (Regulation) – KIRKHOPE report - 2011/0416 (COD)

The Commission approved the line set out in SP(2012) 828.

– European Union energy-efficiency labelling programme for office equipment amending Regulation (EC) 106/2008 on a Community energy-efficiency labelling programme for office equipment (Regulation) – KOVÁCS report – 2012/0049 (COD)

The Commission approved the line set out in SP(2012) 829.

– Amendment to 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) – GIEGOLD report – 2012/0244 (COD)

See item 12.2 (vii) of these minutes.

– Patent package – Enhanced cooperation in the area of the creation of unitary patent protection (Regulation) – RAPKAY report – 2011/0093 (COD) / Enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements (Council Regulation) – BALDASSARRE report – 2011/0094 (CNS) / Draft agreement on the European and Community Patents Court (Council document 7928/09) – LEHNE report

The Commission took note of SP(2012) 830, further to note SI(2012) 503, which it had already approved on 20 November.

Non-legislative procedure

– Conclusion of the Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other (Council Decision) – SALAFRANCA SÁNCHEZ-NEYRA report – 2011/0303 (NLE)

The Commission approved the line set out in SP(2012) 831 and /3.

– Conclusion of the Trade Agreement between the European Union and Colombia and Peru (Council Decision) – DAVID report – 2011/0249 (NLE)

The Commission approved the line set out in SP(2012) 832 and /2.

Special legislative procedure

– Conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (Council Regulation) – THYSSENS report – 2012/0242 (CNS)

See item 12.2 (vii) of these minutes.

12.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business

(SI(2012) 557)

The Commission took note of the information in SI(2012) 557 on the Council meetings between 6 and 19 November.

v) Preparations for the Justice and Home Affairs Council (Brussels, 6 and 7 December)

– Data protection package – Protection of individuals with regard to the processing of personal data by competent authorities for the purposes of prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and the free movement of such data (Directive) / Protection of individuals with regard to the processing of personal data and the free movement of such data (General Data Protection Regulation) (Regulation) – DROUTSAS / ALBRECHT reports – 2012/0010 (COD) / 2012/0011 (COD)

The Commission took note of the information in SI (2012) 551/2.

vi) Mechanism for prior Community surveillance of imports of certain steel products

The PRESIDENT invited Mr DE GUCHT to brief the meeting on the decision he was recommending to the Commission not to extend the mechanism for prior Community surveillance of imports of certain steel products established by the European Union in 2002 beyond its expiry date (end-December 2012).

The PRESIDENT pointed out that if the Commission did not take action, the mechanism would automatically be discontinued after 31 December 2012.

Setting out the main reasons why, in his opinion, the preventive surveillance mechanism should not be extended, Mr DE GUCHT said that it had originally been conceived as a temporary arrangement prior to the adoption of safeguard measures which had subsequently not been adopted. The EU had extended this arrangement, which had been supposed to remain in force for no longer than one year, more than four times since 2002.

The legal arguments in favour of extending the surveillance mechanism were somewhat shaky. The conditions laid down by Articles 10 and 11 of the Regulation on safeguard measures would justify this extension, but they had not been met in this case, given that imports of steel products into the EU had decreased in absolute terms in 2012 and it was debatable whether European manufacturers would incur serious losses as a result of this decrease, since EU production and exports had risen between 2009 and 2011.

On the other hand, several figures suggested that there was a clear economic rationale for not extending the surveillance mechanism, namely (i) steel products accounted for a relatively low percentage of European imports when compared with other sectors, like textiles (12.8% against 18.2%), (ii) there was a risk of those sectors demanding the same treatment if the mechanism for steel products were extended, and (iii) exports from the EU had increased more quickly than imports into the EU in both absolute and relative terms.

Mr DE GUCHT therefore argued that non-extension of the preventive surveillance mechanism would have a very limited impact in the light of its low added value, especially since the Commission had an alternative ex-post monitoring system which had been set up by DG Taxation and Customs Union and gathered all the necessary data on imports less than two weeks after they were effected.

Even though the Member States could request a formal consultation on the subject with the Commission, it was required to take an independent decision on whether to extend the surveillance mechanism. Furthermore, even if the Commission decided to extend the surveillance measure beyond end-2012, its application would be suspended at the end of the month because deadlines for implementation had to be met.

A debate ensued in which the following issues were raised: the need to explain the recommended ‘non-decision’ in the light of the difficult economic situation facing the steel industry in some Member States and the political context in the Council and Parliament; some parties felt that the mechanism should be extended because it represented useful ex-ante information for a sector of the economy which had been fragile when the previous decision to extend had been taken and still was; it was felt worthwhile to look at a business policy which was more targeted on certain strategic sectors so as to protect the long-term European interest, without giving in to the temptations of protectionism; questions surrounding the capacity of the current surveillance mechanism to help resolve specific problems facing the steel industry in Europe, in particular competitiveness, and the suggestion that the possibility be examined of using data provided by the monitoring system of DG Taxation and Customs Union with a view to reviewing the situation of the European steel industry in a few months’ time.

The PRESIDENT ended by noting that the Commission agreed with the suggestion put forward by the Member with special responsibility for trade, Mr DE GUCHT, that the current surveillance mechanism, which had been operating for ten years, not be extended after end-2012. The Commission agreed to review the situation of the European steel industry in six months' time with reference *inter alia* to the data gathered by its departments. The Member of the Commission with special responsibility for trade would report to the Commission when that time came and a debate would then be held, partly on the basis of an analysis presented by Mr TAJANI, on all aspects of the situation facing the steel industry, including labour/management issues.

vii) Results of the meetings of the Eurogroup (Brussels, 3 December) and the Economic and Financial Affairs Council (Brussels, 4 December)

Mr REHN reported on the outcome of the meetings of the Eurogroup and the Economic and Financial Affairs Council held on 3 and 4 December respectively.

At the first of these meetings the Eurogroup had taken stock of the assistance programme for Portugal, before turning to the programme of support for overhauling and restructuring the financial sector in Spain. Both programmes were considered to be well on track. The euro-area finance and economic affairs ministers had then taken note of the debt buy-back operation launched by the Greek Government, which they had agreed to evaluate at their meeting on 13 December. Mr REHN also mentioned the request made to the Eurogroup to prepare possible options for funding the assistance programme for Cyprus and to complete the study of the long-term viability of Cyprus's debt. He welcomed the commitment of the Cypriot government to implement the recommended fiscal adjustment measures very quickly.

The members of the Eurogroup had also endorsed the Commission's view of the impact of the autumn economic forecasts on the excessive deficit procedures under way. Lastly, Mr REHN reported on the presentation he had made to the Eurogroup on the main features of the Blueprint for Deep and Genuine Economic and Monetary Union approved by the Commission the previous week. He had also discussed with ministers the Commission's political assessment of the situation regarding the adoption of the 'two-pack' economic governance measures.

On the subject of this new set of economic governance measures, which was essential in order to establish a genuine Economic and Monetary Union, he noted that on 4 December the Economic and Financial Affairs Council had taken a fresh step towards reaching a final agreement. However, Parliament was sending out worrying messages threatening the prospects of such an agreement, and he had therefore asked for a trialogue meeting to be held with

Parliament and the Cyprus Presidency in order to close the gap between the institutions' positions. Three political groups in Parliament had made their approval of the 'two-pack' conditional on a commitment by the Commission to put forward a legislative proposal to establish a European Redemption Fund. He pointed out that this was impossible under the present Treaties and assured his fellow Commissioners that he was determined to do everything he could to convince the political groups concerned of the importance of adopting the 'two-pack' in order to keep the whole process within the Community method and to set in train the various stages laid out in the Blueprint to strengthen Economic and Monetary Union.

He ended his presentation by noting that the excessive deficit procedure against Malta had been closed – the seventh such closure in the last year. He also reported that the Economic and Financial Affairs Council had decided to grant Greece two extra years to correct its excessive deficit, as had been agreed by the Eurogroup the previous week.

Mr BARNIER then took the floor to report on the very important and complex negotiations under way on the single banking supervisory mechanism, stressing the aim of these talks, which was to break the link between sovereign debt and financial stability, the technical nature of the subject-matter and the sovereignty issues which it threw up for the Member States.

After confirming that Parliament was clearly determined to move forward on this matter, he welcomed the significant progress made by the Council the previous day on the main points still outstanding, and the positive momentum generated as a result. He felt that the discussions were nearing their conclusion.

He stressed in particular the substantial progress that had been made in the governance field, with the help of the European Central Bank (ECB), in response to requests from non-euro area Member States which were keen to be able to take part in decisions by the single banking supervisory mechanism on an equal footing with Member States that were in the euro area. He noted that the Blueprint approved by the Commission the previous week raised the possibility of a specific Treaty amendment to ensure equality in this respect. This reference had been seen as a sign of the Commission's readiness to open up the single banking supervisory mechanism to all the Member States.

Mr BARNIER also noted that the ECB had declared its willingness, in the event of disagreement between the supervisory board and the governing council on a decision affecting a non euro area Member State, to consider the possibility of leaving the final decision to an ad hoc body composed of the governors from the euro area and the governors from countries which were outside the euro area but had joined the single banking supervisory mechanism. This point would be confirmed in a note which the Commission intended to send to the ECB on 6 December.

He also mentioned the second delicate issue to be resolved, namely the division of labour between the ECB and national supervisors. He explained here that the national supervisory authorities would continue to play a major role in supervising the banking system, as requested by the Member States.

Mr BARNIER ended his presentation by noting that there was a real political will on the part of ministers to bring this matter to a conclusion before the end of the year. He therefore supported the proposal by the Cyprus Presidency to call an extraordinary meeting of the Economic and Financial Affairs Council on 12 December, which should enable an agreement to be drawn up for ratification by the European Council the following day.

The Commission took note of this information.

viii) Draft amending budget No 6 for 2012 and draft general budget of the European Union for 2013
(INFO(2012) 107 and /2)

Mr LEWANDOWSKI briefed the Members of the Commission on the latest developments on the budget front, in particular the compromise that was emerging for a final agreement on draft amending budget No 6 for 2012 and the draft general budget for 2013. Parliament's Committee on Budgets had voted in favour of these proposals, which had already received the backing of the Permanent Representatives Committee (COREPER). He reminded the meeting that, after the failure of conciliation between Parliament and the Council on the 2013 budget, the Commission had presented a new draft, in accordance with the Treaty. He also pointed out that the determining factor had been the solution found, on the basis of the Commission's proposal, to make up the shortfall in appropriations in order to cover outstanding payments from the 2012 financial year; this had also opened the way to a compromise on the 2013 budget.

He explained that the agreement on draft amending budget No 6 for 2012 concerned €6.1 billion, leaving a gap of €2.9 billion compared with the total of around €9 billion in additional payment appropriations proposed by the Commission. The agreement centred on a suggestion by the Commission concerning the closure of cohesion fund programmes from 2000-2006 and suspended payment requests relating to the period 2007-2013.

Turning to the 2013 budget, he mentioned the draft joint statement by the Council and Parliament asking the Commission to take steps from mid-2013 onwards to deal with a possible shortfall in payment appropriations for programmes financed by the European budget.

Although he was confident that an agreement would be reached, the PRESIDENT pointed out that, at this stage, there was only an agreement in principle and that it was necessary to wait for the final decision of the budgetary authority. He warned that differences might still emerge and stressed the need for consensus among the political groups in Parliament and for the Council's endorsement.

The Commission took note of this information and of Mr LEWANDOWSKI's note, distributed as INFO(2012) 107/2.

12.3. RELATIONS WITH PARLIAMENT

ix) Presence of Members of the Commission on Thursday afternoons during Parliament's part-sessions in Strasbourg in 2013
(point 3.5 of the IRG record)

The Commission approved document SP(2012) 795 setting out the list of Commission Members to be present on Thursday afternoons during Parliament's part-sessions in Strasbourg in 2013.

13. POLICY DEBATE ON CONTENT IN THE DIGITAL ECONOMY (SEC(2012) 680 AND /2; RCC(2012) 125)

The PRESIDENT opened the policy debate by emphasising at the outset that a policy on intellectual property rights adapted to the times dovetailed perfectly with the Europe 2020 Strategy because of the large potential for growth and job creation contained in the digital economy and the benefits that it could bring to creators, authors and other actors through the dissemination of ideas and cultural products to a much wider audience.

He noted that in the 2009 policy guidelines the Commission had undertaken to define a new strategy on intellectual property, and that modernising rights in this field had also been included in the side letter to his State of the Union address to Parliament in September 2012. He also noted the importance granted by the European Council in June 2012 to modernising Europe's copyright regime, protecting copyright, introducing a licensing system, and taking into account the underlying cultural diversity.

The PRESIDENT highlighted the objective of that day's debate, which was to allow the Commission to fine-tune its response to the current challenges posed by content in the digital economy, just as the policy environment was changing very quickly and it was important to remain focused, which had not been the case during the discussion on the Anti-Counterfeiting Trade Agreement, ACTA. In this context, it was important for the rules on copyright to remain fit for purpose and be regarded as fair by both right holders and consumers.

By way of conclusion to these introductory remarks, the PRESIDENT felt that, in the light of his contacts with the Members of the Commission most directly concerned, it was possible to make substantial progress and strike a fair balance. Lastly, a background note to the discussion had been circulated in order to set out certain ideas and raise three questions requiring a response from the Commission Members.

Mr BARNIER stressed that it was necessary to modernise copyright law in a Europe where cross-border access to attractive online content still posed difficulties and where it was not very credible to tell Europeans that the barriers that had been removed as a result of European integration were reappearing in the digital world which, by its nature, had no borders.

He took the view that given the time it would take to revise the 2001 Directive, should this be undertaken, an approach should be adopted in two complementary stages in accordance with the main elements in the background note circulated. These were, on the one hand, a definitive decision on the revision of the 2001 Directive, which he would submit to the Commission for adoption in spring 2014, based on an in-depth impact study, or, as an alternative, a White Paper setting out the main options taken into account; and, on the other hand, making rapid progress in 2013 on the *Licensing Europe 2013* initiative.

He added that in view of his responsibilities and those of Ms KROES and Ms VASSILIOU, he proposed that the three of them should co-chair the *Licensing Europe 2013* initiative and suggested that an Inter-Service Steering Group be set up to provide the necessary administrative and technical assistance to the working groups of those involved.

Ms KROES added that in her view, based on the experience acquired in the Anti-Counterfeiting Trade Agreement (ACTA), it was important to take pragmatic decisions and avoid polarised positions. She felt that content creators should be properly remunerated for their work and their creations, while at the same time new digital means of distribution, promotion, use and preservation of the content should be developed. In this context, she supported obtaining licences for a fee, but added that for creators and for the digital economy there were innovative means of creating value, for example through free distribution supported by advertising, events promotion or by cutting out intermediaries.

Recognising the relevance of the background note circulated under the authority of the PRESIDENT, she took the view that there were a number of short-term issues, and even more medium-term ones, that required attention in the form of a legislative review in 2014, and that parallel approaches could and should be followed. She therefore advocated immediate action as of 2013 in the sectors identified as being the most urgent, on the basis of a dialogue with stakeholders, which she felt would probably make it possible to find pragmatic and balanced solutions, yet without ruling out any options from the outset.

Ms KROES concluded her remarks by emphasising the need for flexibility, which was characteristic of the digital age, and by expressing the hope for an adaptation of the present arrangements that would avoid fragmentation and would not be confined to copyright policy alone.

Ms VASSILIOU, referring to the questions raised in the background note, urged caution with regard to the possible amendment of the 2001 Directive. She stressed that any analysis of the current copyright framework should make a distinction between producers, distributers and consumers of content, and that the respective interests of the various players should be analysed carefully, rigorously and impartially before any decision was taken.

She went on to say that preserving a fair distribution of revenue within the internet value chain was essential, as it supported creation and the development of new business models offering cultural content online.

Lastly, she said that she agreed with the six issues identified in the background note; this choice would encourage rapid progress in the short term in some sectors.

The Commission then discussed the benefits of drawing up a strategy on intellectual property rights and in so doing managing to strike a balance between the protection of and access to creation; the need also to achieve a balance between the reality of the digital market, on the one hand, and the protection of cultural diversity on the other; respect for fundamental rights, in particular the right to property, protection of personal data, and freedom of expression and information; the development of the digital market and the fragmentation caused by the territoriality of copyright in Europe; the need to find suitable licensing solutions in order to promote crossborder legal offers, and to examine the possibilities for infringements of intellectual property rights and their implications in terms of competition, in particular the abuse of dominant positions.

The PRESIDENT noted the broad support for the approach proposed based on two complementary stages in order to make progress with the completion of the single market and prevent distortions, and also welcomed the consensus that had emerged on the need to strike the right balance between encouraging, protecting and remunerating creativity on the one hand, and promoting wider access on the other. Stressing the importance of preserving cultural diversity in Europe, he referred to the objective of boosting innovation and facilitating the emergence of new business models that would act as drivers of growth and job creation.

As regards the first part of the two-track approach, namely the legislative dimension, the preparatory work would be important for the economic and legal analysis, the impact analysis and the consultation of stakeholders. He noted that this work should be completed at the beginning of 2014 so that the Commission would be in a position to decide whether or not to go ahead with the revision of the 2001 Directive before the end of the current Commission's mandate.

As for the second part, the *Licensing Europe 2013* initiative, he took note of the Commission's agreement to entrust Mr BARNIER, Ms KROES and Ms VASSILIOU with the task of setting up a group in January consisting of interested parties representing the entire spectrum of opinion in terms of modernisation of intellectual property, and to report back to the Commission in October 2013 on the outcome of this consultation. This report might perhaps be accompanied by a communication describing the main elements in the general approach.

After thanking the speakers, the PRESIDENT ended the policy debate, saying that he was confident of the balanced response that this approach could bring to the questions raised by the revision of copyright rules. The Commission must continue to ensure that the copyright framework evolved over time and must focus on finding solutions that were fair from the point of view both of remunerating creativity and of consumers and citizens.

The Commission took note of the results and conclusions of the policy debate and of the background note distributed under the authority of the PRESIDENT as SEC(2012) 680/2.

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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 13.07.