EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2013) 2030 final

Brussels, 23 January 2013

MINUTES

of the 2030th meeting of the Commission

held in Strasbourg

(Winston Churchill)

on Tuesday 15 January 2013

(afternoon)

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Single sitting: Tuesday 15 January 2013 (afternoon)

The sitting opened at 13.35 with Mr BARROSO, President, in the chair. Items 8 (in part) and 9 were chaired by Ms REDING.

Present:

Mr BARROSO	President	Items 1 to 8 (in part)
Baroness ASHTON	High Representative/ Vice-President	Items 1 to 9 (in part)
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	Items 1 to 8 (in part)
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	
Mr HAHN	Member	Items 1 to 8 (in part)
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	
Mr BORG	Member	

Absent:

Ms KROES	Vice-President
Mr TAJANI	Vice-President
Mr ŠEFČOVIČ	Vice-President
Mr DE GUCHT	Member
Ms HEDEGAARD	Member

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

Mr POWER	A member of Ms KROES's staff
Ms BARTOLINI	A member of Mr TAJANI's staff
Ms PERESSO	A member of Mr DE GUCHT's staff
Mr MÜLLER	A member of Ms HEDEGAARD's staff

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 SCHINAS	Bureau of European Policy Advisers
Ms SUTTON	A member of the PRESIDENT's staff
Mr MORRISON	Chef de cabinet to Baroness ASHTON

Secretary: Mr AYET PUIGARNAU, Director in the Secretariat-General, assisted by Ms COLLOMP and Ms PASSI, Administrators in the Secretariat-General.

1. AGENDAS
(OJ(2013) 2030/FINAL; SEC (2013) 36/2)

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(2013) 2030)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 14 January.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2028TH MEETING OF THE COMMISSION (19 DECEMBER 2012) AND THE MINUTES OF THE 2029TH MEETING (9 JANUARY 2013)
(PV(2012) 2028; PV(2012) 2028, PART II)

The Commission approved the minutes of its 2028th meeting, and decided to hold over for one week approval of the minutes of its 2029th meeting.

4. INTERINSTITUTIONAL RELATIONS (RCC(2013) 3)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 11 January (RCC(2013) 3).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Preparation of Parliament's January part-session
(point 1.3 of the IRG record)

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

– Amendment to Council Regulation (EC) 1098/2007 establishing a multiannual plan for the cod stocks in the Baltic Sea and the fisheries exploiting those stocks (Regulation) – WAŁĘSA Report – 2012/0077 (COD)

The Commission approved the line set out in SP(2013) 4.

– Amendment to Regulation (EC) 1060/2009 on Credit Rating Agencies (Regulation) / Amendment to Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings of collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Funds Managers in respect of the excessive reliance on credit ratings (Directive) – DOMENICI Reports – 2011/0361 (COD) / 2011/0360 (COD)

The Commission took note of SP(2013) 5, further to note SI(2012) 525/2, which it had already approved on 28 November 2012.

– Classification, packaging and labelling of dangerous preparations (Directive – recast) – KORHOLA Report – 2012/0007 (COD)

The Commission approved the line set out in SP(2013) 7.

Non-legislative procedure

– Conclusion of the Interim Agreement establishing a framework for an Economic Partnership Agreement between the Eastern and Southern Africa States, on the one part, and the European Community and its Member States, on the other part (Council Decision) – CASPARY Report – 2008/0251 (NLE)

The Commission approved the line set out in SP(2013) 9.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business
(SI(2013) 2)

The Commission took note of the information in SI(2013) 2 on the Council meetings between 17 and 30 January.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2013) 37 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 January.

5.2. EMPOWERMENT (SEC(2013) 38 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 January.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2013) 39 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 7 and 11 January, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2013) 40)

The Commission took note of the sensitive written procedures for which the time limit expired between 14 and 18 January.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2013) 41)

ADMINISTRATIVE MATTERS
(PERS(2013) 2)

6.1. DG DEVELOPMENT AND COOPERATION - EUROPEAID – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2012) 109 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, ‘Neighbourhood’, in the Directorate-General for Development and Cooperation - EuropeAid (PERS(2012) 109).

It took note of the opinions of the Consultative Committee on Appointments of 30 November and 13 December (PERS(2012) 109/2 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, Mr FÜLE and Mr PIEBALGS, it then decided to appoint Mr Michael KOEHLER to the post.

This decision would take effect on 1 March 2013.

6.2. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF A LIST OF CANDIDATES FOR A HEAD OF EUROPEAN UNION DELEGATION POST (PERS(2013) 4)

The Commission took note of the information in point 2 of PERS(2013) 2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the list of candidates for the AD15-16/AD15 post of Head of the EU Delegation in Russia in PERS(2013) 4, 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.

6.3. *LEGAL SERVICE / DG HUMAN RESOURCES AND SECURITY – COMMISSION DECISION TO BRING PROCEEDINGS BEFORE THE COURT OF JUSTICE OF THE EUROPEAN UNION SEEKING ANNULMENT OF THE COUNCIL DECISION OF 20 DECEMBER 2012 NOT TO ADOPT THE PROPOSAL FOR A COUNCIL REGULATION ADJUSTING, WITH EFFECT FROM 1 JULY 2012, THE REMUNERATION AND PENSIONS OF OFFICIALS AND OTHER SERVANTS OF THE EUROPEAN UNION AND THE CORRECTION COEFFICIENTS APPLIED THERETO (AND IF NECESSARY TO BRING PROCEEDINGS AGAINST THE COUNCIL FOR FAILURE TO ACT)*

The Commission took note of the information in point 3 of PERS(2013) 2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

– to invite the Council, under Article 265 of the Treaty on the Functioning of the European Union (TFEU) (by means of a letter from the PRESIDENT), to adopt within a period of two months the Commission proposal[1] adjusting with effect from 1 July 2012 the remuneration and pensions of officials and other servants of the European Union and the correction coefficients applied thereto, and, in the event of the proposal not being adopted by the deadline set, to refer the case to the Court of Justice of the European Union, under Article 265 TFEU;

– in order to avoid any procedural risk, to bring proceedings under Article 263 TFEU before the Court of Justice of the European Union seeking the annulment of the implicit Council decision of 20 December 2012 not to adopt the proposal for a Council Regulation adjusting, with effect from 1 July 2012, the remuneration and pensions of

[1] See proposal for a Regulation COM(2012) 754 final of 5 December 2012.

officials and other servants of the European Union and the correction coefficients applied thereto;

- to authorise the Legal Service to take all the necessary steps to bring these proceedings before the Court of Justice of the European Union.

These decisions would take effect immediately.

7. OTHER BUSINESS

LATEST ECONOMIC DEVELOPMENTS

The PRESIDENT opened the discussion by reminding the meeting that the latest economic and foreign policy developments and the state of play of the negotiations on the 2014-2020 Multiannual Financial Framework (see also points 8 and 9 of these minutes), to be presented that day by Mr REHN, Baroness ASHTON and Mr LEWANDOWSKI, respectively, would be discussed at the seminar on 18 January.

Reviewing the general economic situation, Mr REHN highlighted two main trends. On the one hand, at the start of this new year the real economy was still fragile despite the stabilisation of consumer and business confidence indicators. On the other, financial markets were showing more confidence in the initiatives taken by the European Union to establish a genuine Economic and Monetary Union. This would appear to confirm that these initiatives were starting to bear fruit.

The Commission's autumn economic forecasts, pointing to sluggish activity in the last half of 2012 and a gradual recovery in 2013, were still valid. The Commission's next forecasts would be published on 22 February. Turning next to the general situation of certain other major economic players, he highlighted the economic recovery in China and the limited scope of the political agreement reached on the US fiscal cliff, which must be completed by 1 March.

Returning to the European economy, he referred to the fall in employment and the low domestic demand in the third quarter of 2012. Domestic investment and consumption would probably not pick up until the end of 2013 provided financing conditions returned to normal and confidence was restored. In his view, the measures to reform the European banking system must be the cornerstone of the work being carried out at European level.

Mr REHN then reported on several positive elements, in particular the ongoing process of debt reduction and macroeconomic rebalancing. He went on to say that the current account deficits of countries with budget deficits should continue to fall and that the euro-area current account looked set to achieve a surplus, which was contributing to the economic recovery of the euro area and appeared to indicate that the latter would be able to hold its own on the world markets. This recovery was bolstered by an improvement in competitiveness and an expansion of the production of goods and services for export in the most vulnerable Member States.

Mr REHN welcomed the encouraging outcome of the recent bond issues in Ireland, Spain and Italy, reflecting a considerable improvement in borrowing conditions. However he regretted the fact that credit activity in the private sector was still weak because of the economic and housing outlook, the high level of risk aversion and the adjustment process under way in relation to the financial and non-financial sector balance sheets of the Member States.

While these promising developments still needed to be translated into actual figures in the real economy, they were the result of the consistent, practical implementation of measures adopted at both national and European levels to contain the crisis and strengthen Economic and Monetary Union, measures that were underpinned by the European Central Bank's decision to purchase bonds by means of outright monetary transactions. The greatest risk for the economic outlook in Europe would be not to pursue this approach.

Mr REHN wound up by expressing concern about European industry's loss of competitiveness, saying that this must be restored by focusing efforts on structural fundamentals, in particular the implementation of the Compact for Growth and Jobs and the measures recommended in it.

In the ensuing exchange of view, the following points in particular were raised:

– satisfaction was expressed about the credibility of the overall European response to the crisis, comprising economic governance and increased financial regulation as well as initiatives to create a banking union; and also about the Commission's approach in insisting on the cutting of budget deficits while demonstrating some flexibility when a Member State fell slightly short of its target, provided that it had embarked on sufficient structural reforms;

– the need to pursue the structural reforms seen as decisive for a return to competitiveness; in this context, the case for sending out a resolute signal emphasising an industrial stimulation strategy;

– a question about a possible retraction by Member States with respect to the principle of using the European Stability Mechanism to recapitalise banks directly, and about the Commission's position on this matter;

– the importance for the Commission of pursuing the measures proposed in the blueprint for Economic and Monetary Union even though the European Council had watered down its scope;

– the need for the co-legislators to agree on the proposals relating to bank recovery and bankrupt resolution and to the deposit-guarantee schemes;

– the case for the European Union to adopt a more convincing short-term response to the crisis by speeding up its efforts to introduce a European fiscal and monetary framework;

– the importance of ensuring that policies adopted at European level to consolidate the public finances of Member States were consistent with job creation and social policy objectives;

– the question of rebalancing the Union's current account;

– as regards Cyprus and future European financial support for it, questions about measures to halt corruption and money-laundering.

Mr REHN commented on the main points raised by the other Commission Members. As regards the need to break the vicious circle between sovereign and bank debt, and the question raised about the possible retraction by governments in this respect, he referred to the conclusions of the European Council the previous December which, in line with the declaration by euro-area Member States at the June 2012 Summit, envisaged the establishment of an operational framework so that the European Stability Mechanism could recapitalise banks directly. This operational framework would also include a definition of legacy assets. Pointing to the Commission’s dual role as a force for policy initiatives and a provider of expertise, he referred to the technical support the Commission had provided to the Eurogroup in drafting this operational framework, and refuted the misleading comments in the press concerning its position.

As for Cyprus, the authorities there had recently demonstrated their commitment by adopting several laws aimed at implementing the provisions on combating corruption and money-laundering featured in the draft agreement on the financial assistance that Cyprus would shortly be receiving.

The PRESIDENT ended the exchange by pointing to the usefulness of the debate and stating that the Commission would have an opportunity to review a number of the points raised at its seminar on 18 January.

The Commission took note of this information.

8. RELATIONS WITH NON-MEMBER COUNTRIES

RECENT DEVELOPMENTS IN EXTERNAL POLICY

The PRESIDENT called on Baroness ASHTON to present a brief review of the state of the European Union’s external relations at the beginning of 2013. He mentioned issues that might be highlighted, starting with the Union’s relations with its strategic partners in the light of the recent political changes in the United States, China and Japan, where new governments had taken office, and the situation in

Europe's eastern and southern neighbours.

He then referred to the current crisis in Mali, which he had discussed a few days previously with the French President, the President of the African Union and the President of Benin, expressing the Union's willingness to support the Malian authorities' efforts to restore stability and preserve the territorial integrity of the country if they so desired. He also spoke of the stalemate in the conflict in Syria and the donor conference convened by the UN Secretary-General at the end of January to address the serious refugee situation, in particular.

He then turned to the forthcoming summits with Latin America, the eastern partners and Ukraine and to the situation in the southern Mediterranean region, which would be discussed at the European Council in February, two years after the Arab spring.

As regards the Asian countries, the Union should pursue its dual strategy of negotiating free-trade agreements and partnership and cooperation agreements, while continuing the discussions to open up trade still further, particularly with Japan and India. He also mentioned the possibilities for launching negotiations on a free-trade agreement.

Finally, the PRESIDENT referred to the action by the European Union to improve global governance and make the multilateral system more effective, and to the future of the European defence policy, which would feature on the agenda of the European Council in December 2013. He wound up his introduction by urging Members to remain actively engaged in all these areas where the Commission had a decisive role to play.

Baroness ASHTON began by identifying the two main challenges for 2013 facing the European External Action Service (EEAS) for which she was responsible. The first concerned Iran, where new and undoubtedly difficult discussions were about to begin on its nuclear weapons development programme. The second was Serbia and Kosovo; here too a new round of talks was due to begin on 17 January on the issues relating to northern Kosovo.

As far as the conflict zones were concerned, she announced that an extraordinary

Foreign Affairs Council was to be held on 17 January to discuss the situation in Mali and alluded to the excellent coordination and exchange of information between the Commission, the EEAS and the military authorities. In the case of Syria, where atrocities were still being committed, she raised the possibility of the European Union re-examining the sanctions it had imposed on the Syrian regime and mentioned the current efforts of the special envoy of the UN Secretary-General and the Arab League, Lakhdar Brahimi, which were being directed at Russia, and the considerable material, financial and humanitarian support that would be needed for reconstruction in the country after the conflict.

Turning to the countries of the Arab spring, she spoke of future relations with Egypt, underlining the success of the bilateral task force that had been set up, but did not downplay the difficulty of the ongoing political transition in the country.

She then spoke briefly about relations with a number of specific countries, and in particular the need to maintain close political ties with Ukraine, to keep up the pressure on Bosnia-Herzegovina to encourage it to introduce the awaited reforms, and to invest in rapprochement with Myanmar, particularly at the level of trade and industry.

In the wake of the installation of a new leadership team in China, Baroness ASHTON strongly advised other Members of the Commission to go to China, given the country's strategic importance to the Union, and to establish the same sort of close links as the EU had forged with the outgoing government. She also said she was looking forward to working with the new American Secretary of State, John Kerry.

She concluded her review by singling out areas which would continue to be important for EU external action in 2013, and specifically the Middle East peace process, energy and relations with the UN and regional organisations such as the Association of Southeast Asian Nations (ASEAN).

A discussion followed in which Members of the Commission raised the following points:

– a reminder of the need to reach a rapid political agreement on the Multiannual Financial Framework 2014-2020 to enable the Union to programme its external policy action as soon as possible and to honour the commitments already made;

– on the political level, questions about the reasons behind China’s support for Russia in the Syrian conflict; the need to look very carefully at relations with the western Balkans, an area of key importance to the future of the Union. This should be done by tailoring relations to each individual country; the importance of the Union not letting up its efforts with regard to the Arab spring countries, where it had been heavily involved, particularly Tunisia and Libya, which remained unstable despite the success in holding elections; a reminder of the difficult situation of the whole continent of Africa, which Europe could ill afford to ignore; the encouraging signs of significant progress in reconstruction and improving living conditions in Haiti;

– on the humanitarian front, the need to consider the situation in Mali and the position of Syria, where four to five million people were in need of assistance; this would require an international call for funds, planned by the UN for the end of January; a warning of the major risks that would follow any withdrawal of humanitarian aid from Afghanistan in the wake of the departure of the international force, and calls to maintain this aid in order to prevent the re-emergence of serious problems for the local population;

– regarding European defence policy, the suggestion that the Commission could help to drive forward discussions on this important topic at the December 2013 European Council by approaching it from the angle of a single market in defence equipment – an area that fell within is remit – on the basis of a communication to be presented by the Commission in May;

– in the European Neighbourhood Policy, the importance of taking on board the expectations of partner countries, particularly as regards respect for timeframes and prompt financial implementation of commitments, the need to highlight the smooth operation of the rural development programme, for example through the development of a pilot project, and the benefits to be gained from fully involving the EU's local partners;

- also in the context of the European Neighbourhood Policy, a call to send a strong signal to Moldova, which was in a delicate geopolitical situation, poised between Europe and Russia, by taking forward the negotiations on a free-trade agreement and by facilitating the issue of visas;
- the need for the Union to step up its own efforts and coordinate more effectively those of the Member States with regard to the Arctic region, which had enormous potential for growth and where the Union was already the leading contributor, particularly in research and in assistance for the local population.

In reply to these various comments, Baroness ASHTON noted first of all that China’s support for Russia in the Syrian crisis was explained by political and cultural factors, in that China did not wish to interfere in matters that, in its view, came within Russia’s sphere of influence. Turning to the other points, she agreed with the Commissioners’ comments on defence policy, the political signal to be sent to Moldova and the need to place greater emphasis in EU external policy on certain countries and regions of the world such as the Balkans or the Arctic. Lastly, on the question of Afghanistan, she considered that a long-term strategy should be drawn up in liaison with neighbouring countries.

The Commission took note of these points.

9. OTHER BUSINESS (CONTINUED FROM ITEM 7)

NEGOTIATIONS ON THE MULTIANNUAL FINANCIAL FRAMEWORK 2014-2020

Ms REDING asked Mr LEWANDOWSKI to report on the state of play in the ongoing negotiations on the Multiannual Financial Framework 2014-2020 ahead of the detailed discussions on that subject to be held during the second part of the Commission’s seminar on 18 January.

Mr LEWANDOWSKI said that the negotiations had reached the stage where a decisive breakthrough would have to be made very soon. There was growing pressure on the discussions because of the narrow window of opportunity for reaching agreement on the Multiannual Financial Framework at the European Council on 7 and 8 February.

He explained that, following the talks in November on the level of the European budget and the possible cuts to be made, the various parties involved now had a clearer picture of the overall volume of the Multiannual Financial Framework which could subsequently be submitted for consideration by the European Parliament. He also stressed that there was now no leeway for granting any additional amounts or allowing any extra rebates for one or other Member State. Because of this the negotiations were currently at the difficult stage of reconciling the net budget contributors to the proposed system of corrections.

Noting the unconvincing track record of the Member States in implementing the Pact for Growth and Jobs approved by the European Council on 29 June 2012, he stressed that the key to the Multiannual Financial Framework was to take decisions that would actually allow the planning of new investments to boost growth and competitiveness in line with the Europe 2020 strategy, with a new generation of valuable programmes in areas that were central to the economic vitality of the Union, such as cohesion policy, research and innovation. He ended by highlighting the important role played by the Commission in the whole process, which was to argue unremittingly for the common budgetary framework to provide as much European added value as possible.

The Commission took note of these points.

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The meeting closed at 15.12.