EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2013) 2042 final

Brussels, 24 April 2013

MINUTES

of the 2042nd meeting of the Commission

held in Strasbourg

(Winston Churchill building)

on Tuesday 16 April 2013

(afternoon)

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<u>Single sitting</u>: Tuesday 16 April 2013 (afternoon)

The sitting opened at 13.12 with Mr BARROSO, President, in the chair.

<u>Present</u>:

Mr BARROSO	President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	Items 1 to 13 (in part)
Ms KROES	Vice-President	Items 10/11/12 (in part) and 13
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	Items 1 to 13 (in part)
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	Items 1 to 13 (in part)
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 13 (in part)
Ms DAMANAKI	Member	
Mr OETTINGER	Member	Items 1 to 13 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	Items 1 to 13 (in part)
Mr FÜLE	Member	Items 1 to 13 (in part)
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	
Mr BORG	Member	Items 1 to 13 (in part)

Absent:

Baroness ASHTON	High Representative/ Vice-President
Mr KALLAS	Vice-President
Mr DE GUCHT	Member
Ms GEORGIEVA	Member

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

Mr RENTSCHLER	Deputy Chef de cabinet to Baroness ASHTON	
Ms PERESSO	A member of Mr DE GUCHT's staff	Items 1 to 12
Mr CHAIBI	A member of Ms GEORGIEVA's staff	

The following also sat in:

Ms MARTÍNEZ ALBEROLA	Adviser in the PRESIDENT's Office	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PAULGER	Director-General, DG Communication	Items 1 to 13 (in part)
Mr DOENS	Head of the Commission Spokesperson Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr SCHINAS	Bureau of European Policy Advisers	
Mr KARNITSCHNIG	A member of the PRESIDENT's staff	Items 1 to 12, and 13 (in part)
Mr KLAUS	A member of the PRESIDENT's staff	Item 13
Ms LUCAS	A member of the PRESIDENT's staff	Item 13
Ms SKURATOWICZ	A member of the PRESIDENT's staff	
Mr BALTAZAR	A member of Ms REDING's staff	Item 13 (in part)
Mr RADZIEJEWSKI	Deputy Chef de cabinet to Mr LEWANDOWSKI	Item 13 (in part)
Mr MORDUE	Chef de cabinet to Mr FÜLE	Items 1 to 12

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

1. AGENDAS
(OJ(2013) 2042/FINAL; SEC(2013) 203/2)

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) 2042)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 15 April.

3. APPROVAL OF MINUTES OF 2039TH MEETING, MINUTES AND SPECIAL MINUTES OF 2040TH MEETING AND MINUTES OF 2041ST MEETING (20 MARCH, 27 MARCH AND 10 APRIL 2013)
(PV(2013) 2039; PV(2013) 2040; PV(2013) 2040, PART II; PV(2013) 2041)

The Commission approved the minutes of its 2039th, 2040th and 2041st meetings.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES
(SEC(2013) 221/3)

The Commission adopted the decisions in SEC(2013) 221/3.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2013) 204 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 April.

5.2. EMPOWERMENT (SEC(2013) 205 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 April.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2013) 206 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 8 and 12 April, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2013) 207)

The Commission took note of the sensitive written procedures for which the time limit expired between 15 and 19 April.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2013) 208)

ADMINISTRATIVE MATTERS
(PERS(2013) 77)

DG TRANSLATION – APPOINTMENT OF AN AD14/15 DIRECTOR (PERS(2012) 114 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii), (1)(b) and (1)(c) of the Staff Regulations for the post of Director, DGT.C, Translation, in the Directorate-General for Translation (PERS(2012) 114).

It took note of the opinions of the Consultative Committee on Appointments of 7 January and 21 February 2013 (PERS(2012) 114/2 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 Ms VASSILIOU, it then decided to appoint Ms Merit-Ene ILJA to the post.

This decision would take effect on 1 May 2013.

7. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL – FORMER YUGOSLAV REPUBLIC OF MACEDONIA – IMPLEMENTATION OF REFORMS WITHIN THE FRAMEWORK OF THE HIGH LEVEL ACCESSION DIALOGUE AND PROMOTION OF GOOD NEIGHBOURLY RELATIONS (COM(2013) 205 TO /4; RCC(2013) 54)

The Commission approved the report in COM(2013) 205/4, for transmission to Parliament and the Council and, for information, to the national parliaments.

8. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING COUNCIL DIRECTIVES 78/660/EEC AND 83/349/EEC AS REGARDS DISCLOSURE OF NON-FINANCIAL AND DIVERSITY INFORMATION BY CERTAIN LARGE COMPANIES AND

GROUPS
(COM(2013) 207 TO /3; SWD(2013) 127 AND /2; SWD(2013) 128; SEC(2013) 219; RCC(2013) 56)

The Commission adopted the proposal for a Directive in COM(2013) 207/3, for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff working documents SWD(2013) 127/2 and SWD(2013) 128 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above Recommendation, as set out in SEC(2013) 219.

9. GREEN PAPER ON THE INSURANCE OF NATURAL AND MAN-MADE DISASTERS
(COM(2013) 213 AND /2; RCC(2013) 56)

The Commission approved the Green Paper in COM(2013) 213/2 for transmission to Parliament and the Council, and, for information, to the Economic and Social Committee, the Committee of the Regions and the national parliaments.

10. JOINT REPORT BY THE COMMISSION AND THE HIGH REPRESENTATIVE OF THE EUROPEAN UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY TO THE EUROPEAN PARLIAMENT AND TO THE COUNCIL ON SERBIA'S PROGRESS IN ACHIEVING THE NECESSARY DEGREE OF COMPLIANCE WITH THE MEMBERSHIP CRITERIA AND NOTABLY THE KEY PRIORITY OF A VISIBLE AND

SUSTAINABLE IMPROVEMENT OF RELATIONS WITH KOSOVO[1]
(JOIN(2013) 7 TO /3; RCC(2013) 54)

11. JOINT REPORT BY THE COMMISSION AND THE HIGH REPRESENTATIVE OF THE EUROPEAN UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON KOSOVO'S[1] PROGRESS IN ADDRESSING ISSUES SET OUT IN THE COUNCIL CONCLUSIONS OF DECEMBER 2012 IN VIEW OF A POSSIBLE DECISION ON THE OPENING OF NEGOTIATIONS ON THE STABILISATION AND ASSOCIATION AGREEMENT
(JOIN(2013) 8 AND /2; RCC(2013) 54)

12. COMMISSION RECOMMENDATION FOR A COUNCIL DECISION AUTHORISING THE OPENING OF NEGOTIATIONS ON A STABILISATION AND ASSOCIATION AGREEMENT BETWEEN THE EUROPEAN UNION AND KOSOVO[1]
(COM(2013) 200 AND /2; RCC(2013) 54)

The PRESIDENT invited the Commission Members to hold an in-depth exchange of views on the reports concerning the former Yugoslav Republic of Macedonia, Serbia and Kosovo, and on the recommendation to open negotiations with Kosovo with a view to concluding a stabilisation and association agreement. These initiatives were presented to the Commission by Mr FÜLE, with some presented also by Baroness ASHTON. This was a response to the invitation by the General Affairs Council of December 2012 to review the progress made by Serbia, Kosovo and the former Yugoslav Republic of Macedonia in their specific efforts to move closer to the European Union. The contributions made would be used as input for

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

the discussions by the European Council of June 2013 on the future stages in the European perspective for these countries.

The PRESIDENT informed the College that Mr FÜLE would outline the conclusions of the report on the former Yugoslav Republic of Macedonia which had been agreed upon ahead of the Commission meeting so that the discussion that day would focus mainly on the joint reports indicating the progress achieved by Serbia and Kosovo respectively, and on the recommendation to open negotiations on a future stabilisation and association agreement with Kosovo. However, the conclusions that the Commission would draw from these last two reports would be contingent upon an agreement between the Serbian and Kosovar authorities reached during talks held under the aegis of the European Union represented by Baroness ASHTON, and aimed at normalising relations. At the moment these talks were still in progress.

Mr FÜLE said that the report concerning the former Yugoslav Republic of Macedonia (see also point 7 of these minutes) pointed to the continued implementation of the reforms undertaken by this country during the "high-level accession dialogue", in particular following the return to stability in the wake of the political crisis at the start of the year. The report concluded that good neighbourly relations were being fostered and that measures had been taken as regards bilateral relations with Bulgaria and Greece. Official talks on the name of the country had been stepped up during the period in question and had even resulted in new proposals being made in the past few days. He wound up by pointing out that the report approved that day by the Commission should, together with other information, enable the Council to take decisions in full knowledge of the facts.

Mr FÜLE then turned to the joint reports by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy on the progress made by Serbia and Kosovo to meet certain conditions laid down by the Union, and the Commission's recommendation to the Council to open negotiations on a stabilisation and association agreement with Kosovo. He confirmed that, in addition to the agreement of the Commission Members on the overall approach and the assessment of the facts presented in these documents, the Commission must bear in mind, in particular, one of the priorities established by the Council: a visible and sustainable improvement in relations between Serbia and Kosovo. In this connection, the negotiations between Belgrade and Pristina were at a delicate stage: they were to be resumed on 17 April and could result in a historic breakthrough in the coming days. Mr FÜLE therefore proposed that, in order to be able to factor in a positive outcome in these negotiations in the coming days, the Members should look into the possibility of postponing the formal adoption of the documents concerned until then. Should this be the case, the final documents would contain the full, up-to-date conclusions, and could then be adopted by written procedure.

The Commission then held a discussion during which the following key aspects were raised:

– broad support by the Commission Members for the strategy pursued by Baroness ASHTON and Mr FÜLE in order to help sustain and gradually reinforce the European perspective for the Western Balkan countries;

– the fact that EU membership was the only way to guarantee lasting peace and stability in this part of Europe; the pursuit, on this basis, of the objective of facilitating the gradual and essential normalisation of relations between Serbia and Kosovo;

– the case, in the view of some, for a cautious approach to embarking on further stages in the process of Serbia and Kosovo's rapprochement with the European Union in view, in the case of Serbia, of the non-resolution of the question of territorial integrity and the need to ensure sustainable progress in particular in judicial reform, and, in the case of Kosovo, of the questions raised by some Member States about the practical aspects of a new phase;

– given the current circumstances, the need for the Commission to keep a balanced approach; the possibility mooted by some that several of the documents presented that day could be adopted in the absence of a positive conclusion to the bilateral discussions in the coming days; the argument by others that detailed, comprehensive information on all aspects of the matter would provide a solid basis for taking such decisions, the great importance of which was underlined; hence the recommendation that the elements in this package should be presented to the Commission for discussion at a later date.

Mr FÜLE replied to the points made by first of all reiterating that the texts tabled that day had been drawn up at the Member States' request and that the objective was to enable the Council to decide very soon on the next steps of the European perspective of the countries in question. He pointed out that such decisions implied a number of formal procedures in some Member States and that timetable constraints meant that there was little room for manoeuvre.

As regards the process relating to Serbia and Kosovo's European perspective, he stressed that the key issue of territorial integrity would indeed continue to be at the centre of the bilateral negotiations, the outcome of which should be taken into account. As regards the judicial reform and compliance with the principles of the rule of law referred to in the case of Serbia, he confirmed the inalienability of this condition and highlighted that the monitoring system set up to ensure its effective implementation would remain a permanent feature in the country's continued relations with the European Union. As regards Kosovo, he reiterated that concluding stabilisation and association agreements fell within the scope of the Commission's competences by virtue of the Lisbon Treaty.

The PRESIDENT ended the exchange of views by noting the Commission's support for the general line set out on this issue, which confirmed the Union's commitment to support the European vocation of the countries in the Western Balkans region.

Given the importance of the proposals tabled that day and the fact that the bilateral negotiations between Serbia and Kosovo on which the Union's position depended would resume the next day, the PRESIDENT drew the following conclusions: (i) should there be a positive outcome to the bilateral negotiations in the next few days, which would therefore mean that both parties had fulfilled the conditions set out for them – an outcome which would take the shape of an agreement signed by both the Serbian and Kosovar Prime Ministers – the Commission could then adopt the conclusions proposed by Baroness ASHTON and Mr FÜLE by means of a written procedure which could be launched at the end of the week, ahead of the General Affairs Council of 22 April; (ii) if not, if the condition of a bilateral agreement was not fulfilled, the Commission would have to review the whole issue at a later date on the basis of updated information, for instance, on the result of the discussions.

The Commission took note of this information.

13. INTERINSTITUTIONAL RELATIONS (RCC(2013) 55)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 12 April (RCC(2013) 55).

It paid particular attention to the following points.

13.1. LEGISLATIVE MATTERS

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

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

– Multiannual Financial Framework 2014-2020 – Cohesion Policy – Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repeal of Regulation (EC) 1083/2006 (Regulation) – VAN NISTELROOIJ / KREHL report – 2011/0276 (COD) / Specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (Regulation) – MANNER report – 2011/0273 (COD) /

Specific provisions concerning the European Regional Development Fund and the Investment for growth and jobs goal and repeal of Regulation (EC) 1080/2006 – OLBRYCHT report – 2011/0275 (COD)

The Commission approved the line set out in SI(2013) 194/2.

– Multiannual Financial Framework 2014-2020 – Common Agricultural Policy − Establishment of rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (Regulation) – CAPOULAS SANTOS report – 2011/0280 (COD)

The Commission approved the line set out in SI(2013) 182/2.

– Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Common organisation of the markets in agricultural products (Single CMO Regulation) – DANTIN report – 2011/0281 (COD)

The Commission approved the line set out in SI(2013) 183/2.

– Multiannual Financial Framework 2014-2020 – Common agricultural policy - Support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (Regulation) – CAPOULAS SANTOS report – 2011/0282 (COD)

The Commission approved the line set out in SI(2013) 164/2.

– Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Financing, management and monitoring of the common agricultural policy (Regulation) – LA VIA report – 2011/0288 (COD)

The Commission approved the line set out in SI(2013) 165.

– Multiannual Financial Framework 2014-2020 – Implementation and exploitation of European satellite navigation systems (Regulation) – MARINESCU report – 2011/0392 (COD)

The Commission approved the line set out in SI(2013) 192/3.

– Multiannual Financial Framework 2014-2020 – Definition of the rules for participation in the Horizon 2020 Framework Programme for Research and Innovation and for dissemination of the results (Regulation) – EHLER report – 2011/0399 (COD) / Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 Framework Programme for Research and Innovation (Council Regulation) – SKINNER report – 2011/0400 (NLE) / Horizon 2020 Framework Programme for Research and Innovation (Regulation) – RIERA MADURELL report – 2011/0401 (COD) / Specific programme implementing the Horizon 2020 Framework Programme for Research and Innovation (Council Decision) – CARVALHO report – 2011/0402(CNS)

The Commission approved the line set out in SI(2013) 184/2.

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

The Commission approved the line set out in SI(2013) 193.

– Markets in financial instruments and amendment of the EMIR Regulation on OTC derivatives, central counterparties and trade repositories (Regulation) / Markets in financial instruments and repeal of Directive 2004/39/EC (Directive – recast) – FERBER reports – 2011/0296 (COD) / 2011/0298 (COD)

The Commission approved the line set out in SI(2012) 188/2.

– Serious cross-border threats to health (Decision) – PARGNEAUX report – 2011/0421 (COD)

The Commission approved the line set out in SI(2013) 189 (plus annex).

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

The Commission approved the line set out in SI(2013) 172.

– Amendment of Directives 2000/60/EC and 2008/105/EC as regards priority substances in the field of water policy (Directive) – SEEBER report – 2011/0429 (COD)

The Commission approved the line set out in SI(2013) 185/2.

Dossier at Council first reading

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

The Commission approved the line set out in SI(2013) 187 and /2.

ii) Preparation of the April part-session of Parliament
(point 1.3 of the IRG record)

Ordinary legislative procedure – First reading

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

The Commission approved the line set out in SP(2013) 223.

– Ship recycling (Regulation) – SCHLYTER report – 2012/0055 (COD)

The Commission approved the line set out in SP(2013) 264.

13.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business
(SI(2013) 181)

The Commission took note of the information in SI(2013) 181 on the Council meetings between 18 April and 1 May.

iv) Results of the informal meetings of Economic and Finance Ministers (Dublin, 12 and 13 April), and the situation in Cyprus

The PRESIDENT stressed the importance of the discussions at the informal meetings of the Economic and Finance Ministers of the EU and the Eurogroup held in Dublin on 12 and 13 April under the Irish Council Presidency. He asked Mr REHN, Mr BARNIER and Mr ŠEMETA to brief the Members of the Commission on the main results of these meetings in relation to their portfolios, drawing attention in particular to the review of the terms of the aid for Ireland and Portugal, banking union, and action to combat tax evasion and avoidance.

For his part, he welcomed the political agreement reached by the Economic and Finance Ministers of the euro area (Eurogroup), at their meeting on 12 April, on the Memorandum of Understanding concerning the programme of financial assistance to Cyprus. He was pleased to note that the process of ratifying this Memorandum was under way in the national parliaments and that the Commission had already begun preparations to enable the College to take a decision very soon empowering Mr REHN to sign the Memorandum on 26 April. He saw no need to go back over the details of the long process leading up to this agreement – which the Commissioners had already discussed in depth on 27 March – but he highlighted the continuous efforts made by the Commission since November 2011 to arrive at a constructive, negotiated solution to Cyprus’s difficulties.

The PRESIDENT stressed that the programme of assistance granted to Cyprus was tailor-made to respond to the very exceptional circumstances in which Cyprus found itself. It was designed specifically to tackle the roots of the crisis that had hit the country's financial sector, the restructuring of which would form the basis for a sustainable growth model for Cyprus. The top priority now was to put everything in place to facilitate the emergence of new sources of economic activity and to deal with the social consequences of the current crisis in Cyprus.

It was in this context that a task force for Cyprus had been set up on 27 March. The PRESIDENT suggested that it be renamed a 'support group' in order to convey a clearer idea of its purpose. Alongside its main task of helping to get the Cypriot economy back on track in terms of jobs, growth and competitiveness, the support group would also try to mobilise resources to mitigate any negative short-term effects of the programme of reforms by the Cypriot Government. He asked the Commission Members most directly concerned to identify the financial resources that could be used for this purpose, adding that the support group would also be able to draw on the technical support of all Commission departments.

Regarding the next financial programming period (2014-2020), the PRESIDENT had received a letter from the President of Cyprus, Nicos Anastasiades, to which he had replied the previous day, assuring him that he would explore with the budgetary authority the scope for the early disbursement of funds earmarked for Cyprus from the European budget. He regretted, however, that it was not possible to meet his request that Cyprus be placed on the list of Member States most affected by the crisis – set out in paragraph 50 of the Conclusions of the European Council of 7 and 8 February 2013 on the Multiannual Financial Framework – as such a decision was primarily a matter for the Member States. He also explained that the allocations to Cyprus under the cohesion and rural development policies could not be increased, as these budgets had been negotiated in fine detail and agreed on unanimously by the EU Member States. Nevertheless, he proposed that Commission departments conduct a precise, in-depth evaluation of Cyprus's needs.

Adding his own comments to this presentation of the agreement that had emerged from the informal meeting of the Eurogroup in Dublin on support for Cyprus, Mr REHN expressed his satisfaction with the outcome, the result of a long and difficult process. Once the national parliaments had approved the agreement and the Memorandum of Understanding had been signed, the first tranche of the European financial assistance could be paid towards the end of April, subject to the introduction by the Cypriot authorities of the structural reforms needed to put the country's economy back on its feet. He stressed the need to look to the future now and emphasise the desire of all the stakeholders to move forward, while at the same time learning the lessons of this very special case.

He also mentioned the agreement by the Eurogroup ministers and the Members of the Economic and Financial Affairs Council on easing the conditions for repaying the European loans to Ireland and Portugal. These two countries, which benefited from the assistance programme, had been granted a 7-year extension of their loan maturities, as recommended by the Troika. He explained that the average term of the loans from the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) would increase from 14 to 21 years, approximately, for Ireland and from 12 to 19 years, approximately, for Portugal. He welcomed this measure, which would, in his view, enable both countries to take a further step towards a return to full market financing, provided that they continued with their economic adjustment programmes. The combination of structural reforms conducive to growth and systematic fiscal consolidation restored investor confidence and created the conditions for ending the crisis by re-creating the virtuous circle of economic recovery and job creation.

On the subject of the development of banking union, Mr REHN pointed out that the Ministers had reaffirmed their commitment to the rapid completion of all of the elements of banking union mentioned in the conclusions of the European Council of 13 and 14 December 2012. On the question of the legal basis, he explained that the amendment to the Treaties which had been mentioned in various quarters was not a pre-condition for moving ahead with banking union, particularly as regards the bank resolution mechanism for the orderly management of bank failures. However, the legal basis had to be chosen with care. As regards the process, he was in favour of continuing work on both this mechanism and direct bank recapitalisation, using a twin-track approach through the Economic and Monetary Affairs Council and the Eurogroup.

Referring to the discussions on the plan for banking union, Mr BARNIER stressed that the informal ministerial meeting had convinced him above all of the determination of governments, ministers and central banks to produce two Commission proposals, one on the organisation of national deposit protection systems, the other on the organisation of national bank resolution systems. The Commission would therefore be presenting proposals in June to introduce new elements of a banking union in the euro area. The aim was to introduce, on the one hand, direct recapitalisation of certain banks and, on the other, the bank resolution system, which would entail the creation of an independent authority.

Finally, he also referred to the question of the legal basis for banking union and reminded the meeting that the Commission had proposed Article 127(6) of the Treaty on the Functioning of the European Union. He stressed that it was perfectly possible to operate the two pillars of banking union – bank supervision in the euro area and orderly bank resolution – on the basis of the current Treaty.

Mr ŠEMETA concluded with a report on the discussions between the EU Economic and Finance Ministers on tax evasion and tax avoidance and welcomed the clear expression by the Member States of their political determination to secure progress, particularly on the automatic exchange of information. The Commission had presented to the Council all the means which it could deploy to achieve this goal. The Commission had to harness the political momentum created by the growing tide of public opinion currently in favour of European action to tackle tax evasion. As he had said in

Dublin, it was now up to the Member States to match their strong words with firm actions. The moment of truth would come at the next Economic and Financial Affairs Council, because the Irish Presidency intended to present a specific plan of action to the Member States.

In the course of the discussion that followed, Members raised the following main points:

- support for the approach adopted by the Commission of stressing its determination to help Cyprus and showing Europe's solidarity with the Cypriot people by committing itself to providing aid and technical assistance to overcome the difficulties they were currently experiencing;

- endorsement of the suggestion that Cyprus's needs be carefully evaluated in order to provide assistance that was as carefully targeted, and hence effective, as possible;

- the need to use all possible means to help Cyprus relaunch its economy, and a call for the Commission to show some flexibility, for example, by bringing forward certain investments or focusing its efforts in particular on youth unemployment, for example, as part of the youth guarantee;

- on the question of the possible early disbursement of Structural Funds under the Multiannual Financial Framework for 2014-2020, the need for the Cypriot authorities to have firm plans; in this connection, the suggestion that consideration be given to the possibility of using decommitted funds;

- the value of using the example of Cyprus to note the growing differences between social models within the Union, engendered by the economic crisis;

- the need to keep up the momentum to ensure that the banking union proposal presented by the Commission was adopted; it was emphasised that if such a union had been in place, the Cypriot crisis could have been avoided;

– a reminder of the complexity of introducing a single banking supervisory mechanism, which would also require a single bank resolution mechanism; a warning that Member States should not be allowed to pick and choose certain elements of these mechanisms, as this would create a variety of different situations; questions on the feasibility of setting up a genuinely independent authority responsible for the future single resolution mechanism;

– the announcement of a new state aid control framework currently being prepared to replace the 2008 framework as a transition tool, bearing in mind that the current framework was the only de facto instrument available to the Union for managing failures; a suggestion that a Commission policy debate be held on this question;

– the need to clarify the question of the legal basis of banking union as far as possible, and to have a clear idea of the Member States' positions on this issue at the June European Council;

– with regard to the fight against tax evasion and tax avoidance, the need to seize this unique opportunity to respond to the public demand in Europe for transparency, which had proved to be necessary not only to restore trust in political institutions but also to ensure acceptance of structural reforms and fiscal consolidation measures;

– the wish to promote an approach of all 27 Member States to combat tax evasion and tax avoidance; the need to clarify how European legislation in this field might conflict with the US 'FACTA' Act (Foreign Account Tax Compliance Act).

The PRESIDENT wound up the discussion by thanking the Commission Members for their comments. He welcomed the new conditions for Portugal and Ireland, which were a tribute to the courageous policies they had implemented.

As regards Cyprus, it was important to place things in perspective by emphasising the fundamental importance of European solidarity. Without a system for orderly bank resolution, lack of solidarity would have resulted in a series of bank failures and the risk of contagion. He also called on the Commission Members and their departments to do everything possible to help facilitate implementation of the financial assistance programme in their areas of competence.

Concerning banking union, the process was under way and the aim was to obtain a roadmap at the June European Council. With regard to tax evasion and tax avoidance, it was a good idea to build on the current momentum in order to make progress on this important dossier.

The Commission took note of this information and of the PRESIDENT's written reply of 15 April to the Cypriot President, Nicos Anastasiades, a copy of which was circulated to the Commission Members at the meeting.

13.3. RELATIONS WITH PARLIAMENT

v) Situation in Hungary

The PRESIDENT wished to report on the situation in Hungary before the parliamentary debate that week. He pointed out that the Commission had been monitoring constitutional developments in the country very closely for over a year and mentioned the infringement proceedings that had been launched on important issues such as the dismissal of the data protection officer and the retirement age of judges. Although some of these infringement proceedings were still under way, the Court of Justice had already ruled on others, upholding the Commission's interpretation of the applicable EU legislation.

With regard to the new amendment to the constitution adopted by the Hungarian parliament on 11 March, he had raised the Commission's queries as to the compatibility of this amendment with the principle of the rule of law and with EU law in a letter to the Hungarian Prime Minister, Viktor Orbán, before the amendment was adopted, and in a common statement on the day it was adopted, which he had signed with the Secretary-General of the Council of Europe, Thorbjørn Jagland.

He explained that, following a preliminary legal analysis of this amendment, he had sent another letter to Viktor Orbán on 12 April expressing the Commission's significant concerns about various points. He cited first the provision on European Court of Justice judgments entailing payment obligations, which could weaken the Court's authority and constituted a violation of Hungary's duty of sincere cooperation. He went on to refer to the extensive powers granted to the President of the National Judicial Office and the possibility of transferring cases from one court to another, which could be contrary to the obligation under European law to give access to sufficient legal remedies to guarantee effective legal protection, in a case where European law was applicable before a national court. Lastly, he referred to the provision establishing restrictions on political advertising during election campaigns; the validity and proportionality of this provision should be examined.

The PRESIDENT noted that the legal analysis to be carried out, which must be objective and thorough, came under the Commission's quasi-judicial powers as the guardian of the treaties. Once this work was completed, the Commission would not hesitate to use the means at its disposal and would make a decision, if necessary, on launching infringement proceedings. The Hungarian Prime Minister had assured him in a letter of the commitment of his government and of the Hungarian parliament to respecting European values and law. He added that Viktor Orbán had also stated that he had already taken measures to respond to the Commission's concerns by tabling draft decrees to implement the constitutional amendments to be taken into consideration in the Commission's analysis.

The PRESIDENT took the view that the Commission had to state clearly its intention to make full use of the powers at its disposal to ask the Hungarian authorities to make the necessary changes to the adopted laws to ensure that they complied with the Treaties. It was just as important to remind Hungary that it had to take due account of the opinion of the Council of Europe and the Venice Commission for Democracy through Law, which was expected in June, and begin a political dialogue with Parliament on a resolution on the respect of fundamental rights in Hungary that Parliament would adopt in June.

He finished his comments by expressing his wish for a coordinated approach to Hungary by the European institutions. In the coming months, the Commission would be able to analyse the responses by the Hungarian authorities and get the measure of their commitment to respect European law and democratic principles. He invited Ms REDING to tell the College about her work on these questions.

Ms REDING confirmed the information already provided, underlined the serious problems being addressed by her departments and explained that they related not only to the principles of the rule of law but also to the very respect for European law. In that context she stressed the importance of the joint statement by the PRESIDENT and the Secretary General of the Council of Europe, against the background of tension between the Hungarian Government and the Venice Commission. She referred to the many initiatives taken by the Commission and its analysis work to ensure that any future decisions were based on robust information, which would be presented to the College once the legal analysis had been completed. Parliament might take new initiatives in June on the basis of a parliamentary report; she reminded the meeting, too, of the report to be adopted by the Venice Commission, also in June.

In the brief discussion that followed, the main points to emerge were the support for the firm and objective line taken by the Commission; the complex nature of this case; the concerns about the infringement of European values and the radicalisation observed in the country, the fears generated by the legislation on the media and on restrictions of freedom of expression and the free movement of workers; the advisability for the Commission to highlight in its communication the European perspective of the measures that it was taking in relation to the Hungarian authorities and, beyond that, the need for the College to have a collective dialogue with the Hungarian people; the general suggestion that the Members of the Commission discuss the possible creation of instruments for monitoring respect for the principles of human rights and fundamental freedoms in the Union, as requested recently by several Member States in a letter to the Commission, and the difficulties of implementing such a mechanism.

The PRESIDENT wound up the debate and thanked the Members of the Commission for their contributions.

The Commission took note of this information.

vi) Discharge in respect of the implementation of the general budget of the European Union for the 2011 financial year (49 reports) – Other institutions, agencies and bodies – GEIER, ČESKOVA, CZARNECKI, GERBRANDY and SØNDERGAARD reports

The Commission approved the line set out in SP(2013) 247 and /2.

vii) Participation by Members of the European Parliament in international conferences
(point 3.6 of the IRG record)

– 23rd Regular Meeting of the International Commission for the Conservation of Atlantic Tunas (ICCAT) (Cape Town, 18-25 November)

The Commission agreed to the request to the PRESIDENT from Mr Martin Schulz, President of Parliament, concerning the attendance of three Members of the European Parliament at the above-mentioned meeting, from 22 to 24 November, as observers in the EU delegation, with a reminder about the procedure to be followed.

13.4. EXTERNAL RELATIONS

viii) Mobility Partnership between the Kingdom of Morocco and the European Union and its Member States
(point 5.1 of the IRG record)

The Commission approved the line set out in SI(2013) 177/2.

ix) Joint Statement by Canada and the European Union on efforts to combat illegal, unreported and unregulated fishing
(point 5.2 of the IRG record)

The Commission approved the line set out in SI(2013) 190.

x) Position to be adopted, on behalf of the European Union, at the Sixth Conference of the Parties to the Stockholm Convention on Persistent Organic Pollutants with regard to the proposal for an amendment of Annexes A and B (Council Decision) – 2013/0075 (NLE)
(point 5.4 of the IRG record)

The Commission approved the line set out in SI(2013) 197.

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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 16.00.