EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2013) 2048 final

Brussels, 19 June 2013

MINUTES

of the 2048th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 29 May 2013

(morning)

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<u>Single sitting</u>: Wednesday 29 May 2013 (morning)

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

<u>Present</u>:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	
Ms REDING	Vice-President	Items 7 and 8 (in part)
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	Items 1 to 8 (in part)
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr BARNIER	Member	Items 1 to 8 (in part)
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 1 to 8 (in part)
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 8 (in part)
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	Items 1 to 8 (in part)
Mr BORG	Member	

Absent:

Mr PIEBALGS	Member

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

Mr KARHUNEN	Deputy Chef de cabinet to Mr PIEBALGS	Items 7 and 8

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	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 7 and 8
Mr SOBRAL	Deputy Chef de cabinet to the PRESIDENT	Items 7 and 8
Mr CABRAL	Adviser hors classe in the PRESIDENT's office	Items 7 and 8
Ms LUCAS	A member of the PRESIDENT's staff	Items 7 and 8
Ms SKURATOWICZ	A member of the PRESIDENT's staff	Items 7 and 8
Mr SELMAYR	Chef de cabinet to Ms REDING	Items 1 to 6
Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	Items 7 and 8 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	Items 7 and 8
Mr LAHTI	Adviser in Mr REHN's office	Items 7 and 8
Mr GUERSENT	Chef de cabinet to Mr BARNIER	Items 7 and 8 (in part)
Mr MOUTARLIER	A member of Mr ŠEMETA's staff	Items 7 and 8
Ms GAGO	Chef de cabinet to Mr ANDOR	Items 7 and 8 (in part)
Ms UJUPAN	A member of Mr CIOLOŞ's staff	Items 7 and 8 (in part)
Mr SERVOZ	Deputy Secretary-General	Items 7 and 8

Secretary: Ms DAY, Secretary-General, assisted by Mr GENISSON, Head of Unit in the Secretariat-General.

1. AGENDAS
(OJ(2013) 2048/FINAL/2; SEC(2013) 291/2)

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) 2048)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 27 May.

3. APPROVAL OF THE MINUTES OF THE 2046TH AND 2047TH COMMISSION MEETINGS (15 AND 21 MAY)
(PV(2013) 2046; PV(2013) 2047)

The Commission approved the minutes of its 2046th and 2047th meetings.

4. INTERINSTITUTIONAL RELATIONS
(RCC(2013) 70)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 24 May (RCC(2013) 70).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure
(point 1.1 of the IRG record)

Dossiers at Parliament first reading

– 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) 275/2 and /4.

– Multiannual Financial Framework 2014-2020 – Amendment of Regulation (EC) 294/2008 establishing the European Institute of Innovation and Technology (Regulation) / Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT): the contribution of the EIT to a more innovative Europe (Decision) – LAMBERT / MATIAS reports – 2011/0384 (COD) / 2011/0387 (COD)

The Commission approved the line set out in SI(2013) 282.

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

The Commission approved the line set out in SI(2013) 274/2.

– Amendment of Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and Commission

Directive 2007/14/EC (Directive) – McCARTHY report – 2011/0307 (COD)

The Commission approved the line set out in SI(2013) 280.

– Specific requirements regarding statutory audit of public-interest entities / Amendment of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (Directive) – KARIM reports – 2011/0359 (COD) / 2011/0389 (COD)

The Commission approved the line set out in SI(2013) 281.

– Amendment of Regulation (EC) 273/2004 on drug precursors (Regulation) – HEDH report – 2012/0261 (COD)

The Commission approved the line set out in SI(2013) 284.

– Harmonisation of recreational crafts and personal watercrafts (Directive) – HARBOUR report – 2011/0197 (COD)

The Commission approved the line set out in SI(2013) 285/2.

– Flag State responsibilities for the enforcement of Council Directive 2009/13/EC implementing the Agreement concluded by the European Community Shipowners' Associations (ECSA) and the European Transport Workers' Federation (ETF) on the Maritime Labour Convention, 2006, and amending Directive 1999/63/EC (Directive) – BERÈS report – 2012/0065 (COD)

The Commission approved the line set out in SI(2013) 277/2.

– Amendment of Council Regulation (EC) 111/2005 laying down rules for the monitoring of trade between the Community and third countries in drug precursors (Regulation) – PROUST report – 2012/0250 (COD)

The Commission approved the line set out in SI(2013) 278.

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

The Commission approved the line set out in SI(2013) 279.

ii) Non-legislative procedure
(point 1.2 of the IRG record)

– Amendment of Council Regulation (EC) 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty (Council Regulation) – PIETIKÄINEN report – 2012/0342 (NLE)

The Commission approved the line set out in SI(2013) 287.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business
(SI(2013) 286)

The Commission took note of the information in SI(2013) 286 on the Council meetings between 30 May and 12 June.

4.3. RELATIONS WITH PARLIAMENT

iv) Results of May part-session
(SP(2013) 333; SP(2013) 334)

The Commission took note of the information in SP(2013) 333 and SP(2013) 334 on the proceedings of the part-session of Parliament held in Strasbourg from 20 to 23 May.

v) Action to be taken on Parliament's legislative resolutions and other resolutions of a legal nature
(SP(2013) 347)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and, if necessary, with the other Members concerned, to adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2013) 347, drawn up following the May part-session of Parliament, the contents of which were noted.

4.4. RELATIONS WITH THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS

vi) Follow-up to Economic and Social Committee opinions - fourth quarter 2012
(point 2.1 of the IRG record)

The Commission approved document SC(2013) 23/2 on the action taken by the Commission on the opinions adopted by the European Economic and Social Committee during the fourth quarter of 2012, for transmission to that Committee.

vii) Follow-up to Committee of the Regions opinions – Fiftieth report (July 2012 plenary session)
(point 2.2 of the IRG record)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during the July 2012 plenary session, contained in the document distributed as SR(2013) 12/2, for transmission to that Committee.

viii) Follow-up to Committee of the Regions opinions – Fifty-first report (October 2012 plenary session)
(point 2.3 of the IRG record)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during the October 2012 plenary session, contained in the document distributed as SR(2013) 13/2, for transmission to that Committee.

ix) Follow-up to Committee of the Regions opinions – Fifty-second report (November 2012 plenary session)
(point 2.4 of the IRG record)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during the November 2012 plenary session, contained in the document distributed as SR(2013) 14, for transmission to that Committee.

4.5. EXTERNAL RELATIONS

x) Amendment of Annexes II and III of Council Decision of 9 June 2011 on the approval, on behalf of the European Union, of The Hague Convention of 23 November 2007, on the International Recovery of Child Support and Other Forms of Family Maintenance (Council Decision) – LÓPEZ-ISTÚRIZ WHITE Report – 2013/0019 (NLE)
(point 3.1 of the IRG record)

The Commission approved the line set out in SI(2013) 272/2.

4.6. OTHER BUSINESS

xi) Preparations for the 25th session of the Joint Parliamentary Assembly of the African, Caribbean and Pacific States and the European Union (Brussels, 17-19 June) – Answers to oral questions

(point 4.1 of the IRG record)

The Commission approved the answers to oral questions from the Joint Parliamentary Assembly, set out in SP(2013) 351, for transmission to the Assembly.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2013) 292 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 21 and 24 May.

5.2. EMPOWERMENT (SEC(2013) 293 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 21 and 24 May.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2013) 295 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 21 and 24 May, as archived in *e*-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2013) 296 AND /3)

The Commission took note of the sensitive written procedures for which the time limit expired between 27 and 31 May and of the 'finalisation' written procedure initiated following the weekly meeting of Chefs de cabinet on 27 May.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2013) 297)

ADMINISTRATIVE MATTERS
(PERS(2013) 85)

6.1. DG RESEARCH AND INNOVATION – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2013) 20 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, 'International Cooperation', in DG Research and Innovation (PERS(2013) 20 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 15 and 25 April 2013 (PERS(2013) 20/3 and /4).

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 GEOGHEGAN-QUINN, it then decided to appoint Ms Maria Cristina RUSSO to the post.

This decision would take effect on 1 July 2013.

6.2. DG RESEARCH AND INNOVATION – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2013) 21 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, 'Environment', in DG Research and Innovation (PERS(2013) 21 and /3).

It took note of the opinions of the Consultative Committee on Appointments of 15 and 25 April 2013 (PERS(2013) 21/2 and /4).

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 GEOGHEGAN-QUINN, it then decided to appoint Mr Kurt VANDENBERGHE to the post.

This decision would take effect on 1 July 2013.

6.3. *DG RESEARCH AND INNOVATION – CLOSURE OF A SELECTION PROCEDURE FOR AN AD14/15 DIRECTOR POST AND APPOINTMENT OF AN AD14 DIRECTOR (PERS(2013) 19 AND /3)*

The Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms GEOGHEGAN-QUINN, decided:

- to terminate the internal selection procedure COM/2012/3296 for the post of Director, 'Resources', in DG Research and Innovation, without making an appointment; this decision would take effect immediately;
- to fill that post by transferring in the interest of the service under Article 7 of the Staff Regulations, Ms Maive RUTE, an AD14 official and currently Director, 'Biotechnologies, Agriculture, Food', in DG Research and Innovation; this decision would take effect on 16 July 2013.

6.4. *DG HUMAN RESOURCES AND SECURITY – APPROVAL OF LISTS OF CANDIDATES FOR HEAD OF EUROPEAN UNION DELEGATION POSTS (PERS(2013) 86; PERS(2013) 87)*

The Commission took note of the information at point 4 of PERS(2013) 85 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the lists of candidates in PERS(2013) 86 and

PERS(2013) 87 for the posts of Head of the European Union Delegation and Special Representative in Afghanistan (AD14-15/AD14) and Head of the European Union Delegation in Singapore (AD9-14/AD12); these lists would serve as a basis for the competent authority of the European External Action Service to make the final appointments.

This decision would take effect immediately.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – 2013 EUROPEAN SEMESTER – COUNTRY-SPECIFIC RECOMMENDATIONS – MOVING EUROPE BEYOND THE CRISIS
(COM(2013) 350 AND /2)

8. COMMISSION RECOMMENDATIONS FOR COUNCIL RECOMMENDATIONS CONCERNING THE MEMBER STATES' 2013 NATIONAL REFORM PROGRAMMES AND DELIVERING A COUNCIL OPINION ON THE MEMBER STATES' STABILITY AND CONVERGENCE PROGRAMMES AND ON THE IMPLEMENTATION OF THE BROAD GUIDELINES FOR THE ECONOMIC POLICIES OF THE MEMBER STATES WHOSE CURRENCY IS THE EURO
(COM(2013) 351 AND /2; COM(2013) 352 AND /2; COM(2013) 353 AND /2; COM(2013) 354 AND /2; COM(2013) 355 AND /2; COM(2013) 356 AND /2; COM(2013) 359 AND /2; COM(2013) 360 AND /2; COM(2013) 362 AND /2; COM(2013) 364 AND /2; COM(2013) 365 AND /2; COM(2013) 366 AND /2; COM(2013) 367 AND /2; COM(2013) 368 AND /2; COM(2013) 369 AND /2; COM(2013) 370 AND /2; COM(2013) 371 AND /2 COM(2013) 373 AND /2; COM(2013) 374 AND /2; COM(2013) 375 AND /2; COM(2013) 376 AND /2; COM(2013) 377 AND /2; COM(2013) 378 AND /2; COM(2013) 379 AND /2; SWD(2013) 351; SWD(2013) 352; SWD(2013) 353; SWD(2013) 354;

SWD(2013) 355; SWD(2013) 356; SWD(2013) 357 AND /2; SWD(2013) 358 AND /2; SWD(2013) 359 AND /2; SWD(2013) 360; SWD(2013) 361; SWD(2013) 362 AND /2; SWD(2013) 363 AND /2; SWD(2013) 364 AND /2; SWD(2013) 365; SWD(2013) 366 AND /2; SWD(2013) 367; SWD(2013) 368 AND /2; SWD(2013) 369 AND /2; SWD(2013) 370 AND /2; SWD(2013) 371 AND /2; SWD(2013) 372 AND /2; SWD(2013) 373 AND /2; SWD(2013) 374 AND /2; SWD(2013) 375; SWD(2013) 376 AND /2; SWD(2013) 377; SWD(2013) 378 AND /2; SWD(2013) 379 AND /2)

The PRESIDENT introduced the discussion on all of the documents tabled that day by stressing that it was the third time that the Commission had met as a sort of 'economic government' to accomplish its share of the work in implementing the European Semester. He stressed the considerable amount of analysis work that had been required and thanked all the departments that had participated for their commitment. The accuracy, knowledge of the situations specific to each Member State and the robustness of the economic analysis had been further improved this year.

This was a complex exercise that brought together a number of instruments of enhanced economic governance. The country-specific recommendations included tailor-made policy responses to assist the Member States to meet the challenges identified in the in-depth reviews, which had been prepared as part of the examination of the macroeconomic imbalances. The attention of the members of the Commission was also drawn to several decisions under the excessive deficit procedure, which were to be taken by written procedure that also expired that day.

He then described the background to that day's discussion. The economic recovery would take longer than expected, in the context of very high unemployment rates, in particular among young people, and of increasing poverty in certain parts of Europe. He explained that the priorities developed as part of the Annual Growth Survey remained valid and gave a brief summary thereof: differentiated fiscal consolidation that was conducive to growth, restoring normal lending to the real economy, the structural reforms necessary for growth and job creation, the establishment of the conditions to ensure that European economies were competitive, the fight against unemployment, the cushioning of the social impact of the crisis and, lastly, the modernisation of public administrations. These priorities had served as the canvas for preparing the country-specific recommendations and the analysis of the national reform programmes and stability and convergence programmes submitted by the Member States.

Given the complexity and scale of the challenges to be met, he justified the need to develop an overall response and to take measures in a number of fields which, if they were implemented across the Union, would create synergy and would be reflected more quickly in tangible results, which would kick start a virtuous circle of confidence and investment.

That day's proposals followed this approach, which the Commission had been recommending since the start of the crisis, guided by the Europe 2020 strategy of smart, sustainable and inclusive growth, and by enhanced economic governance, in order to combine fiscal consolidation and structural reforms. Structural reforms had to be stepped up in the light of the social situation and the increase in inequalities in a number of Member States and, given that they would take time to produce tangible effects, he suggested specific short-term measures for the unemployed, in particular young people.

He recalled the general principle of the recommendations, which had to be both fair and demanding, in particular in relation to Member States for which an extension to the deadline for correcting their excessive deficit was proposed. In order to succeed, a strategy had to enjoy political and social support. Moreover, the country-specific recommendations reflected the economic and political situation in each Member State, but they were presented in a European framework and a European perspective that took into consideration the increasing interdependence of the Member States within the euro area and the Union as a whole. On this basis, he felt that it would be possible to reach a broad consensus at the European Council in June that would discuss the Union's economic priorities.

The PRESIDENT concluded his intervention by asking Mr REHN, Mr ANDOR and Mr ŠEMETA to explain in more detail the priorities at European level and the country-specific recommendations in their respective areas of responsibility. For the rest of the discussion, he called on the Members of the Commission to focus their comments on the main communication that presented the general policy conclusions.

Mr REHN began by adding his own sincere thanks to all the Commission staff who had helped draft this impressive set of documents.

He then restated the two parallel goals of the European Semester process: (i) sustainable growth and job creation in order to curb the large increase in unemployment affecting much of Europe, and (ii) gradual consolidation of public finances to end the build-up of public and private debt over a number of years which had played a big part in fuelling the economic and financial crisis in many Member States. He noted, however, that it would take time for this twin-track strategy to yield results. Growth would not be fully restored until the debt had been reduced, as revenue was currently being deployed first of all to service this debt. He was therefore in favour of continued efforts to put the financial sector on a sounder footing – financial institutions needed to resume their role of channelling savings towards productive investments in order to support adjustment and recovery – and of establishing banking union.

He then turned to the general lessons to be learned from the 2013 European Semester exercise which had served as a basis for the country-specific recommendations.

Firstly, he noted that the process of restoring balance to the European economy was now on track, with a reduction in current account deficits and an improvement in competitiveness which, combined with the measures taken at European level by the European Central Bank and others, had reduced the risk of default, thereby improving financial stability. He insisted that all the Member States, whether they had a current account deficit or surplus, must resolutely continue this re-balancing effort.

Secondly, he stressed that the right macroeconomic policies for fostering economic recovery were in place (indeed monetary policy was still contributing to this goal), that progress had been made in fiscal consolidation and that the Commission was presenting that day a programme of detailed structural reforms for the next 12 to 18 months.

While consolidation was now proceeding at a slower rate than in 2012, this was because the Stability and Growth Pact had worked successfully: the pace could be adjusted when the fiscal policy being pursued was sufficiently credible. This was why some Member States had been given longer to bring their public deficit under the limit of 3% of GDP, subject to specific conditions.

Mr REHN said that, for the 2013 European Semester, the Commission had been more explicit in tying its structural reform recommendations to fiscal consolidation; the extension of the deadline for correcting deficits was thus clearly designed to enable the Member States concerned to implement the reforms in order to facilitate the adjustment process under way and lay stronger foundations for growth.

Lastly, he mentioned the decisions under the Stability and Growth Pact to be adopted in parallel that day by written procedure. He noted that Hungary, Italy, Latvia, Lithuania and Romania would all be removed from the excessive deficit procedure. However, the procedure would be reopened in the case of Malta, which would have to bring its deficit under 3% of GDP by 2014. The Commission was recommending that four Member States – France, Poland, Slovenia and Spain – be given two more years to correct their public deficits, while another three – Belgium, the Netherlands and Portugal – were to be given one extra year. In each case he presented the specific reasons and precise economic parameters on which the Commission based its recommendations, following a thorough analysis, and the measures which the governments concerned were expected to take.

In Belgium’s case he also explained the sound legal and political reasons for the decision not to impose a financial penalty for the country’s inadequate fiscal efforts in 2010 and 2011. He mentioned in particular the domestic political situation marked by the absence of a fully operational government at that time, the fact that the legislation on stronger economic governance (the ‘six pack’) had not entered into force until December 2011 and, lastly, the undertakings on fiscal consolidation given by the present Belgian government.

Mr ANDOR went on to explain how the social dimension had been taken into account in the country-specific recommendations. First, he noted the key role assigned to active labour market policies in order to tackle head-on one of the most urgent social and economic problems affecting Europe, i.e. youth unemployment and inactivity. He pointed out that 17 Member States had received recommendations on this subject in 2013, with explicit reference being made to the 'youth guarantee' in the case of the 12 Member States with a youth unemployment rate of over 25%. He argued that the Commission must spell out to Member States in the clearest terms the importance it attached to establishing the structures needed to underpin this measure as quickly as possible.

He then referred to the recommendations which had been addressed to a number of Member States on long-term unemployment, the strengthening of public employment services and improvements in the provision of training courses, apprenticeships and vocational training. In some cases, attention had also been drawn to the labour market participation of women, older workers and migrants and to reducing the rate of early school-leaving.

While the financial viability of old-age pension schemes and health and long-term care systems was still regarded as of key importance, due account had been taken of the efforts required to ensure or maintain sufficient access to such systems or to increase their coverage.

Mr ANDOR pointed out that in its 2013 recommendations the Commission was emphasising the importance of implementation of national integration strategies for the Roma.

On the question of implementing and financing the measures recommended to Member States, he noted the key role that could be played by the Structural Funds, and the European Social Fund in particular. In the context of the ongoing negotiations on the 2014-2020 Multiannual Financial Framework, it was important that a substantial budget be earmarked for the ESF, especially since the countries being urged to implement the youth guarantee were generally those facing the most severe budgetary difficulties and in vital need of funding under the ESF and the Youth Employment Initiative. Lastly, he mentioned the recommendations made to five Member States to improve the absorption of European funds.

Mr ŠEMETA then presented the fiscal part of the Commission's recommendations in the 2013 European Semester, which he described as being motivated by a desire for both fairness and competitiveness. He began by explaining that the Commission was reiterating its call to Member States to reduce the tax burden on labour in order to promote job creation and offset the effect of increases in indirect taxation. Member States were also being advised, in general, to move more towards environmental taxation.

The ongoing economic crisis was still exercising downward pressure on private sector investment. Some Member States had reduced the maximum rate of corporation tax, while others were using tax incentives to encourage investment and economic activity. In any event, he stressed the need to avoid perpetuating the culture of indebtedness.

He also noted that broadening the tax base for certain taxes, as advocated by the Commission in 2012, had increased the tax systems' efficiency and competitiveness but also their fairness, and regretted that insufficient use had been made of this approach.

Finally, on the matter of combating tax evasion and tax avoidance, he noted that the country-specific recommendations were a good opportunity to highlight the need to implement the measures in this area recommended by the Commission and approved by the European Council on 22 May.

He concluded by praising the scope and effectiveness of the Commission's recommendations which, although they would not produce immediate results, would nevertheless provide a real impetus. He accordingly urged the Members of the Commission to defend these proposals vigorously.

The Commission then held an exchange of views focusing on the following main points:

– broad support for the main communication and the country-specific recommendations; endorsement of the main policy messages and the balanced, sound and realistic approach adopted in this exercise; tributes to the quality of the analysis carried out;

– widespread approval of the emphasis placed on structural reforms and the need for fiscal consolidation that was conducive to growth; the balanced approach adopted by the communication in calling on countries with a current account deficit to improve their competitiveness, on the one hand, and, on the other, urging the countries with a surplus to remove the structural barriers preventing an increase in domestic demand, in order to help revive and rebalance the European economy as a whole;

– at the same time, the need to explain more effectively the case for the structural reforms and their political impact; the suggestion that in future the communication should give greater prominence to the Community instruments the Union could use to give a multiplier effect to the recommendations addressed to the Member States;

– the need clearly to state the overall level of excessive debt in certain Member States in order to send out a consistent political message;

– some calls for further explanation of the grounds and justification for the proposal to grant certain Member States extra time under the procedure for correcting excessive deficits; questions about the means at the Commission's disposal for monitoring the actual implementation of the structural reforms which the Member States in question were required to introduce, in exchange for the extra time they had been given;

– the importance of dealing with the question of funding growth, given that without adequate resources it was not possible to envisage an economic stimulus and recovery policy in the short term; similarly, questions about funding for measures to combat unemployment;

– the need to avoid spending cuts in areas that generated growth, competitiveness and jobs, such as investment in research and innovation; similarly, satisfaction that research and innovation were among the areas affected by the structural reforms; the importance of funding research on a competitive basis and of strengthening links between research and industry;

– a reminder that the specific recommendations addressed to certain Member States emphasised the priority to be given to education in order to prevent budget cuts in this essential sector and in particular to protect investment in measures to combat early school-leaving; the need to step up efforts to ensure that European education and training systems emphasised the skills and qualifications the economy needed, for example in the ICT sector; the potential contribution which the programming of the Structural Funds could make to this demand-led rather than supply-side approach;

– a call for better publicity to be given to the youth employment initiatives introduced at European level at the Commission's instigation, such as the youth guarantee; the fact that the Member States in which the budgetary situation was healthier were often those that were most successful in combating youth unemployment and had effectively implemented the youth guarantee;

– the feeling of entitlement to a good job among some young people in Europe which was a legacy of the boom years but was unfortunately incompatible with the current economic crisis;

– the perception that Europe was not properly analysing the links between competitiveness and issues of sustainable development; a call for sustainable development to be fully integrated into the European Semester in future, along with the efficient management of resources, which was crucial to economic recovery, competitiveness and the future of Europe's population;

– a call for the Commission to highlight the need for all Member States to improve their administrative capacity; similarly, the importance of continued discussion of the structural reforms needed to ensure the viability of national healthcare systems;

– in order to support growth in Europe, the importance of increasing cooperation with the European Investment Bank to ensure that it stepped up its lending after its capital increase;

– the importance of stimulating investment in the digital sector which could inject new momentum into the European economy and bring cross-cutting benefits to numerous sectors, such as SMEs, financial services, transport, healthcare, energy and public administration;

– questions about the actual implementation of the country-specific recommendations set out in the 2012 European Semester and the conclusions which the Commission drew from this;

– in the communication efforts that would be deployed in connection with the package of recommendations, the need to provide a better explanation of what the Commission was doing and to underscore the key messages of this politically and economically important exercise.

Mr REHN welcomed the general feeling that emerged from this in-depth discussion, which was that the communication and the package of country-specific recommendations struck the right balance between structural reforms and fiscal consolidation.

He responded favourably to the call for more systematic monitoring of the impact of the reforms actually carried out in the Member States following the recommendations, which would be directly in line with the Annual Growth Survey.

He stressed the depth and rigour of the analysis carried out by the Commission for the European Semester and pointed out that the economic characteristics of each Member State had been taken into account to ensure that the recommendations would be appropriate and realistic.

Finally, he confirmed that the Commission would shortly be presenting a specific policy initiative, ahead of the June European Council, to mobilise structural funds and other instruments under the budget of the Union for investment in growth. He particularly stressed the need to respond to the crucial question of restoring the flow of credit to SMEs, in order to finance specific projects of benefit to the EU economy as a whole.

Mr ANDOR agreed with the idea of proposing that some Member States should be given longer to correct their deficits, emphasising the need to ensure at this stage that the pace of fiscal consolidation was appropriate for creating the conditions conducive to a resumption of growth.

He recalled the measures proposed to date to combat youth unemployment, including the Youth Employment Initiative. He said that this initiative would make it possible to part-finance the introduction of the youth guarantee scheme proposed by the Commission in the context of its ‘youth employment package’ of December 2012. Several Member States were already working on the introduction of this scheme. Other components of this package were currently being prepared, for instance the European Alliance for Apprenticeships, a quality framework for traineeships and a measure to promote the mobility of young people.

The financing proposed for the youth guarantee scheme would simply supplement the European and national funding that would have to be found if the expected results were to be obtained. The youth unemployment problem would be solved only when unemployment in general fell and the euro-area crisis ended. Lastly, he confirmed that the Commission would be presenting a proposal in the coming weeks on the social dimension of Economic and Monetary Union.

The PRESIDENT thanked the Commission Members for this policy exchange, the main conclusions of which were, in his view, the broad support expressed for the package presented that day, and the focus on the quality of the analysis and improvements made compared with the previous exercise, although the sectoral contribution could be developed further in the documents to be produced in 2014.

As for the substance, he pinpointed the main policy messages that had emerged from the exercise: (i) the European Semester process was working; (ii) it was taken seriously by the Member States, and (iii) the initial results were beginning to be felt, although not as rapidly as might have been hoped, because of the time needed for the reforms to start bearing fruit.

Based on the balanced recommendations presented by the Commission, he also suggested that efforts should essentially focus on combating youth unemployment, access to financing, the introduction of the banking union, the issue of competences and qualifications through education, as well as innovation, all areas which the Commission would draw on in its contribution to the European Council in June.

The Commission would present a communication on the policy priority of youth unemployment which would cover the initiatives in progress, the specific measures financed in this area by European Union programmes and the strategies under consideration. In relation to access to financing for SMEs, the Commission was looking at ways of mobilising European funds in cooperation with the European Investment Bank. As for the banking union, the Commission would shortly be proposing the introduction of a single resolution mechanism.

On the wider issue of boosting growth, he underlined the importance of drawing on the Structural Funds by laying down the right priorities in the context of the future Multiannual Financial Framework (MFF) 2014-2020. He emphasised the need for the European Parliament and the Council to conclude the negotiations on this crucial matter as quickly as possible in order to launch the growth promotion measures soon. The country-specific recommendations for 2013 were significant in this respect as they played a pivotal role in terms of the next MFF.

Lastly, turning to the extra time to be given to some Member States to correct their excessive deficits, the PRESIDENT said that these proposals were not a result of political negotiations but of in-depth technical analyses by the Commission, which were in fact confirmed by the International Monetary Fund and the Organisation for Economic Cooperation and Development. He also stressed the very clear and firm conditions regarding fiscal discipline and effective structural reforms that would have to be met in return for these extensions.

He wound up the discussion by saying that the 2013 European Semester exercise was stricter than the previous one because of the introduction of economic governance measures under the ‘six-pack’ and the ‘two-pack’. Once the results of the exercise had been approved by the Council, they would be binding on Member States.

The PRESIDENT once again thanked the Members of the Commission and the departments which had been directly involved in drafting the general Communication and the country-specific recommendations. He noted the Commission’s full support for these proposals and its agreement to the introduction of the following changes to the English-language version of the communication set out in COM(2013) 350/2, and of the recommendation concerning Italy set out in document COM(2013) 362/2:

In COM(2013) 350/2

– **on page 16, in the section on “*Promoting growth and competitiveness for today and tomorrow*”, the first three sentences in the third paragraph following Box 4 now read as follows:**

  “*The job creation potential of the green economy is not fully tapped. Resource efficiency makes economic and environmental sense and is an integral aspect of our future competitiveness. Member States should step up these investments as part of modernising production methods in a more sustainable way.*”;

– **on page 20, in the section on “*Conclusions*”, one sentence is inserted between the first and second sentences of the second paragraph, which reads as follows:**

  “*But it often takes time before the benefits become concrete and, based on past experience, the employment situation will only react with a time lag.*”;

In COM(2013) 362/2

– **on page 7, the third sentence of point 1 now reads as follows:**

"*Achieve the planned structural primary surpluses in order to put the very high debt-to-GDP ratio (forecast to be 132.2% of GDP in 2014) on a steadily declining path.*";

– **on page 7, the first sentence of point 4 now reads as follows:**

"*Ensure the effective implementation of the labour market and wage setting reforms to allow better alignment of wages to productivity.*";

– **on page 7, the second sentence of point 6 now reads as follows:**

"*Remove remaining restrictions in professional services and foster market access for instance in the provision of local public services where the use of public procurement should be advanced (instead of direct concessions).*"

Subject to inclusion of the above amendments and to a final linguistic revision of all the above-mentioned documents, the Commission:

– adopted the communication in COM(2013) 350/2;

– adopted the recommendations set out in COM(2013) 351/2, COM(2013) 352/2, COM(2013) 353/2, COM(2013) 354/2, COM(2013) 355/2, COM(2013) 356/2, COM(2013) 359/2, COM(2013) 360/2, COM(2013) 362/2, COM(2013) 364/2, COM(2013) 365/2, COM(2013) 366/2, COM(2013) 367/2, COM(2013) 368/2, COM(2013) 369/2, COM(2013) 370/2, COM(2013) 371/2, COM(2013) 373/2, COM(2013) 374/2, COM(2013) 375/2, COM(2013) 376/2, COM(2013) 377/2, COM(2013) 378/2 and COM(2013) 379/2;

– decided to send the communication and the recommendations to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and, for information, to the national parliaments, together with the staff working documents on the evaluation of the national reform programmes for 2013 and the Member States' stability or convergence programmes, as set out in SWD(2013) 351, SWD(2013) 352, SWD(2013) 353, SWD(2013) 354, SWD(2013) 355, SWD(2013) 356, SWD(2013) 357/2, SWD(2013) 358/2, SWD(2013) 359/2, SWD(2013) 360, SWD(2013) 361,

SWD(2013) 362/2, SWD(2013) 363/2, SWD(2013) 364/2, SWD(2013) 365, SWD(2013) 366/2, SWD(2013) 367, SWD(2013) 368/2, SWD(2013) 369/2, SWD(2013) 370/2, SWD(2013) 371/2, SWD(2013) 372/2, SWD(2013) 373/2, SWD(2013) 374/2, SWD(2013) 375, SWD(2013) 376/2, SWD(2013) 377, SWD(2013) 378/2 and SWD(2013) 379/2, the contents of which were noted.

The Commission also noted that a number of written procedures would expire that day: these concerned the excessive deficit procedures relating to Belgium (PE/2013/3291 and PE/2013/3295), France (PE/2013/3294), Hungary (PE/2013/3283), Italy (PE/2013/3284), Latvia (PE/2013/3287), Lithuania (PE/2013/3285), Malta (PE/2013/3434, PE/2013/3435 and PE/2013/3437), the Netherlands (PE/2013/3288), Poland (PE/2013/3290), Portugal (PE/2013/3289), Romania (PE/2013/3286), Slovenia (PE/2013/3293) and Spain (PE/2013/3292).

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

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The meeting closed at 12.55.