EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2013) 2053 final

Brussels, 17 July 2013

DRAFT MINUTES

of the 2053rd meeting of the Commission

held in Strasbourg

(Winston Churchill)

on Tuesday 2 July 2013

(afternoon)

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<u>Single sitting</u>: Tuesday 2 July 2013 (afternoon)

The sitting opened at 13.04 with Mr BARROSO, President, in the chair. The discussion of item 10 (in part) was chaired by Mr ALMUNIA.

<u>Present</u>:

Mr BARROSO	President	Items 1 to 10 (in part)
Ms REDING	Vice-President	Items 1 to 9
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	Items 9 (in part) and 10
Mr ŠEFČOVIČ	Vice-President	Items 9 (in part) and 10
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Item 10 (in part)
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 9 (in part) and 10
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	Items 9 (in part) and 10
Mr OETTINGER	Member	Items 1 to 10 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr CIOLOȘ	Member	
Mr MIMICA	Member	

Absent:

Baroness ASHTON	High Representative/ Vice-President
Ms KROES	Vice-President
Mr REHN	Vice-President
Ms VASSILIOU	Member
Mr ANDOR	Member
Ms MALMSTRÖM	Member
Mr BORG	Member

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

Ms CASTAGNOLI	Adviser in Baroness ASHTON's Office	Items 1 to 8 and 10
Ms WOOD	A member of Ms KROES's staff	Items 1 to 8 and 10
Mr HILL	Deputy Chef de cabinet to Ms VASSILIOU	Item 10 (in part)
Ms ÅSENIUS	Chef de cabinet to Ms MALMSTRÖM	Items 1 to 8
Mr KANDOLF	A member of Mr BORG's staff	Items 1 to 8 and 10

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	Items 1 to 10 (in part)
Mr ROMERO REQUENA	Director-General, Legal Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 1 to 8, and 10 (in part)
Ms MARTÍNEZ ALBEROLA	Adviser in the PRESIDENT’s Office	Items 1 to 8
Ms SUTTON	A member of the PRESIDENT's staff	Items 1 to 8 and 10
Mr SZOSTAK	A member of Ms REDING's staff	Item 10 (in part)
Mr LINDER	A member of Mr ŠEFČOVIČ's staff	Item 10
Ms PERESSO	A member of Mr DE GUCHT’s staff	Items 1 to 8

Secretary: Ms DAY, Secretary-General, assisted (except for item 9) by Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS
(OJ(2013) 2053/FINAL; SEC(2013) 376/2)

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) 2053)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 1 July.

3. MINUTES OF 2052ND MEETING (26 JUNE)

The Commission held over approval of the minutes of its 2052nd meeting for the following week.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES
(SEC(2013) 383/2; RCC(2013) 97)

The Commission adopted the decisions in SEC(2013) 383/2.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2013) 377 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 24 and 28 June.

5.2. EMPOWERMENT (SEC(2013) 378 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 24 and 28 June.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2013) 379 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 24 and 28 June, as archived in *e*-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2013) 380)

The Commission took note of the sensitive written procedures for which the time limit expired between 1 and 5 July.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2013) 381)

ADMINISTRATIVE MATTERS
(PERS(2013) 97)

SECRETARIAT-GENERAL – EXTENSION OF THE CONTRACT OF AN AD14 MEMBER OF THE TEMPORARY STAFF

The Commission took note of the information at point 1 of PERS(2013) 97 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to extend the contract of Mr Nicolas DE LA GRANDVILLE, an AD14 member of the temporary staff and Head of the Protocol Service in the Secretariat-General, for an additional period of two years starting on 30 August 2014.

This decision would take effect immediately.

7. DECISION OF 1 JULY 2013 BY THE COMMISSION PRESIDENT ON THE ORGANISATION OF RESPONSIBILITIES OF THE MEMBERS OF THE COMMISSION (C(2013) 3898)

The PRESIDENT welcomed Mr Neven MIMICA who was attending his first meeting of the Commission since Croatia's accession to the European Union on 1 July. On behalf of himself and the whole College he congratulated him on his appointment to the Commission and on his performance at the hearing organised as part of the consultation with the European Parliament regarding this appointment pursuant to the provisions of Article 246 of the Treaty on the Functioning of the European Union.

He highlighted the importance of the responsibilities he had decided to confer on

Mr MIMICA within the Commission, i.e. consumer policy, and said he was convinced that, drawing on his long experience in politics, Mr MIMICA would make a significant contribution to the work of the Commission.

The Commission echoed these words of welcome to Mr MIMICA and took note of the PRESIDENT’S decision of 1 July on the organisation of responsibilities of the Members of the Commission in C(2013) 3898, amending in part the PRESIDENT's decisions of 10 February 2010, 27 October 2011 and 28 November 2012, distributed as C(2010) 1000, C(2011) 8000/2 and C(2012) 8950.

8. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) 2866/98 REGARDING THE CONVERSION RATE TO THE EURO FOR LATVIA (COM(2013) 492)

The Commission adopted the proposal for a Council Regulation as set out in COM(2013) 492, distributed at the meeting under the date of 2 July, and decided to transmit it to the Council and to the European Central Bank.

9. RELATIONS WITH NON-MEMBER COUNTRIES

ALLEGATIONS CONCERNING SURVEILLANCE ACTIVITIES TARGETING EUROPEAN UNION INSTITUTIONS

The PRESIDENT reported on details of the very disturbing allegations accusing the United States authorities of conducting surveillance activities that targeted the institutions and some Member States of the Union. He agreed with the leaders of the Member States that the authorities concerned should thoroughly investigate these allegations and establish the truth of the matter as soon as possible.

He took note of the Commission's position that the forthcoming start of trade negotiations between the European Union and the United States should not be affected by this situation, but, at the same time, that such wide-ranging and ambitious talks could succeed only if the partners demonstrated mutual trust, transparency and clarity.

The Commission took note of this information.

10. INTERINSTITUTIONAL RELATIONS (RCC(2013) 98)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 28 June (RCC(2013) 98).

It paid particular attention to the following points.

10.1. LEGISLATIVE MATTERS

i) Horizontal dossier
(point 1.1 of the IRG record)

– Multiannual Financial Framework 2014-2020 – Delegated acts and implementing acts in financing instruments for external action

The Commission approved the line set out in SI(2013) 382.

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

– Multiannual Financial Framework 2014-2020 − Financing instruments for external action – update regarding the various instruments

The Commission approved the line set out in SI(2013) 383, /2, /3 and /4.

– Multiannual Financial Framework 2014-2020 − Erasmus for all − The Union Programme for Education, Training, Youth and Sport (Regulation) – PACK report – 2011/0371 (COD)

The Commission approved the line set out in SI(2013) 384.

– Multiannual Financial Framework 2014-2020 – Establishment of the Creative Europe Programme (Regulation) – COSTA report – 2011/0370 (COD)

The Commission approved the line set out in SI(2013) 385/2.

– Multiannual Financial Framework 2014-2020 – Connecting Europe Facility (Regulation) – RIQUET / AYALA SENDER / VĂLEAN report – 2011/0302 (COD)

The Commission approved the line set out in SI(2013) 400, /2 and /3.

– Multiannual Financial Framework 2014-2020 – Amendment of the Staff Regulations of officials of the European Union (Regulation) – ROTH-BEHRENDT report – 2011/0455 (COD)

The Commission approved the line set out in SI(2013) 401 and /2.

– Multiannual Financial Framework 2014-2020 – Establishment of a Programme for the Environment and Climate Action (LIFE) (Regulation) − HAUG report – 2011/0428 (COD)

The Commission approved the line set out in SI(2013) 402/2.

– Multiannual Financial Framework 2014-2020 – Establishing for the period 2014 to 2020 the Justice programme (Regulation) − CLAEYS / BERLINGUER report – 2011/0369 (COD) / Establishing for the period 2014 to 2020 the Rights and Citizenship programme (Regulation) – GÖNCZ report – 2011/0344 (COD)

The Commission approved the line set out in SI(2013) 367.

– Amendment of Regulation (EC) 443/2009 to define the modalities for reaching the 2020 target to reduce CO2 emissions from new passenger cars (Regulation) – ULMER report – 2012/0190 (COD)

The Commission approved the line set out in SI(2013) 394/3.

– Amendment of Regulation (EU) 510/2011 to define the modalities for reaching the 2020 target to reduce CO2 emissions from new light commercial vehicles (Regulation) – KRAHMER report – 2012/0191 (COD)

The Commission approved the line set out in SI(2013) 395/3.

– Amendment of Regulation (EC) 1760/2000 as regards electronic identification of bovine animals and deletion of the provisions on voluntary beef labelling (Regulation) / Amendment of Council Directive 64/432/EEC as regards computer databases which are part of the surveillance networks in the Member States (Directive) – AUCONIE reports – 2011/0229 (COD) / 2011/0228 (COD)

The Commission approved the line set out in SI(2013) 393/3.

iii) Special legislative procedure
(point 1.3 of the IRG record)

– Association of the overseas countries and territories with the European Union (Council Decision) – TIROLIEN report – 2012/0195 (CNS)

The Commission approved the line set out in SI(2013) 388.

iv) Preparation of Parliament's July part-session
(point 1.4 of the IRG record)

Ordinary legislative procedure – 2nd reading – Empowerment

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

Under Article 13 of its Rules of Procedure, the Commission empowered Mr ŠEMETA, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and any other members associated, to adopt its opinion on the amendments together with any amended proposals, on the basis of the line set out in SP(2013) 433 as approved by the Commission on 26 June, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 294(7)(c) of the Treaty on the Functioning of the European Union.

Special legislative procedure

– Implementing enhanced cooperation in the area of financial transaction tax (Council Directive) – PODIMATA report – 2013/0045 (CNS)

The Commission approved the line set out in SP(2013) 439, /2 and /3.

10.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

v) Programming of Council business
(SI(2013) 397)

The Commission took note of the information in SI(2013) 397 on the Council meetings between 4 and 17 July.

vi) Results of European Council meeting (Brussels, 27 and 28 June)
(SI(2013) 399/3)

The PRESIDENT felt that it would be useful to review the positive and significant results obtained at the European Council on 27-28 June with regard to many dossiers on which the Commission had been working intensely for months or in some cases years. His aim was to supplement the report already sent in a letter to the Commission Members on Friday.

Before entering into more details of the Council meeting, he referred to the favourable political context in which it had taken place. He began by mentioning the agreement on the 2014-2020 Multiannual Financial Framework (MFF) secured on the morning of 28 June after an ad hoc meeting he had chaired in the presence of the President of the European Parliament, Martin Schulz, and the President of the Council of the European Union, Enda Kenny, the Irish Prime Minister. He welcomed this agreement and emphasised the contribution made by the Commission, which was the only institution that was able, in such circumstances, to provide the required neutrality and give the necessary momentum to the final rapprochement between the two branches of the budgetary authority. The Member States had already approved the agreement and the European Parliament would vote on a resolution on 3 July. This highly satisfactory result would provide the European Union with investment resources that could be mobilised from the beginning of 2014 in order to address the urgent challenges of growth and employment, and was in line with the Commission's call for more flexible commitment and payment appropriations and the use of the available margins to finance the Youth Employment Initiative from 2016 onwards.

Agreement had also been reached on 28 June on the reform of the Staff Regulations, which was itself linked to the MFF. The aim of the reform was to implement the efficiency drive that, in the light of the current economic situation, was expected of all public services, while ensuring a sustainable future for an independent, diverse and highly qualified European civil service.

He concluded this overview of the background to the European Council by warmly thanking Mr LEWANDOWSKI and Mr ŠEFČOVIČ for their work in the negotiation of these complex and sensitive dossiers.

The PRESIDENT then turned to the Council meeting itself, which had benefited from these positive developments. It had begun with an exchange of views with the social partners, who had been invited for the first time to attend such a meeting. He was pleased that they had endorsed the Commission's analysis, in particular the principle that it was necessary to accelerate implementation of the European growth strategy.

Reviewing the items on the Council agenda, he said that the Heads of State or Government had welcomed the Commission's communication on youth employment and had decided to grant additional funds to the Youth Employment Initiative.

The European Council had also endorsed the Commission's contribution on financing the real economy, in particular an ambitious programme to support small and medium-sized enterprises (SMEs). However, before selecting one of the proposed options, the Heads of State or Government had asked the Council of the European Union, in consultation with the Commission and the European Investment Bank (EIB) to finalise the technical arrangements for this 'new investment plan for Europe' with a view to launching it at the start of 2014.

The June European Council had reached the end of the European Semester, and the PRESIDENT stressed the high general opinion of the quality of the country-specific recommendations endorsed by the Council and the relevance of the priorities listed by the Commission. It was now up to the Member States to implement them and to the Commission to step up its dialogue with the Member States in order to consolidate the first signs of collective ownership of this exercise.

Referring to the progress made on the Compact for Growth and Jobs, he said that the conclusions of the European Council stressed, in particular, the need to meet the deadlines set for implementation of the aspects relating to the digital agenda, energy and research. The Commission must therefore keep this aim in mind in the proposals concerning the single telecommunications market which it would present in September, and in preparing the October European Council.

He went on to refer to smart regulation, highlighting the European Council's support for the measures the Commission had undertaken to propose in its communication following the public consultation on the top 10 most burdensome legislative acts for SMEs. It had also endorsed the idea of doing everything possible to step up competitiveness and cut unnecessary costs. However, he pointed out the difficulty of agreeing on precise changes owing to the widely divergent interests at stake. He intended to return to this point the following week in the part of the Commission meeting dedicated to following up the Commission seminar of 18 January on competitiveness in Europe.

The PRESIDENT also referred to economic and monetary union (EMU) and reiterated the warning he had already given to the Heads of State or Government to avoid any slackening in the pace of bringing about a deeper EMU. Progress had already been made in one aspect of EMU, namely banking union, since the single supervisory mechanism represented an important step in that direction. He also welcomed the approval of a general line that had emerged the previous week concerning the proposal for a directive on bank recovery and resolution, pointing out that the proposal on the single supervisory mechanism would be submitted in the coming weeks. He called on the Commission to step up its preparatory work so that it could deliver the high-quality and politically calibrated contributions expected by the Member States on the social dimension of EMU, ex-ante coordination of policies and the convergence and competitiveness instrument, so that decisions could be taken by the end of 2013.

The PRESIDENT concluded this review of the subjects addressed at the European Council by referring to the support provided to Member States which had recently suffered catastrophic floods, and the possibility of additional aid for Cyprus. He also welcomed the positive and enthusiastic tone of the conclusions on Croatia's accession on 1 July of this year and Latvia's adoption of the euro on 1 January 2014. Owing to lack of time, relations with the Union's strategic partners had not been discussed. Despite this, however, the European Council had decided to initiate accession negotiations with Serbia and discussions on a stabilisation and association agreement with Kosovo.

The PRESIDENT wound up by stressing once again that this European

Council had been a collective success. The significant results secured had been thanks to the Commission's preparatory work and negotiating capacity, and of course its technical expertise combined with a political vision of the European interest. He called on the Commission Members to build on these positive results with a dynamic communication effort in order to explain the challenges these results were designed to address, the ambition pursued, the achievements to be consolidated and the contribution made by the Commission.

The PRESIDENT asked Mr LEWANDOWSKI to report on the Multiannual Financial Framework 2014-2020, and Mr ŠEFČOVIČ to present the main points of the agreement on the Staff Regulations.

Mr LEWANDOWSKI welcomed the agreements concluded on the fringe of the European Council of 27-28 June, which had led to the successful conclusion of the negotiations on the MFF 2014-2020. He surveyed the main points which the Commission had singled out and on which consensus had finally been reached.

He explained that, to ensure the best possible allocation of the available funds, the future MFF contained flexibility mechanisms for payment appropriations which would be subject to a ceiling from 2018 to 2020. As regards commitment appropriations, he also said that margins available below the ceilings for 2014 to 2017 would be allocated to a global MFF margin and reallocated, during the second half of the financial framework, to investment in the labour market and youth employment.

He also confirmed the principle of frontloading, especially in the case of the Youth Employment Initiative, Erasmus, and the COSME programme for the competitiveness of enterprises and SMEs. There was a possibility that the financial perspectives might be re-examined before the end of 2016, without prejudice to any subsequent decisions by the Member States or the European Parliament.

He concluded by stressing that this agreement offered year-on-year predictability for investments and European projects, as well as stability for EU initiatives in the coming years. He extended his warmest thanks to all those who had helped to bring this long process to a successful conclusion.

On the reform of the Staff Regulations of EU officials, Mr ŠEFČOVIČ announced that the agreement reached by the negotiators from the European Parliament, the Irish Presidency and the Commission on 25 June had been approved by COREPER on 28 June, prior to the vote in the plenary of the European Parliament expected on 3 July. He distributed to Members of the Commission at the meeting an informal summary of the salient points of the reform, which included an overall reduction of 5% in staffing levels of European institutions and bodies by 2017, an increase in the working week to 40 hours without compensation, and a freeze on salaries, pensions and allowances in 2013 and 2014. He also mentioned the closer link between responsibilities and grade and the reduction in promotion rates in the end-of-career pay levels.

The new method for the annual adjustment of salaries and pensions would henceforth be entirely automatic. In the new Staff Regulations, the method in question would include new clauses that would, inter alia, take account ‘automatically’ of exceptional circumstances, such as an economic crisis. The 6% solidarity levy would be reinstated, and increased to 7% for the top two grades and Members of the Commission.

Mr ŠEFČOVIČ felt that overall the new Staff Regulations represented an instrument of modernisation which offered an appropriate response to the crisis while preserving the European institutions’ ability to fulfil their mission.

Mr CIOLOŞ then took the floor to present the political agreement reached by the Commission, the Council and the European Parliament on 26 June on the reform of the common agricultural policy (CAP). He welcomed this agreement, which would realign the CAP and make it both more efficient and more transparent. He felt it was a major response on the part of the Union to the challenges of food security, climate change, and growth and employment in rural areas, and would enable the agricultural policy to contribute towards the EU's overall objective of promoting smart, sustainable and inclusive growth. He concluded by noting that a number of questions were directly linked to the agreement on the Multiannual Financial Framework for 2014-2020, in particular the transfer of appropriations between direct payments and rural development, the allocation of national envelopes for direct payments and rural development, co-financing rates and the question of ceilings, and the degressivity of payments.

Mr BARNIER referred to the agreement approved by the Economic and Financial Affairs Council on 26 June, the day before the European Council, on the future rules on bank recovery and resolution proposed by the Commission. He welcomed it as a balanced compromise which endorsed the principles of the Commission proposal. He explained that these rules were of vital importance in protecting taxpayers, who would no longer be called upon to rescue banks, and would avoid the risks associated with banks that were 'too big to fail'. He had no doubt that the European Union had taken a new and decisive step in introducing the most comprehensive framework in the world for tackling bank crises. He announced that the trialogues could now begin with a view to reaching a final agreement under the Lithuanian Presidency of the Council, i.e. before the end of 2013. With the addition of the single bank resolution mechanism for the euro zone, which he would present to the College this month, he said that the final pillar of the banking union structure would be in place.

Mr HAHN began by expressing his satisfaction at the very significant interinstitutional success represented in his view by the political agreement on the Multiannual Financial Framework 2014-2020. He then referred to the discussion on restoring access to credit for SMEs, which was also on the agenda for the European Council and on which the Commission was going to table a formal proposal before the end of the year. In this connection, he stressed the need to explain to the Member States the added value of this initiative, the desired leverage effect and the fact that the financing in question would have to be put in place very quickly to prevent any interruption of the flow of credit. He referred to a number of options set out in the joint Commission-EIB report for creating ambitious financial instruments for spreading risk which would make it possible to raise funds to invest in SMEs in the private sector and on the capital markets. The aim of the Commission proposals was to take full advantage of the combined potential of the structural funds and EIB loans. Finally, he welcomed the fact that the Council had promised to complete its part of the preparatory work to allow these instruments to become operational in January 2014.

The Commission took note of this information.

10.3. RELATIONS WITH PARLIAMENT

vii) Action taken on non-legislative resolutions adopted by Parliament at its April part-session
(point 3.4.1 of the IRG record)

The Commission approved for transmission to Parliament document SP(2013) 472 on the action taken on the non-legislative resolutions adopted by Parliament at its April part-session.

viii) Action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its May part-session
(point 3.4.2 of the IRG record)

The Commission approved, for transmission to Parliament, document SP(2013) 473 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its May part-session.

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The meeting closed at 15.03.