EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2013) 2054 final**

Brussels, 24 July 2013

**MINUTES**

**of the 2054th meeting of the Commission**

**held in Brussels**

**(Berlaymont)**

**on Wednesday 10 July 2013**

**(morning)**

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## Single sitting: Wednesday 10 July 2013 (morning)

The sitting opened at 9.08 with Mr BARROSO, President, in the chair.

Present:

| | | |
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| Mr BARROSO | President | |
| Ms REDING | Vice-President | |
| Mr ALMUNIA | Vice-President | |
| Mr KALLAS | Vice-President | |
| Ms KROES | Vice-President | |
| Mr TAJANI | Vice-President | Items 1 to 21 (in part) |
| Mr ŠEFČOVIČ | Vice-President | Items 1 to 21 (in part) |
| Mr REHN | Vice-President | Items 19 (in part) to 21 (in part) |
| Mr POTOČNIK | Member | |
| Mr PIEBALGS | Member | Items 1 to 21 (in part) |
| Mr BARNIER | Member | Items 1 to 21 (in part) |
| Ms VASSILIOU | Member | |
| Mr ŠEMETA | Member | |
| Mr DE GUCHT | Member | Items 19 to 21 (in part) |
| Ms GEOGHEGAN-QUINN | Member | |
| Mr LEWANDOWSKI | Member | |
| Ms DAMANAKI | Member | |
| Ms GEORGIEVA | Member | |
| Mr OETTINGER | Member | |
| Mr HAHN | Member | Items 1 to 21 (in part) |
| Ms HEDEGAARD | Member | |
| Mr ANDOR | Member | Items 1 to 21 (in part) |
| Ms MALMSTRÖM | Member | |
| Mr CIOLOȘ | Member | Items 1 to 21 (in part) |

Absent:

| | |
|---|---|
| Baroness ASHTON | High Representative/<br>Vice-President |
| Mr FÜLE | Member |
| Mr BORG | Member |
| Mr MIMICA | Member |

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

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|---|---|
| Mr CEBALLOS BARÓN | A member of Baroness ASHTON's staff |
| Mr MORDUE | Chef de cabinet to Mr FÜLE |
| Mr KANDOLF | Deputy Chef de cabinet to Mr BORG |
| Ms ANDRASSY | Deputy Chef de cabinet to Mr MIMICA |

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 | Items 1 to 20 |
| Mr DOENS | Head of the Commission Spokesperson Service | Items 1 to 21 (in part) |
| Ms AHRENKILDE HANSEN | Commission Spokeswoman | Items 1 to 21 (in part) |
| Mr THEBAULT | Head of the Bureau of European Policy Advisers | Item 21 (in part) |
| Ms BENÍTEZ SALAS | Bureau of European Policy Advisers | Items 1 to 20 |
| Mr SOBRAL | Deputy Chef de cabinet to the PRESIDENT | Items 19 (in part) to 21 (in part) |
| Ms DE RICHEMONT | Adviser in the PRESIDENT's Office | Item 21 (in part) |
| Ms VANNINI | Adviser in the PRESIDENT's Office | Item 21 |
| Mr DANDOY | A member of the PRESIDENT's staff | Item 20 |
| Ms SUTTON | A member of the PRESIDENT's staff | Items 1 to 19 |
| Ms HOFFMANN | Deputy Chef de cabinet to Ms REDING | Item 21 (in part) |
| Mr MARTÍNEZ MONGAY | Chef de cabinet to Mr ALMUNIA | Item 21 (in part) |
| Mr VAN ORANJE-NASSAU | Chef de cabinet to Ms KROES | Item 21 (in part) |
| Ms DUTKOVA | A member of Mr ŠEFČOVIČ's staff | Item 21 (in part) |
| Mr PESONEN | Chef de cabinet to Mr REHN | Item 21 (in part) |
| Mr GUERSENT | Chef de cabinet to Mr BARNIER | Items 1 to 21 (in part) |

| | | |
|---|---|---|
| Ms SCHREIBER | Deputy Chef de cabinet to Mr BARNIER | Item 21 (in part) |
| Mr ARBAULT | A member of Mr BARNIER's staff | Item 21 (in part) |
| Mr BELL | Chef de cabinet to Ms GEOGHEGAN-QUINN | Item 21 (in part) |
| Mr SLOWIK | A member of Mr LEWANDOWSKI's staff | Item 20 |
| Ms GLOVER | Bureau of European Policy Advisers | Items 20 (in part) and 21 |
| Mr FAULL | Director-General, DG Internal Market and Services | Items 1 to 19 |

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

## 1. AGENDAS
**(OJ(2013) 2054/FINAL; SEC(2013) 397/2)**

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) 2054)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 8 July.

## 3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2052$^{ND}$ MEETING OF THE COMMISSION (26 JUNE) AND THE MINUTES OF THE 2053$^{RD}$ MEETING (2 JULY)
**(PV(2013) 2052; PV(2013) 2052, PART 2)**

The Commission approved the minutes of its 2052$^{nd}$ meeting, and decided to hold over for one week approval of the minutes of its 2053$^{rd}$ meeting.

## 4. INTERINSTITUTIONAL RELATIONS

### *4.1. LEGISLATIVE MATTERS*

**i) Public procurement / Procurement by entities operating in the water, energy, transport and postal services sectors (Directives) – TARABELLA reports – 2011/0438 (COD) / 2011/0439 (COD)**

The Commission approved the line set out in SI(2013) 411.

**ii) Award of concession contracts (Directive) – JUVIN report – 2011/0437 (COD)**

The Commission approved the line set out in SI(2013) 412.

**iii) 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) 413 and /2.

**iv) 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) 416.

**v) Amendment of Council Regulation (EC) 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability and to the decommitment rules for certain Member States (Regulation) – VLASAK report – 2013/0156 (COD)**

The Commission approved the line set out in SI(2013) 417/2.

**vi) European Union Programme for Social Change and Innovation (Regulation) – STEINRUCK Report – 2011/0270 (COD)**

The Commission approved the line set out in SI(2013) 420.

**vii) Amendment of Council Regulation (EC) 1198/2006 as regards certain provisions relating to financial management for certain Members States experiencing or threatened with serious difficulties**

**with respect to their financial stability (Regulation) – 2013/0200 (COD)**

The Commission approved the line set out in SI(2013) 421/2.

**viii) *A comprehensive framework with priorities for the European Union's policy and support to the on-going reforms in Myanmar/Burma***

The Commission took note of document SI(2013) 419.

## *4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL*

**ix) Programming of Council business**
(SI(2013) 407)

The Commission took note of the information in SI(2013) 407 on the Council meetings between 11 and 24 July.

## *4.3. RELATIONS WITH PARLIAMENT*

**x) Results of July part-session**
(SP(2013) 478; SP(2013) 479 and /2)

The Commission took note of the information in SP(2013) 478 and SP(2013) 479/2 on the proceedings of the part-session of Parliament held in Strasbourg from 1 to 4 July.

**xi) Action to be taken on Parliament's legislative resolutions and other resolutions of a legal nature**
(SP(2013) 486)

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) 486, drawn up following the July 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*

xii) Action taken on opinions of the European Economic and Social Committee – First two months of 2013 (January and February 2013) (SC(2013) 27 and /2)

The Commission approved the replies to the opinions adopted by the Economic and Social Committee during the first two months of 2013 contained in the document distributed as SC(2013) 27/2, for transmission to that Committee.

## 5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

### *STATE AID – HORIZONTAL DOSSIER*

**Notice from the Commission on the application, from 1 August 2013, of state aid rules to support measures in favour of banks in the context of the financial crisis ('Banking Notice')**
(C(2013) 4119; RCC(2013) 97)

The Commission:

– adopted the notice in C(2013) 4119 in principle;

– empowered, under Article 13 of its Rules of Procedure, Mr ALMUNIA, the Member of the Commission responsible for competition, to formally adopt the notice in all the official languages of the Union, in agreement with the PRESIDENT, with a view to its publication in the Official Journal of the European Union in order to bring it to the attention of the Member States and stakeholders.

## 6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

### *6.1. WRITTEN PROCEDURES APPROVED (SEC(2013) 398 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 1 and 5 July.

### *6.2. EMPOWERMENT (SEC(2013) 399 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 1 and 5 July.

### *6.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2013) 400 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 1 and 5 July, as archived in e-Greffe.

### *6.4. SENSITIVE WRITTEN PROCEDURES (SEC(2013) 401 TO /3)*

The Commission took note of the sensitive written procedures for which the time limit expired between 8 and 12 July and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 8 July.

## 7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT *(CASE COMP/AT.39748 – WIRE HARNESSES)*

**(C(2013) 4222 TO /12; RCC(2013) 106)**

The Commission:

– took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 5 July in C(2013) 4222/3;

– took note of the final report of the Hearing Officer of 5 July in C(2013) 4222/11;

– adopted in the authentic language (English) the decision in C(2013) 4222/12 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53 of the Agreement on the European Economic Area, requiring the parties to put an end to the infringements immediately and imposing on some of these companies fines totalling €141 791 000;

– adopted the annexes to the decision set out in C(2013) 4222/6 to /10 in the authentic language (English);

– decided to notify each of the companies to which the decision was addressed of the decision in C(2013) 4222/12 and the annex or annexes relating to that particular company, as set out in C(2013) 4222/6 to /10;

– decided also to notify the Hearing Officer’s final report to each of the companies to which the decision was addressed;

– decided that the key parts of the decision, together with the Advisory Committee’s opinion and the Hearing Officer’s final report, would be published in the official languages of the Union in the Official Journal of the European Union (with business secrets and other confidential information removed);

– decided to publish the decision on the internet (with business secrets and other confidential information removed).

## 8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – PUBLIC-PRIVATE PARTNERSHIPS IN HORIZON 2020 – A POWERFUL TOOL TO DELIVER ON INNOVATION AND GROWTH IN EUROPE (COM(2013) 494 TO /3; RCC(2013) 99)

The Commission approved the Communication in COM(2013) 494/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

## 9. PROPOSAL FOR A COUNCIL REGULATION ON THE INNOVATIVE MEDICINES INITIATIVE 2 JOINT UNDERTAKING (COM(2013) 495 TO /3; SWD(2013) 245 AND /2; SWD(2013) 246; SEC(2013) 387; RCC(2013) 99)

The Commission adopted the proposal for a Council Regulation in COM(2013) 495/3 for transmission to Parliament, the Council, the Economic and Social Committee , and, for information, to the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff working papers SWD(2013) 245/2 and SWD(2013) 246, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Council Regulation, as set out in SEC(2013) 387.

**10. PROPOSAL FOR A COUNCIL REGULATION ON THE FUEL CELLS AND HYDROGEN 2 JOINT UNDERTAKING**
**(COM(2013) 506 TO /3; SWD(2013) 260 TO /3; SWD(2013) 261 AND /2; SEC(2013) 394; RCC(2013) 99)**

The Commission adopted the proposal for a Council Regulation in COM(2013) 506/3 for transmission to Parliament, the Council, the Economic and Social Committee, and, for information, to the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff working papers SWD(2013) 260/3 and SWD(2013) 261/2, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Council Regulation, as set out in SEC(2013) 394.

**11. PROPOSAL FOR A COUNCIL REGULATION ON THE CLEAN SKY 2 JOINT UNDERTAKING FOR IMPLEMENTATION OF A JOINT TECHNOLOGY INITIATIVE IN AERONAUTICS**
**(COM(2013) 505 TO /3; SWD(2013) 257 AND /2; SWD(2013) 258 AND /2; SEC(2013) 393; RCC(2013) 99)**

The Commission adopted the proposal for a Council Regulation in COM(2013) 505/3 for transmission to Parliament, the Council, the Economic and Social Committee, and, for information, to the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff working papers SWD(2013) 257/2 and SWD(2013) 258/2, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Council Regulation, as set out in SEC(2013) 393.

## 12. PROPOSAL FOR A COUNCIL REGULATION ON THE BIO-BASED INDUSTRIES JOINT UNDERTAKING (COM(2013) 496 TO /3; SWD(2013) 247 AND /2; SWD(2013) 248; SEC(2013) 388; RCC(2013) 99)

The Commission adopted the proposal for a Council Regulation in COM(2013) 496/3 for transmission to Parliament, the Council, the Economic and Social Committee, and, for information, to the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff working papers SWD(2013) 247/2 and SWD(2013) 248, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Council Regulation, as set out in SEC(2013) 388.

## 13. PROPOSAL FOR A COUNCIL REGULATION ON THE ECSEL JOINT UNDERTAKING FOR IMPLEMENTATION OF A JOINT TECHNOLOGY INITIATIVE IN THE FIELD OF ELECTRONIC COMPONENTS AND SYSTEMS (COM(2013) 501 TO /3; SWD(2013) 255; SWD(2013) 256; SEC(2013) 392; RCC(2013) 99)

The Commission adopted the proposal for a Council Regulation in COM(2013) 501/3 for transmission to Parliament, the Council, the Economic and Social Committee, and, for information, to the Committee of the Regions and the national parliaments, together with the impact assessment and the summary thereof in staff working papers SWD(2013) 255 and SWD(2013) 256, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Council Regulation, as set out in SEC(2013) 392.

**14. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) 219/2007 ON THE ESTABLISHMENT OF A JOINT UNDERTAKING TO DEVELOP THE NEW GENERATION EUROPEAN AIR TRAFFIC MANAGEMENT SYSTEM (SESAR) AS REGARDS THE EXTENSION OF THE JOINT UNDERTAKING UNTIL 2024**
**(COM(2013) 503 TO /3; SWD(2013) 262; RCC(2013) 99)**

The Commission adopted the proposal for a Council Regulation in COM(2013) 503/3, for transmission to the European Parliament, the Council, the European Economic and Social Committee, and, for information, to the Committee of the Regions and the national parliaments, together with the staff working paper distributed as SWD(2013) 262, the contents of which were noted.

**15. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PARTICIPATION OF THE EUROPEAN UNION IN A SECOND EUROPEAN AND DEVELOPING COUNTRIES CLINICAL TRIALS PARTNERSHIP PROGRAMME JOINTLY UNDERTAKEN BY SEVERAL MEMBER STATES**
**(COM(2013) 498 AND /2; SWD(2013) 253; SWD(2013) 254; SEC(2013) 391; RCC(2013) 99)**

The Commission adopted the proposal for a Decision in COM(2013) 498/2 for transmission to Parliament, the Council, the Economic and Social Committee and the national parliaments, and, for information, to the Committee of the Regions, together with the impact study and the summary thereof in staff working papers SWD(2013) 253 and SWD(2013) 254, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Decision, as set out in SEC(2013) 391.

## 16. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PARTICIPATION OF THE UNION IN A EUROPEAN METROLOGY PROGRAMME FOR INNOVATION AND RESEARCH JOINTLY UNDERTAKEN BY SEVERAL MEMBER STATES (COM(2013) 497 AND /2; SWD(2013) 249; SWD(2013) 250; SEC(2013) 389; RCC(2013) 99)

The Commission adopted the proposal for a Decision in COM(2013) 497/2 for transmission to Parliament, the Council, the Economic and Social Committee and the national parliaments, and, for information, to the Committee of the Regions, together with the impact study and the summary thereof in staff working documents SWD(2013) 249 and SWD(2013) 250, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Decision, as set out in SEC(2013) 389.

## 17. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PARTICIPATION OF THE UNION IN A RESEARCH AND DEVELOPMENT PROGRAMME JOINTLY UNDERTAKEN BY SEVERAL MEMBER STATES AIMED AT SUPPORTING RESEARCH PERFORMING SMALL AND MEDIUM-SIZED ENTERPRISES (COM(2013) 493 AND /2; SWD(2013) 242; SWD(2013) 243 AND /2; SEC(2013) 386; RCC(2013) 99)

The Commission adopted the proposal for a Decision in COM(2013) 493/2 for transmission to Parliament, the Council, the Economic and Social Committee and the national parliaments, and, for information, to the Committee of the Regions, together with the impact study and the summary thereof in staff working documents SWD(2013) 242 and SWD(2013) 243/2, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Decision, as set out in SEC(2013) 386.

**18. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE PARTICIPATION OF THE UNION IN THE ACTIVE AND ASSISTED LIVING RESEARCH AND DEVELOPMENT PROGRAMME JOINTLY UNDERTAKEN BY SEVERAL MEMBER STATES**
**(COM(2013) 500 AND /2; SWD(2013) 251; SWD(2013) 252; SEC(2013) 390; RCC(2013) 99)**

The Commission adopted the proposal for a Decision in COM(2013) 500/2 for transmission to Parliament, the Council, the Economic and Social Committee and the national parliaments, and, for information, to the Committee of the Regions, together with the impact study and the summary thereof in staff working documents SWD(2013) 251 and SWD(2013) 252, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Decision, as set out in SEC(2013) 390.

**19. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING UNIFORM RULES AND A UNIFORM PROCEDURE FOR THE RESOLUTION OF CREDIT INSTITUTIONS AND CERTAIN INVESTMENT FIRMS IN THE FRAMEWORK OF A SINGLE RESOLUTION MECHANISM AND A SINGLE BANK RESOLUTION FUND AND AMENDING REGULATION (EU) 1093/2010 OF THE EUROPEAN PARLIAMENT AND OF THE**

**COUNCIL**
**(COM(2013) 520 AND /2; RCC(2013) 101; RCC(2013) 105)**

The PRESIDENT introduced the Commission's proposal setting up a Single Resolution Mechanism and a Single Bank Resolution Fund in connection with the creation of a banking union, which he described as one of the most important legislative initiatives of the Commission's present term. This mechanism was a necessary complement to the Single Supervisory Mechanism and was intended to bolster confidence in the process of deepening Economic and Monetary Union and to eliminate the differences in financing conditions within the euro area. He referred to the conclusions of the Commission's debate to prepare the Single Resolution Mechanism on 5 June, which had highlighted the need to establish a system firmly rooted in the existing Treaties and the Community architecture and to present a balanced proposal that was ambitious but at the same time politically realistic. The College had also stressed the need for a European-level decision-making process on bank resolutions and credible financing which would prevent taxpayers having to bear the costs of any bank failures.

The PRESIDENT believed that the proposal being presented by Mr BARNIER that day was consistent with those conclusions. It preserved the Commission's autonomous decision-making power in respect of monitoring state aid, and it protected the integrity of the internal market. It also guaranteed equality and equity between Member States, in the case of cross-border banking groups, and between the Member States taking part in the Single Resolution Mechanism and those remaining outside it.

As far as the realism of the proposal was concerned, the PRESIDENT noted that although it established decision-making at European level, the proposed mechanism provided for the Member States to be closely involved, in recognition of the fact that any bank failures had significant consequences for the national economies. Because the Treaties did not allow the delegation of discretionary power to an agency, the Commission had to play a decisive role in the proposed system, even though its involvement was limited to the strict minimum. The proposal on the Single Resolution Mechanism marked an important milestone on the road to loosening the link between banks and taxpayers, and for this reason it was important that the banks themselves assumed responsibility for financing the cost of bank resolutions: they would build up the Single Bank Resolution Fund and provide the administrative resources required for the new agency.

The PRESIDENT hoped that the discussion that day would address the communication challenges posed by this proposal. From a political point of view, any decision to proceed with a bank resolution and subsequently to determine who would bear the losses was extremely sensitive and would be doubly so because assigning decision-making power over those matters to the European level would entail a significant transfer of responsibility. While certain countries would undoubtedly criticise the proposal, he firmly believed, based on past experience, that once the Commission had explained the technical, legal and political rationale behind it, opinions would soon shift. Before handing over to Mr BARNIER, he urged all Members of the Commission to contribute to the political communication effort to explain the proposal and defend the approach adopted.

Mr BARNIER presented the proposal before the Commission that day, which was a key element of the Commission's responses to address the weaknesses exposed by the economic and financial crisis. He distributed a graph to Commission Members showing how the various legislative initiatives presented to the co-legislators – Parliament and Council – over the past three years fitted together. Some of these directly concerned the banking sector and applied to all financial products and institutions in the Union, with the aim of breaking the link between sovereign risk and the banking system. He explained that the much closer systemic link between the euro area Member States entailed much closer integration, too, in the form of a banking union.

The first pillar of this union, the Single Supervisory Mechanism, was due to enter into force in spring 2014, while the second, which was being presented that day, provided for a Single Resolution Mechanism and was intended to make the banking union fully coherent. The updated rules on state aid for banks in the context of the financial crisis, which Mr ALMUNIA would be presenting to the College for approval that day, formed the final part of the package (see also item 5 of the

Minutes).

Referring back to the principles set out in the Commission's preparatory debate on 5 June, Mr BARNIER pointed out that the Single Resolution Mechanism would comprehensively enforce the Single Rule Book for financial institutions in the 28 European Union Member States and that the increased stability created by the banking union would benefit the internal market as a whole. The choice of Article 114 of the Treaty on the Functioning of the European Union as the legal basis was justified because the proposal was fully consistent with the objectives of strengthening the internal market. Given that the two banking union mechanisms formed a single whole, the Single Resolution Mechanism would be mandatory for Member States participating in the Single Supervisory Mechanism, or in other words for those in the euro area and any others that decided to join the banking union. The Single Resolution Mechanism would apply to all banks in the Member States covered by the scheme, including regional and local banks that could also cause systemic problems in the event of serious financial difficulties. In addition, the problem of home-host relations would no longer arise in a banking union and the provisions of the Directive on Bank Recovery and Resolution would apply to relations between Member States participating in the banking union and non-participating Member States.

Turning to the structure of the proposed mechanism, Mr BARNIER stressed its ability to ensure swift, effective and legally sound decision-making in times of crisis. More specifically, the scheme would consist of three main components: (i) the Single Resolution Board, (ii) the Commission as the institution responsible for taking the decision to trigger the resolution mechanism based on a notification by the European Central Bank, acting in a supervisory role, and a recommendation by the Board, and finally (iii) the Single Resolution Fund financed by the banking sector. The Board would be given extensive powers to prepare, propose and implement the resolution measures and the national resolution authorities would be closely associated with this work. The proposed structure thus ensured the European dimension of the decision-making and the involvement of the Member States concerned in the decision, which was essential in view of the importance of these provisions for the national economies.

Mr BARNIER stressed the fact that the Single Resolution Fund would be financed from contributions from the banking sector and should, in due course, replace the national resolution funds of those Member States that were part of the banking union. However, it would only come into play after a bail-in of shareholders and creditors. The Fund would thus, in the medium-term, guarantee the availability of financial support from the banking sector during the restructuring phase, without requiring a contribution from the European taxpayer, as far as possible. In the highly exceptional event of a call being made on the public finances of a Member State under the proposed mechanism, the provisions explicitly ruled out the possibility of the Single Resolution Board committing public funds under any circumstances without the consent of the Member State concerned.

He particularly thanked Mr ALMUNIA, Mr REHN and their teams, as well as all the Commission departments that had contributed in a constructive spirit to the preparation of this strategic and complex initiative designed to complete the banking union. He explained the final changes that had been made to the proposal and hoped that the interinstitutional negotiations would proceed more quickly in order to reach final agreement in the course of the present parliamentary term, to enable the mechanism to become operational in 2015.

Mr ALMUNIA endorsed the remarks by the PRESIDENT and Mr BARNIER on the importance of introducing the Single Resolution Mechanism and agreed that the proposal on the table that day satisfied the conditions for operating in conjunction with the Single Supervisory Mechanism. He, too, expected there to be criticism of the proposed system, but was sure that it would be well-received once people understood the logic and reasoning behind it. A European-level bank resolution mechanism was needed in order to clean up the banking sector, restore its ability to finance the real economy and minimise the burden on the taxpayer. A system of centralised decision-making, in particular for instituting a resolution measure for a failing cross-border banking group, was the only way of avoiding the kind of extremely confused situations Europe had experienced in the past, where mere coordination between the Member States affected had not been enough to secure proper solutions.

He then presented the communication he was proposing for adoption that day on updating the rules on state aid for banks in the context of the financial crisis (see item 5 of these minutes). From 1 August 2013 these rules would contribute to achieving one of the main objectives of the proposal on a Bank Resolution Mechanism, namely the allocation of the losses of failing banks to shareholders and creditors instead of taxpayers. The Commission could not authorise state aid to rescue a bank faced with insufficient capital until the shareholders and subordinated creditors had been called upon to bear their share of the losses. A bank could not be recapitalised until it had drawn up a restructuring plan demonstrating its long-term viability. He ended his presentation by underlining that despite the interaction between the activities of the future Single Resolution Mechanism and the state aid procedure, the latter remained independent by virtue of the Commission's exclusive competence, and that the guidelines would apply to the 28 Member States.

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

– broad support for the proposal to introduce a Single Bank Resolution Mechanism as a logical accompaniment to the Single Supervisory Mechanism, in order to help break the link between bank failures and sovereign debt;

– approval of the principle of bail-in of creditors and shareholders as a condition for use of the Single Resolution Fund; recognition of the case for advance application of all these rules during the transitional period before the bail-in was implemented, in order to complete the proposed provisions in line with the Directive on Bank Recovery and Resolution;

– support for the method chosen for involving the Member States in the work of the Single Resolution Board and for deciding on its voting procedures, which guaranteed that the European general interest would be taken into account;

– emphasis on the satisfactory balance achieved between home and host Member States with regard to cross-border banking groups carrying out activities in non-

Euro Area Member States; similarly, approval of the size of the Single Resolution Fund, in order to provide an incentive to the non-Euro Area Member States to participate in the Single Supervisory Mechanism and the Single Resolution Mechanism;

– questions concerning the budgetary impact of the proposed mechanism, in particular during the transitional period; questions on the idea that the Single Resolution Board could not ask a Member State to provide public financing to a failing bank;

– questions, too, about the acceptance by the Member States and the banking sector of the Single Resolution Board's powers with regard to the recovery and resolution plans, which directly affected the bank management model;

– with regard to the management of the future Single Resolution Board, the need to stress the unique features of this agency and the tasks it was called upon to perform, compared to traditional agencies; similarly, the need to find solutions that took due account of the interinstitutional balance in the appointment of the Board's Director;

– the need to properly nuance issues concerning the relationship between the Single Resolution Board and the national parliaments, in line with the Treaties;

– given the importance of the work involved in preparing the prevention and correction tools and drawing up a framework for the recovery and resolution plans, the need for the Single Resolution Board to have sufficient human resources; at the same time, the importance of keeping bank resolution expertise at the Commission to enable it to fully play its decisive role in triggering a resolution measure;

– a call for precision as regards the borrowing possibilities provided for the Single Resolution Fund during the start-up phase;

– with regard to the Single Resolution Fund, support for the link between its volume and the future size of the banking sector that would come under the

Single Resolution Mechanism; the suggestion that provision could also be made for a link between the future volume of the Single Resolution Fund and the evolution of the risk profile of the banks in question;

– the importance of indicating clearly, in communication activities relating to the proposal, that the Commission's aim was not to assume new powers, and to show that the Commission was the only institution which could take the decision to trigger a resolution under the Treaties in force.

Mr BARNIER thanked the Commission Members for their comments and their constructive analysis of this collective work. He stressed that the key message to be conveyed was the Union's determination to reinforce the responsibility of the banks in the event of failure and to avoid as far as possible the need for taxpayers to contribute. He stressed the urgent need for immediate action, pointing out that the collapse of a major cross-border bank could lead to a complex and confusing situation in the absence of framework measures. With regard to the future development of these measures, he referred to the possibilities set out in the Blueprint on Economic and Monetary Union, which could be explored in due course in order to consolidate the arrangement proposed.

As regards the distribution of tasks within the future mechanism, he reminded the meeting that it was the Commission that would decide on the effective triggering of a resolution measure, since under the Treaty on the Functioning of the European Union this function could not be entrusted to an agency. He confirmed that the Commission would retain its internal expertise in bank resolution, would be represented on the Single Resolution Board and would continue to assume its current role in the field of monitoring state aid. With regard to the Single Resolution Board, he stressed that its responsibilities would be not just to manage emergency situations, but also to examine and validate bank resolution programmes coming under the Single Resolution Mechanism. In this respect, he could accept the clarifications proposed at the meeting by Mr ŠEFČOVIČ, particularly concerning the specific status of the Single Resolution Board.

With regard to the transitional period until the Single Resolution Fund was fully established, Mr BARNIER clarified the borrowing conditions provided for, while stressing that the provisions on the 'toolbox' and the arrangements for bail-in by shareholders would be systematically implemented as a priority. All these measures were aimed at ensuring that less and less use was made of public funds, which would in any event be subject to state aid control, even before the activities of the Single Resolution Fund were fully deployed. Lastly, with regard to the future evolution of the volume of the Single Resolution Fund in line with the intensity of the risk, he said that the arrangements put in place in the framework of a banking union and the capital requirements set out in the CRD IV Directive should reduce the risk profile of bank institutions.

Mr ALMUNIA outlined the various transitional phases linked to the entry into force of the Bank Recovery and Resolution Directive, and the implementation of the Single Resolution Mechanism. He explained once again how these two regulations would interact with the revised rules on state aid to banks, pointing out that these rules applied to any kind of public support for banks. In this context, he referred to the re-examination of the quality of bank assets to be carried out before the Single Supervisory Mechanism became operational, adding that any injection of public funds would be analysed on the basis of these rules.

The PRESIDENT welcomed the broad support expressed for the proposal and the ambitious but realistic approach opted for. He referred once again to the challenges associated with the reception of this proposal and called on all the Commission Members to communicate this dossier actively, using the political arguments put forward during the exchange and adapting them to the specific situation of the Member State in question, depending on whether or not that State was a member of the Euro Area and whether or not it wished to join. Referring to the trialogues due to begin shortly on the Directive on Bank Recovery and Resolution, he called for these negotiations, like those to be launched on the proposal presented that day, to be monitored closely at the political level, given that the proposal was to be adopted as the discussion on the substantive rules laid down in the Directive progressed.

Once again, the PRESIDENT thanked the Commission Members and the departments that had been directly involved in drawing up this major proposal presented by Mr BARNIER. He noted the Commission Members' agreement to inclusion of the following amendments to the English version of the document distributed as COM(2013) 520/2:

– **on page 22, the first two sentences of Recital (19) were amended to read as follows:**

  '*In order to ensure a swift and effective decision making process in resolution, the Board should be a specific Union agency with a specific structure, corresponding to its specific tasks, and which departs from the model of all other agencies of the Union. Its composition should ensure that due account is taken of all relevant interests at stake in resolution procedures.*';

– **on page 108, Article 40, 'Hearing of the persons subject to the proceedings', was deleted;**

– **on page 109, Paragraph 1 of Article 42, 'Legal status' (now Article 38), was amended to read as follows:**

  ' *1. A Single Resolution Board is hereby established. The Board shall be a European Union agency with a specific structure corresponding to its tasks. It shall have legal personality.*';

– **on page 111, Paragraph 1 of Article 46, 'National Parliaments' (now Article 42), was amended to read as follows:**

  ' *1. Due to the specific tasks of the Board, national Parliaments of the participating Member States, through their own procedures, may request the Board to reply in writing to any observations or questions submitted by them to the Board in respect of the functions of the Board under this Regulation.*';

– **on page 115, Paragraph 5 of Article 56, 'Appointments and tasks' (now Article 52), was amended to read as follows:**

> ‘ 5. *After hearing the Board, in its plenary session, the Commission shall propose a list of candidates to the Council for the appointment of the Executive Director and the Deputy Executive Director. The Council shall appoint the Executive Director and the Deputy Executive Director after hearing the European Parliament.’.*

Subject to inclusion of the above amendments and to a final general linguistic revision, the Commission approved the proposal for a regulation in COM(2013) 520/2 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee and the national parliaments.

## 20. COMMUNICATION FROM THE COMMISSION TO THE PARLIAMENT AND THE COUNCIL – PROGRAMMING OF HUMAN AND FINANCIAL RESOURCES FOR DECENTRALISED AGENCIES 2014-2020 (COM(2013) 519 A /3; RCC(2013) 103)

The PRESIDENT justified the appropriateness of the initiative presented that day on the grounds that as political agreement had recently been reached on the Multiannual Financial Framework (MFF) 2014-2020, it was essential to shape a common vision of the agencies' resources needs in line with the interinstitutional procedure provided for. He said that the proposal presented was the fruit of rigorous preparation and constituted the best outcome possible in the light of the existing constraints. The approach taken was fair, as it applied to all decentralised bodies – whatever their mode of financing – the conditions imposed on all the EU institutions, namely the 5% staff reduction over five years and an annual levy of 1% on the posts allocated to each of the agencies for a redeployment pool. While the proposed programming took account of the tasks carried out by the agencies and their different stages of development, the aim was to achieve concrete results. The PRESIDENT highlighted the need to comply with the agreement reached by the budgetary authority, in particular on heading V of the Union's MFF concerning administrative expenditure. He asked Mr LEWANDOWSKI and Mr ŠEFČOVIČ to give the College more detailed information on the programming of these resources.

Mr LEWANDOWSKI highlighted two positive messages from the communication presented, namely that the Union could finance all the decentralised bodies from the funds available below the MFF ceilings, and that it could comply with the 5% staff reduction agreed on by the Council and the European Parliament, even if new tasks were assigned to those bodies, as was the case for the Commission.

On the basis of a graph circulated to the participants, he pointed out the considerable increase in budgetary and human resources since 2000. He added that the next programming period would be marked by the constraints imposed on the entire European institutional system and in particular on the approach agreed for administrative expenditure, already referred to by the PRESIDENT. He noted that the Commission had nevertheless chosen to apply a non-mechanical reduction to the human resources allocated to the agencies. He explained that this approach distinguished clearly between agencies that had reached 'cruising speed' and those that had just begun new activities or been assigned new tasks. He also referred to the planned reinforcement of the staff of the three financial supervision agencies. He said that future agencies did not come under this exercise, as agreed at political level, referring to the European Resolution Board and the European Public Prosecutor's Office, and that a financing margin remained available for any new agencies.

He went on to outline certain aspects of the exercise, including the addressing of recognised needs by providing for reallocation of 346 posts from the redeployment pool with a view to enabling all agencies to operate optimally. He added that despite the 5% staff reduction, the financial envelope allocated to the agencies by the Union would be 26% greater by 2020 compared to its 2013 level as per the current MFF. Finally, he referred to a number of ideas explored to prevent the duplication of tasks.

He concluded by noting that the programming presented, by definition, assessed future needs on the basis of resources available, with the budgetary authority responsible for the final decisions.

Mr ŠEFČOVIČ unreservedly endorsed the communication presented by Mr LEWANDOWSKI. In his view, it reflected in budget terms a more general position vis-à-vis the agencies, with the common approach adopted in 2012 and the recent reform of the EU Staff Regulations combining to rationalise these bodies, find synergies and improve their efficiency. He added that the communication also, of course, reflected the co-legislators' agreement on the MFF 2014-2020 and the aim of reducing staff by 5%, which was to be expected from the agencies in the same way as from all the institutions and bodies of the Union. Finally, he noted that the programming presented met the need to regulate the recent increase in agency staff, which was more than proportional to that of the other institutions, including the Commission.

He pointed out that it would no doubt be possible to go further by examining possible additional synergies, groupings or reorganisations of agencies working in related fields or whose tasks were no longer priorities. However, he noted that previous attempts along these lines had nevertheless come to nothing owing to the often contradictory position of Member States, which sought to make savings on administrative expenditure and at the same time wanted to keep the agencies located in their country.

Mr ŠEFČOVIČ concluded by stressing the need to support the Commission's proposal and to continue to maintain a collective position on the agencies and their future staff allocations.

A brief discussion ensued, during which some contributors called for a thorough review of the situation of agencies in order to analyse their performances and to rationalise them; others, conversely, stressed the support and positive contribution provided by the agencies in certain fields or activities that were important to citizens.

At the close of this discussion, the PRESIDENT asked Mr ŠEFČOVIČ to present to the College in the near future proposals for improving the current situation, particularly in terms of rationalisation, synergies and even possible mergers of existing agencies.

The PRESIDENT took note of the Commission members' endorsement of the text submitted for their approval and their agreement on the amendment on page 18 of the English-language version of the communication distributed as COM(2013) 519/3 to point 5.3.1 ('European Resolution Board'), the penultimate sentence of which now read:

'*In terms of human resources, the Board is expected to require 309 full-time equivalent units in the form of establishment plan posts, contract agents and Seconded National Experts.*'

Subject to inclusion of the above amendment, the Commission approved the communication in COM(2013) 519/3 for transmission to the European Parliament and the Council, and, for information, to the national parliaments.

## 21. FOLLOW-UP TO THE COMMISSION SEMINAR ON COMPETITIVENESS IN EUROPE (BRUSSELS, 18 JANUARY)

The PRESIDENT introduced the discussion on the follow-up to the Commission seminar of 18 January on competitiveness in Europe, welcoming the fact that the June European Council had since put competitiveness at the heart of the Union's activities.

Against the background of the substantial progress constituted by the recent interinstitutional agreement on the multiannual financial framework 2014-2020, the PRESIDENT noted that the Commission had already done much to stimulate growth and competitiveness, as shown in the scoreboard circulated for the discussion, by the considerable number of measures implemented from among those identified at the seminar. He considered that it was now necessary to tackle the remaining objectives set by the Commission, bearing in mind the limited time available to present new legislative proposals that could be finally approved before the end of the current legislature. He nevertheless considered that many proposals that were already on the table could still be adopted, and called on the Commission to speed up the work carried out with the European Parliament and the Council.

He also called on the Commission members to fill the information gap in terms of explaining the proposals it had made and continued to make, particularly in the field of economic governance and the European Semester. While national reforms were essential for competitiveness, it was very important for the College to assume collective political responsibility for explaining why the Commission's work with the Member States was of crucial importance in this regard.

The PRESIDENT reviewed the various factors of competitiveness which fell within the Commission's remit. Turning to smart legislation, he welcomed the significant progress made in recent years on impact assessments. He hoped Commission departments would continue to make rigorous use of these internal procedures and would accept that the institution had to improve its working methods.

In that connection, he mentioned the new 'REFIT' smart legislation programme, which involved reviewing all legislation and eliminating any items which were obsolete or ineffective. He urged all parties within the institution to step up to the plate.

Rejecting any suggestion that the programme was inspired by ideological prejudice or a deregulation drive, he said that legislation had to be rationalised and subsidiarity respected. The purpose of European law was to ensure that EU policy was translated into tangible outcomes, e.g. laying down high standards in health care and environmental and consumer protection within the framework of the European social model, and ensuring financial stability and the smooth operation of the single market. For all those reasons, it was more necessary than ever to preserve the added value of European law.

That said, in a time of crisis and recession, it was important to be fully aware of the burden that this legislation represented for businesses, particularly SMEs, and the public at large. The Commission ought, therefore, to be prepared to take brave decisions, like withdrawing proposals where costs outweighed benefits.

The PRESIDENT raised another issue which had an impact on competitiveness:

Europeans tended to be risk-averse and distrustful of science and technology. Coupled with legislation which sometimes discouraged innovation, this factor could restrict the market for new goods and services. For that reason he had asked Ms GEOGHEGAN-QUINN and his Chief Scientific Adviser, Ms GLOVER, to look into the matter and report back to the Commission. The Bureau of European Policy Advisers (BEPA) was examining the effect of natural resources and access to raw materials on the competitiveness of European industry, and a report would be produced on its findings.

Before handing over to Ms GEOGHEGAN-QUINN and Ms GLOVER and launching a debate, he called on Mr REHN, Mr TAJANI, Mr ALMUNIA, Mr DE GUCHT and Mr BARNIER to brief the meeting on what had been and what remained to be done to encourage competitiveness in their respective areas of responsibility.

Mr REHN welcomed the discussion on follow-up to the conclusions of last January's seminar. There would be no growth or durable job creation in the EU without improvements in competitiveness. This point needed to be made again because departments had not always done enough to adapt Commission policy and measures to reflect the need to stimulate competitiveness, as the College had agreed. Decisive action on two crucial issues remained essential.

Firstly, the financial situation of SMEs was very tight in many regions of Europe, which was why the Commission and the European Investment Bank had presented a joint initiative on that subject to the European Council in June. He briefed the meeting on the technical work being carried out.

Second, structural reforms to make European economies more adaptable and to stimulate growth and jobs should be pursued. In 2013 the Commission had made a quite explicit link between faster progress on these reforms with a view to achieving rapid improvements in competitiveness, and fiscal consolidation decisions.

Mr TAJANI concurred that departments had not fully implemented the measures adopted at last January's seminar. In his view, competitiveness should be the top priority of the whole Commission, as the EU had to make progress on that front if it was to hit its growth and job-creation targets. The European Council on industrial competitiveness in February 2014 was an ideal opportunity to put forward solid proposals.

With regard to smart legislation, before the Commission completed its current term, at least 70% of Community legislation should undergo a 'competitiveness test' which should be incorporated into the new guidelines on impact assessments. All Commission departments should be involved in developing an evaluation of the cumulative effects of legislation.

Mr ALMUNIA referred to the modernisation, launched in May 2012, of state aid monitoring with a view to stimulating growth on a dynamic, competitive internal market, focusing monitoring on those cases which had the greatest impact on the operation of the single market, simplifying the rules and speeding up the decision-making process.

Since then, the Commission had done a great deal of work to lay down principles, to focus on the best types of state aid and to prioritise intervention. Guidelines had been adopted for several categories of aid in areas like the greenhouse gas emission allowance trading scheme, broadband networks or, very recently, national regional aid. He also mentioned the aid categories for which public consultations still had to take place. A Commission policy debate should be held on the proposal for a block exemption regulation and the draft guidelines on state aid to research, development and innovation, energy and environmental protection, which were also very important from a competitiveness perspective.

Mr BARNIER welcomed the considerable progress made in the financial reforms proposed by the Commission over the last three years, which were a prelude to relaunching European competitiveness. CRD 4 on capital requirements for banks and investment firms, regulations on European venture capital funds and social entrepreneurship funds and an agreement on a Single Supervisory Mechanism, which was the first stage of the ambitious banking union project, had all been adopted. He also mentioned proposals currently being negotiated in the Council and

Parliament, and in particular the different elements of the banking union and the establishment of a European Long-Term Investment Fund.

He called for a European industrial policy and for e.g. research efforts to be pooled in strategic fields where major investment was required. He supported any reform which could help promote green growth as he saw no contradiction between competitiveness and environmental protection. Competitiveness was not possible without social cohesion, and therefore he urged the EU to combat unemployment, particularly youth unemployment, unrelentingly by taking measures to promote positive competitiveness which resulted in sustainable job creation.

Mr DE GUCHT mentioned the report on foreign direct investment which he had sent to the Members of the Commission for the purpose of this debate. He touched on the main findings, i.e. the EU was the biggest provider and the biggest beneficiary of foreign direct investment with 44% and 36% respectively of the world total. The report looked at whether the EU should set up a system to trace the origin of foreign direct investment in Europe, as some Member States and some of the EU's main trading partners had done. Under the Lisbon Treaty, foreign direct investment formed part of the common commercial policy and conferred new powers on the Union, and therefore it was only right for Europe to reflect on the instruments that should be available to it in this field. However, he advocated a prudent approach which involved monitoring the development of foreign direct investment in the Union rather than setting up a new mechanism, although he acknowledged that this was a fundamental political decision.

Presenting the second topic of discussion, namely how to create a propitious economic and social environment for innovation in Europe, Ms GEOGHEGAN-QUINN outlined a document she had drawn up with Ms GLOVER and which had been sent to members of the Commission for this discussion. This statistical study did not reveal any general resistance to innovation or aversion to risk on the part of Europeans, but it did highlight certain specific areas of concern. Following an initial analysis, the study singled out four priority areas for action to address this situation, namely: (i) scientific education and culture in order to stimulate public interest in science, (ii) a greater public commitment in order to generate debate on scientific innovations, (iii) better anticipation of innovations through citizens' involvement with a view to steering these innovations, explaining them and apprehending potential societal and ethical concerns, and (iv) a more open and transparent political process when dealing with sensitive innovations. What was needed, she said, was a consensus on the measures that could be taken at European level to strengthen the link between science and society in a large number of common policies.

Ms GLOVER explained that, while the European Union was a global leader in some areas of scientific research, it could not forge the future or boost the competitiveness of its economy without the involvement of society at large. She stressed that scientific education and confidence were the two key factors for gaining the acceptance of Europeans, who did not want scientific innovation to endanger their quality of life, which they considered very satisfactory, but did want it to offer clear, tangible benefits in key areas such as health. They were also anxious for it not to pose any obstacle to their freedom and wished to have their say on how innovations were realised. The Union must also strive to involve the business community in its innovation policy to ensure that innovation had a better economic impact.

A discussion followed, during which the Commission raised the following points:

– a call for a realistic political and economic dialogue in Europe, one that encouraged greater efforts without sounding pessimistic and that was, above all, forward-looking;

– the need to continue with the structural reforms that were bearing fruit and designed both to reduce the rigidities of the European economy and kick-start smart, sustainable and inclusive growth; the desirability of treating major future challenges, such as climate change, as opportunities for Europe to increase its competitiveness and thus its strengths;

– the advantages of the Union's focusing on knowledge-based growth and high added-value activities to offset the relatively high cost of labour in Europe and its dependence on imports of raw materials and energy; for this purpose, it would be useful to carry out an objective analysis of the costs and benefits of climate and environmental policy, comparing its costs with the competitiveness gains obtained in return, an example being European steel exports;

– the need: (i) to improve the qualifications of young Europeans as part of an overall improvement in education systems, (ii) to attract the best students to universities in the Union and to promote intra-European mobility among jobseekers, (iii) to give training for entrepreneurship a greater role in education systems and to build bridges between education and business, and (iv) to bring in new, innovative training programmes;

– regret that the Union had not yet managed to achieve the Europe 2020 objective of investing 3% of GDP in research and the need to encourage the Member States to achieve it; it would be useful to identify priority innovation and research areas, such as information and communication technologies and biotechnology, where Europe as a whole could advance significantly; research and innovation projects for which the Member States sought cofinancing under the Structural Funds should be carefully screened, it was suggested, with emphasis on the medium- and long-term impact in the regions concerned and the scale of job creation;

– the advisability of examining all practical forms of flexibility offered by some structural funds, for example in the fields of agriculture and fisheries, that would boost the multiplier effect of measures to strengthen competitiveness;

– a recommendation that the Commission act proactively to continue to reduce the administrative burden imposed by European legislation, carry out cumulative impact assessments at European, national and regional levels, and emphasise the efficiency of public administrations, for example in the context of the European Semester;

– doubts about the added value of a system to monitor the origin of foreign direct investment in the Union;

– a suggestion that the Union immediately start the transition from a linear to a circular economy in which the challenge would be to use innovation to keep resources circulating in the economy instead of being scrapped after use; the considerable growth and competitiveness potential that the Union could exploit through the recycling should be demonstrated;

– resistance to change on the part of ordinary people as exemplified by divisions in European society created by scientific uncertainty about innovations that could help make the Union more competitive, such as genetically modified organisms or the exploitation of shale gas.

The PRESIDENT thanked the members of the Commission for this very fruitful exchange, which had highlighted both the progress achieved and some important issues for EU competitiveness that still had to be addressed.

He drew a number of conclusions as to next steps. He first asked the members of the College to cooperate more fully on the identification of issues that impacted on competitiveness. He considered that factors which can reinforce competitiveness, citing climate change policy or resource efficiency as examples, should be subject to rational and objective assessment. Every effort should be made to reduce the regulatory burden of EU legislation by following up the recent consultation on the 10 most burdensome legislative acts for SMEs and by continuing the REFIT programme. He also recommended submitting all relevant legislative proposals to 'competitiveness' tests and analysing the cumulative effect of legislation on all major sectors of the economy, as was done for the steel sector.

On the subject of trade, he suggested replicating in negotiations with the EU's main trading partners the beneficial close internal coordination that had been established for the negotiations on the Transatlantic Trade and Investment Partnership with the United States. He recommended further work on the issue of monitoring foreign direct investment on the basis of the note by Mr DE GUCHT.

He also endorsed Mr ALMUNIA's idea of scheduling at later date a policy debate on the guidelines for certain categories of state aid, which are currently the subject of public consultations.

Finally, he felt that it would be a good idea to discuss society's resistance to innovation more fully at a later date, which would enable the Bureau of European Policy Advisers (BEPA) to finish work on material that would provide a basis for further discussion on this subject.

He summed up by saying that all the issues discussed today might find their way into an 'Industrial Pact for growth and jobs' that the Commission may present to the European Council on industrial competitiveness in February 2014. He hoped that the coordinating departments concerned would soon start preparatory work for this purpose under the authority of the members of the Commission.

The Commission took note of this information and these conclusions.

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The meeting closed at 13.37.