EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2014) 2096 final**

*- English language version of the French text which is authentic -*

Strasbourg, 16 September 2014

# TEXTE EN

**MINUTES**

**of the 2096th meeting of the Commission**

**held in Brussels**

**(Berlaymont)**

**on Wednesday 3 September 2014**

**(morning)**

# TABLE OF CONTENTS

## <u>Single sitting</u>: Wednesday 3 September 2014 (morning)

The sitting opened at 9.12 with Mr BARROSO, President, in the chair.

<u>Present</u>:

| | | |
|---|---|---|
| Mr BARROSO | President | |
| Baroness ASHTON | High Representative/ Vice-President | Items 1 to 6 (in part) |
| Mr ALMUNIA | Vice-President | |
| Mr KALLAS | Vice-President | |
| Mr ŠEFČOVIČ | Vice-President | |
| Mr BARNIER | Vice-President | |
| Mr OETTINGER | Vice-President | Items 1 to 6 (in part) |
| Mr KATAINEN | Vice-President | |
| Mr POTOČNIK | Member | |
| Mr ŠEMETA | Member | |
| Mr DE GUCHT | Member | Item 6 (in part) |
| Ms GEOGHEGAN-QUINN | Member | |
| Ms DAMANAKI | Member | |
| Ms GEORGIEVA | Member | |
| Mr HAHN | Member | |
| Ms HEDEGAARD | Member | |
| Mr FÜLE | Member | |
| Mr ANDOR | Member | |
| Ms MALMSTRÖM | Member | |
| Mr CIOLOȘ | Member | Items 1 to 7 (in part) |
| Mr BORG | Member | |
| Mr MIMICA | Member | |
| Mr NELLI FEROCI | Member | |
| Ms REICHERTS | Member | |
| Mr DOMINIK | Member | |

Absent:

| | |
|---|---|
| Ms KROES | Vice-President |
| Mr PIEBALGS | Member |
| Ms VASSILIOU | Member |

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

| | |
|---|---|
| Mr KARHUNEN | Deputy Chef de cabinet to Mr PIEBALGS |

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 | |
| Ms BENÍTEZ SALAS | Bureau of European Policy Advisers | |
| Mr SOBRAL | Deputy Chef de cabinet to the PRESIDENT | |
| Ms DE RICHEMONT | Adviser in the PRESIDENT’s Office | Items 6 (in part) and 7 |
| Ms SUTTON | A member of the PRESIDENT's staff | Items 6 (in part) and 7 |
| Mr MORRISON | Chef de cabinet to Baroness ASHTON | Items 1 to 6 (in part) |
| Mr CEBALLOS BARÓN | A member of Baroness ASHTON's staff | Items 6 (in part) and 7 |

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

## 1. AGENDAS
**(OJ(2014) 2096/FINAL; SEC(2014) 447/2)**

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(2014) 2096)**

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

## 3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 2095TH MEETING (23 JULY)
**(PV(2014) 2095; PV(2014) 2095, PART II)**

The Commission approved the minutes of its 2095th meeting.

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

### *4.1. WRITTEN PROCEDURES APPROVED*
***(SEC(2014) 448 ET SEQ.)***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 July and 29 August.

### *4.2. EMPOWERMENT (SEC(2014) 449 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 July and 29 August.

### *4.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2014) 450 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 22 July and 29 August, as archived in e-Greffe.

### *4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2014) 451)*

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

## 5. 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/AT.39574 – SMART CARD CHIPS*) (C(2014) 6250 TO /7; RCC(2014) 71)

The Commission:

– took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 1 September in C(2014) 6250/3;

- took note of the final report of the Hearing Officer of 2 September in C(2014) 6250/4;

- adopted in the authentic languages (Dutch, English, French and German) the decision in C(2014) 6250/7 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 €138 048 000;

- decided that the decision in C(2014) 6250/7 would be notified to the companies concerned, together with the final report of the Hearing Officer;

- 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 make the decision (with business secrets and other confidential information removed) also accessible on the Internet.

## 6. INTERINSTITUTIONAL RELATIONS

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

#### i) Re-location of judicial proceedings under the mandate of the Common Security and Defence Policy mission EULEX Kosovo

(SI(2014) 299 and /2)

The Commission approved the line set out in SI(2014) 299 and /2.

**ii) Outcome of the special meeting of the European Council (Brussels, 30 August 2014)**
(SI(2014) 318; SEC(2014) 286; INFO(2014) 64)

The PRESIDENT opened the sitting by first thanking the Commission Members, their teams and the departments which were on standby duty in August and thus ensured the institutions' business continuity in a difficult context.

The PRESIDENT then reported on the outcome of the special meeting of the European Council held on Saturday 30 August in Brussels. He began with the part of the discussions devoted to the appointment of Mr Donald Tusk, the Polish Prime Minister, to the post of next President of the European Council and of the Euro Summit from 1 December, and to the appointment of Ms Federica Mogherini, Minister for Foreign Affairs in the Italian Government, to the post of High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission. The PRESIDENT welcomed these decisions and reiterated the current Commission's willingness, given the Members’ spirit of cooperation, to cooperate constructively with the President-elect of the Commission, Mr Jean-Claude JUNCKER, and his team in order to ensure a smooth and efficient transition until the start of their term of office.

He stressed in this context the important work which still needed to be done over the two last months of the current term, with particular emphasis on the priority of economic recovery, in particular with the meeting on youth employment which would be attended by the EU Heads of State or Government in Italy on 8 October, following the ones in Berlin and Paris. He also mentioned that the European Council meeting, followed by the Euro Summit, would also take place in October and would address the Union's economic situation. The current Commission would contribute to the general discussion on the best way to combine structural reforms with budgetary flexibility as part of the European economic governance arrangements. He specified that the European Council of October was expected to postpone its final decisions on these issues until its meeting in December, when the new Commission would be in place and would have defined its policy orientations.

The PRESIDENT then came to the more substantial part of the European Council discussions, i.e. the worsening of the geopolitical situation at the Union's borders, be it in Ukraine, Iraq, Syria, the Gaza Strip or Libya. Moreover, there was also the impact of the Ebola virus epidemic in West Africa.

He did not hide the fact that the extremely tense situation in Ukraine had been at the centre of the European Council's discussions during the previous week, particularly as Mr Petro Poroshenko, the Ukrainian President, was given the opportunity to speak before the Heads of State or Government. Making no new mention of the presence of Russian troops on Ukrainian territory, Mr Poroshenko again stated the need to keep to the Union's approach, which consisted of trying to reach a negotiated political settlement while firmly responding to any act that could further worsen the situation.

The PRESIDENT stated that he had been in close contact with both parties in recent weeks and that he had asked Baroness ASHTON, Mr DE GUCHT and Mr OETTINGER to represent the EU at the meeting on Ukraine in Minsk (Belarus) on 26 August. Even though he accepted that the outcome of this meeting between several parties representing Ukraine, Russia and the Organisation for Security and Cooperation in Europe (OSCE) had not been very impressive, he considered it an encouraging sign that there had been evidence of a willingness to start a political process on the issues of substance (ceasefire, association agreement, deep and comprehensive free trade agreement, and energy) and that the first face-to-face meeting between the Ukrainian President and the Russian President, Vladimir Putin, had been held. He nonetheless regretted that this positive sign had been completely eclipsed by the opening of new fronts on the ground and the entry of Russian troops into Ukraine.

He pointed out that the Union had consistently recommended a political solution based on a ceasefire and offered clear guarantees regarding border security and control. In the absence of progress in this respect, the European Council had asked the Commission for new proposals on restrictive measures in line with those adopted in July. A legal proposal to step up sanctions in the four areas already targeted – capital markets, arms, dual-use goods and sensitive technologies – was being finalised and would be submitted for adoption in an urgent written procedure that day. These measures were aimed at inducing Russia to accept peace, which was a precondition for any credible talks on other matters of concern such as energy and trade, in relation to which Mr OETTINGER and Mr DE GUCHT would speak in more detail later, while Mr CIOLOŞ would provide further information on the impact for the Union of Russia’s retaliatory measures in the agri-foodstuffs sector.

The PRESIDENT then turned to the other items on the agenda of the European Council of 30 August in the area of external relations, starting with the serious humanitarian situation in Iraq and Syria as a result of the terrorist and military action of the Islamic State in Iraq and Syria (ISIS) and the presence of foreign fighters in the region. He also referred to the Council’s conclusions which, following the current ceasefire in the Gaza Strip, called for a global, lasting settlement to the conflict between Israelis and Palestinians involving the two-state solution. He ended by referring to Libya, where the European leaders had asked the parties concerned to cease hostilities, establish promptly a government that was representative of Libyan society as a whole and embark on democratic transition.

The PRESIDENT wound up the list of agenda items with the Ebola virus epidemic affecting five West African countries, in relation to which the European Council had asked the Union to reinforce its assistance efforts and step up coordination between the various stakeholders. The Commission’s civil protection mechanism had been successfully launched. He asked Mr BORG and Ms GEORGIEVA to present a more detailed report on the management of this crisis.

Baroness ASHTON described in greater detail the meeting in Minsk on 26 August, hosted by the Belarus President, Alexander Lukashenko, which had been attended by Mr DE GUCHT and Mr OETTINGER for the Commission, Mr Vladimir Putin, President of the Russian Federation, Mr Nursultan Nazarbayev, President of Kazakhstan, representing the Eurasian Customs Union, and Mr Petro Poroshenko, the Ukrainian President. According to Baroness ASHTON, the talks had focused on two priority areas: (i) the economic, trade and energy aspects of the current tensions, and (ii) peace and security.

As regards the first area, the discussions had centred more on the measures taken by the Union to allay Russia's fears about the implications for it of the ratification of the Association Agreement and the Deep and Comprehensive Free Trade Agreement (*DCFTA*) between the European Union and Ukraine. While the Union had confirmed its intention to cooperate with Ukraine and Russia on a number of technical matters in the context of the contact group set up for this purpose, it had emphasised the exclusively bilateral nature of these agreements between the Union and Ukraine.

Turning to the vital question of peace and security, Baroness ASHTON said that the Union had constantly called for a ceasefire agreement coupled with border security. Despite the mediation efforts by the Belarusian and Kazakh governments to reach a peaceful settlement to the current conflict, Russia had proved reluctant to engage in in-depth discussions. However, the first bilateral meeting between the Ukrainian and Russian Presidents had made a number of direct and indirect exchanges possible.

Having said that, she was extremely concerned about the currently very worrying situation on the ground in eastern Ukraine. The Committee of Permanent Representatives (COREPER) would be informed within the next few hours of a number of proposals drafted by the Commission and the European External Action Service (EEAS), at the request of the European Council, for further restrictive measures against Russia. This matter would be discussed at the North Atlantic

Treaty Organisation (NATO) summit in Wales on 4 and 5 September, which Baroness ASHTON would be attending with the PRESIDENT.

She then turned to the work in progress at international level relating to negotiations on the Iranian nuclear programme which were to be held and, it was hoped, concluded within a few days, on the margins of the United Nations General Assembly meeting in New York. She ended by congratulating Federica Morgherini on her appointment as High Representative of the Union for Foreign Affairs and Security Policy.

Mr FÜLE underlined the importance of the forthcoming ratification of the Association Agreement with Ukraine by the Ukrainian Parliament, and suggested that a Commission Member should go to Kiev for the occasion. In terms of follow-up by the Commission, he referred to a new proposal for financial assistance before the end of 2014, which he felt the Commission should debate, and the payment of the balance of the aid already agreed.

As for humanitarian assistance, the Union supported the United Nations agency that had been set up in Ukraine; he recommended increased visibility of European involvement.

Lastly, on the question of security and the reform process, as well as the preparations for the implementation of the Association Agreement and the visa liberalisation process, Mr FÜLE said that the Union's message must be that it would continue the action it had embarked on.

He congratulated the Ukraine support group on its work and commended Peter BALÁS for his leadership of this group. Mr BALÁS would be going to Kiev in the near future to discuss with the authorities the launching of sectoral cooperation between the Union and Ukraine.

Mr FÜLE then briefly reviewed the latest developments arising from the provisional implementation of the Association Agreements with Moldova and Georgia since 1 September, and announced that informal talks would be held in Azerbaijan on 8 and 9 September in the context of the Eastern Partnership initiative on energy.

He ended by reporting on the informal Gymnich meeting of EU Foreign Ministers at the end of the previous week. As regards the Ukraine, he mentioned a comment that had been made at the meeting concerning the timelag between the ongoing Russian military offensive and the impact of the European sanctions, which would only be felt in the medium term, with the corresponding humanitarian consequences and those in terms of energy which could result this winter. He therefore suggested that the European Union should, in this respect also, take the initiative to create a negotiating space, as it had been doing in recent months.

Mr OETTINGER then outlined the latest developments in the energy dispute between Ukraine and Russia. He explained that both sides were trying hard to find an agreement on the basis of a provisional price for gas for the coming months, pending the outcome of the ongoing proceedings before the Stockholm court of arbitration. He hoped that these talks would prove successful, especially as both sides had agreed in principle in Minsk to hold a new round of tripartite negotiations around mid-September.

Since the current crisis could lead to security of supply problems not just in Ukraine and the European Union but also in the Western Balkans, Moldova and Switzerland, he explained that fruitful cooperation had been initiated among the governments concerned in order to ensure that infrastructure was well prepared for winter conditions. He announced that his staff was due to release a report in the weeks ahead which would initially be addressed to the Energy Ministers of the European Union and subsequently to the European Council.

He outlined the various scenarios under consideration, including that of a halt to Russian gas supplies, while noting that some Member States were entirely dependent on Russia, either for direct imports or for transit. He noted that Ukraine was gradually increasing capacity utilisation rates at its storage facilities and reverse flows from Poland and Slovakia had been implemented. At EU level, he announced that a certain number of technical installations would come onstream in the months ahead in Poland, Lithuania and Romania and explained that other critical infrastructure for interconnections was being examined.

In any event, Mr OETTINGER recommended greater diversification of the European Union's supply in terms of energy sources and world markets. Emphasising the strategic nature of the Union's energy infrastructure, he ended by calling for a united and vigilant European position on all of those issues.

Mr CIOLOŞ reported on the impact of the trading restrictions imposed by Russia from 7 August 2014 and on the latest measures adopted by the Commission over the summer. He noted that the Russian decision concerned agrifood products from the European Union, the United States, Norway, Canada and Australia. He added that these restrictions, which were due to remain in force for a year, concerned primarily, from the EU perspective, exports of meat, milk and dairy products, along with fruit and vegetables, for a total estimated value of EUR 5 billion.

He noted that the impact of the restrictions was already making itself felt in certain European agricultural sectors and the agrifood industry, given that Russia was the second biggest export market for the products concerned and accounted for 4.2% of the European Union's exports in the sector. He explained, however, that certain segments and Member States were harder hit than others, notably the fruit and vegetable and cheese and butter production segments, for which Russia represented respectively 29%, 33% and 28% of European exports. The restrictions, furthermore, gave rise to a knock-on effect, leading to excess supply of these products in the internal market.

Mr CIOLOŞ emphasised the importance of the emergency measures that the

Commission had implemented over the summer to respond to the Russian restrictions and, more specifically, the adoption on 11 and 18 August of support measures for certain perishable fruit and vegetables of which Russian was a major importer. He stressed that the European measures, of a three-month duration, were aimed at reducing supply and stimulating demand by removing surplus produce from the market, which was distributed to charitable organisations and schools or destroyed through composting or biodegradation. He further pointed out that, on 28 August, the Commission had activated support for the storage of butter, powdered milk and cheese, products which had also been affected by the Russian trade restrictions. He said that the overall cost of these measures was estimated at EUR 180 million and, in order to anticipate further pressure on the markets, his staff had set up a task force to monitor developments on an ongoing basis. While the objective in the short term was to ensure market stability, he pointed out that the longer-term objective was to make it possible to redirect exports to new markets.

To that end, Mr CIOLOŞ said that the budget allocation for promotion measures had been doubled to EUR 60 million, in addition to the budget for promotion measures initially intended for the Russian market.

He stressed, moreover, the need to prevent small and medium-sized farms from going bankrupt, in particular in the North and East of the European Union, where they were the most vulnerable to the Russian trade restrictions. Against this backdrop, he suggested that financial compensation for those undertakings that were the most dependent on the Russian market should be considered and noted that EUR 180 million earmarked for market support measures could be used. At a more general level, while acknowledging the existing limits, he suggested making use of the margins available in the agriculture budget rather than drawing on the crisis reserve established by the multiannual financial framework.

Mr DE GUCHT also reported on the outcome of the meeting he had attended in Minsk on 26 August with Baroness ASHTON and Mr OETTINGER. He stressed the concern expressed by the Russian President, Vladimir Putin, over the Deep and Comprehensive Free Trade Agreement (DCFTA) between the European Union and Ukraine; Mr Putin had been keen to demonstrate what he saw as the negative effect of the Agreement for Russia. At a more general level, Mr DE GUCHT wondered about the Russian side's willingness to reach an agreement.

With respect to the harmonisation of Ukrainian sanitary and phytosanitary measures with European Union legislation, he mentioned the concern, raised once again by the Russian Federation, over the prospect that this harmonisation might give rise to trade barriers and the consequent major impact on trade between Russia and Ukraine. On this point, he explained that Ukraine could remove such technical obstacles to trade by adopting mutual recognition measures.

Ms GEORGIEVA described the ongoing humanitarian crisis worldwide as the most serious since the end of the Second World War, with over 51 million refugees and displaced persons and four states of maximum alert – in Syria, South Sudan, Iraq and the Central African Republic. With respect to Iraq, she welcomed the rollout of European Union networks in fragile areas, bringing valuable aid on the ground, and announced the activation of a civil protection mechanism.

She further referred to the risk of a humanitarian crisis which could also affect Ukraine, which was why she pointed out that the Commission was preparing to step up its aid effort, in particular for civilians.

Lastly, she returned to the seriousness of the epidemic caused by the Ebola virus. Here, too, the Union's civil protection mechanism had been activated, but she encouraged the Member States to make a contribution to the humanitarian aid efforts by supplying the high-technology equipment needed to treat the disease. Moreover, she regretted the insufficiency of international cooperation despite the significant aid released by the World Bank.

In conclusion, she was proud of the competence of the Commission teams mobilised to tackle all these crisis spots, both at the delegations and in Brussels.

Mr BORG reported on the development of the Ebola fever epidemic, which was dramatically affecting five West African countries that were already among the most deprived in terms of resources and healthcare infrastructure. Although it was highly unlikely that the disease would spread in the Union, he listed the measures taken in Europe to help the third countries concerned and prepare for all eventualities. He cited in this connection the weekly monitoring and coordination meetings with representatives from the Member States, and the laboratory and hospital networks set up to isolate and treat those suffering from the disease if required. He acknowledged that work still remained to be done on the organisation and coordination of efforts within the Union to prepare for the hypothetical case of evacuation from Africa of European nationals infected by the virus. This and other matters would be discussed at the informal Council of health ministers at Milan in the coming days.

During the discussion which followed, the Commission raised the following main points:

***Ukraine and Russia***

– the short-term impact on the EU economy of the restrictive measures imposed by the Union on Russia, which was overall considered to be controllable apart from certain exceptions in some Members States and sectors;

– the relatively greater impact of European restrictive measures on the Russian economy, which was already losing momentum, and the effect of these measures on inflation, which was rising, and on the instability of the Russian financial sector, despite the country's important currency reserves;

– the risk of financial and economic isolation, which was particularly feared by the Russian leaders given that half of Russian state revenue came from the energy sector; consequently, the incitement to step up EU pressure in these areas; the need to set up a kind of observatory of non-Member State investments in the Union's strategic activities and sectors:

- the support for the emergency measures taken by the Commission in the agricultural production sectors particularly affected by the Russian retaliatory trade measures;

- with regard to agricultural production, the lesser impact of Russia's retaliatory trade measures on the European fishing sector owing to the export volumes affected; the aid, storage and quota measures taken in compensation in this sector;

- caution against the suggestion of compensation measures that could no longer be funded from the Union's current budget; the need to provide for measures ensuring the flexibility, redeployment and prioritisation of government expenditure;

***Libya, Syria and Iraq***

- the serious risk to the Union's security that could be posed by the worsening of the political situation in Libya, which would be aggravated by the geographical proximity;

- the highly damaging consequences that ISIS's actions could have in Iraq and the whole region; condemnation of the barbarity of the acts committed by its members;

***The epidemic caused by the Ebola virus***

- the cooperation set up in the Commission between the departments responsible for humanitarian aid, development and health, including in terms of financing; the effectiveness of the coordination provided by the Argus platform;

– the need to anticipate the pressures to which the Union would increasingly be subject to step up its financial contribution to the fight against this serious epidemic, in view of that of certain international partners such as the US and the World Bank;

– the need to further enhance cooperation between the departments responsible for health, external relations, development and civil protection in order to provide an effective response to this humanitarian and health crisis.

Winding up, the PRESIDENT placed particular emphasis on the importance of a political gesture that could defuse the tensions in Ukraine. He was in favour of a Commission initiative in the areas where it had competence (trade, agriculture and energy), an idea which was strongly supported by the Ukrainian president Petro Poroshenko. However, he recognised that such an initiative must form part of a wider framework encompassing the security matters facing Ukraine as a result of its declared wish to establish closer relations with the European Union.

In addition to the restrictive measures – including the legal proposal which, unless objections were raised, would be adopted that day by COREPER – there was the question of the Union's political relationship with Russia. He pointed out that although these measures did not have immediate effect, they would not be painless for Russia, and were aimed above all at sending the message that the Union was firmly committed to seeking a political settlement. Moreover, the Union should give thought to a sustainable modus vivendi with its Russian partner, with due regard for Union principles.

With regard to the current crisis in Ukraine, he felt that the facts confirmed the extent to which the Union's enlargement strategy had been a determining factor for peace in Europe and he was convinced that this would still be the case as regards its future enlargement to the western Balkans.

He thanked the Members of the Commission for their contribution to the Union's efforts as regards Ukraine, the crisis in the agricultural sector and the humanitarian crises in Iraq, Syria, Libya and West Africa. He indicated that budgetary aspects would be addressed at next week's meeting. He confirmed the importance and effectiveness of the use of the Argus platform and of the civil protection mechanism – in particular the Emergency Response Coordination Centre (ERCC) – in the crisis caused by the Ebola virus.

The Commission took note of this information and of that set out in SI(2014) 318, SEC(2014) 286 and INFO(2014) 64.

**iii) Ban on imports of agricultural products from the EU into Russia**
(SI(2014) 316 to /3)

The Commission approved the line set out in SI(2014) 316/3 and authorised the Member of the Commission responsible for Agriculture and Rural Development to send the attached note to the European Parliament and the Council.

**iv) Programming of Council business**
(SI(2014) 319)

The Commission took note of the information in SI(2014) 319 on the Council meetings between 5 and 24 September.

## 7. OTHER BUSINESS

***INCORRECT PLACING INTO ORBIT OF GALILEO SATELLITES (INFO(2014) 63)***

Mr NELLI FEROCI informed the Members of the latest developments relating to the technical incident arising from the placing into orbit of the Galileo satellites 5 and 6 by a Soyuz launcher on 22 August, from the Kourou space centre in French

Guiana.

He explained that the first phase of the launch, deployment of the satellites and reception of their signals, had gone well, but according to the data analysis the satellites were not placed on their programmed orbit because of an anomaly in the upper stage of the launcher. Following meetings with the European Space Agency (ESA), Mr Jean-Jacques Dordain, and the president of Arianespace, Mr Stéphane Israël, he confirmed that the satellites were responding and were being controlled by the European Space Operations Centre in Darmstadt. Although the satellites did not have enough fuel to reach their intended orbit, the orbit of both satellites could nevertheless be modified. For this reason, he had asked the ESA to develop scenarios to enable the best possible use to be made of satellites 5 and 6, and would keep the Members of the Commission informed.

Mr NELLI FEROCI commented that his departments were working to establish the causes and circumstances of the anomaly that had led to the satellites not reaching their planned orbit. Arianespace had set up an independent commission of inquiry, including experts from the Commission and the ESA, in order to ascertain the possible causes of the incident, examining in particular: (i) the external factors that could have disrupted the placing into orbit; (ii) the electrical equipment; (iii) the launcher's software; and (iv) the launcher's engine. A team from Arianespace would shortly travel to Moscow to consult their Russian contacts, who had also set up an investigation group, on the causes of the technical fault. This visit would enable the potential degree of cooperation in the investigations to be assessed.

In terms of the choice of the Soyuz and Arianespace launchers for deployment of the Galileo satellites, he emphasised that when the decision had been taken in 2010, Arianespace was the only supplier of launchers capable of meeting the Galileo programme's safety standards, which in particular required that the launch should be made from within Union territory. As for the selection of Soyuz launchers, he explained that these were the only type capable of transporting Galileo satellites, and were considered the most reliable after more than 1 800 missions, particularly within the Galileo programme, with a success rate of 97.2%.

However, in order to broaden the range of launcher suppliers, the Commission had signed a EUR 500-million contract with Arianespace on 21 August, for the use of three European Ariane 5 launchers from 2015, which would be capable of transporting four Galileo satellites at the same time.

The total cost of the current mission was estimated at EUR 150 million, comprising 70 million for the Soyuz launcher and 40 million for each satellite. He considered that it was too early at this stage to consider the mission failed and consequently to evaluate the losses. He also commented that from the financial point of view, the programme's inherent risks, including the failure of launch missions, were included in the overall budget. As a general rule, suppliers of launchers undertook contractual responsibility for the equipment, but not for the success of launches.

In this context, there were two solutions to cover the potential risks of the programme: setting up an insurance mechanism or supplying replacement satellites, i.e. six satellites for the thirty in the Galileo constellation. On the basis of a cost-benefit analysis, the second option had been chosen in 2012.

Mr NELLI FEROCI described the next steps following the technical incident, with: (i) submission to the Commission on 8 September of a preliminary report from Arianespace on the causes of the incident; (ii) a meeting on the latest developments in the inquiry with the Director-General of the ESA and the president of Arianespace on 11 September; and (iii) submission in mid-September of an ESA report on the best strategy for using satellites 5 and 6.

He confirmed that he would regularly update the College, the European Parliament, the Council and the interinstitutional Galileo group on the results of the investigations underway.

In conclusion, he stated that the launch of Galileo satellites 7 and 8 by a Soyuz launcher at the start of December would depend on the outcome of the investigations, and that a decision would have to be taken on whether to proceed with the next satellite launch using a Soyuz launcher and changing the launch date, or wait for Ariane 5 launchers to be supplied for the next deployment.

The Commission took note of this information and of the note distributed under the authority of Mr NELLI FEROCI in INFO(2014) 63.

*

*        *

The meeting closed at 11.44.