EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2014) 2099 final**

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

Brussels, 8 October 2014

# TEXTE EN

**MINUTES**

**of the 2099th meeting of the Commission**

**held in Brussels**

**(Berlaymont)**

**on Wednesday 1 October 2014**

**(morning)**

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## **Single sitting: Wednesday 1 October 2014 (morning)**

The sitting opened at 9.05 with Mr BARROSO, President, in the chair.

Present:

| | | |
|---|---|---|
| Mr BARROSO | Chair | |
| Mr ALMUNIA | Vice-President | |
| Mr KALLAS | Vice-President | |
| Mr ŠEFČOVIČ | Vice-President | Item 9 (in part) |
| Mr BARNIER | Vice-President | Items 8 and 9 |
| Mr OETTINGER | Vice-President | |
| Mr KATAINEN | Vice-President | |
| Mr POTOČNIK | Member | Items 8 (in part) and 9 |
| Mr PIEBALGS | Member | Item 9 (in part) |
| Ms VASSILIOU | Member | Items 8 (in part) and 9 |
| Mr ŠEMETA | Member | |
| Mr DE GUCHT | Member | Items 8 (in part) and 9 |
| Ms DAMANAKI | Member | Items 1 to 9 (in part) |
| Ms GEORGIEVA | Member | Items 8 (in part) and 9 |
| Ms HEDEGAARD | Member | |
| Mr FÜLE | Member | |
| Mr ANDOR | Member | |
| Ms MALMSTRÖM | Member | |
| Mr CIOLOȘ | Member | |
| Mr BORG | Member | Items 8 and 9 |
| Mr MIMICA | Member | |
| Mr NELLI FEROCI | Member | |
| Ms REICHERTS | Member | |
| Mr DOMINIK | Member | |

Absent:

| | |
|---|---|
| Baroness ASHTON | High Representative/ Vice-President |
| Ms KROES | Vice-President |
| Ms GEOGHEGAN-QUINN | Member |
| Mr HAHN | Member |

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

| | |
|---|---|
| Mr CEBALLOS BARÓN | A member of Baroness ASHTON's staff |
| Mr VAN ORANJE-NASSAU | Chef de cabinet to Ms KROES |
| Mr KÜTT | Chef de cabinet to Ms GEOGHEGAN-QUINN |
| Mr GAMBS | Chef de cabinet to Mr HAHN |

The following also sat in:

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|---|---|---|
| Mr LAITENBERGER | Chef de cabinet to the PRESIDENT | Items 8 and 9 |
| Mr ROMERO REQUENA | Director-General, Legal Service | |
| Mr PAULGER | Director-General, DG Communication | Items 8 and 9 |
| Ms AHRENKILDE HANSEN | Commission Spokeswoman | Items 8 and 9 |
| Ms BENÍTEZ SALAS | Bureau of European Policy Advisers | |
| Mr SOBRAL | Deputy Chef de cabinet to the PRESIDENT | Item 9 |
| Mr KONIECKI | A member of the PRESIDENT's staff | Item 9 |
| Mr NOCIAR | Chef de cabinet to Mr ŠEFČOVIČ | Items 1 to 9 (in part) |
| Mr LAHTI | Chef de cabinet to Mr KATAINEN | Item 9 |
| Ms ARNOULD | A member of Mr PIEBALGS's staff | Items 1 to 9 (in part) |
| Mr VANHEUKELEN | Chef de cabinet to Mr DE GUCHT | Items 1 to 8 (in part) |
| Mr INOTAI | A member of Ms DAMANAKI's staff | Item 9 (in part) |

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

**1. AGENDAS**
**(OJ(2014) 2099/FINAL; SEC(2014) 483/2)**

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) 2099)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 29 September.

**3. APPROVAL OF THE MINUTES OF THE 2097$^{TH}$ AND 2098$^{TH}$ COMMISSION MEETINGS (10 AND 16 SEPTEMBER)**
**(PV(2014) 2097 AND /2; PV(2014) 2098)**

The Commission approved the minutes of its 2097$^{th}$ and 2098$^{th}$ meetings.

**4. INTERINSTITUTIONEL RELATIONS**

***4.1. LEGISLATIVE MATTERS***

**i) Proposal for a Council Decision on the position to be adopted by the European Union within the ACP-EU Council of Ministers concerning the revision of Annex III to the ACP-EU Partnership**

**Agreement – 2014/0184 (NLE)**
(SI(2014) 345)

The Commission approved the line set out in SI(2014) 345.

**ii) Proposal for a Regulation establishing a framework on market access to port services and financial transparency of ports – FLECKENSTEIN report – 2013/0157 (COD)**
(SI(2014) 347 and /2)

The Commission approved the line set out in SI(2014) 347/2.

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

**iii) Programming of Council business**
(SI(2014) 346)

The Commission took note of the information in SI(2014) 346 on the Council meetings between 2 and 15 October.

### *4.3. RELATIONS WITH PARLIAMENT*

**iv) Results of September part-session**
(SP(2014) 535)

The Commission took note of the information on the proceedings of the part-session of Parliament held in Strasbourg on 15 and 18 September, as set out in SP(2014) 535.

**v) Action to be taken on Parliament's legislative resolutions and other resolutions of a legal nature**
(SP(2014) 553)

The Commission took note of SP(2014) 553 drawn up following the September part-session of Parliament.

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

**vi) Reply to the Contribution of the 51st Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union (Athens, 15 to 17 June 2014)**
(SNP(2014) 7 to /3)

The Commission approved documents SNP(2014) 7, /2 and /3 containing its reply to the Contribution of the 51st Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union (COSAC), for transmission to the Presidency of COSAC.

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

### *5.1. WRITTEN PROCEDURES APPROVED (SEC(2014) 484 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 and 26 September.

### *5.2. EMPOWERMENT (SEC(2014) 485 ET SEQ)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 and 26 September.

### *5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2014) 486 ET SEQ)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 15 and 26 September, as archived in e-Greffe.

### *5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2014) 487)*

The Commission took note of the sensitive written procedures for which the time limit expired between 29 September and 3 October.

### *5.5. DELEGATION OF POWERS IN THE FIELD OF RESEARCH AND INNOVATION – DECISIONS ON THE SELECTION AND AWARD OF GRANTS OR PRIZES (C(2014) 7046)*

The Commission decided to delegate to the Directors-General of the Directorates-General of Research and Innovation, Communication Networks, Content and Technology, Enterprise and Industry, Energy, Education and Culture, Mobility and Transport, and Agriculture and Rural Development the power to adopt, on the Commission's behalf and under its responsibility, decisions on the selection and award of grants or prizes in accordance with the terms set out in C(2014) 7046.

## 6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2014) 488)

### ADMINISTRATIVE MATTERS (PERS(2014) 122)

### *6.1. DG HUMAN RESOURCES AND SECURITY – SPECIAL ADVISER TO THE COMMISSION (PERS(2014) 127)*

The Commission took note of the information in point 1 of PERS(2014) 122 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to appoint Mr José PALMA ANDRÉS as special adviser to the Commission with responsibility for advising on economic policy and European governance issues; he would not be remunerated for his services as a special adviser;

- to authorise M. ŠEFČOVIČ, the Member of the Commission responsible for administration, to fix the start and end dates of Mr José PALMA ANDRÉS' contract and any other relevant conditions.

These decisions would take effect immediately.

### *6.2. DG HUMAN RESOURCES AND SECURITY – SPECIAL ADVISER TO THE COMMISSION (PERS(2014) 128)*

The Commission took note of the information in point 2 of PERS(2014) 122 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms DAMANAKI, decided:

- to appoint Mr Reinhard PRIEBE as special adviser to the Commission with responsibility for representing the Commission on the Administrative Board of the European Fisheries Control Agency (EFCA); he would not be remunerated for his services as special adviser;

– to authorise M. ŠEFČOVIČ, the Member of the Commission responsible for administration, to fix the start and end dates of Mr Reinhard PRIEBE's contract and any other relevant conditions.

These decisions would take effect immediately.

### *6.3. DG DEVELOPMENT AND COOPERATION - EUROPEAID – APPOINTMENT OF TWO AD14 DIRECTORS*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Mr PIEBALGS and Mr FÜLE, the Commission decided:

– to fill the post of Director, ‘East and Southern Africa and ACP coordination’, in DG Development and Cooperation - EuropeAid by transferring in the interest of the service, under Article 7 of the Staff Regulations, Mr Koen DOENS, an AD14 official and appointed Director, ‘Human and Society Development’, in the same DG; this decision would take effect on 1 November 2014 and close the selection procedures COM/2014/320 and COM/2014/10348;

– to fill the post of Director, ‘Human and Society Development’, in DG Development and Cooperation - EuropeAid by transferring in the interest of the service, under Article 7 of the Staff Regulations, Ms Lotte KNUDSEN, an AD14 official and currently Director, ‘Criminal Justice’, in DG Justice; this decision would take effect on 1 December 2014.

### *6.4. DG HUMAN RESOURSES AND SECURITY – SECURITY WITHIN THE INSTITUTIONS*

In view of recent developments in the field of security, the Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

– to ask the Member of the Commission responsible for administration to strengthen the security measures already in place at the Commission, in particular by tightening the application of security procedures and the control of access to Commission buildings and by taking additional technical measures;

– to invite the Member of the Commission responsible for administration to propose, as soon as possible, security rules providing a legal framework responding to the new security requirements.

These decisions would take effect immediately.

### *6.5. SECRETARIAT GENERAL / DG BUDGET / DG HUMAN RESOURCES AND SECURITY – ALLOCATION OF RESOURCES – SECOND INSTALMENT OF THE REDPLOYMENT TAX FOR 2014 (SEC(2014) 505)*

The Commission took note of the information in point 5 of PERS(2014) 122 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr DOMINIK, decided:

– to approve the second and final instalment of the linear 1% redeployment tax to be levied on the basic job quota of all Commission services in 2014;

– to confirm that this second instalment, corresponding to a 0.5% tax, would be based on Document V, Table 1 of the Commission's statement of estimates for 2015 annexed to SEC(2014) 357 of 11 June 2014, a detailed extract of which is provided in SEC(2014) 505;

– that the second instalment of the redeployment tax would take effect on 1 December 2014;

– to ask the Directorate-General for Human Resources and Security to recover ex-officio the corresponding vacant posts as soon as they became available if the Directorates-General did not succeed in releasing them by 1 December 2014.

These decisions would take effect immediately.

### *6.6. DG BUDGET – ALLOCATION OF RESOURCES – APPLICATION OF ARTICLE 50 OF THE FINANCIAL REGULATION ON THE ESTABLISHMENT PLANS FOR STAFF AT THE COMMISSION AND THE EUROPEAN ANTI-FRAUD OFFICE FOR 2014 (SEC(2014) 506)*

The Commission took note of the information in point 6 of PERS(2014) 122 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr DOMINIK, decided:

– to approve the establishment plans of the Commission and of the European Anti-Fraud Office for 2014 annexed to SEC(2014) 506, amended in accordance with the procedure and conditions laid down in Article 50 of the Regulation on the financial rules applicable to the general budget of the Union;

– to ask the Directorate-General for Budget to inform the budgetary authority of this intention and to implement the decision as soon as the procedure had been successfully concluded.

These decisions would take effect immediately.

## 7. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE TARIFF TREATMENT FOR GOODS ORIGINATING FROM ECUADOR (COM(2014) 585)

The Commission adopted the proposal for a Regulation set out in COM(2014) 585 for transmission to Parliament and the Council and, for information, to the national parliaments.

## 8. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

### *8.1. STATE AID – INDIVIDUAL CASES (SEC(2014) 514; RCC(2014) 77)*

The Commission adopted the decisions in SEC(2014) 514.

### *8.2. INFRINGEMENTS – URGENT INDIVIDUAL CASES (SEC(2014) 504 AND /2; RCC(2014) 75; RCC(2014) 76)*

**2011/0298 – POLAND – Directive 2009/28/EC of 23 April 2009 on the promotion of the use of energy from renewable sources**

**Decision: adaptation of amount of penalty payment**

The PRESIDENT opened the discussion on this infringement case by pointing out that Article 260(3) of the Treaty on the Functioning of the European Union (TFEU) introduced a new provision that applied to cases of failure to notify national measures to transpose directives, under which financial penalties could be proposed at first referral of the Court of Justice of the European Union.

He observed that, to date, around 60 infringement cases had been opened under Article 260(3) but that none had led to financial penalties being imposed, since the Member States in question had always completed transposition before the Court issued a ruling. The case at hand would therefore be the first to reach the stage of being heard before the Court. Since only a few important provisions of the directive remained to be transposed, he referred to the proposal to reduce the gravity factor of the infringement to 4, in order to take into account the progress made by Poland after the referral decision.

Mr DOMINIK began by noting that from a strictly legal viewpoint he would have no objection, should the Commission consider it necessary, for the procedure for non-compliance to be opened under Article 258 of the TFEU. However, concerning the notification obligation, in his opinion Poland had provided notification of all the transposition measures and transposition was therefore complete. Referring to paragraph 19 of the Commission Communication of 11 November 2010 on the Implementation of Article 260(3) of the TFEU, he noted that when a Member State provided all the necessary explanations on how it believed it had transposed an entire directive, the Commission might consider that the Member State in question had not failed to meet its obligations to give notification of transposing measures, in which case Article 260(3) of the TFEU would no longer apply. He added that any dispute regarding the sufficiency and correctness of the transposition measures notified would be subject to the normal procedure on the correct transposition of the directive pursuant to Article 258 of the TFEU. He considered that this applied to the case at hand and therefore suggested closing the procedure under Article 260(3) of the TFEU. A procedure under Article 258 of the TFEU could be opened if the Commission Member responsible, Mr OETTINGER, found instances of non-compliance in the text transposing the directive.

He also pointed out that the infringement procedure laid down in Article 258 of the TFEU allowed more space and time for dialogue between the Member State in question and the Commission. However, should proceedings be brought under Article 260(3) of the TFEU, he observed that the Commission would hear the arguments of the Polish authorities only as part of the court procedure.

At the PRESIDENT's request, the Director-General of the Legal Service said that the procedure under Article 260(3) of the TFEU provided for exactly the same exchange of information between the Commission and the Member State, since it was grafted onto the procedure laid down in Article 258 of the TFEU with its different stages, i.e. the letter of formal notice, the reasoned opinion and referral to the Court. He pointed out, too, that the objective of the infringement procedures was not to blame a specific Member State but to ensure that EU law was applied uniformly. The new element introduced by the TFEU was to allow the Court, at first referral, to impose penalties on a Member State that had not given notification of the transposition measures.

Since Directive 2009/28/EC of 23 April 2009 on the promotion of the use of energy from renewable sources should have been transposed in December 2010 and when the Commission had decided to refer the case to the Court, in spring 2013, Poland had not adopted any transposition measure, he reminded the meeting that a gravity factor usual for such cases (10) had been proposed. As a result of the dialogue held at that time with the Polish authorities during the Court procedure, consideration had been given to reducing the gravity factor significantly, from 10 to 4, in particular following the latest notifications sent during the summer and on the basis of a correlation table sent by the Polish authorities on 12 September 2014. However, after an in-depth analysis the Legal Service had reached the conclusion that several provisions had not yet been transposed into Polish law. These included certain measures concerning the sustainability criteria of biofuels and bioliquids that could be used as renewable energy sources. These measures created individual rights for economic operators. With regard to this point, he said that simply referring to the Directive, as in the Polish law, did not constitute transposition, since the adoption of binding national measures was necessary for the security of economic operators. Transposition by reference to the

Directive was possible only for provisions of directives that were regulatory or technical in nature since, in that case, transposition would have no added value given the level of detail of these provisions.

The date for the hearing set by the Court of Justice (Tuesday 7 October 2014) was now close and he concluded by saying that the Legal Service was not in favour of discontinuing proceedings at this stage, since this would imply unequal treatment vis-à-vis other Member States in respect of which cases had been brought before the Court.

Mr OETTINGER stressed that Poland had made considerable efforts in 2013 and 2014 to try and complete transposition of the directive in question. In the light of the measures notified, he considered that, overall, the directive could be considered to have been transposed, but that certain minor formal shortcomings remained. The gravity factor of 4 therefore seemed appropriate.

The PRESIDENT closed the discussion by confirming that the procedure launched under Article 260(3) of the TFEU would be maintained and that the Commission had decided to adapt the penalty imposed in this case by reducing the gravity factor to 4.

The Commission adopted the three decisions in SEC(2014) 504/2.

## 9. OTHER BUSINESS

***EUROPEAN ECONOMIC SITUATION AND PREPARATION OF THE NEXT ECONOMIC GOVERNANCE CYCLE***

The PRESIDENT opened the discussion on the economic situation in the Union by placing it in the context of the decisions which the present Commission might have to take on 29 October as part of the current exercise in reinforced economic governance and the handover to the next Commission on 1 November.

He began by describing how Europe had been hit by an unprecedented economic and financial crisis in 2008, from which it was now re-emerging as a result of significant remedial measures taken at European level, in particular the establishment of an economic governance framework that had enabled the EU to defend its position on the international markets. He spoke of the European assistance programmes deployed to help certain Member States which at particular times had found themselves in serious difficulties. He was pleased to note that some of these countries had recovered and put those difficulties behind them while others had managed to exit the excessive deficit procedure. He felt that the major political efforts invested by the EU, notably to step up economic surveillance, were beginning to pay off and should be pursued further at a time when Europe's recovery still had some way to go and serious geopolitical threats were looming both in the Middle East and on the Union's eastern border. He insisted on the need to encourage Member States to stick to a steady course of reform.

It was against this political and economic backdrop that the euro area Member States would be submitting their draft budgetary plans for scrutiny by the Commission on 15 October. At its last meeting on 29 October the current Commission, which would still be in office, might have to issue an initial opinion on these plans, based on a preliminary assessment.

On a practical level he explained that, under this procedure, if the Commission considered that a draft budget contained serious failings compared with the obligations laid down in the Stability and Growth Pact and diverged significantly from the criteria set, it must immediately ask the Member State in question to review its plans. He therefore insisted that the Commission Members attend the meeting on 29 October to ensure the necessary quorum to hold discussions and take any decisions required.

Should a draft budget be referred back to a Member State, it would then be up to the new Commission to issue a new opinion on the revised draft in November.

The PRESIDENT also stressed that – despite the obvious political and economic linkage between the two measures – the Commission must follow the order in which the procedural steps were laid down by law and enshrined in practice, whereby draft budgetary plans were examined first before any excessive deficit procedure was opened. In other words, the rejection of a draft budget did not mean the simultaneous triggering of the excessive deficit procedure, which could be done later. By the same token, where the Commission did not reject a draft budget, this would not prevent it from taking measures should it have to open an excessive deficit procedure at a later date.

It was for this reason that the Commission had decided to make public both the methodology and the procedural steps involved in examining draft budgets, this being a politically sensitive issue. As regards situations where there was a case for exercising a degree of discretion, he made it clear that, as always, the Commission would ensure strict equality of treatment among the Member States. He warned that the Commission's opinions would come in for close scrutiny and it would have to ensure, together with the Member States, that those opinions allowed the rules in force to be observed.

He ended his presentation by stressing that the President-elect, Mr Jean-Claude JUNCKER, and himself were in full agreement on ensuring a harmonious transition in the reinforced economic governance cycle over the coming weeks. The integrity and credibility of this exercise would be of key importance for restoring confidence.

Mr KATAINEN observed that, although the EU economy had stabilised, growth was still lacking and the situation continued to differ from one Member State to another. He stressed that the EU's efforts should therefore be directed primarily at restoring growth in an international climate that had become more volatile because of the recent build-up of new geopolitical risks.

The drop in energy prices and in the cost of money should make a contribution here, but weak performance in construction and other sectors, fragmentation of the financial markets and political uncertainties were holding back the crucial recovery of investment.

Mr KATAINEN also said that the reduction in government spending in the EU Member States could only have a negative effect on economic growth in the short term. He therefore stressed the importance of deploying all available instruments of economic policy, in particular budgetary policy and public spending, while at the same time implementing long-term structural reforms, an approach already being pursued in many Member States. In particular, he noted that at European level completion of the internal market in financial services and the banking union, two structural reforms being given priority, were essential to ensure that growth was restored on a sound basis.

He then mentioned the next economic governance cycle and highlighted the need for the Commission to ensure strict equality of treatment between Member States in order to maintain the credibility of the exercise by demonstrating that the same rules applied indiscriminately to everyone.

He also noted that consideration might be given in the future to using the external imbalance procedure provided for in the Stability and Growth Pact in order to guide a Member State towards the path of structural reform when the economic programme it had implemented had failed to rekindle growth.

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

– support from Commissioners for the principle of close coordination between the outgoing and incoming Commissions as regards the analysis of the draft budgets of the euro area Member States for the 2015 financial year, both in terms of general political messages and individual assessments of the Member States;

– it was worth emphasising that the macro-economic strategy advocated by the Commission and endorsed by the Member States in response to the economic and financial crisis had not just headed off a number of dangerous developments but was also proving its effectiveness in structural terms;

– the fiscal efforts made to date should be continued so that the EU as a whole reaped the benefits; in that context, it was important to work within the framework laid down by the Stability and Growth Pact and to ensure that the Member States were treated equally;

– some Members called for a nuanced interpretation of the budget rules allowing for differentiation between Member States in the light of the work already accomplished and the specific difficulties encountered by each country; others urged strict compliance with the rules of the Stability and Growth Pact; some Member States should be encouraged to pursue structural reforms vigorously and not put off necessary decisions; close cooperation with the Member States should be continued to that end to ensure the greatest possible convergence of efforts;

– a general slowdown was noted in world economic growth, including in the emerging economies, as was the impact of the external environment on the economic climate, particularly in Ukraine and the Middle East; however, it was observed that economic recovery was stronger in the United States than in Europe; there was a risk of deflation in the EU; it was necessary to stimulate aggregate demand in the euro area;

– a number of monetary policy measures by the European Central Bank (ECB) could contribute to this process, for example quantitative easing or securitisation, on condition that this went hand in hand with structural reforms and fiscal consolidation;

– the need for tighter fiscal coordination enabling the gradual achievement of a deep and genuine Economic and Monetary Union within the meaning of the detailed 2012 *Blueprint for a deep and genuine Economic and Monetary Union*;

- with a view to tackling persistent macro-economic imbalances in the euro area, greater symmetry should be encouraged between the adjustment efforts required of countries running a budget deficit and the efforts to stimulate aggregate demand required of countries with a budget surplus;

- lack of investment in the EU was a serious problem; against that background, questions were raised about the future deployment and use of the €300 billion European Investment Fund announced by the President-elect, Mr Jean-Claude JUNCKER;

- efforts to reform the financial sector should be continued in order to restore confidence; completion in the next few weeks of the stress tests currently being conducted by the European Banking Authority on credit access conditions for individuals and businesses against a background of low interest rates should have a positive impact;

- fiscal consolidation and macro-economic adjustment measures could entail a significant time-lag for the real economy and the labour market in the relatively short term; it was important not to lose sight of the serious consequences of the crisis for unemployment, poverty and inequality, which continued to blight some Member States.

Replying to these comments, Mr KATAINEN agreed with the other Members on the need to relaunch demand. Member States with a budget surplus had a positive role to play here. Greater use could be made of measures to modernise the growth base. Better use should be made of the available financial instruments to give public expenditure a leverage effect over private investment. Lastly, a more efficient single market should also enable consolidation of the economic environment and, therefore, of demand.

He then turned to the very unequal growth rates recorded in different parts of the world, the downturn in demand in China and geopolitical factors which were impacting negatively on the economic environment. Even countries with large populations could no longer rely solely on domestic demand to relaunch growth. Fiscal stimulus alone was not sufficient to boost demand.

In a neutral growth scenario, medium and long-term recovery would have to be underpinned by continued fiscal consolidation and structural reform.

The PRESIDENT thanked the Members for their contributions. This general discussion laid down a framework for the decisions potentially to be submitted to the Commission on 29 October concerning the 2015 draft budgets of the euro area countries which fell significantly short of meeting the obligations enshrined in the Stability and Growth Pact, thereby enabling the Member States concerned to review their budgets.

There was a broad consensus between the Members on the current weaknesses of the European economy: low demand, a risk of deflation and lack of competitiveness. The Member States had to pursue structural reforms while keeping the budget balanced and complying with the rules of the Stability and Growth Pact. He stressed the need to attract private investment while not ruling out recourse to public investment, provided that it was targeted and promoted growth factors such as innovation, research or infrastructure.

Winding up the discussion, the PRESIDENT referred to the need for constant dialogue with the Member States, the political nature of the decisions to be announced by the Commission on 29 October and their relevance to the institution's credibility and the continuity of its action, from one term of office to the next, to promote the European common good.

The Commission took note of this information.

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

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The meeting closed at 11.00.