



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 3 December 2014

TEXTE EN

MINUTES

of the 2107th meeting of the Commission

held in Strasbourg

(Winston Churchill)

Tuesday 25 November 2014

(afternoon)

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Single sitting: Tuesday 25 November 2014 (afternoon)

The sitting opened at 13.35 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	Chair	
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative/ Vice-President	
Ms GEORGIEVA	Vice-President	Items 1 to 11 (in part) and 12 (in part)
Mr ANSIP	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	
Mr HAHN	Member	
Ms MALMSTRÖM	Member	Items 1 to 11 (in part) and 12 (in part)
Mr MIMICA	Member	Items 1 to 11 (in part)
Mr ARIAS CAÑETE	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Mr AVRAMOPOULOS	Member	Items 1 to 11 (in part)
Ms THYSSEN	Member	
Mr MOSCOVICI	Member	
Mr STYLIANIDES	Member	
Mr HOGAN	Member	
Lord HILL	Member	
Ms BULC	Member	
Ms BIENKOWSKA	Member	
Ms JOUROVÁ	Member	Items 1 to 11 (in part)
Mr NAVRACSICS	Member	

Ms CREȚU	Member	Items 1 to 11 (in part)
Ms VESTAGER	Member	
Mr MOEDAS	Member	

The following also sat in:

Mr SELMAYR	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PESONEN	Deputy Director-General, DG Communication	
Mr SCHINAS	Head of the Spokesperson Service and Chief Spokesperson of the Commission	
Ms BENÍTEZ SALAS	European Strategic Policy Centre	Items 1 to 11 (in part)
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Ms DEJMEK-HACK	A member of the PRESIDENT's staff	Item 11 (in part)
Mr THOLONIAT	A member of the PRESIDENT's staff	Item 11
Mr LAHTI	Chef de cabinet to Mr DOMBROVSKIS	Item 12
Mr ROMAKKANIEMI	Chef de cabinet to Mr KATAINEN	Item 11 (in part)
Ms ANDRASSY	Deputy Chef de cabinet to Mr MIMICA	Items 11 (in part) and 12 (in part)

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

1. AGENDAS

(OJ(2014) 2107/FINAL; SEC(2014) 603)

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) 2107)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Saturday 22 November.

3. APPROVAL OF THE MINUTES OF THE 2105TH AND 2106TH COMMISSION MEETINGS (12 AND 19 NOVEMBER)

PV(2014) 2105; PV(2014) 2106)

The Commission approved the minutes of its 2105th meeting and decided to hold over approval of the minutes of its 2106th meeting for the following week.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED

(SEC(2014) 604 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 21 November.

4.2. EMPOWERMENT

(SEC(2014) 605 ET SEQ)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 23 November.

4.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2014) 606 ET SEQ)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 17 and 21 November, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2014) 607 TO /3)

The Commission took note of the sensitive written procedures for which the time limit expired between 24 and 28 November and of the finalisation written procedures and special written procedures initiated following the weekly meeting of Chefs de cabinet on 22 November.

4.5. AD HOC EMPOWERMENT FOR ADOPTING A COMMISSION DECISION UNDER PROTOCOL 36 ANNEXED TO THE TREATY CONCERNING THE NOTIFICATION BY THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND OF ITS WISH TO PARTICIPATE IN THE ACTS OF THE UNION IN THE FIELD OF POLICE AND JUDICIAL COOPERATION IN CRIMINAL MATTERS ADOPTED BEFORE THE ENTRY INTO FORCE OF THE TREATY OF LISBON AND WHICH ARE NOT PART OF THE SCHENGEN ACQUIS (C(2014) 9026; RCC(2014) 88)

The Commission decided to empower the PRESIDENT to adopt, on the Commission's behalf and under its responsibility, a decision under Protocol 36 annexed to the Treaty on the Functioning of the European Union (TFEU) concerning the notification by the United Kingdom of Great Britain and Northern Ireland of its wish to participate in acts of the Union in the field of police cooperation and judicial cooperation in criminal matters adopted before the entry into force of the TFEU and which are not part of the Schengen acquis, in accordance with the terms set out in C(2014) 9026.

4.6. AD HOC EMPOWERMENT AUTHORISING THE MEMBER OF THE COMMISSION RESPONSABLE FOR ECONOMIC AND FINANCIAL AFFAIRS, TAXATION AND CUSTOMS TO SIGN, ON BEHALF OF THE COMMISSION, ITSELF ACTING ON BEHALF OF THE EUROPEAN STABILITY MECHANISM, AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING WITH CYPRUS (C(2014) 8744)

The Commission decided to empower Mr MOSCOVICI, the Member of the Commission responsible for Economic and Financial Affairs, Taxation and Customs, to sign, in agreement with the PRESIDENT, on behalf of the Commission and under its responsibility, the Commission itself acting on

behalf of the European Stability Mechanism, and after approval by its board of governors, an amendment to the Memorandum of Understanding setting out the detailed economic policy conditions attached to the financial assistance to Cyprus, in accordance with the terms set out in C(2014) 8744.

5. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2014) 608)

5.1. ACTIVITIES OF A MEMBER OF THE COMMISSION AFTER LEAVING OFFICE (C(2014) 9025)

The Commission concluded that the activities after leaving office planned by Mr ŠEMETA in his position at the Business Ombudsman Institution, a position created by the Memorandum of Understanding of the Anti-Corruption Initiative for Ukraine, are compatible with Article 245(2) of the Treaty on the Functioning of the European Union in view of the nature of these activities and the favourable opinion given by the ad hoc ethics committee on 18 November concerning these activities.

The Commission adopted the Decision set out in C(2014) 9025.

5.2. DG BUDGET – COMMUNICATION TO THE COMMISSION ON ALLOCATION OF HUMAN RESOURCES AND DECENTRALISED ADMINISTRATIVE APPROPRIATIONS FOR 2015 (SEC(2014) 615)

The Commission approved the Communication distributed as SEC(2014) 615.

**6. COMMUNICATION TO THE COMMISSION CONCERNING
TRANSPARENCY IN THE NEGOTIATIONS ON THE TRANSATLANTIC
TRADE AND INVESTMENT PARTNERSHIP (TTIP)
(C(2014) 9052)**

**7. COMMISSION DECISION ON THE PUBLICATION OF INFORMATION
ON MEETINGS HELD BETWEEN DIRECTORS-GENERAL OF THE
COMMISSION AND ORGANISATIONS OR SELF-EMPLOYED
INDIVIDUALS
(C(2014) 9048 AND /2)**

**8. COMMISSION DECISION ON THE PUBLICATION OF INFORMATION
ON MEETINGS HELD BETWEEN MEMBERS OF THE COMMISSION
AND ORGANISATIONS OR SELF-EMPLOYED INDIVIDUALS
(C(2014) 9051 AND /2)**

Mr TIMMERMANS referred to the policy debate held the previous week, which had allowed the Commission to develop clear guidelines and decide on a number of questions, including whether or not to include directors-general in the scope of the envisaged transparency measures. He said that the three decisions proposed for adoption that day followed the guidelines to a great extent, but he noted Mr OETTINGER's reservation concerning the draft decisions on the publication of information on meetings held between the Members of the Commission or directors-general on the one hand and organisations or self-employed individuals on the other.

Mr OETTINGER said that first-rate work had gone into ensuring that the three proposals – on which he reiterated his agreement in principle – reflected the

content of the Commission's policy debate. In particular, the exceptions to the transparency rules were well described and the definitions were sufficiently precise. However, in the context of competition cases, the exceptions envisaged could be extended beyond the Member of the Commission specifically responsible for competition to all the Members of the Commission who might be required to meet organisations or representatives of interest groups in that same context, even if they were not directly responsible for competition cases.

Mr TIMMERMANS said that the exceptions to the transparency rules made in the context of competition policy were logical and necessary, and it would always be possible to make specific exceptions if they were properly justified.

Following those clarifications, the Commission:

- adopted the decisions in C(2014) 9051/2 and C(2014) 9048/2;
- approved the communication set out in COM(2014) 9052.

9. INTERINSTITUTIONAL RELATIONS

(RCC(2014) 87)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 21 November 2014 (RCC(2014) 87).

It paid particular attention to the following points.

9.1. HORIZONTAL ISSUES

i) Budget 2015

(point 1.1 of the IRG record)

- Draft General Budget of the European Union for the financial year 2015 / Draft amending budget No 8/2014 / Amending Letter No 6/2014 (update) – HOHLMEIER & GARDIAZABAL RUBIAL report – 2014/2040 (BUD)

Ms GEORGIEVA summarised the ongoing work to prepare a new 2015 draft budget that the Commission must present and that was a prerequisite for resumption of interinstitutional negotiations on the budget package, which included a draft amending budget and an amending letter for 2014. She said that her departments were currently putting the final touches to preparations that would allow the new 2015 draft to be presented by the end of that week and the new conciliation procedure between the European Parliament and the Council to start at the very beginning of December. Provided that the budgetary authority agreed on the entire package, it could be formally adopted by the Council and Parliament on 15 and 17 December. In parallel, her staff was preparing a 2015 budget based on provisional twelfths, a system that should come into effect on 1 January 2015 if there was no overall agreement.

She also mentioned the decision of Mr Pier Carlo Padoan, the Italian Finance Minister, to conduct the negotiations himself from now on on behalf of the Italian Presidency of the Council, and his exchanges with the Chair of the Committee on Budgetary Affairs and the rapporteurs of the European Parliament. She noted in general a certain convergence around the main points still to be discussed, including the interdependence between the volume of the budget allocations for 2014 and 2015 and the important question of the inclusion of special instruments over and above the budgetary ceilings.

Finally, she said that her departments were preparing a series of scenarios to present in broad outline, at the request of Parliament, how in concrete terms the Commission intended to cope with the shortage of payment appropriations that it was likely to face for some time to come.

With regard to those payment appropriations, Ms GEORGIEVA said that the negotiations currently taking place could lead to a compromise that would still represent major progress compared with the Council's initial position. She stressed in particular the adequacy of the resources available under the priority headings of the multiannual financial framework 2014-19, which were 'Competitiveness for growth and jobs' and 'Global Europe'.

In conclusion, she was confident that the Commission had the capacity to propose a new draft budget that could both win the assent of the co-legislators and allow the Union to fulfil its ambitions.

During the ensuing brief discussion, the following points were mentioned: (i) the importance of reaching a final interinstitutional agreement on the 2015 budget as soon as possible and the support of the Members of the Commission for Ms GEORGIEVA's efforts to achieve this; (ii) the highlighting of the consequences of the shortage of payment appropriations both for operational programmes under the regional and cohesion policies and for the budget line relating to EU special representatives; and (iii) the observation, as regards the latter, that the transfer from the budget line in question, agreed at the request of the European Parliament, could not in any way prejudice the next review of the current measure.

Ms GEORGIEVA reported on the assurances given by her departments regarding the planned measures to ensure payment of salaries within the framework of the transfer to the European External Action Service (EEAS) budget of the budgetary line to which the Union's special representatives were linked. She also referred to the measures envisaged to limit the consequences

of the shortfall in payment appropriations faced by the Commission. She thought that the situation ought to improve in this respect during 2015, given the profile of the financial year in question in the multiannual financial programming cycle, but reiterated the need to ensure, within the institution, better-quality expenditure in 2015.

At the end of this discussion, the Commission:

- approved the line set out in SP(2014) 721;
- empowered Ms GEORGIEVA, the Member of the Commission responsible for Budget and Human Resources, to finalise and adopt, in agreement with the PRESIDENT, the draft budget for 2015, draft amending budget No 8/2014 concerning the budget surplus at the end of the 2013 financial year, and an amending letter to update draft amending budget No 6/2014;
- authorised the Member of the Commission responsible for Budget and Human Resources to take all the necessary steps to reconcile the positions of the European Parliament and the Council, in order to ensure the timely adoption of the budget for 2015 and the necessary amending budgets for 2014;
- instructed the departments of the Directorate-General for Budget, under the authority of the Member of the Commission responsible for Budget and Human Resources, to coordinate the preparatory work for the possible implementation of provisional twelfths.

9.2. LEGISLATIVE MATTERS

ii) Dossier at the European Parliament

(point 3.2 of the IRG record)

- Amendment of Council Regulation (EC) 2532/98 concerning the powers of the European Central Bank to impose sanctions (Council Regulation) – SWINBURNE report – 2014/0807 (CNS)

The Commission approved the line set out in SP(2014) 682.

iii) Dossiers at the Council

(point 3.3 of the IRG record)

- Amendment of Council Regulation (EC) 1346/2000 on insolvency proceedings (Regulation) – LEHNE / ZWIEFKA report – 2012/0360 (COD)

The Commission approved the line set out in SI(2014) 440.

- Package travel and assisted travel arrangements, amending Regulation (EC) 2006/2004 and Directive 2011/83/EU and repealing Council Directive 90/314/EEC (Directive) – COLLIN-LANGEN report – 2013/0246 (COD)

The Commission approved the line set out in SI(2014) 441.

- Amendment of Regulation (EU) 604/2013 as regards determining the Member State responsible for examining an application for international protection of unaccompanied minors with no family member, sibling or relative legally present in a Member State (Regulation) – WIKSTRÖM report – 2014/0202 (COD)

The Commission approved the line set out in SI(2014) 447/2.

9.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business

(SI(2014) 455)

The Commission took note of the information in SI(2014) 455 on the Council meetings between 27 November and 10 December.

v) Preparations for the Council meeting on Education, Youth and Culture – Culture session (Brussels, 25 November)

(point 4.2.1 of the IRG record)

- Value added tax on electronic books – Council conclusions on the action plan for culture 2015-18

The Commission approved the line set out in SI(2014) 443.

vi) Preparations for the Council meeting on Transport, Telecommunications and Energy – Telecommunications session (Brussels, 27 November)

(point 4.2.2 of the IRG record)

- Measures concerning the European single market for electronic communications and to achieve a Connected Continent, and amending Directives 2002/20/EC, 2002/21/EC and 2002/22/EC and Regulations (EC) 1211/2009 and (EU) 531/2012 (Regulation) – DEL CASTILLO VERA report – 2013/0309 (COD)

The Commission approved the line set out in SI(2014) 444.

vii) Preparations for the Council meeting on Employment, Social Policy, Health and Consumer Affairs – Health session (Brussels, 1 December)

(point 4.2.3 of the IRG record)

- Medical devices, and amendment of Directive 2001/83/EC, Regulation (EC) 178/2002 and Regulation (EC) 1223/2009 (Regulation) – WILLMOTT report – 2012/0266 (COD) / In vitro diagnostic medical devices (Regulation) – LIESE report – 2012/0267 (COD)

The Commission approved the line set out in SI(2014) 445/2.

9.4. RELATIONS WITH PARLIAMENT

viii) Preparations for the twenty-eighth session of the Joint Parliamentary Assembly of the African, Caribbean and Pacific States and the European Union (ACP-EU) (Strasbourg, 1 to 3 December) – Replies to oral questions

(point 5.10 of the IRG record)

The Commission approved the replies to the oral questions from the Joint Parliamentary Assembly set out in SP(2014) 712 and /2, for transmission to the Assembly.

10. RELATIONS WITH NON-MEMBER COUNTRIES

SITUATION IN UKRAINE AND RELATIONS WITH RUSSIA

Ms MOGHERINI gave a progress report on the work done following the Foreign Affairs Council of 17 November on the situation in Ukraine and relations with Russia.

Regarding the request to add the separatists implicated in the recent disputed local elections in eastern Ukraine to the list of persons targeted by EU sanctions, she stated that the last checks were being made and that the final proposal would be submitted to the Council in the next few days with a view to adoption by the end of the week.

On the non-recognition by the Union of the illegal annexation of Crimea and Sevastopol and the Council's desire to step up further the action taken in that respect, she noted that the European External Action Service (EEAS) and the Commission were examining ways of extending the trade embargo measures already adopted. The Commission would soon be presenting a final proposal which it would submit to the Council in due course. Lastly, she pointed out that other work was ongoing in the Directorate-General for Home Affairs and in the EEAS on the arrangements to be applied to Russian passports issued to residents of the Crimea.

A discussion ensued during which the Commission raised (i) the need to emphasise the EU's position on the illegal annexation of the Crimea by stepping up the technical measures taken in that respect; (ii) the advisability of adopting the measures described by Ms MOGHERINI in two stages to allow some to be submitted for adoption by the Council as soon as possible, and (iii) the latest developments following the conclusion of the comprehensive agreement between the parties in the gas dispute between Ukraine and Russia.

Replying to these comments, Ms MOGHERINI welcomed Mr HAHN's forthcoming visit to Kiev and underlined the Union's expectations regarding the formation of a new Ukrainian government. She advised a prudent approach to be taken in the ongoing debate in the country on changes to its constitution.

On the topic of energy, she confirmed that the latest developments would be discussed in greater depth at next week's meeting of the group of Commissioners responsible for external action. She also indicated her intention to propose a wider

examination of the Union's relationship with Russia and called on Members of the Commission to transmit any relevant details to her for that purpose.

Turning to progress in the international negotiations on Iran's nuclear activities since the expiry on 24 November of the deadline laid down in the Geneva Action Plan, she said that it seemed possible that a final agreement would be reached in the coming months, while highlighting the vital role that the Union must continue to play. In terms of the practical implications, she noted that the stakeholders had decided to extend the talks by four months, with the possibility of two further months, if necessary, to cover the technical aspects of an agreement. She indicated that this would also entail the extension until the end of June 2015 of the measures laid down in the Action Plan, including the decision on suspending sanctions, and said that the corresponding legal act would be adopted that same day to avoid any risk of a legal vacuum. She concluded by explaining that she would continue her consultations with a view to deciding who would head the negotiations from now on on the Union's behalf and that she would announce her decision in the next few days.

The Commission took note of this information.

**11. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – AN INVESTMENT PLAN FOR EUROPE
(COM(2014) 903 TO /3; RCC(2014) 89)**

The PRESIDENT opened the discussion by highlighting the importance and strategic significance of the investment plan that the Commission was preparing to present, as he had earlier announced in his policy guidelines and promised some

months ago before the European Parliament. He took the opportunity to thank wholeheartedly all those working in the Commission's departments who had helped to develop the proposal in substance and in form.

Mr KATAINEN explained the investment plan for Europe in greater detail, beginning by underlining that it (i) represented a desire to profoundly transform the way public resources were mobilised to support investment, and (ii) was designed to restore investor confidence. The implementation of the plan would be staggered over a period of three to five years to ensure that it was not reduced to a simple one-off investment support measure.

He pointed out that, despite the abundant liquidity on financial markets and historically low interest rates, investment in Europe remained weak and this represented a major obstacle to the return of economic growth and the reduction of unemployment. He estimated the current annual investment deficit at some EUR 300 billion per year and stated that the investment plan would cover a third of requirements if implemented.

Mr KATAINEN referred to the three main pillars on which the plan would be built in order to stimulate supply and demand and encourage investment in Europe, i.e. (i) the creation of financial instruments to target more high-risk investments, (ii) the identification of viable projects for which it must be possible to assume the investment risks, and (iii) the completion of the single market and the creation of a regulatory environment more conducive to investment.

The purpose of the Investment Plan was to increase lending capacity and attract private investment, which would allow public and private investment in the real economy to be financed up to €315 billion.

The creation of a European Fund for Strategic Investments (EFSI) – set up jointly by the European Investment Bank (EIB) and the Commission and benefiting from capital and guarantees from both institutions – would be designed to leverage

lending capacity in order to achieve investments of more than €300 billion. The new fund would guarantee the investments made by absorbing any initial losses.

The EFSI would finance two different types of investment, namely (i) long-term investments, in particular in infrastructure, with a higher risk profile than those usually covered by the EIB, and (ii) protection of loans granted under the new European Investment Fund (EIF) in favour of small and medium-sized enterprises (SMEs) and innovative mid-cap companies.

Mr KATAINEN then drew the Commission's attention to the expected two-stage multiplier effect on investments of the public funds mobilised, citing the example of a project for an interconnector between two Member States in the field of energy. The Union would provide the guarantee, while the EIB would provide the capital to the new European Fund and would encourage the Member States to contribute additional capital. He said that the resources made available in this way to the EFSI would enable it to triple its lending capacity (first stage).

This capacity would be reached because different types of financial instrument would provide a guarantee on initial losses, thereby reducing the risk for private investors. The multiplier effect would therefore be 5 and the guarantee covering risk would account for one fifth of the project financing, which would enable uncertainty to be reduced to a level that would attract private investment in a viable project (second stage). The estimates of these multiplier effects (1:15) were very prudent and were based on historical experience of Commission programmes and the EIB.

Mr KATAINEN also described the governance system of the EFSI, which was characterised by its independence, with (i) a management board composed of representatives of the Commission and of the EIB, which would be responsible for devising the overall strategy and for setting the Fund's policy priorities, and (ii) experts who would evaluate the projects and take the investment decisions based on the intrinsic merits of each project. He highlighted the fact that there would be no sectoral or national allocation.

A Task Force made up of representatives of the Commission, the EIB and the Member States was, at the same time, preparing a list of economically viable projects that were compatible with Union policies and could be launched quickly. This list would be a starting point and would serve as a reference, without being exhaustive; other projects could be added once the EFSI was up and running. The EFSI would be a one-stop shop for investors interested in the range of projects that would benefit from the guarantee of risk spreading proposed by the EIB and the Commission.

Lastly, Mr KATAINEN stressed the importance of continuing to remove barriers to investment, in particular by harmonising legislation, in order to create a favourable investment climate and open up new markets. In general, he advocated a simpler, better and more predictable regulatory system, which involved the completion of the single market in sectors such as energy, services and the digital economy. At the level of the Member States, the European Semester should be used to implement the necessary structural reforms.

He also emphasised that, although the EFSI itself could mobilise €315 billion, the Member States could contribute to the Fund and increase its financial capacity by providing capital that would be considered 'neutral' with respect to the rules of the Stability and Growth Pact, or by focusing their use of the structural funds on innovative financial instruments.

With regard to the implementation timetable, Mr KATAINEN noted that the aim was to obtain political endorsement for the Investment Plan from the Council and Parliament by the end of the year and set up the EFSI in the first half of 2015 to enable it to become operational as swiftly as possible.

He concluded his presentation by expressing the hope that the Investment Plan for Europe would bring about the fundamental change needed by the European economy to rekindle job creation and growth.

The Commission then held an in-depth exchange of views during which the following main points were raised:

General aspects

- the full backing of the Members of the Commission for the courageous and ambitious political initiative to support employment and growth in Europe through this plan by closing the glaring investment gap in the Union; the merits of the approach set out by the Commission to correct the failure of a market in which liquidity existed but was not invested and to effect a radical change in how public money was used with a view to encouraging strategic investment in Europe;
- support for the new approach based on (i) new financial tools, in particular the new European Fund for Strategic Investments, in partnership with the EIB, intended to remedy the lack of risk financing in Europe, (ii) a pipeline of projects at European level, combined with technical assistance for public and private investors, and (iii) a stable, predictable and business-friendly regulatory framework to complete the single market in energy, the digital economy, transport and capital markets;
- it was important to send a clear political signal, which should not be misinterpreted as signifying the end of a fiscal consolidation and structural reform policy cycle, but seen instead as indicating that the continuation of these efforts must be accompanied by a new surge in investment; the estimated impact of the investment plan in terms of job creation, i.e. 1.3 million new jobs, and an increase in EU GDP, i.e. 0.7%;
- focus should be placed on the differences between this investment plan and the one launched in 2012, in terms of both the stage of the post-financial crisis economic cycle in which it was situated and its internal configuration;

- a very clear definition was needed of the respective roles of the Commission and the EIB, the arrangements for setting up the EFSI, the type of project that could be eligible for loans, the conditions governing participation by the Member States, the conditions associated with loans and the overall cost of the proposed system for the different parties;
- approval of the envisaged link between public and private funding sources; PPP should be promoted; public and private players could contribute to investment projects by providing either capital or expertise/skills;
- the Commission needed to send a dynamic and coherent collective message about the general philosophy underpinning the proposed system and the way in which it would operate to the European Parliament, the Member States, the general public and investors; it should be emphasised that, thanks to the EU budgetary guarantee, the EFSI would enable the EIB to offer products which were higher risk but had greater added value;
- the new co-financing by the EIB and the Commission to support investment by SMEs, particularly start-ups, and mid-cap companies via the EIB group's European Investment Fund was of particular interest;
- the investment package should be backed up by a raft of measures on regulatory quality and the establishment of a business-friendly legislative environment;
- it should be stressed that the investment plan could be extended if necessary after three years, and that the figure of €315 billion could be seen as a starting point;

Regarding the establishment of funding and the leverage effect of lending capacity

- questions on the calculation method and the operation of multipliers;

- specific examples should be provided from past EU experience to illustrate the multiplier effects of the future strategic investments that would be financed via the EFSI;
- it should be clearly explained that the €16 billion guarantee funded by the EU budget to set up the EFSI would be generated from existing margins, from the Connecting Europe Facility and Horizon 2020, and that funds reallocated to the EFSI would not only not be lost, but would have multiplier effects on the real economy, and in terms of research and innovation;
- requests for clarifications on the fiscal responsibility linked to public investments in the future EFSI in the light of the Stability and Growth Pact and the state aid rules;

Regarding governance of the EFSI and the selection of investment projects

- it should be made clear that the EFSI would seek to facilitate funding of high-risk projects over and above existing EU programmes and the EIB's traditional activities, and that it would enable investment in the least safe project tranches, i.e. own funds and subordinated debt;
- the relevance of added value criteria to implementation of the EU's strategic objectives, the viability and socio-economic value of investment projects; the single market's considerable potential; it was worthwhile promoting projects located in regional European industrial clusters, particularly in key enabling technologies;
- loans granted under the plan should be fairly distributed across Europe and should reach where they were needed, in particular to encourage the creation of SMEs, thereby providing young people with jobs;
- the catalytic role of the EFSI, which would attract private investors by taking over the most complex and highest-risk strategic investments with first-loss

protection; from the perspective of the guarantee, it would be possible to draw on unused Cohesion Fund resources;

- the quality of incentives to encourage Member States and private investors to take part in the investment plan and, in particular, in the EFSI;
- the role of the task force, which brought together national experts and DGs with a view to identifying potential investment projects; care should be taken to ensure that the investment portfolio was appropriately diversified;
- governance of the EFSI should continue to be as simple as possible; emphasis was laid on the independence and professionalism of the committee which would be responsible for selecting investment projects and supervising the Fund's activities; care should be taken to ensure that it discharged its duties in a transparent fashion;
- the importance of placing the emphasis not on prestige projects but on the impact in terms of innovation; questions concerning the detailed arrangements for monitoring and appraising the success of the investment projects;
- requests for clarification of certain technical aspects such as (i) the mechanisms for absorbing debts by different categories of debtor, (ii) the remuneration of the risk that would be kept within the EFSI in order to offset losses and (iii) the calculation of the guarantee fund.

Mr KATAINEN thanked the Members of the Commission for their support for the investment plan based on the three strands he had outlined in his introduction. On the specific question of establishing a suitable regulatory environment, he pointed out that the creation of a capital markets union by 2016 or the completion of the internal market in energy or services might also mark a change of direction.

In reply to a number of technical questions, he began by explaining that the multiplier effect had been calculated on the basis of sound technical analyses of

comparable past experiences, which had pointed to a leverage factor of 1:18 or even 1:20; the figure of 1:15 estimated for the EFSI was somewhat on the conservative side. This leverage effect achieved by contributing public funds might be a modest one, but it was nonetheless vital to mobilise the injection of capital from the private sector. He insisted that the main aim behind the EFSI was to use public resources in a different way in order to strike the right balance between contributing a limited amount of public funds and using leverage to obtain a higher return on investment without overburdening the taxpayer.

He then pointed out that, over and above the intrinsic merits of each initiative, the selection of eligible projects by the committee of experts should also take account of the policy priorities set by the management board, on which the Commission would have a majority. These priorities could take the form of investment goals. The aim of this approach was to guarantee the quality of the investments chosen in line with the general objectives of the plan, i.e. to provide funding for higher-risk projects. He noted the large number of initiatives already in the pipeline, which should ensure coverage of a broad range of countries and subject areas.

In reply to a question about the proposed incentives to encourage Member States to provide capital for projects that were not pre-defined, Mr KATAINEN explained the logic that had been followed: the more Member States contributed to financing the Fund, the greater the boost the Fund would give to economic growth in Europe. The option of mandatory contributions had been deliberately ruled out, but now that the Commission had come up with a scheme, the Member States could strengthen the mechanism if they wished. On the question of compliance with the Union's state aid rules, he mentioned the considerable efforts made by Ms VESTAGER's departments to ensure that the proposed structure was generally compatible with these rules, although a case-by-case analysis would still be necessary.

It was a priority for both the Commission and the EIB to establish a simple governance structure in order to ensure the credibility of the system as a whole and

win the trust of private investors. As regards the technical details, the EFSI would draw on various types of finance – venture capital, grants, securitisation and ordinary project loans – to provide liquidity to banks, which would in turn make these funds available to SMEs. He confirmed that the system for protecting initial losses was intended to make the mechanism easier to use.

Turning to the timetable, he said that the EFSI could be operational from September 2015, although the first loans to SMEs could be granted as early as Spring 2015, provided that the legislative amendments needed to reassign funds earmarked for the Connecting Europe Facility and the Horizon 2020 programme were in place.

On the subject of communication, Mr KATAINEN insisted that the resources that might be transferred to the EFSI guarantee, in particular from the Connecting Europe Facility and Horizon 2020, would certainly not be wasted, but would on the contrary top up the funding for priorities under these two programmes. Lastly, he said that the Commission Members would be given all the technical information and he asked for their active support throughout the Union in parallel with the awareness-raising efforts he himself would be making in each Member State and further afield.

Mr DOMBROVSKIS confirmed that the approach proposed for taking Member States' contributions to the investment plan for Europe into account when calculating their debt and public deficit was modelled on the method applied under the European Stability Mechanism (ESM). In other words, contributions to the EFSI would indeed be taken into account when calculating public deficits or debt. However, the Commission would not launch a corrective procedure if the Member State concerned exceeded its debt or deficit targets by an amount equal to its contribution to the Fund.

He ended by welcoming the initiative, which was vitally important for reviving growth in Europe and would give fresh impetus to European integration and European solidarity.

The PRESIDENT thanked Mr KATAINEN and Mr DOMBROVSKIS in particular for the explanations they had given during the debate, which he would draw on for his presentation of the investment plan to the European Parliament the following day. As a sign of the shared commitment of the Commission and the EIB, Mr Werner Hoyer, the President of the EIB, would be at his side during the presentation and would take part in the press conference afterwards.

He felt that the Commission was right to propose an investment plan on this scale and along these lines, given the prolonged effects of the economic crisis – in particular the manifest lack of investment despite the liquidity present in the economy – which called for a political response that was in keeping with the seriousness and urgency of the situation.

He concluded by highlighting the aspects of this proposed investment plan that were particularly innovative, namely its structure, its high risk-bearing capacity both for long-term projects and with regard to SMEs, and the transparent nature of the project pipeline. He wished to see all the stakeholders take full advantage of the opportunities offered by this innovative plan and hoped that he would be able to confirm its extension in three years' time.

On a proposal from the PRESIDENT, the Commission agreed that the Communication currently set out in COM(2014) 903/3 would be adopted by the finalisation written procedure, the deadline for which was set at 8.00 on Wednesday 26 November (PE/2014/8964).

**12. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON THE 2015 DRAFT BUDGETARY PLANS – OVERALL ASSESSMENT
(COM(2014) 907; RCC(2014) 89)**

Mr DOMBROVSKIS presented the Commission's overall reading of the draft budgetary plans submitted to it by the Member States on 15 October. For this second exercise since the adoption of the 'Two-pack' legislation, he reminded the meeting of the central idea underlying those provisions, namely that the Member States' economic policies would from now on be regarded as issues of common European interest.

He started by making a number of general points. Although the worst of the crisis was behind us, European recovery was still not sufficient and the unemployment rate was still too high, against a backdrop of continuing social crisis. However, the situation varied greatly from country to country. The Member States that had embarked on reforms very early on were today recovering more quickly than those that had not yet undertaken these reforms. Although many Member States had opted to correct their macroeconomic imbalances, the main concern was still the threat to the whole economy posed by lacklustre growth combined with low inflation and high unemployment.

Under these circumstances the EU must respond with appropriate policies, focusing on three priorities – investment, structural reforms and fiscal responsibility – and working to improve both demand and supply. Unfortunately, Europeans were now paying a heavy price for the Member States' negligence in failing to pay all the necessary attention to structural reforms and to the seriousness of the budgetary situation before the crisis.

Although there had been progress in fiscal consolidation and the overall fiscal

situation was now neutral, in many Member States growth was severely limited by high debt levels. The emphasis should therefore now be on the quality of public finances and the composition of budgets so as to give priority to the budgetary expenditure that would boost growth. Current estimations showed that despite everything, there should be positive growth in all the Member States in 2015.

Turning to the subject of the Commission's opinions, Mr DOMBROVSKIS said that none of the draft budgetary plans had been regarded as representing a serious failure to comply with the obligations under the Stability and Growth Pact (SGP) and, consequently, none had been sent back to the Member State concerned for correction. However, this did not mean there were no problems. Like country-specific recommendations under the European semester, Commission opinions were not binding, but could not be ignored.

The Commission's analysis of 16 Member States in the euro area had shown that five of them complied with the SGP criteria and four broadly complied with them. However, in seven Member States planned fiscal consolidation was not sufficient to meet, more or less, the SGP criteria and the countries in question thus risked failing to comply with European budgetary rules. He therefore proposed calling on the governments concerned to take all the budgetary and structural measures needed to meet the criteria.

Implementation of budgetary plans that failed to meet the SGP criteria, like the lack of in-depth structural reforms, jeopardised the EU's economic recovery, credibility and future, and could therefore trigger the procedures laid down in the 'Six-Pack' rules. The Commission would monitor the evolving situation in the Member States concerned very closely with a view to deciding, on the basis of how much progress, if any, had been made by spring 2015, whether or not these procedures should be launched against them.

He also referred briefly to the In-Depth Reviews concerning a number of Member States, as indicated in the 2015 Alert Mechanism Report, which in some cases could

trigger Excessive Imbalance Procedures in the spring.

To conclude, he said that, overall, the current macroeconomic policies, in particular the European Central Bank's accommodative monetary policy, should pave the way for a return to growth and job creation.

Mr MOSCOVICI followed on by referring more specifically to the political message that the Commission had wished to send to those Member States which were at risk of failing to comply with the rules of the Stability and Growth Pact. The Commission had opted to keep up the pressure on those governments by asking them to make commitments in the field of structural reforms and by leaving all options open for the final decision to be taken by the Commission in the spring. These options were (i) to consider the possibility of penalties, (ii) to establish, on the basis of comprehensive information, whether the authorities in question had taken effective measures to achieve the desired results, or (iii) to leave a little more time to allow the measures actually taken to bear fruit. He welcomed the fact that the political message sent by the Commission consisted in calling for compliance with the rules of the Stability and Growth Pact while maintaining a measured attitude.

A brief discussion followed, in the course of which the Commission highlighted; (i) the need for it to demonstrate objectivity, moderation and political judgment all at the same time while avoiding excessive leniency in its analysis and the conclusions of its opinions on the Member States' draft budgetary plans, since the Commission's credibility and capacity to influence the Member States was at stake; (ii) the balance to be struck between, on the one hand, the threat of penalties when no measures had been taken or when the measures taken by Member States in the past to comply with their obligations under the Pact were ineffective and, on the other hand, the option of encouraging the governments in question to do better, for example by giving them more time, provided they demonstrated clearly that they were making serious efforts to comply with the rules; and, lastly, (iii) a call to make the best possible use of the economic coordination mechanisms put in place to avoid

imbalances that could be damaging for the whole of the EU in general and the euro area in particular.

The Commission, acting on a proposal from the PRESIDENT, agreed that the general communication on the 2015 draft budgetary plans in COM(2014) 907 would be formally adopted by the special written procedure, the time limit for which was set at 10.00 on Friday 28 November 2014 (PE/2014/8974), thereby becoming part of the written procedures on the 16 opinions on the 2015 draft budgetary plans of certain euro area countries (PE/2014/8970, PE/2014/8918, PE/2014/8919, PE/2014/8917, PE/2014/8968, PE/2014/8966, PE/2014/8962, PE/2014/8916, PE/2014/8914, PE/2014/8965, PE/2014/8913, PE/2014/8971, PE/2014/8963, PE/2014/8912, PE/2014/8911 and PE/2014/8915), under Article 6 of the decision by the President on the organisation of responsibilities of the Members of the Commission, and therefore in accordance with Article 12(5) of the Rules of Procedure.

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The meeting closed at 17.27.