EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2015) 2111 final

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

Brussels, 21 January 2015

TEXTE EN

MINUTES

of the 2111th meeting of the Commission

held in Strasbourg

(Winston Churchill building)

Tuesday 13 January 2015

(afternoon)

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<u>Single sitting</u>: **Tuesday 13 January 2015 (afternoon)**

The sitting opened at 13.09 with Mr JUNCKER, President, in the chair. Item 11 was chaired in part by Mr TIMMERMANS.

<u>Present</u>:

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

Ms CREȚU	Member
Ms VESTAGER	Member
Mr MOEDAS	Member

The following 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 METTLER	Head of the European Strategic Policy Centre	
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	Items 1 to 11 (in part)
Mr THOLONIAT	A member of the PRESIDENT's staff	
Ms DEJMEK-HACK	A member of the PRESIDENT's staff	
Mr SUARDI	Deputy Chef de cabinet to Mr DOMBROVSKIS	
Mr FELKE	Deputy Chef de cabinet to Mr MOSCOVICI	Item 11 (in part)

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

1. AGENDA
(OJ(2015) 2111/FINAL)

The President opened the first Commission meeting of the year by extending his best wishes for 2015 to all the Commissioners. He announced a number of meetings to which the members of the Commission would be invited in the coming weeks, starting with the ceremony for presenting New Year wishes to the Belgian Sovereigns, which would take place at the Royal Palace in Brussels in the morning of 20 January, and, on the same day, the Commission's New Year reception at 18:30 in the Berlaymont. He also mentioned the Commission's seminar in Genval on 5 and 6 February, during which particular attention would be given to discussing working methods, an issue which had become urgent following recent leaks and the measures that had had to be taken as a consequence to protect the procedure and documents. He went on to mention the visit to the Commission on 25 February of His Majesty King Philippe, King of the Belgians, and that of the German Chancellor, Angela Merkel on 4 March.

The Commission took note of these points and of that day's agenda.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2015) 2111)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 12 January.

3. APPROVAL OF THE MINUTES OF THE 2109TH AND 2110TH MEETINGS OF THE COMMISSION (10 AND 16 DECEMBER 2014) (PV(2014) 2109; PV(2014) 2110 AND /2)

The Commission approved the minutes of its 2109th and 2110th meetings.

4. INTERINSTITUTIONAL RELATIONS (RCC(2015) 1)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 9 January (RCC(2015) 1).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) European Parliament dossiers
(point 3.2 of the IRG record)

<u>Ordinary legislative procedure – Second reading</u>

– Amendment of Directive 2001/18/EC as regards the possibility for the Member States to restrict or prohibit the cultivation of genetically modified organisms in their territory (Regulation) – RIES report – 2010/0208 (COD)

The Commission took note of the compromise text in SP(2015) 1, further to notes SI(2014) 434 and SI(2014) 501, which it had approved on 19 November and 16 December respectively.

Empowerment

– Amendment of Directive 2001/18/EC as regards the possibility for the Member States to restrict or prohibit the cultivation of genetically modified organisms in their territory (Regulation) – RIES report – 2010/0208 (COD)

The Commission empowered Mr ANDRIUKAITIS, under Article 13 of its Rules of Procedure, in agreement with the PRESIDENT, Mr TIMMERMANS and Mr KATAINEN and any associated Members, to adopt and transmit to the Council its opinion on the amendments, in accordance with Article 294(7)(c) of the Treaty on the Functioning of the European Union, once Parliament had given its opinion, and if necessary to attach to its opinion an amended proposal, on the basis of the line set out in SI(2014) 434 and SI(2014) 501, which it had approved on 19 November and 16 December respectively.

Ordinary legislative procedure – First reading

– Amendment to Regulation (EU) 1343/2011 on certain provisions for fishing in the General Fisheries Commission for the Mediterranean (GFCM) Agreement area (Regulation) – MATO report – 2014/0213 (COD)

The Commission approved the line set out in SP(2015) 2.

ii) Council dossier
(point 3.3 of the IRG record)

– Prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Directive) – SARGENTINI / KARIŅŠ report – 2013/0025 (COD)

The Commission approved the line set out in SI(2015) 3.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business
(SI(2015) 6)

The Commission took note of the information in SI(2015) 6 on the Council meetings between 15 and 28 January.

iv) Preparations for Council meeting (Foreign Affairs) (Brussels, 19 January)
(point 4.2.1 of the IRG record)

– *Draft Action Plan for Climate Diplomacy – From Lima to Paris Climate Diplomacy in 2015*

The Commission took note of the Draft Action Plan for Climate Diplomacy in SI(2015) 5 and /2.

4.3. RELATIONS WITH PARLIAMENT

v) Action to be taken on Parliament's legislative resolutions and other resolutions of a legal nature
(SP(2014) 775)

The Commission took note of document SP(2014) 775, drawn up following Parliament's December part-session.

vi) Results of Parliament's December part-session
(SP(2014) 695; SP(2014) 769)

The Commission took note of the information in SP(2014) 695 and SP(2014) 769 on the proceedings of the part-session of Parliament held in Strasbourg from 15 to 18 December.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2014) 654 ET SEQ.; SEC(2015) 41 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 December and 9 January.

5.2. EMPOWERMENT (SEC(2014) 656 ET SEQ.; SEC(2015) 42 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 December and 9 January.

5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2014) 655 ET SEQ.; SEC(2015) 43 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 15 December and 9 January, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2015) 44)

The Commission took note of the sensitive written procedures for which the time limit expired between 12 and 16 January.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2015) 45)

ADMINISTRATIVE MATTERS
(PERS(2015) 1)

6.1. SECRETARIAT-GENERAL – APPOINTMENT OF AD14/15 AND AD14 (EU-28) DIRECTOR (PERS(2014) 85 TO /5)

The Commission had before it applications under Article 29(1)(a)(i) and (iii), 29(1)(b) and 29(2) of the Staff Regulations for the post of Director of the Protocol Service in the Secretariat-General (PERS(2014) 85, /2 and /3).

It took note of the opinions of the Consultative Committee on Appointments of 24 September and 9 October 2014 (PERS(2014) 85/4 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, it then decided to appoint Mr Nicolas DE LA GRANDVILLE to the post.

This decision would take effect on 1 February 2015.

6.2. ACTIVITIES OF A MEMBER OF THE COMMISSION AFTER LEAVING OFFICE (C(2015) 98)

The Commission adopted the decision set out in C(2015) 98.

The Commission decided that the activity planned by former Commissioner Mr Andris PIEBALGS as adviser to the President of Latvia was compatible with Article 245(2) of the Treaty on the Functioning of the European Union.

6.3. ACTIVITIES OF A MEMBER OF THE COMMISSION AFTER LEAVING OFFICE (C(2015) 99)

The Commission adopted the decision set out in C(2015) 99.

The Commission decided that the activity planned by former Commissioner Ms Maria DAMANAKI as Global Managing Director for Oceans at The Nature Conservancy was compatible with Article 245(2) of the Treaty on the Functioning of the European Union, provided Ms DAMANAKI abstained from lobbying the Commission and its departments on any issues with a potential link to her former portfolio on fisheries and maritime affairs for 18 months after leaving the Commission.

The Commission instructed the Secretary-General to inform Ms DAMANAKI of this decision and of the above condition.

7. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EUROPEAN FUND FOR STRATEGIC INVESTMENT AND AMENDING REGULATIONS (EU) 1291/2013 AND 1316/2013 (COM(2015) 10 AND /2; RCC(2015) 2)

The Commission adopted the proposal for a Regulation in COM(2015) 10/2 for transmission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Investment Bank and the national parliaments.

8. DRAFT AMENDING BUDGET No 1 TO THE GENERAL BUDGET 2015 ACCOMPANYING THE PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EUROPEAN FUND FOR STRATEGIC INVESTMENT AND AMENDING REGULATIONS (EU) 1291/2013 AND 1316/2013 (RCC(2015) 11; RCC(2015) 2)

Subject to a final linguistic revision of the text, the Commission adopted the draft amending budget No 1 to the general budget 2015 set out in COM(2015) 11 for transmission to the European Parliament and the Council and, for information, to the national parliaments and, exceptionally, to the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank.

9. RELATIONS WITH NON-MEMBER COUNTRIES

TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP BETWEEN THE EU AND THE US (*TTIP*) – PUBLIC CONSULTATION ON INVESTMENT PROTECTION AND INVESTOR-TO-STATE DISPUTE SETTLEMENT (*ISDS*)
(INFO(2015) 2)

The Commission took note of the information note distributed under the authority of Ms MALMSTRÖM, in agreement with Mr TIMMERMANS, in INFO(2015) 2.

10. MISCELLANEOUS

RESULTS OF THE INTERNATIONAL MINISTERIAL MEETING ORGANISED FOLLOWING THE TERRORIST ATTACK ON THE FRENCH SATIRICAL WEEKLY MAGAZINE* CHARLIE HEBDO *(PARIS, 11 JANUARY 2015)
(INFO(2015) 3)

The Commission took note of the information note distributed under the authority of Mr AVRAMOPOULOS in INFO(2015) 3.

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 – MAKING THE BEST USE OF THE FLEXIBILITY WITHIN THE EXISTING RULES OF THE STABILITY AND GROWTH PACT

(COM(2015) 12 AND /2; RCC(2015) 2)

The PRESIDENT asked Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN to present the Communication on the best use of the flexibility within the existing rules of the Stability and Growth Pact, which completed the set of decisions laid before the Commission that day to flesh out the Investment Plan for Europe (see also items 7 and 8 of these minutes).

Mr DOMBROVSKIS began by stressing that the Communication was a response not only to a request by the European Council in June 2014, but also to a commitment for the first three months of the new Commission's term of office made by the PRESIDENT in his Political Guidelines. This was an interpretative rather than a legislative Communication, as it did not introduce any new rules but was designed to codify to some extent how the Stability and Growth Pact – the cornerstone of the EU's economic governance – was applied in practice, by employing its margin for flexibility. The aim was to give Member States clear indications enabling them to make the best possible use of the Pact in shaping their economic and budgetary policies. The Communication set out to clarify the rules of the Pact to make them more transparent and more predictable and hence easier to implement. This was essential for the smooth operation of Economic and Monetary Union.

In addition, he recalled the backdrop to the Communication formed by the Union's current economic situation, with recovery still too weak and growth too sluggish to reverse the unemployment trend. The aim was therefore to boost recovery by carrying out dynamic structural reforms to increase competitiveness, expanding public and private investment and managing public finances responsibly, as the Commission had stated on launching the current Annual Growth Survey cycle in November 2014. The EU needed both growth and sound and viable public finances in equal measure and it was precisely for that reason that the Commission was suggesting using the leeway allowed by the existing Pact to map out budgetary trajectories that supported growth-friendly investment and structural reforms.

Mr DOMBROVSKIS then gave the general outlines of the Commission's proposed interpretation of the rules of the Pact. Firstly, the Pact very clearly made provision for different degrees of flexibility depending on the budgetary situation of the Member States, allowing more leeway to countries that pursued a prudent fiscal policy and were therefore covered by the preventive arm of the Pact rather than the corrective arm, i.e. the excessive deficit procedure.

Secondly, he cited the principle that if, during the European Semester process or a possible excessive imbalances procedure, a particular Member State was found not to have taken measures to encourage investment and carry out structural reforms, this would lead to no flexibility under the Stability and Growth Pact. In other words, if a Member State failed to carry out the announced reforms, it would be denied the benefit of any flexibility under the Pact.

Thirdly, he referred to the cyclical aspects in applying the Pact, which stated that Member States should make greater efforts to reduce their budgetary expenditure in good economic times in order to create room for manoeuvre to ease their budgetary efforts during any periods of difficulty. In other words, the aim was to allow Member States to deviate from the path set out in the Pact, and then get back on track later without undermining their fiscal position in the medium term.

He paid particular attention to the structural reform clause. To date this had been applied only to pension schemes, but from now on the Commission would take into account the implementation of all major structural reforms that had positive and verifiable long-term budgetary effects and increased the potential for growth. The Member States would therefore be asked to present a structural reform plan setting out clearly defined measures and credible timetables for implementation and completion. For Member States coming under the excessive imbalances procedure, the corrective action plan laid down in this connection would suffice.

Mr DOMBROVSKIS summed up his remarks by stressing that the flexibility in question consisted of authorising a temporary deviation from the medium-term budgetary objective or from the adjustment path to achieve that objective. He reminded the meeting that this flexibility could be applied only to Member States which kept their budgetary deficit below the reference value of 3% of GDP, maintained an appropriate safety margin and achieved their medium-term budgetary objective at the end of the four-year stability or convergence programme they presented to the Commission each spring.

Lastly, he explained how structural reforms were dealt with under the corrective arm of the Pact. If a Member State placed under this mechanism failed to carry out structural reforms, contrary for example to the country-specific recommendations addressed to it by the Commission, the latter would regard the country's inaction as an aggravating factor when examining the possibility of opening an excessive deficit procedure. Conversely, the implementation of structural reforms and other relevant factors could constitute grounds for allowing a country to correct its deficit over a number of years rather than on an annual basis, which was the general rule.

Following up this presentation, Mr MOSCOVICI placed special emphasis on the investment clause. He pointed out that investment in Europe had fallen by 15% since its peak in 2007, which was why the Commission attached such high priority to it, while taking due account of the rules of the Stability and Growth Pact and the importance of promoting both investment and fiscal consolidation simultaneously.

Returning to the Commission’s undertaking given last November to look favourably on direct national contributions to the new European Fund for Strategic Investments (EFSI) (see item 7 of these minutes) under the Pact, he pointed out that national contributions to the new Fund would not be taken into account when the Commission came to set budgetary adjustments in the preventive and corrective arms of the Pact. In other words, where the reference value for the budget deficit of 3% of GDP is exceeded because of a direct contribution to the EFSI, the Commission would not launch an excessive deficit procedure if the excess was small and temporary. The same would apply when examining the debt criterion, which would not take into account direct contributions to the Fund.

More generally, he noted that this interpretation was intended to be a strong incentive to encourage the Member States to invest in the new fund and, in so doing, support investment and the economic recovery. Moreover, in 2013 the Commission had communicated an initial analysis of the application of the Pact in order to stimulate public investment which had positive, direct and verifiable long-term effects on growth and the health of the public finances. The communication proposed that day expanded on and formalised that analysis.

Mr MOSCOVICI pointed out that, to encourage investment, the Member States subject to the Pact's preventive arm could temporarily deviate from their medium-term targets or required budgetary adjustments, provided that they were achieved subsequently, under conditions strictly defined in the communication.

He also explained that, from now on, the Commission would use a matrix, enabling the budgetary adjustments expected from the Member States under the preventive arm of the Pact to take better account of the specific economic context of each Member State. This would take specific account of the cyclical dimension of the application of the Pact referred to above.

Mr MOSCOVICI concluded by reaffirming that the communication proposed that day did not derogate from the common rules agreed in the Stability and Growth Pact, which was a cornerstone of the EU's economic governance. However, although budgetary responsibility was a necessary condition for growth and job creation, it had to be accompanied by structural reforms and support for investment. That was why the Commission was setting out the principles of a smarter application of the Pact, which should enable more decisive progress on all these fronts and promote budgetary stances that were more conducive to growth throughout the euro area.

Since no legislative measure was needed, the Commission would apply this guidance immediately and would provide the necessary explanations to the Member States and the Council ahead of forthcoming milestones, notably the presentation of the Stability or Convergence Programmes and National Reform Programmes in spring 2015.

Ms THYSSEN, in turn, dwelled in particular on the statistical recording by Eurostat of the contributions to the European Fund for Strategic Investments. She explained that Annex 1, which addressed this matter, set out a number of examples of how the various types of contributions might be statistically recorded in the calculation of the deficit or the debt of the Member States concerned. However, the statistical treatment of certain scenarios, such as the contributions to the capital of the EFSI, could not be established with full certainty until the interinstitutional negotiations on the Fund's operational and governance arrangements had been completed. Lastly, she stressed that the statistical recording of contributions to the Fund did not affect the outcome of their examination by the Commission under the Stability and Growth Pact.

The Commission held a detailed discussion during which the following main points were raised:

– general regret that the measures taken to ensure the confidentiality of this complex and sensitive draft communication had resulted in the Members of the Commission and their Chefs de cabinet being given insufficient time, in their view, to examine the proposal; the need to agree on working methods which better reconciled the requirements of confidentiality and the full involvement of all the Commissioners; approval for the suggestion by the PRESIDENT that these questions be discussed in detail at the Commission seminar on 5 and 6 February;

– on the substance, support for the communication proposed that day in order to clarify and make more transparent, in the interests of all concerned, the way in which the Commission interpreted and applied the flexibility offered by the Pact; the case for presenting this interpretation in the overall economic context in Europe, which was characterised by a slow recovery, or even stagnation in certain Member States, and levels of investment that were still inadequate; the level playing field for all the Member States underlying the codification of these rules;

– the point of view held by some that highlighting the flexibility of the rules in the Pact, even though it was subject to conditions, could give the erroneous impression that the Member States enjoyed room for manoeuvre enabling them to avoid certain rules; for others, the need to emphasise, in contrast, that the guidance on interpretation set out in the communication would improve the implementation of the existing rules by providing a tighter definition of the notion of flexibility under the Pact;

- with regard to the technical aspects, general support for the balanced approach which sought to encourage the changes essential to a sustainable economic recovery through the application of the structural reform clause; the suggestion to make that clause conditional on the reforms announced by the Member States not being simply planned but actually carried out; questions on the instruments available to the Commission to ensure that the structural reforms announced had actually been implemented and on the sanctions that it could apply where necessary if implementation had not taken place;

- with regard to the investment clause, approval of the approach adopted, whose aim was to support the revival of investment in the Union, in particular in relation to the investment plan for Europe, and to take better account of the evolution of the real economy in each Member State; the need to evaluate the practical consequences, in particular concerning the Member States that might be eligible for the clause in the short term; requests for clarification as to the legal basis for an approach more focused on the economic cycle of individual Member States rather than that of the euro area or EU as a whole; question about the output gap used to differentiate between favourable and unfavourable periods;

- insistence on the need for the application of flexibility, as defined in the Communication, to tie in with the application of the Pact rules on debt; requests for clarification concerning the possibility for a given Member State to benefit from the investment clause for several consecutive years;

- emphasis of the complementarity of the European structural and investment funds that could be deployed by the Member States to complete future projects financed by the EFSI; consequently, a question about the possibility of envisaging parallel treatment of these two categories of expenditure when the

Commission assessed the Member States' budgetary situation; concerning the proposal for a regulation on the EFSI adopted by the Commission that day, a question about how its provisions tied in with the EU rules on state aid;

– the need to explain the Communication carefully by emphasising that it was strictly interpretative in nature and promoting shared understanding of it to the Council and the European Parliament.

The Director-General of the Legal Service took the floor at the PRESIDENT's request and confirmed that the flexible approach described in the Commission's Communication in relation to the Pact was compatible with the secondary legislation in force, in particular Regulations (EC) 1466/97 and 1467/97 on the preventive and corrective parts of the Stability and Growth Pact. In reply to a specific question, he confirmed that the possibility referred to in the Communication of authorising the structural reform clause *ex ante* was compatible with Article 5(1) of Regulation (EC) 1466/97, among other provisions.

Replying to these comments, Mr DOMBROVSKIS provided the technical specifications requested on the functioning of the various economic governance tools and how they interacted with the pact mechanisms. More generally, he stressed the idea that at the request of the European Council, the Communication was intended to set out the methods (in particular, investment and structural reform) by which the Member States could ensure that the common budgetary framework supported the EU's growth and employment objectives while taking better account of the cyclical economic situation in each country. He pointed out that the economic challenges facing the Member States of the Union today were very different from those confronting them five years ago at the beginning of the crisis, and that the main concern was now the risk of a slow recovery or even of stagnation. He therefore reiterated that the interpretation given in today's Communication did not replace the existing Pact rules. Nor was it a substitute for the need for an overall assessment by the Commission and the Council of the general economic and budgetary situation of each Member State, of the euro area or of the Union as a whole, in line with the spirit of the Treaty and the general objective of guaranteeing sound public finances. Lastly, he stressed the guarantees and conditions put in place to ensure that the rules in force continued to ensure budgetary responsibility while making the best use of their flexibility.

With regard to the issue of how the rules on debt tied in with the investment clause, and as regards their cumulated effect, he replied that a Member State that failed to comply with the rule on debt could be eligible for the investment clause provided the application of the clause had a positive budgetary effect.

Mr MOSCOVICI said that certain Member States which did not comply with the rules on debt because of the weakness of the current economic cycle would be penalised if the investment clause were not put in place. In the absence of that clause, complying with the rules on debt could drag them into a deep recession. This was why the Commission was asking them to make reasonable budgetary adjustments without necessarily launching the excessive deficit procedure. He also stressed the importance of equal treatment of the Member States in terms of contributions to the EFSI. In addition, he said that the codified and transparent interpretation of the flexibility of the provisions of the Pact presented by the Commission did not in any way give carte blanche to the Member States. It applied to very specific cases and came entirely under the Commission's authority.

Ms THYSSEN endorsed this view and stressed that the Stability and Growth Pact was the basis of European economic governance, that the Commission was acting within its powers in interpreting the flexibility conditions and that at a time when the Union had recovered a degree of stability, the priority now was to highlight all the means of reinvigorating growth.

Mr TIMMERMANS stressed the importance of the Communication itself and also the need to clarify the means of reconciling implementation of an investment plan for Europe with the existing rules of the Stability and Growth Pact. With regard to the structural reform clause, he noted the wish for clarification of the commitments expected from a Member State in order to benefit *ex ante* from its application by the Commission. Lastly, concerning the need to take into account the cyclical economic conditions of the Member States considered individually, he felt that this was compatible with the rules of the Stability and Growth Pact and that it would be in the interests of the euro area and the Union as a whole.

The PRESIDENT thanked and congratulated Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN together with their cabinets and departments for the considerable work achieved in the preparation of this very important communication, and praised the balance achieved in it. He took the opportunity also to thank Mr KATAINEN and his teams for the efforts they made in the short time available to develop the proposal for a regulation on the European Fund for Strategic Investment (see item 7 of these minutes) implementing the Investment Plan for Europe adopted by the Commission in November.

Also, he expressed his deep regret that particularly stringent methods had had to be used to guarantee the confidentiality of the preparation of the communication, and reminded the Commissioners that this was a result of several recent leaks that were detrimental to the work of the Commission. He hoped that during the Commission's seminar on 5 and 6 February it would be possible to define a balanced solution that would guarantee suitable conditions for the Members of the Commission for preparing the communication whilst at the same time affording adequate protection of the space for debate that is essential for the internal decision-making procedure.

Returning to the substance of the day's discussion, the PRESIDENT repeated the twofold objective of the communication, which aims on the one hand to clarify the Commission's interpretation of the flexibility offered by the Stability and Growth Pact and, on the other, to help stimulate investment in Europe by listing some guiding principles on the joint application of the provisions of the Investment Plan for Europe and the rules of the Pact.

As for the possibility of taking greater account of the cyclical economic conditions in the Member States on an individual basis, he referred to the letter sent by Mr REHN to the Union's finance ministers on 3 July 2013. He supported the more specific approach with very precise conditions chosen in the communication, stating that the advantage would be that it would provide a warning of any spillover effects in the Euro area as a whole.

The PRESIDENT noted the Commission Members' agreement to the inclusion of the following amendments to the English version of the communication distributed as COM(2015) 12/2:

– **on page 3, under chapter 1 '*Introduction*', the first sentence of the second paragraph should now read:**

  '*The Commission also announced that, in order to strengthen the link between investment, structural reforms and fiscal responsibility, it would provide further guidance on the best possible use of the flexibility that is built into the existing rules of the Stability and Growth Pact (hereafter "the Pact"), without changing these rules* [3].';

– **on page 13, under heading 3.2 '*Structural reforms under the corrective arm of the Pact*', the first sentence of the fourth paragraph should now read:**

  '*To make operational this provision for reforms not yet fully implemented, the Commission will consider that they can be taken into account ex ante, provided that the Member State presents a dedicated structural reform plan, adopted by the government and/or the national Parliament, containing detailed and verifiable information, as well as credible timelines for implementation and*

[3] The Pact is anchored in the Treaty on the Functioning of the EU (TFEU) and consists of Council Regulation (EC) No 1466/97 (the "preventive arm", based on Art. 121 TFEU) and Council Regulation (EC) No 1467/97
(the "corrective arm", based on Art. 126 TFEU), as well as their subsequent amendments and related legislation.
To access documents, see:
http://ec.europa.eu/economy_finance/economic_governance/sgp/index_en.htm

delivery, under the same conditions as for the activation of the "structural reform clause" described in Section 3.1.'

At the end of the discussion, subject to the introduction of the above amendments, the Commission approved the Communication set out in COM(2015) 12/2, for transmission 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 and, for information, to the national parliaments.

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The meeting closed at 15.54