



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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MINUTES

of the 1847th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 15 October 2008

(morning)

PV(2008)1847 final

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Single sitting: Wednesday 15 October 2008 (morning)

The sitting opened at 9.05 with Mr BARROSO, President, in the chair. Items 1 (in part) to 16 were chaired by Ms WALLSTRÖM.

Present:

Mr BARROSO	President	Item 1 (in part)
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr TAJANI	Vice-President	Items 1 to 15 (in part)
Ms REDING		
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Mr POTOČNIK		
Mr FIGEL'		
Mr REHN		
Mr MICHEL		Items 1 to 15 (in part)
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		Items 1 to 14
Ms FERRERO-WALDNER		Items 1 (in part) to 16
Mr McCREEVY		
Mr ŠPIDLA		Item 1 (in part)
Mr PIEBALGS		
Ms KUNEVA		Items 1 (in part) to 16
Mr ORBAN		
Ms VASSILIOU		Items 1 to 15 (in part)

Absent:

Mr BARROT

Vice-President

Mr KALLAS

Vice-President

Ms GRYBAUSKAITĖ

Baroness ASHTON

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

Mr SAGREDO	A member of Mr BARROT's staff	
Mr HOLOLEI	Chef de cabinet to Mr KALLAS	
Mr BAUDRU	A member of Ms GRYBAUSKAITĖ's staff	
Mr HOUBEN	A member of Baroness ASHTON's staff	Items 1 to 15 (in part)
Ms WENDT	A member of Baroness ASHTON's staff	Items 15 (in part) and 16

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	Item 1 (in part)
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	
Ms DURAND	Acting Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Ms AHRENKILDE	DG Communication – Commission Spokesman's Service	
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	Items 1 to 15 (in part)
Mr CHRISTOFFERSEN	Chef de cabinet to Ms FISCHER BOEL	Items 15 and 16
Mr CHILD	Chef de cabinet to Ms FERRERO-WALDNER	Item 1 (in part)
Mr MURRAY	A member of Mr McCREEVY's staff	Item 15
Mr UEBE	A member of Mr ŠPIDLA's staff	Items 1 (in part) to 16
Ms SPANOU	Deputy Chef de cabinet to Ms VASSILIOU	Items 15 (in part) and 16

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

1. OTHER BUSINESS

SUMMIT OF EURO ZONE COUNTRIES (PARIS, 12 OCTOBER)

MEETINGS OF G7 AND G20 FINANCE MINISTERS AND ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK (WASHINGTON, 10 AND 11 OCTOBER)

(SEC(2008)2664)

The PRESIDENT reported on the outcome of the euro zone summit held in Paris on Sunday 12 October, recalling first and foremost the background and the various stages preceding the summit, and the message which the Commission had reiterated several times in recent weeks, underlining the need for a coordinated European response to the deepening financial crisis.

The PRESIDENT welcomed the fact that the coordinated response had materialised in the Paris meeting, which he regarded as a crucial step in defining a coherent European approach. This was the first high-level meeting of the euro zone countries. It was important to note that the United Kingdom had also participated in part of the summit. This innovative approach had borne fruit since it had been possible to reach agreement on a framework within which national measures could be adopted, hence ensuring the coherence and compatibility of the measures taken by the various Member States.

He noted that the markets had reacted positively to the guarantees announced and that the signal given by Europe had reversed the downward trend.

The PRESIDENT underlined the unprecedented coordinated approach by central banks in terms of adjusting interest rates and providing liquidity, the crucial role played by European Central Bank President, Jean-Claude Trichet, and the close, on-going cooperation between the French Presidency and the Commission.

The Commission had made every effort to manage the crisis as best it could and to help Member States define national measures. It was important to ensure that

competition rules, rules on state aid and the Stability and Growth Pact were not undermined by decisions taken by Member States in an emergency.

In this respect, the PRESIDENT referred to the Proposal for a Directive on Deposit Guarantee Schemes presented by Mr McCREEVY (see item 15 of these minutes), underlining the need to adopt it that day given the balanced position it represented and the fact that the main points in it had already met with the approval of most Member States. He also mentioned the amendment of accounting rules (see item 13 of these minutes).

The current crisis was unprecedented, but so too was the action taken by the European Union. The progress made was just a start; in order to pursue this approach, continued unity and joint efforts would be required by all.

In the short term, the next step would be to increase international coordination. In the medium term, it would be necessary to discuss internally a method of dealing with the effects of the crisis on the real economy, in particular in the context of the Lisbon Strategy for Growth and Jobs. It was important to take into account the social dimension of the crisis, and to examine feasible initiatives to underpin European industry while continuing to pursue the objectives in the package of measures aimed at combating climate change.

In the longer term, the action to be taken would include better organisation of the supervision of financial markets in Europe. The PRESIDENT referred in this context to the establishment of a high-level experts' group chaired by Mr Jacques de Larosière.

He ended by thanking all the Members for their support. The Commission had assumed its role fully, including by contributing to the debate on reforms to be introduced in future.

Mr ALMUNIA in turn mentioned the Paris meeting and the ensuing national plans, which he considered to be successful given the reaction of the financial markets. However, prudence was necessary because of the huge amounts involved, the

persistent risks and the consequences for the non-financial economy which would continue to emerge gradually and would, he feared, be extensive. The economic outlook for 2009 to be published in November would not be optimistic, and it could take some time before the economy recovered.

The Commission should now focus on monitoring the national plans and on dealing with the public's concerns and with the economic and social fall-out, which should be incorporated into future strategies, notably on growth and jobs.

It was also necessary for the Commission to examine as soon as possible the future of the global economic and financial system and to consider the contribution it would like to make to redefining global governance of this system. An effort should be made to organise a Commission seminar in the near future.

Mr ALMUNIA then reported briefly on the content of the Washington meetings of the previous week and on the press releases issued in that context, underlining the particularly difficult background to the meetings and the structural problems facing the various bodies and organisations, which were not equipped to cope with the current exceptional circumstances. As a result, aspects relating to governance should be urgently reviewed, not only to manage the crisis in the short term, but also to cope with the medium and long-term prospects, for instance the implications that were now emerging for the least developed countries.

The Commission also mentioned:

- its key role in maintaining European cohesion in these difficult times;
- the caution that needed to be exercised pending the effects of the crisis on the real economy;
- the real importance of maintaining the framework consisting of Community rules on competition and state aid, and the Stability and Growth Pact;
- the social consequences that could be expected, which might be particularly serious in certain regions and sectors;

- the importance of continuing to pursue the same objectives and the same ambitions as those set down in the package of measures to combat climate change;
- the extent of the means deployed to help financial institutions and the need to take account also of the expectations and requirements of small and medium-sized enterprises, providing for measures to underpin SME jobs and competitiveness;
- the need to combat any attempt to revert to protectionism as a shield against competition;
- the huge amount of work carried out by Ms KROES' departments, in cooperation with other departments, and the human resources problems that would arise if the current pace had to be maintained;
- the role played by the central banks and the considerable coordination efforts made;
- the need for States to justify capital injections and ensure that they comply with established rules, and the importance of the guidelines on the application of state aid rules adopted the previous Monday;
- the unavoidable need to reform international financial institutions and to completely redefine the structure of global economic governance, plus public expectations in this respect;
- the extent of the indirect effects that the financial crisis would have on the growth of less developed countries, the consequences to be expected as a result and the need for the Commission to prepare a position on this matter;
- the importance of organising a Commission seminar shortly on these issues, and the advisability of inviting to it eminent economic experts to whom certain questions could be put.

The Commission took note of this information and of the note from Mr ALMUNIA set out in SEC(2008)2664.

2. AGENDAS

(OJ(2008)1847/3; SEC(2008)2609/2)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

3. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2008)1847)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 13 October.

4. MINUTES OF 1846th MEETING (8 OCTOBER)

(PV(2008)1846 AND /2)

The Commission held over approval of the minutes of its 1846th meeting for the following week.

5. INTERINSTITUTIONAL RELATIONS

(SEC(2008)2623)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 10 October (SEC(2008)2623).

It paid particular attention to the following points.

5.1. *LEGISLATIVE MATTERS*

i) Action to be taken on Parliament's legislative opinions (SP(2008)5986)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Ms WALLSTRÖM and, if necessary, with the other Members concerned, to adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2008)5986, drawn up following the October I part-session of Parliament, the contents of which were noted.

ii) Preparation for October II part-session of Parliament (Item 1.3 of the IRG record)

In accordance with the rules in force, the Commission authorised the Commission Members responsible, in agreement with the PRESIDENT and Ms WALLSTRÖM and any other Members associated, to take a position on Parliament's amendments to its proposals.

It considered the following in particular:

Codecision – 2nd reading

– Airport charges (Directive) – STOCKMANN report – 2007/0013 (COD)

The Commission approved the line set out in SP(2008)5886.

Empowerment

- Airport charges (Directive) – STOCKMANN report – 2007/0013 (COD)

The Commission empowered Mr TAJANI, under Article 13 of its Rules of Procedure, in agreement with the PRESIDENT and Ms WALLSTRÖM and any associated Members, to adopt and transmit to the Council its opinion on the amendments, in accordance with Article 251(2)(c) of the Treaty, once Parliament had given its view, and if necessary to attach to its opinion an amended proposal, on the basis of the line set out in SP(2008)5886.

Codecision – 1st reading

- Action programme for the enhancement of quality in higher education and the promotion of intercultural understanding through co-operation with third countries (Erasmus Mundus 2009-2013) (Decision) – DE SARNEZ report – 2007/0145 (COD)

The Commission approved the line set out in SP(2008)5887 and /2.

- Contained use of genetically modified micro-organisms (recast – Directive) – SZÁJER report – 2007/0259 (COD)

The Commission approved the line set out in SP(2008)5889.

- Promotion of clean road transport vehicles (Directive) – JØRGENSEN report – 2005/0283 (COD)

The Commission approved the line set out in SP(2008)5891.

- Variations to the terms of marketing authorisations for medicinal products (Directive) – GROSSETETE report – 2008/0045 (COD)

The Commission approved the line set out in SP(2008)5892.

(15 October 2008)

- Protection of consumers in respect of certain aspects of timeshare, long-term holiday products, resale and exchange (Directive) – MANDERS report – 2007/0113 (COD)

The Commission approved the line set out in SP(2008)5893.

- Community statistics relating to the trading of goods between Member States (Regulation) – RYAN report – 2008/0026 (COD)

The Commission approved the line set out in SP(2008)5894/2.

- Multiannual Community programme on protecting children using the Internet and other communication technologies (Decision) – ANGELILLI report – 2008/0047 (COD)

The Commission approved the line set out in SP(2008)5895.

Consultation

- Jurisdiction and rules concerning applicable law in matrimonial matters ("ROME III") (Council Regulation) – GEBHARDT report – 2006/0135 (CNS)

The Commission approved the line set out in SP(2008)5896.

- Recovery of cod stocks (Council Regulation) – BUSK report – 2008/0063 (CNS)

The Commission approved the line set out in SP(2008)5897.

- System of the Communities' own resources (Council Regulation) – LAMASSOURE report – 2008/0089 (CNS)

The Commission approved the line set out in SP(2008)5898 and /2.

5.2. RELATIONS WITH THE COUNCIL

iii) Programming of Council business

(SI(2008)1328)

The Commission took note of the information in SI(2008)1328 on the Council meetings between 9 and 22 October.

iv) Results of the General Affairs and External Relations Council – External Relations meeting (Luxembourg, 13 October)

(SEC(2008)2665; SI(2008)1335)

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2008)2665.

5.3. RELATIONS WITH THE EUROPEAN PARLIAMENT

v) Results of Parliament's October I part-session

(SP(2008)5973)

The Commission took note of the information on Parliament's part-session held on 8 and 9 October in Brussels, set out in SP(2008)5973.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2008)2611 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 6 and 10 October.

6.2. EMPOWERMENT

(SEC(2008)2612 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 6 and 10 October.

6.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2008)2613 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 6 and 10 October, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2008)2614 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 13 and 17 October and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 13 October.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2008)2610)

ADMINISTRATIVE MATTERS

(PERS(2008)133)

**7.1. DG PERSONNEL AND ADMINISTRATION – APPOINTMENT OF
SPECIAL ADVISER**

(PERS(2008)134)

The Commission took note of the information set out in point 1 of PERS(2008)133 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, authorised Mr KALLAS to approve the appointment of

Mr Stavros MALAS as special adviser to Ms VASSILIOU and authorised the Director-General for Personnel and Administration to implement that decision by signing a contract of employment on behalf of the authority empowered to conclude contracts of employment.

This decision would take effect immediately.

7.2. *DG PERSONNEL AND ADMINISTRATION – AMENDMENT TO THE CONTRACT OF A SPECIAL ADVISER*

The Commission took note of the information set out in point 2 of PERS(2007)133 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FIGEL', authorised the Director-General for Personnel and Administration to approve an amendment to the special adviser contract of Mr Jean-Claude EECKHOUT.

This decision would take effect retroactively from 1 September 2008.

**8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL - ONE YEAR AFTER LISBON: THE AFRICA-EU PARTNERSHIP AT WORK
(COM(2008)617 TO /3; SEC(2008)2603; SEC(2008)2552)**

The Commission took note of the fact that the communication would be adopted by "finalisation" written procedure, the time limit for which was set at Friday 17 October (E/2008/5946).

**9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – THE EU, AFRICA AND CHINA: TOWARDS TRILATERAL DIALOGUE AND COOPERATION
(COM(2008)654 TO /3; SEC(2008)2641 AND /2; SEC(2008)2643)**

The Commission took note of the fact that the communication would be adopted by "finalisation" written procedure, the time limit for which was set at Friday 17 October (E/2008/5960).

**10. COMMISSION DECISION ON A PROCEEDING PURSUANT TO ARTICLE 81 OF THE EC TREATY (*CASE COMP/39.188 – BANANAS*)
(C(2008)5955 TO /13; SEC(2008)2666)**

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 25 September and 10 October in C(2008)5955/3 and 5955/6;
- took note of the final report of the Hearing Officer of 10 October in C(2008)5955/7;
- adopted, in the authentic languages (English and German), the decision set out in C(2008)5955/8, noting that the companies to whom the decision was addressed had infringed Article 81 of the EC Treaty and imposing on some of these companies fines totalling €60 300 000;
- decided that the decision in C(2008)5955/10 to /13 would be notified to the companies concerned together with the final report of the Hearing Officer;

- decided that the most important parts of the decision, together with the opinions of the Advisory Committee and the final report of the Hearing Officer, would be published in the official languages in the Official Journal of the European Union (with business secrets removed);
- decided to publish the decision (with business secrets removed) on the Internet.

11. PROPOSAL FOR A COUNCIL REGULATION AMENDING ANNEX I TO COUNCIL REGULATION (EC) 1528/2007 AS REGARDS THE EXCLUSION OF GUYANA FROM THE LIST OF REGIONS OR STATES WHICH HAVE CONCLUDED NEGOTIATIONS ON THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND ITS MEMBER STATES OF THE ONE PART AND THE CARIFORUM STATES OF THE OTHER PART

PROPOSAL FOR A COUNCIL REGULATION AMENDING ANNEX I TO COUNCIL REGULATION (EC) 1528/2007 AS REGARDS THE ADDITION OF GUYANA TO THE LIST OF REGIONS OR STATES WHICH HAVE CONCLUDED NEGOTIATIONS ON THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND ITS MEMBER STATES OF THE ONE PART AND THE CARIFORUM STATES OF THE OTHER PART

(SEC(2008)2639 AND /2; SEC(2008)2638 AND /2; SEC(2008)2640)

The Commission adopted in principle the proposals for Council Regulations in SEC(2008)2639 and SEC(2008)2638 and empowered Baroness ASHTON, in agreement with the PRESIDENT:

- to adopt formally the proposal for a Council Regulation in SEC(2008)2639 ("exclusion"), for transmission to the Council in the event that Guyana did not sign the Economic Partnership Agreement (EPA);

- to adopt formally the proposal for a Council Regulation in SEC(2008)2638 ("inclusion"), for transmission to the Council once the EPA had been signed and provisionally applied, provided that Guyana notified the Commission thereof by 31 December;
- to add to the proposal for a Council Regulation in SEC(2008)2638 ("inclusion") the dates of signature and provisional application by Guyana and the date when it would take effect, which would depend on the date when the EPA was provisionally applied by Guyana.

If Guyana failed to give notice that it had signed and provisionally applied the EPA by 31 December 2008, the Commission would review the situation with a view to taking appropriate action.

12. RELATIONS WITH NON-MEMBER COUNTRIES

THIRD MEETING OF THE EU-RUSSIA PERMANENT PARTNERSHIP COUNCIL OF ENERGY MINISTERS (PARIS, 8 OCTOBER) (SEC(2008)2662)

The Commission took note of the information note from Mr PIEBALGS in SEC(2008)2662.

13. OTHER BUSINESS (CONTINUED FROM ITEM 1)

AMENDMENT OF EUROPEAN ACCOUNTING RULES (IAS 39 REGULATION) (SEC(2008)2648)

The Commission took note of the information note from Mr McCREEVY distributed as SEC(2008)2648.

14. GREEN PAPER ON AGRICULTURAL PRODUCT QUALITY: PRODUCT STANDARDS, FARMING REQUIREMENTS AND QUALITY SCHEMES (COM(2008)641 TO /4; SEC(2008)2606)

Ms FISCHER BOEL presented the Green Paper she was tabling for approval by the Commission with a view to launching a broad public consultation exercise. Outlining the background to the initiative, she explained that the Commission wanted to open up a debate on the future development of a policy on agricultural product quality, which would have to meet significant challenges such as growing international competition between producers, changes in consumer demand, the liberalisation of trade and opening-up of markets for agricultural products, and the implications of the reforms of the common agricultural policy.

She stressed the priority attached by the Commission to the quality of agricultural products, which was a major asset for European farming. Rather than creating or developing financial aid, quality policy should focus on establishing rules and schemes on quality that allowed producers to offer high-quality products on both the European market and international markets.

Stakeholders were being asked among other things to specify which product quality schemes they wanted to keep or change and what extra measures might have to be introduced. Ms FISCHER BOEL explained that the aim of the initiative she was presenting in association with Ms KUNEVA and Ms VASSILIOU was to launch a broad public consultation exercise encompassing all interested parties, including consumers. The consultation would end on 31 December 2008 and form the basis for a Commission communication, planned for May 2009, and a conference to be held under the auspices of the next Council Presidency. Nevertheless, the possibility of other measures being considered later was not being ruled out at this stage.

Ms FISCHER BOEL took the opportunity to report on the informal meeting of Agriculture Ministers on the future of the common agricultural policy after 2013,

held in Annecy on 23 September. The discussions in Annecy had focused in particular on policy issues and priorities; budgetary matters had not been discussed.

She outlined the positions that had been set out at the meeting: a number of ministers had stressed the importance of food security and of stepping up direct payments, while others had expressed a preference for phasing out direct payments – gradually but totally – in favour of rural development. A third group argued for directing policy more towards the markets, fully decoupling and reallocating direct payments as well as placing greater emphasis on rural development.

Ms FISCHER BOEL noted that, despite their different approaches, the Member States had agreed on the need for structural reforms in agricultural policy after 2013, covering among other things the allocation of funds. She said that the discussions begun at Annecy would be taken further at a forthcoming Agriculture and Fisheries Council, but stressed the need to complete the health check on the common agricultural policy in order to have a comprehensive and sound analysis as a basis for further deliberations.

The Commission then held a brief exchange of views on the Green Paper, during which particular emphasis was placed on the safety of food products and the key role to be played by consumers in the public consultation exercise.

Following this exchange of views, the Commission approved the Green Paper set out in COM(2008)641/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

**15. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DIRECTIVE 94/19/EC ON DEPOSIT GUARANTEE SCHEMES AS REGARDS THE COVERAGE LEVEL AND THE PAYOUT DELAY
(COM(2008)661 TO /3)**

Mr McCREEVY presented the proposal for a Directive to the Commission for adoption, emphasising that its purpose was to improve certain essential aspects of the current Directive on deposit guarantee schemes, which applied to all 27 Member States, in response to the call made by the Economic and Financial Affairs Council at its meeting on 7 October, with a view to helping to maintain savers' confidence in the European banks and in the financial protection provided at Community level.

He considered that the people of Europe, who in recent days had witnessed massive state intervention to assist the banks, needed to be reassured that their deposits would be properly protected if the current financial crisis were to lead to bank failure.

Mr McCREEVY pointed out that the current Directive on deposit guarantee schemes, which dated from 1994, set a minimum level of deposit protection of €20 000 – while allowing the Member States to go further – and that before the current financial crisis some Member States had increased the level of deposit protection to €100 000. He noted that, as the situation on the financial markets had worsened, other Member States had felt the need to increase the minimum coverage level, if only to prevent the movement of funds to Member States where the coverage level was higher. He had, for example, received reports that €6 000 million had been transferred in forty-eight hours from certain banks to other banks offering a higher level of deposit guarantee within the same Member State. He felt that such movements of funds tended to create instability and were in any case pointless.

He also reminded the meeting that the Commission had been working with the Member States for two years to try and improve deposit guarantees and that at the Economic and Financial Affairs Council on 7 October the Commission and the

Council Presidency had wanted to send a strong political message to savers by proposing a minimum level of guarantee of €100 000, which had not in the end been agreed. During the Economic and Financial Affairs Council the Member States had undertaken to increase the minimum level of cover to €50 000 with immediate effect, and some had undertaken to increase it to €100 000; Mr McCREEVY added that to date fifteen Member States had already introduced the minimum guarantee of €100 000 and a sixteenth would be doing so shortly.

Mr McCREEVY said that the proposal before the meeting provided for the consolidation of the agreement reached at the Economic and Financial Affairs Council by introducing at Community level, as of that day, a compulsory minimum deposit guarantee of €50 000 on the one hand, and a uniform guarantee of €100 000 to be introduced before the end of 2009 on the other. He acknowledged that €100 000 was a lot of money for many Member States, but felt it was essential to send savers the strong message that they had not been forgotten in the large sums promised by the governments and that their deposits were safe.

He also mentioned the excellence of the US federal deposit insurance scheme, under which since 1988 all bank deposits had been covered up to a level of USD 100 000 (this level had been increased to USD 250 000 two weeks earlier) and payouts to savers were made in less than 48 hours. He underlined the ambitious nature of his proposal which, based on this model, aimed to improve substantially the period of time needed for the reimbursement of European savers, and he felt that, although responsibility in this area lay with the Member States, the Commission should nevertheless learn from the experience of the present crisis in order to improve the system.

He mentioned in this connection that the period currently laid down by the deposit guarantee schemes for reimbursing savers in the event of the failure of their bank was normally three months, which was too long, and that his proposal included the reduction of this period to a maximum of three days. He felt that this proposal was ambitious but necessary to enable the Member States to make the essential

improvements, given the speed with which money could now be moved from one bank account to another by means of the Internet.

Mr McCREEVY concluded by saying that it was essential that savers should enjoy a high degree of protection of their deposits within the European Union and that common rules on guarantees and payout periods should be in place in order to avoid a situation in which savers would feel compelled to choose between different levels of protection. Finally, Mr McCREEVY added that the proposal would be distributed again because of a technical error involving the transposal of the Directive discovered in the text as currently circulated.

The ensuing in-depth discussion highlighted in particular the following aspects:

- the importance of preserving the confidence of European citizens, savers and markets;
- the fact that this was a balanced proposal in terms of the minimum level of deposit guarantees and the maximum payout period, which sent a swift, clear and positive message to markets and individuals;
- a discussion of the reasons which had led the Commission to recommend raising the minimum guarantee to €50 000, and to €100 000 by the end of 2009 at the latest, and the importance of explaining these reasons clearly to savers and to the markets;
- the question of the minimum levels proposed in the light of the conclusions of the Economic and Financial Affairs Council and the respective positions of the Member States;
- the importance of proper communication, in particular as regards the levels of guarantee concerned;
- the importance of harmonising the levels of deposit guarantees as far as possible in order to avoid the risk of distortion;

- the desirability of making the guarantee proposal retroactive, if possible to the date of the Economic and Financial Affairs Council or to 15 October 2008, in order to afford the greatest possible protection to the interests of small savers;
- the importance of a reliable deposit guarantee scheme to prevent the collapse of the banking system, and the hope that in due course a European scheme could be set up along the lines of the system introduced in the United States;
- the question of how to finance the deposit guarantee schemes within the Member States;
- a reminder of the next stages in the process, both in the Council and as regards the transposal of the Directive in the Member States;
- the importance of introducing or amending rules to allow citizens to choose and to make an informed decision, in terms of consumer education, transparency and pre-contractual terms;
- the importance, when proposing solutions to the current crisis, of taking account of small and medium-sized businesses;
- a reminder of the global context of the current crisis and the strength shown hitherto by the EU's many third-country partners in the face of the crisis.

Replying to these various comments, Mr McCREEVY explained that the proposed minimum guarantee levels were in line with the Commission's original proposal and the conclusions of the last Economic and Financial Affairs Council, which also included the two-stage approach. He pointed out that responsibility for financing the deposit guarantee schemes lay with the Member States and that the situation consequently differed greatly from one Member State to another. He considered that the proposal represented a realistic and balanced compromise, which took account of the positions of the Member States as expressed at the Economic and Financial Affairs Council and of the expected discussions within the Council, and was likely to reassure European citizens. He noted that some distortion could not be ruled out, given the fact that the Member States could go beyond the minimum

levels laid down by the Directive, but pointed out that such distortions had also existed in the past. Finally, he stated that, as regards the minimum deposit guarantee level of €50 000, implementation of the relevant clauses of the proposal was set for 15 October 2008.

The Director-General of the Legal Service spoke briefly to confirm that it was legally possible to make certain provisions of the proposal retroactive, provided that the general principle of the protection of legitimate expectations was respected, which was the case here since the economic operators concerned, in this instance the banks, were aware of the changes to be made to the existing rules, due to this proposition.

Ms WALLSTRÖM pointed out that communication on this proposal would be made easier by the fact that it incorporated the elements discussed at the last Economic and Financial Affairs Council. She noted that Mr McCREEVY would ensure that the approach was set out clearly by providing information especially on the preferred option and its aim of restoring confidence among European citizens and savers. She closed the discussion by noting that the Commission supported the proposal presented by Mr McCREEVY.

The Commission consequently adopted, subject to final revision, the proposal for a Directive in COM(2008)661/3 for transmission to the European Parliament, the Council and the European Central Bank and to the national parliaments.

16. TRENDS IN THE MEMBER STATES

(SEC(2008)2659)

Ms WALLSTRÖM mentioned very briefly the information note distributed as SEC(2008)2659, the contents of which were noted.

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The meeting closed at 11.53.