



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2008)1848 final

Brussels, 29 October 2008

MINUTES
of the 1848th meeting of the Commission
held in Strasbourg
(Winston Churchill)
on Tuesday 21 October 2008
(afternoon)

PV(2008)1848 final

TABLE OF CONTENTS

Attendance list	5-7
1. AGENDAS (OJ(2008)1848/3; SEC(2008)2651/2).....	8
2. WEEKLY MEETING OF CHEFS DE CABINET (SEC(2008)1848)	8
3. APPROVAL OF THE MINUTES OF THE 1846TH AND 1847TH COMMISSION MEETINGS (8 AND 15 OCTOBER) (PV(2008)1846 TO /3; PV(2008)1847 AND /2).....	8
4. INTERINSTITUTIONAL RELATIONS (SEC(2008)2658).....	9
4.1. LEGISLATIVE MATTERS	9
4.2. RELATIONS WITH THE COUNCIL	10
4.3. RELATIONS WITH THE EUROPEAN PARLIAMENT	10
5. MONITORING THE APPLICATION OF COMMUNITY LAW	11
STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST (SEC(2008)2673 AND /2).....	11
6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2008)2653/2)	12
6.1. DG ENTERPRISE AND INDUSTRY – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2008)107 TO /4).....	12
6.2. DG TRADE – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2008)105 TO /4).....	12
6.3. SECRETARIAT-GENERAL – ADOPTION OF TWO LISTS OF CANDIDATES FOR THE POSTS OF EUROPEAN DATA PROTECTION SUPERVISOR AND DEPUTY SUPERVISOR (PERS(2008)52 TO /6)	13
6.4. EUROPEAN ANTI-FRAUD OFFICE – PROCEDURE FOR APPOINTING MEMBERS OF THE SUPERVISORY COMMITTEE (SEC(2008)2691).....	13

6.5. UPDATE ON THE DRAFT PROPOSAL FOR A COUNCIL REGULATION AMENDING THE CONDITIONS OF EMPLOYMENT OF OTHER SERVANTS OF THE EUROPEAN COMMUNITIES – PARLIAMENTARY ASSISTANTS (SEC(2008)2708).....	14
7. COMMISSION DECISION CONCERNING A PROCEEDING UNDER ARTICLE 8 (2) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.4919 – STATOILHYDRO/CONOCOPHILLIPS) (C(2008)6125 TO /5).....	15
8. OTHER BUSINESS.....	16
8.1. IMPLEMENTATION OF 2008 BUDGET – STATE OF PLAY (SEC(2008)2661 AND /2; SEC(2008)2684).....	16
8.2. TRIPARTITE SOCIAL SUMMIT (BRUSSELS, 15 OCTOBER) (SEC(2008)2710)	18
9. RELATIONS WITH NON-MEMBER COUNTRIES.....	18
9.1. INTERNATIONAL PLAN IN RESPONSE TO THE FINANCIAL CRISIS – OUTLOOK AND FOLLOW-UP	18
9.2. VISIT TO UKRAINE (KIEV, 2-4 OCTOBER) (SEC(2008)2704 AND /2)	26
9.3. SECOND MEETING OF ASEM LABOUR AND EMPLOYMENT MINISTERS AND MEETINGS WITH THE SOCIAL PARTNERS (BALI, 13-15 OCTOBER) (SEC(2008)2706).....	26
10. TRENDS IN THE MEMBER STATES	26
11. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	27
11.1. WRITTEN PROCEDURES APPROVED (SEC(2008)2654 ET SEQ.).....	27
11.2. PROPOSAL FOR A COUNCIL REGULATION IMPLEMENTING REGULATION (EC) NO 853/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS THE USE OF ANTIMICROBIAL SUBSTANCES TO REMOVE SURFACE CONTAMINATION FROM POULTRY CARCASSES – FORMER WRITTEN PROCEDURE PE/2008/3381 (COM(2008)430 TO /3)	27

<i>11.3. EMPOWERMENT (SEC(2008)2655 ET SEQ.)</i>	<i>27</i>
<i>11.4. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2008)2656 ET SEQ.).....</i>	<i>27</i>
<i>11.5. SENSITIVE WRITTEN PROCEDURES (SEC(2008)2657)</i>	<i>28</i>

Single sitting: Tuesday 21 October 2008 (afternoon)

The sitting opened was at 13.35 by Ms WALLSTRÖM, Vice-President. Items 1 to 8 (in part) and 9 (in part) to 11 were chaired by Ms WALLSTRÖM and items 8 (in part) and 9 (in part) were chaired by Mr BARROSO, President.

Present:

Mr BARROSO	President	Items 8 (in part) and 9 (in part)
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	Items 8 (in part) to 11
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	
Ms REDING		
Mr ALMUNIA		Items 8 (in part) to 11
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr FIGEL'		Items 9 (in part) to 11
Mr REHN		
Mr MICHEL		Items 1 to 9 (in part)
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		
Mr McCREEVY		Items 1 to 9 (in part)
Mr ŠPIDLA		
Mr PIEBALGS		
Ms KUNEVA		
Mr ORBAN		
Ms VASSILIOU		
Baroness ASHTON		

Absent:

Mr DIMAS

Mr POTOČNIK

Ms FERRERO-WALDNER

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

Ms BARTON	A member of Mr DIMAS's staff
Mr NEALE	A member of Mr POTOČNIK's staff
Mr GUEREND	Deputy Chef de Cabinet to Ms FERRERO-WALDNER

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	Items 8 (in part) and 9 (in part)
Mr SØRENSEN	Director-General, DG Communication	
Ms CARVALHO	Bureau of European Policy Advisers	
Ms WEYAND	Adviser in the PRESIDENT's office	Items 8 (in part) and 9 (in part)
Mr KLAUS	A member of the PRESIDENT's staff	Items 8 (in part) and 9 (in part)
Mr KOSSEY	A member of Mr FIGEL's staff	Items 1 to 9 (in part)
Mr POWER	Chef de cabinet to Mr McCREEVY	Items 1 to 9 (in part)

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

Ms WALLSTRÖM began by referring to Baroness ASHTON's public hearing before Parliament, which had taken place on 20 October. Praising the quality of Baroness ASHTON's performance and noting the very warm welcome she had received from MEPs, she offered her sincere congratulations. She was joined in this by all the Commission Members.

* * *

1. AGENDAS

(OJ(2008)1848/3; SEC(2008)2651/2)

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

2. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2008)1848)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 20 October.

3. APPROVAL OF THE MINUTES OF THE 1846TH AND 1847TH COMMISSION MEETINGS (8 AND 15 OCTOBER)

(PV(2008)1846 TO /3; PV(2008)1847 AND /2)

The Commission approved the minutes of its 1846th and 1847th meetings.

4. INTERINSTITUTIONAL RELATIONS

(SEC(2008)2658)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 17 October (SEC(2008)2658).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Preparation of the Council meeting (Agriculture and Fisheries) (Luxembourg, 27 and 28 October)

(point 1.3 of the IRG record)

- School fruit scheme (Council Regulation) BUSK report 2008/0146 (CNS)

The Commission authorised Ms FISCHER BOEL to support a Presidency compromise at the Council meeting (Agriculture and Fisheries) on 27 and 28 October with a view to reaching a common position, following the line set out in SI(2008)1341.

- Fishing opportunities for 2009 and associated conditions for certain fish stocks and groups of fish stocks applicable in the Baltic Sea (Council Regulation) – (COM(2008)539)

The Commission authorised Mr BORG to support a Presidency compromise at the Council meeting (Agriculture and Fisheries) on 27 and 28 October with a view to reaching a common position, following the line set out in SI(2008)1342/3.

ii) Preparation of a common position - Preparation of the trialogue (Strasbourg, 21 October)

(point 1.4 of the IRG record)

- Community procedures for the establishment of residue limits of pharmacologically active substances in foodstuffs of animal origin and

repealing Regulation (EEC) 2377/90 (Regulation) – DOYLE report – 2007/0064 (COD)

The Commission authorised Mr VERHEUGEN to pursue contacts with Parliament and the Council in order to reach agreement on a common position following the line set out in SI(2008)1343.

**iii) Preparation of the Council meeting (Justice and Home Affairs)
(Luxembourg, 24 October)**

(point 1.5 of the IRG record)

- Jurisdiction, applicable law, recognition and enforcement of decisions and cooperation in matters relating to maintenance obligations (Council Regulation) – GRABOWSKA report – 2005/0259 (CNS)

The Commission approved the line set out in SI(2008)1344.

4.2. RELATIONS WITH THE COUNCIL

iv) Programming of Council business

(SI(2008)1339)

The Commission took note of the information in SI(2008)1339 on the Council meetings between 16 and 29 October.

4.3. RELATIONS WITH THE EUROPEAN PARLIAMENT

v) Preparation of the October II part-session of Parliament – Oral questions

(point 3.4 of the IRG record)

H-0704/08, H-0706/08, H-0708/08, H-0712/08, (joined with H-0724/08), H-0713/08, H-0715/08, H-0716/08, H-0717/08, H-0718/08, H-0720/08, H-0722/08, H-0726/08, H-0727/08, H-0729/08, H-0731/08, H-0733/08, H-0735/08, H-0739/08, H-0741/08, H-0742/08, H-0745/08, H-0746/08, H-0748/08, H-0750/08, H-0752/08, H-0754/08, H-0755/08, H-0756/08, H-0759/08, H-0761/08, H-0763/08, H-0764/08, H-0766/08, H-0769/08,

H-0770/08, H-0772/08, H-0774/08, H-0776/08, H-0777/08, H-0779/08, H-0780/08, H-0782/08, H-0783/08, H-0784/08, H-0785/08, H-0786/08, H-0787/08, H-0789/08, H-0793/08

The Commission approved the draft answers set out in SP(2008)5979 to /3, following the agreement reached between the Chefs de cabinet on revisions to some of these draft answers, and certain draft supplementary answers, revisions to answers and draft answers as set out in SP(2008)5979/4 *et seq.*

vi) Action taken on Parliament's legislative opinions and non-legislative resolutions

(point 3.5.2 of the IRG record)

The Commission approved document SP(2008)6073 on the action taken on Parliament's legislative opinions and non-legislative resolutions adopted at its September I and II part-sessions, for transmission to Parliament.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

***STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST
(SEC(2008)2673 AND /2)***

The Commission adopted the decisions in SEC(2008)2673/2.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2008)2653/2)

ADMINISTRATIVE MATTERS
(PERS(2008)135/2)

**6.1. DG ENTERPRISE AND INDUSTRY – APPOINTMENT OF AD14/15
DIRECTOR**
(PERS(2008)107 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director (Chemicals, Metals, Forest-based & Textile Industries) in the Directorate-General for Enterprise and Industry (PERS(2008)107 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 2 September and 2 October 2008 (PERS(2008)107/3 and /4).

The Commission proceeded to consider the applicant's qualifications for the post. It also considered the applicant's ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr VERHEUGEN, it then decided to appoint Mr Gwenole COZIGOU to the vacant post.

This decision would take effect on a date to be determined.

6.2. DG TRADE – APPOINTMENT OF AD14/15 DIRECTOR
(PERS(2008)105 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director (Resources and Economic Analysis) in the Directorate-General for Trade (PERS(2008)105 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 25 July and 25 September 2008 (PERS(2008)105/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered the applicants' ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Baroness ASHTON, it then decided to appoint Mr Jens SCHAPS to the vacant post.

This decision would take effect on a date to be determined.

**6.3. SECRETARIAT-GENERAL – ADOPTION OF TWO LISTS OF CANDIDATES FOR THE POSTS OF EUROPEAN DATA PROTECTION SUPERVISOR AND DEPUTY SUPERVISOR
(PERS(2008)52 TO /6)**

The Commission noted the information at point 3 of PERS(2008)135/2 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided:

- to endorse the lists of candidates recommended by the Consultative Committee on Appointments, as set out in PERS(2008)52/6;
- to consider these lists as the Commission proposal;
- to ask the Secretary-General to communicate these lists to Parliament and the Council.

These decisions would take effect immediately.

**6.4. EUROPEAN ANTI-FRAUD OFFICE – PROCEDURE FOR APPOINTING MEMBERS OF THE SUPERVISORY COMMITTEE
(SEC(2008)2691)**

The Commission noted the information at point 4 of PERS(2008)135/2 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided:

- to endorse the communication set out in SEC(2008)2691;

- to empower, under Article 13 of the Rules of Procedure, Mr KALLAS, Commission Member responsible for administrative affairs, audit and the fight against fraud, in agreement with the PRESIDENT, to give the Commission's agreement on a joint proposal from Parliament, the Council and the Commission concerning the reappointment of the current members of the Supervisory Committee and/or the replacement of one or more members by reserve members;
- to ask Mr KALLAS to inform the Commission of the new composition of the Supervisory Committee of the European Anti-Fraud Office as soon as the members had been appointed.

These decisions would take effect immediately.

**6.5. UPDATE ON THE DRAFT PROPOSAL FOR A COUNCIL REGULATION AMENDING THE CONDITIONS OF EMPLOYMENT OF OTHER SERVANTS OF THE EUROPEAN COMMUNITIES – PARLIAMENTARY ASSISTANTS
(SEC(2008)2708)**

The Commission noted the information at point 5 of PERS(2008)135/2 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided to take note of the communication in SEC(2008)2708 and to authorise Mr KALLAS:

- to meet the staff representatives on behalf of the Commission under the conciliation procedure;
- to inform the Commission of the results of this conciliation meeting;
- to ensure that the objectives and key components of the proposal were preserved.

These decisions would take effect immediately.

**7. COMMISSION DECISION CONCERNING A PROCEEDING UNDER ARTICLE 8 (2) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.4919 – STATOILHYDRO/CONOCOPHILLIPS)
(C(2008)6125 TO /5)**

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 2 October 2008 in C(2008)6125/3;
- took note of the final report of the Hearing Officer of 6 October 2008 in C(2008)6125/4;
- adopted, in the authentic language (English), the decision set out in C(2008)6125/5, declaring the notified operation compatible with the common market and with operation of the Agreement on the European Economic Area subject to full compliance with the commitments made, as set out in the annexes to document C(2008)6125/5;
- decided to notify the decision set out in C(2008)6125/5 to the firm concerned, together with the final report of the Hearing Officer and the opinion of the Advisory Committee;
- decided that the most important parts of the decision and the opinion of the Advisory Committee and the 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.

8. OTHER BUSINESS

8.1. IMPLEMENTATION OF 2008 BUDGET – STATE OF PLAY

(SEC(2008)2661 AND /2; SEC(2008)2684)

Ms GRYBAUSKAITĖ reported on the state of play at the end of September in implementing the 2008 budget.

She noted with satisfaction that the implementation rates achieved by that date were in line with or, in the case of commitment appropriations, ahead of the forecasts made at the beginning of the year, while also pointing out that certain efforts would still have to be made. In particular she mentioned the need to obtain information on the management and control operations carried out by national authorities and stressed the role that Commission Members and the departments under their responsibility could play in helping to pass on the information in question and hence complete the validation of those operations.

In this connection she also mentioned the impact of these management and control arrangements on the implementation of appropriations earmarked for certain policies, for example justice, freedom and security, and in particular the funds allocated for measures on migration.

Lastly she linked the budget outturn figures for 2008 with the stance which the budgetary authority would adopt in drawing up the 2009 budget.

Ms GRYBAUSKAITĖ then commented on the state of play in the 2009 budget procedure, noting in particular the problems that remained in headings 4 (external relations) and 5 (administration).

As regards heading 4, Ms GRYBAUSKAITĖ specifically mentioned that no source had yet been found for the appropriations needed to finance the reconstruction of Georgia. She also regretted that it had not been possible to follow up in budgetary terms the undertakings given by the EU to developing countries to set up an additional facility in response to rising food prices. At

this stage it appeared that honouring the political commitments given to these countries would require among other things a redeployment of the funds available under heading 4 and the mobilisation of instruments outside the multiannual financial framework.

As regards heading 5, Parliament intended to place in reserve appropriations totalling EUR 36 million earmarked for the salaries of Commission staff. Ms GRYBAUSKAITĖ felt that if this reserve were confirmed, it would undermine ongoing efforts in the Commission to recruit nationals from the new Member States. She therefore highlighted the importance of carrying out the internal redeployment exercise requested, which was aimed at reducing the number of posts assigned to coordination and support tasks across all Commission departments.

The Commission then held a brief exchange of views on the various issues raised by Ms GRYBAUSKAITĖ.

The Commission noted the importance of pursuing efforts to recruit nationals from the new Member States, noting the very negative impact that the slowdown in recruitment would have on public opinion in the Member States concerned.

The Commission then looked in detail at the information given by Ms GRYBAUSKAITĖ concerning the budget allocation for the food facility for developing countries. The following points in particular were raised:

- the very great difficulty in mustering the sum required simply through redeployment;
- the need to get the Council to face up to its responsibilities in this matter;
- the urgent need to arrive at a solution, given the objective of covering agricultural marketing years from 2008 on;
- the linkage between this issue and other international issues, such as combating climate change.

Winding up the exchange of views, the PRESIDENT expressed optimism that the political stalemate over the food facility could be broken. He intended to take this matter up with certain Heads of State and Government and encouraged the Commission Members most directly concerned to pursue their efforts too.

The Commission took note of this information and of Ms GRYBAUSKAITĖ's briefing note in SEC(2008)2661/2.

8.2. *TRIPARTITE SOCIAL SUMMIT (BRUSSELS, 15 OCTOBER)*
(SEC(2008)2710)

The Commission took note of the information note from Mr ŠPIDLA in SEC(2008)2710.

9. RELATIONS WITH NON-MEMBER COUNTRIES

9.1. *INTERNATIONAL PLAN IN RESPONSE TO THE FINANCIAL CRISIS*
– OUTLOOK AND FOLLOW-UP

THE PRESIDENT reviewed the efforts undertaken to ensure a coordinated response to the financial crisis. He informed the Commission of the outcome of the meeting he and the President-in-Office of the Council, Mr Nicolas Sarkozy, had had at Camp David on 18 October with the American President Mr George Bush, and of the work carried out in the wake of the European Council meeting on 15 and 16 October. The results of this meeting had already been set out in a memorandum from the PRESIDENT to the Members of the Commission.

The main objective of the meeting with the American President at Camp David had been to launch an international process to respond to the financial crisis, based on the work of the European members of G8, the euro zone countries and the European Council. This objective had been achieved at the

meeting, and the Camp David meeting had, moreover, confirmed the leading role the European Union could play in the context of measures adopted at international level to remedy the financial crisis. It had also highlighted the major contributions by the Commission and by a Europe speaking with one voice. The PRESIDENT praised the commitment of Mr Nicolas Sarkozy, who had contributed significantly to the success of the meeting. All the parties concerned had now recognised the seriousness of the financial crisis and the fact that a coordinated global response was necessary because of the global dimension of the crisis.

He mentioned the fact that the European public had high expectations of governments and institutions, and that it was the Commission's responsibility to come up with an effective response to the challenges raised by the crisis. The Commission should contribute to the achievement of three objectives: continued efforts to remedy the defects in the financial system which had emerged during the crisis, the renewal and strengthening of the Strategy for Growth and Jobs in order to curb the effects which the financial crisis would have on the real economy, and the contributions which the European Union could make to reforming international governance.

With regard to the efforts made to alleviate the defects in the financial system, the PRESIDENT underlined the importance of rapidly adopting Commission initiatives on the revision of Community rules on banks' capital requirements and deposit guarantee schemes, which would be followed by other additional initiatives, in particular in relation to credit rating agencies and sovereign funds and hedge funds, following the RASMUSSEN report on hedge funds and private equity investment funds and the LEHNE report on the transparency of institutional investors. He also mentioned the work being done on executive pay and derivatives, as well as the activities of the high-level group on financial supervision in Europe, which he had asked Mr Jacques de Larosière to chair. The members of the group had been presented to the European Parliament on Tuesday 21 October.

The Lisbon Strategy for Growth and Jobs was the most effective and in fact

the main instrument to limit the effects the financial crisis would have on the real economy. Its prime objectives such as investment in research and development, and education and training, would continue to be valid in the medium and long terms.

However, the PRESIDENT took the view that it would be necessary to adopt additional measures in the short term to alleviate the immediate effects of the crisis on the economy and labour market. All initiatives proposed in this respect should comply with the framework formed by the Stability and Growth Pact, the Community rules on competition and State aid, and the energy and climate change package. The main objective must be to keep the internal market intact, and to develop and reinforce it, this being the most effective way of ensuring that the European economy would be able to cope with the current challenges. There were several areas in which additional measures could be concentrated, for instance in relation to company investments and the role of the European Investment Bank, energy efficiency, support for small and medium-sized enterprises and sustainable production.

As for the changes to be promoted globally, Camp David had been an important stage in the international debate on reinforcing cooperation and international governance of the financial system. The meeting had decided that an international summit would be held in November and would be followed by high-level meetings to prepare a second summit in the spring of 2009. Because of these plans, the Commission and its departments would have to work swiftly to prepare a constructive contribution for the summit by the European Union and its Member States. The November summit would focus on issues linked to international financial institutions, on other aspects of economic coordination and on broader international governance and trade problems. The PRESIDENT asked the Members of the Commission to contribute to the preparatory work.

The PRESIDENT also referred to the outcome of the meeting of the European Council held on 15 and 16 October. The follow-up to this meeting would also require considerable efforts on the part of the Commission, in particular in

relation to the measures on energy and combating climate change. He noted with satisfaction that the Council had confirmed that it was determined to adhere to the commitments it had made on these issues at its meetings in March 2007 and March 2008, and that the Heads of State and Government had also reiterated their will to reach agreement by the end of 2008 on achieving the targets defined for all Member States and European economic sectors. This would require a coordinated effort by the Commission, the Presidency-in-Office and the Member States. The PRESIDENT thanked the Presidency-in-Office for the steps it had already taken in this respect.

The PRESIDENT said that the Commission must assume its responsibilities and show a sense of initiative and leadership in the coming months. He asked all the Members of the Commission to contribute to the effort and the preparatory work for the various initiatives, including the package of measures to deal with the financial crisis, the follow-up to the Camp David meeting and to the European Council meeting of 15 and 16 October, the preparation of the annual progress report on the Strategy for Growth and Jobs, scheduled for December 2008, and the preparation of the legislative and work programme for 2009.

He briefly mentioned, in addition to the high-level group on financial supervision in Europe, the measures and mechanisms which had been put in place within the Commission and its departments, in particular the steering group on the financial crisis, composed of Commissioners ALMUNIA, KROES and McCREEVY, and which he would chair himself. The participation in the steering group of Mr VERHEUGEN and Mr ŠPIDLA, and if necessary other Members, could also be considered for all issues relating to the Strategy for Growth and Jobs. The group would work closely with the Lisbon Strategy and Competitiveness Council groups of Commissioners. In addition to these specific measures, all urgent matters could be put before the Commission at its weekly meetings.

The PRESIDENT pointed out that the schedule for the coming weeks was very heavy given the need to prepare the international summit to be held in

Washington on 15 November, which would also be put before the Economic and Financial Affairs Council at its next meeting on 4 November, and the preparation of the annual progress report on the Strategy for Growth and Jobs. Because of this, he intended to bring forward the 1849th meeting of the Commission to Wednesday 29 October, and to schedule a Commission seminar on international governance after the Commission meeting of Wednesday 5 November.

Mr ALMUNIA reviewed the preparations for the meeting of the Eurogroup, to be held on 3 November, and of the Economic and Financial Affairs Council on 4 November. He would present the economic forecasts for 2009 on Monday 3 November.

He pointed to the close links between the current developments on financial markets and the anticipated developments in the real economy. He agreed that the situation required close coordination, not only within the Commission but also between the Commission and the other institutions, the European Central Bank and the Member States, as well as financial bodies such as the European Investment Bank and the European Bank for Reconstruction and Development, in order to quickly define a coherent, effective and long-term strategy that would make it possible to react not only to the challenges posed by financial markets but also to the need to reform the international governance and regulatory system for financial markets, and if necessary to reinforce at European level the Growth and Stability Pact, an essential economic instrument.

Mr McCREEVY talked about the importance of the challenges ahead. He thanked the Members of the Commission for their support in preparing the measures on capital requirements, accounting rules and deposit guarantee schemes, and asked for further support for the initiative on credit rating agencies that was currently being prepared.

He agreed with the views that the financial crisis could have long-term consequences for the real economy which would raise considerable challenges

for political players. He also felt that the efforts to reinforce financial supervision at European level should be stepped up, and drew attention to other areas requiring new initiatives, such as the risk-assessment capability of supervisory bodies, in particular in relation to derivatives. The analysis and risk supervision mechanisms linked to derivatives and, more specifically, to credit default swaps would have to be developed further; the Commission would be informed shortly of measures in this area.

The mechanisms in force for the supervision of financial market players, including more general transparency and risk-assessment issues, should be thoroughly analysed. Executive pay arrangements should be reformed, with salaries, in particular annual bonuses, being related more to the long-term performance of the undertaking in order to prevent too much risk-taking by executives. Mr McCREEVY asked the Member States that had not already done so to take full account of the Commission's 2004 recommendation on the remuneration of directors. A second complementary recommendation on this matter might be put before the Commission, if appropriate. Lastly, he underlined the importance of taking into consideration the effects which financial market developments would have on the real economy, and of developing appropriate measures to cope with this in the 2009 legislative and work programme.

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

- recognition that the financial crisis would have a profound, long-term effect on the whole European and world economy, on growth and on jobs;
- the Commission's high-profile role in the preceding weeks both at Community level and internationally, which brought with it considerable responsibilities not only for managing the current crisis but also for coming up with responses to the challenges that had emerged;
- confidence in the fact that the European Union, drawing on its experience

of other crises it had dealt with in the past, could also overcome the present crisis if it kept a united front;

- the benefits for Europe, its citizens and its economy of greater EU involvement on the international scene and constructive contributions to resolving the issues raised by the crisis, particularly as regards governance of the international financial system;
- the importance of maintaining the confidence of the markets and of explaining to the public the reason for the urgent measures taken at national and Community level; transparency towards ordinary citizens had to be the prime objective of any proposed initiative on financial products, executive pay and financial supervision;
- the priority that will have to be given to effective management of the crisis, but also the possibility of unexpected developments requiring rapid and innovative reactions;
- the possible negative effects of the crisis in the financial markets on the state of the real economy, but also the observation that the cause of the financial crisis resided neither in the real economy nor in the social market economy, which continued to function;
- the need for an in-depth analysis of the effects of events in the financial markets on the development of the real economy;
- the importance of striking a balance between the emergency measures taken in response to the crisis and the strategies for dealing with the consequences and ensuring the European economy was better protected from possible future crises;
- the Commission's determination to safeguard the internal market, the energy and climate change measures, the stability and growth pact and the Community rules on competition and state aid, while applying the flexibility allowed under those rules;

- the importance for the Commission of guaranteeing a level-playing field between all the Member States, this being a goal that had to be shared by all the players involved, including the Member States and the European Central Bank;
- recognition of the stability afforded by the euro zone, the single currency having helped considerably to cushion the effects of the financial crisis in Europe;
- recognition that the energy and climate change package was a key instrument that could help mitigate the effects of the current crisis, and the major role that investment in renewable energies, the low-carbon economy, transport and all the trans-European networks could play in boosting the real economy;
- the contributions of innovation (2009 was to be European Year of Creativity and Innovation), research and development, training and lifelong learning in ensuring the economy was better prepared to cope with any future crises;
- the prospects offered by the Cohesion Fund and the significant contributions of the European Investment Bank and the European Bank for Reconstruction and Development as sources of investment and guarantees for companies, in particular small and medium-sized enterprises;
- in the context of the measures taken to deal with the financial crisis, the case for reflecting on the future of tax havens and for stepping up initiatives to combat organised crime;
- the importance of boosting the role of small and medium-sized enterprises, particularly as regards their exports to international markets;
- the need to take account of the consequences of the crisis for current and future candidate countries and to develop pre-accession instruments;

- the importance of taking into account the possible effects of any proposal on the Community budget.

Winding up, Ms WALLSTRÖM, who had taken over the chair during the discussion, noted the Commission's support for the arrangements put in place with regard to the high-level group on financial supervision in Europe and the steering group responsible for coordinating responses to the financial crisis. She also noted the Commission's agreement to bring forward the 1849th meeting to 29 October and to hold a seminar on questions of international governance.

The Commission took note of these points.

**9.2. VISIT TO UKRAINE (KIEV, 2-4 OCTOBER)
(SEC(2008)2704 AND /2)**

The Commission took note of the information note from Mr FIGEL' in SEC(2008)2704/2.

**9.3. SECOND MEETING OF ASEM LABOUR AND EMPLOYMENT
MINISTERS AND MEETINGS WITH THE SOCIAL PARTNERS (BALI,
13-15 OCTOBER)
(SEC(2008)2706)**

The Commission took note of the information note from Mr ŠPIDLA in SEC(2008)2706.

10. TRENDS IN THE MEMBER STATES

Ms WALLSTRÖM mentioned very briefly the signature that day (22 October) of the political declaration by the European Parliament, the Council and the Commission entitled "Communicating Europe in Partnership".

The Commission took note of this information.

11. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

11.1. WRITTEN PROCEDURES APPROVED

(SEC(2008)2654 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 October.

11.2. PROPOSAL FOR A COUNCIL REGULATION IMPLEMENTING REGULATION (EC) NO 853/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS THE USE OF ANTIMICROBIAL SUBSTANCES TO REMOVE SURFACE CONTAMINATION FROM POULTRY CARCASSES – FORMER WRITTEN PROCEDURE PE/2008/3381

(COM(2008)430 TO /3)

The Commission decided to hold over for one week adoption of the proposal for a Council Regulation set out in COM(2008)430/3.

11.3. EMPOWERMENT

(SEC(2008)2655 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 October.

11.4. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2008)2656 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 13 and 17 October, as archived in e-Greffe.

11.5. SENSITIVE WRITTEN PROCEDURES

(SEC(2008)2657)

The Commission took note of the sensitive written procedures for which the time limit expired between 20 and 24 October.

*

* *

The meeting closed at 15.59