



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2009)1860 final

Strasbourg, 3 February 2009

MINUTES
of the 1860th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 28 January 2009
(morning)

PV(2009)1860 final

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Single sitting: Wednesday 28 January 2009 (morning)

The sitting opened at 9.07 in the Jean Monnet room with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Ms REDING		Items 12 to 21
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Mr POTOČNIK		
Mr FIGEL'		Items 18/19/20/21 (in part)
Mr REHN		Items 1 to 18/19/20/21 (in part)
Mr MICHEL		
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		
Mr McCREEVY		
Mr ŠPIDLA		
Mr PIEBALGS		
Ms KUNEVA		
Mr ORBAN		
Ms VASSILIOU		

Absent:

Mr TAJANI

Vice-President

Ms GRYBAUSKAITĖ

Ms FERRERO-WALDNER

Baroness ASHTON

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

Mr CANGA FANO	Deputy Chef de cabinet to Mr TAJANI
Mr QUEST	Chef de cabinet to Ms GRYBAUSKAITĖ
Mr CHILD	Chef de cabinet to Ms FERRERO-WALDNER
Mr PETERS	Deputy Chef de cabinet to Baroness ASHTON

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	
Ms DURAND	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	Items 12 to 18/19/20/21 (in part)
Mr GRAY	DG Communication – Commission Spokesman's Service	Items 18/19/20/21 (in part)
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	Items 18 to 21
Mr PESONEN	Chef de cabinet to Mr REHN	Items 18/19/20/21 (in part)
Mr KESTERIS	Chef de cabinet to Mr PIEBALGS	
Mr GARCÍA PORRAS	A member of Mr PIEBALGS's staff	Items 18 to 21
Mr SLEATH	Secretariat-General	Items 18 to 21
Mr BARON	DG Energy and Transport	Items 18 to 21

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

1. AGENDAS

(OJ(2009)1860/3; SEC(2009)63/2)

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(2009)1860)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 26 January.

3. MINUTES OF 1859th MEETING (21 JANUARY)

(PV(2009)1859)

The Commission approved the minutes of its 1859th meeting.

4. INTERINSTITUTIONAL RELATIONS

(SEC(2009)70)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 23 January (SEC(2009)70).

It paid particular attention to the following points.

4.1. *LEGISLATIVE MATTERS*

i) Preparation for February I 2009 part-session of Parliament
(point 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 – 1st reading

- Sanctions against employers of illegally resident third-country nationals – (Directive) – FAVA report – 2007/0094 (COD)

Further to document SP(2008)7098, approved at its meeting on 10 December, the Commission approved the line set out in SP(2009)249.

- Placing on the market and use of feed (Regulation) – GRAEFE ZU BARINGDORF report – 2008/0050 (COD)

Further to document SPI(2008)133, approved at its meeting on 16 December, the Commission approved the line set out in SP(2009)250.

4.2. *RELATIONS WITH THE COUNCIL*

ii) Programming of Council business
(SI(2009)19)

The Commission took note of the information in SI(2009)19 on the Council meetings between 29 January and 11 February.

**iii) Results of the Economic and Financial Affairs Council (Brussels,
20 January)**
(SEC(2009)107)

The Commission took note of the information note from Mr ALMUNIA, Mr McCREEVY and Ms KROES, distributed as SEC(2009)107.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

5.1. *STATE AID – HORIZONTAL DOSSIER*

Extension of the validity of the state aid assessment criteria laid down by the Commission communication of 26 September 2001 on certain legal aspects relating to cinematographic and other audiovisual works
(C(2009)226 and /2)

The Commission adopted the communication in C(2009)226/2.

5.2. *STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST*
(SEC(2009)84 TO /3)

The Commission adopted the decisions in SEC(2009)84/3.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. *WRITTEN PROCEDURES APPROVED*
(SEC(2009)65 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 January.

6.2. EMPOWERMENT

(SEC(2009)66 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 January.

6.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2009)67 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 19 and 23 January, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2009)68)

The Commission took note of the sensitive written procedures for which the time limit expired between 26 and 30 January and of the "finalisation" written procedure initiated following the weekly meeting of Chefs de cabinet on 26 January.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2009)64)

ADMINISTRATIVE MATTERS

(PERS(2009)13)

**7.1. DG COMPETITION – AMENDMENT OF ORGANISATION CHART
AND APPOINTMENT OF AD15 CHIEF ADVISER**

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms KROES, decided:

(28 January 2009)

- to create a function of Chief Adviser in the Directorate-General for Competition;
- to fill that post, in accordance with Article 7 of the Staff Regulations, by transferring in the interest of the service Mr Kirtikumar MEHTA, AD15 official and currently Director, Cartels, in the Directorate-General for Competition;
- to dispense with this function after the departure of the holder of the post.

These decisions would take effect on 1 March 2009.

**7.2. *DG COMPETITION - APPLICATION OF THE ARTICLE 50
PROCEDURE (SECOND STAGE) WITH RESPECT TO AN AD15
OFFICIAL
(PERS(2009)14)***

The Commission continued its discussions on this matter, begun on 18 November 2008 (PV(2008)1852).

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, adopted the decision in PERS(2009)14 to apply the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Kirtikumar MEHTA, an AD15 official and currently Director, Cartels, in the Directorate-General for Competition.

This decision would take effect on 1 November 2009.

8. RECOMMENDATION FROM THE COMMISSION FOR A COUNCIL RECOMMENDATION ON THE 2009 UPDATE OF THE BROAD GUIDELINES FOR THE ECONOMIC POLICIES OF THE MEMBER STATES AND THE COMMUNITY AND ON THE IMPLEMENTATION OF MEMBER STATES' EMPLOYMENT POLICIES

**COMPANION DOCUMENT PRESENTING A MORE DETAILED OVERVIEW OF PROGRESS ACROSS THE EU IN SPECIFIC MACRO- AND MICRO-ECONOMIC AREAS AND IN EMPLOYMENT
(COM(2009)34 AND /2, VOLUMES I AND II)**

The Commission adopted the recommendation for a Council recommendation and the companion document set out in COM(2009)34/2 (volume I) and COM(2009)34/2 (volume II), for transmission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – TOWARDS A COMPREHENSIVE CLIMATE CHANGE AGREEMENT IN COPENHAGEN

(COM(2009)39 TO /3; SEC(2009)101; SEC(2009)102; SEC(2009)93)

With regard to the treatment of emissions from aviation and maritime transport, the Commission agreed that in the future Copenhagen agreement such emissions should be included in the national totals of the country of departure (or arrival) according to detailed rules guaranteeing comparable action by all developed countries.

The Commission approved the communication in COM(2009)39/3 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments,

together with the additional information in staff papers SEC(2009)101 (parts 1 and 2) and SEC(2009)102, the contents of which were noted.

**10. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 81 OF THE EC TREATY AND ARTICLE 53 OF THE EEA AGREEMENT (*CASE COMP/39.406 – MARINE HOSES*)
(C(2009)428 TO /10; SEC(2009)82)**

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 20 and 23 January in C(2009)428/3 and /10;
- took note of the final report of the Hearing Officer of 22 January in C(2009)428/5;
- adopted, in the authentic languages (English and German), the decision set out in C(2009)428/7 and /8 finding that the undertakings to which the decision was addressed had infringed Article 81 of the EC Treaty and Article 53 of the Agreement on the European Economic Area and imposing fines on some of these undertakings totalling EUR 131 510 000;
- decided to notify the decision in C(2009)428/7 and /8 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 EU official languages in the Official Journal (with business secrets removed);
- decided to publish the decision (with business secrets removed) on the Internet.

11. RELATIONS WITH NON-MEMBER COUNTRIES

11.1. VISIT TO THE SOUTHERN CAUCUSUS (ARMENIA, GEORGIA AND AZERBAIJAN, 19-21 JANUARY)

(SEC(2009)110)

The Commission took note of the information note from Ms FERRERO-WALDNER, distributed as SEC(2009)110.

11.2. SITUATION IN THE MIDDLE EAST – EU RESPONSE TO THE CRISIS IN GAZA

(SEC(2009)111)

The Commission took note of the information note from Ms FERRERO-WALDNER and Mr MICHEL distributed as SEC(2009)111.

12. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - THIRD STRATEGIC REVIEW OF BETTER REGULATION IN THE EUROPEAN UNION

(COM(2009)15 TO /4; SEC(2009)55; SEC(2009)60)

13. COMMISSION WORKING DOCUMENT – THIRD PROGRESS REPORT ON THE STRATEGY FOR SIMPLIFYING THE REGULATORY ENVIRONMENT

(COM(2009)17 TO /3; SEC(2009)60)

14. COMMISSION WORKING DOCUMENT – REDUCING ADMINISTRATIVE BURDENS IN THE EUROPEAN UNION

(COM(2009)16 TO /3; SEC(2009)60)

15. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE – TECHNOLOGICAL DEVELOPMENTS IN THE FIELD OF E-INVOICING AND MEASURES AIMED AT FURTHER SIMPLIFYING, MODERNISING AND HARMONISING THE VAT INVOICING RULES

(COM(2009)20; SEC(2009)59; SEC(2009)60)

16. PROPOSAL FOR A COUNCIL DIRECTIVE AMENDING DIRECTIVE 2006/112/EC ON THE COMMON SYSTEM OF VALUE ADDED TAX AS REGARDS THE RULES ON INVOICING

(COM(2009)21; SEC(2009)59; SEC(2009)60)

Introducing the package of texts under the "Better Regulation" initiative, the PRESIDENT welcomed the fact that they had been the subject of unanimous agreement during the preparatory stage, and in particular the support expressed for Mr KOVÁCS' proposal to amend the VAT Directive as regards invoicing. He also highlighted the importance of publicising widely the results of this policy, which was one of this Commission's great successes.

He thanked all the Commission Members, their offices and departments, for their contribution to this exercise, which cut across all portfolios; its success depended on everyone.

He felt that for the first time this year significant progress had been made in the three key areas of the initiative: simplification, reduction of the administrative burden, and impact assessments. The proposals already presented could potentially reduce administrative costs by EUR 30 billion, while the proposal to amend the VAT Directive, being tabled that day, would also make a substantial contribution. He noted that simplification measures had reduced the volume of Community legislation by around 10% and that the system of impact assessments was working well.

The PRESIDENT considered that 2008 had marked a breakthrough in the Commission's policy of "better regulation", which was all the more important against the background of the economic crisis. These efforts were also contributing to the recovery plan.

Lastly, he mentioned the work still to be done in this field, which would extend beyond the present Commission's term of office. However, he hoped that all the legislative proposals in the programme for reducing the administrative burden could be presented before the end of its term and called on Commission Members to do all that was necessary to achieve this goal.

Mr VERHEUGEN also spoke about the action programme under way to reduce the administrative burden in the European Union. This had already been a success, for which he thanked the other Members of the Commission. He confirmed that the combination of measures presented by the Commission since 2007 and the measures announced for the future would save European businesses a total of EUR 30 billion, which was particularly significant in the present economic context. He was also confident the Commission would be able to reach its target of reducing the administrative burden by a total of 25% by the end of 2012.

He extended special thanks to Mr KOVÁCS for his ambitious proposal to revise the VAT Directive in order to facilitate electronic invoicing, which in the medium term should generate annual savings of EUR 18 billion, and to Mr McCREEVY for drafting a proposal authorising Member States to exclude micro-entreprises from the scope of the accounting directives, with potential savings amounting to EUR 7 billion.

Mr VERHEUGEN then referred to the working document before the Commission, which set out two new objectives: to extend the scope of the programme to cut red tape to cover 30 more legislative instruments; and a commitment to make every effort to adopt - by the end of the Commission's term of office - all the reduction measures relating to the 42 Community initiatives included in the programme. He stressed the excellent cooperation between departments and Members' offices in identifying these 30 additional initiatives, but also the amount of work still to be

done in the coming months to achieve the second objective. He was, however, convinced that he could count on everyone's support to make rapid progress.

He also noted that the Commission's commitment on this issue had generated momentum and set an example that had inspired a number of Member States, 21 of which had now set national targets for reducing the administrative burden, compared with 7 in 2006.

Mr VERHEUGEN then turned to the third progress report on the strategy for simplifying the regulatory environment, which showed that 132 simplification initiatives had already helped rationalise the regulatory framework, improve working processes and ensure the smooth operation of the internal market. This joint effort would reduce the number of legislative instruments by 1300, or around 10% of the *acquis*. Mr VERHEUGEN outlined some of the main achievements in 2008 and a number of proposals that were important for both businesses and citizens and which were still being considered by the co-legislators. He stressed that the progress in simplification contributed to growth and jobs. He was pleased that the promise to review the whole Community *acquis* had been met and noted that this work opened the way to further simplification beyond 2009, with 81 possible measures having already been identified for the next Commission.

He ended by concurring with the PRESIDENT's remarks concerning impact assessments.

Mr KOVÁCS took the floor to present the initiative on new VAT invoicing rules. He pointed out that the wide range of possibilities currently open to Member States in implementing national VAT invoicing rules had led to excessive complexity and as a result placed unnecessary administrative burdens on businesses operating across borders. This situation also made it difficult for Member States to combat fraud and in particular to detect "carousel" VAT fraud.

He explained that the proposal on the table contained simple, harmonised, modern and comprehensive rules to reduce the burdens on businesses and that greater use of

electronic invoicing would benefit small and medium-sized enterprises (SMEs) and help Member States in their fight against fraud.

The main factor reducing the burden on businesses would be the equal treatment of paper and electronic invoices; a Commission study had shown that savings of up to EUR 18 billion a year could be made if all businesses switched entirely to electronic invoicing. The proposal therefore set out to remove the current obstacles to electronic invoicing in the VAT Directive, while at the same time addressing the problems faced by businesses with regard to the issuing, content and storage of invoices by abolishing a number of options currently available to the Member States.

Mr KOVÁCS also drew attention to the proposal – aimed at helping SMEs - to extend the use of simplified invoices, in particular for small amounts or where there was little risk of fraud. Member States were also to be offered the possibility of setting up a cash-based accounting system tailored to SMEs which would require payment of the tax only once the invoice had been paid. These measures complemented the Small Business Act adopted by the Commission in June 2008.

The proposal also served to reinforce the EU's coordinated policy on combating VAT fraud by ensuring that companies reported all intra-Community transactions to the tax authorities within one month and removing any possibility of carrying them over to the following month. This would make it easier to detect "carousel" fraud at an earlier stage.

In conclusion Mr KOVÁCS said that these measures took into account the concerns expressed by businesses - and tax authorities - in the public consultations held during the preparatory work.

Winding up, the PRESIDENT underlined the impressive progress that had been achieved and the scale of the efforts deployed by the Commission in this field, which had not been matched at national level. He hoped that the momentum could be kept up and stressed that communication regarding this package of documents should highlight the Commission's commitment to cut red tape.

Following these presentations, the Commission:

- approved the communication set out in COM(2009)15/3 and /4 and the Commission working documents distributed as COM(2009)17/3 and COM(2009)16/3, for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments;
- took note of the Impact Assessment Board report for 2008 in SEC(2009)55;
- approved the communication in COM(2009)20, for transmission to the European Parliament, the Council, the European Economic and Social Committee and to the national parliaments;
- adopted the proposal for a Council Directive set out in COM(2009)21, for transmission to the European Parliament, the Council, the European Economic and Social Committee and to the national parliaments.

17. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - MONITORING CONSUMER OUTCOMES IN THE SINGLE MARKET- SECOND EDITION OF THE CONSUMER MARKETS SCOREBOARD (COM(2009)25 TO /3; SEC(2009)76 AND /2; SEC(2009)78)

Ms KUNEVA presented the communication she was tabling for approval. She explained that the consumer markets scoreboard supplemented the single market review, which had concluded that policy should be more evidence-based and more responsive to the expectations of citizens and consumers. She pointed out that, while the aim of the single market review was to give a broader picture of the single market and how it operated, the scoreboard focussed not only on the needs of consumers, their expectations and wishes for the single market, but also on consumer confidence and satisfaction with the operation of the market.

She went on to set out the five indicators on which the scoreboard was based, namely prices and price divergences between the Member States, consumer complaints in the event of problems, satisfaction levels, switching rates and product safety. She also commented on the relatively low level of integration of the cross-border retail trade and the usefulness of the results set out in the scoreboard for a comparative assessment of national consumer protection policies.

As regards the details of the Commission's follow-up of the dossier, she proposed in particular that the development of the retail electricity market should be examined in greater detail (a subject that would be investigated in a market study), as should e-commerce, where the large number of obstacles identified meant that e-commerce was not developing as quickly at transnational level as it was on domestic markets.

Lastly, Ms KUNEVA thanked the Members of the Commission, in particular the PRESIDENT, Mr VERHEUGEN, Mr TAJANI, Mr ALMUNIA, Mr McCREEVY and Mr PIEBALGS, for the excellent spirit of cooperation that had prevailed during the work. She felt that the results of the study would not only make it possible to draw up a more detailed picture of European consumers' expectations of the single market, but also to analyse problems in greater detail and draw some very useful lessons for the preparation of national and Community strategies to counter the economic crisis.

The PRESIDENT in turn thanked Ms KUNEVA and the departments under her responsibility for their excellent work, and noted the Commission's support for the text of the communication.

The Commission approved the communication in COM(2009)25/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, as well as to the national parliaments, together with the scoreboard which was the subject of the staff working papers distributed as SEC(2009)76/2 (part 1) and SEC(2009)76 (parts 2 and 3), of which it took note.

- 18. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – INVESTING TODAY FOR TOMORROW'S EUROPE
(COM(2009)36 AND /2)**
- 19. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A PROGRAMME TO AID ECONOMIC RECOVERY BY GRANTING COMMUNITY FINANCIAL ASSISTANCE TO PROJECTS IN THE FIELD OF ENERGY
(COM(2009)35 AND /2)**
- 20. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) NO 1698/2005 ON SUPPORT FOR RURAL DEVELOPMENT BY THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT (EAFRD)
(COM(2009)38 AND /2)**
- 21. PROPOSAL FOR A COUNCIL DECISION AMENDING DECISION 2006/493/EC LAYING DOWN THE AMOUNT OF COMMUNITY SUPPORT FOR RURAL DEVELOPMENT FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 DECEMBER 2013, ITS ANNUAL BREAKDOWN AND THE MINIMUM AMOUNT TO BE CONCENTRATED IN REGIONS ELIGIBLE UNDER THE CONVERGENCE OBJECTIVE
(COM(2009)38 AND /2)**

The PRESIDENT introduced the package of initiatives in items 18 to 21 of the minutes by stressing their important contribution to the European economic recovery plan, which was now being implemented on the scale required, thanks to the mobilisation of the EU budget. He firmly believed that the proposed figure of 5 billion euros in budgetary resources to be targeted at specific projects, as agreed in principle by the European Council in December 2008, would be enough to make a

significant contribution to recovery at European level. The Russian gas crisis, moreover, had shown the need for wise and forward-looking investment. He pointed out that, as well as taking into account the specific interests of the Member States, these proposals reflected the strategic objectives of the Union, particularly energy security, the development of energy technologies for the future, such as offshore wind power and carbon dioxide capture and storage, and high-speed internet access for all. All of these projects had a European dimension and benefited all Member States in both the short and the long term.

In the case of the rural development proposals, the PRESIDENT indicated that the existing allocation formula had been retained, thus ensuring that all Member States would benefit fully from the package of measures. As for the projects in the energy sector, these were aimed at a number of objectives, which justified the selection of areas ranging from interconnections to offshore wind energy and the capture and storage of carbon dioxide. In particular he stressed the considerations that had influenced the choice of interconnection projects, particularly the potential benefits for the European Union as a whole, the specific lessons to be learned from the gas crisis and the maturity of the projects, the aim being to support projects that would complement those at national level already being backed by the Member States. He also pointed out that offshore wind energy and carbon dioxide capture and storage were strategic priorities that were currently affected by the freeze on investment resulting from the credit crisis. In conclusion, he stressed the need to remain true to the European Union's policy objectives and strategic approach in these proposals and hoped that they would be received and appreciated in this light.

Mr PIEBALGS presented the specific projects in the energy field, noting that the recent gas crisis had underscored the need for public investment in this sector in the interests of energy security, and that the current proposal was also an important step in the fight against climate change. It was important not to ignore alternative energy sources in the current situation and with a view to combating climate change; support was needed for state-of-the-art projects in carbon dioxide capture and storage and wind energy. As regards the gas and electricity interconnection projects, he stressed the importance of diversifying sources of supply and transit routes and

noted that a list of priority projects had been selected with this aim in mind. He acknowledged the politically sensitive nature of these choices, which were based, on the one hand, on the resources available and, on the other, on objective criteria such as the degree of maturity of the projects, their potential for future development and their contribution to the fight against climate change and promoting investment.

Ms FISCHER BOEL then presented the rural development proposals, which were aimed at developing high-speed internet access for all rural communities by providing a higher co-financing rate, particularly in regions eligible for the convergence objective and for certain large-scale projects that had not previously been covered. She noted that the allocation formula worked to the advantage of the new Member States, which lagged behind in the degree of penetration of internet infrastructure. She also mentioned the support mechanisms for tackling the new challenges related to climate change, the development of renewable energies, water management and biodiversity. Finally, she stressed the importance of undertaking this investment as soon as possible and of ensuring that the integrity of the proposal as a whole was preserved in the interinstitutional decision-making process that would follow.

After this presentation, the Commission held an in-depth discussion during which the following aspects in particular were raised:

- the need to cooperate with the departments responsible for competition policy right from the preparatory stage of these proposals, in order to ensure that they were consistent with the state aid rules, particularly in view of the new measures on energy efficiency and renewable energies;
- the relevance of the proposal on the development and modernisation of high-speed internet infrastructures, which followed on from the Commission's communication of 2006, but also the need for a campaign to raise awareness among those concerned, given the relatively short deadlines for implementation and the willingness of the departments responsible for the information society and the media to make an active contribution on the ground;

- the relevance of the proposed measures and the choice of projects for stimulating economic growth, promoting energy security and developing broadband infrastructure;
- the desire to give priority to projects that could help to mitigate the current crisis, particularly those that contributed to the energy efficiency objective, rather than technologies with a longer-term perspective, such as carbon capture and storage; the need to prioritise interconnection projects in order to show solidarity with the countries that were most vulnerable in terms of energy security; but also the relevance of the emphasis on ecological energy projects and carbon capture and storage projects, as called for by the European Council and in national economic recovery plans and in view of the existence of other measures and financial instruments targeting energy efficiency;
- specifically as regards interconnection projects, the importance of diversifying sources of energy supply; regret was also expressed at the fact that it had not been possible to include certain projects in the Baltic sea region, particularly the interconnection project between Finland and Sweden; funding possibilities for these projects should be found in the future, for example via the European Investment Bank;
- similarly, disappointment at the failure to include the project linking Hungary and Croatia, which was important to guarantee gas supplies to the Central European countries that were particularly vulnerable;
- the need to learn the lessons from the recent gas crisis and to show solidarity at European level by providing specific assistance to Slovakia and Bulgaria, because these countries had virtually no energy interconnections with their European neighbours; the need to develop practical instruments of solidarity, including in particular the interconnection project between Romania and Bulgaria, and to help secure the interconnection between Greece and Slovakia; equally, the need to forestall any future crisis and develop storage capacity and interconnections, particularly in the case of the link between Bulgaria and Romania;

- the merits of the flexibility provisions included in the communication and the annex, particularly with a view to the initiatives aimed at small, isolated islands, and the need to establish the principle that the necessary funds could be allocated in future;
- the relevance of the measures proposed, which were in line with the energy security strategy developed by the Commission, in particular the importance of developing the interconnections in the gas and electricity field in a European perspective and avoiding these strategic objectives being watered down in the interinstitutional decision-making process;
- the need clearly to expound the criteria used to select the projects, to emphasise their objectivity, in both economic and geopolitical terms, so that the proposals could be defended during the interinstitutional process, and the need to anticipate certain positions being adopted in the Council regarding the choice of projects, so as to reduce the risk of reopening the debate about the proposed list;
- the relevance of the European cross-border dimension as a factor underpinning the project selection criteria, particularly in the case of the proposed interconnection of liquefied natural gas terminals between France and Belgium.

Following this discussion, Ms FISCHER BOEL gave further details of the procedure for informing the Member States about the proposed measures.

Mr PIEBALGS pointed out that this was an innovative exercise which aimed to create a new instrument in response to the crisis and that it was important not to prejudge the Council's response as regards the funding of the proposed projects, which he realised was a sensitive issue. He reiterated the need to comply with the state aid rules, in full cooperation with the departments concerned. He also mentioned the possibility of using other financial instruments, for example via the European Investment Bank or the trans-European energy networks, and said that certain projects already had sufficient support from the private sector and in some cases innovative methods had to be found to overcome energy dependence. He had particular sympathy for the plight of Bulgaria, which was vulnerable because it lay

at the end of the distribution network, but said that this was a matter that went beyond what could be dealt with under the European economic recovery plan. He regretted the need to choose between projects, but hoped that this coherent proposal would receive the Council's support.

The PRESIDENT wound up the discussion by reiterating the exceptional nature of this measure, which had been approved by the European Council in December 2008. He also agreed that it was important not to prejudge the debates in the Council and hoped that the dossier would receive the Council's support. He thanked Mr PIEBALGS, his office and the departments responsible for energy for having succeeded in striking a geographical balance in the proposal while remaining true to its overall strategic objective. He noted that the question of energy security had been mentioned in connection with the next European Council. He also pointed out that there were other instruments that could contribute towards the funding of certain projects that had not been included in the list at this stage, and that it was not a matter of pre-empting the debate in the Council but of presenting a coherent proposal which had the support of all Members of the Commission. In the case of projects for the capture and storage of carbon dioxide he stressed the need to act now and to provide sufficient support for the development of these new technologies. He concluded by reiterating the importance of energy efficiency, although the proposal focused on cross-border measures.

He also noted that the Commission agreed to amend footnote 6 on page 4 of the English-language version of the document, distributed as COM(2009)36/2, to read as follows:

"For example, to overcome the recent case where gas could not be transferred from Austria to Slovakia, and to contribute to the connection between Bulgaria and Romania."

The Commission:

- approved the communication in COM(2009)36/2, subject to the amendment referred to above, for transmission to Parliament, the Council, the Economic and

Social Committee and the Committee of the Regions, and to the national parliaments;

- adopted the proposal for a Regulation set out in COM(2009)35/2, subject to a final linguistic check, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments;
- adopted the proposal for a Council Regulation set out in COM(2009)38/2 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments;
- adopted the proposal for a Council Decision set out in COM(2009)38/2 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

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

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The meeting closed at 10.51.