



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2010)1916 final

Brussels, 26 May 2010

MINUTES

**of the 1916th meeting of the Commission
held in Brussels
(Berlaymont)
on Tuesday 4 May 2010
(afternoon)**

PV(2010)1916 final

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Single sitting: Tuesday 4 May 2010 (afternoon)

The sitting opened at 15.15 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	Items 15 (in part) and 16
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	Items 1 to 15 (in part)
Mr POTOČNIK		
Mr REHN		
Mr PIEBALGS		
Mr BARNIER		
Ms VASSILIOU		Items 1 to 15 (in part)
Mr ŠEMETA		
Mr DE GUCHT		Items 1 to 15
Mr DALLI		
Ms GEOGHEGAN-QUINN		Items 1 to 15 (in part)
Mr LEWANDOWSKI		Items 1 to 15 (in part)
Mr OETTINGER		Items 15 (in part) and 16
Mr HAHN		
Ms HEDEGAARD		
Mr FÜLE		
Ms MALMSTRÖM		Items 1 to 15 (in part)
Mr CIOLOŞ		

Absent:

Baroness ASHTON

High Representative/
Vice-President

Ms KROES

Vice-President

Ms DAMANAKI

Ms GEORGIEVA

Mr ANDOR

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

Mr BANNERMAN	A member of Baroness ASHTON's staff
Mr VAN ORANJE	A member of Ms KROES's staff
Mr MARKOPOULIOTIS	Chef de cabinet to Ms DAMANAKI
Ms FINK-HOOIJER	Chef de cabinet to Ms GEORGIEVA
Ms GAGO	Chef de cabinet to Mr ANDOR

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr DOENS	Head of the European Commission Spokesperson Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr SCHINAS	Bureau of European Policy Advisers	
Mr FRUTUOSO DE MELO	Deputy Chef de cabinet to the PRESIDENT	
Mr CABRAL	Adviser <i>hors classe</i> in the PRESIDENT's office	Items 13 to 16
Ms MARTÍNEZ ALBEROLA	Adviser in the PRESIDENT's office	Item 15
Ms DE RICHEMONT	Adviser in the PRESIDENT's office	Item 15
Mr SOBRAL	A member of the PRESIDENT's staff	Item 15
Ms SUTTON	A member of the PRESIDENT's staff	Items 13 and 14
Ms RISO	Deputy Chef de cabinet to Mr REHN	Items 13 and 14
Mr VANHEUKELEN	Chef de cabinet to Mr DE GUCHT	Item 15
Mr KOEHLER	Chef de cabinet to Mr OETTINGER	Items 1 to 15 (in part)
Mr MUSCHEL	Deputy Chef de cabinet to Ms MALMSTRÖM	Items 15 (in part) and 16

Mr HÄUSLER

Chef de cabinet to Mr CIOLOȘ

Item 15

Secretary: Ms DAY, Secretary-General, assisted by Mr GENISSON, Head of Unit in the Secretariat-General.

1. AGENDAS

(OJ(2010)1916/3; SEC(2010)506/2)

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(2010)1916)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 3 May.

**3. APPROVAL OF THE MINUTES OF THE 1914TH AND 1915TH
COMMISSION MEETINGS (20 AND 27 APRIL)**

(PV(2010)1914; PV(2010)1915)

The Commission approved the minutes of its 1914th and 1915th meetings.

4. INTERINSTITUTIONAL RELATIONS (SEC(2010)526)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 30 April (SEC(2010)526).

It paid particular attention to the following points.

4.1. *LEGISLATIVE MATTERS*

i) Ordinary legislative procedure

(point 1.2 of the IRG record)

Preparation of agreements at first reading

- European Earth observation programme (GMES) and its initial operations (2011–2013) (Regulation) – GLANTE report – 2009/0070 (COD)

The Commission authorised Mr TAJANI to pursue contacts with Parliament and the Council in order to reach agreement at first reading following the line set out in SPI(2010)22.

- Specific measures for agriculture in the outermost regions of the European Union (Regulation) – ALVES Rapport – 2009/0138 (COD)

The Commission authorised Mr CIOLOŞ to pursue contacts with Parliament and the Council in order to reach agreement at first reading following the line set out in SPI(2010)21/2.

4.2. *RELATIONS WITH THE COUNCIL*

ii) Programming of Council business

(SI(2010)123)

The Commission took note of the information in SI(2010)123 on the Council

meetings between 6 and 19 May.

4.3. RELATIONS WITH PARLIAMENT

iii) Action taken on non-legislative resolutions adopted by Parliament at its February II part-session

(point 3.5.1 of the IRG record)

The Commission approved documents SP(2010)2012 and /2 on the action taken on Parliament's non-legislative resolutions adopted at its February II part-session, for transmission to Parliament.

iv) Participation by Members of the European Parliament in international conferences

(point 3.6 of the IRG record)

- Ninth Session of the United Nations Permanent Forum on Indigenous Issues (UNPFII) (New York, 19-30 April)

The Commission decided to reply to the request to the PRESIDENT from Mr Jerzy Buzek, President of Parliament, concerning the attendance of seven Members of the European Parliament at the above-mentioned conference, pointing out that the request had been received late and including a reminder about the procedure to be followed.

4.4. RELATIONS WITH THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS

v) Participation by Members of the European Economic and Social Committee in international conferences

(point 4.2 of the IRG record)

- Eighteenth session of the UN Commission on Sustainable Development (New York, 3-14 May)

The Commission decided to agree to the request to the PRESIDENT from Mr Mario Sepi, President of the European Economic and Social Committee, concerning the attendance of a Member of that Committee at the above-mentioned conference, with a reminder about the procedure to be followed.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2010)508 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 April.

5.2. EMPOWERMENT

(SEC(2010)509 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 April.

5.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2010)510 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 26 and 30 April, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2010)511 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 3 and 7 May and of the 'finalisation' written

procedures initiated following the weekly meeting of Chefs de cabinet on 3 May.

5.5. GENERAL EMPOWERMENT IN THE FIELD OF TRANSPORT (INTERNAL AIR SERVICES MARKET), WITH A VIEW TO IMPLEMENTING ARTICLE 15(3) OF REGULATION (EC) 1008/2008 (SEC(2010)563 AND /2)

The Commission granted the Member of the Commission responsible for transport the general empowerment set out in SEC(2010)563 for the adoption, on behalf of the Commission and under its responsibility, of the preliminary findings pursuant to the first subparagraph of Article 15(3) of Regulation (EC) 1008/2008 on the non-compliance with the requirements of that Regulation of an operating licence granted to an air carrier by the competent authority of a Member State.

**6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2010)507/2)**

**ADMINISTRATIVE MATTERS
(PERS(2010)51/2)**

**6.1. DG JUSTICE, FREEDOM AND SECURITY – AUTHORISATION TO RECRUIT A TEMPORARY MEMBER OF STAFF AND TO PUBLISH EXTERNALLY AN AD14 PRINCIPAL ADVISER POST (EU-27)
(PERS(2010)52)**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms MALMSTRÖM, the Commission authorised:

- the recruitment of a temporary member of staff under Article 2(a) of the Conditions of Employment of Other Servants of the European Communities to the AD14 post of Principal Adviser in DG Justice,

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Freedom and Security responsible for coordinating action against trafficking in human beings, for a non-renewable period of five years;

- the external publication (EU-27) of the vacancy notice set out in PERS(2010)52.

These decisions would take effect immediately.

**6.2. PUBLICATIONS OFFICE – APPOINTMENT OF AN AD14 DIRECTOR
(EU-8)
(PERS(2009)26 TO /5)**

The Commission had before it applications under Article 29(2) of the Staff Regulations for the post of Director, Publications and Dissemination, in the Publications Office (PERS(2009)26 to /3).

It took note of the opinions of the Consultative Committee on Appointments of 27 November 2009 and 14 January 2010 (PERS(2009)26/4 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms REDING, it then decided to appoint Mr Harold CELMS to the vacant post.

This decision would take effect on 1 September 2010.

**6.3. PUBLICATIONS OFFICE – APPOINTMENT OF AN AD14/15
DIRECTOR
(PERS(2009)113 TO /3)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, Transformation Objective 2012, in the Publications Office (PERS(2009)113).

It took note of the opinions of the Consultative Committee on Appointments of 12 September 2009 and 14 January 2010 (PERS(2009)113/2 and /3).

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The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms REDING, it then decided to appoint Mr Yves STEINITZ to the vacant post.

This decision would take effect on 16 May 2010.

6.4. BUREAU OF EUROPEAN POLICY ADVISERS – ADAPTATION OF THE COMMUNICATION ON THE REVISION OF THE BUREAU'S TASKS AND AMENDMENT OF ITS ORGANISATION CHART

The Commission noted the information in point 4.1 of PERS(2010)51/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, took note of the following addition to point 3, second paragraph, first indent of the communication SEC(2010) 258 of 9 March 2010: *"However, the function of Head of BEPA may also be filled on a permanent basis by the appointment or transfer of an official."*

6.5. BUREAU OF EUROPEAN POLICY ADVISERS – APPOINTMENT OF AD15 HEAD OF BUREAU

The Commission took note of the information in point 4.2 of PERS(2010)51/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided under Article 7 of the Staff Regulations to fill the post of Head of the Bureau of European Policy Advisers, ranked as Director-General, by transferring in the interest of the service Mr Jean-Claude THEBAULT, an AD15 official and currently Deputy Secretary-General in the Secretariat-General.

This decision would take effect on 16 May 2010.

6.6. DG EDUCATION AND CULTURE – LEAVE ON PERSONAL GROUNDS FOR AN AD14 OFFICIAL

The Commission took note of the information in point 5 of PERS(2010)51/2

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and, on a proposal from M. ŠEFČOVIČ, in agreement with the PRESIDENT and Ms VASSILIOU, decided to approve the request for leave on personal grounds, under Article 40 of the Staff Regulations, presented by Mr Vladimír ŠUCHA, an AD14 official and Director, Culture, Multilingualism and Communication, in DG Education and Culture, for the period from 1 June 2010 to 31 May 2011.

This decision would take effect on 1 June 2010.

6.7. *DG ECONOMIC AND FINANCIAL AFFAIRS – LEAVE ON PERSONAL GROUNDS FOR AN AD15 OFFICIAL*

The Commission took note of the information in point 6 of PERS(2010)51/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr REHN, decided to approve the request for leave on personal grounds, under Article 40 of the Staff Regulations, presented by Ms Elena FLORES GUAL, an AD15 official and Director, Economies of the Member States II, in DG Economic and Financial Affairs, for the period from 1 September to 31 December 2010.

This decision would take effect on 1 September 2010.

6.8. *SECRETARIAT GENERAL – ACTIVITIES OF A MEMBER OF THE COMMISSION AFTER LEAVING OFFICE (SEC(2010)568)*

The Commission approved the communication in SEC(2010)568 concerning the activities planned by Ms FISCHER-BOEL after leaving the Commission. It concluded that these activities were compatible with the second paragraph of Article 245 of the Treaty on the Functioning of the European Union.

6.9. *SECRETARIAT GENERAL – ACTIVITIES OF A MEMBER OF THE COMMISSION AFTER LEAVING OFFICE (SEC(2010)569/2)*

The Commission approved the communication in SEC(2010)569/2

concerning the activities planned by Mr McCREEVY after leaving the Commission. It concluded that these activities were compatible with the second paragraph of Article 245 of the Treaty on the Functioning of the European Union, subject to the condition specified in the communication.

7. DRAFT COMMUNICATION FROM THE COMMISSION - GUIDELINES ON THE APPLICABILITY OF ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION TO HORIZONTAL CO-OPERATION AGREEMENTS

(SEC(2010)528 AND /2; SEC(2010)529; SEC(2010)530)

8. DRAFT COMMISSION REGULATION ON THE APPLICATION OF ARTICLE 101(3) OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION TO CATEGORIES OF SPECIALISATION AGREEMENTS

(C(2010)2824 AND /2; SEC(2010)529; SEC(2010)530)

9. DRAFT COMMISSION REGULATION ON THE APPLICATION OF ARTICLE 101(3) OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION TO CATEGORIES OF RESEARCH AND DEVELOPMENT AGREEMENTS

(C(2010)2823 AND /2; SEC(2010)529; SEC(2010)530)

The Commission:

- approved the content of the draft texts in SEC(2010)528/2, C(2010)2824 and C(2010)2823;
- authorised the Commission Member responsible for competition to follow the procedural steps laid down in Articles 5 and 6 of Council Regulation (EEC) No 2821/71, and specifically: (i) to publish the two draft regulations (C(2010)2824

and C(2010)2823) and the draft communication setting out the guidelines (SEC(2010)528/2) as part of a public consultation; (ii) to amend the texts to take into account the results of the public consultation; (iii) thereafter to consult the Commission departments via a second interservice consultation; and (iv) to consult the Advisory Committee on Restrictive Practices and Dominant Positions again on the revised texts;

- authorised the Commission Member responsible for competition to transmit the three draft texts to the European Parliament, the European Economic and Social Committee, the Committee of the Regions and, for information, to the national parliaments. Once the various stages of the procedure had been completed, the Commission Member would present a final version of each of the three texts for adoption by the Commission.

10. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 102 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 54 OF THE EEA AGREEMENT (CASE COMP/39.317 – E.ON GAZ)

(C(2010)2863 TO /4)

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 15 April in C(2010)2863/3;
- took note of the final report of the Hearing Officer of 16 April in C(2010)2863/4;
- adopted in the authentic language (German) the decision in C(2010)2863, making the commitments offered by the company concerned compulsory;
- decided to notify the decision to the company concerned, together with the final report of the Hearing Officer;

- decided to empower Mr ALMUNIA, Commission Member responsible for competition, in agreement with the PRESIDENT, to adopt the necessary decisions to ensure that the company concerned complies with the commitments forming part of the decision;
- decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the Official Journal of the European Union (with business secrets and other confidential information removed);
- decided to make the decision (minus any business secrets and other confidential information) also accessible on the Internet.

11. COMMISSION WORKING DOCUMENT - CONSULTATION ON THE FUTURE TRANS-EUROPEAN TRANSPORT NETWORK POLICY (COM(2010)212 TO /5; SEC(2010)532)

The Commission approved the working document distributed as COM(2010)212/5 for transmission, for information purposes, to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

12. COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND PARLIAMENT ON ITER STATUS AND POSSIBLE WAY FORWARD (COM(2010)226 TO /3; SEC(2010)571)

The Commission adopted the Communication on the status of the ITER project, distributed as COM(2010)226/3, for transmission to Parliament, the Council and, for information, to the national parliaments, together with the staff working paper in SEC(2010)571, the contents of which were noted.

- 13. COMMISSION RECOMMENDATION ON A COUNCIL DECISION ADDRESSED TO GREECE WITH A VIEW TO REINFORCING AND DEEPENING THE FISCAL SURVEILLANCE AND GIVING NOTICE TO TAKE MEASURES FOR THE DEFICIT REDUCTION JUDGED NECESSARY TO REMEDY THE SITUATION OF EXCESSIVE DEFICIT (SEC(2010)560 AND /2; SEC(2010)562)**

- 14. COMMUNICATION TO THE COMMISSION ON THE ROLE TO BE PLAYED BY THE COMMISSION FOR THE FINANCIAL SUPPORT TO GREECE PROVIDED BY THE EURO AREA MEMBER STATES AND AD HOC EMPOWERMENT OF THE MEMBER OF THE COMMISSION RESPONSIBLE FOR ECONOMIC AND MONETARY AFFAIRS (SEC(2010)561; SEC(2010)562)**

The PRESIDENT presented the recommendation and the communication on the economic and budgetary situation in Greece and the procedures for implementing the financial support mechanism following the decision of Eurogroup Finance Ministers on 2 May. Some national parliaments still had to adopt the corresponding legislative acts before the amounts agreed could be paid to Greece. The Eurogroup Heads of State and Government would meet on Friday 7 May.

The programme of reforms proposed by Greece was robust, credible and courageous, and the proposed measures were of historic importance; Greece should, in his view, be offered all possible support in meeting its commitments.

The unprecedented scale of this financial support clearly showed the solidarity between euro zone Member States.

The President was proud of the role that the Commission had played in preparing the mechanism and would continue to play in its implementation, and expressed his gratitude for the enormous amount of work carried out by the Commission's departments, in particular the Directorate-General for Economic and Financial Affairs, which had put in an exceptional effort to meet very tight deadlines.

The Commission's work was still going on, since the mechanism now had to be activated and lessons learned from this experience.

Mr REHN thanked the Commission for its support and praised the excellent work carried out by the Directorate-General for Economic and Financial Affairs. He agreed with the PRESIDENT's political analysis and outlined the content of the decisions that were being tabled for the Commission's approval that day as well as the next steps.

He referred to the agreement reached by the Eurogroup Finance Ministers at an extraordinary session held by teleconference on Sunday 2 May to activate the mechanism to support the financial stability of Greece. The mechanism was based on the principle of bilateral loans from the euro zone Member States subject to strict policy conditions and coordinated by the Commission.

The Greek authorities had embarked on a very demanding programme, especially as regards the scale and speed of the reduction in the deficit, requiring a greater effort to be made in the first few years in order to put an end to the excessive deficit situation by 2014. Specific measures had been laid down for the period up to 2012, the implementation of which would be assessed on a quarterly basis prior to the payment of the tranches, the first of which was due to be paid by 19 May. Major structural reforms were also planned, particularly as regards pensions, health and taxation.

He said that the support mechanism, totalling €110 billion, of which €80 billion would be provided by the euro zone Member States and €30 billion by the International Monetary Fund (IMF), had to cover all Greece's public financing requirements for the first two years and a certain proportion thereafter to allow Greece to make a gradual return to market financing. The mechanism would help to protect Greece from speculative attacks by providing it with the necessary latitude to restore the stability of its public finances and the competitiveness of its economy. A financial stability fund would also be set up to stabilise and provide restructuring assistance for the banking sector, to which €10 billion would be allocated.

Mr REHN summarised the Commission's role within this support mechanism, namely: (1) to ensure that the conditions laid down were compatible with European legislation, which was the subject of the recommendation for a Council decision; and (2) to coordinate and provide operational management of the bilateral loans, a task which the Commission would carry out on the basis of a mandate from the 27 Member States and which would require the empowerment of the Member responsible for Economic and Monetary Affairs, the terms of which were set out in his communication to the Commission.

The Commission then held an exchange of views during which it paid tribute to the efficiency and commitment of the departments involved in preparing the mechanism, which had demonstrated the essential role of the Commission even in the context of an intergovernmental agreement. The Commission also considered the following main points:

- the importance of learning from the present situation with a view to putting in place crisis management tools, particularly in the financial sector, drawing up common rules and taking long-term action; for the Commission, ensuring that these rules were obeyed but also proposing a more global approach, especially from the structural point of view;
- the need to carefully measure the impact of this situation on other euro zone Member States and to strengthen economic governance within this area;
- the Commission's driving role in managing this crisis, but also the responsibility of the Member States in preparing a timely response and strengthening the coordination of economic policies and, from this point of view, the need for a strong and unified commitment on their part to overcome the crisis and ensure the stability of the euro zone and the credibility of its currency.

Replying to these remarks, Mr REHN pointed out that the Greek case was exceptional given the country's lack of credibility as a result of the statistical irregularities found. He acknowledged that budgetary and fiscal consolidation would probably be inevitable in the other euro zone countries and that work should

continue on strengthening the stability and growth pact, economic governance and the coordination of economic policies; a number of proposals would have to be brought forward to 12 May by the Commission.

It would be useful to continue discussions on a permanent crisis resolution mechanism, based on very strict conditions. Some concern about this connection had emerged during recent contacts, however, together with a desire to link it with the discussions on the introduction of a tax on banks and financial transactions in return for the support measures and, more generally, a desire to strengthen the stability and growth pact.

The PRESIDENT, for his part, stressed the importance of the Commission's role in the operational management of the support mechanism, which had been devised as an intergovernmental instrument. The Commission had been able, in this context, to demonstrate its added value and play an active part in setting up a solution at European level. All the preparations for the introduction of the programme had been carried out in the shortest time possible.

The time had now come to draw lessons from this crisis for the future, a topic that would be discussed at the dinner for Heads of State and Government of the euro zone Member States on Friday 7 May. The recent developments on the sovereign debt markets had clearly shown the need for a more stable financial services market, with supervisory mechanisms and a framework that would limit speculative excesses and pro-cyclical behaviour.

The PRESIDENT referred in this context to the initiatives that the Commission would table on 12 May aimed at strengthening the stability and growth pact coordinating economic policies. He also mentioned the preparation of additional measures dealing in particular with the transparency of derivatives markets and the functioning of credit rating agencies, and the proposals on direct supervision by the future European Securities and Markets Authority. Discussions should continue on these measures, especially on how to guarantee the proper rating of sovereign debt.

In any event, given the volatility of the markets, communication on these sensitive

topics was crucial.

Following this exchange of views, the Commission:

- adopted the Recommendation set out in SEC(2010)560/2 for transmission to the Council and the European Central Bank;
- empowered Mr REHN, Member of the Commission with responsibility for Economic and Monetary Affairs, to carry out, in agreement with the President, the tasks relating to the Commission's role in relation to the financial support given to Greece by the euro area Member States, as described and under the conditions set out in SEC(2010)561.

**15. POLICY DEBATE ON TRADE NEGOTIATIONS IN THE WORLD TRADE ORGANISATION (DOHA DEVELOPMENT AGENDA) AND WITH THE MERCOSUR COUNTRIES
(SEC(2010)564 ; SEC(2010)565/2)**

Mr DE GUCHT introduced the debate by stressing the stimulating effect of trade liberalisation and the significant contribution it made to the growth of the European economy.

He reminded the meeting that the Commission was keen to reach an agreement in the multilateral framework of the World Trade Organisation (WTO). He also referred to the bilateral negotiations on free trade agreements concluded recently or still in progress with various non-EU countries or groups of countries. A general communication on trade policy for the coming years was planned for the end of October.

Mr DE GUCHT underscored the importance of closer relations with Latin America, which was an important geo-strategic area and a rapidly-growing region. In particular, the negotiations on a free trade agreement with the Mercosur countries should be resumed, without prejudging whether an agreement would ultimately be

reached or the content of such an agreement.

Mr CIOLOŞ agreed on the overall aim of trade liberalisation, but underlined the specific problems of the agricultural sector. With regard to the WTO negotiations, he reminded the members of the efforts already made by the Union. The Doha round must remain the priority. He drew attention to the possible effects that a free trade agreement with Mercosur might have on certain agricultural sectors in Europe.

The PRESIDENT felt that the two processes were complementary and that the net gain expected for the European economy in the context of a possible free trade agreement with Mercosur could not be ignored. He stressed that resuming negotiations with Mercosur did not imply any foregone conclusions as to their outcome and that the Union would in any case ensure that its interests were defended. As for the potentially negative effects on certain European agricultural sectors, it would be a good idea to examine compensation possibilities.

The Commission then held a detailed discussion during which it expressed its broad support for Mr DE GUCHT's general approach and analysis, mentioning in particular the importance of trade liberalisation. With regard to the WTO, it was in favour of continuing the Doha round discussions with a view to achieving an ambitious and balanced outcome.

With regard to Mercosur, in addition to the support expressed for resuming the negotiations on a free trade agreement, it stressed in particular the benefits anticipated for the European economy as a whole. It noted however that there might be more negative effects on some sectors, and agreed on the need to consider introducing compensation measures. Lastly, it discussed the need to preserve the European model and objectives, in particular the standards of consumer and environmental protection.

Winding up, the PRESIDENT noted the broad consensus reached with regard to the resumption of the negotiations with Mercosur and the interests that the European Union must defend in this context. The EU was the world's largest trade power, and trade remained a driving force which was essential for the economic recovery.

The Commission took note of the conclusions of the discussion and of the notes distributed by Mr DE GUCHT and Mr CIOLOŞ in SEC(2010)564 and SEC(2010)565/2.

16. OTHER BUSINESS

CRISIS EXIT STRATEGY IN THE BANKING SECTOR

(SEC(2010)570 ; SEC(2010)575)

Mr ALMUNIA presented the information note he was tabling on the gradual phasing out of the specific exceptional provisions on the arrangements for government guarantees of bank debts, in line with the conclusions of the Economic and Financial Affairs Council of 2 December 2009. He said that these exceptional arrangements would be extended for six months beyond 30 June 2010, although with adjustments to the conditions and access costs in order to encourage the banks to waive these arrangements and thereby phase out this exceptional support by the Member States to the banking sector. He intended to present all these proposed adjustments at the Economic and Financial Affairs Council on 18 May.

The Commission took note of this information and of the note from Mr ALMUNIA set out in SEC(2010)570.

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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 18.50.