



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2010)1923 final

Strasbourg, 6 July 2010

MINUTES
of the 1923rd meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 23 June 2010
(morning)

PV(2010)1923 final

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Single sitting: Wednesday 23 June 2010 (morning)

The sitting opened at 9.13 with Mr BARROSO, President, in the chair. The discussion of item 13 (in part) was chaired by Ms REDING.

Present:

Mr BARROSO	President	Items 1 to 13 (in part)
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	Items 1 to 13 (in part)
Mr KALLAS	Vice-President	Items 1 to 13 (in part)
Ms KROES	Vice-President	Items 10 (in part) to 13
Mr ŠEFČOVIČ	Vice-President	Items 1 to 13 (in part)
Mr POTOČNIK	Member	
Mr REHN	Member	Items 1 to 13 (in part)
Mr PIEBALGS	Member	Items 10 (in part) to 13 (in part)
Mr BARNIER	Member	
Ms VASSILIOU	Member	Items 1 to 13 (in part)
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 1 to 10 (in part)
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr ANDOR	Member	Items 12 (in part) and 13
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Baroness ASHTON

High
Representative/Vice-
President

Mr TAJANI

Vice-President

Mr LEWANDOWSKI

Member

Mr FÜLE

Member

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

Mr BANNERMAN	A member of Baroness ASHTON's staff	Items 1 to 8, and 10 to 13 (in part)
Mr CANGA FANO	Deputy Chef de cabinet to Mr TAJANI	Items 1 to 8, 10 and 11
Mr LEMAÎTRE	Chef de cabinet to Mr LEWANDOWSKI	Items 1 to 8, and 10 to 13 (in part)
Ms OBRUSNÍKOVÁ	A member of Mr FÜLE's staff	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr CARVOUNIS	Deputy Director-General, DG Communication	Items 1 to 8, and 10 to 13 (in part)
Mr DOENS	Head of the Commission Spokesperson Service	Items 1 to 8, and 10 to 13 (in part)
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 1 to 8, and 10 to 13 (in part)
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 1 to 8, and 10 to 13 (in part)
Ms MARTÍNEZ ALBEROLA	Adviser in the PRESIDENT's Office	Item 10 (in part)
Mr SOBRAL	A member of the PRESIDENT's staff	Item 13 (in part)
Ms SUTTON	A member of the PRESIDENT's staff	Items 10 (in part) to 13
Mr WHELAN	Chef de cabinet to Ms KROES	Items 1 to 8, and 10 to 12
Mr LAHTI	A member of Mr REHN's staff	Items 1 to 8, and 10 (in part)
Mr USTUBS	Deputy Chef de cabinet to Mr PIEBALGS	Items 1 to 8, and 10 (in part)
Mr SADAUSKAS	Chef de cabinet to Mr ŠEMETA	Items 1 to 8, and 10 to 13

Ms TÖRÖK	Deputy Chef de cabinet to Mr ANDOR	Items 1 to 8, and 10 to 12 (in part)
Mr DEFFAA	Director General, DG Taxation and Customs Union	Item 13
Mr SERVOZ	Secretariat-General	Item 13 (in part)

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

1. AGENDAS

(OJ(2010)1923/3; SEC(2010)755/2)

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)1923)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 21 June.

3. MINUTES OF 1922nd MEETING (15 JUNE)

(PV(2010)1922)

The Commission approved the minutes of its 1922nd meeting.

4. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES

(SEC(2010)778; SEC(2010)775)

The Commission adopted the decisions in SEC(2010)778.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2010)758 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 June.

5.2. *EMPOWERMENT*

(SEC(2010)759 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 June.

5.3. *DELEGATION AND SUBDELEGATION OF POWERS*

(SEC(2010)760 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 14 and 18 June, as archived in e-Greffe.

5.4. *SENSITIVE WRITTEN PROCEDURES*

(SEC(2010)761 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 21 and 25 June and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 21 June.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2010)756/2)

ADMINISTRATIVE MATTERS

(PERS(2010)79/2)

**6.1. DG COMPETITION – INTERNAL PUBLICATION OF VACANCY
NOTICE FOR AN AD15/16 DEPUTY DIRECTOR-GENERAL**

(PERS(2010)80)

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ALMUNIA, the Commission decided to authorise the publication, under Article 29(1)(a)(i) and (iii) of the Staff Regulations, of the vacancy notice in PERS(2010)80 for the post of Deputy Director-General in the Directorate-General for Competition.

This decision would take effect immediately.

**6.2. DG COMPETITION – AUTHORISATION TO RECRUIT A
TEMPORARY STAFF MEMBER AND TO PUBLISH EXTERNALLY A
VACANCY NOTICE FOR AN AD14 DIRECTOR (EU-27)**

(PERS(2010)81)

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

- the recruitment of a temporary staff member, under Article 2(a) of the Conditions of Employment of Other Servants, to fill the AD14 post of Chief Economist for a non-renewable period of three years;
- the external publication (EU-27) of the vacancy notice set out in PERS(2010)81.

These decisions would take effect immediately.

**6.3. DG EXTERNAL RELATIONS – INTERNAL AND INTERINSTITUTIONAL PUBLICATION OF A VACANCY NOTICE FOR AN AD15/16 HEAD OF DELEGATION AND CALL FOR EXPRESSIONS OF INTEREST FOR THE RECRUITMENT OF AN AD15 TEMPORARY STAFF MEMBER
(PERS(2010)82)**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Baroness ASHTON, the Commission decided to authorise the publication, under Article 29(1)(a)(i) and (iii) and Article 29(1)(b) of the Staff Regulations, of the vacancy notice in PERS(2010)82 for the post of Head of the European Union Delegation in Geneva (WTO), under the Directorate-General for External Relations. In parallel, the Commission decided to launch a call for expressions of interest from Permanent Representations with a view to the recruitment of a temporary staff member under Article 2(b) of the Conditions of Employment of Other Servants.

These decisions would take effect immediately.

6.4. DG HUMAN RESOURCES AND SECURITY – EXERCISE OF POWERS CONFERRED ON THE APPOINTING AUTHORITY AND ON THE AUTHORITY RESPONSIBLE FOR CONCLUDING CONTRACTS OF EMPLOYMENT IN RESPECT OF SELECTION AND APPOINTMENT PROCEDURES FOR MIDDLE AND SENIOR MANAGEMENT POSTS

The Commission took note of the information in point 4 of PERS(2010)79/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Baroness ASHTON, decided:

- that, by way of derogation from Decision C(2010)3680 of 15 June 2010, the powers conferred by the Staff Regulations on the appointing authority and by the Conditions of Employment of Other Servants on the authority responsible for concluding contracts of employment in respect of selection and appointment procedures for middle and senior management posts

created or transferred as part of the establishment of the European External Action Service (EEAS), would be exercised by Baroness ASHTON;

- to apply this derogation within the limits of the establishment plan for the EEAS set out in draft amending budget No 6 to the general budget 2010 (COM(2010)315);
- to authorise Baroness ASHTON, in relation to the above-mentioned selection and appointment procedures for middle and senior management posts, to depart, if necessary, from any relevant Commission decision, while at the same time ensuring that the selection procedures are conducted in accordance with the Staff Regulations and the Conditions of Employment of Other Servants.

These decisions would take effect immediately.

6.5. *DG ECONOMIC AND FINANCIAL AFFAIRS – TEMPORARY POSTING AS DIRECTOR*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr REHN, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'EFC, EPC: Secretary of the Economic and Financial Committee and of the Economic Policy Committee' in the Directorate-General for Economic and Financial Affairs to Mr Stefan PFLUEGER, AD12 official and Head of the 'Coordination of the Secretariat of the EFC and EPC' Unit in the Directorate-General for Economic and Financial Affairs, from 1 January 2010 until such time as the post was filled, but in principle without exceeding the maximum period of one year laid down in the Staff Regulations.

This decision would take effect immediately.

6.6. DG EMPLOYMENT, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ANDOR, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Audit, Controls' in the Directorate-General for Employment, Social Affairs and Equal Opportunities to Mr Carlo PETTINELLI, AD13 official and Adviser in the 'Audit, Controls' Directorate in the Directorate-General for Employment, Social Affairs and Equal Opportunities, from 1 May 2009 until such time as the post was filled, taking into account the interest of the service and in order to ensure fair treatment of the official concerned.

This decision would take effect immediately.

6.7. DG EMPLOYMENT, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ANDOR, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Social Protection and Integration' Directorate in the Directorate-General for Employment, Social Affairs and Equal Opportunities to Mr Georg FISCHER, AD14 official and Head of the 'Social Protection, Social Services' Unit in the Directorate-General for Employment, Social Affairs and Equal Opportunities, from 1 October 2009 until such time as the post was filled, but in principle without exceeding the maximum period laid down in the Staff Regulations.

This decision would take effect immediately.

6.8. DG EMPLOYMENT, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ANDOR, the Commission decided, under Article 7(2) of the Staff

(23 June 2010)

Regulations, to grant a temporary posting as Director, 'ESF, Monitoring of Corresponding National Policies I, Coordination' in the Directorate-General for Employment, Social Affairs and Equal Opportunities to Mr Thomas BENDER, AD12 official and Head of the 'ESF Coordination' Unit in the Directorate General for Employment, Social Affairs and Equal Opportunities, from 1 August 2009 until such time as the post was filled, taking into account the interest of the service and in order to ensure fair treatment of the official concerned.

This decision would take effect immediately.

6.9. DG BUDGET – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr LEWANDOWSKI, the Commission decided to extend, under Article 7(2) of the Staff Regulations and in accordance with Commission Decision C(2009)7839 of 19 October 2009 laying down implementing rules as regards temporary occupation of management posts, the temporary posting as Director, 'Resources' in the Directorate-General for the Budget granted to Mr Jean-Pierre BUISSERET, AD13 official and Head of the 'General Coordination; Human and Budgetary Resources' Unit in the Directorate-General for the Budget, from 16 June 2009 until such time as the post was filled, taking into account the interest of the service and in order to ensure fair treatment of the official concerned.

This decision would take effect immediately.

7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/36.212 – CARBONLESS PAPER – BOLLORE – RE-ADOPTION) (C(2010)4160 TO /5; SEC(2010)768)

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 10 June in C(2010)4160/3;
- took note of the final report of the Hearing Officer of 21 June in C(2010)4160/4;
- adopted, in the authentic language (French), the decision in C(2010)4160/5 finding that the company to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53 of the Agreement on the European Economic Area and imposing a €21 262 500 fine on this company;
- decided that the decision in C(2010)4160/5 would be notified to the company concerned, together with the final report of the Hearing Officer;
- 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 also to publish the decision on the internet (with business secrets and other confidential information removed).

8. OTHER BUSINESS

BUDGET IMPLEMENTATION AT 31 MAY 2010

(SEC(2010)767 AND /2; SEC(2010)769)

The Commission took note of the information note from Mr LEWANDOWSKI in SEC(2010)767/2.

9. PROPOSAL FOR A COUNCIL REGULATION AMENDING COUNCIL REGULATION (EC) 2866/98 ON THE CONVERSION RATES BETWEEN THE EURO AND THE CURRENCIES OF THE MEMBER STATES ADOPTING THE EURO – CONVERSION RATE FOR THE ESTONIAN KROON
COM(2010)341

Mr REHN presented the proposal for a Regulation which he was tabling for adoption, briefly recalling the different steps of the ongoing procedure and stressing that this proposal on the conversion rate could only be addressed at this stage for reasons of confidentiality; the matter would remain confidential until the formal adoption of the whole dossier on Estonia's membership of the eurozone at the Economic and Financial Affairs Council on 13 July.

He reminded, however, that Estonia's entry into the eurozone would require close monitoring, while highlighting in this context that the Estonian authorities were committed to implementing a stability policy to enable constructive participation in the eurozone.

The PRESIDENT noted the support of all the Members of the Commission for the proposal as presented by Mr REHN and, on behalf of the Commission, congratulated Estonia on the achievement that accession to the eurozone represented.

The Commission adopted the proposal for a Council Regulation in COM(2010)341, for transmission to the Council and to the European Central Bank.

10. INTERINSTITUTIONAL RELATIONS

10.1. LEGISLATIVE MATTERS

- i) Action to be taken on Parliament's legislative opinions**
(SP(2010)3993)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and, if necessary, with the other Members concerned, to adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2010)3993, drawn up following the June part-session of Parliament, the contents of which were noted.

ii) Results of Parliament's June part-session

Dossier at first reading

- Organisation of the working time of persons performing mobile road transport activities (Directive) – BAUER report – 2008/0195 (COD)

The Commission approved the approach set out in SI(2010)187/2.

iii) Preparation of agreements at first reading

- Amendment, as regards pharmacovigilance of medicinal products for human use, of Regulation (EC) 726/2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishment of a European Medicines Agency (Regulation) / Amendment, as regards pharmacovigilance, of Directive 2001/83/EC on the Community code relating to medicinal products for human use (Directive) – McAVAN reports – 2008/0257 (COD) and 2008/0260 (COD)

The Commission authorised Mr DALLI to pursue contacts with Parliament and the Council in order to reach agreement at first reading following the line set out in SPI(2010)38/3.

- Combating late payment in commercial transactions (Directive – Recast) – WEILER / BALDASSARE report – 2009/0054 (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)39.

10.2. RELATIONS WITH THE COUNCIL

iv) Programming of Council business

(SI(2010)186)

The Commission took note of the information in SI(2010)186 on the Council meetings between 24 June and 7 July 2010.

v) Results of the European Council (Brussels, 17 June 2010) and preparation of the G8 (Huntsville – Muskoka, 25-26 June 2010) and G20 (Toronto, 26-27 June 2010)

(SI(2010)200)

Reporting on the European Council meeting of 17 June in Brussels, the PRESIDENT welcomed the results achieved at the meeting, which marked a return to normal after a series of European Councils taken up by the emergency measures needed to tackle the economic and financial crisis.

Progress had been made at the meeting on all the elements required to promote growth. These were (i) the adoption of the Europe 2020 strategy as a roadmap for the essential structural reforms, which would allow us to move on to the implementation phase, and in particular to finish drawing up national reform targets and programmes; (ii) a readiness to complete the work needed to rehabilitate and reform the financial services sector, demonstrated by the highly positive reception of the Commission's Communication of 2 June 2010 on regulating financial services for sustainable growth, and confirmation of the target of adopting all the proposals contained in that Communication by the end of 2011; in addition, with regard to the banking sector, the decision to publish the results of the stress tests currently being carried out by the banking supervisors; and (iii) agreement on ambitious measures for strengthening economic governance in Europe as outlined in the Communication of 12 May

which provided the guidelines for the discussions of the task force set up for this purpose, approval of a new communication setting out the specific actions to be taken and of the timetable for the proposals planned for the following week.

The PRESIDENT pointed out that the European Council's conclusions also addressed the issues of climate change, development, Estonia's entry into the euro zone and the opening of accession negotiations with Iceland, although these points were not discussed in depth during the meeting itself.

Turning to the European Council's preparation of the position to be taken by the European Union at the G20 summit, he said that the priorities were to ensure that the Union's partners followed its lead in stepping up fiscal consolidation and the bold structural reforms needed for growth, and renewed their commitment to implementing financial market reforms, in particular by introducing taxes or levies on the financial sector as part of a credible crisis resolution framework and exploring the introduction of a global financial transaction tax.

The PRESIDENT also told the meeting that at Toronto he and the President Herman Van Rompuy would place particular importance on trade and development issues and on the completion of the reform of the international financial institutions, in particular the International Monetary Fund. With regard to climate change, he trusted that a declaration would be made by the G20 on a firm financing commitment with a view to rapid implementation in preparation for the Cancun conference.

He said that the G8 summit at Huntsville on 25-26 June would focus on foreign policy, trade, development, climate change and the environment.

Winding up, the PRESIDENT highlighted the success and efficiency of the meeting of 17 June and noted the new developments in the European Council, namely the numerous changes of Heads of State or Government, the

experimentation with the new one-day format and the questions arising concerning this new format and the frequency of future meetings.

He stressed that the Commission must continue to ensure that its proposals were of the highest quality and urged all the Members to contribute to the work needed to this end.

He concluded by drawing attention to the letter from the President Van Rompuy and himself to all the G20 members, which, in preparation for the summit, addressed some of the points discussed at the European Council, as well as other issues. This was the first official joint European position drawn up for a G20 summit.

In the discussion which followed the following factors were highlighted:

- the key contribution made by the Commission to the results of this European Council, thanks to the active role taken by the PRESIDENT but also to the quality of the proposals drawn up by Commission departments, in particular by DG Internal Market and Services, under difficult circumstances;
- the important progress made at the European Council in the areas of regulation and supervision of financial markets, and a reminder that this framework would be further developed by new proposals by the end of the year;
- the importance of the results of the European Council for the European Union's positioning at the G20 summit, and of the Union's joint position as set out in the letter signed jointly by the PRESIDENT and the President Van Rompuy;
- satisfaction at the European Council's conclusions concerning the idea of a resolution fund, even if the arrangements for allocating this fund had yet to be decided;

- the growing acceptance by the Heads of State or Government of the idea of a financial transaction tax and the need to pursue and analyse this matter in further depth, in particular if the proposal for a worldwide tax came to nothing and the tax were limited to Europe; the risks of tax evasion if it should not be established worldwide;
- the importance of the agreement secured on the need to introduce systems of levies and taxes on financial institutions in Europe and worldwide; for some members, however, the fear that the cost would ultimately be borne by consumers;
- in the same spirit, some doubts concerning the effectiveness of increased bank capital requirements as a guarantee against the risk of another crisis;
- in the negotiation at world level, in particular in relations with the United States, the need to pay due attention to the question of accounting regulations and balanced application of the Basle standards;
- the need for the European Parliament and the Council to adopt the proposals on financial supervision and alternative investment funds as quickly as possible in order to comply with the timetable for setting up the supervisory body;
- the support noted at the weekly G7 teleconference for the European approach to rehabilitation and reform of the financial sector, particularly from the United States;
- the questions still raised by the partners as to how the European measures were to be actually implemented given the complex division of powers and the need for close coordination, and the role to be played in this respect by the economic and financial committee;
- the different opinions, in particular in the United States, concerning the best pace for pushing forward with fiscal consolidation efforts;

- the positions held within the Union on economic governance issues, for example as regards penalties for infringements of the rules of the stability and growth pact and the possibility of amending the Treaty in this respect, and the need for the Commission to hold a discussion on these points as soon as possible;
- in the context of the G20, the need for the European Union to emphasise the specific nature of its social model and the unequal benefits for its citizens, and to take a more pro-active position on this issue.

The PRESIDENT replied to the various comments, pointing out first of all that the question of amending the Treaty as part of the strengthening of the stability and growth pact was a sensitive one, as it would require the organisation of referendums in some Member States and the launch of a new ratification process.

He stressed that in any case the Commission felt it was important to actively pursue its work on economic governance in parallel with that of the task force chaired by the President of the European Council, in line with point 13 of the conclusions of the European Council, and to table proposals quickly so that the planned measures, notably with regard to surveillance, could be in place by 1 January 2011. With this in view, he called on all the Members to contribute to the coming weeks' work.

He expressed his satisfaction once again with the conclusions of the European Council, which paved the way for a substantial strengthening of economic governance in Europe and consequently marked a very important and promising step forward.

On the possibility of a tax on financial transactions, the PRESIDENT recognised the difficulty of reaching an agreement on a global tax at the G20 and the doubts expressed by certain Member States should the tax be limited to Europe.

As regards levies and taxes on financial institutions, he noted the firm opposition of several of the G20 partners but felt that it would be possible to arrive at a framework that would ensure fair treatment.

Finally, referring to the positions adopted by a number of major partners regarding the pace of fiscal consolidation in some Member States, the PRESIDENT noted the consensus in the European Council on the need to press ahead, in the interests of sustainable European growth, with the structural reforms that would facilitate budget consolidation and felt that the European Union would be able to remain united on this matter.

The Commission took note of this information.

vi) COREPER II meeting of 21 June

(SEC(2010)803; SI(2010)188)

- Conclusion of the Agreement between the European Union and the United States of America on the processing and transfer of Financial Messaging Data from the European Union to the United States for purposes of the Terrorist Finance Tracking Programme (Council Decision) – 2010/0178 (NLE)
- Signature of the Agreement between the European Union and the United States of America on the processing and transfer of Financial Messaging Data from the European Union to the United States for purposes of the Terrorist Finance Tracking Programme (Council Decision) – 2010/0177 (NLE)

Ms MALMSTRÖM reported briefly on the progress of the ongoing interinstitutional discussions on the agreement on the processing and transfer of Financial Messaging Data from the European Union to the United States for purposes of the Terrorist Finance Tracking Programme.

She explained that, with a view to concluding the agreement as quickly as possible, it had been necessary to make a number of clarifications in the text

of the draft agreement as regards the monitoring of safeguards and controls by an independent supervisory body which would also include a person appointed by the European Commission.

This amendment concerned the provisions of Article 12 of the draft agreement as annexed to COM(2010)316 and COM(2010)317, adopted by the Commission the previous week, and had been agreed in principle in the Permanent Representatives Committee (COREPER) and with the EU's American partners.

The PRESIDENT said that the Commission gave priority to a rapid conclusion of the agreement between the European Union and the United States. He welcomed the results of the discussions and the agreement reached on the monitoring of safeguards and controls, and noted that the Commission supported the course of action proposed by Ms MALMSTRÖM.

Having taken note of this information and the memo from Ms MALMSTRÖM, distributed as SEC(2010)803, the Commission agreed in principle to the amendment of Article 12 of the draft agreement as set out in SEC(2010)803, and authorised Ms MALMSTRÖM, in agreement with the PRESIDENT, to conclude the Agreement.

10.3. RELATIONS WITH PARLIAMENT

vii) Results of Parliament's June part-session

(SP(2010)3907 to /3)

The Commission took note of the information in SP(2010)3907 to /3 on the proceedings of the part-session of Parliament held in Strasbourg from 14 to 17 June.

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

viii) Follow-up to Committee of the Regions opinions – December 2009 and February 2010 plenary sessions (SR(2010)13/5)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during its plenary sessions in December 2009 and February 2010, contained in the document distributed as SR(2010)13/5, for transmission to the Committee of the Regions.

10.5. OTHER BUSINESS

ix) Results of the quadrilogue meeting on the setting-up of the European External Action Service (Madrid, 21 June 2010)

Mr ŠEFČOVIČ informed the Commission about the results of the quadrilogue meeting on the setting-up of the European External Action Service, which was held on 21 June in Madrid between representatives of the Presidency of the Council and the European Parliament, Baroness ASHTON, in her capacity as High Representative of the Union for Foreign Affairs and Security Policy, and the Secretary-General and Mr ŠEFČOVIČ himself representing the Commission.

He was pleased with the outcome of several hours of intensive but constructive discussions and reported on the following main results: (i) a political agreement had been reached on the text of the Decision on the EEAS and on the two declarations by the High Representative on the central administration and political accountability; (ii) all participants had committed themselves to seek endorsement from their respective institutions; (iii) there was a real prospect of formal adoption of the Decision on the EEAS once the procedural steps had been completed, and (iv) there had been agreement on the next steps, particularly the necessary amendments to the Financial

Regulation and the Staff Regulations.

Mr ŠEFČOVIČ highlighted the following key issues that emerged from the discussion: (i) the agreement under which officials of the European Union should represent at least 60% of administrators in the EEAS, while ensuring that at least one third of administrator posts were reserved for diplomats from Member States; (ii) the need for a balance between nationals from all Member States, and (iii) a maximum period of ten years for the secondment of national officials as temporary agents of the EEAS. He also recalled that in future the number of posts in the EEAS would rise to 1625, of which 1 114 posts would be transferred from the Commission, 411 from the General Secretariat of the Council, and 100 would be newly created posts for temporary agents coming from the Member States.

He mentioned the amendments made to the budgetary provisions, in particular the provisions on budgetary control and the discharge, as well as the obligation of the High Representative to consult the Members of the Commission responsible for Development Policy and Neighbourhood Policy before submitting the draft administrative budget to the Commission. He also emphasised the provisions on the financial liability of EEAS staff, and cooperation between the Internal Auditors of the Commission and of the EEAS when it comes to auditing EEAS expenditure.

He referred to the agreement that had been reached on programming and preparing initiatives in the field of development. He explained that any proposal with regard to the European Development Fund or the Development Cooperation Instrument would be prepared jointly by the relevant departments in the EEAS and the Commission, under the responsibility of the Member of the Commission responsible for Development Policy, and would be submitted by the latter to the Commission, in agreement with the High Representative.

The agreement reached between the institutions had been an important step towards putting in place the European Union's foreign policy, strengthening its institutional structure, just a few months after the entry into force of the

Treaty of Lisbon, and establishing the close, mutual cooperation needed between the Commission and the EEAS. To a great extent the agreement met the expectations expressed by the European Parliament as regards the budget and budgetary control. He was optimistic that the work could be completed swiftly, with further work being done on the draft text in the Council and the European Parliament before its adoption by the Council.

Finally, he welcomed the constructive attitude shown by the partners throughout the negotiations, and thanked the PRESIDENT, Baroness ASHTON and the other Members of the Commission involved, as well as the Secretary-General and the relevant departments for their support.

During a brief discussion, the Commission gave its support to the agreement that had been reached at the quadrilogue meeting and congratulated Baroness ASHTON and Mr ŠEFČOVIČ. The importance of careful monitoring of the different parts of the agreement was also stressed, especially with regard to clarifying in the Financial Regulation the provisions on internal audit of the EEAS and on the role of the Commission's Internal Auditor in respect of the EEAS's operational expenditure.

The PRESIDENT concluded the discussion by welcoming the agreement on the EEAS and thanking Baroness ASHTON, Mr ŠEFČOVIČ and the departments involved for their excellent work. Finally, he stressed that it was important for the European Union and its external action capability that the EEAS became operational quickly.

The Commission took note of this information.

11. RELATIONS WITH NON-MEMBER COUNTRIES

DISPUTE BETWEEN RUSSIA AND BELARUS OVER GAS DELIVERIES

(SEC(2010)804)

Mr OETTINGER reported on the dispute between Russia and Belarus over gas deliveries and its implications on the transit of Russian gas to the European Union. On 21 June the Russian Government had informed the Commission of the decision by the supplier Gazprom to gradually reduce deliveries of natural gas to Belarus following the non-payment of debts. He explained that the volume of gas supplied by Russia had now been cut to 60% and that a further reduction was planned on 25 June which might go as far as 85%. For its part, the Belarusian Government had announced the possible suspension of the transit of Russian gas through its territory.

Mr OETTINGER stressed that this was an extremely sensitive issue and pointed to the situation of the Member States most concerned by the reduction or possible suspension of gas deliveries via Belarus, in particular Lithuania and Poland and, to a lesser degree, Germany, as well as the implications of the possible transport of gas through Latvia or Ukraine. The Commission was liaising with the authorities of the Member States concerned, in particular the three Baltic States, Poland and Germany, so as to coordinate reactions to any developments in the situation.

He highlighted the serious effects which even a minor interruption of gas supplies would have on the Member States concerned. In his contacts with the Russian and Belarusian governments he had stressed the priority attached by the Commission to resolving the dispute, as the European Union must not be taken hostage in a conflict between third parties. He had also underscored the importance of doing everything possible to restore supplies and to avoid harm being inflicted on European citizens and economies. Mr OETTINGER also mentioned the possibility of Russian gas transiting through Ukraine, which would be examined at his forthcoming meeting with representatives of the Ukrainian government.

He also noted that the early warning system linking the EU and Russia had worked well; the Commission's representatives had held a meeting with representatives of

the Russian authorities early in the week. The Commission would keep a close eye on this issue and he himself would keep Commission Members abreast of any developments.

He was also convinced of the need for the EU to devote special attention to measures to improve security of energy supply, to increase solidarity between Member States in this field, to create capacity to react to unforeseen situations, to reduce dependence on natural gas and to diversify delivery routes. He reminded the meeting of the measures currently being implemented, in particular the establishment of interconnections between the Member States concerned, planned for 2013. He also called on the co-legislators to do the necessary to ensure that work be concluded as soon as possible on the proposal for a Regulation on measures aimed at guaranteeing security of gas supply, which had been the subject of a trialogue meeting on 22 June. He also announced that the Commission might present additional proposals if necessary.

In the brief exchange of views which followed, the Commission expressed support for the line set out by Mr OETTINGER. It discussed the potential consequences for the Member States most affected and the advisability of having additional support and cooperation instruments in place to back up the short-term measures taken.

The PRESIDENT thanked Mr OETTINGER for this information. He confirmed that the Commission would continue to keep a close eye on developments in this issue and announced that he would bring the matter up at the forthcoming G8 and G20 meetings.

The Commission took note of this information and of Mr OETTINGER's note in SEC(2010) 804.

12. COMMISSION DECISION RELATING TO A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/39.092 – BATHROOM FITTINGS AND FIXTURES) (C(2010)4185 TO /33; SEC(2010)768)

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 25 May and 18 June 2010 in C(2010)4185/3 and /8;
- took note of the final report of the Hearing Officer of 21 June in C(2010)4185/6;
- adopted, in the authentic languages (English, French, German and Italian), the decision set out in C(2010)4185/9 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53 of the Agreement on the European Economic Area, requiring the parties to bring the infringements to an end immediately and imposing fines on the companies totalling €622 250 782;
- decided that the decision in C(2010)4185/10 to /33 would be notified to the companies concerned, together with the final report of the Hearing Officer;
- decided that the key parts of the decision, together with the Advisory Committee's opinions 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 also to publish the decision on the internet (with business secrets and other confidential information removed).

**13. POLICY DEBATE ON THE REVISION OF THE ENERGY TAXATION
DIRECTIVE
(SEC(2010)766; SEC(2010)771)**

The PRESIDENT introduced the debate on the revision of the Energy Taxation Directive, pointing to the need to restructure the taxation of energy products, in particular from the point of view of European targets for combating climate change and increasing energy efficiency. This approach would provide Member States with a European reference framework to help them achieve progress.

However, there were pertinent issues underlying this policy debate given that, in the current economic situation, all Commission proposals must promote growth in Europe, particularly since they were likely to have different implications according to the sectors. The various implications would have to be examined very closely. A number of solutions had already emerged to alleviate the adverse effects of such taxation on certain sectors.

M. ŠEMETA was convinced that the Commission would have to act as a driving force in areas where taxation could provide added-value in terms of achieving European policy objectives. The revision would make a distinction between taxation of the CO₂ emissions of the energy product and taxation of the energy content of the product. Taxation would no longer be based only on the quantity but would also take account of the quality of the fuel consumed, while remaining neutral as regards type of fuel and technology.

Such a revision would make it possible to keep pace with the EU's climate change targets, help improve energy efficiency, reduce distortions between the different types of fuel and, generally speaking, improve the functioning of the internal market. Lastly, these measures would foster growth in line with the objectives laid down in the Europe 2020 strategy.

The solutions envisaged to deal with the costs arising from the revision included transition periods, and derogations and exemptions based on the real needs of sectors. The Commission must go ahead with the preparations to revise this

Directive, bearing in mind the benefits as well as the costs, and with the firm conviction that the former would outweigh the latter.

The Commission then held an in-depth discussion during which it thanked Mr ŠEMETA for the quality of his preparatory work and expressed support in principle for the general approach developed by him. In particular it referred to the need to revise the current energy taxation system in order to modernise it and bring it into line with the objectives of European policies, particularly on combating climate change and revitalising the internal market.

While emphasising the case for action in producing a proposal in this domain, in relation with the Europe 2020 strategy and the current greenhouse gas emission trading scheme, the Commission noted the politically sensitive nature of this issue and the particularly difficult economic and fiscal background.

The Commission also underlined the importance of ensuring the overall tax neutrality of any proposal to amend the 2003 Directive and of factoring in the social implications of any proposal in this domain and the specific situation of certain European sectors. It agreed that there was a need for an effective, comprehensive evaluation of the impact of the future proposal on the various sectors concerned, particularly in the light of developments since the initial impact study of 2008, and that a longer-term debate should be held on the possibility of lower taxation of labour and higher taxation of products with a large environmental footprint.

The PRESIDENT thanked the Commission Members for their contributions and recommended developing further the impact study in the light of the proposed changes to the current approach (including derogations and transitional periods), taking into consideration the economic and budgetary situation. This being a highly politically sensitive dossier, he reminded Members of the need for very effective communication on the issue from now on.

Lastly, Mr ŠEMETA thanked the Members for their constructive contributions. He was determined to ensure the neutrality of energy taxation and equal treatment for the sectors that were already subject to the emission trading scheme and the sectors

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that would be subject to the revised system of taxation. He also pointed out that the current impact study dated from 2008 and agreed with the PRESIDENT that it would have to be updated, above all to factor in the current economic and budgetary situation as well as the other changes that had been made to the original proposal.

The Commission took note of the results and conclusions of the policy debate and of the information note from Mr ŠEMETA in SEC(2010)766.

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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 13.09.