



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1943 final

Strasbourg, 18 January 2011

MINUTES
of the 1943rd meeting of the Commission
held in Brussels
(Berlaymont)
on Tuesday 11 January (evening)
and Wednesday 12 January 2011 (morning)

PV(2011)1943 final

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**Single sitting: from Tuesday 11 January (evening) to Wednesday
12 January (morning)**

The sitting opened on Tuesday 11 January at 20.40 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President
Baroness ASHTON	High Representative/ Vice-President
Ms REDING	Vice-President
Mr ALMUNIA	Vice-President
Mr TAJANI	Vice-President
Mr ŠEFČOVIČ	Vice-President
Mr POTOČNIK	Member
Mr REHN	Member
Mr PIEBALGS	Member
Mr BARNIER	Member
Ms VASSILIOU	Member
Mr ŠEMETA	Member
Mr DE GUCHT	Member
Mr DALLI	Member
Ms GEOGHEGAN-QUINN	Member
Mr LEWANDOWSKI	Member
Ms DAMANAKI	Member
Ms GEORGIEVA	Member
Mr OETTINGER	Member
Mr HAHN	Member
Ms HEDEGAARD	Member
Mr FÜLE	Member
Mr ANDOR	Member
Ms MALMSTRÖM	Member
Mr CIOLOŞ	Member

Absent:

Mr KALLAS

Vice-President

Ms KROES

Vice-President

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

Mr WHELAN Chef de cabinet to Ms KROES

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 Commission Spokesperson Service
Ms AHRENKILDE HANSEN	Commission Spokeswoman
Mr SCHINAS	Bureau of European Policy Advisers
Mr SERVOZ	Deputy Secretary-General
Mr CABRAL	Adviser <i>hors classe</i> in the PRESIDENT's office
Ms SKURATOWICZ	A member of the PRESIDENT's staff
Mr PESONEN	Chef de cabinet to Mr REHN
Mr VIHRIÄLÄ	Adviser in Mr REHN's Office
Mr KÁNCZ	A member of Mr ANDOR's staff

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

1. AGENDAS

(OJ(2011)1943/3; SEC(2011)35/2)

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(2011)1943)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 10 January.

3. APPROVAL OF THE MINUTES OF THE 1941ST MEETING AND THE MINUTES AND SPECIAL MINUTES OF THE 1942ND MEETING OF THE COMMISSION (21 DECEMBER 2010 AND 5 JANUARY 2011)

(PV(2010)1941; PV(2011)1942; PV(2011)1942, PART II)

The Commission approved the minutes of its 1941st meeting and decided to hold over for one week approval of the minutes of its 1942nd meeting.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

i) Preparation of Parliament's January part-session

Ordinary legislative procedure – Codecision – 2nd reading

- Application of patients' rights in cross-border healthcare (Directive) – GROSSETÊTE report – 2008/0142 (COD)

The Commission approved the line set out in SP(2011)3, further to notes SI(2011)347 and /3 already approved by the Commission at its meeting on 14 December.

- Harmonised conditions for the marketing of construction products (Regulation) – STIHLER report – 2008/0098 (COD)

The Commission approved the statement attached in annex to SP(2011)2, further to the line set out in SI(2010)362 already approved by the Commission at its meeting on 14 December.

Special legislative procedure – Consultation

- Conclusion of a voluntary partnership agreement between the European Union and the Republic of Cameroon on forest law enforcement, governance and trade in timber and derived products to the European Union, and conclusion of a voluntary partnership agreement between the European Union and the Republic of the Congo on forest law enforcement, governance and trade in timber and derived products to the European Union (FLEGT) (Council Decisions) – JADOT reports – NLE 2010/0217 and NLE 2010/0062.

The Commission approved the line set out in SP(2011)4 and the answer to oral question O-0202/2010 annexed to that document.

4.2. *RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL*

ii) *Programming of Council business* *(SI(2011)2)*

The Commission took note of the information in SI(2011)2 on the Council meetings between Thursday 13 and Wednesday 26 January.

5. *MONITORING THE APPLICATION OF EUROPEAN UNION LAW*

STATE AID – INDIVIDUAL CASES *(SEC(2011)50/2)*

The Commission adopted the decisions in SEC(2011)50/2.

6. *WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS*

6.1. *WRITTEN PROCEDURES APPROVED* *(SEC(2011)37 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 3 and 7 January.

6.2. *EMPOWERMENT* *(SEC(2011)38 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 3 and 7 January.

6.3. DELEGATION AND SUBDELEGATION OF POWERS
(SEC(2011)39 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 3 and 7 January, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES
(SEC(2011)40)

The Commission took note of the sensitive written procedures for which the time limit expired between 10 and 14 January.

7. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2011)36/2)

ADMINISTRATIVE MATTERS
(PERS(2011)5/2)

Mr BARNIER described the background to the appointment of chairpersons of the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority. He referred to the measures that had been adopted to tighten up financial supervision at European level following the crisis, in particular the setting-up of the European Systemic Risk Board and the creation of the three European supervisory authorities mentioned above. He explained that the chairpersons of these authorities were appointed by the boards of supervisors and that it was up to the Commission to present lists of candidates for that purpose, following a preselection process. He also pointed out that, after hearing the selected candidate, Parliament could oppose his or her appointment.

Mr BARNIER was pleased to note that the candidates on the three lists he was presenting to the Commission for approval were particularly well-qualified. He

ended by reminding the meeting of the need to complete the process of appointing executive directors of the three supervisory authorities (see items 7.2, 7.3 and 7.4 of these minutes).

**7.1. DG HUMAN RESOURCES AND SECURITY – APPOINTMENT OF
AD16 CHAIRPERSON OF THE DISCIPLINARY BOARD
(PERS(2011)6)**

The Commission noted the information at point 1 of PERS(2011)5/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to appoint Ms Renate JAEGER to the post of Chairperson of the Disciplinary Board for the period from 16 January 2011 to 31 March 2012;
- to authorise the Director-General for Human Resources and Security to implement that decision by signing a contract of employment on behalf of the authority empowered to conclude contracts of employment.

This decision would take effect on 16 January 2011.

**7.2. DG INTERNAL MARKET AND SERVICES – LIST OF CANDIDATES
FOR THE POST OF CHAIRPERSON OF THE EUROPEAN BANKING
AUTHORITY
(PERS(2010)143 AND /2)**

The Commission noted the procedure followed, as set out in point 2 of PERS(2011)5/2, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, decided:

- to approve the list consisting of a single candidate set out in point 2 of PERS(2011)5/2;
- to instruct Mr BARNIER to communicate this list to the Board of Supervisors of the European Banking Authority.

These decisions would take effect immediately.

**7.3. DG INTERNAL MARKET AND SERVICES – LIST OF CANDIDATES
FOR THE POST OF CHAIRPERSON OF THE EUROPEAN
INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY
(PERS(2010)145 AND /2)**

The Commission noted the procedure followed, as set out in point 3 of PERS(2011)5/2, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, decided:

- to approve the list of three candidates, presented in order of preference, set out in point 3 of PERS(2011)5/2;
- to instruct Mr BARNIER to communicate this list to the Board of Supervisors of the European Insurance and Occupational Pensions Authority.

These decisions would take effect immediately.

**7.4. DG INTERNAL MARKET AND SERVICES – LIST OF CANDIDATES
FOR THE POST OF CHAIRPERSON OF THE EUROPEAN
SECURITIES AND MARKETS AUTHORITY
(PERS(2010)147 AND /2)**

The Commission noted the procedure followed, as set out in point 4 of PERS(2011)5/2, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, decided:

- to approve the list of two candidates, presented in order of preference, set out in point 4 of PERS(2011)5/2;
- to instruct Mr BARNIER to communicate this list to the Board of Supervisors of the European Securities and Markets Authority.

These decisions would take effect immediately.

**7.5. EUROPEAN ANTI-FRAUD OFFICE – AMENDMENT OF THE PROPOSAL FOR A DECISION ON THE RENEWAL OF THE TERM OF OFFICE OF THE CURRENT MEMBERS OF THE SUPERVISORY COMMITTEE
(SEC(2011)54)**

The Commission took note of the information at point 5 of PERS(2011)5/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ŠEMETA, decided:

- to approve the revised version of the proposal for a joint decision of Parliament, the Council and the Commission as set out in SEC(2011)54;
- to authorise Mr ŠEMETA to sign that joint decision on behalf of the Commission.

These decisions would take effect immediately.

7.6. DG TRANSLATION – AMENDMENT OF ORGANISATION CHART AND APPOINTMENT OF AD15 DEPUTY DIRECTOR-GENERAL

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

- to create the post of Deputy Director-General in DG Translation;
- to fill that post by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Rytis MARTIKONIS, an AD15 official, who had been appointed by decision of 21 December 2010 to the post of Deputy Director-General in DG Internal Market and Services.

This decision would take effect on 16 February.

**7.7. DG INTERNAL MARKET AND SERVICES – INTERNAL PUBLICATION OF A VACANCY NOTICE FOR AN AD 15/16 DEPUTY DIRECTOR-GENERAL
(PERS(2011)7)**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, 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(2011) 7 for the post of Deputy Director-General in DG Internal Market and Services.

This decision would take effect immediately.

7.8. DG AGRICULTURE AND RURAL DEVELOPMENT – AMENDMENT OF ORGANISATION CHART AND APPOINTMENT OF AD16 ADVISER HORS CLASSE

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr CIOLOŞ, the Commission decided:

- to create an AD16 post of Adviser *hors classe* in DG Agriculture and Rural Development;
- to fill that post by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Lars HOELGAARD, an AD16 official and currently Deputy Director-General in DG Agriculture and Rural Development;
- to abolish this post after the departure of its holder.

These decisions would take effect on 1 February 2011.

7.9. DG COMMUNICATION – TEMPORARY POSTING AS DIRECTOR

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

Regulations, to grant a temporary posting as Director, 'Communication actions', in DG Communication to Ms Sixtine BOUYGUES, an AD13 official and head of unit in that DG, from 16 June 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.

**7.10. DG EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION –
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, 'Resources, Communication', in DG Employment, Social Affairs and Inclusion to Mr Joseph JAMAR, an AD12 official and head of unit in that DG, from 16 July 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.

**7.11. DG HEALTH AND CONSUMERS - TEMPORARY POSTING AS
DEPUTY DIRECTOR-GENERAL**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr DALLI, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Deputy Director-General for the Food Chain in DG Health and Consumers to Mr Bernard VAN GOETHEM, an AD14 official and Director of Directorate D, 'Animal Health and Welfare', in that DG, from 1 April 2010 to 15 January 2011.

This decision would take effect immediately.

7.12. *LEGAL SERVICE – TEMPORARY POSTING AS DIRECTOR*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as principal legal adviser in the 'Agriculture and Fisheries' team in the Legal Service to Ms Karen BANKS, an AD14 official and legal adviser in the Legal Service, from 16 July 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.

7.13. *LEGAL SERVICE – TEMPORARY POSTING AS DIRECTOR*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as principal legal adviser in the 'Quality of Legislation' Directorate in the Legal Service to Mr Hans Gerald CROSSLAND, an AD14 official and legal adviser in the Legal Service, from 1 August 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.

**8. PROPOSAL FOR A COUNCIL DECISION ON GUIDELINES FOR THE EMPLOYMENT POLICIES OF THE MEMBER STATES
(COM(2011)6; SEC(2011)63; SEC(2010)1581; SEC(2010)1633)**

The Commission approved the proposal for a Council decision in COM(2011)6 for transmission to the Council and, for an opinion, to the European Parliament, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN INVESTMENT BANK AND THE EUROPEAN CENTRAL BANK: ANNUAL GROWTH SURVEY - ADVANCING THE EU'S COMPREHENSIVE RESPONSE TO THE CRISIS
(COM(2011)11 AND /2; COM(2011)11-A1 AND /2; COM(2011)11-A2 AND /2; COM(2011)11-A3 AND /2; SEC(2011)63; SEC(2010)1581; SEC(2010)1633)

The PRESIDENT opened the debate on this item by underlining the importance of the decisions submitted to the Commission on the adoption of the Annual Growth Survey, which marked the start of the first “European semester”. The Survey was an innovatory exercise which constituted a new stage in European integration by introducing a European dimension in the shaping of the Member States’ economic and budgetary policies. Its aim was to propose the broad policy guidelines to be followed by the Member States in order to overcome the economic crisis and embark upon sustainable growth, by contributing to better coordination of the interdependent economies of the European Union. He highlighted the political scope of this annual survey, pointing out that the Commission’s Communication was addressed not only to the governments of the Member States, European citizens and economic players, but also beyond Europe. The survey would therefore be a test case for European credibility and the Commission’s capacity to propose actions able to meet the challenges of the crisis and to provide real and effective encouragement to the Member States to take appropriate macro-economic and budgetary decisions.

The PRESIDENT explained that the dossier consisted of the main Communication, which contained strong, clear, precise and succinct policy messages, and three annexes dealing with the macro-economic situation, employment and a progress report on the implementation of the Europe 2020 strategy.

Turning to the main subject of the debate, the Annual Growth Survey, which had been prepared with the help of Mr REHN and Mr ANDOR, the PRESIDENT pointed out that it encompassed 10 actions corresponding to three key priorities for promoting growth. These priorities were: (i) enhancing macroeconomic stability –

through fiscal consolidation and the correction of macro-economic imbalances – and at the same time financial stability, through the speeding up of bank restructuring; (ii) making progress in the structural reforms in order to increase competitiveness and employment levels in the European Union by starting this year to adapt employment markets and social welfare systems, without however reducing the overall level of protection or calling into question European values on these issues; and (iii) stepping up the implementation of growth-enhancing measures by encouraging small and medium-sized enterprises, innovative enterprises and growth sectors by harnessing the synergies of the single market and investing in major infrastructure projects.

The PRESIDENT pointed out that the Annual Growth Survey followed on from the measures adopted in 2010, from the Europe 2020 Strategy and from its flagship initiatives. The Commission Communication would serve as a basis for the debate at the Spring European Council and was intended to help the Member States to draw up the national structural reform programmes that they would present in April, and to undertake firm commitments with regard to medium-term budgetary consolidation.

In conclusion, he emphasised that the Annual Growth Survey would make a major contribution to a new means of shaping the Union's economic policies.

Mr REHN pointed out that the Annual Growth Survey met the need for a robust global response to the crisis in the context of the still fragile economic and financial recovery. To illustrate his points he distributed diagrams showing the volume of euro-area Member State debt maturing in 2011 and the interest rate spreads on bonds. He considered that the adoption of the Annual Growth Survey would set a significant precedent in the new European economic governance. He presented the main points of the Survey – smart budgetary consolidation, bank restructuring, better mobilisation of labour resources, productivity and financing of infrastructures – and reminded the meeting of the urgency of all the proposed reforms.

Taking the floor, Mr ANDOR pointed out that the European semester had introduced a new dynamic. In this context he hoped that the Commission would

play its role to the full at the forthcoming Spring European Council. He told the meeting that a clear and timely message was being sent on the urgency of the measures to be taken to relaunch growth and increase employment, stressing the need to find the right balance between fiscal consolidation and speeding up the pace of reform of social welfare policies. In particular, he highlighted the measures designed to make employment more attractive – for example by shifting taxes from labour to other areas – and to get the unemployed back into the labour market. He also stressed the importance of striking a balance between security and flexibility and of measures to reform pension systems.

The Commission praised the high quality of the document, which sent a concise, robust and targeted message in response to the urgent need for the Union to play a key role in the economic recovery. It held an in-depth discussion during which it highlighted the importance of ensuring both the feasibility and sufficiency of the recommendations made, and the medium-term sustainability of the measures to be proposed by the Member States following these general recommendations. It also stressed the need for an appropriate and targeted communication strategy.

The following key points of the Communication were also referred to during the discussion:

Introduction

- the need to consider the proposed measures in a broader context in order to send a positive signal to citizens, stressing that these were targeted actions among a whole set of policies designed to promote inclusive and sustainable growth; in particular, the need to recognise that there could be no sustainable economic performance without social cohesion, and to work to restore the confidence of all players in the opportunities offered by the European social market economy;
- the strategic approach to be adopted in relation to the European Financial Stability Facility (EFSF), without ruling out the possibility of increasing its financing capacity and scope of action;

Title I: Macro-economic prerequisites for growth

- the importance not only of education, research and innovation, but also of public infrastructure among the factors favourable to sustainable growth and competitiveness in Europe;
- a reminder of the role of private debt as one of the factors triggering the financial crisis, and its impact in some cases on public debt;
- the need to consider measures to help restore the competitiveness of the economies of the Member States that had been hardest hit by the crisis, which should dedicate a significant part of their resources to repaying their loans;
- the importance of highlighting the three main aims of the European semester, namely: links with macro-economic and budgetary policies and structural reforms; anticipation of the strategies to be adopted for future national budgets; and, in particular, better coordination of the policy mix with regard to budget and structural reforms in the Member States; consequently, the need to make an in-depth assessment of the possibility that Member States with current account surpluses could contribute to the Union's aggregate demand, since correcting these imbalances was essential to growth;

Title II "Mobilising labour markets, creating job opportunities"

- recognition of the need to restore the balance on the labour market, however caution should be observed as regards the recommendations on certain adjustments to be made in employment policies;
- the balance that must also be struck as regards the reform of pension systems: these systems must in any case comply with the requirement of sustainable public finances;
- the importance of safeguarding the European social market economy and, in this context, social cohesion, which is a precondition for ensuring lasting economic growth;
- questions about recommended minimum wage measures and private pension

schemes;

Title III "Frontloading growth –enhancing measures"

- the importance of developing and emphasising further the essential nature of smart, qualitative growth (rather than simply focusing on the criterion of gross domestic product) which would take account of environmental constraints and ensure better management of the available resources, innovation, combating climate change and energy efficiency, underlining the role played by environmental and energy taxation, the need to abolish unjustified subsidies that harm the environment, and the potential of competitiveness based on the EU's comparative advantage in relation to environmental products and services;
- the concern not to pre-empt the debate in progress on tapping the potential of the single market, in particular in relation to the options specific to the services sector and financial services; a question about the wording of the reference in Annex 2 to the forthcoming stress tests for banks;
- the balanced approach that should be pursued in relation to restrictions on access to and provision of certain professional services in order to eliminate disproportionate and unjustified obstacles, while recognising, however, the validity of some restrictions;
- recognition of the role of the trade negotiations which the Commission is actively pursuing, in particular with a view to concluding free trade agreements with various international partners;
- the case for highlighting the role of appropriate tax policies to help consolidate public finances, in particular on the revenue side, and to boost growth through lower taxes on labour, simplified corporate tax and tax policies that promoted environmental aspects and energy efficiency, while pointing out, nevertheless, that the taxation situation varied considerably from one Member State to another and that this diversity should be assessed by the Commission before it put forward any proposals;

- the relevance also of exploring innovative financing instruments for priority investments (EU project bonds).

Mr ANDOR thanked the speakers and, in reply, emphasised the need to assess carefully the impact on the EU's economic performance of various factors relating to the labour market. In this context he mentioned in particular the phenomenon of premature retirement. He also said that priority should be attached to the sound use of European funds to carry out investments designed to support the competitiveness of the deficit countries.

Mr REHN in turned thanked the other Members of the Commission, underlining once again the importance of encouraging Member States to rapidly bring about budget consolidation and the necessary structural reforms, both separately and together. The question of macroeconomic imbalances was extremely sensitive and urgent for some Member States, and must be presented and handled fairly, without excessive zeal and without regarding any aspects as taboo. Lastly, in reply to a question, he referred to private debt and the need to take it into account in the reform of the Stability and Growth Pact.

The PRESIDENT again underlined the urgent nature of this communication given the situation in the EU and the consequent importance of playing a driving role and dealing with the challenges facing growth. The response should be consistent with the social market economy, enshrined in the Lisbon Treaty and in the Europe 2020 strategy, and should not be applied at the expense of the fight against poverty, research and innovation or energy efficiency and the demands of sustainability.

However, the aim of this communication was to set out the recommendations to Member States concerning national reform programmes and the stability and convergence programmes. The PRESIDENT was convinced that Member States expected this kind of support in their efforts to carry out the necessary reforms. While it was not possible to guarantee that these measures would be enough, there was, however, no alternative to targeted, comprehensive action to boost growth, deal with competitiveness challenges and restore confidence in the European economy.

The PRESIDENT ended the debate by noting that the Commission Members agreed on the content of the Communication on the Annual Growth Survey and its three Annexes, and on the following modifications to the English version of the document and of Annex 2, set out respectively in COM(2011)11/2 and COM(2011)11-A2/2:

- **on page 3, the fourth paragraph of the introductory section ("Outlook") should read as follows:**

"If fully implemented, this strategy will help the EU come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity, competitiveness and social cohesion. This will deliver the competitive social market economy of the twenty first century, boosting confidence of market actors, companies and citizens alike.";

- **on page 4, the first and fourth bullet points of point 1 ("Implementing a rigorous fiscal consolidation") should read as follows:**

"All Member States, especially those in excessive deficit procedure, should keep public expenditure growth firmly below the rate of medium term trend GDP growth, while prioritising sustainable growth friendly expenditure in areas such as research and innovation, education and energy. All Member States should demonstrate that their Stability or Convergence Programmes are based on prudent growth and revenue forecasts.";

"Some Member States may need to increase taxes. Indirect taxes are more growth-friendly than direct taxes and broadening tax bases is preferable to increasing tax rates. Unjustified subsidies, e.g. environmentally harmful subsidies, should be eliminated.";

- **on page 5, the second bullet point of point 2 ("Correcting macro economic imbalances") should read as follows:**

"Member States with large current account surpluses should identify and tackle the sources of persistently weak domestic demand (including further liberalisation of the service sector and improving conditions for investment). However, where

domestic demand still remains subdued due to a policy or market failure appropriate policies should be put in place.";

- **also on page 5, the first paragraph of point 3 ("*Ensuring stability of the financial sector*") should read as follows:**

"At EU level, the regulatory framework must be further reinforced, while the quality of supervision should be enhanced by the ESRB and European Supervisory Authorities, which have become operational at the beginning of 2011. Bank restructuring must be accelerated to safeguard financial stability and underpin the provision of credit to the real economy.";

- **on page 6, the second bullet point of point 4 ("*Making work more attractive*") should be deleted;**

- **also on page 6, a new bullet point is added to point 5 ("*Reforming pensions systems*"), which should read as follows:**

"In view of demographic change, Member States should avoid adopting measures related to their pension systems which undermine the long term sustainability and adequacy of their public finances.";

- **on page 7, the first paragraph of Title III ("*FRONTLOADING GROWTH – ENHANCING MEASURES*") should read as follows:**

"The EU will only meet its ambitious Europe 2020 targets for sustainable and inclusive growth if urgent structural reforms are frontloaded in services and product markets to improve the business environment. To remain competitive in a globalised economy, Member States must urgently begin the deep structural reforms needed to enhance the excellence of our research and our capacity to innovate, turning ideas into products and services that meet the demand of high-growth markets, taking advantage of the technological capabilities of our industry and helping SMEs to grow and internationalise. The EU's reform agenda will also have to exploit new sources of growth by turning the limits of traditional resource-based development into new economic opportunities through increased resource

efficiency. It must also exploit the EU's first mover advantage on competitive environmental goods and services.";

- **also on page 7, the first bullet point of point 8 ("*Tapping the potential of the Single Market*") should read as follows:**

"All Member States should fully implement the Services Directive. The Commission is evaluating its implementation, and the potential for further growth enhancing measures through a further opening of the service sector.";

- **on page 8, the second, fourth, fifth and sixth bullet points of point 8 ("*Tapping the potential of the Single Market*") should read as follows:**

"Member States should identify and remove unjustified restrictions on professional services such as quotas and closed shops together with restrictions on the retail industry, such as disproportionate limitations on opening hours and zoning.";

"In addition to continuing to press for the conclusion of the Doha Round, the Commission will advance negotiations on Free trade agreements with partners such as India, Canada and Mercosur, and step up regulatory convergence work with major partners and increase symmetry in access to public procurement markets in developed countries and large emerging market economies.";

"In 2011, legislation will be proposed to enable rapid and interoperable standard-setting including in ICT.";

"Although sensitive, work should be taken forward on taxation. This has an important economic potential to stimulate growth and job creation, reduce administrative burden and remove obstacles in the Single Market. Tax treatment disadvantaging cross-border trade or investment should be eliminated. In particular the Commission will propose in 2011 measures to modernise the VAT system, to introduce a common consolidated corporate tax base, and to develop a coordinated European approach to taxation of the financial sector. Progress on taxation also implies reducing taxes on labour to the minimum necessary and adapting the European framework for energy taxation in line with the EU energy and climate

objectives.";

– on page 15 of Annex 2, the last paragraph should read as follows:

"Confidence in the banking sector is a prerequisite for maintaining financial stability. One of the tools to maintain confidence on the speed of the exit strategies is the stress test exercise. The objective of the exercise is to assess the banking sector's resilience to low-probability but high-impact events. The sensitivity of the capital buffer is examined to adverse economic and financial conditions. Based on rigorous assumptions, the next EU-wide stress test exercise will be conducted in 2011. The results of the next exercise will be available in June 2011. A good cooperation among national supervisors and EU authorities is critical in this context as well as a clear and transparent communication of the results and their implications."

Subject to the abovementioned modifications and to a final linguistic revision, the Commission approved the Communication and its three Annexes set out in COM(2011)11/2, COM(2011)11-A1/2, COM(2011)11-A2/2 and COM(2011)11-A3/2 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions, the European Investment Bank and the European Central Bank and, for information, to the national parliaments.

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The meeting ended at 00.22 on Wednesday 12 January 2011.