



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1963 final

Brussels, 22 June 2011

MINUTES
of the 1963rd meeting of the Commission
held in Strasbourg
(Winston Churchill building)
on Tuesday 7 June 2011
(afternoon)

PV(2011)1963 final

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Single sitting: Tuesday 7 June 2011 (afternoon)

The sitting opened at 12.10 with Mr BARROSO, President, in the chair. The discussion of item 10 was chaired by Ms REDING.

Present:

Mr BARROSO	President	Items 1 to 9
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	
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 7/8 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	Items 1 to 10 (in part)
Ms MALMSTRÖM	Member	

Absent:

Baroness ASHTON	High Representative/ Vice-President
Mr KALLAS	Vice-President
Ms KROES	Vice-President
Mr BARNIER	Member
Mr DALLI	Member
Ms DAMANAKI	Member
Ms GEORGIEVA	Member
Mr OETTINGER	Member
Mr CIOLOŞ	Member

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

Ms NIKOLAY	Adviser in Baroness ASHTON's office	Items 7/8 (in part) to 10
Mr POWER	A member of Ms KROES's staff	
Ms DEJMEK	A member of Mr BARNIER's staff	
Mr INOTAI	A member of Ms DAMANAKI's staff	
Mr DELPHIN	Deputy Chef de cabinet to Ms GEORGIEVA	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	Items 1 to 9
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Items 1 to 9
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 1 to 9
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Ms SKURATOWICZ	A member of the PRESIDENT's staff	
Mr SOBRAL	A member of the PRESIDENT's staff	Items 1 to 9
Mr LAHTI	A member of Mr REHN's staff	Items 7/8 (in part)
Mr GIERING	A member of Mr FÜLE's staff	Items 9 and 10
Ms GAGO	Chef de cabinet to Mr ANDOR	Items 1 to 8

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

1. AGENDAS

(OJ(2011)1963/3; SEC(2011)697/2)

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)1963)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 6 June.

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1962ND MEETING
(1 JUNE)**

The Commission held over approval of the minutes of its 1962nd meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

(SEC(2011)703)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Wednesday 1 June (SEC(2011)703).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.2 of the IRG record)

Dossiers at first reading

- Consumer rights (Directive) – SCHWAB report – 2008/0196 (COD)

The Commission approved the line set out in SI(2011)201.

- Energy market integrity and transparency (Regulation) – CHATZIMARKAKIS report – 2010/0363 (COD)

The Commission approved the line set out in SI(2011)190.

Dossiers at second reading

- Amendment of Regulation (EC) 1905/2006 establishing a financing instrument for development cooperation (Regulation) – GOERENS report – 2010/0059 (COD)
- Amendment of Regulation (EC) 1905/2006 establishing a financing instrument for development cooperation and amendment of Regulation (EC) 1889/2006 on establishing a financing instrument for the promotion of democracy and human rights worldwide (Regulation) – LOCHBIHLER/GAL report – 2009/0060B (COD)
- Amendment of Regulation (EC) 1905/2006 establishing a financing instrument for development cooperation and amendment of Regulation (EC) 1889/2006 on establishing a financing instrument for the promotion of democracy and human rights worldwide (Regulation) – MITCHELL report – 2009/0060 (COD)
- Amendment of Regulation (EC) 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income

countries and territories (Council Regulation) – SCHOLZ report – 2009/0059 (CNS)

The Commission approved the line set out in SI(2011)191 and /2.

ii) Special legislative procedure

(point 1.3 of the IRG record)

- Draft amending budget No 2 to the 2011 general budget – Statement of expenditure by section – Section III – Commission – JEDRZEJEWSKA report

The Commission approved the line set out in SI(2011)192.

iii) Non-legislative procedure

(point 1.4 of the IRG record)

- Position to be adopted on behalf of the European Union concerning the resolutions to be examined and voted on in the International Organisation of Vine and Wine (Council Decision) – 2011/0119 (NLE)

The Commission approved the line set out in SI(2011)194.

- Management of spent nuclear fuel and radioactive waste (Council Directive) – JORDAN CIZELJ report – 2010/0306 (NLE)

The Commission approved the line set out in SI(2011)202.

iv) Preparation of Parliament's June I part-session

(point 1.5 of the IRG record)

Ordinary legislative procedure – Codecision – 2nd reading

- Charging of heavy goods vehicles for the use of certain infrastructure – (Directive) – EL KHADRAOUI report – 2008/0147 (COD)

The Commission approved the line set out in SP(2011)4672/3, further to SP(2011)4672 and cancelling and replacing SP(2011)4672/2, both of which had been adopted by the Commission at its meeting on 1 June.

Empowerment

- Charging of heavy goods vehicles for the use of certain infrastructure – (Directive) – EL KHADRAOUI report – 2008/0147 (COD)

The Commission empowered Mr KALLAS, under Article 13 of its Rules of Procedure, in agreement with the PRESIDENT and Mr ŠEFČOVIČ and any associated Members, to adopt and transmit to the Council its opinion on the amendments, in accordance with Article 294(7)(c) of the Treaty on the Functioning of the European Union, once Parliament had been consulted, and if necessary to attach to its opinion an amended proposal, on the basis of the line set out in SP(2011)4672/3, further to SP(2011)4672 and cancelling and replacing SP(2011)4672/2, both of which had been adopted by the Commission at its meeting on 1 June.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

v) Programming of Council business

(SI(2011)204)

The Commission took note of the information in SI(2011)204 on the Council meetings between 9 and 22 June.

4.3. RELATIONS WITH PARLIAMENT

vi) Preparation of June I part-session – Oral questions

(point 3.4 of the IRG record)

- H-194/11, H-196/11, H-197/11, H-199/11, H-200/11, H-201/11, H-203/11, H-205/11, H-206/11, H-207/11, H-208/11, H-210/11, H-211/11, H-212/11, H-214/11, H-215/11 (jointly with H-216/11), H-217/11, H-218/11

The Commission approved the draft answers set out in SP(2011)4669 to /3, following the agreement reached between the Chefs de cabinet, and certain draft supplementary answers, revisions to answers and draft answers as set out in SP(2011)4669/4 *et seq.*

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2011)698 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 30 May and 1 June.

5.2. EMPOWERMENT

(SEC(2011)699 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 30 May and 1 June.

5.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2011)700 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 30 May and 1 June, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2011)701 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 6 and 10 June and of the 'finalisation' written procedures initiated following the weekly meetings of Chefs de cabinet on 30 May and 6 June.

5.5. AD HOC EMPOWERMENT IN CONNECTION WITH THE FINANCIAL SUPPORT PROVIDED TO GREECE BY THE EURO AREA MEMBER STATES

(SEC(2011)758 AND /2)

The Commission empowered Mr REHN, Member of the Commission with responsibility for economic and monetary affairs, in agreement with the PRESIDENT, on behalf of the Commission and under its responsibility, and according to the terms set out in SEC(2011)758:

- to negotiate with the Greek authorities an amendment to the EUR 80 billion loan facility agreement of 8 May 2010 between certain euro area Member States and *KfW Bankengruppe* as lenders and the Hellenic Republic as borrower and the Bank of Greece as agent to the borrower;
- to sign that amendment after approval by the lenders and on their behalf, except Germany whose part of the loan is provided by *KfW Bankengruppe*.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2011)702)

ADMINISTRATIVE MATTERS

(PERS(2011)60)

6.1. DG TAXATION AND CUSTOMS UNION – APPOINTMENT OF AD14/15 DIRECTOR

(PERS(2011)14 TO /3)

The Commission had before it the list of applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, 'Indirect Taxation

and Tax Administration', in DG Taxation and Customs Union (PERS(2011)14).

It took note of the opinions of the Consultative Committee on Appointments of 15 and 31 March 2011 (PERS(2011)14/2 and /3).

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 Mr ŠEMETA, it then decided to appoint Mr Manfred BERGMANN to the post.

This decision would take effect on 1 July 2011.

6.2. *LEGAL SERVICE – APPOINTMENT OF AD15 PRINCIPAL LEGAL ADVISER*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, the Commission decided to fill the post of Principal Legal Adviser responsible for the 'Quality of legislation' team in the Legal Service by transferring in the interest of the service, under Article 7 of the Staff Regulations, Ms Mary MINCH, currently Principal Adviser in DG Research and Innovation.

This decision would take effect on 16 June 2011.

6.3. *DG COMMUNICATION – INTERNAL PUBLICATION OF VACANCY NOTICE FOR AD15/16 DIRECTOR-GENERAL (PERS(2011)61)*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms REDING, 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)61 for the post of Director-General of DG Communication.

This decision would take effect immediately.

6.4. DG AGRICULTURE AND RURAL DEVELOPMENT – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr CIOLOŞ, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'International Affairs II, in particular enlargement', in DG Agriculture and Rural Development from 1 May 2010 to 31 December 2010 to Mr Nicolas VERLET, AD12 official and Head of Unit in that DG.

This decision would take effect immediately.

6.5. DG TRANSLATION – TEMPORARY POSTING AS DIRECTOR-GENERAL

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms VASSILIOU, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director-General of DG Translation from 1 May 2010 to 15 February 2011 to Mr Piet VERLEYSSEN, AD15 official and Director in that DG.

This decision would take effect immediately.

6.6. 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 extend from 1 January 2011 until 15 April 2011 the temporary posting as Director, 'EFC, EPC: Secretary of the Economic and Financial Committee and of the Economic Policy Committee', in DG Economic and Financial Affairs of Mr Stefan PFLUEGER, at that time AD12 official and Head of Unit in that DG, taking into account the interest of the service and the need to ensure fair treatment of the official concerned.

This decision would take effect immediately.

6.7. 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, 'Economies of the Member States II', in DG Economic and Financial Affairs from 1 January 2010 to 31 December 2010 to Mr Matthias MORS, AD14 official and at that time Principal Adviser in that DG.

This decision would take effect immediately.

6.8. 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, 'Structural reforms and competitiveness', in DG Economic and Financial Affairs from 16 September 2010 to 15 March 2011 to Mr Declan COSTELLO, AD13 official and Head of Unit in that DG.

This decision would take effect immediately.

6.9. EUROPEAN EXTERNAL ACTION SERVICE (EX-RELEX) – TEMPORARY POSTING AS HEAD OF DELEGATION

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Baroness ASHTON, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Head of the European Union Delegation to Japan (attached to the former DG External Relations) from 1 June 2010 to 31 December 2010 to Mr Stefan HUBER, AD13 official and Deputy Head of that Delegation.

This decision would take effect immediately.

**6.10. EUROPEAN EXTERNAL ACTION SERVICE (EX-RELEX) –
TEMPORARY POSTING AS HEAD OF DELEGATION**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Baroness ASHTON, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Head of the European Union Delegation to Bosnia and Herzegovina (attached to the former DG External Relations) from 15 July 2010 to 31 December 2010 to Mr Boris IAROCHEVITCH, AD12 official and Head of Operations in that Delegation.

This decision would take effect immediately.

6.11. DG ENERGY – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr OETTINGER, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'General Policy', in DG Energy from 1 September 2010 to 31 January 2011 to Ms Paula ABREU MARQUES, AD12 official and Head of Unit in that DG.

This decision would take effect immediately.

6.12. EUROSTAT – 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, 'Quality, methodology and information systems', in Eurostat to Mr Daniel DEFAYS, AD14 official and Adviser in that DG, from 1 January 2011 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.

6.13. DG JUSTICE / DG HOME AFFAIRS – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Ms REDING and Ms MALMSTRÖM, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Shared resources', in DG Justice and DG Home Affairs to Mr Joseph MURRAN, AD13 official and Head of Unit in those DGs, from 1 October 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.

6.14. PUBLICATIONS OFFICE – 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, 'Resources', in the Publications Office to Mr Kurt KOENIG, AD14 official and Head of Unit in that Office, from 1 December 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.

6.15. DG TRADE – TEMPORARY POSTING AS DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr DE GUCHT, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, 'Public procurement and intellectual property, bilateral trade relations', in DG Trade from 1 October 2010 to 31 March 2011 to Mr Anders JESSEN, AD12 official and Head of Unit in that DG.

This decision would take effect immediately.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN INVESTMENT BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – CONCLUDING THE FIRST EUROPEAN SEMESTER OF ECONOMIC POLICY COORDINATION: GUIDANCE FOR NATIONAL POLICIES IN 2011-2012

(COM(2011)400 AND /2; SEC(2011)594; SEC(2011)740)

8. COMMISSION RECOMMENDATIONS FOR COUNCIL RECOMMENDATIONS CONCERNING THE 2011 NATIONAL REFORM PROGRAMMES AND STABILITY PROGRAMMES FOR THE EURO AREA AND DELIVERING A COUNCIL OPINION ON THE MEMBER STATES' STABILITY AND CONVERGENCE PROGRAMMES AND ON THE IMPLEMENTATION OF THE BROAD GUIDELINES FOR THE ECONOMIC POLICIES OF THE MEMBER STATES WHOSE CURRENCY IS THE EURO

(SEC(2011)800 TO /3; SEC(2011)710 AND /2 TO SEC(2011)736 AND /2; SEC(2011)737; SEC(2011)594; SEC(2011)740)

The PRESIDENT presented the proposals, stating that the communication and the recommendations before the Commission formed a whole, the aim of which was to conclude the first European semester of economic policy coordination. The recommendations concerned each one of the 27 Member States and the euro area as a whole. The semester was an innovatory exercise which constituted a new stage in European integration by introducing a European dimension into the shaping of the Member States' economic and fiscal policies.

These recommendations constituted the Commission's initial reaction to the debate on economic governance and formed an integral part of the response to the economic crisis. This response was based on the fact that Member States' economic policies were interdependent to an extent unparalleled in the past, and that the economic area formed by the European Union would probably be affected more

than ever in future by developments in the rest of the world.

Turning to the key elements in the recommendations, the PRESIDENT pointed out that they were confined to the strategic priorities to be taken on board by the Member States in the coming 12 to 18 months, and that they must be concise, clear and geared to what could realistically be achieved during this period.

Despite their European dimension and holistic approach, these recommendations took account of the specific context of each Member State. The measures set out in the national reform programmes and in Member States' stability and convergence programmes, together with the commitments taken on in the context of the Euro Plus Pact, had been assessed by the Commission in the light of the priorities identified in the Annual Growth Survey adopted in January and the spring economic forecasts published by the Commission on 13 May. In these recommendations, the Commission's guidelines were intended to help Member States achieve the key priorities relating in particular to fiscal consolidation, the remedying of macroeconomic imbalances and the strengthening of financial stability and governance of the banking sector.

The recommendations clearly underlined the need to reform social security systems in order to consolidate public finances in the long term and to raise employment rates.

The PRESIDENT referred to the methods set out in the recommendations to enhance competitiveness, for instance by lowering taxation on labour and hence reducing labour costs, by improving the functioning of labour markets and by ensuring that pay reflected productivity trends more closely. He trusted that the Commission would emphasise the need for Member States to take into consideration the social impact of reforms in order to establish a political consensus, vital to ensure their success.

The PRESIDENT wound up his presentation by reminding the meeting that the recommendations would be discussed and endorsed by the European Council on 24 June, and that the "package" before the Commission marked the start of a long-

term process, in which the main political challenge facing Member States was to take ownership of the recommendations and actually put them into practice.

Mr REHN took the floor to underline the need for reform also in the Member States least exposed to the current economic crisis. In his view, the European semester had two main objectives: to support Member States in their efforts to overcome the crisis and to help underpin growth. An integrated analysis of fiscal and structural policies was justified as it had become clear from the crisis that these two aspects could not be dealt with separately. The timetable for the presentation of these recommendations must be such as to allow national parliaments to take them fully on board and to ensure appropriate monitoring when preparing national budgets.

Mr ANDOR rounded off the presentations by emphasising the balance struck by the Commission in its recommended measures, in particular between fiscal consolidation and the need to take account of the social dimension of some of these measures. As an example, he mentioned the objective of pension reform, which was intended not only to enhance the viability of public finance but also to respond in advance to the problem of skilled labour shortages. A number of the priorities identified in the recommendations could potentially have an impact on social cohesion and the reduction of poverty, in particular measures to make employment more attractive and to bring the unemployed back onto the labour market. Some of the recommended measures were an essential starting point for carrying out medium and long-term structural reforms and hence contributing to the objectives of the Europe 2020 strategy.

The Commission then held a brief discussion during which the following aspects were raised:

- widespread support for the communication and the specific recommendations, the quality and relevance of which were unanimously praised;
- the importance of preserving the Commission's independence during the process of implementing the European semester, and the concern to ensure that the relevant communication activities were properly nuanced;

- the need for Member States to take ownership of the recommendations and to actually put them into practice; this would be a test of the Commission's credibility, in particular as regards its ability to propose measures that were sufficient to address the challenges of the economic crisis;
- the case for embarking on a discussion on better coordination of the various policy mixes in order to tap into the growth potential of the single market and boost demand;
- the key role of innovation, particularly for the creation of sustainable jobs that pay;
- a suggestion that the Commission hold a policy debate towards the end of the year in order to make an initial assessment of the implementation of the recommendations before the new cycle began in 2012;
- the need for the Commission to be able to demonstrate the added value of its recommendations and, in future European semesters, to focus more on long-term goals and measures to boost growth;
- the need to shift taxes from labour to other sectors in order to stimulate growth and to identify new sources of growth; the importance in this context of developing new environmental products and services;
- the need to abolish unjustified and environmentally damaging subsidies;
- the importance of national educational reforms and of access to education and training in order to improve employability.

Winding up the discussion, the PRESIDENT stressed once again that the real test of the European semester's success would be whether it was actually implemented by the Member States. He highlighted the need for effective internal mechanisms within the Commission to monitor the commitments made by the Member States, and welcomed the suggestion that the Commission carry out an initial assessment of the implementation of the recommendations towards the end of the year. In this

connection he asked the Members of the Commission to work with their departments on developing and deepening their understanding of the situation of each Member State in their respective areas of competence.

Finally he thanked the Commission Members who had been directly involved in drafting the recommendations and noted the support of the full Commission for the proposed communication and recommendations and its agreement on the following amendments:

- **the first sentence of the last paragraph on page 2 of the English version of the communication distributed as COM(2011)400/2 was amended to read as follows:**

"A key lesson from this experience was that focusing mainly on the deficit criteria of the Stability and Growth Pact (SGP) and weak implementation did not prevent serious problems in other areas. "

- **the first sentence of recital 9 of the English language version of the Commission recommendation for a Council Recommendation on the National Reform Programme 2011 of Italy and delivering a Council opinion on the updated Stability Programme of Italy, 2011-2014, distributed as SEC(2011)800/2, was amended to read as follows:**

"Given the very high government debt, which stands at around 120% of GDP in 2011, the pursuit of a durable and credible consolidation and the adoption of structural measures to enhance growth are key priorities for Italy. "

Subject to inclusion of the above amendments and to a final linguistic revision of all the above-mentioned documents, the Commission:

- adopted the communication in COM(2011)400/2;
- adopted the recommendations in SEC(2011)800 to /3;
- decided to send the communication and recommendations to the European Parliament, the European Council, the Council, the European Central Bank, the

European Investment Bank, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments, together with the staff working papers in SEC(2011)710/2 to SEC(2011)736/2, and SEC(2011)737, the contents of which were noted.

9. RELATIONS WITH NON-MEMBER COUNTRIES

STATE OF PLAY OF ACCESSION NEGOTIATIONS BETWEEN CROATIA AND THE EUROPEAN UNION

(SEC(2011)754)

Mr FÜLE reported on the state of play of the accession negotiations with Croatia. Since the interim report adopted in March on the situation as regards justice and fundamental rights (Chapter 23), Croatia had made significant progress in the area of reforms, and several additional chapters had been closed. This meant that a total of 31 out of 35 chapters were now closed.

With regard to Chapter 23, he referred to the constant contacts being made by the Commission and the EU Delegation in Zagreb with the Croatian authorities in order to assess the progress made and encourage them to achieve results on the matters still outstanding. In his view this intensive dialogue had been fruitful and the results had been highly satisfactory, particularly with regard to the legal framework and administrative structures in place, thanks in particular to close follow-up, which should ensure the sustainability of the reforms undertaken.

He added that this positive assessment, which was supported by firm undertakings made by Croatia, meant that certain specific results could still be achieved and be monitored regularly up until the accession date.

As regards Chapter 8 (competition policy), he highlighted the progress made in restructuring the steel sector and the shipyards. Strict parameters would be established in order to complete the assessment of the shipyard restructuring plan. Thanks to a specific protocol included in the accession treaty, it would then be

possible to recover the aid paid before accession if it was found that these requirements had not been met.

With regard to Chapter 33 on financial and budgetary provisions, he and Mr LEWANDOWSKI had prepared a draft common position that was broadly in line with the approach and methodology adopted at the fifth enlargement of the Union. In addition, for Chapter 35, on other matters, he had prepared a draft common position containing safeguard clauses in the areas of the economy, the single market and justice and home affairs, similar to those in the 2003 and 2005 accession treaties and incorporating the changes made by the Treaty of Lisbon.

Mr FÜLE said that until accession took place, the emphasis would be on control and monitoring of Croatia's compliance with the undertakings it had made during the negotiations. This would be done through a dialogue based on the Stabilisation and Association Agreement and through assessments and meetings of experts with the Commission. He suggested including all the data and results obtained from these assessments in the regular follow-up reports and tables. An overall assessment would be presented in the next progress report planned for October 2011.

This would provide the means of verifying that Croatia was fully prepared, from the first day of accession, to meet all its obligations as an EU Member State. He also pointed out that the proposed approach had the support of the Member States.

In conclusion, Mr FÜLE recalled the important work accomplished since the start of the accession negotiations with Croatia in 2005 and thanked those who had taken part. He hoped that this close cooperation and support would continue during the procedures leading to adoption of the documents on the last four common positions. On the basis of the elements contained in the information note distributed in SEC(2011)754, the completed documents would be sent to the Council on 10 June.

During the brief exchange of views that followed, the Commission mentioned the following points:

- questions about the next steps in Croatia's accession process with regard to the degree of involvement of the Croatian authorities in the effective

implementation of the measures agreed upon and the criteria for verifying that they are being properly implemented;

- more specifically, certain questions about Croatia's judicial treatment of its war criminals and the effectiveness of the measures taken in the fight against corruption;
- the criteria for assessing, monitoring and controlling restructuring in the shipyard sector;
- the possible implications of Croatia's accession for the Schengen area.

Mr FÜLE replied briefly to the questions and comments. He said that the question of the Schengen borders did not arise formally in the context of the accession negotiations with Croatia. However, he agreed that the future accession treaty could include a formula stating that Croatia's entry into the Schengen area was subject to positive reports on its fulfilment of the undertakings made during the accession procedure.

On the question of war criminals, he reminded the meeting that this was one of the points included in Chapter 23 and stressed that the progress made by the Croatian authorities in this area had led to satisfactory results which must be continued. Some of these matters were being dealt with in the proceedings under way at the International Criminal Tribunal for the former Yugoslavia.

He also referred to the progress made in the fight against corruption, which he considered to be irreversible. Lastly, with regard to the Croatian shipyards, solid restructuring plans were in place and a safeguard clause would be included in the accession treaty.

The PRESIDENT thanked Mr FÜLE for the work carried out and pointed out that the negotiations were based, and would continue to be based, on strict conditionality in a spirit of good faith and equity with regard to the measures taken, the commitments made and their specific implementation. In conclusion, he stressed that Croatia would not become a member of the Union until it was ready to do so

and that its accession would benefit the European Union, Croatia and the western Balkans as a whole.

The Commission took note of this information and of Mr FÜLE's note in SEC(2011) 754.

10. OTHER BUSINESS

LATEST ECONOMIC DEVELOPMENTS

Mr REHN addressed the matter of the economic situation in the United States and the European Union. Speaking about the United States, he referred to recent figures, notably on inflation, production levels and the confidence index, which seemed to indicate a relative weakening in the country's recovery. He also mentioned a number of other economic, social and political factors which he felt might increase downward pressure on the dollar.

As for the European Union, Mr REHN felt that the economic figures confirmed forecasts of a continuing moderate recovery in Europe, accompanied by a gradual improvement in the labour market and a slight fall in inflation. He therefore felt that the recovery was continuing in Europe, albeit at a slower pace, and that domestic demand was stronger and more resilient than in the past.

Mr REHN concluded with a reference to the economic, financial and budgetary situation in Greece, stressing the Greek government's efforts particularly with regard to privatisation and structural and budget reform. He said that the follow-up measures to be taken by the Greek authorities were vital in this context and that the process of implementing the reforms must be speeded up, *inter alia* with the support of the technical assistance provided by the Commission, the Member States and the International Monetary Fund. Finally, he said that these measures as a whole should allow the Eurogroup to examine the subsequent stages required for the continuation of the economic and budgetary policies currently being implemented in Greece in time for decisions to be taken before the end of June.

The Commission took note of this information.

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The meeting closed at 13.53.