



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1972 final

Strasbourg, 27 September 2011

MINUTES
of the 1972nd meeting of the Commission
held in Brussels
(Berlaymont)
on Tuesday 20 September 2011
(morning)

PV(2011)1972 final

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Single sitting: Tuesday 20 September 2011 (morning)

The sitting was opened at 9.12 by Ms REDING, President BARROSO being absent.

Present:

Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	Items 10 (in part) and 11
Mr ŠEFČOVIČ	Vice-President	Items 10 (in part) and 11
Mr POTOČNIK	Member	
Mr REHN	Member	
Mr BARNIER	Member	Items 10 (in part) and 11
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Ms GEOGHEGAN-QUINN	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Mr BARROSO	President
Baroness ASHTON	High Representative/ Vice-President
Mr PIEBALGS	Member
Mr DE GUCHT	Member
Mr DALLI	Member
Mr LEWANDOWSKI	Member
Mr OETTINGER	Member
Mr HAHN	Member
Ms HEDEGAARD	Member

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

Mr CEBALLOS BARON	A member of Baroness ASHTON's staff
Mr RAZAALY	A member of Mr PIEBALGS's staff
Mr LEVIE	A member of Mr DE GUCHT's staff
Ms DARMANIN	Chef de cabinet to Mr DALLI
Mr LEMAÎTRE	Chef de cabinet to Mr LEWANDOWSKI
Mr ONIDI	Deputy Chef de cabinet to Mr OETTINGER
Mr GAMBS	Chef de cabinet to Mr HAHN
Mr VIS	Chef de cabinet to Ms HEDEGAARD

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr VANDERSTEEN	Acting Director-General, DG Communication	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 10 (in part) and 11
Mr SCHINAS	Bureau of European Policy Advisers	
Mr NOCIAR	Chef de cabinet to Mr ŠEFČOVIČ	Items 1 to 10 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	

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

1. AGENDAS

(OJ(2011)1972/3; SEC(2011)1057/2)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET

(RCC(2011)1972)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Friday 16 September.

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1971ST MEETING
(13 SEPTEMBER)**

The Commission held over approval of the minutes of its 1971st meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's legislative opinions

(SP(2011)8198)

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(2011)8198, drawn up following the September I part-session of Parliament, the contents of which were noted.

- ii) Programme to support the further development of an Integrated Maritime Policy (Regulation) – KOUMOUTSAKOS report – 2010/0257 (COD)**
(SI(2011)321)

The Commission approved the line set out in SI(2011)321.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

- iii) Programming of Council business**
(SI(2011)323)

The Commission took note of the information in SI(2011)323 on the Council meetings between 22 September and 5 October.

4.3. RELATIONS WITH PARLIAMENT

- iv) Results of Parliament's September I part-session**
(SP(2011)7988; SP(2011)8000)

The Commission took note of the information in SP(2011) 7988 and SP(2011)8000 on the proceedings of the part-session of Parliament held in Strasbourg from 12 to 15 September.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES **(SEC(2011)1078/2)**

The Commission adopted the decisions in SEC(2011)1078/2.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

**6.1. WRITTEN PROCEDURES APPROVED
(SEC(2011)1058 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 September.

**6.2. EMPOWERMENT
(SEC(2011)1059 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 September.

**6.3. DELEGATION AND SUBDELEGATION OF POWERS
(SEC(2011)1060 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 12 and 16 September, as archived in e-Greffe.

**6.4. SENSITIVE WRITTEN PROCEDURES
(SEC(2011)1061)**

The Commission took note of the sensitive written procedures for which the time limit expired between 19 and 23 September.

**6.5. GENERAL EMPOWERMENT FOR FINANCING DECISIONS NEEDED
FOR THE IMPLEMENTATION OF COUNCIL DECISIONS IN THE
FIELD OF COMMON FOREIGN AND SECURITY POLICY (CFSP)
(SEC(2011)1082; SEC(2011)1083)**

The Commission granted the general empowerment as set out in SEC(2011)1082 to the Member of the Commission responsible for external relations to adopt, on behalf of the Commission and under its responsibility, the financing decisions needed for implementing certain Council decisions in

the field of common foreign and security policy (CFSP), when and insofar as the related Council Decisions give rise to operational expenditure and indicate the financial reference amount for the purposes of their implementation.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – TOWARDS AN EU CRIMINAL POLICY: ENSURING THE EFFECTIVE IMPLEMENTATION OF EU POLICIES THROUGH CRIMINAL LAW (COM(2011)573 TO /3; SEC(2011)1073; RCC(2011)971)

The Commission approved the communication in COM(2011)573/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – ROADMAP TO A RESOURCE-EFFICIENT EUROPE (COM(2011)571 TO /3; SEC(2011)1067 (PART I); SEC(2011)1067/2 (PART II); SEC(2011)1068; SEC(2011)1070; RCC(2011)972)

The Commission approved the communication in COM(2011)571/3, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to national parliaments, together with the staff working papers distributed as SEC(2011)1067 (part I), SEC(2011)1067/2 (part II) and SEC(2011)1068, the contents of which were noted.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – SUPPORTING GROWTH AND JOBS: AN AGENDA FOR THE MODERNISATION OF EUROPE'S HIGHER EDUCATION SYSTEMS (COM(2011)567 TO /3; SEC(2011)1063; SEC(2011)1064; RCC(2011)970)

The Commission approved the communication in COM(2011)567/3, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to national parliaments, together with the staff paper distributed as SEC(2011)1063, the contents of which were noted.

10. RELATIONS WITH NON-MEMBER COUNTRIES

EIGHTH YALTA ANNUAL MEETING – ‘UKRAINE AND THE WORLD: COMMON CHALLENGES, COMMON FUTURE’ (15 TO 18 SEPTEMBER)

Mr FÜLE reported on the Eighth Yalta Annual Meeting on European strategy which had taken place in Ukraine from 15 to 18 September. The theme this year was ‘Ukraine and the world: common challenges, common future’. The meeting had been particularly opportune in that it had given him a chance to voice the European Union's concerns about the situation in Ukraine regarding respect for the principles of the rule of law and to discuss ideas and views on bilateral relations with the country's leaders. He also described his fringe meetings with Ukraine's President, Viktor Yanukovich, and the Prime Minister, Mykola Azarov, from which he drew three main conclusions.

First, in connection with the trial of the former Prime Minister, Yulia Tymoshenko, Mr FÜLE mentioned the announcement by the Ukrainian President of important measures affecting Ukraine's criminal law, which might help to ease the current tensions and therefore smooth the way for negotiations to finalise an association

agreement between Ukraine and the European Union. This new attitude was to be welcomed, but future developments in this area needed to be closely monitored.

He then turned to the gas contract Ukraine had signed with Russia in 2009, some aspects of which were being questioned by the Ukrainian authorities, particularly the differences in the prices charged to client countries. Mr FÜLE explained that the Ukrainians had given him assurances that they would fulfil their contractual commitments to Russia until the contract came to be revised, so the issue should not affect gas supplies to the European Union. He suggested that the European Union examine some of the economic sections of the contract with Ukraine, particularly those relating to access to the gas resources of the southern Caucasus, given that the European Union had been involved in the drafting process even though it was not a party to the contract.

Thirdly he mentioned Ukraine's intention, communicated to him by the acting Prime Minister, to renegotiate certain terms of its membership of the World Trade Organisation. The exact areas involved had not yet been decided, but would include some forms of trade, for example in the sugar cane sector, mentioned at their meeting. The Prime Minister assured Mr FÜLE that he would keep him informed regularly on the evolution of this reflection.

Mr FÜLE wound up his presentation by saying that there would be an opportunity to monitor later developments during Mr OETTINGER's visit to Kiev and at the meeting with Viktor Yanukovych that was due to take place in the margins of the summit of the Eastern Partnership in Warsaw on 29 and 30 September.

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

- the need to take into account the expectations and views of Ukraine's neighbours regarding progress in its relations with the European Union, particularly in the form of a possible association agreement;
- the need for the European Union to develop a comprehensive strategy for Ukraine and its neighbourhood;

- the importance of widening the dialogue with Ukraine to include the question of the effective use of resources and environmental protection in the Black Sea region, not least from the point of view of compatibility with the rules of the World Trade Organisation;
- certain structural questions that needed clarification on the Ukrainian side, for example in the field of transport;
- speculation about how much rapprochement the Ukrainian authorities wanted with the European Union and Russia.

Mr FÜLE replied to these comments by referring to the new principles and instruments set out in the recent communication on the revision of the neighbourhood policy, particularly as regards the Eastern Partnership. In his view, the European Union had sent a strong signal there regarding the prospects for Ukraine and the other countries in the region to progress beyond the Eastern Partnership, depending on their specific achievements in implementing reforms, while at the same time pointing out that the current economic crisis could make it difficult for EU Member States to support this Partnership. As regards Ukraine's position vis-à-vis its European and Russian neighbours, Mr FÜLE hoped that it would make its aspirations clear, and pointed to the complexity of the political and economic issues at stake and the areas of cooperation of particular interest to Ukraine. The European Union, for its part, had taken the strategic decision to support Ukraine in its reform process. He concluded with a brief summary of the progress made by the other countries of the Eastern Partnership.

Ms REDING wound up the discussion and thanked Mr FÜLE for his very thorough presentation of the situation.

The Commission took note of this information.

11. OTHER BUSINESS

LATEST DEVELOPMENTS IN ECONOMIC MATTERS

Mr REHN reported on the economic and financial situation and also informed the other Commission Members of the outcome of the informal meetings of Ministers responsible for economic affairs and finance held in Wrocław, Poland, on 16 and 17 September.

He recalled the latest interim economic forecasts updating the projections in terms of GDP and inflation for the European economy. The decline in the economic situation and the turbulence on the financial markets were both eroding public confidence, which was having adverse effects on European growth without, however, spelling a double-dip recession.

Mr REHN referred to the concern about Greece's application of the decisions taken on 21 July and of the contagion to other euro-area Member States, in an international context that was also marked by uncertainty about US growth and government debt.

He underlined the importance for the European Union and the euro area to pursue the implementation of the strategy of gradual, differentiated consolidation proposed by the Commission while, at the same time, stressing the need to reduce tension on the financial markets in relation to the sovereign debt of certain Member States.

Lastly, the experts in Athens were continuing their mission. If this was to prove successful, they would need additional information from the Greek authorities.

Referring to the informal meeting of the Eurogroup ministers, Mr REHN considered that, despite the decisions taken, certain issues were still pending and efforts were consequently continuing on several fronts, for example to strengthen the flexibility of the European Financial Stability Facility.

He welcomed the fact that it had been possible at the informal meeting of all the EU Ministers to complete the work on legislative proposals aimed at improving and strengthening economic governance, adding that it should be possible for the

Council to adopt the package of proposals by 4 October following a European Parliament vote scheduled for 28 September.

Mr REHN wound up by underlining the fact that, despite the very worrying situation and challenges facing European economic growth, it was important to seize every opportunity to improve governance and build confidence within the euro area and on the financial markets.

Mr BARNIER in turn reported on the results of the informal meeting of EU Ministers of Economic Affairs and Finance, deploring the negative media coverage of the event which did not take account of the constructive nature of the discussions and the progress achieved.

He had taken part in two discussions, one on Friday afternoon and the other one on Saturday morning, which had made it possible to take stock midterm of the implementation in Europe of the G20 decisions on financial regulation and governance.

In an extremely difficult context, with the effects of three crises piling up – the American subprime crisis in 2008, the banking crisis triggered by the collapse of Lehman Brothers and the sovereign debt crisis whose epicentre was this time located in Europe – the Commission was doing its job and making practical progress in achieving the G20 agenda.

He welcomed the agreement obtained during the meeting on the six legislative proposals aimed at improving and strengthening economic governance in the EU, on which Parliament would have to give its opinion at the end of September.

He also mentioned the reform carried out in the area of financial supervision, the work on the regulation of credit rating agencies and hedge funds, the efforts aimed at increasing the capital requirements of banks, and the smooth progress made in the albeit rather lengthy negotiations on the proposals concerning short selling and derivatives.

Mr BARNIER said that he had informed the meeting of the proposals to be

presented by the end of the year – on crisis management, audits, credit rating agencies and financial markets – which would thus contribute to the Commission's efforts to apply the G20 decisions in practice.

He went on to explain that he had highlighted the changes that these reforms, once effectively implemented, would bring, referring to the work of the new supervisory authorities set up in January to carry out stress tests and to coordinate bans on short selling.

In his view, there had been no delay at European level in implementing the G20 decisions – even the United States was struggling to make progress in applying the Basel agreements and in derivatives. The pace of approval of the reforms must be maintained.

He underlined the high expectations people had of the Commission in the current tough economic climate, and the need for it to keep to centre stage and come up with solutions to the questions of regulation and governance. He ended by emphasising the importance in this context of the address on the state of the Union which the PRESIDENT would give before Parliament on Wednesday 28 September.

Ms REDING echoed this, saying that there was a lot of expectation surrounding this address, in particular as regards anti-crisis measures that were likely to promote growth. The Commission's next meeting in Strasbourg on Tuesday 27 September would start at 12.00 noon and would be the last opportunity to provide contributions to the PRESIDENT on the issue of growth with a view to his address the following day.

Mr ALMUNIA then briefed the other Commission Members on his proposal to extend beyond the end of 2011 the state aid rules applicable to the rescue and restructuring of financial institutions in difficulty in the context of the economic and financial crisis.

He began by reminding the meeting of the background to these exceptional state aid rules currently applied to financial institutions in difficulty, which had been adopted following the bankruptcy of Lehman Brothers when there was an obvious need for

government support for financial institutions to avoid their collapse. The Commission had quickly established a legal framework to allow such support, while continuing to apply the state aid rules laid down by the Treaty.

This framework consisted of four Communications adopted under Article 107(3)(b) of the Treaty on the Functioning of the European Union, which allowed action to be taken 'to remedy a serious disturbance in the economy of a Member State'. The Communications had served as a legal basis for the adoption of national aid schemes in nearly all the Member States and for a significant number of individual restructuring decisions; on average an amount equivalent to 4% of the EU's GDP had been disbursed under this type of measure.

Mr ALMUNIA felt that in the light of the current situation in the market, and in particular after the events of the summer with regard to the sovereign debt crisis and its negative impact on financial institutions, there could be no question of adopting and applying from 1 January 2012 a new post-crisis framework for rescuing and restructuring financial institutions in difficulty, as had been the plan when the exceptional rules had been extended the previous year. He would therefore be laying before the Commission in the months ahead a proposal to extend the current rules temporarily; at the same time he and his departments would continue to work on the preparation of new guidelines, so that these could be applied as soon as possible once market conditions allowed.

Mr ALMUNIA said that twenty or so cases were currently being examined by the Directorate-General for Competition and that the nine financial institutions which had not passed the stress tests would have to ask for government support if they were unable to recapitalise at market conditions; moreover, one could not rule out the possibility that other banks might need help too in an environment where liquidity was tight.

Mr ALMUNIA ended by announcing that he would inform the Member States of his intentions at the Economic and Financial Affairs Council in November.

Winding up, Ms REDING thanked Mr REHN, Mr BARNIER and Mr ALMUNIA

for setting out in a lucid and pertinent manner their analysis of the situation and their future intentions, and proposed that the Commission take note of these.

Following these presentations, Mr BARNIER spoke briefly about the treatment in that day's press of the issue of funding for the European programme of aid for the most deprived. Noting the attacks that had been made on the Commission, he felt it should be made clear where the real responsibility lay.

Mr CIOLOŞ said that, since the previous day he had been explaining constantly that the programme was being blocked by a minority in the Council and that the Commission could not be held responsible, as it had put forward all the necessary proposals for the programme to carry on running. He had asked the Council Presidency to make public the debate on this issue at that day's Agriculture Council and he intended to ask the Member States concerned to assume their political responsibilities.

Ms REDING lent her support to Mr CIOLOŞ and suggested that, even before the Council meeting began, he make it clear to the press where responsibility lay.

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

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The meeting closed at 10.34.