



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012)2004 final

Strasbourg, 12 June 2012

MINUTES
of the 2004th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 30 May 2012
(morning)

PV(2012)2004 final

TABLE OF CONTENTS

Attendance list	6-8
1. AGENDAS (OJ(2012)2004/3; SEC(2012)328).....	10
2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2012)2004).....	10
3. APPROVAL OF THE MINUTES OF THE 2002ND MEETING OF THE COMMISSION (16 MAY) AND THE MINUTES OF THE 2003RD MEETING (22 MAY) (PV(2012)2002; PV(2012)2003).....	10
4. INTERINSTITUTIONAL RELATIONS.....	10
4.1. LEGISLATIVE MATTERS	10
4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL	12
4.3. RELATIONS WITH PARLIAMENT	12
4.4. RELATIONS WITH THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS.....	13
5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW	14
STATE AID – INDIVIDUAL CASES (SEC(2012)337/2).....	14
6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	14
6.1. WRITTEN PROCEDURES APPROVED (SEC(2012)329 ET SEQ.).....	14
6.2. EMPOWERMENT (SEC(2012)330 ET SEQ.)	14
6.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012)331 ET SEQ.).....	14
6.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012)332 AND /2)	14
6.5. AD HOC EMPOWERMENT CONCERNING THE DRAFT COMMISSION REGULATION PROHIBITING BLUEFIN TUNA FISHING ACTIVITIES IN THE ATLANTIC OCEAN EAST OF LONGITUDE 45° W AND IN THE	

<i>MEDITERRANEAN SEA FOR PURSE SEINERS FLYING THE FLAG OF OR REGISTERED IN [...] [...] [...] (C(2012)3510)</i>	<i>15</i>
7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2012)333)	15
<i>7.1. JOINT RESEARCH CENTRE – APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2011)114 TO /5).....</i>	<i>15</i>
<i>7.2. EUROPEAN PERSONNEL SELECTION OFFICE – EXTENSION OF THE DIRECTOR'S TERM OF OFFICE</i>	<i>16</i>
<i>7.3. LEGAL SERVICE / DG HUMAN RESOURCES AND SECURITY – RATE OF CONTRIBUTION TO THE PENSION SCHEME OF OFFICIALS AND OTHER SERVANTS OF THE EUROPEAN UNION – PROCEEDINGS FOR FAILURE TO ACT.....</i>	<i>16</i>
<i>7.4. DG INTERNAL MARKET AND SERVICES – TEMPORARY POSTING AS DIRECTOR.....</i>	<i>17</i>
<i>7.5. LEGAL SERVICE – TEMPORARY POSTING AS PRINCIPAL LEGAL ADVISER</i>	<i>17</i>
<i>7.6. SECRETARIAT-GENERAL / DG HUMAN RESOURCES AND SECURITY / DG BUDGET – REPORT ON PLANNING AND OPTIMISING COMMISSION HUMAN RESOURCES IN 2012 TO SERVE EU PRIORITIES (SEC(2012)345)</i>	<i>18</i>
8. AMENDED PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE ESTABLISHMENT OF THE EURODAC SYSTEM FOR THE COMPARISON OF FINGERPRINTS FOR THE EFFECTIVE APPLICATION OF REGULATION (EU) [...] / [...] [ESTABLISHING THE CRITERIA AND MECHANISMS FOR DETERMINING THE MEMBER STATE RESPONSIBLE FOR EXAMINING AN APPLICATION FOR INTERNATIONAL PROTECTION LODGED IN ONE OF THE MEMBER STATES BY A THIRD-COUNTRY NATIONAL OR A STATELESS PERSON] AND TO REQUEST COMPARISONS WITH EURODAC DATA BY MEMBER STATES' LAW ENFORCEMENT AUTHORITIES AND EUROPOL FOR LAW ENFORCEMENT PURPOSES AND AMENDING REGULATION (EU)1077/2011 ESTABLISHING A EUROPEAN AGENCY FOR THE OPERATIONAL MANAGEMENT OF LARGE-SCALE IT SYSTEMS IN THE AREA OF	

FREEDOM, SECURITY AND JUSTICE – RECAST (COM(2012)254 AND /2; RCC(2012)55)	18
9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – ACTION FOR STABILITY, GROWTH AND JOBS (COM(2012)299 TO /3; RCC(2012)57).....	19
10. COMMISSION RECOMMENDATIONS FOR COUNCIL RECOMMENDATIONS CONCERNING THE 2012 NATIONAL REFORM PROGRAMMES 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 (COM(2012)301 AND /2; COM(2012)302 TO /3; COM(2012)303; COM(2012)304; COM(2012)305 AND /2; COM(2012)306; COM(2012)307 AND /2; COM(2012)308 AND /2; COM(2012)309 AND /2; COM(2012)310 AND /2; COM(2012)311; COM(2012)312 AND /2; COM(2012)313 AND /2; COM(2012)314 TO /3; COM(2012)315; COM(2012)316 AND /2; COM(2012)317 TO /3; COM(2012)318 AND /2; COM(2012)319; COM(2012)320 AND /2; COM(2012)321 AND /2; COM(2012)322 AND /2; COM(2012)323 AND /2; COM(2012)324; COM(2012)325; COM(2012)326 AND /2; COM(2012)327 AND /2; COM(2012)328 TO /3; SWD(2012)301 AND /2; SWD(2012)302; SWD(2012)303; SWD(2012)304 AND /2; SWD(2012)305; SWD(2012)306; SWD(2012)307 AND /2; SWD(2012)308; SWD(2012)309; SWD(2012)310; SWD(2012)311; SWD(2012)312; SWD(2012)313; SWD(2012)314; SWD(2012)315; SWD(2012)316; SWD(2012)317; SWD(2012)318; SWD(2012)319; SWD(2012)320; SWD(2012)321; SWD(2012)322; SWD(2012)323; SWD(2012)324; SWD(2012)325 AND	

/2; SWD(2012)326; SWD(2012)327; SWD(2012)328 AND /2; RCC(2012)57)	19
--	----

Single sitting: Wednesday 30 May 2012 (morning)

The sitting opened at 9.06 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	
Ms REDING	Vice-President	Items 1 to 9/10 (in part)
Mr ALMUNIA	Vice-President	Items 9/10 (in part)
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	Items 1 to 9/10 (in part)
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	Items 1 to 9/10 (in part)
Ms VASSILIOU	Member	Items 1 to 9/10 (in part)
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 9/10 (in part)
Mr DALLI	Member	Items 9/10 (in part)
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 9/10 (in part)
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	Items 1 to 9/10 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Mr KALLAS

Vice-President

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

Ms LÖHMUS A member of Mr KALLAS's staff

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	Items 9 and 10
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PAULGER	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Items 9 and 10
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr SCHINAS	Bureau of European Policy Advisers	
Mr CABRAL	Adviser <i>hors classe</i> in the PRESIDENT 's Office	Items 1 to 9/10 (in part)
Ms SKURATOWICZ	A member of the PRESIDENT's staff	Items 9 and 10
Mr BALTAZAR	A member of Ms REDING's staff	Items 9/10 (in part)
Mr PANELLA	A member of Mr TAJANI's staff	Items 9/10 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	
Mr LAHTI	Adviser in Mr REHN's Office	Items 9/10 (in part)
Mr DUMONT	A member of Mr BARNIER's staff	Items 9/10 (in part)
Mr SADAUSKAS	Chef de cabinet to Mr ŠEMETA	
Mr VANHEUKELEN	Chef de cabinet to Mr DE GUCHT	Items 1 to 8
Ms DARMANIN	Chef de cabinet to Mr DALLI	Items 1 to 9/10 (in part)
Mr ZOUREK	Director-General, DG Taxation and Customs Union	
Mr SERVOZ	Deputy Secretary-General	

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

Mr TAJANI noted that Italy had been badly hit by another earthquake the previous day. He deplored the large number of victims and the considerable damage caused to historic buildings and to the economy of northern Italy, with the destruction of major companies in the agri-food and construction sectors. He hoped that the Commission would be able to show solidarity towards Italy after this severe blow to its people and its industrial fabric.

Mr HAHN confirmed that he would be visiting the scene at the end of the week and the PRESIDENT said that he had immediately sent a message of condolence to the Italian Prime Minister, Mario Monti. He proposed that a further message of sympathy on behalf of the whole Commission be issued after the day's meeting. He stressed that the Commission was prepared to do what it could to support Italy in order to help it cope with the impact of the natural disasters that had recently struck the country.

The Commission took note of these points and agreed on the principle of issuing a message after the meeting.

* * *

1. AGENDAS

(OJ(2012)2004/3; SEC(2012)328)

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(2012)2004)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Tuesday 29 May.

3. APPROVAL OF THE MINUTES OF THE 2002ND MEETING OF THE COMMISSION (16 MAY) AND THE MINUTES OF THE 2003RD MEETING (22 MAY)

(PV(2012)2002; PV(2012)2003)

The Commission approved the minutes of its 2002nd and 2003rd meetings.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

- i) European standardisation – Amendment of Council Directives 89/686/EEC and 93/15/EEC and Directives 94/9/EC, 94/25/EC, 95/16/EC, 97/23/EC, 98/34/EC, 2004/22/EC, 2007/23/EC, 2009/105/EC and 2009/23/EC of the European Parliament and of the Council (Regulation) – COMI report – 2011/0150 (COD)**

The Commission approved the line set out in SI(2012)243.

- ii) Amendment of Decision 1639/2006/EC establishing a Competitiveness and Innovation Framework Programme (2007-2013) and Regulation (EC)680/2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks (Regulation) – FÄRM report – 2011/0301 (COD)**

The Commission approved the line set out in SI(2012)240/2.

- iii) Credit agreements relating to residential property (Directive) – SÁNCHEZ PRESEDO report – 2011/0062 (COD)**

The Commission approved the line set out in SI(2012)141/2.

- iv) Amendment of Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and Commission Directive 2007/14/EC (Directive) – McCARTHY / PIETIKÄINEN report – 2011/0307 COD**

The Commission approved the line set out in SI(2012)237.

- v) Transitional arrangements for bilateral investment agreements between Member States and third countries (Regulation) – MOREIRA report – 2010/0197 (COD)**

The Commission approved the line set out in SI(2012)241.

- vi) Declaration by the Commission in accordance with Article 8(1) of Council Regulation (EC)1104/2008 of 24 October 2008 and Article 8(1) of Council Decision 2008/839/JHA of 24 October 2008 on migration from the Schengen Information System (SIS 1+) to the second generation Schengen Information System (SIS II)**

The Commission approved the line set out in SI(2012)238.

- vii) Schengen package – Establishment of an evaluation mechanism to verify application of the Schengen acquis (Regulation) – COELHO report – 2010/0312 (COD) / Amendment of Regulation (EC)562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances (Regulation) – WEBER report – 2011/0242 (COD)**

The Commission approved the line set out in SI(2012)239/2.

- viii) Amendments to the Statute of the Court of Justice of the European Union – THEIN report – 2011/0901 (COD) / 2011/0902 (COD)**

The Commission approved the line set out in SI(2012)228.

- ix) Signature, on behalf of the European Union, and provisional application of the Common Aviation Area Agreement between the European Union and its Member States, of the one part, and the Republic of Moldova, of the other part (Council Decision) – 2012/0004 (NLE)**

The Commission approved the line set out in SI(2012)236.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

- x) Programming of Council business**
(SI(2012)242)

The Commission took note of the information in SI(2012)242 on the Council meetings between 31 May and 13 June.

4.3. RELATIONS WITH PARLIAMENT

- xi) Results of the May II part-session**
(SP(2012)359; SP(2012)368)

The Commission took note of the information in SP(2012)359 and SP(2012)368 on the proceedings of the part-session of Parliament held in Strasbourg from 21 to 24 May.

xii) Action to be taken on Parliament's legislative opinions and resolutions of a legal nature
(SP(2012)382)

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(2012)382, drawn up following the May II part-session of Parliament, the contents of which were noted.

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

xiii) Application of Protocol No 2 on the application of the principles of subsidiarity and proportionality in the case of the proposal for a Council Regulation on the exercise of the right to take collective action within the context of the freedom of establishment and the freedom to provide services – 2012/0064 (APP)
(SNP(2012)4)

The Commission approved the line set out in SNP(2012)4, drawn up in accordance with Articles 5 and 7(2) of Protocol No 2 annexed to the Treaty on the Functioning of the European Union.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES

(SEC(2012)337/2)

The Commission adopted the decisions in SEC(2012)337/2.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2012)329 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 21 and 25 May.

6.2. EMPOWERMENT

(SEC(2012)330 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 21 and 25 May.

6.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2012)331 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 21 and 25 May, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2012)332 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 29 May and 1 June and of the finalisation written

6.5. AD HOC EMPOWERMENT CONCERNING THE DRAFT COMMISSION REGULATION PROHIBITING BLUEFIN TUNA FISHING ACTIVITIES IN THE ATLANTIC OCEAN EAST OF LONGITUDE 45° W AND IN THE MEDITERRANEAN SEA FOR PURSE SEINERS FLYING THE FLAG OF OR REGISTERED IN [...] [...] [...] (C(2012)3510)

7. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2012)333)

(PERS(2012)69)

15

It took note of the opinions of the Consultative Committee on Appointments of 9 March and 3 May (PERS(2011)114/4 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms GEOGHEGAN-QUINN, it then decided to appoint Mr Vladimir ŠUCHA to the post.

This decision would take effect on a date to be determined.

7.2. *EUROPEAN PERSONNEL SELECTION OFFICE – EXTENSION OF THE DIRECTOR'S TERM OF OFFICE*

Having noted the procedure followed as set out in point 2 of PERS(2012)69, the Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to extend for five years the term of office of Mr David BEARFIELD as Director of the European Personnel Selection Office.

This decision would take effect immediately.

7.3. *LEGAL SERVICE / DG HUMAN RESOURCES AND SECURITY – RATE OF CONTRIBUTION TO THE PENSION SCHEME OF OFFICIALS AND OTHER SERVANTS OF THE EUROPEAN UNION – PROCEEDINGS FOR FAILURE TO ACT*

The Commission took note of the information in point 3 of PERS(2012)69 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to invite the Council (by means of a letter from the PRESIDENT) to adopt within two months the Commission's proposal for a Council Regulation adjusting, from 1 July 2011, the rate of contribution to the pension scheme of officials and other servants of the European Union (COM(2011)825);

- if the above-mentioned Commission proposal were not adopted within the time limit set, to bring proceedings against the Council before the Court of Justice of the European Union for failure to act;
- to authorise the Legal Service to take all the necessary steps to bring these proceedings before the Court of Justice.

These decisions would take effect immediately.

7.4. *DG INTERNAL MARKET AND SERVICES – TEMPORARY POSTING AS DIRECTOR*

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, the Commission decided, under Article 7(2) of the Staff Regulations, to grant a temporary posting as Director, ‘Resources and Communication’, in DG Internal Market and Services to Mr Panayotis STAMATOPOULOS, AD13 official and Head of Unit in that DG, from 16 February 2011 to 31 March 2012, in order to take into account the interest of the service and to ensure fair treatment of the official concerned.

This decision would take effect immediately.

7.5. *LEGAL SERVICE – TEMPORARY POSTING AS PRINCIPAL LEGAL ADVISER*

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 charge of the BUDG (Budget, Customs, Taxation) team in the Legal Service to Mr Richard LYAL, at that time AD14 official and Legal Adviser in that Service, from 1 July 2011 to 15 November 2011.

This decision would take effect immediately.

**7.6. SECRETARIAT-GENERAL / DG HUMAN RESOURCES AND SECURITY / DG BUDGET – REPORT ON PLANNING AND OPTIMISING COMMISSION HUMAN RESOURCES IN 2012 TO SERVE EU PRIORITIES
(SEC(2012)345)**

The Commission approved the report set out in SEC(2012)345.

**8. AMENDED PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE ESTABLISHMENT OF THE EURODAC SYSTEM FOR THE COMPARISON OF FINGERPRINTS FOR THE EFFECTIVE APPLICATION OF REGULATION (EU) [...] [ESTABLISHING THE CRITERIA AND MECHANISMS FOR DETERMINING THE MEMBER STATE RESPONSIBLE FOR EXAMINING AN APPLICATION FOR INTERNATIONAL PROTECTION LODGED IN ONE OF THE MEMBER STATES BY A THIRD-COUNTRY NATIONAL OR A STATELESS PERSON] AND TO REQUEST COMPARISONS WITH EURODAC DATA BY MEMBER STATES' LAW ENFORCEMENT AUTHORITIES AND EUROPOL FOR LAW ENFORCEMENT PURPOSES AND AMENDING REGULATION (EU)1077/2011 ESTABLISHING A EUROPEAN AGENCY FOR THE OPERATIONAL MANAGEMENT OF LARGE-SCALE IT SYSTEMS IN THE AREA OF FREEDOM, SECURITY AND JUSTICE – RECAST
(COM(2012)254 AND /2; RCC(2012)55)**

The Commission adopted the amended proposal for a Regulation set out in COM(2012)254/2 for transmission to Parliament, the Council, the European Data Protection Supervisor and the national parliaments.

- 9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – ACTION FOR STABILITY, GROWTH AND JOBS**
(COM(2012)299 TO /3; RCC(2012)57)

- 10. COMMISSION RECOMMENDATIONS FOR COUNCIL RECOMMENDATIONS CONCERNING THE 2012 NATIONAL REFORM PROGRAMMES 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**
(COM(2012)301 AND /2; COM(2012)302 TO /3; COM(2012)303; COM(2012)304; COM(2012)305 AND /2; COM(2012)306; COM(2012)307 AND /2; COM(2012)308 AND /2; COM(2012)309 AND /2; COM(2012)310 AND /2; COM(2012)311; COM(2012)312 AND /2; COM(2012)313 AND /2; COM(2012)314 TO /3; COM(2012)315; COM(2012)316 AND /2; COM(2012)317 TO /3; COM(2012)318 AND /2; COM(2012)319; COM(2012)320 AND /2; COM(2012)321 AND /2; COM(2012)322 AND /2; COM(2012)323 AND /2; COM(2012)324; COM(2012)325; COM(2012)326 AND /2; COM(2012)327 AND /2; COM(2012)328 TO /3; SWD(2012)301 AND /2; SWD(2012)302; SWD(2012)303; SWD(2012)304 AND /2; SWD(2012)305; SWD(2012)306; SWD(2012)307 AND /2; SWD(2012)308; SWD(2012)309; SWD(2012)310; SWD(2012)311; SWD(2012)312; SWD(2012)313; SWD(2012)314; SWD(2012)315; SWD(2012)316; SWD(2012)317; SWD(2012)318; SWD(2012)319; SWD(2012)320; SWD(2012)321; SWD(2012)322; SWD(2012)323; SWD(2012)324; SWD(2012)325 AND /2; SWD(2012)326; SWD(2012)327; SWD(2012)328 AND /2; RCC(2012)57)

The PRESIDENT introduced the discussion on the set of documents before the

Commission by pointing out that that day's meeting could be considered to be a meeting of Europe's 'economic government', since the Commission had a dual responsibility to examine the situation at European level and to make specific recommendations to the Member States as part of the European Semester.

He outlined the critical background against which the discussion was being held; the next few weeks would be decisive, with in particular the referendum in Ireland on the new European budget pact on 31 May, the elections in Greece on 17 June, the G20 Summit in Los Cabos on 18 and 19 June, and the European Council on 28 and 29 June.

The PRESIDENT observed that the crisis was as much psychological as economic, with citizens, companies and international partners calling for a restoration of confidence in the euro area and the Union as a whole. To this end it was essential for the Commission to assert its credibility by having the courage to convey to the Member States some uncomfortable truths.

He noted that it had become clear to the Commission since 2008 that it was not possible to provide quick solutions to structural problems that had existed for over ten years; only by acknowledging the scale of the task and displaying a credible political will to resolve the crisis could confidence be restored.

He felt that the package of proposals for promoting stability, growth and employment being presented that day, after a lot of hard work and a great many discussions in Commission meetings, was on the right track. He was satisfied to note that the Commission's message was starting to have the desired effect, and that the 9 May declaration had been well received by the Member States, which now expected to have the Commission's support in facing the important challenges ahead. He noted the greater responsibility that now rested with the Commission and the need to ensure that the content of studies and proposals, and the messages conveyed, were fully thought through and combined ambition and realism.

The PRESIDENT referred to the results of the informal meeting of Heads of State or Government held over dinner on 23 May, which had confirmed the political

context in which that day's discussions would take place and which would shape the expectations of the June European Council, namely the need to stabilise the euro area, the Commission initiative for growth and the situations of the various Member States.

Concerning the stabilisation of the euro area first of all, he insisted that this was an essential pre-condition for the restoration of confidence and hence the resumption of investment and the creation of jobs in Europe, and for calming fears about the security of savings and the prospects for future generations. He also pointed out that a climate of anxiety and frustration played into the hands of populists and extremist parties, and that the uncertainty surrounding the euro area was seen by the G8 partners as threatening over time to impact on their own prospects for growth.

He explained that it was this that had led the members of the European Council to call for work to begin on a deepening of economic and monetary union, the methodology and key points of which would be presented at the June European Council by Mr Van Rompuy, President of the European Council, Mr Draghi, President of the European Central Bank, Mr Juncker, President of the Eurogroup, and the PRESIDENT himself. The PRESIDENT reminded the meeting that the Commission had always been at the forefront of the debate on these questions – eurobonds and the European deposit guarantee scheme, which had had a mixed reception, financial supervision at European level and a 'banking union' with the report by Mr de Larosière, the 'six-pack' and 'two-pack' proposals on economic governance, laying the basis for a genuine economic government. He felt that all these elements should now serve as a basis for the development of a coherent series of measures designed to lead to full economic and monetary union, taking care to establish the sequence of events and the legal aspects, since some points might require amendments to the Treaty and to some national constitutions, which in certain cases would require a referendum. He pointed out that it would accordingly be a long-term project requiring further political and public debate.

This being so, the PRESIDENT said he was sure that this work would have a beneficial effect on the stability of the euro area and the Union by sending a clear signal about the permanence of European integration, the irreversible nature of the

euro and of the single market, and of the determination with which they would be strengthened. In this connection, he drew the meeting's attention in particular to the recommendation on the euro area presented that day, which called for a strengthening of the role of the Eurogroup as part of the development of new measures on the governance of the euro area.

Secondly, on the matter of growth, he pointed out that the European Council had reiterated the need to combine stability and growth. He felt that the ground had been prepared for a new Commission initiative on growth. Agreement had been reached on the pilot project on bonds to finance major infrastructure projects at an interinstitutional dialogue, and he felt that, as regards an increase in the capital of the European Investment Bank, things were moving in the right direction. He also welcomed the fact that the Heads of State or Government had recognised the benefits of structural reforms for growth and in particular employment and investment in their Member States, and said he was certain that they would now accept the Commission's country-specific recommendations as an integral part of their growth agenda. He expressed the hope that this recognition might also help smooth the passage of the dossier on the next multiannual financial framework at the June European Council.

The PRESIDENT went on to mention the situation in Greece and the concerns about Spain, which had cast a shadow over the Heads of State or Government's dinner on 23 May. On the question of Greece, he referred to the declaration issued at the end of the dinner, reiterating the desire to keep Greece in the euro area but recalling also that the Union expected Greece to stand by its commitments. In view of the forthcoming elections in that country, he asked the Members of the Commission to show the greatest possible restraint on these matters in the media and not to stray from the position he had already expressed on behalf of the Commission following his meeting with the Greek Prime Minister.

As regards Spain, he raised the problem experienced by the banking sector as a result of the credit expansion in the property field. He also noted that the new government had shown its determination to tackle the question of controlling the regions' expenditure and to undertake a wide-ranging reform of the labour market.

Lastly, the PRESIDENT turned more specifically to the set of proposals submitted to the Commission that day. They were the result of a significant work of analysis and he thanked the services involved. He asked the Commission Members to focus, in their comments, on the main Communication. This presented the political messages as well as certain key conclusions drawn from the work on the different countries, and provided an overview of how the Commission planned to develop the work on deepening economic and monetary union. The document also presented the aspects that the Commission would like to be included in a future growth initiative, i.e. a comprehensive approach based on the Europe 2020 strategy, combining sound public finances with structural reforms and targeted investments to boost growth.

The Commission had that day completed its part of the European Semester for the second time. This year, this involved evaluation of the effective implementation of the reform programmes and, for the first time, examination of the macroeconomic imbalances in twelve Member States.

The PRESIDENT noted that the process had worked well and that the Member States had taken the recommendations on board and made significant efforts to implement them, against a background of pressure from the markets and the credit rating agencies, which had also had considerable impact. The first results were visible, namely (i) the proposal to put an end to the excessive deficit procedure for two Member States, Germany and Bulgaria, (ii) withdrawal of the proposal to suspend the Cohesion Funds for Hungary, which had stepped up its efforts, (iii) Latvia's exit from its financial assistance programme, and (iv) signs of improvement in the situation in Ireland and Portugal. All these results showed that the response to the crisis was working over time and should be highlighted, even if the progress of the reforms was still uneven across different sectors and Member States.

Turning to budgetary matters, the PRESIDENT noted that, despite the contraction of the economy, there had been an improvement in public finances in 2011. Budgetary consolidation overall was on track and deficits were beginning to decrease. Attention should therefore be focused on addressing the continuing rise in government debt and certain particularly vulnerable sections of the banking sector.

With regard to employment, he referred to the in-depth reforms undertaken by several Member States to make the labour market more dynamic and open it up to people who had not previously had access to it, while pointing out that the full potential of these reforms could not be realised in the short term.

Lack of competitiveness was a widespread problem in the Union, particularly in the euro area, despite some reforms which had been undertaken but were not sufficiently ambitious. Internal problems were aggravated by weak external competitiveness, and the significant disparities within the EU hindered the development of sound economies.

He noted that progress in achieving the objectives for 2020 was difficult and too slow. In particular, there were problems in innovation, education and energy, and a slowdown in poverty reduction which was detrimental to the political and social climate.

Given all these factors, he stressed that the recommendations must be fair but also demanding in order to encourage bold reforms that would have visible results.

In conclusion, he deplored strongly the information leaks that had once again been made to the press and the Member States concerning country-specific recommendations. He condemned such actions, which damaged the Commission's credibility and raised the problem of the loyalty of people working in the institution to their employer.

Taking the floor, Mr REHN also regretted the leaks to the media in certain Member States in connection with the country-specific recommendations. He had ordered an administrative enquiry to establish the source of these leaks.

He went on to present the content of the European Semester of economic policy coordination submitted that day to the Commission. He endorsed the PRESIDENT's words on the general policy line taken by the Commission in all the documents, which consisted of proposing recommendations in order to combine fiscal consolidation and stimulation of growth in the 27 EU Member States. He briefly outlined the various components of the Commission's analysis and proposals while

filling in the macroeconomic background to this new European Semester.

He referred to the slight recession in the European economy announced in the spring economic forecasts published by the Commission on 11 May, which, however, seemed to have been avoided in the first quarter of 2012. He explained that certain indicators showed that the risks of a contraction in the economy had not disappeared, and that the situation was still uncertain. He added that, although a reduction in deficits was likely to continue in 2012 and 2013, in most Member States government debt ratios with respect to gross domestic product were set to rise to 90% in 2013 in the Union as a whole.

Referring to the excessive deficit procedures, which currently affected 23 of the 27 EU Member States, he said that they had been launched, on the basis of recommendations adopted by the Council in 2009 and 2010, to help the Member States concerned to bring their public finances to acceptable budgetary levels. He reminded the meeting that once such a recommendation had been adopted, the Member States had six months to take the necessary measures before the Commission assessed whether they had had the desired corrective effect, in which case the procedure was suspended.

He emphasised that virtually all the procedures had now been suspended, with the exception of Hungary and Greece, and set out the conclusions concerning the budgetary situation of the Member States that could be drawn from the data validated by Eurostat and the spring economic forecasts. He indicated that (i) Bulgaria and Germany had made a sustainable correction to their excessive deficit, and that he had therefore proposed recommending to the Council that the corresponding procedure be suspended; (ii) after the Commission's assessment, Hungary appeared to be correcting its deficit, which provided justification for suspending the procedure even if the actual figures for 2012 would not be available until spring 2013; and (iii) for the other Member States, the Council's current recommendations remained unchanged. Their excessive deficit procedure was therefore still suspended, except in the case of Greece.

However, for a number of Member States, Mr REHN pointed out that, given the

spring economic forecasts, the budgetary effort to be made was greater than the Council recommendations. This applied above all to the Member States which had to correct their excessive deficit by 2013 and must therefore step up their action on the budgetary front in order to meet their obligations. This was reflected in the country-specific recommendations.

He insisted in particular on the situation in Spain, whose annual consolidation effort had to amount to 1.5% of gross domestic product during the period 2010-2013. On the basis of the evaluation of the Spanish Government's stability programme, the spring economic forecasts and the commitments made by the country's autonomous communities, the Commission was recommending that Spain undertake the required fiscal consolidation by implementing the measures adopted under the 2012 budget and by presenting, before the end of July, a multiannual budget programme for 2013-2014. He confirmed the rigorous steps already taken by the Spanish Government and pointed out that, if the Government prepared a robust budgetary programme over two years, the Commission would examine the possibility of extending the deadline granted to the country for correcting its excessive deficit.

Lastly, Mr REHN referred to the new procedure for macroeconomic imbalances that had been triggered by the Alert Mechanism Report in February 2012, the second stage of which the Commission was presenting that day, i.e. the in-depth reviews, in which it examined in detail whether the identified imbalances were minor or serious, the third stage being recommendations for preventive or corrective action by the country.

He concluded by referring to the conclusions of the in-depth reviews, which confirmed that the 12 Member States subject to review did indeed have macroeconomic imbalances, although to different degrees. The imbalances in Spain and Cyprus were classified as very serious and had to be addressed urgently, those in Slovenia, Hungary, France and Italy were serious but not excessive, while those in Belgium, Bulgaria, Denmark, Finland, Sweden and the United Kingdom, although not serious, had to be addressed.

Mr ANDOR noted that the European Semester was intended to promote growth and

employment in the European Union. He stressed that it was not simply a matter of finding how to increase the rate of economic growth but rather how to stimulate the recovery in the short term, which was why it was important to achieve the correct mix of budget, economic and social policies and to protect against speculative pressure from the financial markets.

He highlighted the need for Europe to tap the potential of its human capital and underlined the role of the European employment strategy. This year would be crucial for the Union, which had to develop governance on employment and a genuine European labour market, and invest in integrating as many people as possible into the labour market and in the optimisation of productivity. Jobs should be regarded as a driver of growth rather than a by-product.

Mr ANDOR noted that, since the start of the European Semester, the Commission had highlighted the need to reduce unemployment and deal with the social consequences of the crisis because the economic and social situation and the labour market had worsened compared with last year. He took the view that the country-specific recommendations responded to this fact by focusing on the obstacles to growth and competitiveness, one of the main ones being labour-market segmentation.

In many cases, the country-specific recommendations stressed the need to pursue more active labour-market policies, to better integrate vulnerable categories of people, to reduce the rate of early school leaving, and to improve the opportunities for young people, all of which required investments, for which the instruments of the Union budget, such as the European Social Fund, were crucial.

It was also important to tackle poverty by ensuring adequate social protection, to guard against the erosion of human capital and the development of a social crisis, which was already evident in certain Member States that were particularly hard hit by the crisis.

He concluded his general presentation by affirming that the country-specific recommendations had been prepared in a spirit of social fairness and

even-handedness between Member States, noting that some of the recommendations were very detailed and prescriptive in order to contribute more effectively to a return to job-rich growth.

Mr ANDOR then raised the specific case of Germany, where in-work poverty had increased – the rate was currently 7.2% – because of the absence of a national minimum wage and the increasing numbers of “mini-jobs”. He stressed that he would have preferred the country-specific recommendations to call for an extension of the minimum wage to sectors where it did not yet apply. “Mini-jobs” paid 400 euros per month tax-free, but without social security coverage or a contribution to a pension scheme, and he felt that their expansion did not send a good signal; exporting them to other countries was not without risks. He cautioned against the lack of job security forced onto workers under these contracts and therefore took the view that the Commission must pay attention to this trend and monitor it closely during the next round.

Mr ŠEMETA raised the tax dimension of the second European Semester. Many Member States had taken account of last year's recommendations in this field, some had already made improvements to their tax system, and others were still working on the necessary reforms, but overall a lot remained to be done.

The recommendations on the table concerning taxation, which were addressed to all the Member States with the exception of Finland and Slovenia, were concerned mainly with five aspects crucial to the quality of tax systems: (i) labour taxation was still too high in many Member States, and there were insufficient efforts to shift this burden to taxes that were more favourable to growth, in particular taxes on consumption, property and the environment; (ii) a continuing failure to exploit fully the potential of environmental taxes, which were among those that generated most growth because they encouraged the development of new industries based on green innovation that created jobs; (iii) the need for certain Member States to review their property taxes in order not to encourage indebtedness and the creation of property bubbles; (iv) the need to broaden the tax base where possible and to remove a number of exemptions that represented an untapped potential and produced an uneven distribution of the burden across society; and (v) the efforts to be made by

many Member States to improve tax compliance and collection by effectively combating tax avoidance and tax evasion, which would benefit the public, who could see their tax burden reduced as a result.

Finally, Mr ŠEMETA referred to the urgent measures which were specifically needed at European level, such as the conclusion of the discussions on the savings tax directive and on the mandate for negotiating an agreement with Switzerland, both of which should generate significant extra revenue for the Member States, the efforts required to achieve progress on the financial transactions tax, and the proposal for a directive on the taxation of energy products. He concluded by saying that a common consolidated corporate tax base would considerably reduce the burden on businesses.

The Commission then held an exchange of views focusing on the following main points:

- the importance in the future of placing greater emphasis on the variations in competitiveness within the European Union and on the comparative competitive advantages of each of its Member States, which was an issue that should be monitored continuously;
- the importance, too, of highlighting more assertively the essential role of the European budget in promoting sustainable growth, for example through rural development policy, social and regional cohesion and the green economy; in this connection, the need to point out in the text of the introductory communication the potential benefits to the European budget of introducing a financial transactions tax, as proposed by the Commission;
- the case for mentioning in the introductory communication the recent initiative on modernising the state aid rules, which aimed to streamline the processing of aid schemes that were compatible with the Treaty and acted as an economic incentive;
- the need for a proper definition of intelligent budgetary consolidation and, connected with this, the importance of not cutting spending in areas that

generated growth, competitiveness and jobs, such as investment in research, innovation and the sciences; a reminder, too, of the risks associated with the tendency to view investment in such areas solely as a long-term matter, whereas it could produce counter-cyclical benefits for growth in the short term;

- the importance of the ongoing policy of strengthening the European single market, not least as regards the digital agenda;
- in connection with the European Semester, the need to highlight more publicly the measures aimed at facilitating access to employment and to strengthen the links between education and training on the one hand and the needs of the labour market on the other;
- in the area of education, the possibility of also setting mid-term targets for the Member States to make it possible to measure whether the quantitative objectives of the Europe 2020 strategy could be attained; the need, too, to include a clearer reference in the specific recommendations for certain Member States to the priority to be given to education, so that measures to reduce school dropout rates, in particular, were not affected by the budget cuts;
- similarly, the urgent need to examine ways of stemming the brain drain, the phenomenon of European researchers and intellectuals moving, often permanently, to third countries, thus undermining Europe's creativity, productivity and capacity for innovation;
- some doubts about the assessment of the gravity of the macroeconomic imbalances found in specific Member States, the need for consistency in the overall approach and between the different countries concerned, the importance of objectivity and of avoiding complacency;
- the quality of the analysis and the importance in the short and the longer term of the proposals for deepening economic and monetary union and for a banking union, and the need for the Commission to demonstrate its resolve and show the way forward; also the potential implications for enlargement of any progress in this area;

- questions about a possible fiscal union in the future, while recognising that any explicit mention of the subject would be premature at the present stage for technical, economic and political reasons;
- the need for better presentation of the issue of improving resource efficiency, in particular energy efficiency, for example in connection with the recommendations for individual Member States; this was a key element for European competitiveness and had to be consistent with the Union's political agenda in the relevant international bodies;
- the importance of Europe's growth potential, its GDP and its volume of trade, all of which made the Union a leading international player; this point needed to be reiterated regularly in its communication activities;
- the need to give greater prominence in the document to the common agricultural policy and its undeniable contribution to growth and employment, particularly in rural areas, and to mention the sustainable management of natural resources;
- the importance, in the interests of supporting growth in Europe, of intensifying cooperation with the European Investment Bank and backing an increase in its capital;
- calls for further debate about the structural reforms needed to safeguard the future of national healthcare systems and, connected with this, a reminder of the need for coordination between the various Council configurations.

Replying to the various contributions, Mr REHN said it was important to outline long-term perspectives for economic and monetary union in order to help restore confidence in the short term. In his view, the Commission should work on this, while at the same time trying to press ahead with the idea of fiscal union and a banking union, two key policy elements which would be debated shortly, either among the 27 Member States or within the euro area.

The rebalancing process between the Member States was continuing and the

recommendations to the Member States would contribute to this even more, by stimulating domestic demand through tailor-made reforms, by raising productivity and by using the budget surplus of certain countries to promote investment in expenditure for the future, on education, innovation and research, for example.

As regards the situation in Spain, Mr REHN stressed the major structural reforms the country had undertaken, particularly in the labour market and the restructuring of the banking sector. He confirmed that, subject to compliance with certain conditions - effective control of the expenditure of the autonomous regions and a two-year budgetary programme for 2013 and 2014 - the Commission was prepared to consider deferring the deadline for reducing the country's excessive deficit to 2014.

The PRESIDENT thanked the Members of the Commission for their support. He was pleased at the spirit of cooperation that had prevailed during this exercise and proud of the considerable work achieved by the *cabinets* and Commission departments. He hoped that lessons would be learned from this new European Semester of economic policy coordination so that, where possible, the process could be improved for the future, in particular by giving greater prominence to the three pillars of the Europe 2020 growth strategy.

The PRESIDENT stressed the need for more detailed specific knowledge of each Member State and a more in-depth comparative analysis between countries by major policy area. In this context he emphasised that environment and climate change policies should play a bigger part in the next European Semester, based on substantiated contributions prepared in good time by the various departments, and on a detailed analysis of the relevance of those contributions to the specific exercise in question.

He then returned to the question of the future of economic and monetary union, fiscal union and banking union. While it was necessary to avoid public debate focusing too much on these issues, it was useful nonetheless to look beyond the short term and explore avenues for the future. He would therefore be working with Mr Van Rompuy, Mr Draghi and Mr Juncker, the Presidents respectively of the

European Council, the European Central Bank and the Eurogroup, on a joint report to be presented to the June European Council.

On the subject of macroeconomic imbalances, the PRESIDENT noted that certain readjustments were under way. He cited as an example the reduction in unit labour costs in Greece, France, Portugal and Spain, where these costs had formerly been among the highest in Europe. At the same time, salaries in Germany had increased. For next year he recommended that a horizontal analysis of these imbalances be included.

He also said he was keen to ask the European Council to discuss the crucial question of trade; together with Mr Van Rompuy, he would be putting forward a proposal to promote an ambitious European trade policy, at the latest at the European Council in October.

The PRESIDENT wound up the exchange of views by asking the Commission Members to make a constant effort, in their contacts with the public and their relations with political and social players, to explain the vital role which the Commission played in stimulating growth in Europe. He stressed that the Commission was irreplaceable because it was truly European in its vision and its action, because of its know-how and expertise and the wealth of information which it had at its disposal and was able to act upon, and because it worked together with all the Member States in a spirit of fairness. He felt that the Commission must continue to keep itself 'above the fray' in order to promote its priorities of growth and stability throughout the Union.

The PRESIDENT thanked in particular the Members of the Commission and departments which had been directly involved in drafting the general Communication and the specific recommendations. He noted that these proposals had the full support of the Commission, which agreed to make the following amendments to the English-language versions of the Communication distributed as COM(2012)299/2 and /3, and the recommendations concerning Bulgaria, the Czech Republic and Spain set out respectively in COM(2012)302/3, COM(2012)303 and COM(2012)310/2:

In COM(2012)299/2:

- **on page 6, in subchapter 2.5, the second sentence of the first paragraph is amended to read as follows:**

“The Commission has been encouraging growth-friendly consolidation, urging Member States to protect spending on research, education, sustainable management of natural resources, energy and social services.”;

- **on page 7, the fourth sentence of the first bullet point is amended to read as follows:**

“Over € 600 billion of the budget proposed by the Commission would go to fund research, trans-European networks, investment in human capital, cohesion policy and rural development.”;

- **on page 11, in the section “Pursuing differentiated growth-friendly fiscal consolidation”, a new paragraph is inserted between the current third and fourth paragraphs, reading as follows:**

*“It will be important to improve the quality of public finances, by prioritising expenditure on Europe 2020 targets and ensuring that such expenditure is as efficient as possible. EU state aid control helps to promote quality spending and minimises distortions. The Commission has recently launched **an ambitious state aid modernisation proposal** and Member States will need to ensure better compliance with the rules and better internal co-ordination of state aid interventions at national level.”;*

- **on page 12, in the section “Promoting growth and competitiveness for today and tomorrow”, the last sentence of the second paragraph is amended to read as follows:**

“Average penetration of broadband remains low and there is considerable scope for improving services and securing the use of e-commerce.”;

- **on page 12, in the section “Promoting growth and competitiveness for today and tomorrow”, a new paragraph is inserted between the current second and third paragraphs, reading as follows:**

“Improvements in resource efficiency and moving towards a low carbon economy are essential to further develop Europe's competitiveness in the light of growing resource scarcity and price volatility, as well as ongoing climate change. More efficient use of resources and better management of natural resources will open up significant economic opportunities for future growth and jobs, leading to improved productivity, lower costs and greater innovation.”;

- **on page 13, in the section “Promoting growth and competitiveness for today and tomorrow”, a penultimate sentence is added to the last paragraph, reading as follows:**

“Research outputs should be brought closer to market through pre-commercial procurement.”;

- **on page 20, footnote 14 in Table 2 is amended to read as follows:**

“Calculation does not include ISCED 4 (Germany, Austria), and the UK, result with ISCED 4: 40.0-40.4%.”;

In COM(2012)299/3:

- **the third paragraph in Annex 2 is amended to read as follows:**

“On the basis of (i) the in-depth reviews undertaken in accordance with Article 5 of Regulation (EU) 1176/2011 the Commission has concluded that these imbalances need to be addressed, some urgently.”;

- **in the bullet points for each of the Member States listed, the words “, which are not excessive but need to be addressed” or “, which are not excessive but need to be urgently addressed”, as the case may be, are deleted;**

- **in the fourth bullet point, concerning Spain, the second sentence is amended to read as follows:**

“In particular, macroeconomic developments, notably related to the significant level of private sector debt, the large negative external debt position and the financial sector, which were influenced by housing market developments, require close monitoring and urgent economic policy attention in order to avert any adverse effects on the functioning of the economy and of economic and monetary union.”;

- **in the last bullet point, concerning the United Kingdom, the second sentence is amended to read as follows:**

“In particular, macroeconomic developments in the areas of household debt and the housing market deserve attention, as do unfavourable developments in external competitiveness, so as to reduce the risk of adverse effects on the functioning of the economy.”;

In COM(2012)303:

- **on page 6, paragraph 2 is amended to read as follows:**

“Introduce further changes to the public pension scheme to ensure their long-term sustainability. Reconsider plans to allow an earlier exit from the labour market. Ensure broad participation of younger workers in the envisaged funded scheme to improve adequacy of pensions.”;

In COM(2012)302/3:

- **on page 6, the last sentence of recital 21 is amended to read as follows:**

« Its recommendations under Article 6 of Regulation (EU) No 1176/2011 are reflected in particular in recommendations (3) and (5) below » ;

- **on page 7, the first sentence of paragraph 5 is amended to read as follows:**

“Step up efforts to enhance administrative capacity and reforms by reducing red tape and the cost of tax compliance and collection, and further improving the absorption of EU funds, in particular in road and rail transport and water management.”;

In COM(2012)310/2:

- **on page 4, the last sentence of recital 8 is amended to read as follows:**

“The Council welcomes the intention of the Commission to present a thorough assessment of the implementation of the Council recommendation on correcting the excessive deficit, also taking into consideration the announced multi-annual budget plan for 2013-14 in the coming weeks.”;

- **on page 6, the first sentence of paragraph 1 is amended to read as follows:**

“Deliver an annual average structural fiscal effort of above 1.5% of GDP over the period 2010-13 as required by the EDP recommendation by implementing the measures adopted in the 2012 budget and adopting the announced multi-annual budget plan for 2013-14 by end July.”.

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

- approved the Communication in COM(2012)299/2 and /3;
- adopted the recommendations in COM(2012)301/2, COM(2012)302/3, COM(2012)303, COM(2012)304, COM(2012)305/2, COM(2012)306, COM(2012)307/2, COM(2012)308 and /2, COM(2012)309/2, COM(2012)310/2, COM(2012)311, COM(2012)312 and /2, COM(2012)313 and /2, COM(2012)314/3, COM(2012)315, COM(2012)316/2, COM(2012)317/3, COM(2012)318/2, COM(2012)319, COM(2012)320/2, COM(2012)321/2, COM(2012)322/2, COM(2012)323/2, COM(2012)324, COM(2012)325, COM(2012)326/2, COM(2012)327 and /2, and COM(2012)328/3;

(30 May 2012)

- decided to send the Communication and the recommendations to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments, together with the staff working documents on the evaluation of the national reform programmes for 2012 and the Member States' stability or convergence programmes, as set out in SWD(2012)301 and /2, SWD(2012)302, SWD(2012)303, SWD(2012)304 and /2, SWD(2012)305, SWD(2012)306, SWD(2012)307 and /2, SWD(2012)308, SWD(2012)309, SWD(2012)310, SWD(2012)311, SWD(2012)312, SWD(2012)313, SWD(2012)314, SWD(2012)315, SWD(2012)316, SWD(2012)317, SWD(2012)318, SWD(2012)319, SWD(2012)320, SWD(2012)321, SWD(2012)322, SWD(2012)323, SWD(2012)324, SWD(2012)325 and /2, SWD(2012)326, SWD(2012)327, and SWD(2012)328 and /2, the contents of which were noted.

The Commission also noted that a number of written procedures would expire that day: these related to the 2012 convergence report (PE/2012/3411), the existence of an excessive deficit in Germany (PE/2012/3576), Bulgaria (PE/2012/3579) and Hungary (PE/2012/3578), the lifting of the suspension of Cohesion Fund commitments for Hungary (PE/2012/3577), and the in-depth reviews for certain Member States in connection with the prevention and correction of macroeconomic imbalances (PE/2012/3581).

*

* *

The meeting closed at 12.45.