



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012)2005 final

Brussels, 20 June 2012

MINUTES
of the 2005th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 6 June 2012
(morning)

PV(2012)2005 final

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Single sitting: Wednesday 6 June 2012 (morning)

The sitting opened at 9.05 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	Items 9 and 10
Mr BARNIER	Member	Items 9 and 10
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	Items 9 (in part) and 10
Mr CIOLOŞ	Member	

Absent:

Baroness ASHTON

High Representative/
Vice-President

Mr REHN

Vice-President

Ms VASSILIOU

Member

Mr FÜLE

Member

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

Mr CEBALLOS BARÓN	A member of Baroness ASHTON's staff	
Mr RITTER	A member of Mr REHN's staff	Items 9 and 10
Mr ASIMAKIS	Deputy Chef de cabinet to Ms VASSILIOU	
Mr MORDUE	Chef de cabinet to Mr FÜLE	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr VANDERSTEEN	Deputy Director-General (acting), DG Communication	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 9 and 10
Mr DANDROY	A member of the PRESIDENT's staff	
Mr BAUDRU	Deputy Chef de cabinet to Mr ŠEMETA	Item 9
Ms ÅSENIUS	Chef de cabinet to Ms MALMSTRÖM	Items 1 to 9 (in part)

Secretary: Ms DAY, Secretary-General, assisted by Mr GENISSON, Head of Unit in the Secretariat-General.

1. AGENDAS

(OJ(2012)2005/3; SEC(2012)347/2)

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(2012)2005)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 4 June.

3. MINUTES OF 2004th MEETING (30 MAY)

The Commission held over approval of the minutes of its 2004th meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2012)59)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 1 June (RCC(2012)59).

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 Parliament first reading

- 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)259.

- Amendment of Regulation (EC) 1049/2001 regarding public access to European Parliament, Council and Commission documents (Regulation) – CASHMAN report – 2011/0073 (COD)

The Commission approved the line set out in SI(2012)253.

- Attacks against information systems and repeal of Council Framework Decision 2005/222/JHA (Directive) – HOHLMEIER report – 2010/0273 (COD)

The Commission approved the line set out in SI(2012)256/2.

- Approval and market surveillance of two- or three-wheel vehicles and quadricycles (Regulation) – VAN DE CAMP report – 2010/0271 (COD)

The Commission approved the line set out in SI(2012)246/2.

- Approval of agricultural or forestry vehicles (Regulation) – PANZERI report – 2010/0212 (COD)

The Commission approved the line set out in SI(2012)250/2.

- Permitted uses of orphan works (Directive) – GERINGER DE OEDENBERG report – 2011/0136 (COD)

The Commission approved the line set out in SI(2012)252/2.

- Amendment of Council Regulation (EC) 864/2007 on organic production and labelling of organic products (Regulation) – HÄUSLING report – 2010/0364 (COD)

The Commission approved the line set out in SI(2012)257/2.

Dossier at Council first reading

- Amendment of Regulation (EC) 1073/1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repeal of Regulation (Euratom)1074/1999 (Regulation) – GRÄSSLE report – 2006/0084 (COD)

The Commission approved the line set out in SI(2012)255 and /2.

ii) Preparation for the June part-session of Parliament

(point 1.3 of the IRG record)

Ordinary legislative procedure – First reading

- Control of major-accident hazards involving dangerous substances (Directive) – ÁDER report – 2010/0377 (COD)

The Commission approved the line set out in SP(2012)389.

- Strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area (Regulation) GAUZÈS report – 2011/0385 (COD) / Common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (Regulation) – FERREIRA report 2011/0386 (COD)

The Commission approved the line set out in SP(2012)390 and /2, and SP(2012)391 and /2.

- Amendment of the Agreement establishing the European Bank for Reconstruction and Development (EBRD) extending the geographic scope of EBRD operations to the Southern and Eastern Mediterranean (Decision) – BINEV report – 2011/0442 (COD)

The Commission approved the line set out in SP(2012)392.

- Food intended for infants and young children and food for special medical purposes (Regulation) – RIES report – 2011/0156 (COD)

The Commission approved the line set out in SP(2012)393.

- Amendment of Council Regulation (EC) 1300/2008 of 18 December 2008 establishing a multi-annual plan for the stock of herring distributed to the west of Scotland and the fisheries exploiting that stock (Regulation) – STEVENSON report – 2011/0345 (COD)

The Commission approved the line set out in SP(2012)394.

- Patent package – Enhanced cooperation in the area of the creation of unitary patent protection (Regulation) – RAPKAY report – 2011/0093 (COD) / Enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements (Council Regulation) – BALDASSARE report – 2011/0094 (CNS) / Draft agreement on the European and Community Patents Court (Council document 7928/09) – LEHNE report

The Commission approved the line set out in SP(2012)86 and /3.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business

(SI(2012)258)

The Commission took note of the information in SI(2012)258 on the Council meetings between 7 and 20 June.

iv) Jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Regulation – recast) – ZWIEFKA report – 2010/0383 (COD)

(point 2.3.2.1 of the IRG record)

The Commission approved the line set out in SI(2012)260.

v) Implementation and exploitation of European satellite navigation systems (Regulation) – 2011/0392 (COD) – Security accreditation of systems

(point 2.3.3.1 of the IRG record)

The Commission approved the line set out in SI(2012)247/2.

4.3. RELATIONS WITH PARLIAMENT

vi) Action taken on non-legislative resolutions adopted by Parliament at its March I part-session

(point 3.6.2 of the IRG record)

The Commission approved document SP(2012)387 on the action taken on the non-legislative resolutions adopted by Parliament at its March I part-session, for transmission to Parliament.

vii) Action taken on legislative opinions and non-legislative resolutions adopted by Parliament at its April part-session

(point 3.6.3 of the IRG record)

The Commission approved document SP(2012)388 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its April part-session, for transmission to Parliament.

4.4. EXTERNAL RELATIONS

viii) Meeting of the Executive Board of the World Food Programme (Rome, 4-8 June) – Statements to be delivered by the Commission
(point 5.1 of the IRG record)

The Commission approved the line set out in SI(2012)261.

ix) External relations legislative package adopted by the Commission on 7 December 2011
(point 6.1 of the IRG record)

The Commission approved the line set out in SI(2012)248 to /3.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED **(SEC(2012)348 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 May and 1 June.

5.2. EMPOWERMENT **(SEC(2012)349 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 May and 1 June.

5.3. DELEGATION AND SUBDELEGATION OF POWERS
(SEC(2012)350 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 29 May and 1 June, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES
(SEC(2012)351 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 4 and 8 June and of the finalisation written procedures initiated following the weekly meetings of Chefs de cabinet on 29 May and 4 June.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2012)352/2)

ADMINISTRATIVE MATTERS
(PERS(2012)71/2)

6.1. DG BUDGET – APPOINTMENT OF AD15/16 DEPUTY
DIRECTOR-GENERAL AND ACCOUNTING OFFICER OF THE
COMMISSION AND OF THE EUROPEAN DEVELOPMENT FUND
(PERS(2012)36 TO /3)

The Commission had before it applications under Article 29 (1) (a) (i) and (iii) and Article 29 (1) (b) of the Staff Regulations for the post of Deputy Director-General and Accounting Officer of the Commission and of the European Development Fund in DG Budget (PERS(2012)36).

It took note of the opinions of the Consultative Committee on Appointments of 11 and 15 May (PERS(2012)36/2 and /3).

(6 June 2012)

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Mr LEWANDOWSKI and Mr ŠEMETA, it then decided to appoint Mr Manfred KRAFF to the post.

This decision would take effect on 16 September 2012.

Mr ŠEFČOVIČ would immediately inform the budgetary and discharge authority and the Court of Auditors of this decision.

**6.2. DG AGRICULTURE – APPOINTMENT OF AD14/15 DIRECTOR
(PERS(2012)26 TO /4)**

The Commission had before it applications under Article 29 (1) (a) (i) and (iii) of the Staff Regulations for the post of Director, 'Agricultural legislation', in DG Agriculture and Rural Development (PERS(2012)26 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 23 April and 10 May (PERS(2012)26/3 and /4).

The Commission proceeded to consider 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 CIOLOȘ, it then decided to appoint Ms Nathalie SAUZE-VANDEVYVER to the post.

This decision would take effect on 16 June 2012.

**6.3. DG HOME AFFAIRS – LIST OF CANDIDATES FOR THE AD14 POST
OF EXECUTIVE DIRECTOR OF THE EUROPEAN AGENCY FOR THE
OPERATIONAL MANAGEMENT OF LARGE-SCALE IT SYSTEMS IN
THE AREA OF FREEDOM, SECURITY AND JUSTICE
(PERS(2011)49 AND /2)**

The Commission noted the procedure followed, as set out at point 3 of PERS(2012)71/2, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms MALMSTRÖM, decided:

- to approve the list of two candidates laid before it in the order indicated at point 3 of PERS(2012)71/2 for the post of Executive Director of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice;
- to ask Ms MALMSTRÖM, Member of the Commission with responsibility for home affairs, to send this list to the Management Board of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice.

These decisions would take effect immediately.

6.4. DG ENTERPRISE AND INDUSTRY – RENEWAL OF THE TERM OF OFFICE OF THE EXECUTIVE DIRECTOR OF THE EUROPEAN CHEMICALS AGENCY

The Commission took note of the information at point 4 of PERS(2012)71/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr TAJANI, decided:

- to propose to the Management Board of the European Chemicals Agency that the term of office of Mr Geert DANCET as Executive Director of that Agency be renewed for a period of five years from 1 January 2013;
- to ask Mr TAJANI, Member of the Commission responsible for industry and entrepreneurship, to send this decision to the Management Board of the European Chemicals Agency.

These decisions would take effect immediately.

- 7. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A FRAMEWORK FOR THE RECOVERY AND RESOLUTION OF CREDIT INSTITUTIONS AND INVESTMENT FIRMS AND AMENDING COUNCIL DIRECTIVES 77/91/EEC AND 82/891/EC, DIRECTIVES 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC AND 2011/35/EU AND REGULATION (EU) 1093/2010
(COM(2012)280 TO /3; SWD(2012)166 TO /3; SWD(2012)167 AND /2; SEC(2012)353; RCC(2012)60)**

The Commission adopted the proposal for a Directive in COM(2012)280/3 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee and the national parliaments, together with the impact assessment and the summary thereof in staff working documents SWD(2012)166/3 and SWD(2012)167/2 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Directive, as set out in SEC(2012)353.

- 8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – RENEWABLE ENERGY: A MAJOR PLAYER IN THE EUROPEAN ENERGY MARKET
(COM(2012)271 TO /4; SWD(2012)149 AND /2; SWD(2012)163; SWD(2012)164 TO /4; SEC(2012)342; RCC(2012)61)**

The Commission approved the Communication in COM(2012)271/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments, accompanied by the impact assessment, the summary thereof and the staff working

document in SWD(2012)149/2, SWD(2012)163 and SWD(2012)164/4 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above Communication, as set out in SEC(2012)342.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS – SYNTHESIS OF THE COMMISSION’S MANAGEMENT ACHIEVEMENTS IN 2011

(COM(2012)281 TO /3; RCC(2012)62)

The PRESIDENT opened the debate on the communication containing the synthesis of the management achievements for 2011, which was being tabled for adoption by the Commission. The Financial Regulation required the Commission to produce such a synthesis every year for transmission to the discharge authority and the Court of Auditors. The PRESIDENT explained that the present communication, which dealt with the achievements in 2011, included the assurances and reservations made by the directors-general and heads of service in their annual activity reports, and he welcomed the efforts that had been made to improve the consistency of these reports.

By adopting this synthesis the Commission was taking full political responsibility for the management of its departments and was thus making an important public statement. This was why the communication had to be discussed in the Commission meeting, even though a consensus had already been reached on the proposed text.

He also urged all Commission Members to familiarise themselves with the synthesis of management achievements and to be ready to answer any questions Parliament might raise on certain points relating to them in the communication itself or in the annual activity reports.

The synthesis for 2011 recognised the Commission’s efforts to secure a positive statement of assurance (DAS) and reiterated the Commission’s commitment to

achieving this objective by issuing 11 specific instructions to those involved, including its directors-general.

Before handing over to Mr ŠEMETA, the PRESIDENT noted, finally, that the presentation of the synthesis of management achievements to the European Parliament traditionally marked the start of the discharge procedure.

Referring to the PRESIDENT's remarks about responsibility, Mr ŠEMETA said that by adopting this synthesis the Commission confirmed that it was aware of the actions and weaknesses of its departments and instructed them, as a matter of priority, to correct those aspects that were liable to jeopardise the achievement of the institution's policy objectives, while complying strictly with the principles of sound financial management. He stressed that the Commission, as a public administration, had a duty to set an example in the management of its resources which were, essentially, financed by the European taxpayer. He urged each Commission Member to discuss the issues of financial management, internal controls, audits and fraud prevention with the departments for which they were responsible at least twice a year.

This communication was addressed primarily to the Court of Auditors and the discharge authority. The Court of Auditors examined the synthesis and the annual activity reports as a whole and evaluated them in the statement of assurance, whereas the discharge authority on the one hand looked at how the Commission and its departments discharged their respective responsibilities in this field, and on the other checked whether the Commission had learnt the lessons from previous discharge exercises.

In the synthesis of its management achievements the Commission identified certain points where action by the departments was needed, but also called on the other parties concerned to take responsibility and support the efforts being made to improve the financial management of the Union budget. The second overall opinion on the Commission's financial management issued by its internal auditor lent further credibility to the report and was largely positive about the work of the Commission and its departments. However, Mr ŠEMETA mentioned a number of points that required attention or the adoption of specific measures and asked the

Members of the Commission to ensure that the departments for which they were responsible took appropriate action on these issues.

He noted that, despite an increase in the error rate compared to 2009, it had been possible to obtain the 2010 discharge under generally satisfactory conditions, thanks to the proposals presented by the Commission in the context of the next multiannual financial framework and the revision of the Financial Regulation. These proposals aimed to reduce the error rate, for example by simplification, by making the Member States' authorities more accountable and by strengthening the means of prevention.

He had asked the co-legislator to endorse the approach proposed by the Commission in order to improve the financial management of the EU budget. He added that the Commission should not compromise on the proposals, given that it bore ultimate responsibility for the implementation of the budget.

Mr ŠEMETA said that the next discharge exercise could prove more difficult because of the change in methodology which the Court of Auditors was preparing to implement and which would cause an automatic increase in the error rate calculated by the Court after carrying out its audits. For this reason he asked all the Commission departments to be prepared to respond swiftly to any of the Court's findings that did not seem to be based on sound arguments and hard data.

The Court was still considering how the new methods would be implemented for 2012, and Mr ŠEMETA did not rule out the possibility of some aspects being revised. However, the Commission departments should already make determined efforts to tackle the errors identified and develop a strong policy of prevention, particularly as regards public procurement.

Finally, Mr ŠEMETA said that in its communication on the synthesis of its management achievements the Commission, like Parliament and the Council on the occasion of the 2010 discharge procedure, had asked the Court of Auditors not only to provide relevant explanations in its reports of the changes in the methodology used, but also to make it possible to compare error rates with those in previous years. This question of principle would be raised at the annual meeting with the Court of Auditors in Luxembourg on Monday 11 June. The Commission would

fully respect the Court's independence, but this would not prevent it from asking questions and saying what it expected in terms of transparency and a fair assessment of its performance level, which was all part of a normal dialogue between the auditor and auditee.

A discussion ensued during which the following main points were raised:

- the utmost importance and great political significance of the Commission adopting this synthesis of its management achievements in the particularly difficult political and financial climate prevailing in the European Union;
- a reminder of the political sensitivity of EU budget management, in view of the repercussions it might have on the reputation of the Commission and the hasty, populist oversimplifications which might be made by a certain part of the press to whip up anti-European sentiment;
- the importance of highlighting the good quality of management results obtained in 2011 by the Commission, thanks in particular to steady improvements in the monitoring methods implemented and its efforts at budgetary stringency;
- the necessity, notwithstanding, to explain clearly the technical and structural factors behind the rise in the rate of errors uncovered or reported in the management of operations and the increase in the number of newly issued and recurring reservations in the annual activity reports of the Directorates-General and Services in order to banish any suspicion of poor management and to underline the absence of fraud;
- emphasis on the meticulous care, rigour, attention to detail and utmost caution to be adopted in all areas, even the most incidental, of the management of the Commission's DGs and services and the call not to overlook any warning indicators and to ensure total and decisive commitment to preventing any irregularities or, where necessary, to addressing them at the earliest stage possible;
- in addition, Members of the Commission were called upon to make use of the possibilities provided by the adversarial procedure by taking the initiative to

respond to the Court of Auditors' analysis, where it did not appear to have been based on substantiated, reliable audit findings;

- reference was made to the vital role of the European Parliament and the greater awareness of the Council of issues involved in monitoring the budgetary resources of the European Union;

Change in the Court of Auditors' methodology

- the observation that this change in methodology could have worrying political consequences for the Commission, in particular because the error rate would automatically increase even if this did not reflect any corresponding deterioration in management results;
- speculation over the margin for discussion on this aspect with the Court of Auditors and the possibility of introducing this change later, to coincide with the new budget in 2014;
- the suggestion of asking the Court of Auditors to postpone the change in methodology or to consider the possibility of introducing it in stages;
- the expediency of raising the matter in an appropriate way with the Court of Auditors at the next annual meeting between it and the Commission, while fully respecting the institution's independence;
- a proposal to ask the Court of Auditors to draw up a frame of reference making it possible to compare management performance before and after the implementation of the new methodology, thereby resulting in more objective analysis;
- the need for the Commission not to be defensive on the issue, by making appropriate statements on the change of methodology in order to highlight, in particular, certain factors which might distort the results of financial management, for example concerning the way payments made under the common agricultural policy are presented;

Relations with the Court of Auditors

- the utmost importance of a relationship of trust with the Court of Auditors and therefore of a strong Commission turnout at the forthcoming annual meeting on 11 June;
- a reminder that a number of Members of the Court of Auditors had been appointed recently, warranting an intensification of contacts and close, regular bilateral relations between Members of the Commission and the President and Members of the Court of Auditors;
- the case for suggesting a revival of the tripartite meetings between the Commission, the Court of Auditors and Member States, which had proved particularly successful and had shown their worth in the past, *inter alia* in the management of structural funds, by bringing about a reduction in irregularities.

Responding to these various points, Mr ŠEMETA began by stating that the discharge procedure for 2010 had not given rise to any particular remarks or prompted any debate in the European press, thanks to the good work carried out by the Commission, but he emphasised that there could be greater difficulties in this respect in coming years.

Turning to the new methodology of the Court of Auditors, he explained that, while the Commission was in favour of postponing its application, the Court wanted to introduce it swiftly, and in the end it was up to the Court to decide. The 2011 financial year would serve as a dry-run exercise and the results would be analysed jointly by the Court and the Commission, but not included in the future synthesis of management achievements. He stressed the need to ensure the comparability of the error rates before and after the new methodology was implemented. In the Commission's view, it was particularly important to present an overall error rate that included pre-financing on a par with interim and final payments. This possibility was still being studied by the Court of Auditors.

Mr ŠEMETA ended by reaffirming his determination to convince the Court of Auditors of the validity of the points made by the Commission. Nevertheless, he

called on Commission departments to improve the quality of their management results and to take this question very seriously with an eye to the upcoming events on the European political calendar and the end of the current Commission's term of office. He pointed out that the Court would very shortly begin its audit of the Commission's budgetary management in 2012 and would announce its findings in November 2013, ahead of the discharge vote in spring 2014. He recommended taking great care in the adversarial procedure in order to curb the final error rate, particularly in the agricultural field and the Structural Funds, where there was a big potential margin for reductions.

Winding up the discussion, the PRESIDENT thanked Mr ŠEMETA for the considerable amount of work that had been done. He drew attention in particular to the annual meeting between the Commission and the Court of Auditors on Monday 11 June in Luxembourg and called on all the Members to attend, unless they had important engagements elsewhere, in order to underline the significance of this meeting for the Commission. He reminded them that, if they were unable to attend, they could hold bilateral meetings with their counterparts in the Court.

He stressed that the Commission's relationship with its external auditor was crucial for the implementation of its policies and financial programmes; this concerned not only the Members responsible for policy areas in which spending was high but the College as a whole, particularly at a time when the Court of Auditors was preparing major changes to its audit methodology which would have significant repercussions for the discharge procedure. He mentioned here the negative impact which a higher error rate might have both at political level and in the media.

Lastly, he noted that this year three topics had been chosen for discussion with the Court of Auditors over a working lunch: (i) the evaluation report under Article 318 of the Treaty on the Functioning of the European Union, presented by the Court, (ii) the next multiannual financial framework, presented by the Commission, and (iii) the role of the performance audit, presented by the Court and the Commission. On each of these topics members of the two institutions would be able to speak after the presentations.

In conclusion, the PRESIDENT said he hoped that the Commission and the Court

would continue their excellent cooperation in a very open atmosphere and that the Commission would be able to demonstrate its ability to respond to the Court's opinions and recommendations by taking effective and concrete action.

The Commission approved the Communication in COM(2012)281/3, for transmission to Parliament, the Council and the Court of Auditors and, for information, to the national parliaments.

10. OTHER BUSINESS

10.1. HUMAN RESOURCES SITUATION IN COMMISSION DEPARTMENTS

Mr ŠEFČOVIČ referred to the letter he had circulated to the Members of the Commission at the meeting setting out his department's analysis of the human resources situation, in line with the commitment he had made at the Commission seminar on 31 January and 1 February 2012 during discussions on the 5% staff reduction over five years. He said that he was available for bilateral discussions on this subject with each Commission Member.

In this context the Commission also mentioned the need to identify best practice in rational resource management and the importance of improving the gender balance and encouraging women to apply for certain posts, in particular management posts.

10.2. PROGRESS IN DISCUSSIONS ON THE FORTHCOMING MULTIANNUAL FINANCIAL FRAMEWORK AND OUTCOME OF THE MEETING OF THE FRIENDS OF COHESION (BUCHAREST, 1 JUNE)

The PRESIDENT reported on the discussions held by the Friends of Cohesion which he had attended on the invitation of Mr Victor Ponta, the Romanian Prime Minister. He underlined the importance of this meeting at which sixteen Member States had been represented, nine by their Prime Ministers, and following which a joint statement had been adopted. The discussion had focused on the significance of cohesion policy as an instrument for investing in growth and

jobs, representing a major source of public investment for most of the recipient countries.

At the meeting, the PRESIDENT had emphasised the fact that this policy was in the interests of all Member States, not only of those benefiting directly, and that its goal was to ensure balanced economic development in the internal market. It was vital to steer the use of cohesion financing towards a small number of clear priorities, in line with the Europe 2020 strategy.

His message on the need to reform cohesion policy and on the various aspects relating to this in the Commission's proposals, such as the common strategic framework for all Structural Funds, measurement of performance and macro-economic conditionality, had been positively received at the highest political level at the forum, as had the Connecting Europe Facility. This awareness was an essential basis for the discussion on the multiannual financial framework at the end of June and afterwards.

With this in mind, the PRESIDENT referred to the debate on the forthcoming multiannual financial framework scheduled for the European Council meeting of 28 and 29 June 2012, which would be based on a “negotiation box” prepared by the Danish Presidency. He congratulated the Presidency on its excellent work in this respect and its decision to focus the discussion on European budget priorities and quality spending rather than actual amounts at this stage.

He felt that it would be possible for Member States to reach a consensus on this aspect, in particular as regards the role that a reformed European budget might play in promoting growth, jobs and competitiveness in Europe.

The actual amounts would be discussed later, under the Cypriot Presidency. He added that in this context the Commission might update its initial proposal for technical reasons and that the Cypriot Presidency intended to hold bilateral meetings with the delegations throughout July before submitting the negotiation box together with figures in September, for discussion at the European Council meeting in October.

It was quite likely that these would be the most difficult negotiations ever held on the financial framework given the quite diverse positions expressed by the various groups of Member States to date. The Commission would therefore have to play a very important mediation role in order to bridge the differences and devise innovative solutions based on its initial proposal, in the process highlighting the essential contribution which the European budget was making to growth.

Mr LEWANDOWSKI said that the Danish Presidency had presented a first version of its negotiation box at the end of May. He also welcomed the Presidency's decision not to hold discussions on figures at this stage but to focus the June European Council's debates on quality spending.

However he expressed some concern about the latest version of the negotiation box that was being prepared with a view to the informal ministerial meeting in Horsens, Denmark on 10 and 11 June. In this version, all aspects of spending would be included in the multiannual financial framework, for instance the spending under the Solidarity Fund, the reserve for emergency aid, the agricultural reserve, the ITER project and the GMES programme, while the European Globalisation Adjustment Fund would be abolished. This new version of the negotiation box was expected shortly, and he himself would go to Denmark on Monday 11 June to discuss the content.

He confirmed that the future Cypriot Presidency of the Council would embark on bilateral meetings with the Member States using the "confessional" technique. As for the technical updating of the Commission's proposal, this would take account of macroeconomic forecasts and new regional figures, and would include Croatia in the multiannual financial framework, in line with its accession treaty with the EU.

The situation at Parliament was different, and it still broadly supported the Commission's initial proposal.

In essence, Mr LEWANDOWSKI considered that the current debate on growth in the EU was very beneficial, even in the context of the discussions on the financial market, the challenge being, in the run-up to the European Council in June, to

demonstrate to what extent the proposed multiannual financial framework was an integral part of the solution in so far as it promoted the necessary structural reforms and European-level investments while supporting fiscal consolidation. He underlined the strict link established in the Commission proposals between Structural Fund payments and the implementation of growth-promoting structural reforms through partnership contracts, and also the fact that European cohesion policy transfers accounted for a considerable share of public investment.

The growth strategy and the objective of fiscal consolidation were not mutually exclusive. The amount of the Union's budget, which was quite modest on the European scale, could not be invoked as a way of resolving fiscal imbalances, but it could, however, exert a leverage effect in terms of generating growth. The €100 billion cutback in the multiannual financial framework called for by some Member States would distort the balance of the Commission's proposal and, since this represented only 0.08% of GNI, it could not credibly be argued that it was essential for fiscal consolidation.

Mr LEWANDOWSKI ended by deploring the political differences regarding these issues as he felt that they undermined the credibility and legitimacy of the Union.

The Commission also discussed:

- the very positive nature of the meeting of the Friends of Cohesion, and the need to convince Member States of the importance of cohesion policy as an instrument for investing in growth and jobs, in connection with the Europe 2020 strategy;
- the need to maintain and defend the Commission's initial proposal on the multiannual financial framework, for instance as regards the treatment of financial instruments, and in particular to safeguard the existence of the European Globalisation Adjustment Fund; in this respect, the fact that, in the eyes of citizens, it would be a blow to the EU's image if it abolished mechanisms that help people affected by the consequences of globalisation while at the same time reinforcing those that safeguard banks.

In conclusion, the PRESIDENT said that the debate scheduled for the following week at Parliament's plenary session on the preparation of the European Council meeting and the forthcoming multiannual financial framework would be an opportunity to raise these matters again and to underline once more the contribution that a reformed European budget could make in the context of the current economic crisis.

The Commission took note of this information.

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The meeting closed at 10.35.