



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012)2010 final

Brussels, 25 July 2012

MINUTES
of the 2010th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 11 July 2012
(morning)

PV(2012)2010 final

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Single sitting: Wednesday 11 July 2012 (morning)

The sitting opened at 09.09 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms REDING	Vice-President	Items 12 (in part) to 14
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	Items 12 to 14
Mr POTOČNIK	Member	
Mr BARNIER	Member	
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	
Mr DALLI	Member	
Mr LEWANDOWSKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr ANDOR	Member	Items 12 (in part) to 14
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	

Absent:

Baroness ASHTON	High Representative/ Vice-President
Ms KROES	Vice-President
Mr PIEBALGS	Member
Ms GEOGHEGAN-QUINN	Member
Ms DAMANAKI	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 BUHR	A member of Ms KROES's staff
Mr KARHUNEN	Adviser in Mr PIEBALGS's Office
Mr KÜTT	Deputy Chef de cabinet to Ms GEOGHEGAN-QUINN
Ms CHRISTOPHIDOU	Chef de cabinet to Ms DAMANAKI
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 PAULGER	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Mr KARNITSCHNIG	A member of the PRESIDENT's staff	
Mr SELMAYR	Chef de cabinet to Ms REDING	Items 1 to 12 (in part)
Mr VIS	Chef de cabinet to Ms HEDEGAARD	
Mr MÜLLER	A member of Ms HEDEGAARD's staff	

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

1. AGENDAS

(OJ(2012)2010/FINAL; SEC(2012)426/2)

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)2010)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 9 July.

3. APPROVAL OF THE MINUTES OF THE 2008TH MEETING OF THE COMMISSION (27 JUNE) AND THE MINUTES OF THE 2009TH MEETING (3 JULY)

(PV(2012)2008)

The Commission approved the minutes of its 2008th meeting and decided to hold over for one week approval of the minutes of its 2009th meeting.

4. INTERINSTITUTIONAL RELATIONS

4.1. LEGISLATIVE MATTERS

- i) Minimum standards for the reception of applicants for asylum in Member States (Directive – recast) – MASIP HIDALGO report – 2008/0244 (COD)**

The Commission approved the line set out in SI(2012)330.

ii) Marketing and use of explosives precursors (Regulation) – MULDER report – 2010/0246 (COD)

The Commission approved the line set out in SI(2012)339.

iii) Amendment of Regulations (EU) 43/2012 and (EU) 44/2012 as regards the protection of the species "giant manta ray" and certain fishing opportunities (Council Regulation) – 2012/0091 (NLE)

The Commission approved the line set out in SI(2012)351.

iv) Conclusion of the Protocol setting out the fishing opportunities and financial contribution provided for in the Fisheries Partnership Agreement between the European Community on one hand, and the Government of Denmark and the Home Rule Government of Greenland, on the other hand (Council Decision) – CHRISTENSEN report – 2012/0130 (NLE)

The Commission approved the line set out in SI(2012)352.

v) 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)353.

vi) European Year of Citizens (2013) (Decision) – PAPADOPOULOU report – 2011/0217 (COD)

The Commission approved the line set out in SI(2012)354/2.

vii) Multiannual financial framework 2014-2020 – Cohesion policy legislative package, approach to the adoption of the Common Strategic Framework

The Commission approved the line set out in SI(2012)356/2.

viii) Action to be taken on Parliament's legislative opinions and resolutions of a legal nature

(SP(2012)513)

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)513, drawn up following the July part-session of Parliament, the contents of which were noted.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ix) Programming of Council business

(SI(2012)359)

The Commission took note of the information in SI(2012)359 on the Council meetings between 12 and 25 July.

x) Signing of an Agreement between the European Union and the Swiss Confederation concerning cooperation on the application of their competition laws (Council Decision) – 2012/0126 (NLE) / Conclusion of an Agreement between the European Union and the Swiss Confederation concerning cooperation on the application of their competition laws (Council Decision) – MOREIRA report – 2012/0127 (NLE)

The Commission approved the line set out in SI(2012)350.

xi) Move to the second phase of the action plan on visa liberalisation for Moldova

The Commission approved the line set out in SI(2012)355/2.

4.3. RELATIONS WITH PARLIAMENT

xii) Results of Parliament's July part-session

(SP(2012)499 ; SP(2012)500)

The Commission took note of the information in SP(2012)499 and SP(2012)500 on the proceedings of the part-session of Parliament held in Strasbourg from 2 to 5 July.

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 – Guidelines for the follow-up to the triggering of the procedure referred to in Article 7 ('Yellow card and orange card')

(SNP(2012)7/2)

The Commission approved the line set out in SNP(2012)7/2.

4.5. OTHER BUSINESS

xiv) Conclusion of negotiations on a draft protocol to eliminate illicit trade in tobacco products at the World Health Organisation's Framework Convention on Tobacco Control

(SI(2012)358/2)

The Commission took note of the information in SI(2012)358 and /2.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

STATE AID – INDIVIDUAL CASES

(SEC(2012)437/2)

The Commission adopted the decisions in SEC(2012)437/2.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2012)427 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 2 and 6 July.

6.2. EMPOWERMENT

(SEC(2012)428 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 2 and 6 July.

6.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2012)429 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 2 and 6 July, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2012)430 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 9 and 13 July and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 9 July.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2012)431/2)

ADMINISTRATIVE MATTERS

(PERS(2012)85/2)

7.1. DG TRANSLATION – APPOINTMENT OF AD15 DIRECTOR-GENERAL

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms VASSILIOU, the Commission decided to fill the post of Director-General of DG Translation by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Rytis MARTIKONIS, AD15 official and currently Deputy Director-General in that DG.

This decision would take effect on 1 September 2012.

7.2. EUROPEAN ANTI-FRAUD OFFICE – APPOINTMENT OF AD14/15 DIRECTOR

(PERS(2012)25 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director (Policy) in the European Anti-Fraud Office (PERS(2012)25).

It took note of the opinions of the Consultative Committee on Appointments of 24 April and 24 May (PERS(2012)25/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ŠEMETA, it then decided to appoint Ms Margarete HOFMANN to the post.

This decision would take effect on 16 July 2012.

7.3. DG COMMUNICATION – APPOINTMENT OF AD15 DIRECTOR

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms REDING, the Commission decided to fill the post of Director (Resources) in DG Communication by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Gabor ZUPKO, AD15 official and currently Director of the Office for Infrastructure and Logistics in Brussels.

This decision would take effect on 1 September 2012.

7.4. DG HUMAN RESOURCES AND SECURITY – APPROVAL OF LISTS OF CANDIDATES FOR HEAD OF EUROPEAN UNION DELEGATION POSTS

(PERS(2012)86; PERS(2012)88; PERS(2012)89)

The Commission took note of the information at point 4 of PERS(2012)85/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the lists of candidates in PERS(2012)86, PERS(2012)88 and PERS(2012)89 for the posts of Head of the European Union Delegations to Iceland (AD9-14/AD12), Djibouti (AD9-14/AD12) and Morocco (AD14/15-AD14); these lists would serve as a basis for the competent authority of the European External Action Service to make the final appointments.

These decisions would take effect immediately.

7.5. AMENDMENT OF ORGANISATION CHARTS – 2012 SUMMER PACKAGE

(SEC(2012)452/2)

Having noted the information in point 5 of PERS(2012)85/2, the Commission took note of the change to the organisation chart of DG Translation referred to in point 1 of SEC(2012)452/2, which would be adopted at a later date by simplified procedure.

7.6. DG COMPETITION – AMENDMENT OF ORGANISATION CHART**(SEC(2012)452/2; SEC(2012)453)**

The Commission took note of the information in point 1 of SEC(2012)452/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ALMUNIA, decided:

- to increase by one the number of structural adviser functions in DG Competition;
- to approve the prolongation of the temporary Task Force ‘Financial Crisis’ until 31 December 2014;
- to adopt the new organisation chart set out in SEC(2012)453.

These decisions would take effect on 1 September 2012.

After the reorganisation, the total number of adviser functions in DG Competition would increase from seven to eight.

7.7. DG ENTERPRISE AND INDUSTRY / EUROPEAN ANTI-FRAUD OFFICE / DG HEALTH AND CONSUMERS – AMENDMENT OF ORGANISATION CHARTS**(SEC(2012)452/2; SEC(2012)454; SEC(2012)456/2; SEC(2012)459)**

The Commission took note of the information in point 1 of SEC(2012)452/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Mr TAJANI, Mr ŠEMETA and Mr DALLI, decided:

- to abolish a total of three units in DG Enterprise and Industry;
- to create two temporary principal adviser functions and two temporary task forces in DG Enterprise and Industry and to move Ms Viola GROEBNER, currently Director, ENTR.B, and Mr John FARNELL, currently Director, ENTR.A, to the functions of Principal Adviser for Growth and Competitiveness and Principal Adviser for Missions for

Growth, respectively; these two new functions and the related task forces would be abolished upon the departure of the jobholders; the decisions concerning Mr FARNELL would take effect immediately;

- to move Mr Alessandro BUTTICE, currently Adviser in the European Anti-Fraud Office, together with the corresponding adviser quota, permanently to DG Enterprise and Industry; the related job quota could not be transferred in this case due to the difference in establishment plans;
- to move Mr Andreas MENIDIATIS, currently Adviser in DG Enterprise and Industry, together with the corresponding adviser and job quotas, permanently to DG Health and Consumers as of 1 September 2012;
- to approve a temporary net increase of three in the number of adviser functions in DG Enterprise and Industry; to approve the gradual decrease in the number of adviser functions in that DG down to seven in line with departures of jobholders from these functions;
- to adopt the new organisation charts set out in SEC(2012)454, SEC(2012)456/2 and SEC(2012)459.

These decisions would take effect on 1 October 2012, unless indicated otherwise.

After these reorganisations, the total number of adviser functions in DG Enterprise and Industry would increase temporarily from 12 to 15, the number of units would fall from 45 to 42 and the average number of staff covered by the Staff Regulations per unit would go up to 20. The total number of adviser functions in the European Anti-Fraud Office would decrease from five to four and the total number of adviser functions in DG Health and Consumers will increase from five to six.

7.8. EUROPEAN PERSONNEL SELECTION OFFICE – AMENDMENT OF THE ORGANISATION CHART
(SEC(2012)452/2; SEC(2012)455)

The Commission noted the information in point 1 of SEC(2012)452/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to temporarily increase by one the number of non-structural adviser posts at the European Personnel Selection Office; this post would be abolished upon departure of the job holder;
- to adopt the new organisation chart set out in SEC(2012)455.

These decisions would take effect on 1 August 2012.

Following the reorganisation, the total number of adviser posts at the European Personnel Selection Office would increase from two to three.

7.9. DG HUMAN RESOURCES AND SECURITY – AMENDMENT OF THE ORGANISATION CHART
(SEC(2012)452/2)

The Commission noted the information in point 1 of SEC(2012)452/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to approve the creation of a temporary post of principal adviser in the Human Resources and Security Directorate-General; this post would be abolished upon departure of the job holder.

This decision would take effect on 1 September 2012.

7.10. OFFICE FOR THE ADMINISTRATION AND PAYMENT OF INDIVIDUAL ENTITLEMENTS – AMENDMENT OF THE ORGANISATION CHART

(SEC(2012)452/2; SEC(2012)457)

The Commission noted the information in point 1 of SEC(2012)452/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to temporarily increase by one the number of non-structural adviser posts at the Office for the Administration and Payment of Individual Entitlements; this post would be abolished upon departure of the job holder;
- to adopt the new organisation chart set out in SEC(2012)457.

These decisions would take effect on 1 September 2012.

Following the reorganisation, the total number of adviser posts at the Office for the Administration and Payment of Individual Rights would increase from one to two.

7.11. DG REGIONAL POLICY – AMENDMENT OF THE ORGANISATION CHART

(SEC(2012)452/2; PERS(2011)64 TO /4; SEC(2012)458)

The Commission took note of the information in point 1 of SEC(2012)452/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr HAHN, decided:

- to rename the Directorate-General 'Directorate-General for Regional and Urban Policy', with no change to the acronym, to take account of the greater role the DG plays in coordinating urban issues within the Commission;
- to terminate with immediate effect the internal selection procedure with

the reference COM/2011/1227 for the post of Director, Policy Development, without making an appointment (PERS(2011)64 to /4);

- to abolish two directorates in total;
- to create a temporary post of principal adviser and a temporary task force to be led by this principal adviser; this new post and the related task force would be abolished upon departure of the job holder;
- to create a new unit, REGIO.E.1 'Competence Centre Administrative Capacity Building; Solidarity Fund', and a new temporary unit-equivalent task force, REGIO.DDG2.01 'Cohesion Fund Closure'; one unit would have to be abolished by the end of 2014;
- to adopt the new organisation chart set out in SEC(2012)458.

These decisions would come into force on 1 October 2012, except for the one concerning the new REGIO.DDG2.01 temporary task force that would come into force on 1 August 2012 and the one concerning the close of internal selection procedure COM/2011/1227 as mentioned.

Following the restructuring the number of units would increase from 38 to 40 and the average number of staff covered by the Staff Regulations in each unit would go down to 15.

7.12. LEGAL SERVICE – CHANGES TO THE ORGANISATION CHART (SEC(2012)452/2)

The Commission noted the information at point 1 of SEC(2012)452/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to approve the creation of a temporary post of Principal Legal Adviser within the Legal Service for a period of one month;
- to appoint to this post, by transfer in the interest of the service under

Article 7 of the Staff Regulations, Ms Mary MINCH, currently Principal Legal Adviser in charge of the 'Quality of legislation' team within the same department.

These decisions would take effect on 1 September 2012.

**7.13. SECRETARIAT GENERAL / FOREIGN POLICY INSTRUMENTS
SERVICE / DG TRADE / DG ENLARGEMENT / DG DEVELOPMENT
AND COOPERATION – EUROPEAID / DG HUMANITARIAN AID AND
CIVIL PROTECTION (ECHO) / DG HUMAN RESOURCES AND
SECURITY / DG BUDGET – WORKLOAD ASSESSMENT OF THE
COMMISSION RESOURCES IN EU DELEGATIONS (WLAD)
(SEC(2012)461)**

The Commission took note of the information at point 6 of PERS(2012)85 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Baroness ASHTON, Mr PIEBALGS, Mr DE GUCHT, Mr LEWANDOWSKI, Ms GEORGIEVA and Mr FÜLE, decided to:

- approve the redeployment plan 'Roadmap for the Implementation of the WLAD Report', as detailed in SEC(2012)461, which had been agreed to by the directorates-general responsible for foreign affairs and for the European External Action Service;
- create, subject to the formal approval of the High Representative for Foreign Affairs and Security Policy, four regional hubs of the Directorate-General for Development and Cooperation – EuropeAid responsible for budget support and thematic expertise tasks. These would be based in Kenya (Nairobi), Thailand (Bangkok), Nicaragua (Managua) and Egypt (Cairo); these hubs would be headed by a member of the Commission's middle management but placed under the authority of the Head of the host delegation;
- set, in view of the recognised needs of departments in terms of management and advisory capability in Delegations, the total number of

management and advisory posts, encompassing Headquarters and Delegations, at (i) 55 for middle management (adding 4 to the current 51) and 5 for adviser functions (no change but would decrease over the course of 2012 by 2 in line with earlier decisions) for the Directorate-General for Development and Cooperation – EuropeAid, and (ii) 31 for middle management (adding 2 to the current 29) and 4 for adviser functions (no change) for the Directorate-General for Trade, with no change to the existing job quotas;

- (i) in future change the quotas for each Directorate-General only by means of a College decision, (ii) submit to the simplified procedure – and to the formal approval of the High Representative when Delegations are concerned – the creation or modification of posts at Headquarters or in Delegations within the limits of the allocated quota, and (iii) change the number and level of regional hubs only by means of a College decision;
- require, due to the importance of an appropriate coverage of the external dimension of internal policies in Delegations, that directorates-general other than the ones in the External Relations Directorate-General family carefully assess the need for resources when launching initiatives with an external dimension and have extra needs assessed in the context of the established resource and budgetary allocation procedures;
- have the decisions resulting from the WLAD implemented in close cooperation with the European External Action Service in order to ensure the smooth functioning of the Delegations during the implementation phase, and fully involve the Heads of Delegation in this procedure during this phase;
- implement the rebalancing of resources resulting from the WLAD by the end of the present Commission's mandate, with the bulk completed by the end of 2013, as detailed in the roadmap, while in exceptional circumstances some movements, in particular in certain strategic partner countries, could also take place after the end of this Commission;

- allow, in full transparency and respect of existing procedures, the Directors-General concerned in their capacity as Appointing Authority to adapt numbers and schedules for the rebalancing of resources in the event of changing circumstances, with any modifications requiring the agreement of the Steering Committee for Delegations ('EUDEL').

These decisions would take effect immediately.

**8. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE FIGHT AGAINST FRAUD TO THE UNION'S FINANCIAL INTERESTS BY MEANS OF CRIMINAL LAW
(COM(2012)363 TO /3; SWD(2012)195; SWD(2012)196; SEC(2012)415; RCC(2012)75)**

The Commission adopted the proposal for a Directive in COM(2012)363/3 for transmission to Parliament, the Council, the Court of Auditors and the national parliaments, accompanied by the impact assessment and the summary thereof in staff working documents SWD(2012)195 and SWD(2012)196, 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)415.

**9. DRAFT PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL INTRODUCING, ON THE OCCASION OF THE ACCESSION OF CROATIA, SPECIAL TEMPORARY MEASURES FOR THE RECRUITMENT OF OFFICIALS AND TEMPORARY STAFF OF THE EUROPEAN UNION
(COM(2012)377 DRAFT AND /2; SWD(2012)208 AND /2; RCC(2012)79)**

10. DRAFT COMMISSION DECISION DEROGATING FROM ARTICLE 3(1) OF COMMISSION DECISION C(2011)1264 FOR THE RECRUITMENT OF CONTRACTUAL STAFF IN CROATIA

(COM(2012)4683 DRAFT AND /2; SWD(2012)208 AND /2; RCC(2012)79)

The Commission approved the draft proposal for a Regulation of the European Parliament and of the Council and the draft Commission Decision, set out respectively in COM(2012)377 draft/2 and C(2012)4683 draft/2, as well as the Commission staff working document in SWD(2012)208 and /2.

11. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE COLLECTIVE MANAGEMENT OF COPYRIGHT AND RELATED RIGHTS AND MULTI-TERRITORIAL LICENSING OF RIGHTS IN MUSICAL WORKS FOR ONLINE USES IN THE INTERNAL MARKET

(COM(2012)372 DRAFT AND /2; SWD(2012)204 AND /2; SWD(2012)205; SEC(2012)423; RCC(2012)78)

The Commission adopted the proposal for a Directive in COM(2012)372/2 for transmission to Parliament, the Council, the Economic and Social Committee, the European Data Protection Supervisor and the national parliaments, together with the impact assessment and the summary thereof in staff working documents SWD(2012)204 and /2 and SWD(2012)205, 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)423.

12. OTHER BUSINESS

LATEST ECONOMIC DEVELOPMENTS AND RESULTS OF THE MEETINGS OF THE EUROGROUP AND THE ECONOMIC AND FINANCIAL AFFAIRS COUNCIL (BRUSSELS, 9 AND 10 JULY)

Mr REHN informed the Commission Members of the results of the Eurogroup meeting held on 9 and 10 July and of the Economic and Financial Affairs Council, also on 10 July.

Starting with the Eurogroup meeting, he said first that a number of decisions would be taken in September on Greece's financial situation and Cyprus' request for assistance, based on the outcome of the assessments under way. The focus of the discussions had been the restructuring and recapitalisation of the banking sector in Spain, culminating in a draft memorandum of understanding to be adopted formally at a Eurogroup meeting on 20 July.

He alluded to various aspects of the draft memorandum of understanding and the conditions imposed on Spain which, in addition to a firm commitment to carry out structural reforms to reduce the government debt, included (i) the establishment of a 'bad bank' to manage the toxic assets held by Spanish banks, with collateral from the European Central Bank, which would be able to intervene, (ii) the drafting of a precise timetable for recovery, and (iii) strict rules to limit the salaries of bank executives. The conditions tied to European aid would be applied to the financial sector as a whole and to each bank, and while the euro area had offered a package of up to €100 billion, the final amount would depend on an assessment of real needs on a case-by-case basis for each institution.

Ending his presentation of the results of the Eurogroup meeting, Mr REHN announced that the group had renewed Mr Jean-Claude Juncker's term as chair for a further two and a half years, and had asked Mr Klaus Regling, the current Director-General of the European Financial Stability Facility (EFSF), to take up the same

duties at the helm of the future European Stability Mechanism (ESM), the finalisation of which might be slightly delayed because of the constraints linked to ratification in Germany. He also referred briefly to certain recent statements by the Finnish authorities concerning the euro.

In relation to the Economic and Financial Affairs Council meeting of 10 July, Mr REHN explained that the discussions had covered several issues including the practical implementation of the decisions taken by the European Council on 28 and 29 June, in particular the creation of a single supervisory mechanism for the banking sector.

The Commission would table proposals by the beginning of September on the single supervisory mechanism for banks, involving the European Central Bank, so that the proposal could be adopted by the end of the year, and on an instrument for the direct recapitalisation of the banks by the European Stability Facility.

Mr BARNIER referred to some other results of the meeting of Ministers of Economic Affairs and Finance, which he had attended with Mr REHN and Mr ŠEMETA.

He underlined three of the issues tackled: the single supervisory mechanism, the Commission proposal on the management and resolution of bank crises, and the Commission proposal on capital requirements for banks (CRD IV).

Like Mr REHN, he felt that the main discussion had been the one on integrated bank supervision, which was a key element in the four Presidents' report to the European Council. The Commission had been working for many months on building a new European banking model founded on four cornerstones: (1) bank supervision (2) a deposit guarantee system (3) capital requirements for banks in the context of implementing the Basel rules, and (4) the proposals on bank failures resolution.

It had been decided to move ahead with all the Member States on the issues of direct supervision, mutualisation of venture capital funds and mutualisation of resolution funds. He stressed, however, that discussions were continuing on a number of key aspects, in particular the involvement of the European Central Bank and the exact

structure of the future single supervisor, the Member States concerned and the scope of supervision, and the link between the new supervisor and the European Banking Authority, which would have to continue to fulfil its supervisory role.

Mr BARNIER stressed the need to preserve the single market and had emphasised at the meeting of the Council that the new mechanism should be open to the 27 Member States and not just to the Member States in the euro area. His departments were currently working on the proposal on the single supervisory mechanism that would have to be ready in September.

Mr BARNIER then raised the issue of crisis management and bank failures resolution; he had recapped for ministers the main points of the Commission proposal of 6 June, and highlighted the need for the co-legislators to adopt them quickly. On this issue there was strong support from all participants for the Commission's proposal, but some questions remained about the balance between the powers of the home and host supervisors in the context of the resolution of cross-border banks' failures.

Lastly, he referred to the discussion that had taken place on the Commission's proposal on the capitalisation of banks, which had been presented by the Commission in July 2011 and was a key element in ensuring a more robust and stable European banking sector, and on which trialogue meetings between Parliament and the Council were continuing. The main discussion points concerned risk weighting for loans to small and medium-sized enterprises, the national margin of flexibility under the single rule book and, in order to prevent the real economy from drying up, the final calibration of the rules on liquidity.

Mr BARNIER concluded his remarks by pointing out that the agenda for the new presidency of the European Union included a number of important Commission proposals, in particular with regard to market abuse. However, he felt that it was necessary to assess the need, where appropriate, for certain adjustments to these proposals in order to strengthen the planned sanctions, for example in cases of manipulation of the various indices and reference rates on the money markets.

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

- the importance of the Commission proposals on banking union and the desire that they be adopted by the legislator as quickly as possible;
- the advisability of going further on certain questions, in particular on integrated supervision, bank resolution and deposit guarantees;
- a reminder of the powers exercised by the Commission to ensure compliance with the rules on competition in the banking sector and of the investigations under way into possible infringements in relation to the setting of certain reference rates on the money and financial markets; questions about the functioning of self-regulation systems; in this context, how useful it would be for every Member of the Commission to receive in the near future a note setting out the main points concerning the work and investigations under way on these issues;
- certain questions concerning the issue of mutualisation of funds and the desire that the Commission continue its discussion of the risks involved and the appropriate structures;
- likewise, certain questions about the respective roles of the European Central Bank and the European Banking Authority under future single supervision arrangements and the desire for the Commission to discuss this issue in depth in the autumn;
- a recap of the Commission's powers to implement the decisions taken by the European Council and the fact that ministers in the Member States had to take ownership of the decisions taken at every European Council to ensure that they were successfully concluded and adopted.

The PRESIDENT noted that the latest European Council, held in June, had wanted to grant the European Central Bank a more prominent role in banking supervision. He stressed that this measure was possible without changing the Treaties and that it

was consistent with a Community approach involving the 27 Member States and, therefore, the financial stability of the Union as a whole. He was coordinating a working group on this issue with Mr REHN, Mr ALMUNIA and Mr BARNIER. He added that the Commission was going to start the legislative process by consulting Parliament and the European Central Bank.

He also stressed the idea that the move towards a banking union, which was gaining ground in the Member States and on which a satisfactory compromise had been reached in the conclusions of the European Council, could strengthen economic and monetary union.

The PRESIDENT concluded this item by suggesting to the Members of the Commission that they hold a discussion on these issues in September.

The Commission took note of this information.

- 13. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EC) 443/2009 TO DEFINE THE MODALITIES FOR REACHING THE 2020 TARGET TO REDUCE CO₂ EMISSIONS FROM NEW PASSENGER CARS
(COM(2012)393 TO /3; SWD(2012)213 AND /2 (PARTS I AND II); SWD(2012)214 AND /2; SEC(2012)445; SEC(2012)464; RCC(2012)80)**
- 14. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 510/2011 TO DEFINE THE MODALITIES FOR REACHING THE 2020 TARGET TO REDUCE CO₂ EMISSIONS FROM NEW LIGHT COMMERCIAL VEHICLES
(COM(2012)394 AND /2; SWD(2012)213 AND /2 (PARTS I AND II); SWD(2012)214 AND /2; SEC(2012)445; RCC(2012)80)**

The PRESIDENT opened the discussion on the two proposals for a Regulation on the practical arrangements for reaching the 2020 targets to reduce carbon dioxide emissions from new passenger cars and new light commercial vehicles, stressing that this was a very politically sensitive issue.

Given that the limits on emission levels and the timetable for introducing them by 2020 had already been laid down by the co-legislators following the proposal tabled by the Commission in 2007, he said that the present task was to decide in detail on the action to be taken to achieve these emission targets, based on the agreed principles and mechanisms, which were widely shared by the Member States, the European Parliament, industry and NGOs.

He drew the Members' attention to the fact that it would not therefore be appropriate to adopt a different approach or embark on a debate setting climate concerns against industrial interests; they should rather make use of the considerable political capital accumulated hitherto to examine ways of ensuring, within the motor industry, a correct proportional distribution of the efforts needed to reduce CO₂ emissions from an average of 130 g/km to 95 g/km for new passenger cars between 2015 and 2020, a target set in 2008.

Having thanked Ms HEDEGAARD for the quality of her work and her efforts to find the best possible balance, he stated that the proposal relating to new passenger cars now aimed to set at 0.0333 the effort-sharing factor between car manufacturers, which corresponded to a slope on the distribution curve of 60% compared to the reference year of 2006. The PRESIDENT also mentioned the provision that allowed the continuation between 2020 and 2023 of the 'super-credits' scheme, enabling car manufacturers to achieve a better balance of volumes in terms of emissions in their production lines between the more polluting vehicles and the 'clean' vehicles. He concluded by underlining the importance of these two elements in achieving a consensus while maintaining the overall credibility of the proposal.

Ms HEDEGAARD also began by pointing out that the two proposals being presented that day did not reopen the discussion on the targets set by the existing regulations but were more by way of implementation. She thanked the other

Members, and their teams and departments, for their constructive attitude, and observed that a major effort had been made to achieve a balanced approach that enjoyed the support of all parties.

She stressed that it was important that these proposals provide a stimulus for industry and mentioned the technical innovations that had already been promoted by the existing regulations and the benefits for consumers, which was evidence of the relevance of the policy adopted.

She reminded the meeting that, regarding the current regulations on passenger cars, Parliament and the Council had made three demands which must now be taken into account: (i) guaranteeing fair competition between manufacturers; (ii) ensuring social equity; and (iii) ensuring that the proposed measures were sustainable and cost-effective.

In Ms HEDEGAARD's view, that day's proposal on new passenger cars fully met these criteria, in terms both of equality between manufacturers – the balance achieved in 2008 being maintained, since all manufacturers were being asked to make the same effort to reduce the emissions of their vehicles by 27% – and social equity, which was guaranteed by the proportional nature of this reduction, which prevented greater additional costs for less powerful vehicles.

She went on to discuss the continuation, finally agreed following the demands made during the preparatory work on the proposal, of the 'super-credit' scheme, which involved giving a higher weighting to low-emission vehicles and thus allowed a manufacturer to offset the higher emissions of its more powerful models. She explained that, given her reluctance to extend a system which left room on the market for vehicles emitting higher levels of CO₂, she had finally agreed to keep it if it was accompanied by a limitation which allowed the environmental objective of the proposal to be retained.

Ms HEDEGAARD concluded her presentation by saying that she felt sure that the decision being proposed that day would ensure a fair balance, and she expressed her gratitude to her colleagues for the result achieved.

The discussion that followed focused on the following points:

- recognition of the difficulty of achieving a consensus within the sector in view of the diverging economic interests among manufacturers, and the thanks due to Ms HEDEGAARD for finding a balanced solution which demonstrated the Commission's firm commitment to combating global warming;
- the fact that, for some, the reintroduction of 'super-credits' was to be welcomed, as they helped to encourage the development of electric vehicles and also allowed manufacturers a degree of flexibility in meeting the target while continuing to produce a varied range of vehicles, and a desire to see the current limit of 20 000 vehicles per manufacturer increased to a more ambitious level; at the same time, for others, a degree of scepticism as to the relevance of the system in view of the general environmental objective, since this scheme allowed the production of high-emission vehicles to continue;
- the fact that the two proposals demonstrated the feasibility of achieving the targets laid down in the two regulations currently in force, and more cheaply than expected.

In response to the request to raise the limit for low-emission vehicles above 20 000 per manufacturer, Ms HEDEGAARD reminded the meeting that the current proposal represented a delicate balance and it was important not to disturb this balance for fear of creating an adverse impact on other parameters.

The PRESIDENT having noted that there was agreement at the end of the discussions, the Commission adopted the proposals for a regulation in COM(2012) 393/2 and COM(2012)394/2 for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions and to the national parliaments, together with the impact assessment and summary contained in the staff papers distributed as SWD(2012)213/2 (Parts I and II) and SWD(2012)214/2 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposals for Regulations, as set out in SEC(2012)445.

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

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The meeting closed at 10.22.