



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2012) 2022 final**

Brussels, 14 November 2012

**MINUTES**  
**of the 2022nd meeting of the Commission**  
**held in Brussels**  
**(Berlaymont)**  
**on Wednesday 7 November 2012**  
**(morning)**

---

**PV(2012) 2022 final**

## TABLE OF CONTENTS

|                                                                                                                                                                                                                                                                                              |            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>Attendance list</b>                                                                                                                                                                                                                                                                       | <b>4-6</b> |
| 1. AGENDAS (OJ(2012) 2022/FINAL; SEC(2012) 606/2).....                                                                                                                                                                                                                                       | 7          |
| 2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2012) 2022).....                                                                                                                                                                                                                                  | 7          |
| 3. MINUTES OF 2021ST MEETING (23 OCTOBER) (PV(2012) 2021).....                                                                                                                                                                                                                               | 7          |
| 4. INTERINSTITUTIONAL RELATIONS.....                                                                                                                                                                                                                                                         | 7          |
| 4.1. LEGISLATIVE MATTERS .....                                                                                                                                                                                                                                                               | 7          |
| 4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL .....                                                                                                                                                                                                                               | 9          |
| 4.3. RELATIONS WITH PARLIAMENT .....                                                                                                                                                                                                                                                         | 10         |
| 5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW .....                                                                                                                                                                                                                                    | 10         |
| STATE AID – INDIVIDUAL CASES (SEC(2012) 612/2).....                                                                                                                                                                                                                                          | 10         |
| 6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION<br>OF POWERS.....                                                                                                                                                                                                                          | 10         |
| 6.1. WRITTEN PROCEDURES APPROVED (SEC(2012) 601 ET SEQ.).....                                                                                                                                                                                                                                | 10         |
| 6.2. EMPOWERMENT (SEC(2012) 602 ET SEQ.) .....                                                                                                                                                                                                                                               | 10         |
| 6.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012) 603 ET SEQ.).....                                                                                                                                                                                                                     | 10         |
| 6.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012) 604; COM(2012) 636 TO /3).....                                                                                                                                                                                                                  | 11         |
| 7. COMMISSION DECISION CONCERNING A PROCEEDING UNDER<br>COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF<br>CONCENTRATIONS BETWEEN UNDERTAKINGS AND<br>ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.6471 –<br>OUTOKUMPU/INOXUM) (C(2012) 7969 TO /6; RCC(2012) 110;<br>RCC(2012) 111)..... | 11         |

|                                           |           |
|-------------------------------------------|-----------|
| 8. OTHER BUSINESS.....                    | 17        |
| <i>LATEST ECONOMIC DEVELOPMENTS .....</i> | <i>17</i> |

**Single sitting: Wednesday 7 November 2012 (morning)**

The sitting opened at 10.04 with Mr BARROSO, President, in the chair.

Present:

|                 |                                        |                               |
|-----------------|----------------------------------------|-------------------------------|
| Mr BARROSO      | President                              |                               |
| Baroness ASHTON | High Representative/<br>Vice-President | Items 1 to 8 (in part)        |
| Ms REDING       | Vice-President                         |                               |
| Mr ALMUNIA      | Vice-President                         |                               |
| Mr KALLAS       | Vice-President                         |                               |
| Mr TAJANI       | Vice-President                         | Items 1 to 7, and 8 (in part) |
| Mr ŠEFČOVIČ     | Vice-President                         |                               |
| Mr REHN         | Vice-President                         |                               |
| Mr POTOČNIK     | Member                                 |                               |
| Mr PIEBALGS     | Member                                 | Items 7 and 8                 |
| Mr BARNIER      | Member                                 |                               |
| Mr ŠEMETA       | Member                                 |                               |
| Mr DE GUCHT     | Member                                 | Items 1 to 8 (in part)        |
| Ms DAMANAKI     | Member                                 |                               |
| Ms GEORGIEVA    | Member                                 |                               |
| Mr OETTINGER    | Member                                 |                               |
| Mr HAHN         | Member                                 | Items 1 to 7 (in part)        |
| Ms HEDEGAARD    | Member                                 |                               |
| Mr FÜLE         | Member                                 |                               |
| Mr ANDOR        | Member                                 |                               |
| Ms MALMSTRÖM    | Member                                 | Items 1 to 7, and 8 (in part) |
| Mr CIOLOŞ       | Member                                 |                               |

Absent:

|                    |                |
|--------------------|----------------|
| Ms KROES           | Vice-President |
| Ms VASSILIOU       | Member         |
| Ms GEOGHEGAN-QUINN | Member         |
| Mr LEWANDOWSKI     | Member         |

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

|                 |                                                 |
|-----------------|-------------------------------------------------|
| Mr WHELAN       | Chef de cabinet to Ms KROES                     |
| Mr ASIMAKIS     | Deputy Chef de cabinet to<br>Ms VASSILIOU       |
| Mr KÜTT         | Deputy Chef de cabinet to<br>Ms GEOGHEGAN-QUINN |
| Mr RADZIEJEWSKI | Deputy Chef de cabinet to<br>Mr LEWANDOWSKI     |

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                |                         |
| Ms AHRENKILDE HANSEN | Commission Spokeswoman                            |                         |
| Mr THEBAULT          | Head of the Bureau of European Policy<br>Advisers |                         |
| Mr CABRAL            | Adviser hors classe in the PRESIDENT 's<br>Office | Item 8 (in part)        |
| Ms VANNINI           | Adviser in the PRESIDENT's Office                 | Items 1 to 7            |
| Ms SKURATOWICZ       | A member of the PRESIDENT's staff                 | Item 8                  |
| Mr MARTÍNEZ MONGAY   | Chef de cabinet to Mr ALMUNIA                     | Items 1 to 7            |
| Mr PESONEN           | Chef de cabinet to Mr REHN                        | Item 8                  |
| Mr RITTER            | A member of Mr REHN's staff                       | Item 8                  |
| Mr GAMBS             | Chef de cabinet to Mr HAHN                        | Items 7 (in part) and 8 |
| Mr ITALIANER         | Director-General, DG Competition                  | Items 1 to 7            |

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

**1. AGENDAS**

**(OJ(2012) 2022/FINAL; SEC(2012) 606/2)**

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) 2022)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 5 November.

**3. MINUTES OF 2021<sup>ST</sup> MEETING (23 OCTOBER)**

**(PV(2012) 2021)**

The Commission approved the minutes of its 2021<sup>st</sup> meeting.

**4. INTERINSTITUTIONAL RELATIONS**

**4.1. LEGISLATIVE MATTERS**

- i) Implementation of the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and Colombia and Peru (Regulation) – LANGE report – 2011/0262 (COD)**  
**(SI(2012) 464)**

The Commission approved the line set out in SI(2012) 464.

- ii) Implementation of the bilateral safeguard clause and the stabilisation mechanism for bananas of the Agreement establishing an Association between the European Union and its Member States on the one hand, and Central America on the other (Regulation) – LEICHTFRIED report – 2011/0263 (COD)**  
(SI(2012) 465)

The Commission approved the line set out in SI(2012) 465.

- iii) Alternative dispute resolution for consumer disputes and amendment of Regulation (EC) 2006/2004 and Directive 2009/22/EC (consumer ADR) (Directive) / Online dispute resolution for consumer disputes (consumer ODR) (Regulation) – GRECH / THUN UND HOHENSTEIN reports – 2011/0373 (COD) / 2011/0374 (COD)**  
(SI(2012) 466 and /2)

The Commission approved the line set out in SI(2012) 466/2.

- iv) Food intended for infants and young children and food for special medical purposes (Regulation) – RIES report – 2011/0156 (COD)**  
(SI(2012) 471)

The Commission approved the line set out in SI(2012) 471.

- v) Mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change (Regulation) – EICKHOUT report – 2011/0372 (COD)**  
(SI(2012) 474 to /3)

The Commission approved the line set out in SI(2012) 474/2 and /3.

- vi) Action to be taken on Parliament's legislative opinions and resolutions of a legal nature**  
(SP(2012) 722)

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) 722, drawn up following the October I part-session of Parliament, the contents of which were noted.

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

(SP(2012) 723)

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) 723, drawn up following the October II part-session of Parliament, the contents of which were noted.

**4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL**

**viii) Programming of Council business**

(SI(2012) 467; SI(2012) 477)

The Commission took note of the information in SI(2012) 467 and SI(2012) 477 on the Council meetings between 1 and 21 November.

**ix) Amendment of Regulation (EU) 44/2012 as regards fishing opportunities for capelin in Greenland waters (Council Regulation) – 2012/0187 (NLE)**

(SI(2012) 475)

The Commission approved the line set out in SI(2012) 475.

#### **4.3. RELATIONS WITH PARLIAMENT**

##### **x) Results of October I and II part-sessions of Parliament**

(SP(2012) 710; SP(2012) 711)

The Commission took note of the information in SP(2012) 710 and SP(2012) 711 on the proceedings of the part-sessions of Parliament held in Strasbourg from 22 to 23 October and from 25 to 26 October.

#### **5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW**

##### **STATE AID – INDIVIDUAL CASES**

(SEC(2012) 612/2)

The Commission adopted the decisions in SEC(2012) 612/2.

#### **6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS**

##### **6.1. WRITTEN PROCEDURES APPROVED**

(SEC(2012) 601 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 31 October.

##### **6.2. EMPOWERMENT**

(SEC(2012) 602 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 31 October.

##### **6.3. DELEGATION AND SUBDELEGATION OF POWERS**

(SEC(2012) 603 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 22 and 31 October, as archived in e-Greffe.

**6.4. SENSITIVE WRITTEN PROCEDURES**  
**(SEC(2012) 604; COM(2012) 636 TO /3)**

The Commission took note of the sensitive written procedures for which the time limit expired between 5 and 9 November and of the finalisation written procedure initiated following the weekly meeting of Chefs de cabinet on 5 November (PE/2012/7645) concerning the Communication set out in COM(2012) 636/3 (CARS 2020).

**7. COMMISSION DECISION CONCERNING A PROCEEDING UNDER COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.6471 – OUTOKUMPU/INOXUM) (C(2012) 7969 TO /6; RCC(2012) 110; RCC(2012) 111)**

The PRESIDENT briefly introduced the discussion on the proposal for a decision authorising the proposed acquisition of Inoxum, the stainless steel division of the German undertaking ThyssenKrupp, by the Finnish stainless steel producer Outokumpu.

He pointed out that the fact that there were so few discussions on competition cases at Commission meetings demonstrated the high quality and the efficiency of preparation of these decisions. However, he felt that certain cases such as the one being discussed today could be considered in a wider context and allow the Commission Members to discuss what was meant by a more competitive Europe.

Mr ALMUNIA began by stating that it was proposed to authorise this acquisition, while setting as a condition the divestiture of Inoxum's stainless steel production facility in Terni, Italy. The proposed combination of the two largest suppliers of

cold rolled stainless steel products created a new entity that would be the frontline player in the European market. He reviewed the different stages in the handling of this case, from receipt of notification of the proposed operation to the decision proposed that day.

He explained that all the elements of the in-depth investigation carried out by the Commission indicated that this acquisition was likely to raise the price of cold rolled stainless steel in the European Economic Area (EEA) owing to erosion of competition in that market segment.

Lastly, he reviewed the various solutions offered by the parties in order to address the Commission's concerns.

In conclusion, Mr ALMUNIA proposed authorising the operation on the basis of the parties' commitment to divest Inoxum's stainless steel plant in Terni, given the characteristics of the market in question, in particular the fact that imports would not be sufficient to constrain price increases since end consumers did not consider that they fully substituted stainless steel products manufactured in the EEA. In his view this commitment was necessary and sufficient. The divestiture would allow the creation of a competitor in the cold rolled stainless steel market while maintaining most of the efficiency gains resulting from the proposed acquisition.

As regards the role played by the control of mergers in general and, in particular, of the definition of relevant market in a given case, he noted firstly that the analysis of this market was conducted case by case and on the basis of objective elements, adding that it was a dynamic analysis that also took into account the evolution of market conditions. He reminded the meeting of the principles for defining a relevant market in a merger case, emphasising as key factors the reaction of competitors in a particular geographical area and their capacity to subject a new entity resulting from a merger to sufficient competitive pressure, i.e. their ability and willingness to cope with the price increase likely to result from a merger. He pointed out that the fact that the operators affected by the merger were world players did not in itself mean, from the standpoint of competition, that the relevant market was the world market. The role of imports was always taken into account in that the Commission analysed

whether imports from third countries made it possible to impose price constraints on operators established in the EEA. He stressed once again that the market definition contributed to achieving the main aim of merger control, namely to prevent a deterioration in market conditions in the EEA and to offer consumers the highest possible innovation intensity, performance level and quality level. Returning to the case at hand, he pointed out that stainless steel was used in a wide range of products and by a whole series of export industries that required high-quality, low-cost inputs in order to be competitive at world level.

With regard to the interaction between merger control and the competitiveness of European undertakings, in the case concerned this was an authorised merger allowing the creation of a world leader. He felt that by its nature, merger control could not be seen as an obstacle to the restructuring and consolidation of undertakings; on the contrary, its objective (i.e. to guarantee the consumer the best quality at the best price) made it an essential instrument for allowing the emergence of European undertakings that were competitive worldwide. In conclusion, he said that the aim of merger control policy was to promote an economic dynamic that benefited all EU players by encouraging innovation, quality and efficiency.

The following points in particular were raised in the ensuing discussion:

- broad support for the proposed decision, but also the need for the Commission to discuss competition issues in general and in certain particular cases, and to hold an exchange of views on how competition policy should tie in with other Union policies, in particular with industrial policy;
- questions concerning the appropriateness of the divestiture of the Terni unit proposed by the parties and accepted by the Commission; similarly, questions concerning the definition of relevant market in this specific case and concerning how imports were to be viewed;
- in this context, the need for the Commission, in view of the proposed corrective measures, to ensure that the merger operation continued to offer benefits in terms of synergies and efficiency gains;

- the need to take into account the global context, which had to prevail in the definition of the relevant market; the advisability of giving a predominant place to economic analysis in merger control in order to contribute more factual information to the decisions that are adopted in this field;
- the usefulness of applying the competition rules more flexibly to promote the competitiveness of European companies, protect jobs and prevent relocations;
- the need to support competition in the European Union and in the EEA, while bearing in mind that many industrial sectors, such as stainless steel, operated in an environment that was becoming increasingly global, hence the importance for Community policies to actively facilitate the creation of large European groups;
- nonetheless, the major question that arose related less to the position of European companies at global level than to the differences in competitiveness between the Member States.

Mr ALMUNIA replied to these comments by referring first to the place of economic analysis in merger control, its rigour and technical nature, and the role played by the Commission's chief economist.

Concerning the case at hand, he stressed that the main European competitors of the parties concerned, despite their available capacity, would probably have taken the view that it was more profitable to follow the price increases set by the merged entity rather than engaging in competition that was aggressive enough to prevent the increases.

He was in favour of holding a debate in the College on the interaction between competition policy and other Union policies, in particular industrial policy, at the same time stressing that competition policy was a policy in its own right, and that the debate would have to focus on certain sectors of European industry that were not competitive enough.

The PRESIDENT thanked Mr ALMUNIA for his convincing explanations of the challenges and opportunities offered by globalisation to European industry and of

the information used to underpin the concept of the relevant market, which was necessary to assess the power of a given economic operator in the market.

In the case in question, the fact that stainless steel could be supplied by non-European producers did not necessarily mean that the relevant market in which a company could hold a dominant position was global. To fully understand the concept of dominant position in the market, the actual ability of the company concerned to fix the price of its product independently of its potential competitors had to be examined. In this context, he took the view, already expressed by Mr ALMUNIA, that this ability depended in the final analysis on the possibility for its customers to buy the same product on the same terms from another producer, which required a very detailed examination of the quality of the product concerned and the conditions of supply.

The PRESIDENT hoped that the discussion had clarified this point, which was key, not only for merger and antitrust decisions, but also for assessing the competitiveness of European industry.

The sale of a production unit owned by Inoxum had been proposed as a remedy by the interested parties and evaluated by the relevant Commission departments. If such a commitment seriously reduced the efficiency gains expected from the operation, it would not be in the parties' interest to propose it.

With regard to the possibility of using the Merger Regulation as an industrial policy instrument, he stressed that it was a tool that could stimulate the competitiveness of European industry at global level, while ensuring continued competition between companies, and in particular in Europe.

The proposed decision would have a direct effect on the competitiveness of European industry as a whole, including the customers of the stainless steel sector, which covered a vast range of products, including consumer goods, the paper pulp industry, textiles, transport and many others. By maintaining competition in this sector, the Commission was also making sure that downstream industries could buy the products they needed at a reasonable price and hence remain competitive.

He took the view that the discussion had demonstrated the interest of the Members of the Commission in these questions and asked Mr ALMUNIA to give early advance notice, in future, of cases with a dimension going beyond the scope of competition policy which, for this reason, were more complex and sensitive.

By way of conclusion, he added that he would suggest that the Commission hold a seminar in 2013 devoted to questions relating to the global competitiveness of the European Union. He felt that the seminar, whose topics would concern the competition, economics, trade, internal market and industry portfolios, would require preparation by the relevant Members of the Commission, and would respond to a number of current concerns felt by the Member States and European citizens and initiate longer-term thinking.

Following this discussion the Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 25 October in C(2012) 7969/3;
- took note of the final report of the Hearing Officer of 30 October in C(2012) 7969/4;
- adopted, in the authentic language (English), the decision in C(2012) 7969/5, declaring the notified operation compatible with the internal market and with operation of the Agreement on the European Economic Area subject to full compliance with the commitments made by the company concerned;
- decided that the decision in C(2012) 7969/6 would be notified to the company concerned, together with the final report of the Hearing Officer and the opinion of the Advisory Committee on Concentrations;
- decided that the key parts of the decision, together with the Advisory Committee's opinion and the Hearing Officer's final report, would be published in the official languages of the Union in the *Official Journal of the European Union* (with business secrets and other confidential information removed);

- decided also to publish the decision on the internet (with business secrets and other confidential information removed).

## **8. OTHER BUSINESS**

### ***LATEST ECONOMIC DEVELOPMENTS***

Invited to brief the meeting on the latest economic developments, Mr REHN began by outlining the autumn economic forecasts to be published by the Commission on that day. Using a PowerPoint presentation, he reviewed the existing situation and the medium-term outlook for the EU economy, as reflected in various parameters such as the improving balance of payments of the Member States, greater competitiveness, the situation on financial markets, lending to the real economy, the outlook for recovery in the EU as a whole and the euro area in particular and trends in inflation and public finances. He also briefly outlined the situation in individual Member States.

Reminding his audience of the four priority and complementary axes of EU policy, namely fiscal consolidation, structural reforms, measures to stimulate investment and work to establish a real economic and monetary union, he examined the general economic situation revealed by the autumn economic forecasts, focusing on the ongoing rebalancing of European economies within the context of a faltering world recovery, as reflected in the volume of trade and industrial production.

He went on to review the economic performance of the euro area and of the EU as a whole, highlighting figures for imports and exports and their impact on the current balance of payments and gains in competitiveness by different groups of Member States. Financial markets were relatively quiet, but bank lending to households and the real economy remained problematic.

In spite of this difficult context, the autumn forecasts envisaged a gradual recovery from 2013, with EU-wide growth of 0.4% in 2013 and 1.6% in 2014, and falling inflation in 2013. Mr REHN welcomed the trends noted in the public finances of the

euro area Member States. Deficits were expected to continue shrinking and to stabilise in 2014.

He wound up this review by mentioning growth forecasts to 2014 for several groups of Member States, namely the large euro area economies, the non-euro area countries, the high-growth Baltic States group and Member States benefiting from the European assistance programme, whose specific economic situation he outlined.

Mr REHN also reported briefly on the talks that had taken place at the meeting of G20 Finance Ministers in Mexico City on 5 November. The G20 had taken the view that the world economic climate was fragile, especially since risk remained high and growth had slowed in a number of emerging economies. The participants had discussed the situation in the euro area with particular reference to the debt and the forthcoming vote in the Greek Parliament on a new raft of fiscal measures prior to the release of a further aid instalment by the Troika (the Commission, European Central Bank (ECB) and International Monetary Fund (IMF)). But the G20 had focused more at this meeting on the 'fiscal cliff', which could result in budget cuts and automatic tax hikes to reduce the public deficit in the United States if no domestic political agreement were forthcoming and thereby potentially undermine the fragile US economic recovery.

M. REHN also mentioned a number of ongoing excessive deficit procedures. The Commission planned to terminate the procedure launched against Malta as its public deficit had dipped below the 3% of GDP threshold in 2011. In the course of the following week the Commission would publish its assessment of Spain's implementation of the recommendations handed down last July by the Council in connection with the excessive deficit procedure launched against that Member State.

He also provided some political background to the vote in the Greek Parliament, the Troika's assessment of the measures put forward by the Greek authorities to reduce the public debt and the proposal to be put to the Eurogroup on 12 November with a view to releasing a new aid instalment. Consultations with the Cypriot authorities had stepped up a gear in recent weeks and a Troika mission to the island with the participation of the Commission, the ECB and the IMF would start on 8 November.

He hoped that rapid progress would be made in setting up a credible fiscal consolidation plan.

In the discussion which ensued the Members of the Commission focused on the following issues:

- in the light of the difficult economic situation and the fragile nature of the current period of relative calm, support for the Commission's unprecedented efforts in the field of European economic governance;
- calls for a fundamental assessment of the recovery and growth strategy the Union intends to pursue and the suggestion that the Commission should provide a more convincing short-term response by accelerating its efforts to achieve a banking union and a European fiscal and monetary framework;
- the need to examine closely whether the combination of policies adopted at European level to restore order to the public finances of the Member States and loosen the stranglehold of debt, which had a recessionary effect, were consistent with the general objectives, foremost among which were growth and job creation; the suggestion by one Member of looking into the idea of a possible maximum acceptable debt level; the recommendation by others that the Commission issue a balanced message on growth and in future put greater emphasis on structural reforms;
- the need for realistic and solid data on which to base the Commission's policies, to avoid having to downgrade certain forecasts that some feared might prove over-optimistic;
- the suggestion that better information be supplied to the Member States, and for example targeted at the national parliaments, about certain tasks to be tackled firmly at national level, such as correcting any current account deficit; in order to tackle such a deficit it was worth stressing the importance of recreating a virtuous circle of growth and not merely being satisfied with the deficit reduction which would result automatically from the end of the recession;

- the need to analyse the impact of the economic governance measures adopted at European level on lending to the real economy and households;
- the suggestion that the study of Member States' competitiveness should show the productivity gains achieved as a result of the measures advocated at European level;
- on the subject of Greece, questions about the next important dates in the political calendar, particularly the vote in the Greek parliament on the new budgetary consolidation measures, the presentation of the Troika's report on the long-term viability of Greek debt, and the decisions that could be taken at the extraordinary European Council on 22 and 23 November; questions about the European Union's medium- and long-term strategy for the country, including as regards the intervention of the European Stability Mechanism; a recommendation that the Commission make a constructive proposal to the government of national unity in power in Greece and send a clear message of support and solidarity to the Greek people;
- in the case of Cyprus, a call for careful scrutiny of the budget headings to which the national authorities intend to allocate future European financial support.

Mr REHN thanked the Commission Members for their support and commented on the main points raised during the discussion. Replying to the claims that the medium-term economic forecasts had been over-optimistic, he explained that the Union and the Member States had taken important decisions which now had to be vigorously enforced, and that there were already encouraging signs of economic recovery, although the delay in implementing these decisions and reaping the rewards could often be explained by internal political reasons.

He then turned to the question of the current account balance, which he regarded as a crucial element for the real economy, given that the euro area had to compete against the rest of the world. He applauded the suggestion in the discussion that more attention be paid to the specific situation of countries with a surplus, and the idea of better communication about the Union's economic decisions, targeted at

national parliaments.

Returning to the messages of encouragement to be sent to Greece, he said that the Commission had been mobilised since the start of the Greek crisis and that there were still four chapters to be completed before the next instalment of aid could be released. Two of these would be released after the vote in the Greek parliament and the other two, which concerned the long-term viability of public debt and ways of alleviating the debt burden for the Greek State, still needed the agreement of the ECB and the IMF. He regretted that internal political reasons had delayed fiscal adjustment in Greece by six months. He mentioned ways of alleviating public debt, for example by adjusting the repayment schedule, without altering the principal of the loans that had been granted.

He concluded his comments by referring in general to the dynamic role played by the Commission. While in no way downplaying the gravity of the current political situation, he reminded the meeting that the euro area Member States, the ECB and the IMF could also exercise the power of political initiative.

The PRESIDENT concluded by noting the value of this discussion and saying that the Commission would have the opportunity to revisit some of these issues at its meeting on 28 November, when the communication on the 2013 Annual Growth Survey would be presented.

The Commission took note of this information.

\*

\* \*

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

\*

\* \*

The meeting closed at 12.20.