



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2013) 2051 final

Brussels, 26 June 2013

MINUTES

of the 2051st meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 19 June 2013

(morning and afternoon)

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PV(2013) 2051 final

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Single sitting: Wednesday 19 June 2013 (morning and afternoon)

The sitting opened at 9.09 with Mr BARROSO, President, in the chair. It was adjourned at 10.53 and resumed at 14.35.

Present:

Mr BARROSO	President	
Ms REDING	Vice-President	Items 1 to 9 (in part)
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	Items 7 (in part) to 9 (in part)
Mr POTOČNIK	Member	Items 1 to 9 (in part)
Mr BARNIER	Member	Items 1 to 9 (in part)
Ms VASSILIOU	Member	Items 1 to 9 (in part)
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	Items 7 (in part) to 9 (in part)
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 9 (in part)
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	Items 7 (in part) to 9
Mr OETTINGER	Member	Items 1 to 9 (in part)
Mr HAHN	Member	Items 1 to 9 (in part)
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr CIOLOŞ	Member	
Mr BORG	Member	

Absent:

Baroness ASHTON

High Representative/
Vice-President

Ms KROES

Vice-President

Mr PIEBALGS

Member

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

Mr CEBALLOS BARÓN	A member of Baroness ASHTON's staff	
Mr VAN ORANJE-NASSAU	Chef de cabinet to Ms KROES	
Mr KARHUNEN	Deputy Chef de cabinet to Mr PIEBALGS	Items 7 (in part) to 9

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	Items 1 to 9 (in part)
Mr DOENS	Head of the Commission Spokesperson Service	
Mr BAILLY	Commission Spokesperson Service	Items 1 to 9 (in part)
Mr CABRAL	Adviser hors classe in the PRESIDENT's office	Items 7 and 8
Ms VANNINI	Adviser in the PRESIDENT's Office	Item 9 (in part)
Ms LUCAS	A member of the PRESIDENT's staff	Items 1 to 8
Ms SKURATOWICZ	A member of the PRESIDENT's staff	Items 1 to 8
Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	Item 9 (in part)
Mr MARTÍNEZ MONGAY	Chef de cabinet to Mr ALMUNIA	Item 9 (in part)
Ms JAROSZ-FRIIS	A member of Mr ALMUNIA's staff	Item 9 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	Items 7 (in part) and 8
Mr LAHTI	Adviser in Mr REHN's office	Items 7 (in part) and 8
Ms JERN	A member of Mr REHN's staff	Item 9 (in part)

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Mr HILL	Deputy Chef de cabinet to Ms VASSILIOU	Item 9 (in part)
Ms HRISTCHEVA	Deputy Chef de cabinet to Ms GEORGIEVA	Items 1 to 7 (in part)
Mr HAGER	Chef de cabinet to Mr OETTINGER	Item 9 (in part)
Mr GAMBS	Chef de cabinet to Mr HAHN	
Mr THOMAS	Directorate-General for Economic and Financial Affairs	Items 7 (in part) and 8

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

1. AGENDAS

(OJ(2013) 2051/FINAL; SEC(2013)341/2)

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(2013) 2051)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 17 June.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 2048TH MEETING (29 MAY), MINUTES OF 2049TH MEETING (5 JUNE) AND MINUTES AND SPECIAL MINUTES OF 2050TH MEETING (11 JUNE)

PV(2013) 2048; PV(2013) 2048, PART II; PV(2013) 2049; PV(2013) 2050; PV(2013) 2050, PART II)

The Commission approved the minutes of its 2048th and 2049th meeting, and decided to hold over for one week approval of the minutes of its 2050th meeting.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED

(SEC(2013) 342 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 10 and 14 June.

4.2. EMPOWERMENT

(SEC(2013) 343 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 10 and 14 June.

4.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2013) 344 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 10 and 14 June, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2013) 345 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 17 and 21 June and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 17 June.

5. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2013) 346/2)

ADMINISTRATIVE MATTERS

(PERS(2013) 93/2)

5.1. SECRETARIAT-GENERAL / DG ECONOMIC AND FINANCIAL AFFAIRS / DG BUDGET / DG HUMAN RESOURCES AND SECURITY - CHANGE IN THE LEVEL OF THE HEAD OF THE TASK FORCE FOR CYPRUS, CHANGE OF NAME AND DETERMINATION OF AN OVERALL STAFFING CEILING

The Commission took note of the information at point 1 of PERS(2013) 93/2 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Mr REHN and Mr LEWANDOWSKI, decided:

- to change the Director-level function of Head of the Task Force for Cyprus to AD13/14 Adviser;
- to change the name of the Task Force for Cyprus to ‘Support Group for Cyprus’;
- to set an overall staff ceiling of 12 people, for all categories combined; the ceilings applied to the staff in the various categories and any review of such ceilings and of the organisation chart of the Support Group would be adopted by the PRESIDENT, in agreement with Mr ŠEFČOVIČ, Mr REHN et Mr LEWANDOWSKI.

These decisions would take effect immediately.

**5.2. SECRETARIAT-GENERAL / DG BUDGET / DG HUMAN RESOURCES
AND SECURITY – CLOSURE OF EUROPEAN UNION DELEGATION
IN VANUATU
(PERS(2013) 63 TO /3)**

The Commission took note of the information in paragraph 2 of PERS(2013) 93/2 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:

- agree to the closure of the European Union delegation in Vanuatu;
- take note of the financial statement in PERS(2013) 63/3 evaluating the budgetary impact of the closure, while underlining that implementing the closure would have to take into account current budget constraints;
- take note that any decision connected with the decisions referred to above and concerning the adoption of new organisation charts or amendments to

existing ones, and any decision to (re)deploy Commission resources, would have to be taken in accordance with the cooperation procedures put in place by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy and in accordance with internal Commission procedures

These decisions would take effect immediately.

6. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/39226 – LUNDBECK)
(C(2013) 3803 TO /9; RCC(2013) 90)

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 5 and 17 June in C(2013) 3803/3 and C(2013) 3803/8;
- took note of the final report of the Hearing Officer of 17 June in C(2013) 3803/7;
- adopted, in the authentic language (English), the decision set out in C(2013) 3803/9 finding that the companies to which the decision was addressed had infringed Article 101 of the Treaty on the Functioning of the European Union and Article 53 of the Agreement on the European Economic Area, requiring the parties to bring the infringements to an end immediately and imposing fines on the companies totalling €146 005 000;
- decided that the decision in C(2013) 3803/9 would be notified to the companies concerned, together with the final report of the Hearing Officer;

- decided that the Annex to the decision in C(2013) 3803/6 would be notified to the company 'Resolution Chemicals Limited';
- 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 to publish the decision on the internet (with business secrets and other confidential information removed).

7. INTERINSTITUTIONAL RELATIONS

RCC(2013) 86)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 14 June (RCC(2013) 86).

It paid particular attention to the following points.

7.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.1 of the IRG record)

Dossiers at Parliament first reading

- Multiannual Financial Framework 2014-2020 – Cohesion policy – Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) 1083/2006 (Regulation) – VAN NISTELROOIJ /

KREHL report – 2011/0276 (COD)

The Commission approved the line set out in SI(2013) 288.

- Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Establishment of rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (Regulation) – CAPOULAS SANTOS report – 2011/0280 (COD)

The Commission approved the line set out in SI(2013) 304 and /2.

- Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Common organisation of the markets in agricultural products (Single CMO Regulation) – DANTIN report – 2011/0281 (COD)

The Commission approved the line set out in SI(2013) 334/3.

- Multiannual Financial Framework 2014-2020 – Common agricultural policy – Support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (Regulation) – CAPOULAS SANTOS report – 2011/0282 (COD)

The Commission approved the line set out in SI(2013) 335/3.

- Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Financing, management and monitoring of the common agricultural policy (Regulation) – LA VIA report – 2011/0288 (COD)

The Commission approved the line set out in SI(2013) 305 and /2.

- Multiannual Financial Framework 2014-2020 – Definition of the rules for participation in the Horizon 2020 Framework Programme for Research and Innovation and for dissemination of the results (Regulation) – EHLEER report – 2011/0399 (COD) / Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 Framework Programme for Research and Innovation (Council Regulation) – SKINNER report – 2011/0400 (NLE) /

Horizon 2020 Framework Programme for Research and Innovation (Regulation) – RIERA MADURELL report – 2011/0401 (COD) / Specific programme implementing the Horizon 2020 Framework Programme for Research and Innovation (Council Decision) – CARVALHO report – 2011/0402 (CNS)

The Commission approved the line set out in SI(2013) 336/2 and /3.

- Multiannual financial framework 2014-2020 – Action programme for customs in the European Union for the period 2014-2020 and repealing Decisions 1482/2007/EC and 624/2007/EC (Regulation) – BALDASSARRE report – 2011/0341a (COD)

The Commission approved the line set out in SI(2013) 309.

- New Legislative Framework Alignment Package (Implementation of the Goods Package) – Harmonisation of the laws of the Member States (Directives – recast) – ROITHOVÁ reports – 2011/0350 (COD) to 2011/0357 (COD)

The Commission approved the line set out in SI(2013) 338/2.

- General Union Environment Action Programme to 2020 ‘Living well, within the limits of our planet’ (Decision) – FRANCO report – 2012/0337 (COD)

The Commission approved the line set out in SI(2013) 339.

- Amendment of Directive 2006/66/EC on batteries and accumulators and waste batteries and accumulators as regards the placing on the market of portable batteries and accumulators containing cadmium intended for use in cordless power tools (Directive) – PANAYOTOV report – 2012/0066 (COD)

The Commission approved the line set out in SI(2013) 340 and /3.

- Ship recycling (Regulation) – SCHLYTER report – 2012/0055 (COD)

The Commission approved the line set out in SI(2013) 341/2.

- Amendment of Directive 2006/126/EC of the European Parliament and of the Council as regards driving licences which include the functionalities of a driver card (Directive) – ȚICĂU report – 2011/0327 (COD)

The Commission approved the line set out in SI(2013) 342.

- Approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products (Directive) – McAVAN report – 2012/0366 (COD)

The Commission took note of the information in SI(2013) 346.

- Amendment of Regulation (EC) 443/2009 to define the modalities for reaching the 2020 target to reduce CO₂ emissions from new passenger cars (Regulation) – ULMER report – 2012/0190 (COD)

The Commission approved the line set out in SI(2013) 352/2.

- Amendment of Regulation (EU) 510/2011 to define the modalities for reaching the 2020 target to reduce CO₂ emissions from new light commercial vehicles (Regulation) – KRAHMER report – 2012/0191 (COD)

The Commission approved the line set out in SI(2013) 353/2.

- Statute and funding of European political parties and European political foundations (Regulation) – GIANNAKOU report – 2012/0237 (COD)

The Commission approved the line set out in SI(2013) 355/2.

Dossiers at Council first reading

- Common organisation of the markets in fishery and aquaculture products (Regulation) – STEVENSON report – 2011/0194 (COD)

The Commission approved the line set out in SI(2013) 343/2 and /4.

- Common Fisheries Policy (Regulation) – RODUST report – 2011/0195 (COD)

The Commission approved the line set out in SI(2013) 344/2 and /3.

- Improving the portability of supplementary pension rights (Directive) – OOMEN-RUIJTEN report – 2005/0214 (COD)

The Commission approved the line set out in SI(2013) 345.

7.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business

(SI(2013) 356/2)

The Commission took note of the information in SI(2013) 356/2 on the Council meetings between 20 June and 3 July.

iii) Preparation of the European Council (Brussels, 27 and 28 June 2013)

The PRESIDENT reported on the preparations for the European Council of 27 and 28 June. He prefaced his remarks by referring to the high expectations riding on this summit in terms of agreement on specific decisions to strengthen competitiveness, rekindle growth and thus create conditions favourable to the creation of jobs, particularly for young people. The Commission, which had taken a series of important initiatives to respond to these priorities in recent years, would be presenting contributions to the European Council which he felt matched these expectations and were commensurate with the challenges to be met.

Among these contributions, he mentioned first the recommendations on country-specific reforms addressed to the Member States under the European Semester, which had to be endorsed by the European Council. He also referred to the report on the implementation of the measures recommended in the Compact for Growth and Jobs agreed last year. He drew attention in this context to the results of the consultation launched by the Commission to identify the ‘Top Ten’ pieces of EU legislation perceived as most burdensome by small and medium-sized enterprises, and announced that a communication on the measures taken by the Commission in response to this consultation was also being presented to the European Council.

To complete the picture, he referred to the Commission initiatives aimed at deepening Economic and Monetary Union and relating to the issue of ex-ante coordination and the competitiveness and convergence instrument. He also reported that the Commission would be presenting a communication on the social dimension of EMU at the October European Council.

In this connection he stressed the vital importance of an agreement by the co-legislators on the Multiannual Financial Framework 2014-2020 to enable the Union to translate its commitment to investing in growth and restoring confidence into actions.

The PRESIDENT hoped that the discussion that day would focus on two key elements of the Commission’s contribution which would be at the heart of the discussions in the European Council, namely (i) action to tackle youth unemployment (communication cited in item 8 of the Minutes), and (ii) the initiative aimed at reinforcing lending to the real economy (which was the subject of a meeting document distributed the day before, on 18 June). These were two matters of high priority, and the Commission intended to send a strong political signal to ensure that they were implemented as a matter of urgency, so that they could produce swift results.

The Commission had already taken a number of steps to tackle youth unemployment, and next week’s European Council should be crucial to

further progress. At the heart of the Commission's communication was a proposal to bring forward the introduction of the youth guarantee by mobilising the full EUR 6 billion earmarked for the scheme in 2014 and 2015, rather than spreading it over the seven years of the future Multiannual Financial Framework 2014-2020. The Commission would provide technical assistance for the introduction of this youth guarantee, based on national plans to be presented by the Member States in October. Although the Commission could help, it could neither take the place of the Member States nor carry out the work that was needed at national level. He hoped for a consensus at the European Council on this issue and urged the Member States to assume their responsibilities and put in place the measures that were agreed without delay.

Turning to the second part of the discussion at the Commission meeting that day, namely the financing of SMEs, the PRESIDENT spoke of the shortage of lending and the pressing need to provide credit for SMEs. Here, too, high expectations were focused on the European Council, to adopt clear guidelines, and on the Commission to table a serious initiative, in conjunction with the European Investment Bank (EIB).

He set out the main lines of the Commission and EIB report, which explained how the newly increased capital of the EIB would be used and suggested a series of options that could be introduced quickly to improve access to financing for SMEs. These measures were based on the existing programmes which the Commission operated jointly with the EIB and which were supported by the Structural Funds, the Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) and the measures taken under the Horizon 2020 programme for research and innovation.

Turning more specifically to the latter point, the PRESIDENT explained that the joint report suggested three ways of facilitating access to lending for SMEs, each containing a specific level of securitisation and risk-sharing as well as a level of leverage. This was an ambitious but realistic proposal, and he was well aware of the potential political sensitivity. However, the success

of these instruments would depend on the willingness of the Member States to participate by contributing part of their Structural Fund allocations. The Member States' contributions would make it possible to increase lending to SMEs based in their territory and produce a leverage effect for all the Member States taking part in these instruments. He particularly stressed the fact that the goal of the instruments was not to help banks to boost their capital reserves and restore their balance sheets, but to provide public support in exchange for a commitment by the banks to use this support for lending to SMEs. The Commission's aim was to persuade the European Council to mobilise efforts at Union level, to explore innovative approaches and to build a consensus on how to relaunch normal lending activity for the real economy. He urged the Members of the Commission to take ownership of these important initiatives.

Before opening the debate he asked the Members of the Commission jointly responsible for the two main Commission contributions to the European Council to present them in greater detail, starting with the initiative to combat youth unemployment.

Ms VASSILIOU explained that the communication being tabled that day aimed to build an alliance against youth unemployment (see also item 8 of the Minutes). She intended to make a few comments on two essential aspects: the content of the measures and the process.

On the first point concerning the action to be taken, she emphasised the transition from education or training to employment, education being in some ways the 'supply' side of the employment equation. She felt that this transition should be as smooth as possible, and that it was therefore important to focus on curriculum content from the earliest years, to improve training and apprenticeship systems and to make higher education both more tailored and more reactive to economic and societal changes.

Turning to the second aspect, the process, she spoke about the cornerstone of the philosophy of communication – partnership – stressing her desire to

encourage more numerous, more effective and more comprehensive partnerships between stakeholders in the educational system and the job market.

She concluded these two points by giving the example of the European Alliance for Apprenticeships, which she would be launching on 2 July in co-operation with Mr ANDOR. She explained that the purpose of the Alliance was to bring together the two sides of industry, chambers of commerce, firms and stakeholders in the education system in a stable partnership so as to collectively ensure a smooth transition from education or training to employment.

Mr ANDOR focused mainly on youth unemployment, a major problem which was not confined to Europe, to judge by recent debates in the International Labour Organisation and the G20, for example. He expressed the hope that the European Council would give a political endorsement in its conclusions to the main planks of the communication adopted today.

He recalled the Commission's many proposals over the last few months, and in particular the symbolic 'Youth Guarantee' initiative, which was already in place in some Member States and which offered young people a job, training or an apprenticeship within four months of registering as unemployed. He also pointed out that EUR 6 billion had been earmarked to implement the guarantee. He considered that at this stage the Commission should insist on effective implementation and should help Member States to carry it out. He stressed the innovative nature of today's communication on action on youth unemployment in which, for the first time, a specific tool was proposed to link an important reform such as the Youth Guarantee with funding, a link which was further strengthened by the country-specific recommendations to Member States in the framework of the European Semester.

Hailing the pragmatism and ambition of the communication, Mr ANDOR also welcomed the fact that it drew the attention of the EU Heads of State or Government to the need to agree, in the framework of the forthcoming

negotiations on the 2014-2020 Multiannual Financial Framework, that a minimum of 25% of the resources earmarked for cohesion would be allocated to the European Social Fund, which was the main weapon in the fight against unemployment at European level.

Finally, he was pleased to see that the need for urgent action was reflected in the communication, particularly with regard to the proposal to concentrate funding under the Youth Employment Initiative in the early years of the next financial programming period (frontloading).

Returning to the contribution on access to financing for SMEs which the Commission would present jointly with the EIB to the European Council on 27 and 28 June, Mr HAHN stressed how welcome this political initiative was and how it complemented the proposals to help young people. He explained that the qualifications which young people were being encouraged to obtain must of course be accompanied by job prospects, which was why urgent support is required for small and medium-sized enterprises, which represented an important engine for job creation throughout the EU. He noted the leverage effect of the joint risk-sharing instruments proposed by the Commission, and the need for a substantial contribution from the EIB. In this connection, he referred to the length of time it would take effectively to mobilise the loans, which he felt strongly should be as short as possible in the light of the urgent and practical response required on the ground to fight the scourge of high youth unemployment in Europe.

He was also in favour of a debate on Eurobonds and suggested that, as well as the loans granted to SMEs, the Union should examine the possibility of equity financing, which could be attractive to both private and institutional investors. Finally, he thought that it was particularly important to support start-ups, which had the potential to create many jobs.

Mr TAJANI pointed out that over the last five years, investment in Europe had fallen by about EUR 350 billion and nearly 4 million jobs had been lost. He referred to the damaging consequences of the difficulties encountered by

SMEs in obtaining credit and the impact of the erosion of the internal market in financial services on the pace of EU growth. He believed that the time had come to take urgent steps to support the real economy and he welcomed the decision to devote the next European Council largely to SME access to financing, and to employment, particularly youth employment.

He backed the notion that the Commission should send a clear political signal of its determination and that it should use the European Council to send a confidence-boosting message to SMEs. While he approved of the idea of proposing three options for risk-sharing instruments, he considered that the third option would be the most advantageous for firms, and would be the most flexible and carry the greatest leveraging power.

Mr LEWANDOWSKI joined those who welcomed the complementarity of the Communication on youth employment and the contribution on SME access to financing. He recommended making every effort to make the Youth Guarantee a reality in the Member States so as to boost youth employment, and suggested that, besides the EUR 6 billion already earmarked for this purpose, the European Social Fund could also play a role. As regards the financing of SMEs, he referred to the three options presented, highlighting for the second and third options an increased risk as he saw it from securitisation of existing SME loan portfolios, and for this reason he declared himself to be more favourable to limiting the coverage to new loans.

Finally, he placed these initiatives in the context of the interinstitutional negotiations on the Multiannual Financial Framework 2014-2020, the conclusion of which was a prerequisite to their rapid implementation through frontloading.

Ms GEOGHEGAN-QUINN began by expressing her wholehearted support for the innovative idea of connecting SMEs to a financing circuit by means of securitisation. She went on to explain that the trialogue meeting nearing conclusion on the allocation for the Horizon 2020 research and innovation programme in the next MFF indicated that in all probability around 20% of its

two main pillars should be assigned to highly innovative and fast-growing SMEs. She also pointed out that the creation of a securitisation instrument in the context of Horizon 2020 would complete the range of measures needed to win the battle for growth.

With respect to innovative SMEs, she pointed out that start-ups encountered particular obstacles when trying to persuade banks to grant them loans. These were the undertakings that were particularly in need of assistance from the EU, since they accounted for half the total jobs created annually. She therefore supported the idea of a joint European Union-EIB initiative that would link the European structural and investment funds with the Horizon 2020 funds and funds under the COSME programme, in order to generate new liquidity for banks and thus encourage them to grant new loans to SMEs.

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

Concerning the Commission's overall contribution to the June European Council

- broad support by the Commission Members for the proposals put forward, which responded to an urgent need for the European economy and European society;
- the advisability of clear communication to place the Commission's contributions at the next European Council in the context of all its initiatives and proposals since the start of the crisis, explaining clearly that their purpose was to facilitate the return of the European 'ecosystem' to growth and business activity, which would also benefit SMEs; similarly, the need for a reminder that the Commission would meet the commitments it had undertaken under the Single Market Act II;

Concerning the communication on youth employment

- with regard to the flagship initiative of the Youth Guarantee, the need to

do everything possible to ensure rapid and tangible results;

- in this context, highlighting of the division of powers between European and national level; insistence on the need to mobilise financing at the level of the Member States in order to complete the proposed European allocation of EUR 6 billion; the importance of decisive political action in the Member States, which held the main powers in the field of social policy, and the need for the Commission to give a major stimulus;
- the value of demonstrating clearly to the main stakeholders, namely young people, the concrete benefits they could expect from the Commission's proposals if these were backed by the European Council and implemented nationally;

Concerning the contribution to the joint report with the EIB on access to financing by SMEs

- the observation that access by SMEs to financing for growth and job creation was a priority for the Union and its Member States; the Commission's role in providing the initiative, assistance and support in this context; the need for a solid instrument for financing undertakings and insistence on the idea of favouring the measures that were the easiest and most rapid to implement; queries about the possibility of a role for the European Central Bank in the proposed system;
- the suggestion that the instrument to be developed for risk distribution was not based on a single category of public, European or national funds, but also on a combination of public and private funds; the observation that only modest financing could be mobilised at European level; the need, in particular, to contribute to the long-term viability of the proposed system; the advisability of encouraging European private banks to adopt a bolder and more dynamic attitude to financing the real economy;
- with regard to the three options of joint risk-sharing instruments, the preference expressed by most Members for the third option involving the

pooling of risks; for some, however, insistence on the necessarily provisional nature of this third option in order to avoid any risk of a ‘bubble’ effect; in any case, the need to integrate the idea that financing of any kind had an element of risk, i.e. posed the risk of losses;

- with regard to the action to be taken by the EIB, a reminder of the key role it could play in the Union’s efforts to renew growth and job creation, particularly in vulnerable Member States or those benefiting from European assistance programmes; in addition, the case for raising the question of the possibility of strengthening the Bank’s internal risk-taking capacity and revising the time taken by it to process loans in order to better respond to the current urgent economic and social situation in the EU.

The PRESIDENT thanked the Commission Members for their contributions and comments and explained that, if necessary, the Commission could return to these questions at next week’s meeting on the eve of the European Council. He stressed that the measures envisaged in that day’s discussion would not resolve the underlying problems of the European economy, which would have to be addressed through deeper EMU, the establishment of a banking union and the repair of the financial system. He also stressed the need for measures that, while ambitious, could be realised in the short term, particularly by improved targeting of priorities and by reorienting part of the structural funds towards these priorities. With regard to the initiative on the financing of SMEs, he noted that the Commission favoured the third option.

Concerning this last initiative, the European Council last March had invited the Commission, together with the EIB, to submit a report at the June Council exploring the possibilities and defining the priority targeted actions, particularly those which favoured SMEs. This work was still being carried out by the EIB, which had not yet formally adopted the approach agreed on with the Commission with a view to jointly presenting it at the European Council. The latter would indicate the option it wished to adopt, following which the Economic and Financial Affairs Council would examine the technical details

at the beginning of July, in cooperation with the Commission and the EIB.

In conclusion, the PRESIDENT stressed the importance for the Commission, drawing on its capacity for bold and innovative proposals, of demonstrating that it was ready once again to give new impetus to the Union in order to set the economy back on the path of growth.

The Commission took note of this information.

7.3. RELATIONS WITH PARLIAMENT

iv) Results of Parliament's June part-session

(SP(2013) 409; SP(2013) 410/2)

The Commission took note of the information in SP(2013) 409 and SP(2013) 410/2 on the proceedings of the part-session of Parliament held in Strasbourg from 10 to 13 June.

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

(SP(2013) 424)

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(2013) 424, drawn up following the June part-session of Parliament, the contents of which were noted.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – WORKING TOGETHER FOR EUROPE'S YOUNG PEOPLE – A CALL TO ACTION ON YOUTH

UNEMPLOYMENT**(COM(2013) 447/2)**

The Commission approved the Communication in COM(2013) 447/2 for transmission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions and, for information, to the national parliaments (see also item 7.2.iii) of these Minutes).

9. MONITORING THE APPLICATION OF EUROPEAN UNION LAW**9.1. STATE AID – INDIVIDUAL CASES**

(SEC(2013) 364; RCC(2013) 84)

The Commission adopted the decisions in SEC(2013) 364.

9.2. STATE AID – HORIZONTAL DOSSIER

Notice from the Commission on the Guidelines on regional state aid for 2014-2020

(C(2013) 3769 TO /3; SWD(2013) 214; SWD(2013) 215; SEC(2013) 349; RCC(2013) 84)

The PRESIDENT opened the discussion on the Guidelines on regional state aid for 2014-2020, tabled by Mr ALMUNIA that day for approval by the Commission.

By way of introduction, Mr ALMUNIA noted that the revision of the guidelines on regional state aid was part of the overall strategy of state aid modernisation that had been decided on in May 2012 in order to promote public aid that was more effective in terms of growth (in accordance with the Europe 2020 strategy), to focus the Commission's efforts on investigating cases that had a major impact on the functioning of the internal market, to rationalise and streamline the rules, and to speed up decision-making.

In the light of the outcome of the Commission's policy debate on this issue on 2 May, he noted that the guidelines proposed for 2014-2020 would increase the overall population coverage (47.67% of the EU-28 population), including a special allowance for those Member States benefiting from a European assistance programme. The new features included: (i) a mid-term review in 2016 to take better account of the impact of the economic and financial crisis on regional development, (ii) the slight reduction in aid intensity, except for the most disadvantaged regions, (iii) the strengthening of anti-relocation provisions, and (iv) the retention and simplification of the special provisions on operating aid for the outermost regions and sparsely populated regions.

Mr ALMUNIA then addressed the points on which the Commission had yet to reach agreement, namely the interaction between the guidelines on regional state aid and the future sectoral guidelines on state aid in the fields of environmental protection and energy, and the question of aid to large undertakings in the less disadvantaged regions, i.e. 'c' areas covered by Article 107(3)(c) of the Treaty on the Functioning of the European Union.

On the first point, he argued that state aid for energy infrastructure should be covered by the sectoral guidelines to promote environmental protection and energy efficiency in order to ensure a common approach to all projects in the same sector, regardless of the area in which they were located. However, the obstacles facing the most disadvantaged regions were reflected in higher aid intensities.

On the second point, Mr ALMUNIA noted that large companies choosing a site for investment took into account many other factors, not just the possibility of obtaining state aid. However, given the questions raised on this issue, the eligibility for regional aid of large companies located in 'c' areas had been broadened to include investments that resulted in new economic activity or the diversification of activity into new products, a concept that now included goods and services.

Lastly, paragraph 29, which dealt with the case of companies in breach of

Articles 101 or 102 of the Treaty on the Functioning of the European Union, had been reworded.

After Mr ALMUNIA had presented his proposal, the Commission held a discussion during which the following main aspects were raised:

- with regard to the exclusion of regional aid for investments in energy infrastructure from the scope of the new proposed guidelines, the support of some Members of the Commission for taking this aid into account under the sectoral guidelines in order to ensure the most structured and coherent approach possible by sector; others preferred energy infrastructure to be covered by the guidelines on regional state aid, having regard to the importance of these investments in the context of the Commission's objective of territorial cohesion; the desire for the future energy and environmental aid guidelines to correctly reflect the importance of investments in energy infrastructure, including the lessons to be learned from the practical experience of Member States in complying with current standards; the need, in any event, to make sure that a predictable framework for investment projects was created by avoiding any legal vacuum between the entry into force of each set of guidelines;
- the argument that intelligent energy distribution systems were regarded as a way of ensuring predictability that was useful to the national and regional authorities that were already drawing up their investment programmes, while acknowledging that there would be guidelines on state aid in the energy sector;
- with regard to the eligibility of aid to large companies in 'c' areas, support for the proposed mechanism, which opened up new possibilities; the certainty that this option would allow a better return on limited funds, thereby allaying doubts about its incentive effect; support for this option, as an encouragement for SMEs; the suggestion to add a reference to process innovations;

- questions, however, about the relevance of the proposed eligibility conditions for large undertakings, which were likely to encourage relocation and weaken ‘c’ areas; the view that the diversity of industrial areas and current value chains would be better taken into account if the guidelines incorporated the role of ‘catalyst for activity’ played by large companies for SMEs in their region, and the importance of SMEs for research and innovation, a key factor in competitiveness; lastly, the importance of promoting intelligent investments in ‘c’ areas by using criteria that were more refined than simply the size of the company;
- the possibility of widening the definition of areas bordering on a non-EEA country to include sea borders;
- some participants argued that a more flexible attitude should be adopted towards Member States covered by a European assistance programme so that enterprises in disadvantaged regions of those countries, in particular SMEs, could compete on a level playing field;
- the pertinence of holding a mid-term review in 2016 in order to take into account updated data reflecting the impact of the current crisis on regional development; it was noted that this date would coincide with the proposed review regarding the Structural Funds;
- on the question of meeting binding standards, the argument that an incentive effect should not be ruled out in ‘c’ areas which were also lagging behind in terms of development;
- finally, questions on the impact of the clause excluding companies that had infringed Article 101 or 102 of the Treaty on the Functioning of the European Union from regional state aid.

Replying to these comments, Mr ALMUNIA pointed out that state aid had very little incentive effect on large companies, as numerous studies and analyses had shown. At the same time, it was absolutely vital to make public spending more effective and more relevant in the context of the future state

aid rules. He noted that large companies would nevertheless be eligible for state aid granted under sectoral guidelines; provision had been made for higher aid intensity for companies located in 'c' areas. He was prepared to accept the amendment suggested during the meeting to include process innovations in the concept of new economic activity and diversification into new products, as eligibility criteria for regional state aid to large enterprises in 'c' areas.

On the question of investment in energy infrastructure, it was important, for the sake of consistency, to deal with this issue in the context of the sectoral guidelines relating to environmental protection and energy efficiency. These guidelines would be laid before the Commission in early 2014 and would therefore be available well before Member States notified their new regional aid maps

Mr ALMUNIA pointed out that a number of measures had already been taken to ensure a level playing field for the countries benefiting from a European assistance programme; in particular, their population coverage was to be kept at the same level as under the existing guidelines, whereas the coverage proposed for other countries was to be reduced slightly. He also made it clear that possible eligibility for regional state aid should not be regarded as a key factor in attracting investment. While he understood the problems which some Member States might face because of the time-lag in producing the statistics on which the regional aid maps were based, he confirmed that the mid-term review would be conducted in 2016, which would allow the impact of the crisis on regional development to be taken into account by using updated figures. He noted that an early or annual evaluation might create uncertainty that would be detrimental to investment decisions.

Finally, he explained that it would be too complicated to take up the suggestion of including a provision on sea borders, on account of the divergence of views on that issue.

Mr ALMUNIA also noted that the provision on infringements of Articles 101

or 102 of the Treaty on the Functioning of the European Union by potential beneficiaries of regional state aid, as amended, would be retained for the sake of consistency.

Winding up the discussion, the PRESIDENT laid particular emphasis on the fact that investment in energy infrastructure would now come under the guidelines applicable to state aid on environmental protection and energy efficiency, on which the Commission would take a decision in early 2014. He urged the Members of the Commission to explain the reasons for choosing this approach when speaking about this issue.

He also noted that agreement had been reached on adding an extra dimension to the concept of innovation which had been introduced into the new guidelines in the case of large undertakings located in ‘c’ areas.

The PRESIDENT therefore concluded that the text of the guidelines on regional state aid for the period 2014-2020, presented by Mr ALMUNIA, had the backing of the Members of the Commission, and that they agreed to amend paragraph 15 on page 5 of the English version of C(2013) 3769/3, which would now read as follows:

‘Since regional aid to large undertakings for their investments is unlikely to have an incentive effect, it cannot be regarded to be compatible with the internal market under Article 107(3)(c) of the Treaty, unless it is granted for initial investments that create new economic activities in these areas, or for the diversification of existing establishments into new products or new process innovations.’.

Subject to the inclusion of the above amendment, the Commission:

- adopted in principle the Notice set out in C(2013) 3769/3;
- took note of the impact assessment and the summary thereof in SWD(2013) 214 and SWD(2013) 215;
- took note of the opinion of the Impact Assessment Board on the above

Notice, as set out in SEC(2013) 349;

- empowered, under Article 13 of its Rules of Procedure, Mr ALMUNIA, the Member of the Commission responsible for competition, to formally adopt the Notice in all the official languages of the Union, in agreement with the PRESIDENT, with a view to its publication in the *Official Journal of the European Union* so as to bring it to the attention of the Member States and stakeholders.

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The meeting closed at 15.35.