



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2013) 2052 final

Brussels, 10 July 2013

MINUTES
of the 2052nd meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 26 June 2013
(morning)

PV(2013) 2052 final

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Single sitting: Wednesday 26 June 2013 (morning)

The sitting opened at 9.16 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	Items 1 to 13 (in part)
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 13 (in part)
Ms DAMANAKI	Member	
Ms GEORGIEVA	Member	
Mr OETTINGER	Member	Items 1 to 13 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr BORG	Member	

Absent:

Ms VASSILIOU

Member

Mr CIOLOŞ

Member

(26 June 2013)

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

Mr HILL	Deputy Chef de cabinet to Ms VASSILIOU	Items 1 to 13 (in part)
Mr JONES	A member of Mr CIOLOŞ's staff	

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr VANDERSTEEN	Deputy Director-General (acting), DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Ms SUTTON	A member of the PRESIDENT's staff	
Mr NOCIAR	Chef de cabinet to Mr ŠEFČOVIČ	Item 13 (in part)
Mr PESONEN	Chef de cabinet to Mr REHN	Item 13 (in part)

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

1. AGENDAS

(OJ(2013) 2052/FINAL; SEC(2013) 358/2)

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) 2052)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 24 June.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2050TH MEETING OF THE COMMISSION (11 JUNE) AND THE MINUTES OF THE 2051ST MEETING (19 JUNE)

(PV(2013) 2050; PV(2013) 2050, PART 2; PV(2013) 2051)

The Commission approved the minutes of its 2050th and 2051st meetings.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED

(SEC(2013) 359 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 21 June.

4.2. EMPOWERMENT

(SEC(2013) 360 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 17 and 21 June.

4.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2013) 361 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 17 and 21 June, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2013) 362 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 24 and 28 June and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 17 and 24 June.

5. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2013) 363)

ADMINISTRATIVE MATTERS

(PERS(2013) 94)

5.1. DG COMPETITION – APPOINTMENT OF AD14/15 DIRECTOR

(PERS(2013) 75 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, Markets and cases II: Information, Communication and Media, in the Directorate-General for Competition (PERS(2013) 75).

It took note of the opinions of the Consultative Committee on Appointments of 13 and 22 May 2013 (PERS(2013) 75/2 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 ALMUNIA, it then decided to appoint Ms Linsey McCALLUM to the post.

This decision would take effect on 1 July 2013.

**5.2. DG COMPETITION – APPOINTMENT OF AD14 CHIEF
COMPETITION ECONOMIST (EU-27)
(PERS(2013) 9 TO /6)**

The Commission had before it applications under Article 2(a) of the Conditions of Employment of Other Servants of the European Communities for the post of Chief Competition Economist in DG Competition (PERS(2013) 9 to /3).

It took note of the opinions of the Consultative Committee on Appointments of 8 and 22 May 2013 (PERS(2013) 9/5 and /6).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr ALMUNIA, it then decided to appoint Mr Massimo MOTTA, as a member of the temporary staff under Article 2(a) of the Conditions of Employment of Other Servants of the European Communities, to the post for a period of three years, renewable for a maximum of two years.

This decision would take effect immediately. Mr Massimo MOTTA would take up his duties on 1 October 2013 at the latest.

**5.3. DG DEVELOPMENT AND COOPERATION - EUROPEAID –
APPOINTMENT OF AD14/15 DIRECTOR
(PERS(2013) 16 TO /5)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, Resources in Headquarters and in Delegations, in DG Development and Cooperation - EuropeAid (PERS(2013) 16 to /3).

It took note of the opinions of the Consultative Committee on Appointments of 12 April and 16 May 2013 (PERS(2013) 16/4 and /5).

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, Mr PIEBALGS and Mr FÜLE, it then decided to appoint Mr Luc BAGUR to the post.

This decision would take effect on 1 July 2013.

**5.4. DG ENTERPRISE AND INDUSTRY – APPOINTMENT OF AD14/15
DIRECTOR
(PERS(2013) 33 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, EU Satellite Navigation Programmes, in DG Enterprise and Industry (PERS(2013) 33).

It took note of the opinions of the Consultative Committee on Appointments of 24 April and 30 May 2013 (PERS(2013) 33/2 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 TAJANI, it then decided to appoint Mr Matthias PETSCHKE to the post.

This decision would take effect on 16 October 2013.

5.5. DG HUMAN RESOURCES AND SECURITY / FOREIGN POLICY INSTRUMENTS SERVICE – RESPONSIBILITY REGARDING THE SPECIAL ADVISERS CONTRACTS FOR THE EMPLOYMENT OF HEADS OF MISSION OF COMMON FOREIGN AND SECURITY POLICY (CFSP), SPECIAL REPRESENTATIVES OF THE EUROPEAN UNION AND ELECTION OBSERVERS

The Commission took note of the information under point 5 of PERS(2013) 94 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Baroness ASHTON, decided to depart from Commission Decision C(2013) 3288 and to delegate temporarily to the Director of the Foreign Policy Instruments Service the powers of the authority empowered to conclude contracts of employment as regards:

- heads of mission of the European Union's common foreign and security policy and special representatives of the European Union recruited as special advisers; this delegation would also apply to previously concluded contracts and would be re-examined in November;
- election observers recruited as special advisers; this delegation would also apply to previously concluded contracts.

This decision would take effect immediately.

6. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – STEPS FORWARD IN IMPLEMENTING NATIONAL ROMA INTEGRATION STRATEGIES (COM(2013) 454 TO /3; RCC(2013) 91)

The Commission approved the Communication in COM(2013) 454/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

**7. PROPOSAL FOR A COUNCIL RECOMMENDATION ON EFFECTIVE ROMA INTEGRATION MEASURES IN THE MEMBER STATES
(COM(2013) 460 AND /2; RCC(2013) 91)**

The Commission adopted the proposal for a Council Recommendation in COM(2013) 460/2 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

**8. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON EUROPEAN LONG-TERM INVESTMENT FUNDS
(COM(2013) 462 TO /3; SWD(2013) 230; SWD(2013) 231; SEC(2013) 368; RCC(2013) 93)**

The Commission adopted the proposal for a Regulation in COM(2013) 462/3, for transmission to Parliament, the Council, the European Economic and Social Committee and the national parliaments, and, for information, to the European Central Bank, together with the impact assessment and the summary thereof in staff working documents SWD(2013) 230 and SWD(2013) 231 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2013) 368.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – END-TO-END E-PROCUREMENT TO MODERNISE PUBLIC ADMINISTRATION

(COM(2013) 453 AND /2; RCC(2013) 92)

The Commission approved the Communication in COM(2013) 453/2 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments.

10. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON E-INVOICING IN PUBLIC PROCUREMENT

(COM(2013) 449; SWD(2013) 222; SWD(2013) 223; SWD(2013) 225; SEC(2013) 365; RCC(2013) 92)

The Commission adopted the proposal for a Directive in COM(2013) 449 for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments, together with the impact assessment, the summary thereof and the implementation plan in staff working documents SWD(2013) 222, SWD(2013) 223 and SWD(2013) 225 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Directive, as set out in SEC(2013) 365.

**11. STATEMENT OF ESTIMATES OF THE COMMISSION FOR 2014 –
PREPARATION OF THE 2014 DRAFT GENERAL BUDGET OF THE
EUROPEAN UNION**

**(SEC(2013) 370 TO /3, DOCUMENTS I, II, III, IV, V AND V BIS;
RCC(2013) 94)**

The Commission:

- adopted the statement of estimates as set out in documents I, II, III and IV, distributed as SEC(2013) 370/3, in document V, distributed as SEC(2013) 370, and in document *V bis*, distributed as SEC(2013) 370/2, as a basis for drawing up the draft general budget of the European Union for the 2014 financial year;
- authorised Mr LEWANDOWSKI, Member of the Commission with responsibility for the budget and financial programming, to transmit documents I, II, III and IV to Parliament and the Council for information;
- empowered Mr LEWANDOWSKI, Member of the Commission with responsibility for the budget and financial programming, in agreement with the PRESIDENT, to finalise documents I, II, III and IV, distributed as SEC(2013) 370/3, document V, distributed as SEC(2013) 370 and document *V bis*, distributed as SEC(2013) 370/2, and to convert documents I, II, III and IV into the corresponding volumes of the draft general budget for the 2014 financial year and transmit them to Parliament and the Council and, for information, to the national parliaments;
- empowered Mr LEWANDOWSKI, Member of the Commission with responsibility for the budget and financial programming, in agreement with the PRESIDENT and in accordance with Article 314(1) of the Treaty on the Functioning of the European Union, to consolidate the draft general budget for the 2014 financial year on the basis of the latest information supplied by the other institutions concerning their own statements of estimates, which might contain different estimates.

12. OTHER BUSINESS

BUDGET IMPLEMENTATION AT 31 MAY 2013

(INFO(2013) 58)

The Commission took note of the information note from Mr LEWANDOWSKI, distributed as INFO(2013) 58.

13. INTERINSTITUTIONAL RELATIONS

(RCC(2013) 95)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 21 June (RCC(2013) 95).

It paid particular attention to the following points.

13.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.2 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) 363/2.

(26 June 2013)

- Multiannual Financial Framework 2014-2020 – Cohesion policy – Amendment of Regulation (EC) 1082/2006 on a European grouping of territorial cooperation (EGTC): clarification, simplification and improvement of the establishment and implementation of groupings (Regulation) – ZELLER report – 2011/0272 (COD)

The Commission approved the line set out in SI(2013) 347.

- Multiannual Financial Framework 2014-2020 – Cohesion policy – Specific provisions concerning the European Regional Development Fund and the 'Investment for growth and jobs' goal and repeal of Regulation (EC) 1080/2006 (Regulation) – OLBRYCHT report – 2011/0275 (COD)

The Commission approved the line set out in SI(2013) 348.

- Multiannual Financial Framework 2014-2020 – Cohesion policy – Specific provisions for the support from the European Regional Development Fund to the 'European territorial cooperation goal' (Regulation) – PAKARINEN (ex MANNER) report – 2011/0273 (COD)

The Commission approved the line set out in SI(2013) 349.

- Multiannual Financial Framework 2014-2020 – Cohesion policy – Cohesion Fund and repeal of Council Regulation (EC) 1084/2006 (Regulation) – BOSTINARU report – 2011/0274 (COD)

The Commission approved the line set out in SI(2013) 350.

- 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) – EHRLER 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) 366 and /2.

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

The Commission approved the line set out in SI(2013) 373.

- Multiannual Financial Framework 2014-2020 – Programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020) (Regulation) – CREUTZMANN report – 2011/0394 (COD)

The Commission approved the line set out in SI(2013) 374.

- Amendment of Directives 2003/71/EC and 2009/138/EC in respect of the powers of the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority (Directive) – BALZ report – 2011/0006 (COD)

The Commission approved the line set out in SI(2013) 360/2.

- Collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online uses in the internal market (Directive) – GALLO report – 2012/0180 (COD)

The Commission approved the line set out in SI(2013) 361/3.

- Award of concession contracts (Directive) – JUVIN report – 2011/0437 (COD)

The Commission approved the line set out in SI(2013) 378.

- Public procurement / Procurement by entities operating in the water, energy, transport and postal services sectors (Directives) – TARABELLA reports – 2011/0438 (COD) / 2011/0439 (COD)

The Commission approved the line set out in SI(2013) 379/2.

- Insider dealing and market manipulation (market abuse) (Regulation) – McCARTHY report – 2011/0295 (COD)

The Commission approved the line set out in SI(2013) 375/2.

- Amendment of Regulation (EC) 273/2004 on drug precursors (Regulation) – HEDH report – 2012/0261 (COD)

The Commission approved the line set out in SI(2013) 369.

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

The Commission approved the line set out in SI(2013) 368/2.

- Framework for the recovery and resolution of credit institutions and investment firms and amendment of Council Directives 77/91/EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/EU and Regulation (EU) 1093/2010 (Directive) – HÖKMARK report – 2012/0150 (COD)

The Commission approved the line set out in SI(2013) 389/2.

Dossier at Council first reading

- Macro-financial assistance to the Kyrgyz Republic (Decision) – MOREIRA report – 2011/0458 (COD)

The Commission approved the line set out in SI(2013) 364 and /2.

ii) Preparation for Parliament's July part-session

(point 1.3 of the IRG record)

Conciliation procedure

- Further macro-financial assistance to Georgia (Decision) – MOREIRA report – 2010/0390 (COD)

The Commission took note of the compromise text in SP(2013) 432, further to note SI(2013) 279, which it had already approved on 29 May.

Ordinary legislative procedure – Second reading

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

The Commission approved the line set out in SP(2013) 433.

Ordinary legislative procedure – First reading

- Roadworthiness package – Amendment of Council Directive 1999/37/EC on the registration documents for vehicles (Directive) – SAVISAAR-TOOMAST report – 2012/0185 (COD) / Technical roadside inspection of the roadworthiness of commercial vehicles circulating in the Union and repeal of Directive 2000/30/EC (Regulation) – SEHNALOVÁ report – 2012/0186 (COD) / Periodic roadworthiness tests for motor vehicles and their trailers and repeal of Directive 2009/40/EC (Regulation) – KUHN report – 2012/0184 (COD)

The Commission approved the line set out in SP(2013) 434.

- Amendment of Directive 2003/87/EC to clarify provisions on the timing of auctions of greenhouse gas allowances (Decision) – GROOTE report – 2012/0202 (COD)

The Commission approved the line set out in SP(2013) 435.

- Amendment of Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions (Directive) – GIEGOLD report – 2012/0168 (COD)

The Commission approved the line set out in SP(2013) 303.

- Amendment of Directive 2009/16/EC on port State control (Directive) – SIMPSON Report – 2012/0062 (COD)

The Commission approved the line set out in SP(2013) 437 and took note of the compromise text attached to that document.

Non-legislative procedure

- Amendment of Council Regulation (EC) 994/98 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid and Regulation (EC) 1370/2007 of the European Parliament and of the Council on public passenger transport services by rail and by road (Council Regulation) – DORFMANN report – 2012/0344 (NLE)

The Commission approved the line set out in SP(2013) 440 and /2.

- Amendment of Council Regulation (EC) 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty (Council Regulation) – PIETIKÄINEN report – 2012/0342 (NLE)

The Commission approved the line set out in SP(2013) 441 and /2.

13.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business

(SI(2013) 371)

The Commission took note of the information in SI(2013) 371 on the Council meetings between 27 June and 10 July.

iv) Preparation for Council meeting (General Affairs) (Brussels, 25 June)

(point 2.3.3 of the IGR record)

- Recommendation for a Council Decision authorising the opening of negotiations on a Stabilisation and Association Agreement between the European Union and Kosovo¹

The Commission approved the line set out in SI(2013) 365.

v) Preparation for European Council (Brussels, 27 and 28 June)

(point 2.3.4 of the IRG record)

The PRESIDENT started by underlining the importance of the European Council meeting on 27 and 28 June. Given the uncertain economic prospects and the social challenges facing Europe, he felt that the Commission should get the European Council to speed up efforts to implement the EU growth strategy in practice. It was a particularly good time for Member States to show determination in implementing this strategy in order to restore consumer and investor confidence.

At its last meeting, the Commission had already focused on preparing this European Council, in particular by discussing two important measures – one

¹ This designation is without prejudice to positions on status and is in line with UN Security Council Resolution 1244/99 and the International Court of Justice's opinion on Kosovo's declaration of independence.

to combat youth unemployment and the other aimed at increasing lending to the real economy. He welcomed the fact that the European Council draft conclusions reflected a very broad consensus on the overall approach recommended by the Commission in its Communication on youth employment. However, there was a need to make one last effort to get the Member States to agree on sufficient financing for the European Social Fund for 2014-2020 in order to ensure the desired level of investment in human capital.

The ideas on access to financing for small and medium-sized enterprises presented by the Commission had been well received by the last Economic and Financial Affairs Council and had also been taken into account in the European Council's draft conclusions. On this point, the PRESIDENT thought that the widest possible participation should be encouraged by Member States in what could be described as a new investment plan for Europe, however each Member State should be free to decide on the extent of its participation.

He hoped that the presence at the European Council of Werner Hoyer, President of the European Investment Bank, would promote a successful exchange of views on ways of enhancing the Bank's lending activities, in particular in vulnerable Member States or those benefiting from European assistance programmes, where such activities were in decline.

Moreover, to ensure that the Union could make good on its commitment to translate into concrete terms its commitment to invest in growth and restore confidence, the PRESIDENT emphasised – as he had done several times recently – that it was crucial to reach a final agreement on the 2014-2020 Multiannual Financial Framework.

The June European Council would also be an opportunity to take stock on a more general level of the results achieved since the implementation of the reform programmes. It was already clear which measures should be taken, but there was still a lack of determination to reach agreement at European level

and to implement these measures at national level.

The country-specific recommendations presented by the Commission in the context of the European Semester contained clear and precise guidelines on the reforms that should be implemented in each Member State. The European Semester process had been significantly improved and now formed an integral part of the Union's working methods, with closer political and technical cooperation between the Commission and Member States. The right choice had been made in terms of the target areas for the country-specific budgetary and macro-economic recommendations. The European Council should endorse these recommendations, after which Member States would be asked to implement them.

The European Council would also take stock of the progress made in implementing the Stability and Growth Pact and the proposals currently being discussed, on which agreement could be reached if the political will was there. It was important to move forward with specific issues such as the single digital market, the internal energy market and research.

In relation to smart regulation, an issue that might be raised at the European Council, the PRESIDENT advised the Members to take the initiative in the context of their respective remits, and suggested that the Commission hold an in-depth exchange of views on the matter on 10 July when discussing follow-up to the seminar of 19 January on competitiveness in Europe.

Noting the need for tangible progress on strengthening Economic and Monetary Union (EMU), he said that it was important for the Economic and Financial Affairs Council to reach agreement on the proposal for a Directive on bank recovery and resolution. The Commission would present its proposal on the single resolution mechanism before the summer. In relation to the other aspects of EMU, he referred to Commission initiatives concerning ex ante coordination and the competitiveness and convergence instrument, and the Commission Communication on the social dimension of EMU to be presented in the autumn.

The European Council would certainly welcome Latvia's progress towards adopting the euro next year, and would take stock of enlargement-related issues and the Union's relations with its strategic partners.

The PRESIDENT ended by emphasising once again the expectations aroused by this European Council meeting. He trusted that the Council would take decisions that would have a practical impact on the lives of Europeans and would increase the prospect of a return to prosperity.

In his comments prefacing the more detailed presentation of certain matters on the actual agenda of the European Council, he proposed that Mr LEWANDOWSKI should report on the latest developments in the negotiations on the 2014-2020 Multiannual Financial Framework.

Mr LEWANDOWSKI referred first to the statement of estimates which would form the basis for the draft general budget of the European Union for 2014 and which had been adopted that day by the Commission (see point 11 of these minutes). Under the Treaty on the Functioning of the European Union, the Commission was required to present budget proposals for 2014 before the end of July of this year, in other words before the formal conclusion of the negotiations on the Multiannual Financial Framework for 2014-2020.

He went on to describe the progress made in the negotiations on the future Multiannual Financial Framework. He referred in particular to the political agreement which had emerged the previous week following a trilogue between the chief negotiators of the Irish Presidency of the Council and the European Parliament, in the presence of the Commission. He welcomed this progress, in particular the approach to flexibility which would permit efficient use of available budget resources. Everything possible should now be done, in a spirit of cooperation and at the very highest political level, to take the final step that would culminate in a final comprehensive agreement. He pointed to the very specific challenges involved, starting with the direct link between the availability of financing under the future Multiannual Financial Framework

and the funding of the measures to combat youth unemployment and allow small and medium-sized enterprises access to credit. He also highlighted the bottlenecks the Union budget might very well face as of September 2013 in the absence of an agreement. The European institutions therefore shared a heavy collective responsibility to help complete this final stage of the negotiations as soon as possible and to conclude a sound, forward-looking agreement for European citizens.

The PRESIDENT thanked Mr LEWANDOWSKI for this overview and asked Mr SEFČOVIČ to report on the General Affairs Council the previous day. He also asked Mr REHN and Mr BARNIER to report to the Commission on the meetings of the Eurogroup and Economic and Financial Affairs Council on 20-21 June, as well as the meeting to be held that evening.

Mr SEFČOVIČ began by confirming Mr LEWANDOWSKI's statement concerning the gradual convergence of the negotiations around a common position on the Multiannual Financial Framework 2014-2020, and praised the determined efforts made by the Irish Presidency of the Council to achieve this result. The priority was now to coordinate the final stages with the European Parliament.

Turning to the General Affairs Council on 25 June, he noted the broad consensus reached on the Commission's country-specific recommendations in the framework of the 2013 European Semester. He also noted the Member States' support for the priority actions proposed by the Commission, namely the initiatives to reduce youth unemployment and to improve the access of small and medium sized enterprises to financing.

He stated that to ensure the success of the initiative to reduce youth unemployment, by October the Member States should draw up their national plan for implementing the Youth Guarantee. He reminded the Members of the urgent need, in both political and technical terms, for an agreement on the Multiannual Financial Framework 2014-2020 in order to concentrate expenditure for this programme in the first years of this financial framework

(frontloading). In this context, he reaffirmed the importance of allocating adequate resources to the European Social Fund for the next financial programming period. With regard to the initiative to improve the access of small and medium sized enterprises to financing, he reiterated the call by Member States for increased lending by the European Investment Bank.

Lastly, he backed the PRESIDENT's words on the need to adopt a dynamic and non-defensive approach to reducing the administrative burden and suggested taking stock of the measures taken and the avenues explored by the Commission in the framework of the smart regulation policy.

Mr REHN took the floor to report on the Eurogroup meeting on 20 June. He stressed, firstly, the Member States' support for the main aspects of the instrument for the direct recapitalisation of the banks proposed in the framework of the European Stability Mechanism, specifying that the related guidelines would be adopted in the autumn. He added that the adoption of the proposal for a directive on bank recovery and resolution, which was now with the co-legislators, would pave the way for the implementation of the future instrument for direct recapitalisation.

Concerning the countries benefiting from a European assistance programme, the discussions had focused on the need to complete the progress review currently under way in Greece in order to release payment of the next financing tranche in July. As regards Cyprus, Mr REHN noted that the Eurogroup had called for the steadfast implementation of the adjustment programme, without however underestimating the difficult adaptation process that would be involved. Concerning Ireland and Portugal, the discussions had concentrated on their forthcoming exit from the assistance programmes; loans to these countries had been extended to an average of around 20 years, which demonstrated the Union's confidence and solidarity with regard to these countries.

Turning to the discussions of the Economic and Financial Affairs Council of 21 June on the European Semester, Mr REHN noted the broadly favourable

reception of the Commission's country-specific recommendations. However, he pointed out that several Member States had called for a modification of the recommendations on the sustainability of pension systems. The Hungarian and Romanian ministers had expressed reservations about the wording of the recommendations on their national judicial systems. There had been constructive and favourable exchanges on the general approach proposed by the joint report of the Commission and the European Investment Bank on the securitisation of loans to small and medium-sized enterprises.

Lastly, both the Eurogroup and the Economic and Financial Affairs Council had welcomed the new stage completed by Latvia in its preparation for accession to the euro area from 1 January 2014.

In conclusion, Mr REHN said that the Member States must undertake, at the highest political level, to implement the reforms aimed at stimulating growth and creating jobs. The country-specific recommendations were tailor-made to help each country to address the obstacles to economic recovery. The Commission would have the opportunity to make a preliminary assessment of their application next autumn, when it was to present for the first time its analysis of the euro-area Member States' draft budgets, as laid down in the provisions on stepping up economic and budgetary surveillance in the euro area ('two-pack').

Taking the floor, Mr BARNIER referred to the examination of the directive on bank resolution proposed by the Commission a year ago. Should agreement be reached at the Council in the next few hours, this would signal the completion of the introduction of the single rule book. He mentioned the main items still to be discussed, namely the degree of flexibility that could be included in the arrangements for the rescue of failing banks by their creditors (bail-in) and the order of precedence for creditors. He pointed out that at the beginning of July, on the basis of the decision of the 17 euro-area Member States to apply bank surveillance and resolution, the Commission would present its proposal on the bank resolution mechanism, which was the second pillar of a banking union.

Mr ANDOR started by underlining the importance of keeping the current wording of the European Council's draft conclusions on the social dimension of economic and monetary union, particularly the need to put in place enhanced coordination of employment and social policies. With regard to the priority to be given to youth employment, he emphasised the urgent need to conclude the agreement on the next Multiannual Financial Framework 2014-2020 in order to mobilise the European Social Fund (ESF) for this purpose from January 2014. He hoped that the minimum percentage of the cohesion funds allocated to the ESF would be set at 25% in order to free up the necessary resources to invest in the Union's human capital. He argued strongly against reducing the funds allocated to the ESF, pointing out that the €6 billion to be assigned to the initiative for youth employment from 2014 and 2015 would be earmarked for regions with youth unemployment of over 25%. On this last point, he also recommended that this rate be calculated on the basis of the data for 2013 rather than the previous year.

Mr DE GUCHT referred in particular to the issue of financing small and medium-sized enterprises. He felt that the European Central Bank should be involved in some way in order to lend support to the action already taken by the European Investment Bank in this field.

On the subject of trade, he referred to the possibility of a European Council discussion on the negotiation of a future free trade agreement with the United States, without formally including this item on the agenda. He reminded the meeting that the Council had reached agreement on the mandate given to the Commission and thus the conditions for launching the discussions on 8 July had been met.

As regards trade relations with China, which might also be discussed at the European Council, he welcomed the fact that the Chinese authorities were now committed to seeking a negotiated solution to the matter of imports of solar panels to the EU on the basis of the proposals made by the Commission, which the authorities seemed to be taking seriously.

During the discussion which followed, the Commission raised the following questions:

- the political benefits, in terms of restoring public confidence and the credibility of the European institutions, of achieving a tangible and positive outcome in the European Council; the apparent emergence in this connection of a political climate of hostility towards Europe in a number of Member States, exacerbated by the crisis and heightened by the prospect of European elections in 2014; the need, as a result, for the Commission in particular to contribute a political, rather than a bureaucratic response, in particular by mobilising the College as a whole;
- as regards the country-specific recommendations under the European Semester, the success of the 2013 exercise and the generally favourable reception of the Commission's suggestions;
- the need to make tangible and significant progress on the Youth Employment Initiative in particular, which was a priority for citizens; the attention to be paid to the procedures for calculating the 25% youth unemployment rate in order to enable a region to receive European aid under this programme;
- support for the Commission's current initiatives in relation to the business world to encourage and facilitate youth employment; the contribution that start-ups – especially in the digital field – could make, given their very encouraging development;
- the case for encouraging the European Investment Bank to step up its offer of loans, especially to small and medium-sized businesses, and to adopt a more dynamic investment policy;
- support for the negotiations on a free-trade agreement with the United States which the Commission was preparing to conduct; the difficulty of the forthcoming talks, both with the USA and within the EU; the need, as a result, to have a clear line of communication for the whole College in

order to explain the negotiating mandate, in particular as regards the handling of the ‘cultural exception’;

- the importance, if necessary, of placing this European Council in the context of the still unfinished negotiations on the Multiannual Financial Framework for 2014-2020 and the draft amending budget for 2013; the considerable economic impact and liquidity problems that could affect certain Member States in the event of a delay or interruption in the payment of aid under the structural funds, given that these European funds might in some cases represent two-thirds of public investment; the highlighting in this context of the public debate in some Member States on the impossibility of meeting the budget deficit criterion;
- the statement that the recent floods in a number of Member States, especially in Central Europe, and the action the EU intended to take, could be raised at the European Council and be included in the final conclusions.

Mr DE GUCHT responded to the call for a clear line of communication from the Commission on the matter of the negotiation of a free-trade agreement between the European Union and the United States. He said that this line was based strictly on the terms of the negotiating mandate given to the Commission by the Council. He referred to Article 9 of that mandate, under which the audiovisual sector was not included in the negotiating chapter on market access, and Article 43 of the mandate, according to which the Commission would be able at a later date, depending on the progress of the negotiations, to propose additional negotiating directives on any question it saw fit. However, he pointed out for the record that, in that case, the Commission would of course be required to submit its new proposals to the Council for approval.

The PRESIDENT then reminded the meeting that, while the Commission had argued from the outset for a broad and ambitious negotiating mandate, it had also publically set out the red lines it would not cross in the negotiations in order to protect cultural diversity, a common European value enshrined in the

Treaties. He noted that the Council had reached a compromise on the scope of the mandate. In any event, the PRESIDENT stated unambiguously that the Commission would scrupulously respect in its entirety the mandate conferred on it by the Council.

On the Multiannual Financial Framework 2014-2020, he explained that he was in close and constant contact with the President of the European Parliament and the Irish Presidency of the Council. He was currently looking into the idea of a final attempt at reconciliation, in the form of a meeting which he could convene under Article 324 of the Treaty on the Functioning of the European Union with a view to concluding the hoped-for agreement.

The PRESIDENT returned to the relatively damaging political climate which seemed to be developing in the EU as important election dates approached. He saw it as a reflection of both a rise in the power of populist and anti-Europe movements which regarded the EU, and the Commission in particular, as the root of all evil, and of a seemingly increasingly common position being adopted by the major governing parties, which used Europe to try and clear themselves in the eyes of the citizens of responsibility for the profound malaise arising from the economic and social crisis.

In view of what was at stake, the PRESIDENT urged the Commission to position itself not on the side of bureaucracy but on the side of the values and founding principles of Europe. He called on it to mobilise its allies and stand its ground in the face of certain rhetorical attempts at intimidation which were aimed essentially at preventing the institution from exercising the new powers conferred upon it, particularly in the field of budgetary discipline and economic governance. He called on the College to continue to 'explain Europe' and remain united in its defence, in the European general interest alone, as was the Commission's duty. He concluded by announcing that a discussion would be held in the College, before the end of July, on all these questions relating to the political and economic situation within the Union.

The Commission took note of this information.

13.3. RELATIONS WITH PARLIAMENT

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

(point 3.4.2 of the IRG record)

The Commission approved, for transmission to Parliament, documents SP(2013) 442 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its March part-session.

vii) Participation of Members of Parliament in international conferences

(point 3.5 of the IRG record)

- 19th Conference of the Parties to the United Nations Framework Convention on Climate Change (Warsaw, 11-22 November 2013)

The Commission agreed to the request to the PRESIDENT from Mr Martin Schulz, President of Parliament, concerning the attendance of ten Members of the European Parliament at the above-mentioned meeting as observers in the EU delegation, with a reminder about the procedure to be followed.

- Ninth Ministerial Conference of the World Trade Organisation (WTO) (Bali, 3-6 December 2013)

The Commission agreed to the request to the PRESIDENT from Mr Martin Schulz, President of Parliament, concerning the attendance of seven Members of the European Parliament at the above-mentioned meeting as observers in the EU delegation, with a reminder about the procedure to be followed.

13.4. EXTERNAL RELATIONS

viii) Position to be taken by the European Union within the Committee on Cultural Cooperation set up by the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part, as regards the establishment and the adoption of the rules of procedure of the

**Committee on Cultural Cooperation (Council Decision) – 2012/0226
(NLE)**

(point 5.1 of the IRG record)

The Commission approved the line set out in SI(2013) 362.

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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 11.29.