



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2015) 2133 final

- English language version of the French text which is authentic -

Brussels, 15 July 2015

TEXTE EN

MINUTES

of the 2133rd meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 1 July 2015

(morning)

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TABLE OF CONTENTS

Attendance list	4-7
1. AGENDAS (OJ(2015) 2133/FINAL; SEC(2015) 287)	8
2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2015) 2133).....	8
3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2131 ST MEETING OF THE COMMISSION (17 JUNE) AND THE MINUTES OF THE 2132 ND MEETING (24 JUNE) (PV(2015) 2131; PV(2015) 2131, PART II)	8
4. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2015) 292/2)	9
4.1. LEGAL SERVICE – APPOINTMENT OF AD14/15 PRINCIPAL LEGAL ADVISER (PERS(2014) 126 TO /3).....	9
4.2. DG COMMUNICATION – AMENDMENT OF THE ORGANISATION CHART AND PUBLICATION OF THE VACANCY NOTICE FOR THE POST OF DEPUTY DIRECTOR-GENERAL	9
4.3. LEGAL SERVICE – AMENDMENT OF THE ORGANISATION CHART.....	10
4.4. DG INTERNATIONAL COOPERATION AND DEVELOPMENT – INTERNAL PUBLICATION OF THE VACANCY NOTICE FOR AN AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2015) 58).....	10
4.5. DG RESEARCH AND INNOVATION / DG ENERGY – AMENDMENT OF THE ORGANISATION CHARTS (PERS(2015) 59; SEC(2015) 304; SEC(2015) 305)	11
4.6. DG INFORMATICS – DEPUTISING FOR THE DIRECTOR-GENERAL OF DG INFORMATICS.....	12
4.7. DG INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMEs – RENEWAL OF THE TERM OF OFFICE OF THE EXECUTIVE DIRECTOR OF THE EUROPEAN GNSS AGENCY (GSA).....	12

4.8. DG HUMAN RESOURCES AND SECURITY – COMPOSITION OF THE CONSULTATIVE COMMITTEE ON APPOINTMENTS.....	13
4.9. DG HUMAN RESOURCES AND SECURITY – SPECIAL ADVISERS TO THE COMMISSION UNTIL 31 MARCH 2016 (PERS(2015) 60).....	14
5. FOLLOW-UP TO THE COMMISSION WORK PROGRAMME 2015 – WITHDRAWAL OF PROPOSALS (SI(2015) 276 AND /2)	14
6. INTERINSTITUTIONAL RELATIONS (RCC(2015) 57)	15
6.1. EARLY WARNING.....	16
6.2. LEGISLATIVE MATTERS	16
6.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL	18
6.4. RELATIONS WITH PARLIAMENT	23
6.5. OTHER BUSINESS.....	23
7. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	24
7.1. WRITTEN PROCEDURES APPROVED (SEC(2015) 288 ET SEQ.).....	24
7.2. EMPOWERMENT (SEC(2015) 289 ET SEQ.)	24
7.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2015) 290 ET SEQ.).....	24
7.4. SENSITIVE WRITTEN PROCEDURES (SEC(2015) 291 AND /2).....	24
8. INTERINSTITUTIONAL RELATIONS (CONTINUED) (RCC(2015) 57).....	31
RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL.....	31

Single sitting: Wednesday 1 July 2015 (morning)

The sitting opened at 9.53 with Mr JUNCKER, President, in the chair. Items 6 (in part), 7 and 8 were chaired by Mr TIMMERMANS.

Present:

Mr JUNCKER	President	Items 1 to 6 (in part)
Mr TIMMERMANS	First Vice-President	
Ms MOGHERINI	High Representative / Vice-President	
Ms GEORGIEVA	Vice-President	
Mr ANSIP	Vice-President	
Mr ŠEFČOVIČ	Vice-President	Items 1 to 6 (in part)
Mr DOMBROVSKIS	Vice-President	Items 1 to 7
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	Items 1 to 7 (in part)
Mr HAHN	Member	
Ms MALMSTRÖM	Member	
Mr MIMICA	Member	
Mr ARIAS CAÑETE	Member	Items 1 to 7 (in part)
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Mr AVRAMOPOULOS	Member	
Ms THYSSEN	Member	
Mr MOSCOVICI	Member	Items 1 to 7
Mr HOGAN	Member	Items 1 to 6
Lord HILL	Member	
Ms BULC	Member	
Ms JOUROVÁ	Member	
Mr NAVRACSICS	Member	
Ms CREȚU	Member	Items 1 to 7

Ms VESTAGER

Member

Mr MOEDAS

Member

Absent:

Mr STYLIANIDES

Member

Ms BIEŃKOWSKA

Member

(1 July 2015)

*- English language version of the French text which is authentic -*The following sat in to represent absent Members of the Commission:

Ms CHRISTOPHIDOU	Chef de cabinet to Mr STYLIANIDES	Items 1 to 8 (in part)
Mr HUSAK	Chef de cabinet to Ms BIENKOWSKA	Items 1 to 8 (in part)

The following also sat in:

Mr SELMAYR	Chef de cabinet to the PRESIDENT	Items 1 to 7 (in part)
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PESONEN	Director-General, DG Communication	
Mr SCHINAS	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	Items 1 to 7 (in part)
Ms ANDREEVA	Commission Spokesperson's Service	
Mr SWIEBODA	European Political Strategy Centre	
Mr THOLONIAT	A member of the PRESIDENT's staff	Items 1 to 6 (in part)
Ms DEJMEK-HACK	A member of the PRESIDENT's staff	Items 1 to 6 (in part)
Mr NOCIAR	Chef de cabinet to Mr ŠEFČOVIČ	Items 6 (in part) and 7
Mr LAHTI	Chef de cabinet to Mr DOMBROVSKIS	Items 1 to 7
Mr BAILLY	Chef de cabinet to Mr MOSCOVICI	Items 1 to 7

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

1. AGENDAS

(OJ(2015) 2133/FINAL; SEC(2015) 287)

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(2015) 2133)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 29 June.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2131ST MEETING OF THE COMMISSION (17 JUNE) AND THE MINUTES OF THE 2132ND MEETING (24 JUNE)

(PV(2015) 2131; PV(2015) 2131, PART II)

The Commission approved the minutes of its 2131st meeting and decided to hold over approval of the minutes of its 2132nd meeting for the following week.

4. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2015) 292/2)

ADMINISTRATIVE MATTERS

(PERS(2015) 57/2)

4.1. LEGAL SERVICE – APPOINTMENT OF AD14/15 PRINCIPAL LEGAL ADVISER

(PERS(2014) 126 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Principal Legal Adviser responsible for the ‘AIDE (State Aids and Dumping)’ team in the Legal Service (PERS(2014) 126).

It took note of the opinions of the Consultative Committee on Appointments of 11 December 2014 and 12 February 2015 (PERS(2014) 126/2 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 Ms GEORGIEVA, in agreement with the PRESIDENT, it then decided to appoint Mr Paolo STANCANELLI to the post.

This decision would take effect on 1 September 2015.

4.2. DG COMMUNICATION – AMENDMENT OF THE ORGANISATION CHART AND PUBLICATION OF THE VACANCY NOTICE FOR THE POST OF DEPUTY DIRECTOR-GENERAL

On a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, the Commission decided:

- to create a post of Deputy Director-General;

- to publish this Deputy Director-General post as soon as possible and to empower Ms GEORGIEVA, in agreement with the PRESIDENT, to approve the text of the corresponding vacancy notice and its date of publication.

These decisions would take effect immediately.

4.3. *LEGAL SERVICE – AMENDMENT OF THE ORGANISATION CHART*

On a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, the Commission decided to abolish the post of Deputy Director-General in charge of institutional questions.

This decision would take effect on 1 September 2015.

4.4. *DG INTERNATIONAL COOPERATION AND DEVELOPMENT – INTERNAL PUBLICATION OF THE VACANCY NOTICE FOR AN AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2015) 58)*

On a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, having consulted Mr MIMICA and Ms MOGHERINI, the Commission decided to authorise the publication under Article 29(1)(a)(i) and (iii) of the Staff Regulations of the vacancy notice set out in PERS(2015) 58 for the post of Deputy Director-General in charge of Directorates C, G and H, and of the task forces ‘Knowledge, Performance and Results’ and ‘Overseas Countries and Territories’ in DG International Cooperation and Development.

This decision would take effect immediately.

**4.5. DG RESEARCH AND INNOVATION / DG ENERGY – AMENDMENT
OF THE ORGANISATION CHARTS
(PERS(2015) 59; SEC(2015) 304; SEC(2015) 305)**

The Commission took note of the information in point 5 of PERS(2015) 57/2 and, on a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, and having consulted Mr MOEDAS and Mr ARIAS CAÑETE, and also Mr ANSIP, Mr ŠEFČOVIČ, Mr DOMBROVSKIS and Mr KATAINEN, decided:

- to transfer operational responsibility for the ITER project, along with the corresponding staff, post quotas and budget, from DG Research and Innovation to DG Energy, as agreed by both DGs in PERS(2015) 59;
- to set up a new unit: ENER.DDG2.D.4 ‘ITER’;
- to abolish unit RTD.DDG3.G.5 ‘ITER’ and unit RTD.01 ‘Internal Audit’;
- to increase temporarily by one unit the non-structural adviser quota of DG Research and Innovation, this quota would be abolished upon the departure of the jobholder;
- to adopt the new organisation charts set out in SEC(2015) 304 and SEC(2015) 305;
- to take note of the fact that (i) the definitive transfer of the establishment plan posts would be regularised with the final decision on allocation of resources for 2016, (ii) in 2015, the appropriations relating to ITER would be made available to DG Energy by means of a (co)delegation in line with the applicable internal rules, and (iii) the transfer of responsibility between DG Research and Innovation and DG Energy had been included in the nomenclature of the 2016 draft budget and in the proposed level of appropriations.

These decisions would take effect on 1 July 2015.

As a result of this reorganisation:

- the total number of units in DG Research and Innovation would decrease from 61 to 59 and the total adviser post quota would increase from 10 to 11;
- the total number of units in DG Energy would increase from 20 to 21 and the total adviser post quota would continue to be 5.

4.6. DG INFORMATICS – DEPUTISING FOR THE DIRECTOR-GENERAL OF DG INFORMATICS

Under Article 27 of its Rules of Procedure, the Commission, on a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, and having consulted Mr OETTINGER and also Mr ANSIP and Mr KATAINEN, decided to designate the following officials, in the order set out below, to deputise for the Director-General of DG Informatics if he should be prevented from performing his duties:

- Ms Gertrud INGESTAD, Director, ‘Digital Business Solutions’ (DIGIT.B);
- Mr Bernard MAGENHANN, Director, ‘Resources Management and Optimisation’ (DIGIT.R);
- Mr Kenneth DUCATEL, Principal Adviser at DG Informatics.

This decision would take effect immediately.

4.7. DG INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMEs – RENEWAL OF THE TERM OF OFFICE OF THE EXECUTIVE DIRECTOR OF THE EUROPEAN GNSS AGENCY (GSA)

The Commission took note of the information in PERS(2015) 57/2 and, on a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, and having consulted Ms BIENKOWSKA and also Mr ANSIP, Mr DOMBROVSKIS, Mr KATAINEN and Mr ŠEFČOVIČ, decided:

- to propose to the Management Board of the European GNSS Agency (GSA) to extend the term of office of Mr Carlo DES DORIDES in his post of Executive Director for a period of four years from 1 February 2016;
- to consider this proposal as the Commission proposal under Article 15a(3) of Regulation (EU) 912/2010 as amended by Regulation (EU) 512/2014;
- to instruct Ms BIENKOWSKA, Member of the Commission responsible for the Internal Market, Industry, Entrepreneurship and SMEs, to communicate this proposal to the Management Board of the European GNSS Agency (GSA).

These decisions would take effect immediately.

4.8. DG HUMAN RESOURCES AND SECURITY – COMPOSITION OF THE CONSULTATIVE COMMITTEE ON APPOINTMENTS

The Commission took note of the information in point 8 of PERS(2015) 57/2 and, in order to guarantee the operational continuity of the Consultative Committee on Appointments, on a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, decided that the Director-General responsible for the Regulatory Scrutiny Board at the Secretariat-General would act as the Deputy Secretary-General pursuant to Article 3(3) and (4) of the Commission Decision of 7 February 2007 on the Rules of Procedure for the Consultative Committee on Appointments (C(2007) 380), until a new Deputy Secretary-General had taken office.

This decision would take effect immediately.

**4.9. DG HUMAN RESOURCES AND SECURITY – SPECIAL ADVISERS TO
THE COMMISSION UNTIL 31 MARCH 2016
(PERS(2015) 60)**

The Commission noted the information in point 9 of PERS(2015) 57/2 and, on a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, decided:

- to adopt the list of special advisers to Commission Members set out in PERS(2015) 60;
- to authorise the Director-General for Human Resources and Security to implement that decision by signing contracts of employment on behalf of the authority empowered to conclude contracts of employment.

These decisions would take effect immediately.

**5. FOLLOW-UP TO THE COMMISSION WORK PROGRAMME 2015 –
WITHDRAWAL OF PROPOSALS
(SI(2015) 276 AND /2)**

The Commission approved the line set out in SI(2015) 276/2.

It decided to withdraw the proposal for a directive amending Council Directive 92/85/EEC on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding and the proposal for a directive on the dissemination of Earth observation satellite data for commercial purposes.

The proposal on maternity leave would be replaced with a new initiative prepared

under the authority of Mr TIMMERMANS, Ms THYSSEN and Ms JOUROVÁ. This new initiative would form part of the Commission Work Programme for 2016, and the corresponding road map would be made public at the same time as the formal withdrawal was published in the *Official Journal of the European Union*.

With regard to the proposal on satellite data, the Commission asked Mr KATAINEN and Ms BIENKOWSKA to develop a new initiative on the basis of the work already carried out for the existing proposal; this new initiative would also be included in the Commission Work Programme for 2016.

However, the Commission decided not to withdraw the proposal for a regulation on organic production and the labelling of organic products. It would closely monitor the current interinstitutional legislative procedure and reserved the right to take action later on, if appropriate.

The Commission authorised Mr TIMMERMANS to send the co-legislators a letter announcing the decision to withdraw the two proposals mentioned above, stating the reasons for doing so, in line with the recent judgment of the European Court of Justice in case C-409/13. The letter would also state the Commission's intentions with regard to the submission of new proposals or any alternatives in the relevant fields.

6. INTERINSTITUTIONAL RELATIONS

(RCC(2015) 57)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 26 June (RCC(2015) 57).

It paid particular attention to the following points.

6.1. EARLY WARNING

i) Follow-up to the Commission Work Programme 2015 – withdrawal of proposals

(point 2.1 of the IRG record)

The Commission's decisions on this matter are set out in point 5 above.

6.2. LEGISLATIVE MATTERS

ii) Trilogue meetings

(point 3.1 of the IRG record)

- Amendment of Council Regulation (EC) 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process and suspending its application with regard to Bosnia and Herzegovina (Regulation) – BETTINI report – 2014/0197 (COD)

The Commission approved the line set out in SI(2015) 223 and /2.

- Establishing a European Platform to enhance cooperation in the prevention and deterrence of undeclared work (Decision) – PIRINSKI report – 2014/0124 (COD)

The Commission approved the line set out in SI(2015) 273.

- Measures concerning the European single market for electronic communications and to achieve a Connected Continent, and amending Directives 2002/20/EC, 2002/21/EC and 2002/22/EC and Regulations (EC) 1211/2009 and (EU) 531/2012 (Regulation) – DEL CASTILLO VERA report – 2013/0309 (COD)

The Commission approved the line set out in SI(2015) 274.

iii) European Parliament dossiers – July part-session

(point 3.2 of the IRG record)

Ordinary legislative procedure – First reading

- Establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (Decision) – BELET report – 2014/0011 (COD)

The Commission took note of the compromise text in SP(2015) 414, further to notes SI(2015) 131/2 and SI(2015) 162, which it had approved on 22 April and 6 May respectively.

- Seafarers – amendment of Directives 2008/94/EC, 2009/38/EC, 2002/14/EC, 98/59/EC and 2001/23/EC (Directive) – MORIN-CHARTIER report – 2013/0390 (COD)

The Commission took note of the compromise text in SP(2015) 415, further to notes SI(2015) 142 and /2, which it had already approved on 28 April.

Special non-legislative procedure (NLE)

- Setting of maximum permitted levels of radioactive contamination of foodstuffs and of feedingstuffs following a nuclear accident or any other case of radiological emergency (Council Regulation) – HERRANZ GARCÍA report – 2013/0451 (NLE)

The Commission approved the line set out in SI(2015) 416 and /3.

6.3. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL**iv) Programming of Council business**

(SI(2015) 280)

The Commission took note of the information in SI(2015) 280 on the Council meetings between 2 and 15 July.

v) Results of the European Council meeting (Brussels, 25 and 26 June 2015)

(SI(2015) 279; SEC(2015) 307; SEC(2015) 310; SEC(2015) 311)

Economic situation in Greece

The Commission reviewed in detail the latest developments – including events at the previous week's European Council meeting – in the negotiations between the Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF) and Greece.

The Commission adopted the background note in document SEC(2015) 311 and authorised Mr MOSCOVICI to sign on the Commission's behalf the letter in document SEC(2015) 310 for forwarding to the President of the Eurogroup Working Group.

Completing the Economic and Monetary Union – Five Presidents' Report

Mr DOMBROVSKIS felt that although the events of recent weeks had resulted in great uncertainty on the future of Greece and its economy, the Commission was able to conclude from its permanent monitoring of the economic situation in the rest of the euro area that its evolution confirmed the positive impact of the many measures implemented over the last few years in the Economic and Monetary Union (EMU), which was now more stable and

resilient. He therefore stated his conviction that, whatever the course of events in Greece, EMU would be able to withstand the consequences.

Even so, he noted that the current doubts surrounding EMU's future stability would dissipate, and EMU continue its development, only through strengthening and consolidation.

He pointed out that it was precisely in order to map the path towards achieving this that the report had been drawn up by the PRESIDENT in close cooperation with the President of the European Council, Mr Donald Tusk, the President of the Eurogroup, Mr Jeroen Dijsselbloem, the President of the European Central Bank, Mr Mario Draghi, and the President of the European Parliament, Mr Martin Schulz. This report had been presented to the Heads of State or Government at the most recent European Council meeting.

In the light of this report, Mr DOMBROVSKIS felt that the Union should continue on the path of reform and consolidate the foundations of EMU, a place of prosperity based on balanced economic growth, price stability and a social market economy. He also felt that the Commission had to take swift initiatives that would translate this vision into a reality.

For stage one of the deepening of EMU recommended in the Five Presidents' report, he mentioned two main approaches in the short term: (i) acceleration of the implementation of Banking Union; (ii) the creation of a more effective economic governance framework more capable of guaranteeing the desired results of the policies implemented nationally and at euro area and EU level.

In terms of achieving Banking Union, Mr DOMBROVSKIS first pointed out that financial stability was a prerequisite for growth and economic convergence. He cited the major advances represented by the single supervisory mechanism for the banks in the euro area and the Single Resolution Mechanism, which would be tasked with managing the resolution

of failing banks. Nevertheless, he admitted the need to step up efforts to sever existing links between banks and governments.

He stated that well before the introduction of the Single Resolution Mechanism in 2016, the negotiations between Member States would have to be concluded to ensure that adequate resources could be made available to the Single Resolution Fund before it received funding contributions from the banking sector ('bridging finance'). He felt that it would be necessary to give a fresh boost to these negotiations in order to produce an effective and truly European solution rather than settling for the lowest common denominator.

He felt that the same method should be applied to the common backstop for the Fund, which had to be finalised by no later than the end of 2016 in order for it to become operational from mid-2017.

Moreover, he believed that a Banking Union needed a European Deposit Insurance Scheme, whereas current EU legislation stipulated that each Member State should guarantee all deposits of less than EUR 100 000. He added that a European basis would allow these guarantees to be strengthened. Although he acknowledged that the creation of a European Deposit Insurance Scheme would take time, he hoped that consultations on how this could be brought about would start straight away.

Finally, he referred to the work undertaken under the responsibility of Lord HILL on preparing an action plan for the integration of the EU's capital markets by 2019, an element that would play an important role in improving the functioning of EMU.

In terms of the second line of approach proposed, namely the creation of a more effective economic governance framework, Mr DOMBROVSKIS explained that many imbalances adversely affecting the EU today were due to the inadequacy of previously implemented economic and budgetary policies.

He noted that the present Commission, upon taking office, had taken action to streamline the European semester and target it more on priorities. He noted that the Five Presidents' report recommended going further still on this point.

He therefore suggested that the Commission should present a communication on the streamlining of the European Semester in October or November, in time for it to be implemented in 2016. Among the measures that could be considered, he referred to the need to strengthen use of the macroeconomic imbalance procedure, promote better integration of the aggregate dimension of the euro area with the national dimension and facilitate better incorporation of social aspects. Proposals should also be made for a targeted revision, focusing on economic stability, of the applicable rules on economic governance in the Union and budgetary surveillance in the euro area ('six-pack' and 'two-pack', respectively).

He also favoured the idea of taking measures to ensure that the euro area spoke with one voice at international level, for example through a Commission proposal on consolidating the external representation of the euro area on the basis of Article 138 of the Treaty on the Functioning of the European Union (TFEU). The Commission could submit this proposal as early as October.

In parallel with these initiatives, Mr DOMBROVSKIS considered that it was important to step up cooperation between the European Parliament and the national parliaments. The Commission could make a commitment, through a letter from the Commission President to the President of the European Parliament, to discuss the priorities for the Annual Growth Survey 2016 with Parliament before it was launched.

Apart from these two initiatives in the short term, he supported launching as soon as possible the discussions on the second phase of the deepening of EMU, which would see the completion of its architecture.

In conclusion, Mr DOMBROVSKIS highlighted the need in general to find the right balance between commitment and solidarity, the European level and the national level, as well as between the effectiveness of the action taken by the executive and parliamentary oversight.

In the course of the discussion that followed, the Commission raised the following main points:

- the need, from now on, to apply certain provisions in force on economic governance in the euro area, such as the excessive macroeconomic imbalance procedure, which had so far never been implemented;
- the need to put the main elements of the banking union in place before considering new initiatives;
- support for streamlining the rules on the European Semester, which needed to be simpler and better targeted;
- support, too, for the creation of a European Deposit Insurance Scheme, which must be preceded by consultation with the Member States before any proposal was made; the importance of not pre-empting the outcome of the consultation and of not prejudging the need for such a scheme;
- the observation that the terms 'European re-insurance scheme' and 'European Deposit Insurance Scheme' should be clarified;
- a question concerning the role of the proposed advisory European Fiscal Board, which would deliver independent opinions and coordinate the Member States' Fiscal Councils, but might lead to the transfer of an important competence of the Commission.

Replying to these comments, Mr DOMBROVSKIS stated that the consultation on the creation of a European Deposit Insurance Scheme would

be launched in November, and that the system envisaged would consist of reinsuring the national deposit guarantee schemes. The proposal, which was currently being drawn up, did not in any way pre-empt the outcome of the consultation with the Member States. Its main elements had not yet been decided on.

As regards the advisory European Fiscal Board, its role would be to assist the Commission in drawing up its recommendations, but also to coordinate and complement the network of National Fiscal Councils set up under the Directive on requirements for the budgetary framework of the Member States.

The Commission took note of this information.

6.4. RELATIONS WITH PARLIAMENT

vi) Results of the June II part-session of Parliament

(SP(2015) 421)

The Commission took note of the information on Parliament's part-session held on 24 June in Brussels, set out in SP(2015) 421.

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

(SP(2015) 394)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Mr TIMMERMANS 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(2015) 394, drawn up following the June II part-session of Parliament, the contents of which were noted.

6.5. OTHER BUSINESS

viii) The Voluntary Partnership Agreement between the European Union and the Republic of Indonesia on forest law enforcement, governance and trade in timber products to the European Union (FLEGT)
(SI(2015) 268)

The Commission approved the line set out in SI(2015) 268.

7. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

7.1. WRITTEN PROCEDURES APPROVED
(SEC(2015) 288 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 26 June 2015.

7.2. EMPOWERMENT
(SEC(2015) 289 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 26 June 2015.

7.3. DELEGATION AND SUBDELEGATION OF POWERS
(SEC(2015) 290 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 22 and 26 June, as archived in Decide.

7.4. SENSITIVE WRITTEN PROCEDURES
(SEC(2015) 291 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 29 June and 3 July.

Mr TIMMERMANS asked Mr DOMBROVSKIS and Mr MOSCOVICI to present the draft Commission communication on the assessment of the action taken by France in response to the Council recommendation of 10 March 2015 with a view to bringing to an end the excessive government deficit. Although on a procedural level the draft communication was the subject of a written procedure for which the time limit would expire at 18.00 that evening (PE/2015/4536), he still wanted the results of the assessment to be presented to the Members of the Commission because of their sensitivity.

Mr DOMBROVSKIS explained that the draft communication in question followed the Council recommendation addressed to France on 10 March 2015, under Article 126(7) of the Treaty on the Functioning of the European Union (TFEU), calling on it to put an end to its excessive government deficit by 2017 at the latest. France had thus been advised to achieve a headline deficit of 4.0% of gross domestic product (GDP) in 2015, 3.4% in 2016 and 2.8% in 2017 which, according to the macroeconomic forecasts underlying the Council recommendation, was consistent with an improvement in the structural balance of 0.5% of GDP in 2015, 0.8% in 2016 and 0.9% in 2017, and would require the adoption of additional measures representing 0.2% of GDP in 2015, 1.2% in 2016 and 1.3% in 2017.

The Council had also given France until 10 June 2015 to present a detailed report on (i) the additional discretionary structural measures representing 0.2% of GDP which were to be adopted to comply with the recommendation to improve the structural balance in 2015 and (ii) the key budgetary measures proposed in order to achieve the targets for 2016 and 2017. He noted that France had duly presented its report to the Commission, setting out the measures taken in response to the Council recommendation and outlining the

consolidation strategy it envisaged to achieve the targets set by the Council. The Commission departments had then studied the report, applying the methodology agreed with the Member States for assessing whether effective action had been adopted.

Turning more specifically to the assessment of France's headline deficit, he noted that the consolidation strategy pursued by France relied mainly on the improving economy and continuing low interest rates. He confirmed, however, that, according to the forecasts updated on the basis of the data provided by France in its report, the headline targets should be achieved in 2015 and 2016. The situation in France was therefore one in which 'the headline deficit targets were expected to be met', which meant that, according to the rules in force, the procedure would be held in abeyance, even though the recommendation on improving the structural balance would not be complied with. Consequently, the Commission would not be reinforcing the procedure at this point, despite the inadequacy of the structural effort, and it took the view that the procedure should be held in abeyance.

As regards the analysis of the structural balance, which was not sufficient to meet the targets set in the Council recommendation for 2015 and 2016, he highlighted the risk of France finding itself in a situation of non-compliance in the future, because its economy was still very vulnerable to economic shocks. That was why the draft communication called on France to further reinforce its budgetary strategy in order to ensure a lasting correction of the excessive deficit. He noted that the same recommendation was made with regard to France in the context of the European semester. Mr DOMBROVSKIS concluded by saying that the unfolding situation would be examined in the autumn on the basis of the draft budget for 2016 to be presented by the French authorities and the updated economic forecasts.

Mr MOSCOVICI presented a more detailed analysis of the results of the Commission departments' assessment of the measures announced by France, stressing at the outset the constructive cooperation of the French authorities over the past few months. He confirmed that, according to these analyses, France was expected to meet the targets for the government deficit, with a level of 4% in 2015 and 3.4% in 2016. He added that a number of factors suggested that the growth forecasts presented by France were credible and prudent.

As regards the structural adjustment required of France, he agreed with Mr DOMBROVSKIS that the measures it proposed fell short of those deemed necessary by the Council in its recommendation. Although measures worth €4 billion had indeed been adopted, the Commission did not consider them all to be of a structural nature.

Under the current rules, which imposed a clear framework, Mr MOSCOVICI said that the conditions for concluding either that effective action had been taken or that it had not were not met in this instance. However, given that France had met the headline targets, the procedure launched in March would be held in abeyance. He cited a similar precedent in the application of the same rule to Spain in 2014, while stressing in the present case the fundamental difference between holding a procedure in abeyance and concluding that effective action had been taken.

Returning to the obligation on the Commission to take into account all relevant factors in the complex analysis undertaken in the context of the excessive deficit procedure, he noted the validity of the approach adopted in February, which had helped to encourage the French authorities to make a number of structural efforts, albeit incomplete. He, too, emphasised the need to continue to pay attention to this when examining the 2016 draft budget that France was to submit to the Commission in the autumn.

He dwelt, moreover, on the two risks involved in the French authorities' strategy. First, he was of the opinion that the growth assumption on which it was based could have a direct impact on the headline deficit in the event of an unexpected economic downturn, which would prompt the Commission to adopt a stricter stance. Secondly, he noted that the savings drive implemented by France consisted largely of additional small savings and was not sufficiently driven by a structural reform of the State, which was the only way of generating significant and lasting savings.

More generally, Mr MOSCOVICI advocated taking advantage of the economic improvement to see through the structural reforms necessary and warned of the risks for governments which decided to follow the opposite approach. He confirmed that the Commission would pay particular attention to this point as well when examining the draft budgets of euro area Member States in the autumn.

Following this dual presentation, the Commission raised the following main points:

- Members of the Commission were satisfied at having benefited from the oral presentations given by Mr DOMBROVSKIS and Mr MOSCOVICI on this complex topic;
- they emphasised the need for all Members of the Commission to be able to present in clear and simple terms the evaluation method and the factors taken into account in the context of the rules in force in order to explain the Commission's findings; there was general support for the draft communication, which covered all the technical aspects, and for the relevance of clear indications to facilitate external communication;
- it was felt that there was a need for the Commission to show that it treated all Member States the same way, if they were in a similar situation, with

respect to enforcing the Stability and Growth Pact rules; on a more general level, the principle of equal treatment was held to be essential for European solidarity;

- regarding the structural efforts made by France, there was regret that they were insufficient to meet the Council's recommendation both in 2015 and 2016; there was emphasis on the importance of maintaining or even stepping up structural efforts during the economic upturn and a reminder of the serious risk involved in, by contrast, the slowing down of structural reforms at such a time; the fact was noted that France would also be required to make serious structural efforts in 2017, an election year;
- there was a need for France to complete the significant series of structural reforms that it had recently adopted in order to strengthen the competitiveness of its real economy by ambitious structural savings measures, for example, in terms of local authorities and social security, as recommended by the Council;
- there was acknowledgement of the now more constructive cooperation of the French authorities with the Commission and the hope that this new momentum might lead to a gradual convergence of attitudes in terms of both content and form;
- more generally, there were lessons to be learnt by the Commission from its experience of enforcing the rules in force; a note of caution was struck, in particular, about the possibly deceptive nature of the sole criterion of complying with quantified objectives, which might not necessarily reflect implementation of the real reforms expected; there was a suggestion that attention should be given to those aspects in order to bring the rules fully into line in the future.

In reply to some of those comments, Mr DOMBROVSKIS reiterated the

procedural aspects of the Council's decision within the excessive deficit context. He pointed out that, under that procedure, compliance with the headline targets was the first thing to be examined, and, if that was not established, the Commission was obliged to look into the structural efforts to assess whether effective action had been taken, whereas if, on the contrary, the targets had been met, the rules provided for the possibility of holding the procedure in abeyance, irrespective of whether effective action had been taken on the recommended structural efforts. He noted once again that this was the approach that had been used with Spain in 2014.

Nevertheless, at the same time, he reiterated the need to send a clear message to Member States, emphasising the advisability of taking advantage of periods of economic upturn to carry out the structural reforms required. More generally, he recognised that solely taking account of the achievement or otherwise of the headline targets could, in certain cases, conceal a certain number of structural problems.

Mr MOSCOVICI pointed out that the possibility of holding the procedure in abeyance did not mean that the Commission terminated it. He said that the Commission would continue to keep a close watch on changes in France's headline deficit and its structural balance over the coming period, as it did for all the Member States.

The Commission took note of this information.

8. INTERINSTITUTIONAL RELATIONS (CONTINUED)
(RCC(2015) 57)

RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

Results of the European Council meeting (Brussels, 25 and 26 June 2015)

(SI(2015) 279 ; SEC(2015) 307 ; SEC(2015) 310 ; SEC(2015) 311)

European Agenda on Migration

Ms MOGHERINI reported on the conclusions reached at the European Council meeting on 25 and 26 June on the issue of migration.

Before that, however, she gave a brief overview of the discussions on defence and security issues. She said that the European leaders had asked for work to be taken forward on internal security and the fight against terrorism, for her to continue the process of preparing a comprehensive strategy on foreign and security policy, and for work to continue on the common security and defence policy on the basis of a strengthened defence industry.

Ms MOGHERINI then returned to the item on the European Council's agenda dealing with migration issues, which had led to the longest and most difficult discussions.

She explained that, after six hours of debate, the Union's Heads of State or Government had approved the outline of a comprehensive, long-term strategy and a number of ad hoc measures to address the current challenges caused by the influx of migrants to Europe.

She noted their support for the European Agenda on Migration proposed by the Commission which focused on the questions of relocation and resettlement, policies on return, readmission and reintegration, and cooperation with the migrants' countries of origin. She spoke of the breakthrough represented by the agreement in

principle to relocate 40 000 migrants from Greece and Italy to other Member States and to resettle 20 000 persons in clear need of international protection. The Commission was asked to continue its work in these areas in close cooperation with the Luxembourg presidency of the Union which began that day.

Regarding the substance of the talks, Ms MOGHERINI expressed her bitter disappointment at the rejection by the Heads of State or Government of the principle of a binding commitment to relocate and resettle refugees in favour of a voluntary arrangement, particularly given how low the figures announced were compared with the actual number of migrants currently arriving in Europe. She also regretted that the discussions had drifted away from the core problem, i.e. the need for European solidarity, to interinstitutional issues and, in particular, the role of the Commission.

Mr AVRAMOPOULOS raised the question of the follow-up of the European Council and of the next practical steps that it implied. He spoke in particular of the rapid adoption by the Council of a decision providing for the participation of all Member States in the temporary and exceptional relocation of 40 000 refugees from Italy and Greece on the basis of a distribution key that took account of the specific situation of each country and that would be presented to them at the Justice and Home Affairs Council at the end of July under Luxembourg's presidency of the Council.

He also referred to the measures approved by the Heads of State or Government on setting up reception and first reception facilities ('hotspots') in the frontline Member States, with the active support of Member States' experts and of the European Asylum Support Office (EASO), Frontex and Europol to ensure the swift identification, registration and fingerprinting of migrants. On the latter point, he reported that the Commission would be preparing a roadmap that month covering every aspect of these arrangements.

Mr AVRAMOPOULOS informed the Commission of the results of his visit to Hungary the previous day in this connection. He said that the aim of the visit had

been to present to the Hungarian authorities the different support options – e.g. the setting-up of ‘hotspots’ – that the Union could offer them to help deal with the current migratory pressure. He reported that he had discussed these issues with the Interior and Foreign Ministers, Mr Sándor Pintér and Mr Péter Szijjártó, who had undertaken to pass on the proposals to Hungary's Prime Minister, Mr Viktor Orban.

He concluded by pointing out the importance of progressing in parallel on every dimension of the European Agenda on Migration, noting that it was the Commission's duty to do everything in its power to mobilise European solidarity on issues of migration which were vital for the Union's future.

During the brief discussion that followed the Commission mainly noted the excellent result that the ‘Europeanisation’ of the issue of migration, and in particular the relocation and resettlement dimensions, represented for the Commission. It did, however, regret that its recommendation regarding the binding nature of commitments on these dimensions had not been followed up; it noted the lack of political will and solidarity among Member States, and the great efforts that would be required to reverse this trend and change attitudes.

The Commission took note of this information.

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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 12.49.