



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2016) 2168 final

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

Brussels, 25 May 2016

TEXTE EN

MINUTES

of the 2168th meeting of the Commission

held in Strasbourg

(Winston Churchill building)

on Tuesday 10 May 2016

(afternoon)

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Single sitting: Tuesday 10 May 2016 (afternoon)

The sitting opened at 16.35 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	Items 1 to 8 (in part)
Ms MOGHERINI	High Representative / Vice-President	Items 1 to 8 (in part)
Mr ANSIP	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	
Mr HAHN	Member	Items 7 (in part) and 8
Ms MALMSTRÖM	Member	Items 1 to 7 (in part)
Mr MIMICA	Member	
Mr ARIAS CAÑETE	Member	
Mr VELLA	Member	
Mr ANDRIUKAITIS	Member	
Mr AVRAMOPOULOS	Member	
Mr MOSCOVICI	Member	Item 7 (in part)
Mr STYLIANIDES	Member	Items 7 (in part) to 9
Lord HILL	Member	
Ms BULC	Member	
Ms BIENKOWSKA	Member	
Mr NAVRACSICS	Member	
Ms VESTAGER	Member	
Mr MOEDAS	Member	

Absent:

Ms GEORGIEVA	Vice-President
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Ms THYSSEN	Member
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Mr HOGAN	Member
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Ms JOUROVÁ	Member
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Ms CREȚU	Member
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(10 May 2016)

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

Ms WERNER	Chef de cabinet to Ms GEORGIEVA
Ms PASERMAN	Deputy Chef de cabinet to Ms THYSSEN
Mr POWER	Chef de cabinet to Mr HOGAN
Ms NIKOLAY	Chef de cabinet to Ms JOUROVÁ
Mr DE MICHELIS	Chef de cabinet to Ms CREȚU

The following also sat in:

Mr SELMAYR	Chef de cabinet to the PRESIDENT	Items 1 to 7
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	
Ms METTLER	Head of the European Political Strategy Centre	
Mr THOLONIAT	Adviser in the PRESIDENT's Office	
Ms SILLAVEE	PRESIDENT's Office	
Mr WYNANDS	Chef de cabinet to Mr DOMBROVSKIS	Items 1 to 8
Mr BAILLY	Chef de cabinet to Mr MOSCOVICI	
Ms CHRISTOPHIDOU	Chef de cabinet to Mr STYLIANIDES	Items 1 to 7 (in part)
Ms JUUL-JØRGENSEN	Chef de cabinet to Ms VESTAGER	Item 9

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

1. AGENDAS

(OJ(2016) 2168/FINAL; SEC(2016) 210)

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(2016) 2168)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Tuesday 10 May.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2166TH MEETING OF THE COMMISSION (27 APRIL) AND THE MINUTES OF THE 2167TH MEETING (4 MAY)

(PV(2016) 2166; PV(2016) 2166, PART II)

The Commission approved the minutes of its 2166th meeting and decided to hold over approval of the minutes of its 2167th meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2016) 57)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Wednesday 4 May (RCC(2016) 57).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Council dossiers

(point 3.3 of the IRG record)

- Ensuring the cross-border portability of online content services in the internal market (Regulation) – CAVADA report – 2015/0284 (COD)

The Commission approved the line set out in SI(2016) 179/4.

- Use of the 470-790 MHz frequency band in the Union (Decision) – TOIA report – 2016/0027 (COD)

The Commission approved the line set out in SI(2016) 180 and /2.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business

(SI(2016) 185)

The Commission took note of the information in SI(2016) 185 on the Council meetings between 12 and 25 May.

iii) Non-legislative dossiers

(point 4.1 of the IRG record)

- Position to be adopted, on behalf of the European Union, in the sixty-sixth session of the Executive Committee of the Programme of the United Nations High Commissioner for Refugees (Council Decision) – 2015/0237 (NLE)

The Commission approved the line set out in SI(2016) 181.

- Position to be adopted, on behalf of the European Union, in respect of an international instrument to be elaborated by the ICAO bodies and intended

to lead to the implementation from 2020 of a single global market-based measure addressing emissions from international aviation (Council Decision) – 2016/0094 (NLE)

The Commission approved the line set out in SI(2016) 182/2.

- Recommendation for temporary internal border control in exceptional circumstances putting the overall functioning of the Schengen area at risk (Council Implementing Decision) – 2016/0140 (NLE)

The Commission approved the line set out in SI(2016) 187.

- Implementation of the Eastern Partnership since Riga Summit (issues paper)

The Commission took note of the issues paper annexed to SI(2016) 183/2.

4.3. RELATIONS WITH PARLIAMENT

iv) Participation by Members of Parliament in international conferences

(point 5.7 of the IRG record)

- First World Humanitarian Summit (Istanbul, 23 and 24 May)

The Commission replied to the request to the PRESIDENT from Mr Martin Schulz, the President of the European Parliament, concerning the attendance of twelve Members of the European Parliament at the above-mentioned meeting from 23 to 24 May as observers in the EU delegation, as set out in SP(2016) 317, further to documents SP(2016) 152 and /2, which it had already approved on 23 March.

4.4. OTHER BUSINESS

v) Anti-Corruption Summit, London (12 May)

(point 7.1 of the IRG record)

The Commission approved the line set out in SI(2016) 176.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2016) 211 ET SEQ.)

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

5.2. EMPOWERMENT

(SEC(2016) 212 ET SEQ.)

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

5.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2016) 213 ET SEQ.)

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

5.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2016) 214 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 9 and 13 May and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on Tuesday 10 May.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2016) 215)

ADMINISTRATIVE MATTERS

(PERS(2016) 43)

6.1. DG NEIGHBOURHOOD AND ENLARGEMENT NEGOTIATIONS – APPOINTMENT OF AN AD14/15 DIRECTOR

(PERS(2015) 131 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 of the ‘Western Balkans’ Directorate in DG Neighbourhood and Enlargement Negotiations (PERS(2015) 131).

It took note of the opinions of the Consultative Committee on Appointments of 16 March and 14 April (PERS(2015) 131/2 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 and after consulting Mr HAHN and also Ms MOGHERINI, it decided to appoint Ms Genoveva RUIZ CALAVERA to the post.

This decision would take effect on 1 June 2016.

**6.2. SECRETARIAT-GENERAL – APPOINTMENT OF AD14/15 DIRECTOR
(PERS(2016) 22 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 of the ‘Resources’ Directorate in the Secretariat-General (PERS(2016) 22).

It took note of the opinions of the Consultative Committee on Appointments of 15 and 21 April (PERS(2016) 22/2 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 Ms Tatjana VERRIER to the post.

This decision would take effect on 1 June 2016.

**6.3. DG RESEARCH AND INNOVATION – ABOLITION OF A DEPUTY
DIRECTOR-GENERAL POST AND INTERNAL PUBLICATION OF
ANOTHER DEPUTY DIRECTOR-GENERAL POST AT GRADE AD15/16
(PERS(2016) 44)**

On a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT and after consulting Mr MOEDAS and also Mr ANSIP, Mr ŠEFČOVIČ, Mr DOMBROVSKIS and Mr KATAINEN, the Commission decided:

- to abolish the post of Deputy Director-General in charge of ‘Research Programmes II’ (RTD.DDG.4);
- to authorise the publication under Article 29(1)(a)(i) and (iii) of the Staff Regulations of the vacancy notice in PERS(2016) 44 for the post of Deputy Director-General in charge of ‘Research Programmes and

Directorates D, E, F, G, H and I' (RTD.DDG.2) in DG Research and Innovation.

These decisions would take effect immediately.

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

(PERS(2016) 45)

On a proposal from Ms GEORGIEVA, in agreement with the PRESIDENT, the Commission decided to approve the lists of candidates for Head of European Union Delegation posts set out in PERS(2016) 45. These lists would serve as the basis for the competent authority of the European External Action Service to make the final appointments.

This decision would take effect immediately.

7. POLICY DEBATE ON THE EUROPEAN SEMESTER – 2016 SPRING PACKAGE

(SEC(2016) 226; RCC(2016) 59)

Mr DOMBROVSKIS opened the policy debate on the preparation of the proposals for decisions and other documents which the Commission would adopt on 18 May under the European Semester for the coordination of economic and fiscal policies, i.e. the 2016 Spring Package.

The package would comprise (i) country-specific recommendations for 2016-2017 addressed to all Member States except Greece, which was still under a European assistance programme, (ii) a number of decisions relating to the Stability and Growth Pact, and (iii) a general communication outlining the background to the

package and summarising the key aspects of the recommendations.

There would be no major changes to the country-specific recommendations, since the virtuous triangle of investment, structural reforms and fiscal responsibility continued to be the focus, the measures advocated being tailored to the specific needs of each Member State identified in the country reports in February.

The country-specific recommendations were nevertheless important, as they would take stock of progress in implementing the economic strategy set out in the Annual Growth Survey and form part of the Commission's efforts to simplify the European Semester and make it more effective. There would thus be fewer recommendations and they would, for example, be restricted to the key macroeconomic and social issues, and be drawn up after in-depth discussion with each Member State.

The following week the Commission would move ahead with the preparation of the report on the transposition of the fiscal compact by launching formal consultation of the parties to the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (EMU).

Mr DOMBROVSKIS outlined the key points of the decisions to be taken under the Stability and Growth Pact and the macroeconomic imbalance procedure, which were the most complex part of the current European Semester cycle.

A first group of Member States – Cyprus, Slovenia and Ireland – were expected to exit the excessive deficit procedure, bringing the total number of Member States in that category to six: Croatia, France, Greece, Portugal, Spain and the United Kingdom.

He referred specifically to Portugal and Spain, which would have failed to achieve the targets for correcting their excessive deficits in 2015 and 2016 respectively, and to take the effective action expected of them. He therefore felt that the Commission should take their excessive deficit procedures to the next stage under Article 126(8) of the Treaty on the Functioning of the European Union (TFEU) and set new

deadlines for the correction of their excessive deficits under Article 126(9) TFEU.

He explained the procedures to be followed in such cases; once the Council had adopted a decision stating that the measures were not effective, the Commission would be required to submit a proposal on penalties within 20 days and to recommend suspension of funding (commitment appropriations) to the two Member States under the European structural and investment funds. However, the suspension could be lifted if, after the new recommendation had been made under the excessive deficit procedure, the Commission concluded that the action was effective. It could also take into account mitigating circumstances when setting the level of penalties under the Pact. He took the view that the current deadlines for Portugal and Spain to correct their excessive deficits should be extended by one year.

Mr DOMBROVSKIS then turned to the preventive arm of the Pact and referred to Belgium, Finland and Italy. The level of – or trend in – these countries' debt would oblige the Commission to draft a new report under Article 126(3) TFEU in order to decide whether to open an excessive deficit procedure. That would not appear to be necessary for the first two countries in the light of all the information analysed, while it would be debatable in the case of the third.

Even taking into account all the flexibility granted to Italy in 2016 under the structural reform and investment clause of the Pact, as well as for the extra costs linked to the reception of refugees and security (EUR 14.2 billion in total), it would not comply with the parameters set by the Pact. Like the PRESIDENT and Mr MOSCOVICI, he was therefore in close contact with the Italian authorities, which the previous day had sent a letter signed by the Minister for Finance. The letter – distributed at the meeting – referred to an adjustment path, which would require further clarification.

Still on the preventive arm of the Pact, Mr DOMBROVSKIS mentioned three other Member States — Hungary, Malta and Slovakia — which could be placed under a procedure for significant deviation from the adjustment path required to meet the

medium-term objective (MTO). That issue was also open to debate, since it would be the first time the procedure had been used, its methodology was under discussion and the three countries had less unfavourable debt levels than some others. However, the figures pointed towards the opening of the procedure, and it would be difficult to explain why it was not applied.

Lastly, in March the Commission had not settled the question of whether to open a macroeconomic imbalance procedure against Croatia and Portugal if they failed to make appropriate commitments in their national reform programmes. It now appeared, subject to confirmation by the technical analysis under way, that such procedures would not be necessary.

Mr DOMBROVSKIS concluded his presentation by highlighting the precedents that could be set by the Commission's decisions on a number of key aspects of the Pact, namely penalties, the significant deviation procedure and the debt-based excessive deficit procedure, as well as the decisions under the macroeconomic imbalance procedure. In other words, it would be necessary to reconcile the consistency of the decisions, the political objectives and the application of the rules of which the Commission was the guardian.

Mr MOSCOVICI then took the floor to report on the economic background to the budget recommendations and decisions to be proposed the following week, in other words the economic forecasts for 2016-2017 presented the previous week.

In particular, he singled out European growth, which should remain stable at between 1.7% and 1.8% over two years despite a slowdown in current external growth factors (level of oil prices, appreciation of the euro and the European Central Bank's quantitative easing policy) and the uncertainties surrounding the Chinese, Russian and Brazilian economies and the financial markets. The prospect of growth would be sufficient justification for speeding up structural reforms, which is what the Commission would be calling for in the recommendations it addressed to the Member States on 18 May.

In addition, Mr MOSCOVICI pointed to the euro-area fiscal consolidation, which was continuing at a steady pace, with the budget deficit expected to fall below 2% this year and then again to 1.6% in 2017. To put these figures into perspective, he pointed out that the euro-area budget deficit had stood at 6.1% in 2010. He added that debt also looked set to fall, having already dropped from 93% in 2015 to 91% in 2017, so that the vast majority of Member States would now come under the preventive arm of the Stability and Growth Pact. These factors would explain the complex situations of Italy, Finland, Belgium, Malta, Slovakia and Hungary, and justify the continued application of the rules by the Commission for the few Member States that were still above the 3% deficit threshold, namely Portugal, Spain and France.

Moving on to the country-specific recommendations, he highlighted in particular the effort made to gear them to reforms that would underpin economic recovery, including investment, and make them more realistic and targeted, while at the same time fostering political ownership in the Member States.

In the case of macroeconomic imbalances, the measures set out in the national programmes of Portugal and Croatia were going in the right direction, therefore the corrective arm of the macroeconomic imbalance procedure would not be triggered provided that these measures were implemented in the coming months.

In relation to fiscal decisions, the good news was that the excessive deficit recommendations for Cyprus, Ireland and Slovenia would be repealed – one year ahead of schedule as far as Cyprus was concerned.

Mr MOSCOVICI then turned to the situation of several Member States covered by the preventive arm of the Pact, starting with Belgium, Finland and Italy, which would not have respected the fiscal adjustment path set down in the rules, in particular the structural deficit, and whose debt levels would have increased in 2015. The rules which applied to Member States in which the deficit was below 3%

sometimes restricted their paths more than those of countries under the excessive deficit procedure.

He explained the situation of Belgium and Finland and why he would not recommend placing these Member States under an excessive deficit procedure. The case of Italy would be more complex, however, with its structural deficit set to deteriorate in 2016 and 2017, while its debt was still not contained. Italy had requested flexibility measures, most of which could be accepted, but this would not preclude the country from having to make a structural effort of about €2.5 to €3 billion. Another approach would be to initiate an excessive deficit procedure; however it should be remembered that Italy's deficit had been below 3% for several years and was even expected to go below 2% in 2017.

Turning to Malta, Slovakia and Hungary, Mr MOSCOVICI said that they might be placed in a significant deviation procedure because of departure from the required adjustment path, with the imposition of financial penalties. An alternative would be to include a clear message in their country-specific recommendations asking them to correct the deviations in 2016-2017, especially since their nominal deficit and debt were expected to decline over this period, and given that the Council was in fact currently discussing the merits of certain rules forming part of the preventive arm.

Mr MOSCOVICI referred next to the corrective arm of the Pact and the cases of Portugal and Spain, for which new recommendations would have to be put forward. Given that the economic forecasts for Portugal pointed to a deficit of 2.7% of GDP this year and then to a 2.1% deficit in 2017, he would envisage setting 2016 as the new target for its return to below the 3% threshold. In relation to Spain, where the budget deficit was expected to stand at 3.9% this year and at 3.1% next year, there would be the additional question of whether the recommendation should set a new time-limit of one to two years for it to get below the 3% threshold given the uncertainty over the formation of a new government.

For both Portugal and Spain, Mr MOSCOVICI was concerned that if the Council

were to find that these two Member States had not taken effective action in the past to remedy the structural deficit, then following the two-pack rules in force, the Commission might have to impose penalties amounting to 0.2% of GDP. He described the consequences of this procedure, adding that it had never been applied. While the Member States concerned could request a reduction or cancellation of these penalties due to exceptional circumstances, the fact remained that the Commission would have to initiate proceedings to freeze part of the Structural Funds destined for them, and these Member States would then have to make an effort throughout the year to enable the suspension to be lifted.

During the ensuing discussion, the Commission raised the following main points:

- in general, support for the approach presented and the line proposed by the Commission Members responsible;
- the good news, which should be highlighted, in particular the progress achieved since the crisis; the substantial adjustment efforts made by certain Member States;
- nevertheless, the fragility of the current recovery and the risks facing certain growth vectors; regret that the external factors undermining European growth and competitiveness, in particular the slowdown in the Chinese economy, had not been taken into account more;
- hence the reminder of the need for further structural reforms in the Member States and a sustainable balance in public finances; from this point of view, the still rather vague announcements made by some EU governments and the need to obtain greater assurance;
- the fact that the EU's instruments of economic coordination were the only anchor for fiscal responsibility; likewise, a reminder of the close correlation

between the level of public debt, on the one hand, and the growth rate and employment rate on the other;

- regret that, of the EU's three growth engines for 2016 – exports, consumption and investment – the last mentioned appeared to be relatively less significant in 2017; the impact, in this respect, of the methodology applied by Eurostat;
- the Commission's credibility and authority, which some Members felt lay in the strict and consistent enforcement of the rules laid down in the treaties and laws on the coordination of economic and budgetary policies; the importance of this consistency for creating an atmosphere of trust between the EU and its Member States and between Member States themselves;
- a desire on the part of other Members for these rules to be enforced in a more 'political' way, adapted not only to the precedents this could set and the comprehension difficulties it could create among citizens, but also to the overall context and national situations; whether the political message of the recommendations issued should be adapted accordingly;
- the electoral context in some Member States and the problems this could engender for taking reform decisions and setting an economic and budgetary course; a request to bear in mind that, in other Member States, governments sometimes resolutely pursued tricky structural reforms with the support of their populations and obtained results, which future Commission decisions should not discourage;
- the value of demonstrating that EU rules protect citizens, so as to counter the dangerous populist discourse of certain parties who were seeking to eliminate the EU tier of government while promising greater social protection;
- a desire, on the part of some Members, that the decisions to be taken on certain Member States' requests to be afforded flexibility in relation to Stability and

Growth Pact criteria should be seen not as concessions, but measures allowing them to meet European political goals; a desire on the part of others to emphasise the Pact conditions that must be met, even where flexibility was granted;

- a warning from some Members of the effects of applying penalties leading to the automatic suspension of funding from the European structural and investment funds;
- support from some Members for simplifying the approach to the Spring Package, so that it took into account the social impact of the recommended policies, was more succinct and emphasised the key issues;
- regret on the part of others that, despite the efforts made to make the messages clearer and more concise, the European Semester remained a very complex exercise that was not easy for citizens to understand; a desire that this complexity should not favour Member States seeking to obtain accommodations or concessions; a proposal to continue simplifying the process and make a special effort in terms of communication in order to explain its content;
- the difficulty of understanding the seemingly inconsistent consequences of certain procedural factors that arose simultaneously during the European Semester.

Mr MOSCOVICI replied to a number of comments by stressing that the main message of the European Semester should be that of an exercise designed to stimulate growth, which required an effort to educate the public and help them understand the purpose of and need for economic governance of the EU. He added that a clear understanding of the governance process would be all the more important should the Commission come to propose financial penalties and the freezing of structural funds against a Member State – a decision which would undoubtedly resonate strongly among its citizens.

In the case of Spain, he did not have any strong position on the deadline it was to be given to achieve the set macroeconomic targets, but expressed a preference for two years instead of one, which would allow for the time needed to form a government.

Turning to Italy, discussions were ongoing and, although they had not yet reached agreement, the Commission and the Italian government were thinking along the same lines.

Mr DOMBROVSKIS explained that the overall communication that would accompany the country-specific recommendations would provide an assessment of the economic situation in the euro area and policy directions to boost growth.

Generally speaking, structural deficits were increasing, leading to more expansionary fiscal trajectories than in previous years.

Efforts to simplify the European Semester were ongoing and mainly involved the use of simplified indicators.

Turning to Spain and the additional time it should be granted, he pointed out that it would need a year to bring its public deficit below the required threshold of 3% of GDP and recommended that this deadline be approved, as per the Spanish government's request.

Although Spain and Portugal had made substantial progress on structural reforms and the reduction of their public deficits, he noted that the structural effort did not entirely live up to the recommendations issued to the two countries by the Council. The communication of this contrasting picture would, he believed, call for clear messages on the part of the Commission. Nonetheless, he felt that the issue of penalties still needed to be resolved, especially if the credibility of the agreed rules of a joint agreement was to be reasserted.

Finally, he noted that Italy had not yet started to reduce its public debt and was struggling to achieve its budget deficit reduction targets, which meant that, overall,

there were still some concerns surrounding the improvement of its economic situation.

The PRESIDENT closed the policy debate by noting the general support for the decisions that would be recommended by Mr DOMBROVSKIS, Mr MOSCOVICI and Ms THYSSEN. He nonetheless highlighted the potential consequences of some of them on the financial markets in general and on citizens in particular, even though they would be justified by current rules.

For example, he wondered whether it would be a good policy to impose further constraints on Member States which were reducing their budget deficits and remained very pro-European, or penalties on others which had already made considerable recovery efforts and restored significant growth. Moreover, he felt that some decisions, for example on the time allowed to meet a given criterion, would risk sending a confusing message. He therefore strongly recommended that the efforts to ensure consistency and to communicate with the public were commensurate with the issues at stake. Finally, he stressed the need to make sure that the entire Spring Package to be submitted to the Commission on 18 May had the support of the Council.

The Commission took note of the results and conclusions of the policy debate and of the background note in SEC(2016) 226.

8. OTHER BUSINESS

ASSISTANCE PROGRAMME FOR GREECE – RESULTS OF EXTRAORDINARY EUROGROUP MEETING (BRUSSELS, 9 MAY)

Mr DOMBROVSKIS reported to the Members of the Commission on the progress made in the first evaluation of the implementation of the assistance programme for Greece under the European Stability Mechanism following the meeting of the

Eurogroup on 9 May; an agreement had been reached at technical level and was now being finalised.

He explained that the substantial progress made at that meeting should make it possible to complete the first evaluation and pave the way for the payment of another tranche of financial assistance to Greece. He noted that the Greek Government had in fact submitted the most difficult reforms to the Greek Parliament. However, it still had to take a number of measures before it could introduce legislation on the full package of consolidation measures – representing 3% of GDP – which would enable it to achieve the agreed primary surplus target, introduce a contingency mechanism to trigger additional emergency measures, and implement the other reforms called for by this first evaluation, in particular the strategy relating to non-performing loans and the creation of the privatisation and investment fund. While the definition of the contingency mechanism had proved to be more complicated than expected, an agreement had been reached on the procedures for launching it.

This being so, Mr DOMBROVSKIS was optimistic about the possibility of concluding the evaluation at the Eurogroup meeting on 24 May.

He went on to explain that the euro-area Finance Ministers had also agreed on a sequential approach to the process of restructuring Greece's debt in the short, medium and long term, pointing out that a nominal discount or actual losses were not an option. He said that a report on the technical work currently being carried out on this point would be presented to the Eurogroup on 24 May. It was clear from the discussion on Greek debt that the euro-area Member States were open to the idea of considering different ways of ensuring that the country's financing needs remained manageable. In this connection he pointed out that it was for Greece's creditors to decide what debt restructuring measures could be considered, with the Commission acting as facilitator. He added that the approach agreed by the Eurogroup should

also enable the International Monetary Fund to continue to support Greece through its programmes and loans.

In the brief discussion that followed, the Commission stressed in particular the substantial progress made by Greece in consolidating its public finances and implementing structural reforms, the resulting hopes of concluding an agreement on 24 May on releasing a new tranche of aid and the fact that it might also reassure the Greek people regarding the tangible effects on the Greek economy of the sacrifices made; the encouraging nature of preliminary discussions in the Eurogroup on restructuring the debt and the general improvement in the climate of the talks were also mentioned.

The PRESIDENT concluded the item by warmly thanking Mr DOMBROVSKIS and the Members of the Commission taking part in the evaluation of the Greek programme for their efforts, and congratulated them on the quality of their work.

The Commission took note of this information.

**9. COMMISSION DECISION CONCERNING A PROCEEDING UNDER ARTICLE 8(2) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE M.7612 – HUTCHISON 3G UK / TELEFÓNICA UK)
(C(2016) 2796 TO /4; RCC(2016) 60)**

Ms VESTAGER informed the Members of the Commission of the proposed decision on the planned acquisition of O2 (Telefónica UK) by Hutchison 3G UK to be adopted by finalisation written procedure, the deadline for which was set at 10.00 on Wednesday 11 May 2016 (PE/2016/2998).

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 18.42.