



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2013) 2066

Brussels, 27 November 2013

MINUTES

of the 2066th meeting of the Commission

held in Brussels

(Berlaymont)

Wednesday 13 November 2013

(morning)

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Single sitting: Wednesday 13 November 2013 (morning)

The sitting opened at 9.09 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	Items 8 to 11
Ms KROES	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr BARNIER	Member	
Ms VASSILIOU	Member	
Mr ŠEMETA	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 8/9/10/11 (in part)
Ms DAMANAKI	Member	
Mr OETTINGER	Member	Items 7 and 8/9/10/11 (in part)
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	
Ms MALMSTRÖM	Member	
Mr BORG	Member	
Mr MIMICA	Member	

Absent:

Baroness ASHTON	High Representative/ Vice-President
Mr TAJANI	Vice-President
Mr PIEBALGS	Member
Mr DE GUCHT	Member
Ms GEORGIEVA	Member
Mr CIOLOŞ	Member

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

Mr MORRISON	Chef de cabinet to Baroness ASHTON	Items 1 to 8/9/10/11 (in part)
Mr RENTSCHLER	Deputy Chef de cabinet to Baroness ASHTON	Items 8/9/10/11 (in part)
Ms SUPERTI	Deputy Chef de cabinet to Mr TAJANI	
Mr KARHUNEN	Deputy Chef de cabinet to Mr PIEBALGS	Items 8/9/10/11 (in part)
Mr HOFFMEISTER	Deputy Chef de cabinet to Mr DE GUCHT	
Ms HRISTCHEVA	Deputy Chef de cabinet to Ms GEORGIEVA	
Mr HAEUSLER	Chef de cabinet to Mr CIOLOŞ	

The following also sat in:

Mr CABRAL	Adviser hors classe in the PRESIDENT's Office	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PAULGER	Director-General, DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	Items 8/9/10/11 (in part)
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 8 to 11
Ms LUCAS	A member of the PRESIDENT's staff	Items 1 to 8/9/10/11 (in part)
Ms SKURATOWICZ	A member of the PRESIDENT's staff	
Mr NOCIAR	Chef de cabinet to Mr ŠEFČOVIČ	Items 1 to 7
Mr PESONEN	Chef de cabinet to Mr REHN	Items 1 to 8/9/10/11 (in part)
Mr LAHTI	Adviser in Mr REHN's office	Items 8/9/10/11 (in part)
Mr SADAUSKAS	Chef de cabinet to Mr ŠEMETA	

Mr HAGER	Chef de cabinet to Mr OETTINGER	Items 8/9/10/11 (in part)
Ms WEERTS	A member of Mr ANDOR's staff	Items 1 to 8/9/10/11 (in part)
Mr SERVOZ	Deputy Secretary-General	
Mr ZOUREK	Director General, DG Taxation and Customs Union	

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

1. AGENDAS

(OJ(2013) 2066/FINAL; SEC(2013) 578/2)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings. It also took note of the addition of item 7.1 (on an administrative decision) to this meeting's agenda.

2. WEEKLY MEETING OF CHEFS DE CABINET

(RCC(2013) 2066)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 11 November.

3. MINUTES OF 2065th MEETING (6 NOVEMBER)

The Commission held over approval of the minutes of its 2065th meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2013) 134)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held on Friday 8 November (RCC(2013) 134).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.2 of the IRG record)

Dossiers at Parliament first reading

- Multiannual Financial Framework 2014-2020 – Guidelines for trans-European telecommunications networks and repeal of Decision 1336/97/EC (Regulation) – TOŠENOVSKÝ report – 2011/0299 (COD)

The Commission approved the line set out in SI(2013) 587/2.

- Uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund and amendment of Regulation (EU) 1093/2010 (Regulation) – FERREIRA report – 2013/0253 (COD)

The Commission approved the line set out in SI(2013) 576/2.

- Electronic invoicing in public procurement (Directive) – COLLIN-LANGEN report – 2013/0213 (COD)

The Commission approved the line set out in SI(2013) 580/2.

- Prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Directive) – SARGENTINI report – 2013/0025 (COD)

The Commission approved the line set out in SI(2013) 578/3.

- Criminal sanctions for insider dealing and market manipulation (Directive) – McCARTHY report – 2011/0297 (COD)

The Commission approved the line set out in SI(2013) 575.

- Establishment of a framework for managing financial responsibility linked to investor-state dispute settlement tribunals established by international agreements to which the European Union is party (Regulation) – ZALEWSKI report – 2012/0163 (COD)

The Commission approved the line set out in SI(2013) 584.

Dossiers at Council first reading

- Adjustment rate to direct payments provided for in Council Regulation (EC) 73/2009 in respect of calendar year 2013 and repeal of Commission Implementing Regulation (EU) 964/2013 (Council Regulation) – 2013/0339 (NLE) – Follow-up to 2013/0087 (COD)

The Commission approved the line set out in SI(2013) 582.

ii) Preparation of Parliament's November part-session
(point 1.3 of the IRG record)

Ordinary legislative procedure – 1st reading

- Multiannual Financial Framework 2014-2020 – Erasmus for all – The Union Programme for Education, Training, Youth and Sport (Regulation) – PACK report – 2011/0371 (COD)

The Commission approved the line set out in SP(2013) 783.

- Multiannual Financial Framework 2014-2020 – Establishment of the Creative Europe Programme (Regulation) – COSTA report – 2011/0370 (COD)

The Commission approved the line set out in SP(2013) 784 and /2.

- 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 SP(2013) 726 and /2.

- Multiannual financial framework 2014-2020 – Cohesion policy – European Social Fund and repeal of Regulation (EC) 1081/2006 (Regulation) – MORIN-CHARTIER report – 2011/0268 (COD)

The Commission approved the line set out in SI(2013) 591.

- 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 SP(2013) 785.

- 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 report – 2011/0273 (COD)

The Commission approved the line set out in SP(2013) 786.

- Multiannual financial framework 2014-2020 – Cohesion policy – Cohesion Fund and repeal of Council Regulation (EC) 1084/2006 (Regulation) – BOȘTINARU report – 2011/0274 (COD)

The Commission approved the line set out in SP(2013) 787.

- Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Establishment of rules for direct payments to farmers under support schemes within the framework of the common agricultural policy (Regulation) – CAPOULAS SANTOS report – 2011/0280 (COD)
- Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Common organisation of the markets in agricultural products (Single CMO Regulation) – DANTIN report – 2011/0281 (COD)

- Multiannual Financial Framework 2014-2020 – Common agricultural policy - Support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (Regulation) – CAPOULAS SANTOS report – 2011/0282 (COD)
- Multiannual Financial Framework 2014-2020 – Common Agricultural Policy – Financing, management and monitoring of the common agricultural policy (Regulation) – LA VIA report – 2011/0288 (COD)

The Commission approved the line set out in SP(2013) 788.

- Improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures (Directive) – REGNER / KRATSA-TSAGAROPOULOU report – 2012/0299 (COD)

The Commission approved the line set out in SP(2013) 790 and /3.

- Amendment of Regulation (EC) 223/2009 on European statistics (Regulation) – HOANG NGOC report – 2012/0084 (COD)

The Commission approved the line set out in SP(2013) 663 and /3.

- Provision of macro-financial assistance to the Hashemite Kingdom of Jordan (Decision) – MOREIRA report – 2013/0128 (COD)

The Commission approved the line set out in SP(2013) 791 and /2.

- Amendment of certain legislative acts in the domain of agricultural and fishery statistics (Regulation) – DE CASTRO report – 2012/0343 (COD)

The Commission took note of the compromise text in SP(2013) 792, further to note SI(2013) 456, which it had already approved on 10 September.

- Transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and amendment of Regulation (EU) [...] [RD] as regards resources and their distribution in respect of the year 2014, and amendment of Council Regulation (EC)

73/2009 and Regulations (EU) [...] [DP], (EU) [...] [HZ] and (EU) [...] [sCMO] as regards their application in the year 2014 (Regulation) – DESS report – 2013/0117 (COD)

The Commission took note of the compromise text in SP(2013) 793, further to note SI(2013) 521/2, which it had already approved on 16 October.

Special legislative procedure

- Instrument for nuclear safety cooperation (Regulation) – KRAHMER report – 2011/0414 (CNS)

The Commission approved the line set out in SP(2013) 720 and /2.

- Amendment of Decision 2009/935/JHA as regards the list of third States and organisations with which Europol shall conclude agreements (Council Decision) – CLAEYS report – 2013/0801 (CNS)

The Commission approved the line set out in SP(2013) 794.

Consent procedure

- Multiannual Financial Framework 2014-2020 – establishment for the period 2014-2020 of the programme ‘Europe for Citizens’ (Council Regulation) – TAKKULA Report – 2011/0436 (APP)

The Commission approved the line set out in SP(2013) 789.

Special non-legislative procedure

- Multiannual Financial Framework 2014-2020 – Adoption of a supplementary research programme for the ITER project (2014-2018) (Council Decision) – REMEK report – 2011/0460 (NLE)

The Commission approved the line set out in SP(2013) 721 and /2.

- Conclusion of the Protocol between the European Union and the Republic of Kiribati, setting out the fishing opportunities and financial

contribution provided for in the Fisheries Partnership Agreement between the European Community, on the one hand, and the Republic of Kiribati, on the other (Council Decision) – LÖVIN report – 2012/0229 (NLE)

The Commission approved the line set out in SP(2013) 668 and /2.

iii) Special legislative procedure

(point 1.4 of the IRG record)

- Association of the overseas countries and territories with the European Union (Council Decision) – TIROLIEN report – 2012/0195 (CNS)

The Commission approved the line set out in SI(2013) 581 and /2.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iv) Programming of Council business

(SI(2013) 589)

The Commission took note of the information in SI(2013) 589 on the Council meetings between 14 and 27 November.

4.3. RELATIONS WITH PARLIAMENT

v) Action taken on the legislative opinions and non-legislative resolutions adopted by Parliament during its September 2013 part-session

(point 3.4.2 of the IRG record)

The Commission approved documents SP(2013) 774 and /2 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its September part-session, for transmission to Parliament.

4.4. EXTERNAL RELATIONS

vi) Signing, on behalf of the European Union, of the Protocol to eliminate illicit trade in tobacco products to the World Health

Organisation's Framework Convention on Tobacco Control, in so far as the provisions of the Protocol are concerned which do not fall under Title V of Part III of the Treaty on the Functioning of the European Union (Council Decision) / Signing, on behalf of the European Union, of the Protocol to eliminate illicit trade in tobacco products to the World Health Organisation's Framework Convention on Tobacco Control, in so far as the provisions of the Protocol are concerned which fall under Title V of Part III of the Treaty on the Functioning of the European Union (Council Decision) – 2013/0259 (NLE) / 2013/0260 (NLE)
(point 5.1 of the IRG record)

The Commission approved the line set out in SI(2013) 579.

vii) Position to be adopted by the European Union at the Ministerial Conference of the World Trade Organisation on the accession of the Republic of Yemen to the World Trade Organisation (Council Decision) – 2013/0342 (NLE)
(point 5.2 of the IRG record)

The Commission approved the line set out in SI(2013) 586.

4.5. OTHER BUSINESS

viii) Preparations for the 26th session of the Joint Parliamentary Assembly of the African, Caribbean and Pacific States and the European Union (ACP-EU) (Addis Ababa, 25 to 27 November 2013) – Replies to oral questions
(point 7.1 of the IRG record)

The Commission approved the replies to the oral questions from the Joint Parliamentary Assembly set out in SP(2013) 795/2, for transmission to the Assembly.

- ix) European Conference in Paris on youth unemployment (Paris, 12 November 2013)**
(point 7.2 of the IRG record)

The Commission took note of the information in SI(2013) 588.

5. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

5.2. INFRINGEMENTS – URGENT INDIVIDUAL CASES (*SEC(2013) 596*)

The Commission adopted the decisions in SEC(2013) 596.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (*SEC(2013) 579 ET SEQ.*)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 4 and 8 November.

6.2. EMPOWERMENT (*SEC(2013) 580 ET SEQ.*)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 4 and 8 November.

6.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2013) 581 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 4 and 8 November, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2013) 582 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 11 and 15 November and of the finalisation written procedure initiated following the weekly meeting of Chefs de cabinet on 11 November.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2013) 583/2)

ADMINISTRATIVE MATTERS

(PERS(2013) 142 AND /2)

**7.1. JOINT RESEARCH CENTRE – APPOINTMENT OF AD15
DIRECTOR-GENERAL**

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mrs GEOGHEGAN-QUINN, the Commission decided to fill the post of Director-General of the Joint Research Centre by transferring, in the interest of the service under Article 7 of the Staff Regulations, Mr Vladimír ŠUCHA, currently Deputy Director-General of the Joint Research Centre.

This decision would take effect on 1 January 2014.

7.2. DG AGRICULTURE AND RURAL DEVELOPMENT – APPOINTMENT OF AD15 DEPUTY DIRECTOR-GENERAL

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr CIOLOŞ, the Commission decided to fill the post of Deputy Director-General responsible for Directorates C, D and E of DG Agriculture and Rural Development by transferring, in the interest of the service under Article 7 of the Staff Regulations, Mr Joost KORTE, currently Deputy Director-General of DG Enlargement.

This decision would take effect on 1 January 2014.

7.3. DG EDUCATION AND CULTURE – EXTENSION OF THE TERM OF OFFICE OF THE DIRECTOR OF THE EUROPEAN TRAINING FOUNDATION

Having noted the procedure followed, as set out in point 2 of PERS(2013) 142, the Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms VASSILIOU, decided:

- to propose to the governing board an extension of Mrs Madlen SERBAN's term of office as Director of the European Training Foundation, for three years from 1 July 2014;
- to consider this proposal as the Commission's proposal under Article 10(1) Regulation (EC) 1339/2008 of the European Parliament and of the Council;
- to ask Ms VASSILIOU, Member of the Commission responsible for education and culture, to communicate this proposal to the governing board of the European Training Foundation.

These decisions would take effect immediately.

7.4. DG HUMAN RESOURCES AND SECURITY – IMPLEMENTATION OF REVISION OF THE STAFF REGULATIONS – MANDATE FOR A CONCILIATION MEETING WITH THE STAFF REPRESENTATIVES

Having noted the procedure followed, as set out in point 3 of PERS(2013) 142, the Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided to authorise Mr ŠEFČOVIČ to:

- arrange a meeting with the staff representatives under the conciliation procedure provided for in the Framework Agreement on relations between the Commission and the trade unions and staff associations, and represent the College at this meeting, the aim of which is to enable the revision of the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union to enter into force on 1 January 2014. This revision was the subject of a political consultation between Mr ŠEFČOVIČ and the trade unions and staff associations on 12 November 2013;
- ensure that the objectives of the Staff Regulations of Officials of the European Union and the key elements of the draft implementing rules are preserved;
- inform the College of the outcome of this conciliation meeting.

These decisions would take effect immediately.

**8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – ANNUAL GROWTH SURVEY 2014
(COM(2013) 800 AND /2; SWD(2013) 800; RCC(2013) 136)**

- 9. DRAFT JOINT EMPLOYMENT REPORT FROM THE COMMISSION AND THE COUNCIL, ACCOMPANYING THE COMMUNICATION FROM THE COMMISSION ON ANNUAL GROWTH SURVEY 2014
(COM(2013) 801; RCC(2013) 136)**

- 10. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE – ALERT MECHANISM REPORT 2014 (PREPARED IN ACCORDANCE WITH ARTICLES 3 AND 4 OF REGULATION (EU) 1176/2011 ON THE PREVENTION AND CORRECTION OF MACROECONOMIC IMBALANCES)
(COM(2013) 790 AND /2; SWD(2013) 790; SWD(2013) 791; RCC(2013) 136)**

- 11. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK – A SINGLE MARKET FOR GROWTH AND JOBS – AN ANALYSIS OF PROGRESS MADE AND REMAINING OBSTACLES IN THE MEMBER STATES – CONTRIBUTION TO THE ANNUAL GROWTH SURVEY 2014
(COM(2013) 785 TO /3; RCC(2013) 136)**

The PRESIDENT introduced the discussion on the autumn economic package, which followed on from the Commission's policy debate of 16 October. He reminded the meeting that a new European semester was to be launched that day and proceeded to present the parts of the process being submitted to the Commission for approval, namely (i) the Annual Growth Survey (AGS) 2014, (ii) the Alert Mechanism Report on macroeconomic imbalances, (iii) the Draft Joint Employment Report from the Commission and the Council and (iv) the Report on the single market. He also mentioned the new elements in the process this year and said that by virtue of the new powers granted to it under the economic and

budgetary surveillance provisions of the two-pack, the Commission would approve for the first time this Friday, by written procedure, its opinions on the budgetary plans of the euro area Member States and on the economic partnership programmes of some of these States.

The AGS, while ensuring continuity, addressed a different economic and political reality in 2014. The measures advocated by the Commission since the start of the crisis were beginning to bear fruit, as evidenced by the decrease in current account deficits, the recovery of economic activity and exports, and the renewed confidence in the euro area and the EU as a whole. He welcomed the fact that the autumn economic forecasts presented by the Commission on 5 November also appeared to confirm that the crisis was beginning to ease in Europe and that the recession was giving way to a recovery which, while still modest, looked set to gain momentum in the coming years.

The main challenge now was therefore to make the incipient economic upturn more sustainable, since certain budgetary and structural difficulties remained and the level of unemployment in the EU was still unacceptable. Thus, while the five priority areas set out in the AGS 2013 were still valid, their centre of gravity must be shifted in 2014 in order to place greater emphasis on their implementation.

The PRESIDENT went on to review these five priorities. He referred first to the pursuit of differentiated, growth-friendly fiscal consolidation. In addition to the net reduction in deficits already noted, the aim of this fiscal consolidation should be a return to sustainable public finances and a good combination of measures for both expenditure and revenue.

Second, he spoke of the need to restore lending to the economy, building on the progress made, particularly by bank regulation and supervision. This entailed addressing, in particular, the fragmentation of the financial markets by completing a European banking union and closely monitoring private-sector debt in the Member States.

The third priority was promoting growth and competitiveness for today and

tomorrow. For the Member States this meant using several approaches simultaneously, for example by opening up service markets still further, increasing the efficiency of the network industries, reinforcing research and innovation, while taking full advantage of the single market in telecommunications and research and applying the Services Directive without any restrictions.

As regards the fourth priority, tackling unemployment and the social consequences of the crisis, here also it was necessary to revitalise European employment markets by acting on several fronts at once in order to invest in productive sectors, provide the European labour force with appropriate qualifications and create a framework that would boost employment, for example by rapidly adopting the national programmes to implement the Youth Guarantee. On this point, he referred to the previous day's summit on youth employment held in Paris, which had been attended by most of the EU Heads of State or Government as well as by himself and Herman van Rompuy, the President of the European Council.

Lastly, the PRESIDENT turned to the fifth priority, modernising public administration. This covered the efficiency of judicial systems, the digitalisation of public services, the absorption of the Structural Funds and simplifying the administrative and regulatory framework, the objective being to make life easier for businesses, along the lines of the EU's Regulatory Fitness and Performance Programme (REFIT).

The PRESIDENT explained that the general aim of the AGS 2014 was to deepen the European semester and complete the cycle. This was in fact the first year that all the surveillance instruments provided for by the new European economic governance would be in operation, in particular with the introduction of the six-pack and two-pack measures, against the background of the reinforced social dimension of Economic and Monetary Union (EMU). It was vital for the credibility of European economic governance as a whole to ensure the success of the AGS.

He explained in this context that the AGS, with the accompanying staff working document, presented concrete suggestions to enable the Member States to take ownership of the country-specific recommendations. He proposed returning to this

point at a subsequent Commission meeting before the December European Council. The working document aimed to give the Member States an objective and factual overview of the implementation of these recommendations, without prejudice to those that would be presented in May 2014 with the involvement of all the relevant Commission departments.

Finally, the PRESIDENT referred to the Commission's opinions on the budgetary plans of the euro area Member States, which also formed part of the autumn economic package and would be reviewed in more detail by Mr REHN. These opinions would be accompanied by a horizontal communication on the budgetary situation in the euro area as a whole and another one on the measures taken by the Member States to which new recommendations had been addressed under the excessive deficit procedure in July. He explained the purely technical reasons, relating to time constraints and procedural time limits, why these opinions and this communication would be adopted by written procedure at the end of the week.

Winding up his presentation, the PRESIDENT warmly thanked Mr REHN's departments, the Registry and the Secretariat-General's teams for all their work to get this autumn economic package ready for submission to the Commission that day.

Mr REHN filled in the background to this presentation of the various components of the autumn economic package, noting that the economic forecasts published the previous week had shown the first signs that the EU's strategy to restore growth was beginning to pay off. He then turned to the opinions which the Commission would adopt on the following Friday on the budget plans of the euro-area Member States, pointing out that the 'two-pack' budgetary coordination mechanism, now being applied for the first time, had been the last missing piece to be put in place in the new system of governance for Economic and Monetary Union.

He attached particular importance to the report on the alert mechanism on macroeconomic imbalances, which was being tabled for the Commission's approval that today. He believed that this key instrument would enable the Commission to provide the necessary impetus for the reforms which the Member States must

implement without delay in order to correct imbalances. He reminded the meeting of how the surveillance mechanism worked, stressing in particular that the aim of the report being presented that day was to detect any imbalances by analysing the macroeconomic developments in the Member States, except those covered by a programme of European financial assistance. An in-depth review could then be conducted in the case of certain Member States. Only this review, to be carried out in the spring, would determine the existence of an imbalance or an excessive imbalance.

As for the report's conclusions, he noted that the Member States were continuing to correct their external and internal imbalances, but must keep up these efforts. Hardly any progress was being made on reducing excessive private debt, hence the low demand for credit. Mr REHN also noted that certain vulnerable Member States had improved their competitiveness, allowing them to record a current account surplus.

He reviewed the situation of the euro-area Member States, pointing out those which had received recommendations in the 2013 exercise and drawing attention to the countries for which an in-depth review was being proposed for the first time.

He stressed that, at this point, there was no question of launching the procedure to penalise Member States for any macroeconomic imbalances. This was the first stage in the process, which consisted of suggesting whether or not a country's situation required a more detailed examination.

As regards the impact of a large current account surplus in certain Member States, Mr REHN felt that the Commission's contribution should be to conduct an in-depth factual analysis which would yield important background information. He explained that the aim of the in-depth review suggested in this case was to draw attention to the potential negative effects of a persistent surplus. By strengthening its domestic demand, the Member State concerned could help its peers, in particular the most vulnerable countries, provided that the latter were competitive and continued with their structural reforms. He ended by saying that measures to boost domestic demand would also help prevent the euro from rising too much in value, thereby improving the competitiveness of the most fragile Member States.

Mr ANDOR agreed that the priorities set out in the 2013 AGS remained valid. However, it was important to recognise that the recovery which was now beginning to emerge called for greater emphasis to be placed on growth that created jobs and was shared more widely among different sections of the population and different Member States, as unemployment and social problems were still of great concern in Europe.

He noted that the draft joint employment report from the Commission and the Council had detected positive signs, such as a halt in the rise in unemployment rates, the creation of jobs in the ICT (information and communication technologies) sector and an increase in employment among older people. But the report also found negative signs, such as the high level of youth unemployment and the rise in long-term unemployment in a number of Member States, with the attendant rise in precariousness, poverty and inequality. The gaps between Member States that had widened throughout the crisis, in particular between the centre and periphery of the euro area, had not disappeared. He warned too of the persistent segmentation of the labour market and the increasing risk of social exclusion in the Union.

Although he was in a favour of reminding Member States of the need to implement the reforms to which they had committed themselves, Mr ANDOR was also aware that citizens would reap the benefits of these reforms only in the medium term. He therefore suggested pursuing a general policy at European level that gave greater support to job creation, while continuing with the reform of employment protection legislation, taking action against labour market segmentation, encouraging professional mobility and facilitating the recognition of new activities and qualifications in growth sectors such as the green economy, ICT and health care.

He mentioned other points highlighted in the draft joint employment report, in particular the need to step up measures to reverse the rise in youth and long-term unemployment. Steps should also be taken to invest in human capital by improving education and the acquisition of skills. He was pleased that the AGS acknowledged the role of social investment as a contribution to inclusive growth. Lastly, he welcomed the inclusion, for the first time, of a scoreboard in the draft joint employment report from the Commission and the Council. This would speed up the

detection of any serious problems relating to employment or the social situation which might emerge in parts of the Union.

For his part, Mr ŠEMETA attached particular importance to the tax-related aspects of the 2014 Annual Growth Survey. He reminded participants of the need to continue reforms at a steady pace in order to develop tax systems that were more conducive to growth and could help stabilise the economic and social situation in the Union. In particular, he cited three specific areas where there was scope for reform.

First, tax reforms should be better designed and more ambitious. For example, it was fairer and more effective to have policies that broadened the base of a particular tax, while setting a lower average tax rate. Moreover, this did not rule out the use of other tax expenditure measures or the introduction of new taxes where this was warranted by the economic situation. Subsidies that were damaging to the environment should be gradually eliminated. Conversely, there was great potential in green taxes which, combined with tax incentives for research and development, could make a major contribution to growth and competitiveness.

He then emphasised the need to ensure that tax systems helped to relieve the social consequences of the crisis by providing for tax reduction mechanisms that promoted job creation, particularly for young people and the low-skilled, whose employment conditions responded particularly well to this type of measure. Eleven Member States had already made their personal income tax regimes more progressive, in line with the need for solidarity and social equity in Europe.

On the question of tax evasion and avoidance, Mr ŠEMETA spoke of the need for closer cooperation and mutual assistance between Member States in what was by its very nature a cross-border matter, both to combat aggressive tax strategies by multinationals and to adopt a common position on third countries that flouted the minimal rules of good governance.

Finally, he stressed the importance of the Union working with the Member States to maintain and reinforce the current budgetary reforms, to ensure greater national

ownership of the policies proposed at European level and to explain to the public more effectively the impact of these reforms on growth, social justice and the fight against unemployment.

Mr BARNIER also praised the quality of all the documents being presented and stressed that the steady progress that had been made over the past two years demonstrated the value of the AGS, which provided carefully targeted economic messages and enabled the Commission to play its full part in relation to the Union and the euro area.

The analysis of the AGS and of the macroeconomic imbalances should be seen as forming a single whole with the opinions on the national budgets. It was therefore regrettable that the latter could not also be discussed that day.

Mr BARNIER felt that, given the fragility of the recovery and the dangers threatening European growth, the gradual and differentiated pace of budgetary consolidation proposed by the Commission was the right approach. It was appropriate, politically, to place the emphasis on cutting public expenditure, and this message was being understood.

More specifically, he recommended that in future the AGS should include the objective of a clearer orientation towards competitiveness and innovation and more detailed recommendations than the application of the third energy package, the implementation of the Services Directive and the mention of the European Research Area. He recommended taking into account the factors determining European innovation and considering how more could be done in this and other areas where the Union could show real added value, given that many Member States, and particularly the most fragile, were reflecting on their future economic model.

He concluded by referring to the figures on the fragmentation of the financial markets, which in his view spoke for themselves: unless access to lending was restored for small and medium-sized enterprises (SMEs) in the EU's southern Member States, the return to growth and the improvement in the employment figures would be jeopardised. He therefore called for the rapid and consistent

implementation of the proposal for a banking union, which was of clear economic benefit.

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

- broad support for the autumn economic package, which this year for the first time included an analysis of the budgetary plans of the euro area Member States, marking an important step forward in European economic integration; the College's appreciation of the very important work that had been achieved to an extremely tight timetable, given the political deadlines involved;
- the importance of bearing in mind that the analyses presented in the autumn economic package were part of a framework for economic governance at European level; the growing realisation among national politicians of the impact which their economic decisions could have on the situation of other Member States and, by extension, their wider political responsibility towards Europe's citizens in general, beyond the strictly national context; the suggestion, in this connection, that imbalances in the euro area as a whole should be analysed;
- recognition of the relevance of the five medium-term priorities listed in the 2014 Annual Growth Survey; the need to keep the same order of priorities as last year in order to demonstrate the coherence of the Commission's approach to tackling a crisis whose consequences were still being felt; for others, questions about the need to alter the order of priorities to better reflect recent developments and the importance attached by the Commission to finding ways of stimulating growth and creating jobs;
- in connection with these priorities, support for the principle of reinforcing certain objectives this year, such as promoting green growth, efficient use of resources and energy efficiency, but also the need for structural reforms in the research and development sector to ensure the conditions for innovation and competitiveness that were conducive to growth;

- the need to explain to Europe's citizens the aspects which directly concerned them among the measures relating to growth, macroeconomic aspects and the social dimension of economic and monetary union; the importance of showcasing specific examples of measures taken by the Union in this respect, such as the Grand Coalition for Digital Jobs and the programmes promoting mobility for young people;
- on the subject of action to combat youth unemployment in particular, the need to explain clearly that the instruments proposed by the Union were intended to complement, not replace, the efforts undertaken by the Member States; a reminder that social policy was a national competence and that the Union's legal and financial means in this area were limited and that the Member States, therefore, needed to assume their full responsibility for tackling unemployment;
- the fact that both for national strategies for the use of Structural Fund resources and for the Youth Guarantee scheme, the Union's financial contribution was dependent on the Member States submitting serious national projects to the Commission within the specified deadlines;
- as regards the recommendations on education, the suggestion that emphasis should be put on bringing education systems into line with future labour market needs, for instance through increased use of new technologies;
- the importance of stressing the need, in any economic model that was to be sustainable, to thoroughly reform health systems in order to anticipate the impact of an ageing population in particular;
- the case for clear explanations when communicating the approach taken with respect to Member States with a budget surplus, in view of the complex economic analysis on which this was based.

In reply to some of these comments, Mr ANDOR referred to the Youth Employment Initiative, recalling some of the main strategies involved, and said that this was intended to supplement the efforts and investments that should be made, in the first instance, by Member States since they had competence in this domain.

Mr REHN said that it was vital to stay the course and continue with the reforms started in recent years. Under the 2014 AGS, the Union and its Member States should pursue the same medium-term priorities as in the previous year while adjusting them in line with economic developments. He said that it was important to present this package properly to the general public, putting the emphasis on the objectives of job creation and sustainable growth based on the progress to be made in the five domains identified as priority areas.

Turning to the budgetary plans, in relation to which the Commission would adopt its opinions on 15 November and which were essentially in line with the criteria in the Stability and Growth Pact, he said that they would nevertheless be looked at with a critical eye by the Commission, which would ask the Member States concerned to take account of the analysis in its recommendations for 2014. As for the suggestion that imbalances in the euro area as a whole should be examined, he stressed that this was the very nature of the procedure. He considered that the Member States acting as a driving force in the European economy should do their share by fostering domestic demand and carrying out the necessary economic reforms.

The PRESIDENT was pleased with the quality of the work carried out and expressed pride in the expertise developed by the Commission in the field of new economic governance. Echoing Mr REHN, he underlined the case for implementing complementary reforms in the big Member States. On a more general level, the new economic governance introduced at the initiative of the Commission made it possible, in a union such as that of Europe, to discuss a specific reform needed in a particular Member State or a matter of common interest. In relation to macroeconomic imbalances and the need to regard the euro area as a unit, he referred to page 5 of the Annual Growth Survey set out in document COM(2013) 800/2, which states that 'the urgency of the crisis and time pressures have prevented the Euro area so far from moving from the consideration of country-specific recommendations to the consideration of policy measures and reforms that are needed for the well-functioning of the common currency as a whole'. Once the economic situation improved, the objective would be to adopt a global approach and devote more time to the *ex ante* co-ordination of key economic policies in the euro area.

As for employment and the implementation of specific measures to combat youth unemployment in particular, he said that it must be emphasised that this lay within the competence of the Member States and that the Commission had taken several measures to underpin and support action at national level.

The PRESIDENT concluding by noting the very broad consensus among the Commission Members concerning the priorities set out in the 2014 Annual Growth Survey, but pointed out that some would like the order of the priorities to be reviewed while others were calling for continuity from one year to the next. He agreed with the view that the order of priorities did not reflect a hierarchy and that each priority was aimed at achieving a global objective, namely boosting European growth and competitiveness. He proposed changing the wording of the 2014 AGS to reflect this view.

As a result, the following change was made to the English language version of the Communication on the Annual Growth Survey 2014, set out in COM(2013) 800/2:

- **on page 4, in the chapter entitled 'Introduction', a penultimate paragraph has been added as follows:**

'The order of this list does not reflect a hierarchy of priorities. As this year's Annual Growth Survey demonstrates, the top priority now is to build growth and competitiveness. The key challenge is to build a lasting recovery.'

Following the discussion, and the change made to the wording as indicated above, which might still be polished up, the Commission:

- approved the Communication on the Annual Growth Survey 2014 set out in COM(2013) 800/2 for transmission to Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments, together with the state of play concerning the implementation of the country-specific recommendations set out in the staff working document distributed as SWD(2013) 800, the contents of which were noted;

- approved the Draft Joint Employment Report from the Commission and the Council set out in COM(2013) 801 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments;
- approved the Alert Mechanism Report concerning macroeconomic imbalances set out in COM(2013) 790/2 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee and, for information, to the Committee of the Regions, the European Investment Bank and the national parliaments, together with the staff working documents distributed as SWD(2013) 790 and SWD(2013) 791, the contents of which were noted;
- approved the Report on the single market in COM(2013) 785/3 for transmission to Parliament, the Council, the European Central Bank, the Economic and Social Committee, the Committee of the Regions and the European Investment Bank, and, for information, to the national parliaments.

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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 11.40.