EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2015) 2125 final

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

Brussels, 13 May 2015

TEXTE EN

MINUTES

of the 2125th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 6 May 2015

(morning)

TABLE OF CONTENTS

Single sitting: Wednesday 6 May 2015 (morning)

The sitting opened at 10.18 with Mr JUNCKER, President, in the chair.

Present:

Mr JUNCKER	President	
Mr TIMMERMANS	First Vice-President	
Ms GEORGIEVA	Vice-President	
Mr ANSIP	Vice-President	Items 1 to 7 (in part)
Mr ŠEFČOVIČ	Vice-President	
Mr DOMBROVSKIS	Vice-President	
Mr KATAINEN	Vice-President	
Mr OETTINGER	Member	Items 1 to 7 (in part)
Mr HAHN	Member	
Ms MALMSTRÖM	Member	
Mr MIMICA	Member	
Mr VELLA	Member	
Ms THYSSEN	Member	
Mr MOSCOVICI	Member	Items 1 to 8 (in part)
Mr STYLIANIDES	Member	
Mr HOGAN	Member	
Lord HILL	Member	
Ms BULC	Member	
Ms BIEŃKOWSKA	Member	
Ms JOUROVÁ	Member	
Mr NAVRACSICS	Member	Items 1 to 7 (in part)
Ms VESTAGER	Member	
Mr MOEDAS	Member	Items 6 (in part) to 8

Absent:

Ms MOGHERINI	High Representative / Vice-President
Mr ARIAS CAÑETE	Member
Mr ANDRIUKAITIS	Member
Mr AVRAMOPOULOS	Member
Ms CREȚU	Member

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

Mr MANSERVISI	Chef de cabinet to Ms MOGHERINI	
Ms LOBILLO BORRERO	Chef de cabinet to Mr ARIAS CAÑETE	Items 1 to 5
Mr DE MENDOZA ASENSI	A member of Mr ARIAS CAÑETE's staff	Items 6 to 8
Mr VINČIŪNAS	Chef de cabinet to Mr ANDRIUKAITIS	
Ms SCHMITT	Chef de cabinet to Mr AVRAMOPOULOS	
Mr LANDÁBASO ALVAREZ	Chef de cabinet to Ms CREŢU	

The following also sat in:

Mr SELMAYR	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr PESONEN	Acting Director-General, DG Communication	
Mr SCHINAS	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms BENÍTEZ SALAS	European Strategic Policy Centre	
Ms MARTÍNEZ ALBEROLA	Deputy Chef de cabinet to the PRESIDENT	
Mr THOLONIAT	A member of the PRESIDENT's staff	Items 6 and 8
Ms DEJMEK-HACK	A member of the PRESIDENT's staff	Items 1 to 7 (in part)
Ms ROUCH	A member of the PRESIDENT's staff	Items 1 to 5
Mr LEPASSAAR	Chef de cabinet to Mr ANSIP	Items 1 to 5
Mr MAMER	Chef de cabinet to Mr OETTINGER	Items 1 to 5
Mr BALLESTER	A member of Mr NAVRACSICS's staff	Items 7 (in part) and 8
Mr VICENTE	Chef de cabinet to Mr MOEDAS	Items 1 to 6 (in part)

Mr MORRISON	Secretariat-General	Items 1 to 5
Ms ANDREEVA	Commission Spokesperson's Service	

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

1. AGENDAS
(OJ(2015) 2125/FINAL; SEC(2015) 197/2)

The Commission took note of that day’s agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET
(RCC(2015) 2125)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 4 May.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 2123RD AND 2124TH MEETINGS OF THE COMMISSION (22 AND 28 APRIL)
(PV(2015) 2123; PV(2015) 2123, PART II; PV(2015) 2124 AND /2; PV(2015) 2124, PART II)

The Commission approved the minutes of its 2123rd and 2124th meetings.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED (SEC(2015) 198 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 and 30 April.

4.2. EMPOWERMENT (SEC(2015) 199 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 and 30 April.

4.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2015) 200 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 27 and 30 April, as archived in Decide.

4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2015) 201)

The Commission took note of the sensitive written procedures for which the time limit expired between 4 and 8 May.

5. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A DIGITAL SINGLE MARKET STRATEGY FOR EUROPE
(COM(2015) 192 TO /4 ; SWD(2015) 100 TO /3 ; RCC(2015) 38)

Mr ANSIP briefly presented the digital single market strategy for Europe and welcomed the excellent cooperation between the Members of the Commission and their cabinets which had characterised the preparation of this strategy initiative. As many as 14 Members of the Commission had taken part in this work and the close working relationship established at the political level had been perfectly translated at departmental level. This inclusive process, which validated the new Commission's structure and working methods, had enabled an ambitious and balanced strategy to be defined. The Members were called on to continue this close cooperation in future, for adoption of the EU's digital strategy was just the start of the work that had to be done to set up a digital single market in Europe.

Mr OETTINGER confirmed the quality of cooperation on this matter which, he felt, reflected the level of ambition of the proposed strategy. The establishment of a digital single market would enable the EU to reaffirm its authority in the telecommunications sector and its digital sovereignty.

It was crucial to develop a digital strategy to ensure data protection and security, but also with a view to creating solid infrastructure to back up the sector's development and the completion of a real single market, as fragmentation into 28 national markets was one of the European market's main weaknesses in comparison with the US market.

Lastly, although the EU's data strategy was unanimously supported by the Heads of

State or Government, it would probably encounter more obstacles when technical discussions on implementation were launched. He therefore called on the Members of the Commission to convey to the Member States that it was absolutely vital to establish a harmonised regulatory framework to enable the development of digital Europe.

The PRESIDENT invited the Members of the Commission to convey that message directly to the Heads of State or Government.

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

– the unifying aspect of the strategy, its level of ambition and balanced approach; the effectiveness of the inclusive working method applied, which had produced this result;

– the need to work closely, and at the top political level, with the Member States to promote completion of the digital single market as effectively as possible;

– the importance of involving the social partners in strategy implementation, in particular as regards all aspects of training in basic digital skills, thereby enabling the use of digital technologies in all areas of society and the economy;

– the importance of training to ensure that the approximately 1.5 million job vacancies in the digital sector were filled;

– to need to give proper consideration to consumer protection when implementing the strategy, for instance by eradicating obstacles to cross-border e-commerce through the establishment of a harmonised regulatory framework;

- the role that EU competition policy could play in supporting investment, but also the need to manage expectations, particularly as regards the Commission's approach to platforms, still in the process of being defined;

- the expectations of the general public, for whom simplification and harmonisation of the VAT rules, e.g. on digital books and online publications, was a major issue for which the Commission should be in a position to put forward proposals next year within the framework of the definitive VAT system;

- in strategic terms, the importance of the EU's approach in consolidating all players on the digital market to promote the emergence of a single market more effectively;

- the opportunity afforded by the digital single market strategy to enact a balanced reform of copyright law, while taking a prudent approach to the impact of the proposed measures on economic models which were often complex;

- the prospects for development and growth which digitalisation of the economy offered to SMEs in the EU;

- the importance of the digital sector for a wide range of industries and, accordingly, the need for close, ongoing coordination between the Members of the Commission with a view to setting up the single market.

The PRESIDENT said that excellent work had been done and thanked those involved for their contribution to this ambitious proposal for Europe.

Following the discussion, the Commission approved the communication in COM(2015) 192/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and, for information, to the national parliaments, together with the staff working document distributed as SWD(2015) 100/3, the contents of which were noted.

6. OTHER BUSINESS

6.1. ECONOMIC SITUATION OF GREECE

The Commission reviewed the economic situation of Greece and progress in the work between that country on the one hand and the other euro area Member States and the institutions concerned on the other.

6.2. SPRING ECONOMIC FORECASTS

Using a PowerPoint presentation, Mr MOSCOVICI briefed the meeting on the spring economic forecasts for the EU as a whole which had been produced by the Commission and published the previous day.

The general trend was a slight improvement in the growth outlook for Europe in comparison with the winter forecasts, as the economy had received an extra boost from tailwind factors such as low oil prices, a weaker euro and quantitative easing (QE) introduced by the European Central Bank. These factors, combined with the broadly neutral fiscal stance of the euro area and the EU as a whole, could enhance GDP growth this year and next, while structural reforms continued to bear fruit. Nevertheless, a number of underlying weaknesses and legacies from the crisis remained. Inflation could be expected to pick up again in the coming months as a result of a tailing-off in the positive impact of lower oil prices, continued improvement in the outlook for growth and price rises linked to depreciation of the euro.

He expanded upon the three main factors favouring growth, starting with the drop of over 50% in oil prices since the peak in June of the previous year, and the fact that they remained exceptionally low. This trend would continue having a positive impact on European growth by increasing the purchasing power of households and reducing corporate production costs.

Turning next to the depreciation of the euro, which had been ongoing for the past three months and now stood at 4% compared with the dollar and 10% compared with a set of foreign currencies, he underlined the fact that the impact of this would vary depending on the Member State and the vulnerability of its exports to exchange rate fluctuations.

The quantitative easing policy pursued by the ECB had had a much more positive effect than initially envisaged. In the euro area, sovereign bond yields had been driven down significantly since the previous year in the vast majority of Member States. Quantitative easing had also had a positive effect on bank lending, which was continuing to recover, with net lending flows to non-financial corporations becoming gradually less negative and credit conditions for enterprises easing further.

Looking at these developments in terms of worldwide trends, Mr MOSCOVICI pointed out that international growth and trade should improve, albeit at a much slower pace than initially thought. A gradual recovery in industrialised countries should prove to be the main driver behind international growth, raising it to 3.5% this year and to 3.9% in 2016. Growth rates in emerging economies would probably remain steady in 2015 and increase slightly the following year, however the prospects for growth in countries exporting raw materials had declined.

Mr MOSCOVICI focused on the key conclusion of the spring economic forecast: Gross Domestic Product (GDP) was expected to rise in real terms, from 1.4% in 2014 to 1.8% this year, accelerating further in 2016 to reach 2.1% for the Union as a whole, whereas in the euro area it should increase from last year's figure of 0.9% to 1.5% this year and to 1.9% in 2016. The tailwind factors should remain fairly positive in 2016, thereby softening the impact of a slight slowdown in world trade and a stronger upsurge in oil prices than expected in the last forecasts. However, as far as recovery was concerned, investment remained the EU's weak point, hence the importance of the Investment Plan proposed by the Commission, which should be stepped up in 2016.

Mr MOSCOVICI then described the variations in the results achieved by the Member States. Growth should be above the EU average (1.8%) for a group comprising the largest Member States – Poland (3.3%), Spain (2.8%), the United Kingdom (2.6%) and Germany (1.9%). A second group consisted of France, with predicted growth of 1.1% this year, expected to gain momentum over the next two years, and Italy, with 0.6% in 2015, which should strengthen in 2016 once investment picked up. In the case of a third group of Member States that have or have had European assistance programmes, growth was expected to be robust, in particular in Ireland, where it should stand at 3.6%, and in Portugal (1.6%). Cyprus's growth was expected to turn positive only in 2016.

He then turned to the special situation in Greece, where, because of lingering uncertainty, growth forecasts had been downgraded from 2.5% for 2015 and 3.6% for 2016 to only 0.5% for this year, before rising again to 2.9% in 2016. These forecasts were based on the assumption that the ongoing talks on the current assistance programme would be concluded in June.

Mr MOSCOVICI referred to the labour market recovery driven by a resumption in economic activity and a fall in unemployment; however the unemployment rate was still too high in several Member States. The unemployment rate was projected to decline this year to 9.6% in the EU and to 11% in the euro area, across all economic sectors. This trend would continue in 2016, especially in Member States that had implemented labour market reforms.

Inflation was forecast to remain negative in the first half of 2015 but then pick up, also in 2016, as a result of the strengthening of domestic demand, a narrowing of the output gap, the fading effects of lower commodity prices and the depreciation of the euro, which should trigger higher import prices. Overall, consumer prices were expected to rise from 0.1% this year to 1.5% the following year.

Mr MOSCOVICI then took stock of the fiscal situation which had generally improved, with the deficit set to fall from 2.4% of GDP in 2014 to 2% in 2015 and 1.7% in 2016 in the euro area. In the rest of the EU the deficit looked likely to drop from 2.9% of GDP in 2014 to 2.5% this year and to 2% the following year.

The debt burden was falling for the first time since the economic and financial crisis, and only four Member States (France, Spain, Portugal and Finland) were expected to record deficits above the threshold of 3% of their GDP in 2015.

The factors that could influence growth positively and negatively were broadly balanced. The factors likely to stimulate growth included oil prices, the ECB's quantitative easing, the Investment Plan for Europe and the effect of the depreciation of the euro on exports and investment, while those that could weaken growth included geopolitical risks, in particular the tension between Russia and Ukraine, the rebounding of oil prices faster than expected, and renewed bouts of financial market volatility stemming from the uncertain situation in Greece.

In conclusion, Mr MOSCOVICI welcomed the fact that the European economy was experiencing its most cloudless spring for several years, due in equal measure to external factors stimulating recovery and economic policies that were beginning to bear fruit. Growth was currently benefiting from tailwinds favouring European economies, which were boosting a cyclical upswing that would otherwise be quite moderate. While the jobless rate was still at an unacceptable level in a number of Member States, it must be remembered that the labour market was, nevertheless, gradually improving. Inflation seemed to have reached rock bottom and should gradually pick up in the course of the year. Lastly, he was pleased to note that the fiscal outlook was continuing to improve.

Nevertheless, it was clear that the European Union should do more to maintain and consolidate its recovery through tangible efforts on investment and reforms and by pursuing a fiscally responsible policy. This approach was essential to keep Europe on the path to growth and job creation in the long term.

The Commission took note of this information.

7. INTERINSTITUTIONAL RELATIONS (RCC(2015) 37)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Thursday 30 April (RCC(2015) 37).

It paid particular attention to the following points.

7.1. LEGISLATIVE MATTERS

i) "Product Safety and Market Surveillance" package – Consumer product safety and repeal of Council Directive 87/357/EEC and Directive 2001/95/EC (regulation) – SCHALDEMOSE report – 2013/0049 (COD) / Market surveillance of products and amendments to Council Directives 89/686/EEC and 93/15/EEC, Directives 94/9/EC, 94/25/EC, 95/16/EC, 97/23/EC, 1999/5/EC, 2000/9/EC, 2000/14/EC, 2001/95/EC, 2004/108/EC, 2006/42/EC, 2006/95/EC, 2007/23/EC, 2008/57/EC, 2009/48/EC, 2009/105/EC, 2009/142/EC and 2011/65/EU of the European Parliament and of the Council, and Regulations (EU) 305/2011, (EC) 764/2008 and (EC) 765/2008 (regulation) of the European Parliament and of the Council – PIETIKÄINEN report – 2013/0048 (COD)
(point 1 of the IRG record)

The Commission approved the line set out in SI(2015) 154 and /3.

ii) Payment services in the internal market, amendments to Directives 2002/65/EC, 2013/36/EU and 2009/110/EC, and repeal of Directive 2007/64/EC (directive) – TAJANI report – 2013/0264 (COD)
(point 1 of the IRG record)

The Commission approved the line set out in SI(2015) 155/2.

iii) Authorisation for the opening of negotiations on a revised Lisbon Agreement on appellations of origin and geographical indications (Council decision)
(point 1 of the IRG record)

The Commission approved the line set out in SI(2015) 156.

iv) Package travel and assisted travel arrangements, amendments to Regulation (EC) 2006/2004 and Directive 2011/83/EU and repeal of Council Directive 90/314/EEC (directive) – COLLIN-LANGEN report – 2013/0246 (COD)
(point 1 of the IRG record)

The Commission approved the line set out in SI(2015) 157.

v) European Fund for Strategic Investments and amendments to Regulations (EU) 1291/2013 and (EU) 1316/2013 (regulation) – FERNANDES / BULLMANN report – 2015/0009 (COD)
(point 1 of the IRG record)

Mr KATAINEN reported on the state of play regarding interinstitutional work on the proposal for a Regulation on the European Fund for Strategic Investment (EFSI). In welcoming the convergence now taking shape between the three institutions on the targets and tools provided for by the Regulation proposal, he described the first two constructive trilogues between the Council, the European Parliament and the Commission on 23 and 30 April last. He indicated that, as a result of these negotiations establishing a convergence in principle on many policy aspects, technical discussions on these points were now ongoing.

He explained that there were still three policy questions for the third trilogue on 7 May next. First, he referred to the amendment tabled by the European Parliament with a view to having the nomination of the EFSI Steering Board managing director submitted to the EP for approval. While stressing the need for the Commission to adhere to a number of legal and procedural constraints in this context, he hoped that the negotiations would permit a universally acceptable solution to be reached, for example by providing for the European Parliament to be consulted on candidates nominated for the post in question.

Second, in terms of the European Parliament's proposed amendment for the EFSI's investment guidelines to be adopted by implementing act, here again he hoped that the discussions would allow a number of misunderstandings to be clarified in the near future and a consensus solution to be reached. In particular, he stressed that these guidelines were aimed at compiling a technical register of the principles set out in the Regulation proposal and, by themselves, should not be construed as a declaration of political intent in respect of the investments to be funded.

Before giving way to Mrs GEORGIEVA to examine the third pending policy issue, i.e. budgeting for the fund's guarantee, he listed a number of considerations linked to the EFSI's implementation, which was expected by the summer. In particular, he highlighted the need to ensure the fastest possible expansion of the EFSI's key instruments, such as the advisory hub and the project pipeline, so that actual project funding could begin without delay. To this end, he called upon the Commission to clarify a number of misunderstandings on the part of stakeholders outside the institutions and to highlight to any project promoter, private and public alike, the possibility as of now of submitting a project funding application directly to the European Investment Bank (EIB). In particular, he drew this issue to the attention of the Members of the Commission responsible for the digital sector, research, energy and transport.

Mrs GEORGIEVA in turn reported on the negotiations regarding the guarantee's budgetary architecture, which was the third point stemming from the amendments tabled by the European Parliament. She described the progress made towards a common vision of the limited possibilities for mobilising the EU's general budget within the current multiannual financial framework in order to endow the guarantee fund with eight billion euros. She outlined a number of compromises that might be considered, where applicable, as regards mobilising the funding sources identified in the Commission proposal under Heading 1a of the EU's financial framework, i.e. Horizon 2020 and the Connecting Europe Facility in particular. She also mentioned the technical considerations she would be focusing on in talks with the European Parliament and the Council over the coming days in order to help ensure the most robust budgeting possible for this key EFSI tool.

She ended by underlining the need to maintain tight coordination between the positions within the Commission in the course of the phase just begun. She stated her willingness to provide the necessary full explanations on the very tight flexibility margins within the current financial framework, while at the same time emphasising the balance to be struck between the European Parliament's demands and the favourable position already expressed by the Council.

During the ensuing brief discussion, the Commission approved the approach described, but one Member drew attention to the repercussions of any involvement of the European Parliament in the procedure to nominate the managing director of the EFSI Steering Board, which had executive power.

The PRESIDENT highlighted the crucial importance of establishing the guarantee fund on a solid and foreseeable budgetary architecture so that the EFSI had the investment security and credibility necessary to achieve its targets, i.e. the roll-out of large-scale infrastructure projects to stimulate growth and jobs in Europe.

He thanked Mr KATAINEN and Mrs GEORGIEVA for their constructive cooperation during these interinstitutional negotiations. In his view, the involvement of two Commission Vice-Presidents amply demonstrated the importance the Commission ascribed to reaching an optimal conclusion on this key dossier. He stated his wish to see the negotiations reach as swift a conclusion as possible in order to allow the start-up of investment projects on the ground in the interests of the real economy and EU citizens.

The Commission took note of this information and approved the line set out in SI(2015) 163.

vi) Establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amendment to Directive 2003/87/EC (Decision) – BELET report – 2014/0011 (COD)
(point 1 of the IRG record)

The Commission approved the line set out in SI(2015) 162.

7.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

vii) Programming of Council business
(SI(2015) 164)

The Commission took note of the information in SI(2015) 164 on the Council meetings between 7 and 20 May.

viii) Preparation of the Foreign Affairs Council – Trade session (Brussels, 7 May)
(point 2 of the IRG record)

– *Concept paper 'Investment in TTIP and beyond – The path for reform'*

The Commission took note of the information in SI(2015) 158.

ix) Follow-up to the extraordinary European Council (Brussels, 23 April) – Migration
(point 3 of the IRG record)

– *Roadmap migration*

The Commission took note of the information in SI(2015) 159.

x) Preparation of the Foreign Affairs Council – Defence session (Brussels, 18 May)
(point 4.1 of the IRG record of 24 April 2015 – RCC(2015) 33)

– Report on the implementation of Commission communication C(2013) 542 of 24 July 2013 'Towards a more competitive and efficient defence and security sector' – Joint letter from Ms MOGHERINI and Ms BIEŃKOWSKA

The Commission approved the approach set out in SI(2015) 141 and /2.

7.3. RELATIONS WITH PARLIAMENT

xi) Action to be taken on Parliament's legislative resolutions and other resolutions of a legal nature
(SP(2015) 282)

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) 282, drawn up following the April II part-session of Parliament, the contents of which were noted.

xii) Action taken on a non-legislative resolution adopted by Parliament at its February I part-session
(point 4 of the IRG record)

The Commission approved document SP(2015) 235 on the action taken on the non-legislative resolution on country of origin labelling for meat in processed food, adopted by Parliament at its February I part-session, and decided to provide Parliament with information on all action taken on non-legislative resolutions from the February I part-session as soon as document SP(2015) 233 on the action taken on the other non-legislative resolutions from the February I part-session had been approved by the Commission.

xiii) Results of the April II part-session of Parliament
(SP(2015) 154; SP(2015) 279)

The Commission took note of the information in SP(2015) 154 and SP(2015) 279 on the proceedings of the part-session of Parliament held in Strasbourg from 27 to 30 April.

xiv) Discharge in respect of the implementation of the general budget of the EU for 2013

Ms GEORGIEVA briefed Members on the outcome of Parliament's vote on 29 April granting discharge to the Commission in respect of the management of the general budget of the Union and of the European Development Fund (EDF) for 2013. She outlined briefly the different stages of the procedure, starting with the publication of the Court of Auditors' Report in November last year and culminating in Parliament's vote this spring.

She welcomed the fact that the 2013 discharge had been supported by an overwhelming majority in Parliament, with 510 Members voting in favour – a better result than in previous years. She warmly thanked the Commission Members for their active commitment throughout the process. She explained that the discharge encompasses 52 parliamentary reports covering the Commission and the EDF, plus the other institutions, agencies and Joint Undertakings, and sets out 158 recommendations addressed to the Commission for implementation.

For the coming years, she stressed, first and foremost, the need to keep bringing the error rate down, consolidating the positive result of 2013 which reversed the trend of previous years. To that end, she asked the Commission Members to remain vigilant and to encourage as much simplification of methodology as possible. She then turned to the objective of laying greater emphasis on the quality of expenditure, recalling the establishment of an interinstitutional group specifically tasked with looking into the added value of budget expenditure. Finally, she recommended that Commission Members stay in close touch with their interlocutors in Parliament, in particular to help improve understanding of the issues, often very technical in nature, which underpin the Commission's budget management.

In a brief discussion, the Commission (i) expressed support for the approach outlined by Ms GEORGIEVA to consolidate the encouraging results of 2013 and the willingness of the Commission Members to continue to make an active contribution in the coming years; (ii) Commission's determination to meet the objective of ‘better spending’; and (iii) pointed to the need to highlight, in parallel, the ambitious nature of the objective of a 2% error rate and the need to consider this in the context of the recovery rates for sums unduly paid in certain budget sectors.

The PRESIDENT thanked Ms GEORGIEVA for her account and welcomed the outcome of the vote in Parliament granting budgetary discharge for 2013, which proves how seriously the Commission takes its responsibilities in terms of managing and safeguarding the general budget of the Union and rendering itself accountable to the Court of Auditors and the European Parliament.

The Commission took note of this information.

8. OTHER BUSINESS (CONTINUED)

8.1. REPORT FROM THE COMMISSION ON THE INVESTIGATION RELATED TO THE MANIPULATION OF STATISTICS IN SPAIN AS REFERRED TO IN REGULATION (EU) 1173/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE EFFECTIVE ENFORCEMENT OF BUDGETARY SURVEILLANCE IN THE EURO AREA (COMMISSION DECISION OF 11 JULY 2014) (COM(2015) 211)

8.2. RECOMMENDATION FOR A COUNCIL DECISION IMPOSING A FINE ON SPAIN FOR MANIPULATION OF DEFICIT DATA IN THE AUTONOMOUS COMMUNITY OF VALENCIA (COM(2015) 209)

Ms THYSSEN presented to the Members of the Commission a draft recommendation for a Council Decision imposing a fine on Spain for manipulation of deficit data in the Autonomous Community of Valencia.

She explained that since December 2011, in accordance with the 'six-pack' legislation – in particular Regulation (EU) 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area – the Commission may initiate an investigation if it has good reason to believe that a Member State has misrepresented statistical data on its government debt and deficit. She recalled that the legislation was brought in as a direct result of misrepresentation of statistics by Greece in the past, with consequences that are only too familiar today.

She pointed out that the Commission had decided to use this procedure for the first time on 11 July 2014 when it had opened an official investigation into a possible manipulation of statistics by the Autonomous Community of Valencia.

She added that under the Regulation, the Commission must adopt the investigation report no later than ten months after the launch of the investigation, i.e. in this case by 11 May 2015, which is why the recommendation was adopted and the report approved by written procedure, with a deadline of Thursday 7 May at 12.00 (PE/2015/3108 and PE/2015/3139 respectively).

Ms THYSSEN explained that during its investigation, the Commission had examined whether the communication of false data on expenditure in the region had had an impact on Spain's government debt and deficit statistics. She then pointed out that, according to the findings of the investigation, the Autonomous Community of Valencia had proved negligent in failing to record health expenditure and failing to comply with the principles of accrual accounting for national government accounts for several years. This meant that during the period in question, the data submitted to Eurostat by Spain under the excessive deficit procedure was inaccurate.

Ms THYSSEN drew attention to the fact, however, that because the ‘six-pack’ legislation did not enter into force until 13 December 2011, only events subsequent to that date may be subject to investigation and potential sanctions. This meant that the Commission investigation could only cover 2012. She added that there was no further manipulation of data after 2012 and that the Spanish authorities had cooperated fully in the investigation.

She noted that, according to the findings of the investigation report, a correction of some €1.9 billion was due as a result of the manipulation of data by the Autonomous Community of Valencia. She added that the preliminary findings and conclusions of the investigation were communicated to the

Spanish authorities, who duly submitted their observations. These are set out in the Annex to the Commission report.

Since the report concluded that the data had been manipulated, Ms THYSSEN noted that the Commission may recommend that the Council impose a fine. This was the subject of the proposal for a Council Decision presented to the Commission on this day.

She explained that in the present case, the Commission has to recommend that the Council impose a fine based on a reference value of 5% of the amount of the €1.893 billion correction arising from the manipulation of the statistics, i.e. almost €94.65 million.

However, the Regulation provides for the possibility of taking into account mitigating or aggravating circumstances. She therefore proposed that account be taken of the following mitigating circumstances: (i) the manipulation of the statistics did not have a significant impact on the analysis of Spain's economic and budgetary performance; (ii) it was not intentional; (iii) it only concerned one entity; (iv) it ceased in 2012; and (v) the Spanish authorities cooperated fully with the Commission investigation.

She recommended, therefore, that the fine proposed for a Decision by Council be reduced to €18.93 million, i.e. 20% of the reference value.

She considered that the Decision recommended by the Commission to the Council was balanced in so far as it took account of mitigating circumstances in favour of the Kingdom of Spain, while demonstrating the effectiveness of the economic governance rules by reminding the Member States of the importance of providing reliable data – whether at local, regional or national level – for the purpose of budgetary surveillance in the euro area.

A brief discussion ensued during which some Members of the Commission, while approving the proposal, commented on the scale of the reduction in the fine imposed.

The PRESIDENT welcomed the balanced approach adopted and noted the Commission's agreement on the draft recommendation for a Decision addressed to the Council.

The Commission took note of this information.

*

*   *

The Commission's other discussions on certain agenda items are recorded in the special minutes.

*

*   *

The meeting closed at 12.05 hours.