



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2011)1950 final

Strasbourg, 8 March 2011

MINUTES

of the 1950th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 2 March 2011

(morning)

PV(2011)1950 final

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Single sitting: Wednesday 2 March 2011 (morning)

The sitting opened at 09.09 hours with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/Vice-President	Items 1 to 7 (in part)
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	Items 1 to 6 (in part)
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK		
Mr REHN		
Mr BARNIER		
Ms VASSILIOU		
Mr ŠEMETA		
Mr DE GUCHT		
Mr DALLI		Items 6 (in part) to 8
Ms GEOGHEGAN-QUINN		
Mr LEWANDOWSKI		Items 1 to 7 (in part)
Ms DAMANAKI		
Ms GEORGIEVA		Items 1 to 7 (in part)
Mr OETTINGER		Items 7 and 8
Ms HEDEGAARD		
Mr FÜLE		Items 1 to 7 (in part)
Mr ANDOR		Items 1 to 7 (in part)
Ms MALMSTRÖM		
Mr CIOLOŞ		

Absent:

Mr PIEBALGS

Mr HAHN

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

Mr USTUBS	Deputy Chef de cabinet to Mr PIEBALGS	
Ms UDWIN	A member of Mr HAHN's staff	Items 7 (in part) and 8

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Mr FRUTUOSO DE MELO	Deputy Chef de cabinet to the PRESIDENT	
Ms MARTÍNEZ ALBEROLA	Adviser in the PRESIDENT's Office	Items 1 to 7 (in part)
Mr VIZEU PINHEIRO	Adviser in the PRESIDENT's Office	Item 7 (in part)
Mr SOBRAL	A member of the PRESIDENT's staff	Items 1 to 7 (in part)
Ms SUTTON	A member of the PRESIDENT's staff	Item 7 (in part)
Mr PRETO	Chef de cabinet to Mr TAJANI	Item 7 (in part)
Ms BARTOLINI	A member of Mr TAJANI's staff	Item 7 (in part)
Mr BALDINATO	A member of Mr TAJANI's staff	Items 7 (in part) and 8
Mr PESONEN	Chef de cabinet to Mr REHN	Item 7 (in part)
Mr GUERSENT	Chef de cabinet to Mr BARNIER	Item 7 (in part)
Ms JORNA	Deputy Chef de cabinet to Mr BARNIER	Items 1 to 7 (in part)
Ms DARMANIN	Chef de cabinet to Mr DALLI	Items 1 to 6 (in part)
Mr MORDUE	Chef de cabinet to Mr FÜLE	Items 1 to 7 (in part)

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

1. AGENDAS

(OJ(2011)1950/3; SEC(2011)232/2)

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

2. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2011)1950)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 28 February.

3. APPROVAL OF THE MINUTES OF THE 1948TH MEETING AND THE MINUTES AND SPECIAL MINUTES OF THE 1949TH MEETING OF THE COMMISSION (15 AND 23 FEBRUARY)

(PV(2011)1948; PV(2011)1949; PV(2011)1949, PART II)

The Commission approved the minutes of its 1948th and 1949th meetings.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED

(SEC(2011)233 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 21 and 25 February.

4.2. EMPOWERMENT

(SEC(2011)234 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 21 and 25 February.

4.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2011)235 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 21 and 25 February, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2011)236)

The Commission took note of the sensitive written procedures for which the time limit expired between 28 February and 4 March.

5. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2011)237)

ADMINISTRATIVE MATTERS

(PERS(2011)28)

5.1. DG TRANSLATION – RENEWAL OF THE TERM OF OFFICE OF THE DIRECTOR OF THE TRANSLATION CENTRE FOR THE BODIES OF THE EUROPEAN UNION

The Commission took note of the information in point 1 of PERS(2011)28 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms VASSILIOU, decided:

- to propose to the management board of the Translation Centre of the Bodies of the European Union the renewal of the term of office of the Director, Ms Gailė DAGILIENĖ, with effect from 1 May 2011 and for a period of five years;
- to consider this decision as the Commission proposal under Article 9 of Council Regulation (EC) 2965/94;
- to ask the Member of the Commission responsible to communicate this decision to the management board of the Translation Centre for the Bodies of the European Union.

These decisions would take effect immediately.

(2 March 2011)

5.2. DG MOBILITY AND TRANSPORT – APPOINTMENT OF AD14/15 DIRECTOR

(PERS(2010)149 TO /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, 'Trans-European transport networks and Smart transport', in DG Mobility and Transport (PERS(2010)149 and /2).

It took note of the opinions of the Consultative Committee on Appointments of 12 January and 17 February (PERS(2010)149/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr KALLAS, it then decided to appoint Mr Jean-Eric PAQUET to the post.

This decision would take effect on 16 March 2011.

5.3. DG HUMAN RESOURCES AND SECURITY – PROMOTION OF SENIOR MANAGEMENT OFFICIALS – 2010 EXERCISE

The Commission noted the procedure followed, as set out at point 3 of PERS(2011)28, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, decided:

- to promote to grade AD16 Ms Marie BOHATA, Mr Marco BUTI, Ms Loretta DORMAL MARINO, Mr Karl FALKENBERG, Mr Alexander ITALIANER and Mr Claus SØRENSEN, presented in alphabetical order, exercising the basic function of Director General, with effect from 1 January 2011;
- to promote to grade AD15 Mr Pieter EVERAERS, Ms Marjeta JAGER, Ms Agnieszka KAZMIERCZAK, Mr Laurs NORLUND and Mr Hubert SZLASZEWSKI, presented in alphabetical order, exercising the basic function of Director, with effect from 1 January 2011.

These decisions would take effect immediately.

**6. INTERIM REPORT ON REFORMS IN CROATIA IN THE FIELD OF JUSTICE AND FUNDAMENTAL RIGHTS (CHAPTER 23 OF THE ACCESSION NEGOTIATIONS)
(COM(2011)110)**

The PRESIDENT introduced the interim report on the reforms carried out in Croatia in connection with its EU accession negotiations. The report was a response to a request from the Council for an assessment of progress regarding Chapter 23 of the negotiations (justice and fundamental rights).

He stressed the importance of these issues, which were crucial to the credibility of the enlargement process, as there would be no scope for another cooperation and verification mechanism. It was precisely in the field of justice and fundamental rights that the renewed consensus on enlargement defined in 2006 called for special rigour, while for certain Member States these issues were particularly sensitive because they tied in with the question of cooperation with the International Criminal Tribunal for the former Yugoslavia.

Mr FÜLE stressed the particular importance of Chapter 23 for the credibility of the Commission and the enlargement process, while pointing out that it would take some time to obtain results and the chapter in question had only been opened in June 2010. Since then the Commission had been working on it intensively with the Croatian authorities.

Mr FÜLE then turned to the content of the report, which followed an objective approach and covered ten closing benchmarks, carefully spelling out in each case what had already been accomplished, what was still outstanding and what needed to be done to arrive at a good result.

Mr FÜLE acknowledged the sensitivity of this report from Croatia's point of view, as the country had set an ambitious timetable which had subsequently been taken up

by the Hungarian Presidency – despite words of caution from the Commission – whereby the negotiations were to be concluded by the end of June.

He had contacted the Hungarian Presidency and the Croatian authorities to inform them of the content of the report and to ask them to consider it as a chance to refocus efforts on the last remaining problems to be resolved.

With regard to the visit planned by Ms REDING to Croatia that day and the message she could convey, particularly as regards the timetable, Mr FÜLE stressed that the interim report did not set out any position regarding the timeframe Croatia would need to meet all the criteria; the substantive issues, not the date, were what mattered, and the Commission would deliver its report on the closing benchmarks and its draft common position when the tasks identified in the report had been accomplished.

He remained convinced that June was an extremely ambitious target date but was encouraged by the priority that the Croatian authorities had attached to completing the necessary work and their reaction in the last few days to the description they had been given of the efforts still to be made. For the moment it was best not to speculate about the date when the negotiations would be concluded, as this would depend on how long Croatia would need to complete its last reforms.

Ms REDING supported the report being presented that day and stressed its crucial nature both for Croatia's accession process and as an example to be followed in future. Although the content of the report was important for Croatia, it was equally important for the Member States, some of which had to face public scepticism about enlargement and would be able to win over public opinion only if the accession process were conducted in a rigorous manner, on the basis of objective criteria and not as a mere formality. From this point of view she felt that the report struck the right balance.

She highlighted the fact that the existence of an independent judiciary was crucial for a State based on the rule of law; in this regard the bar would have to be set higher for all the candidate countries.

Finally, she noted that care would have to be taken in handling communications on this issue with Croatia, where opinion polls were showing scepticism to accession, and in general.

The Commission also noted:

- the importance of giving Croatia a clear account of what remained to be done;
- a reminder that the content of this report was in line with the principles of the renewed consensus on enlargement, and in particular the fact that compliance with the criteria took precedence over any considerations regarding dates;
- the importance of gaining support for this approach from the Hungarian Presidency;
- the need to adopt a common line as regards communication, spelling out in particular that (i) the method applied to Croatia was in line with previous practice, based on verification of compliance with objective criteria, and did not represent any change of approach, (ii) the Commission hoped that Croatia would meet the criteria as soon as possible, and (iii) the Commission had faith in the enlargement process and was determined not to undermine it, experience having shown the need to avoid countries joining before they were ready, both for the Union's sake and for that of the countries in question.

Mr FÜLE thanked the Members of the Commission for their support. The report would be published and the message conveyed to Croatia would be that it could count on the Commission's help. Another interim report might be presented, depending on the progress observed. He pointed out that measures taken by Croatia in other areas of the accession negotiations had produced good results, which showed the determination of the Croatian authorities to pursue their efforts.

The PRESIDENT said the report showed Croatia's commitment to reforms. He welcomed the progress that had been made in adopting legislation, but insisted on the need for its implementation, which was still unsatisfactory in certain areas, such as reform of the judiciary and action on corruption.

He noted that figures had been supplied for each area in which efforts were still required, thus underscoring the objectivity of the exercise. The report also gave details of the measures to be taken to meet each of the criteria set, thereby providing an exhaustive basis for guiding Croatia's efforts towards completion of the negotiations.

The report did not mention any date, as the pace of reform itself should dictate the speed with which this chapter could be closed – and that depended on the Croatian authorities.

Winding up the discussion, he stressed the importance of a unanimous Commission position on this point, as the Commission had a responsibility to assess the progress made in a spirit of objectivity, free from any political considerations. He felt this called for a stance that was both firm and positive in order to encourage the necessary reforms and guarantee a credible process which would enable this chapter to be closed once the reforms had been completed. He remained convinced that a cooperation and verification mechanism was no longer a possibility and would not be accepted by the Member States. The only possible way forward was to invest effort in reforms.

The Commission adopted the interim report in COM(2011)110 for transmission to the European Parliament and the Council, and, for information, to the national parliaments.

7. INTERINSTITUTIONAL RELATIONS

(SEC(2011)242)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 25 February (SEC(2011)242).

It paid particular attention to the following points.

7.1. LEGISLATIVE MATTERS

i) Preparation for the March I part-session of Parliament

(point 1.3 of the IRG record)

Ordinary legislative procedure – Codecision – 1st reading

- Certain provisions for fishing in the GFCM (General Fisheries Commission for the Mediterranean) Agreement Area – RIVELLINI report – 2009/0129 (COD)

The Commission approved the line set out in SP(2011)1497 to /3.

- Consumer rights (Directive) – SCHWAB report – 2008/0196 (COD)

The Commission approved the line set out in SP(2011)1498 and /2.

7.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

ii) Programming of Council business

(SI(2011)51)

The Commission took note of the information in SI(2011)51 on the Council meetings between Thursday 3 and Wednesday 16 March.

iii) Preparations for extraordinary European Council on the situation in neighbouring countries in the southern Mediterranean (Brussels, 11 March 2011)

The PRESIDENT opened the discussion on the situation in North Africa by stressing that it was the Commission's duty to support the transition processes currently under way. This was a historic opportunity that must not be missed, since the future of the countries in question would have an impact on the European Union and the rest of the world.

For these reasons, he felt that the Union could not remain a mere onlooker of the events taking place and that the Commission must seize this opportunity to implement the different instruments available to it. He invited the Commission Members to contribute to this debate.

With a view to the special European Council to be held on 11 March to discuss these matters, work on the Commission's contribution should start at once in order to present a set of measures in several different areas at the next Commission meeting, to be coordinated with the contribution of the High Representative of the Union for Foreign Affairs and Security Policy. As regards the Commission's contribution, he wished to link it with the European Neighbourhood Policy review initiated at the last Commission meeting.

Setting out his vision of the Commission's initiative, he said that a new paradigm should be proposed for relations between the Union and its neighbours to take the form of a "Pact for Democracy and Shared Prosperity". This pact would be based on three pillars: (i) democracy, the rule of law and respect for fundamental rights, (ii) inclusive development and (iii) a strengthened and thriving civil society.

Relations with the different partners in the region and, consequently, the instruments at their service must meet the criteria of conditionality and differentiation. There should also be close cooperation with other partners, such as European financial institutions and the Member States, in order to mobilise the necessary funds and re-programme the financial aid granted under the neighbourhood policy to meet the challenge of these changes.

More specifically, he mentioned the actions the Commission could take to support democratic and constitutional change, judicial reform and non-institutional players, for example by increasing the funds available under the European Instrument for Democracy and Human Rights (EIDHR) and the programme for non-state actors and local authorities.

Since uprisings were often caused by social and economic conditions in the countries concerned, the Union should support inclusive development through the funds of the European Investment Bank and the European Bank for Reconstruction and Development and by targeting small and medium-sized enterprises. In addition, trade and investment should be developed and support given to setting up activities that would create jobs in the poorest regions.

With regard to civil society, it was important to boost mobility through mobility partners in the countries concerned which met certain conditions, to speed up the issuing of visas for certain categories of persons and to develop youth programmes.

He went on to refer to the urgent needs that had arisen as a result of the situation in Libya. In addition to the measures already taken (evacuation of European nationals and adoption of sanctions), there were several courses of action open to the Commission. On the humanitarian front, the financial and logistical contribution would have to be stepped up in view of the population movements on Libya's borders, under Ms GEORGIEVA's direction. With regard to migration, he suggested drawing up a contingency plan in the context of Frontex and planning possible rescue actions in the Mediterranean to be led by Ms MALMSTRÖM in coordination with Baroness ASHTON. Lastly, the measures aimed at persuading Colonel Gaddafi to give up power and return Libya to the Libyan people should be kept up.

The PRESIDENT said that after the meeting he would issue a statement on behalf of the Commission on the situation in North Africa. In conclusion, he stressed the need to provide an appropriate response to this tragedy and harness the potential for positive change.

Baroness ASHTON spoke first of the humanitarian dimension of the situation, and thanked Ms GEORGIEVA and also Mr FÜLE and Ms MALMSTRÖM for their efforts. In the coming weeks and months all the Commissioners could contribute, within their areas of responsibility, to economic and political development in the region.

She explained that her own main role in the last few days had been to consult with the international community, in particular the UN Security Council with a view to reaching common positions. The contacts with the Russian government had been particularly useful to this end.

In the case of Tunisia, Baroness ASHTON said that considerable uncertainty remained following the appointment of the new Prime Minister. The world was looking to the European Union to play a leading role.

Turning to Egypt, she described the situation as extremely delicate and spoke of the efforts being made to put together as much aid as possible, under Europe's leadership, but also a degree of reluctance on the Egyptian side to accept this aid.

Finally, on the subject of Libya, Baroness ASHTON stressed the close cooperation with the United States on this matter and referred to the contacts she had had with NATO to determine the approach to be adopted in the short term. She spoke of the difficult humanitarian situation resulting from the mass exodus of migrant workers to the south of the country. She feared that a political stalemate might develop, and said it was necessary to anticipate all possible future scenarios.

Ms GEORGIEVA described the complexity of the situation at Libya's borders, the need to repatriate foreign workers to their countries of origin and the logistical demands which this was posing.

The European Union's aid contribution would be increased to €10 million. Access for humanitarian aid was proving very difficult because no international organisation was present in the country, but there was an urgent

need for medical assistance on the spot. She also referred to the problem of food supplies, which was likely to become acute as imports were not getting into the country.

Ms GEORGIEVA also warned of the consequences this crisis would have at international level, given its impact on the price of oil and certain foodstuffs.

She also referred briefly to the steadily worsening situation in Côte d'Ivoire and the growing numbers of people who had fled as a result to neighbouring countries which were already highly fragile. This issue would need to be discussed.

Mr FÜLE announced that an in-depth examination of the instruments of the neighbourhood policy was under way, with a view to reprogramming financial support to the Mediterranean countries concerned, as required.

He also raised the possibility of offering the EU's southern neighbours a pact for democracy and prosperity covering issues of democratisation, social justice and regional development, prosperity and economic integration, mobility and the common foreign and security policy dimension. He spoke of the expectations of the countries in question in these areas.

Mr FÜLE stressed that the countries concerned would also have to play their part, and announced his intention of going to Tunisia very soon to convey this message. He also emphasised the importance of an analysis focusing on the regional dimension. He concluded by saying that the changes that were under way represented a historic opportunity, but one that would require new resources.

Ms MALMSTRÖM praised the excellent cooperation between Commissioners which she had witnessed during this emergency. She, too, spoke of the historic nature of the current period and the Commission's moral obligation to rise to the occasion and respond to the peoples' aspiration for freedom and democracy. She also pointed to the importance of such action from the point of view of combating terrorism.

She described the dramatic situation of those fleeing Libya and said that boatloads of people from Tunisia were continuing to arrive in Lampedusa. Everything was being done to prepare the European Union to receive the refugees in terms of economic and humanitarian support, and special measures were being considered to deal with any mass influx. She did, however, acknowledge that the discussions with the Member States' Interior Ministers on this subject were difficult.

She concluded by saying that efforts were called for in the short, medium and long term and it was vital for the Commission to lead the way and respond to people's expectations.

In the course of the exchange of views which followed, the following points were mentioned in particular:

- the need to stress the importance of freedom of expression and free elections when Europe expressed its position, and to firmly support the democratic forces at work;
- the importance of helping the Mediterranean countries to cooperate among themselves, by developing a common market and policies, as well as with the European Union;
- with regard to food aid, the need to start looking already at what could be done via the United Nations' Food and Agriculture Organisation and through a specific European initiative;
- the need to highlight the essential role of rural development and agriculture in the economic and social development of the countries concerned, given their natural resources, and to be ready to support their efforts in these areas;
- the high expectations for the role of trade policy and the fact that certain questions still had to be resolved, for example about rules of origin and products' access to the EU's agricultural market;

- the need to look into the possibilities for mobility for students and researchers in the longer term;
- a call for the creation, in the medium term, of an operational framework for civil protection which would enable the EU to deliver a response that was commensurate with the challenges;
- the importance of giving greater visibility to the Commission's contribution to managing these crises in the media.

Baroness ASHTON pointed out that no intelligence service in the world had predicted the developments that had taken place in the region. The PRESIDENT felt that this point was worth examining, although he observed that no analyst had predicted the financial crisis either and the complexity of interactions in today's world made forecasting difficult.

The PRESIDENT noted the Commission's unanimity on the position to be adopted, given that the historic nature and gravity of the events called for an ambitious European response expressing clear support for democracy and the rule of law. He asked Members to produce their contributions to the document being drawn up as soon as possible. This was due to be presented to the extraordinary European Council on 11 March and would therefore have to be on the agenda of the Commission meeting on 8 March.

He reiterated his support for the initiatives already taken by the Commission Members in their respective areas of responsibility and stressed the need for better communication to the outside world about the measures implemented. He confirmed that he would be making a statement to the press that day, while Baroness ASHTON would be addressing the European Parliament's Conference of Presidents.

The Commission took note of this information and these conclusions.

iv) Preparations for the informal summit of euro-area Heads of State or Government (Brussels, 11 March) and the Spring European Council (Brussels, 24 and 25 March)

The PRESIDENT reported on the progress of preparations for the informal summit of euro-area Heads of State or Government to be held on 11 March, and especially the drafting of the competitiveness pact set in motion by the conclusions of the European Council of 4 February. He stressed the work carried out in close collaboration between himself – with the support of Mr REHN – and the President of the European Council, Mr Van Rompuy, to consult the Member States on the basis of a jointly-drafted discussion paper, discussed at a meeting of representatives of the euro-area Member States on 28 February.

He noted with satisfaction that the Commission's role in the process of developing the competitiveness pact had been clearly established, and stressed the support expressed by the Member States for the Community method and their desire to keep the exercise within the limits of the existing institutional framework based on the Treaty of Lisbon.

On the substance of the debate, the PRESIDENT referred to the questions which were still outstanding. As regards taxation, first of all, he said that the Commission would shortly be presenting its proposal for a common consolidated corporate tax base. If the unanimity required for its adoption could not be reached, some Member States might wish to proceed by means of enhanced cooperation, commitment which could be possibly organize within the framework of the competitiveness pact.

He then went on to discuss the social dimension, which he felt should be given greater weight in the competitiveness pact without necessarily duplicating all the provisions laid down in the Europe 2020 strategy.

Finally, he referred to two other outstanding questions – the legal basis of the pact, if any, and participation by States which were not members of the euro area.

The PRESIDENT also mentioned the set of measures expected to be agreed on 11 March on the future European Financial Stability Mechanism and possible adjustments, currently under discussion, to the European Financial Stability Facility.

Mr REHN began by stressing that the European economy was showing some signs of recovery and that growth forecasts had been revised slightly upwards. However, this recovery varied considerably from Member State to Member State and tensions remained with regard to sovereign debt and the fear of a possible return of inflation, even though the underlying inflation rate was still under control.

He went on to talk about the next informal euro-area summit on 11 March and the meeting of the Economic and Financial Affairs Council on 15 March, for which the Commission had to table a contribution on the EU's overall response to the crisis, based on the Annual Growth Survey. He felt that the information provided in the Annual Growth Survey in relation to macro-economic conditions and the labour market should be supplemented by new data from the competitiveness pact, and that the planned meetings should produce tangible results.

Mr REHN particularly highlighted three main aspects of the forthcoming discussions. Firstly, on the question of economic governance, he felt that the Commission's proposals, currently under discussion in Parliament and the Council, were moving in the right direction and could lead to a "trialogue" before the summer.

Secondly, specific actions were needed on the part of certain Member States, for example Greece and Ireland, to guarantee the viability of their debt and to

encourage their growth dynamics by continuing with the work they had already begun.

Finally, several questions still remained as regards, on the one hand, boosting the European Financial Stability Facility and its lending capacity and, on the other, finalising the European Financial Stability Mechanism as a structure for the euro-area Member States, in which the Member States which were not in the euro area would be able to take part, in accordance with certain detailed arrangements.

Mr REHN concluded his remarks by pointing out that the relevant decisions would have to be adopted on 11 March at the informal summit of euro-area Heads of State or Government and later at the Spring European Council.

The Commission then held a debate in which the following points were discussed:

- a reminder that the prevailing state of the markets continued to be tense, with, *inter alia*, sizeable interest-rate differences between Member States and issues with regard to public borrowing in several Member States;
- the need for greater economic integration in response to the crisis, in the spirit of the original European project;
- support for the proposed approach, with regard both to the essential role which was and must continue to be played by the Commission and the Community method, and to the intergovernmental nature of the European Financial Stability Mechanism, provided that it continued to be used in accordance with its initial objectives and in full compliance with the terms of the Lisbon Treaty;
- the need to demonstrate and to communicate effectively the added value of the competitiveness pact, particularly with regard to the Commission's previous proposals, and a reminder of the need to make full use of existing options before seeking to engage in different courses of action, for

example by highlighting the possibilities offered by a reform of salary indexation systems and a greater role for the liberalisation of trade and commerce;

- the advantage that strengthening economic coordination within the euro area preserved the *acquis* common to all 27 Member States of the Union while at the same time offering the possibility of enhanced cooperation;
- the desire for the competitiveness pact to include other elements, for example in relation to control of expenditure, the imposition of penalties and a right of appeal for private sector creditors;
- the importance of the proposals as regards coordination on a common tax base, including through enhanced cooperation, and a wish for the competitiveness pact to include other elements too, such as the possibility of durability tests with regard to Member States' taxation policy;
- a reminder of the importance of the social context and the short-term consequences of the structural reforms and fiscal consolidation, and the need to share the burden of reforms and readjustments among the Member States;
- the need to take full account of the specific situation of the individual Member States, and questions with regard to the unit labour cost, calls for pay restraint limited to the public sector in the Member States, and inadequate restructuring of the banking sector;
- a reminder of specific political aspects following the recent general elections in one Member State.

Mr REHN replied to some comments and confirmed the seriousness of the economic and financial situation. In order to restore European competitiveness, salary increases must be brought under control, while ensuring that Member States' powers and practices were fully respected.

Supervision was an essential part of the competitiveness pact and, in this context, the Commission would evaluate each Member State's performance in line with the provisions of the Treaty, the rules on economic governance and the European Semester. Mr REHN ended by saying that a more in-depth discussion on aspects relating to the external representation of the European Union would be useful.

The PRESIDENT concluded the discussion by recalling the background to the competitiveness pact and the Commission's concern from the outset to ensure that this initiative proceeded in a manner compatible with the Treaty. He underlined the difficult economic and budgetary situation of several Member States, the tension on the financial markets and the importance, in this context, of ensuring that the discussions between Ministers and Heads of State or Government resulted in an agreement on the terms of the competitiveness pact, which the Commission had placed firmly within the Community framework.

In relation to strengthening the European Financial Stability Facility, he considered that all euro-area Member States should support the idea of increasing its financial capacity and extending its area of action, irrespective of the internal political issues this might raise for some of them.

The PRESIDENT ended by underlining the importance of maintaining a global view of what was being proposed for the euro area. This would be a historic decision leading to more stability but also to more European integration. Finally, he pointed out that initiatives and policies introduced under an intergovernmental framework in the past had subsequently joined the European fold.

The Commission took note of this information and these conclusions.

v) Preparation of the COREPER II meeting of 2 March

(point 2.2.2 of the IRG record)

- Response to the United States' initiative concerning Icelandic whaling catches.

The Commission approved the line set out in SI(2011)53/2.

7.3. RELATIONS WITH PARLIAMENT

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

(point 3.4.2 of the IRG record)

The Commission approved document SP(2011)1475/2 on the action taken on the non-legislative resolutions adopted by Parliament at its November I part-session, for transmission to Parliament.

vii) Action taken on non-legislative resolutions adopted by Parliament at its November II part-session

(point 3.4.3 of the IRG record)

The Commission approved documents SP(2011)1476 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its November II part-session, for transmission to Parliament.

viii) Action taken on legislative opinions and non-legislative resolutions adopted by Parliament at its December part-session

(point 3.4.4 of the IRG record)

The Commission approved document SP(2010)1477 on the action taken on the legislative opinions and non-legislative resolutions adopted by Parliament at its December part-session, for transmission to Parliament.

8. POLICY DEBATE ON INTELLECTUAL PROPERTY RIGHTS

(SEC (2011)258; SEC(2011)285; SEC(2011)259)

At the proposal of the PRESIDENT, in agreement with Mr BARNIER, the Commission agreed to postpone the policy debate on intellectual property rights to its ordinary meeting on 30 March 2011.

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The meeting closed at 12.37.