



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2001)1529 final**

Brussels, 3 July 2001

**MINUTES**  
**of the 1529th meeting of the Commission**  
**held in Brussels**  
**(Breydel)**  
**on Wednesday 27 June 2001**  
**(morning)**

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These minutes were approved by the Commission at its 1530<sup>th</sup> meeting, held in Strasbourg on 3<sup>rd</sup> July 2001.

They contain 22 pages.

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**Single sitting: Wednesday 27 June (morning)**

The sitting opened at 0925 hours with Mr Prodi, President, in the chair.

Present:

|                   |                |
|-------------------|----------------|
| Mr PRODI          | President      |
| Mr KINNOCK        | Vice-President |
| Ms de PALACIO     | Vice-President |
| Mr MONTI          |                |
| Mr FISCHLER       |                |
| Mr BOLKESTEIN     |                |
| Mr BUSQUIN        |                |
| Mr SOLBES         |                |
| Mr NIELSON        |                |
| Mr VERHEUGEN      |                |
| Mr PATTEN         |                |
| Mr LAMY           |                |
| Mr BARNIER        |                |
| Ms REDING         |                |
| Ms SCHREYER       |                |
| Mr VITORINO       |                |
| Ms DIAMANTOPOULOU |                |

Absent:

Mr LIIKANEN  
Mr BYRNE  
Ms WALLSTRÖM

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

|               |                                       |
|---------------|---------------------------------------|
| Mr JEAN       | Deputy Chef de cabinet to Mr Liikanen |
| Mr POWER      | Chef de cabinet to Mr Byrne           |
| Ms BERGENFELT | A member of Ms Wallström's staff      |

**The following also sat in**

|                   |                                         |                    |
|-------------------|-----------------------------------------|--------------------|
| Mr PETITE         | Director-General, Legal Service         |                    |
| Mr MANSERVISI     | Chef de cabinet to the President        |                    |
| Mr DE LECEA       | A member of the President's staff       | Items 8, 11 and 12 |
| Mr FAULL          | Commission Spokesman                    |                    |
| Mr PLANAS         | Chef de cabinet to Mr Solbes            | Item 12            |
| Mr STAHL          | Deputy Chef de Cabinet to Mr Solbes     | Item 12            |
| Mr CARVOUNIS      | Press and Communication DG              |                    |
| Mr THOMAS         | Press and Communication DG              | Item 12            |
| Mr GOOCH          | Press and Communication DG              | Item 12            |
| Mr STUB JORGENSEN | Press and Communication DG - Copenhagen | Item 8             |

Secretary: Mr O'SULLIVAN, Secretary-General, assisted by Mr BISARRE, Director in the Secretariat-General.

**1. AGENDAS**

**(OJ(2001)1529/3; SEC(2001)986/2)**

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

**2. WEEKLY MEETING OF CHEFS DE CABINET**

**(SEC(2001)1529)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 25 June.

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1528th MEETING**

**(20 June)**

**(PV(2001)1528 and /2; PV(2001)1528, Part II)**

The Commission approved the minutes of its 1528th meeting.

**4. PARLIAMENT**

***PARLIAMENTARY AFFAIRS GROUP***

***(SP(2001)2165)***

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on Thursday 21 June (SP(2001)2165).

It paid particular attention to the following:

**a) Interinstitutional relations**

(point 1 of the record)

**Codecision procedure - Article 251 EC**

General product safety, 2000/0073 (COD)

With a view to conclusion as an "A" item at the conciliation committee meeting scheduled for 25 June, the Commission approved the compromise texts in SP(2001)2116.

**b) Preparations for July part-session**

(point 2 of the record)

The Commission, in accordance with the rules in force, authorised the Commission Members responsible, in agreement with the PRESIDENT, Ms de PALACIO and any other Members associated, to take a position on Parliament's amendments to its proposals.

It paid particular attention to the following:

**2nd reading**

- ROTHE report, Promotion of electricity from renewable energy sources, COM(2000)279 - 2000/0116 (COD)

The Commission adopted the line set out in SP(2001)2114.

Empowerment

The Commission, acting under Article 13 of its Rules of Procedure, empowered Ms de PALACIO, in agreement with the PRESIDENT and any other Members associated, to adopt and transmit to the Council, in accordance with Article 251(2)(c) of the Treaty, once Parliament had given its view, its opinion on the amendments, together with any amended

proposals, on the basis of the line set out in SP(2001)2114 for the following:

- ROTHE report, Promotion of electricity from renewable energy sources, COM(2000) 279 - 2000/0116 (COD)

#### **1st reading and simple consultation**

- KARAS report, Occupational retirement pension institutions, COM(2000)507 - 2000/0260 (COD)

The Commission adopted the line set out in SP(2001)2115/2.

- FLESCH report, Implementation of the internet top-level domain ".eu", COM(2000)827 - 2000/0328 (COD)

The Commission adopted the line set out in SP(2001)2120, but decided to accept compromise amendment 4 in part.

- NIEBLER report, Radio spectrum policy, COM(2000)407 - 2000/0187 (COD)

The Commission adopted the line set out in SP(2001)2163, but decided to reject amendment 9.

- McKENNA report, Coastal zone management in Europe, COM(2000)545 - 2000/0227 (COD)

The Commission adopted the line set out in SP(2001)2119.

- CARRILHO report, Operations to aid uprooted people in Asian and Latin American developing countries, COM(2000)831 - 2000/0338 (COD)

The Commission adopted the line set out in SP(2001)2111/2.

- BOURLANGES report, Management of Community programmes,  
COM(2000)788 - 2000/0337 (CNS)

The Commission adopted the line set out in SP(2001)2113/2.

- BROK report, Macrofinancial assistance to the Federal Republic of  
Yugoslavia,  
COM(2001)277 - 2001/0112 (CNS)

The Commission adopted the line set out in SP(2001)2179.

## **5. PERMANENT REPRESENTATIVES COMMITTEE**

**(SI(2001)749; SI(2001)736; SI(2001)641; SEC(2001)1083 and /2; SI(2001)640;  
SI(2001)734)**

The Commission took note of the Secretariat-General's reports on recent meetings of the Permanent Representatives Committee.

It paid particular attention to the following:

### **5.1. RELATIONS WITH SWITZERLAND (SI(2001)749)**

At the signing of seven sectoral agreements between the European Community and Switzerland on 21 June 1999, the parties had undertaken to negotiate further arrangements. The Council had already adopted directives for certain of these.

The Presidency had announced that on 25 June it would submit to the Council (General Affairs) conclusions inviting the Council to consider the technical, institutional and legal aspects with a view to preparing for discussion of the negotiating directives on the Schengen/Dublin *acquis*. The Commission was

asked to begin negotiations in the subject areas where it was mandated to do so and, at the appropriate time, to propose new negotiating directives.

The Commission took note of these conclusions, which indicated the Council's wish to continue the preparations, even in the absence of a formal Commission proposal. This called for a speedy and concerted response from the Commission, particularly on the legal and institutional aspects of EU-Switzerland cooperation in the fields concerned.

**5.2. *FOOD AUTHORITY***  
***(SI(2001)736)***

**Proposal for a Regulation laying down the general principles and requirements of food law, establishing the European Food Authority, and laying down procedures in matters of food safety**

The Commission noted that Coreper had reached unanimous political agreement on the Regulation as a whole, but that its representative had not been able to support this compromise, which differed considerably from the Commission's initial proposal as regards the composition of the Management Board.

**5.3. *REFORM OF THE COMMISSION: TERMINATION OF SERVICE OF OFFICIALS***  
***(SI(2001)641; SEC(2001)1083 and /2)***

Having taken note of the discussions on Friday 22 June in Coreper, the Commission authorised Mr KINNOCK to negotiate a compromise on the basis of the elements set out at points II and III of SEC(2001)1083 and empowered him, in agreement with the PRESIDENT and Ms de PALACIO, to adopt and transmit an amended proposal to the Council.

**5.4. PREPARATIONS FOR COUNCIL MEETING**  
**(TRANSPORT/TELECOMMUNICATIONS)**  
**(27 AND 28 JUNE)**  
**(SI(2001)640; SI(2001)734)**

**1) Proposal for a Parliament and Council Directive on the processing of personal data and the protection of privacy in the electronic communications sector**

Having taken note of developments in Coreper, the Commission empowered Mr LIIKANEN, in agreement with the PRESIDENT, to express a favourable position on a common approach provided it did not widen the scope of exemptions to the principle of the erasure of traffic data and provided the solution to be adopted for unsolicited communications preserved the objective of the proposal, without prejudice to Parliament's opinion.

**2) Proposal for a Parliament and Council Regulation on the implementation of the internet top-level domain ".eu"**

The Commission noted that the compromise taking shape within the Council bodies did not call into question the general thrust of its proposal.

**6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS**

**6.1. WRITTEN PROCEDURES APPROVED**  
**(SEC(2001)987 to /5; SEC(2001)988)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted by written procedure between 18 and 22 June.

**6.2. SENSITIVE WRITTEN PROCEDURES**  
**(SEC(2001)989)**

The Commission took note of the following written procedures initiated between 18 and 22 June for the adoption of decisions with political implications:

**Time limit: 26.06.2001**

**E/2001/1152 - COM(2001)346**

**Research DG**

Commission communication on the international dimension of the European Research Area

**Time limit: 29.06.2001**

**E/2001/1199 - C(2001)1698**

**Competition DG**

Commission decision relating to a procedure under Article 81 of the EC Treaty (case COMP/F-2/36.693 - Volkswagen) annulling Commission decision C(2001)1525 final of 30 May 2001

**6.3. EMPOWERMENT**  
**(SEC(2001)990 to /5; SEC(2001)991 to /3)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the empowerment procedure between 18 and 22 June.

**6.4. GENERAL EMPOWERMENT IN THE FIELD OF SHIPMENTS OF  
CERTAIN TYPES OF WASTE TO CERTAIN NON-OECD COUNTRIES  
FOR RECOVERY PURPOSES**  
**(SEC(2001)999)**

The Commission granted the empowerment proposed as set out at point IV of SEC(2001)999.

**6.5. *DELEGATION OF POWERS FOR THE APPOINTMENT OF  
EURATOM INSPECTORS***

***(SEC(2001)1001)***

The Commission granted the delegation of powers proposed in  
SEC(2001)1001.

**7. *ADMINISTRATIVE AND BUDGETARY MATTERS***  
***(SEC(2001)992/2)***

***ADMINISTRATIVE MATTERS***

***(PERS(2001)194; PERS(2001)195)***

**7.1. *APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS***

The Commission continued its discussions on this matter, begun on 2 May  
(PV(2001)1521).

The Commission, on a proposal from Mr KINNOCK, in agreement with the  
PRESIDENT and Mr PATTEN, adopted the decision in PERS(2001)198 to  
apply the second stage of the procedure laid down in Article 50 of the Staff  
Regulations in respect of Mr VIÑAS, A2 official in the External Relations  
DG.

This decision would take effect from 1 September.

**7.2. *LEAVE ON PERSONAL GROUNDS FOR AN A2 OFFICIAL***

In agreement with the PRESIDENT and Ms WALLSTRÖM, the Commission  
accepted the request for leave on personal grounds under Article 40 of the  
Staff Regulations from Mr Matti LIUKKONEN, A2 official and currently  
Chief Adviser in the Environment DG, for one year from 1 September 2001.

**7.3. OLAF.C - A2 POST OF DIRECTOR**

The Commission took note of the appointment of Mr ILETT as Director of Directorate C of the Anti-Fraud Office, under the procedure laid down in Article 6 of the Commission Decision of 28 April 1999 establishing the Anti-Fraud Office.

**8. A NEW FRAMEWORK FOR THE INFORMATION AND  
COMMUNICATION POLICY OF THE EUROPEAN UNION  
(COM(2001)354 to /8; SEC(2001)1012; SEC(2001)1014)**

The Commission approved the communication in COM(2001)354/8 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**9. RESTRICTIONS DIRECTLY RELATED AND NECESSARY TO  
CONCENTRATIONS  
(COM(2001)342; C(2001)1747)**

The Commission approved the communication in C(2001)1747 for publication in the Official Journal.

**10. PROPOSAL FOR A COUNCIL DECISION AUTHORISING FRANCE TO  
EXTEND THE APPLICATION OF A REDUCED RATE OF EXCISE DUTY  
ON "TRADITIONAL" RUM PRODUCED IN ITS OVERSEAS  
DEPARTMENTS  
(COM(2001)347 to /5; SEC(2001)1011**

The Commission approved the proposal in COM(2001)347/4 for transmission to Parliament and the Council.

**11. REFORM OF THE COMMISSION: ANNUAL REPORTS AND  
DECLARATIONS REQUIRED OF DIRECTORS-GENERAL  
(SEC(2001)875 to /6; SEC(2001)959)**

The President presented a communication, drawn up in agreement with Mr KINNOCK and Ms SCHREYER, giving practical effect to the guideline adopted in the White Paper on reform, under which each Director-General must give an annual account of the activities of his or her Directorate-General and the management of its resources.

This required each Director-General or department head to produce a report and make a declaration every year, on the basis of which a summary report would be drawn up under the authority of the President and in agreement with the Commission Members responsible for budgets and administration, and submitted to the Commission.

The purpose of the communication was to define, for Directors-General and department heads, the content and scope of these declarations and annual reports as well as the arrangements whereby the summary report and the annual reports, accompanied by the corresponding declarations, would be transmitted to the other institutions (Parliament, Council and Court of Auditors) and presented to Parliament.

The Commission held an in-depth discussion on the responsibilities assumed, each at his or her level, by Commission Members and their Directors-General, in particular on the procedure for presenting the summary report and the reports by Directorates-General to Parliament.

Following this discussion, the Commission made the following amendments to SEC(2001)875/6:

- **Point 2.1.2 - The content of the annual report**

In the third paragraph, the first bullet point was amended as follows:

"A rundown of the general objectives of the Directorate-General or Service in relation to the **political priorities set by the college** and the other important tasks undertaken by the department itself."

- **Point 3.1.3**

The following text was added to last sentence of the paragraph:

" ... so that the Commissioner will already be aware of the circumstances mentioned in the annual report as **liable to** compromise the sound management of funds or to hinder the achievement of the objectives set, **and in particular of qualifications that might be added to the declarations.**"

- **Point 4.1.2 - Presentation to the other institutions**

The title and the three indents of this item were replaced by the following:

"4.1.2. Presentation to the European Parliament

In line with the principle of collective political accountability of the college and the framework agreement on relations between the European Parliament and the Commission, the Members responsible for the budget and for administrative reform will present the summary report to the competent bodies of the European

Parliament, in particular the Committee on Budgets and the Committee on Budgetary Control.

The other Commissioners will present their political appreciation for their area of responsibility according to the arrangements agreed with the parliamentary committees. They can ask the Director-General to present his/her activity report to the parliamentary committee concerned."

The third paragraph of former item 4.1.3 was deleted.

Subject to the above amendments, the Commission decided:

- to approve the approach proposed in the communication in SEC(2001)875/6, particularly as regards the procedure for making use of the annual reports and declarations;
- to start, on this basis, appropriate contacts with the institutions identified as recipients of the annual reports and declarations, in order to define the arrangements for the transmission of these documents to those institutions and their presentation to Parliament;
- to approve the model declaration (simplified) by the authorising officer by delegation relating to the interim report at 30 June 2001, set out at Annex 3, and the model declaration by the authorising officer by delegation relating to the annual activity report from 2002 onwards, set out at Annex 4, which replaced the models approved by the Commission on 13 December 2000;
- to ask its Members to ensure that the charter for authorising officers was properly implemented, and particularly that it was sent to the Directors-General and/or department heads for which they were responsible. These would in turn transmit the charter for authorising officers by subdelegation to the officials in their departments receiving the subdelegations;

- to ask the Secretary-General to transmit this communication to Directors-General and department heads.

## **12. PUBLIC FINANCES IN ECONOMIC AND MONETARY UNION IN 2001 (COM(2001)355 to /3; SEC(2001)1016)**

Mr SOLBES presented a communication on public finances in the economic and monetary union, reviewing the budgetary results of the Member States in 2000, assessing the short- and medium-term prospects, and dealing with the most important questions currently dominating the debate on budgetary policy at EU level.

This communication was the first of its kind and was accompanied by a report presented as a Commission staff working paper, which would serve as a working document in the definition of future measures to be taken in the field of budgetary policy in EMU.

As regards the current situation and future prospects in the field of budget policies, the results for the 2000 financial year remained mixed: budget balances had improved and the tax burden had been reduced in most Member States, but the growth dividend, higher than expected, had not always been used to speed up budgetary consolidation.

In this connection, Mr SOLBES reminded the meeting of developments in the main economic indicators in the EU:

- slowing of growth since the beginning of the year, due in particular to the sharp reversal of the economic situation in the United States and weakness in domestic demand (GDP growth was lower than forecast);
- persistent inflationary pressures, though these had not so far affected the policies of wage moderation;

- a slowing-down - but not interruption - in the process of job creation.

As regards the major questions dominating the debate on the process of budgetary surveillance in the euro area, he noted in particular:

- the need, particularly in the current slowdown, for the Union to have a common understanding of the operation of automatic budgetary stabilisers and of the relevance of their use;
- the need to improve the quality and sustainability of public finances, putting the emphasis on their contribution to growth and employment, and on the budgetary consequences of the ageing of the population;
- the need to enhance economic policy coordination and make it more effective.

On the basis of this presentation, the Commission discussed the development of the short- and medium-term economic situation.

Following this debate, the Commission approved the communication in COM(2001)355/3 for transmission, accompanied by the report in SEC(2001)1093, to the Council, Parliament, the Economic and Social Committee, the Committee of the Regions and the European Central Bank.

### **13. COUNCIL MEETINGS**

**(SI(2001)772)**

#### ***GENERAL AFFAIRS***

***(25-26 JUNE, LUXEMBOURG)***

Mr PATTEN focused his remarks on an analysis of the political and military situation in the Former Yugoslav Republic of Macedonia (FYROM).

He announced, in this connection, the appointment of Mr François LEOTARD, a member of the French National Assembly, as EU representative in FYROM.

It was important that the European Union continue to work for a political settlement of this conflict.

The Commission, in the light of this presentation, went on to discuss the forces present on the ground, and the solutions to the conflict that would be politically possible.

#### **14. RELATIONS WITH NON-MEMBER COUNTRIES**

##### ***TRADE RELATIONS WITH THE UNITED STATES***

##### **Preliminary report of the WTO panel responsible for considering American legislation on tax relief on exports (Foreign Sales Corporation - FSC)**

Mr LAMY reported on the content, in all respects favourable to the European Community's standpoint, of the preliminary report of the WTO panel responsible for considering the US legislation on certain tax relief on exports. The report would be finalised in August.

The American legislation in question should be seen as an illicit export subsidy, and not as an internal tax policy measure, and the objective sought by the European Community through its complaint to the WTO was to secure the restoration of fair competition conditions between European and American companies.

The European Community would see to it that appropriate action was taken on the conclusions of the panel, i.e. that the American legislation be brought into line with WTO rules.

Depending on whether or not the opposing party decided to appeal, this alignment should take place either in October 2001, or around February 2002.

Mr LAMY distributed in the meeting a summary of the EC standpoint on this matter and asked all Members to adhere to that line in any contacts with the media.

## **15. OTHER BUSINESS**

### ***FOLLOW-UP TO REFERENDUM IN IRELAND***

The President gave a report of his official visit to Ireland on 21 and 22 June.

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The meeting closed at 1325 hours.