



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2001)1532 final

Brussels, 25 July 2001

MINUTES

of the 1532nd meeting of the Commission

held in Brussels

(Breydel)

on Wednesday 18 July 2001

(morning)

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These minutes were approved by the Commission at its 1533rd meeting, held in Brussels on 25th July 2001.

They contain 30 pages.

CONTENTS

Attendance list	6-7
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1. AGENDAS (OJ(2001)1532/3; SEC(2001)1165/2).....	8
2. WEEKLY MEETING OF CHEFS DE CABINET (SEC(2001)1532).....	8
3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1531ST MEETING (11 JULY) (PV(2001)1531; PV(2001)1531, PART II).....	8
4. PARLIAMENT	8
<i>PARLIAMENTARY AFFAIRS GROUP (SP(2001)2475)</i>	8
5. MONITORING THE APPLICATION OF COMMUNITY LAW: STATE AID AND INFRINGEMENTS	10
5.1. <i>STATE AID (SEC(2001)1187 and /2)</i>	10
5.2. <i>INFRINGEMENTS - REPORT A1/2001 (SEC(2001)833 to /3; SEC(2001)837 to /3; SEC(2001)838 and /2; SEC(2001)887 and /2)</i>	11
6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	11
6.1. <i>WRITTEN PROCEDURES APPROVED (SEC(2001)1166 to /5)</i>	11
6.2. <i>SENSITIVE WRITTEN PROCEDURES (SEC(2001)1168)</i>	12
6.3. <i>EMPOWERMENT (SEC(2001)1169 to /5; SEC(2001)1170 and /2)</i>	13
6.4. <i>GENERAL EMPOWERMENT IN THE FIELD OF THE PRE-ACCESSION INSTRUMENT FOR AGRICULTURE AND RURAL DEVELOPMENT (SEC(2001)1182)</i>	13
7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2001)1171/2)	13

ADMINISTRATIVE MATTERS (PERS(2001)230).....	13
7.1. <i>MIDDLE-MANAGEMENT POSTS AND ORGANISATION CHARTS</i> (PERS(2001)226).....	13
7.2. <i>DG DEV - REINTEGRATION OF AN A2 OFFICIAL FOLLOWING LEAVE ON</i> <i>PERSONAL GROUNDS (PERS(2001)230)</i>	13
8. COMMISSION DECISION ON PROCEEDINGS UNDER ARTICLE 81 OF THE TREATY EEC AND ARTICLE 53 OF THE EEA AGREEMENT (C(2001)1987 TO /4).....	14
9. REVISED DRAFT NOTICE ON THE NON-IMPOSITION OR REDUCTION OF FINES IN CARTEL CASES (SEC(2001)1186 TO /3).....	15
10. PROPOSAL FOR A TRIPARTITE DECISION ON THE REGULATIONS AND GENERAL CONDITIONS FOR THE PERFORMANCE OF THE DUTIES OF THE EUROPEAN DATA PROTECTION SUPERVISOR (COM(2001)411 AND /2).....	15
11. PROMOTING CORE LABOUR STANDARDS AND IMPROVING SOCIAL GOVERNANCE IN THE CONTEXT OF GLOBALISATION (COM(2001)416 TO /4; SEC(2001)1204).....	15
12. GREEN PAPER ON PROMOTING A EUROPEAN FRAMEWORK FOR CORPORATE SOCIAL RESPONSIBILITY (COM(2001)366 TO /5; SEC(2001)1110).....	16
13. STRENGTHENING COOPERATION WITH THIRD COUNTRIES IN THE FIELD OF HIGHER EDUCATION (COM(2001)385 TO /4).....	16
14. ACTION TO BE TAKEN ON THE REPORT OF THE HIGH-LEVEL NEGOTIATING BODY - NEW GUIDELINES FOR THE REFORM OF STAFF POLICY (SEC(2001)1202 TO /6; SEC(2001)1089 TO /3; SEC(2001)1201 AND /2; SEC(2001)1207; COM(2001)377 AND /2).....	16

14.1. NEW GUIDELINES FOR THE REFORM OF STAFF POLICY.....	16
14.2. CONSULTATION DOCUMENT ON RELATIONS BETWEEN THE ADMINISTRATION AND THE STAFF: AN ENHANCED CENTRAL MEDIATION SERVICE CONSULTATION DOCUMENT ON FLEXIBLE RETIREMENT AND UNEMPLOYMENT FUND.....	19
15. COMMISSION DECISION ON PROCEEDINGS UNDER ARTICLE 81 OF THE TREATY EEC AND ARTICLE 53 OF THE EEA AGREEMENT (C(2001)1986 TO /5).....	19
16. PROPOSAL FOR A COUNCIL DIRECTIVE TO ENSURE EFFECTIVE TAXATION OF SAVINGS INCOME IN THE FORM OF INTEREST PAYMENTS WITHIN THE COMMUNITY (COM(2001)400 AND /2; SEC(2001)1214).....	21
17. PROPOSAL FOR A COUNCIL REGULATION AIMING TO PROMOTE THE CONVERSION OF VESSELS AND OF FISHERMEN THAT WERE, UP TO 1999, DEPENDENT ON THE FISHERIES AGREEMENT WITH MOROCCO (COM(2001)384 TO /4; SEC(2001)1220).....	22
18. PROPOSAL FOR A REGULATION LAYING DOWN COMMUNITY PROCEDURES FOR THE AUTHORISATION AND SUPERVISION OF MEDICINAL PRODUCTS FOR HUMAN AND VETERINARY USE AND ESTABLISHING A EUROPEAN AGENCY FOR THE EVALUATION OF MEDICINAL PRODUCTS - TWO PROPOSALS FOR DIRECTIVES ON THE COMMUNITY CODE RELATING TO HUMAN AND VETERINARY MEDICINAL PRODUCTS, RESPECTIVELY (COM(2001)404 TO /6; SEC(2001)1199).....	23
18.1. PROPOSAL FOR A REGULATION LAYING DOWN COMMUNITY PROCEDURES FOR THE AUTHORISATION AND SUPERVISION OF MEDICINAL PRODUCTS FOR HUMAN AND VETERINARY USE AND ESTABLISHING A EUROPEAN AGENCY FOR THE EVALUATION OF MEDICINAL PRODUCTS	23

18.2. TWO PROPOSALS FOR DIRECTIVES ON THE COMMUNITY CODE RELATING TO HUMAN AND VETERINARY MEDICINAL PRODUCTS, RESPECTIVELY	24
19. COUNCIL MEETINGS (SI(2001)859)	25
GENERAL AFFAIRS (BRUSSELS, 16 AND 17 JULY) (SI(2001)874)	25
20. RELATIONS WITH NON-MEMBER COUNTRIES	26
COMMON FOREIGN AND SECURITY POLICY	26
COMMUNITY ENGAGEMENT IN THE PROPOSED GLOBAL FUND FOR AIDS AND HEALTH (SEC(2001)1190 to /3)	26
21. OTHER BUSINESS	28
21.1. PREPARATIONS FOR THE FOLLOW-UP TO THE CONFERENCE OF CONTRACTING PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE - MEETING IN BONN (SEC(2001)1247)	28
21.2. STRUCTURAL INDICATORS (SEC(2001)1271 and /2)	28
21.3. GUARANTEES TO THE GERMAN "LANDESBANKEN"	28
22. POLICY GUIDELINES FOR THE EUROPEAN TRANSPORT POLICY IN 2010 (SEC(2001)1133 TO /5)	29

Single sitting: Wednesday 18 July (morning)

The sitting opened at 0920 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 LIIKANEN	
Mr BOLKESTEIN	
Mr BUSQUIN	
Mr SOLBES	
Mr VERHEUGEN	
Mr LAMY	
Mr BYRNE	
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	
Ms DIAMANTOPOULOU	

Absent:

Mr NIELSON
Mr PATTEN
Mr BARNIER

The following sat in to represent absent Members of the Commission

Mr SØRENSEN	Chef de cabinet to Mr Nielson
Mr CARY	Chef de cabinet to Mr Patten
Mr LE BRET	A member of Mr Barnier's staff
Mr MARTEAU	A member of Mr Barnier's staff

The following also sat in

Mr ROSAS	Deputy Director-General, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr GUSSETTI	A member of the President's staff	Item 22
Mr SMULDERS	A member of the President's staff	Item 8
Mr FAULL	Commission Spokesman	
Mr CARVOUNIS	Director, DG PRESS.C	
Mr MAMER	Spokesman	Item 14
Mr GOOCH	Spokesman	Item 14
Mr CALLEJA	Chef de cabinet de Ms de Palacio	
Mr ESTEVA MOSSO	A member of Mr Monti's staff	
Mr JEAN	Deputy Chef de cabinet to Mr Liikanen	Item 18
Mr CHILD	A member of Mr Patten's staff	
Mr ANASTOPOULOS	A member of Ms Diamantopoulou's staff	

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

1. AGENDAS

(OJ(2001)1532/3; SEC(2001)1165/2)

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)1532)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 16 July.

The Secretary-General made a number of clarifications on the positions taken by certain Members' Offices on points 15, 16 and 21 of the report.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1531st MEETING

(11 July)

(PV(2001)1531; PV(2001)1531, Part II)

The Commission approved the minutes of its 1531st meeting.

4. PARLIAMENT

PARLIAMENTARY AFFAIRS GROUP

(SP(2001)2475)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on Thursday 12 July.

The Commission's attention was drawn to the following points:

a) Preparations for September I 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:

1st reading and simple consultation

- SCHMITT report, European Aviation Safety Agency,
COM(2000)595 - 00/0246 (COD)

The Commission adopted the line set out in SP(2001)2433, but decided to accept amendment 45 in part (scope), to accept amendment 16 in principle (means of bringing into conformity), to reject amendment 20 (headquarters of the Agency) and to accept in principle amendment 7.1 JURI (appeal courts).

- BLOKLAND report, Waste management statistics,
COM(1999)31 - 99/0010 (COD)

The Commission adopted the line set out in SP(2001)2386/2.

- NISTICÒ report, Quality and safety standards for human blood and blood components,
COM(2000)816 - 00/0323 (COD)

The Commission adopted the line set out in SP(2001)2402/2.

b) Action taken on Parliament's opinions and resolutions

(point 5 of the record)

- The Commission adopted SP(2001)2321 on the action taken on Parliament's opinions and resolutions at the June part-session, subject to the amendments distributed in the Parliamentary Affairs Group meeting concerning the HARBOUR and MARTINEZ MARTINEZ reports, for transmission to Parliament.
- The Commission adopted the replies to own-initiative resolutions adopted by Parliament for which the Commission had undertaken to give a reply (SP(2001)2323), subject to the amendments distributed in the Parliamentary Affairs Group meeting concerning the PEIJS report, for transmission to Parliament.

c) Testimony of officials

(point 7 of the record)

The Commission took note of SP(2001)2388 and of the authorisation given by Ms DIAMANTOPOULOU to Ms DONNELLY and Mr TSIBERIDIS to give evidence to the European Ombudsman, at his request, on behalf of and on the instruction of the Commission.

5. MONITORING THE APPLICATION OF COMMUNITY LAW: STATE AID AND INFRINGEMENTS

5.1. STATE AID

(SEC(2001)1187 and /2)

The Commission adopted the decisions in SEC(2001)1187/2, subject to the following clarifications:

MISCELLANEOUS

Ninth Survey on State Aid

COM(2001)403 to /3

Decision: to adopt the communication in COM(2001)403 and /3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

State aid scoreboard

COM(2001)412/3

Decision: to adopt the communication in COM(2001)412/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

5.2. *INFRINGEMENTS - REPORT A1/2001*

(SEC(2001)833 to /3; SEC(2001)837 to /3; SEC(2001)838 and /2; SEC(2001)887 and /2)

The Commission adopted the decisions in SEC(2001)887.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2001)1166 to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted by written procedure between 9 and 13 July.

6.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2001)1168)

The Commission took note of the following written procedures initiated between 9 and 13 July for the adoption of decisions with political implications:

Time limit: 16.07.2001

E/2001/1303 - COM(2001)309 SG + ALL DEPARTMENTS

Eighteenth annual report on monitoring the application of Community law.

Time limit: 17.07.2001

E/2001/1358 - C(2001)1903 DG TRADE

Commission decision concerning trade practices maintained by Korea affecting trade in commercial vessels.

E/2001/1371 - COM(2001)401 DG COMP

Proposal for a Council Regulation concerning a temporary defensive support mechanism for shipbuilding.

E/2001/1399 - C(2001)1954 DG TAXUD

Communication to the Commission on the effects of the Court of First Instance judgment of 10/05/2001 on televisions sets from Turkey.

Time limit: 20.07.2001

E/2001/1366 - SEC(2001)1143 Secretariat-General

Adoption of the annual list of committees and groups of experts authorised to meet in 2001 + reminder of the rules in this matter.

6.3. EMPOWERMENT

(SEC(2001)1169 to /5; SEC(2001)1170 and /2)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the empowerment procedure between 9 and 13 July.

**6.4. GENERAL EMPOWERMENT IN THE FIELD OF THE
PRE-ACCESSION INSTRUMENT FOR AGRICULTURE AND RURAL
DEVELOPMENT**

(SEC(2001)1182)

The Commission granted the empowerment set out at point C of SEC(2001)1182.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2001)1171/2)

ADMINISTRATIVE MATTERS

(PERS(2001)230)

7.1. MIDDLE-MANAGEMENT POSTS AND ORGANISATION CHARTS

(PERS(2001)226)

The Commission took note of the decisions adopted by Mr KINNOCK in June.

**7.2. DG DEV - REINTEGRATION OF AN A2 OFFICIAL FOLLOWING
LEAVE ON PERSONAL GROUNDS**

(PERS(2001)230)

In agreement with the PRESIDENT and Mr NIELSON, the Commission decided to appoint Ms Lidia BARREIROS, A2 official on leave on personal

grounds since 1 October 1998, to the A2 post of Director of Directorate A in the Development DG.

This decision would take effect from 1 August.

8. COMMISSION DECISION ON PROCEEDINGS UNDER ARTICLE 81 OF THE TREATY EEC AND ARTICLE 53 OF THE EEA AGREEMENT (C(2001)1987 to /4)

The Commission:

- took note of the final report of the Hearing Officer in C(2001)1987/2;
- took note of the opinion of the Advisory Committee on Restrictive Practices and Monopolies of 9 and 16 July in C(2001)1987 and /4;
- adopted, in the authentic language (English), the decision set out in C(2001)1987 and /3, concluding that the companies in question had infringed Article 81 of the EC Treaty and Article 53 of the EEA Agreement, and imposing fines on them (SAS: €39 375 000; Maersk Air: €13 125 000).

The decision would be published in the Official Journal (with all business secrets deleted) in all the official Community languages.

9. REVISED DRAFT NOTICE ON THE NON-IMPOSITION OR REDUCTION OF FINES IN CARTEL CASES

(SEC(2001)1186 to /3)

The Commission approved the draft notice in SEC(2001)1186, which would be the subject of public consultation. This would be achieved by publishing it in the C Series of the Official Journal.

It noted that definitive approval of the communication was scheduled for the end of 2001 and that Parliament would be consulted.

10. PROPOSAL FOR A TRIPARTITE DECISION ON THE REGULATIONS AND GENERAL CONDITIONS FOR THE PERFORMANCE OF THE DUTIES OF THE EUROPEAN DATA PROTECTION SUPERVISOR

(COM(2001)411 and /2)

The Commission adopted the proposal in COM(2001)411 for transmission to Parliament and the Council.

11. PROMOTING CORE LABOUR STANDARDS AND IMPROVING SOCIAL GOVERNANCE IN THE CONTEXT OF GLOBALISATION

(COM(2001)416 to /4; SEC(2001)1204)

The Commission approved the communication in COM(2001)416/4 for transmission to Parliament, the Council and the Economic and Social Committee.

**12. GREEN PAPER ON PROMOTING A EUROPEAN FRAMEWORK FOR
CORPORATE SOCIAL RESPONSIBILITY**

(COM(2001)366 to /5; SEC(2001)1110)

The Commission approved the green paper in COM(2001)366/5 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**13. STRENGTHENING COOPERATION WITH THIRD COUNTRIES IN THE
FIELD OF HIGHER EDUCATION**

(COM(2001)385 to /4)

The Commission approved the communication in COM(2001)385/3 and /4 for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions.

**14. ACTION TO BE TAKEN ON THE REPORT OF THE HIGH-LEVEL
NEGOTIATING BODY - NEW GUIDELINES FOR THE REFORM OF
STAFF POLICY**

**(SEC(2001)1202 to /6; SEC(2001)1089 to /3; SEC(2001)1201 and /2;
SEC(2001)1207; COM(2001)377 and /2)**

14.1. NEW GUIDELINES FOR THE REFORM OF STAFF POLICY

Mr KINNOCK reminded the meeting that, on the basis of the conciliation agreement concluded on 12 March, the Commission had undertaken:

- a round of intensive negotiations with the staff representatives and trade unions, in which the ERSBÖLL group - the joint high-level body set up to

identify common options on the most controversial aspects of the Commission proposals - had played a fundamental role;

- an interinstitutional dialogue at the level of Presidents, Secretaries-General and Heads of Administration;
- discussions in the Council's "Staff Regulations" group on the various preliminary draft proposals planned by the Commission;
- wide consultation of staff and departments on the reform package presented on 28 February.

The interinstitutional dialogue had produced mixed results: Parliament's administration, for the time being, had more reservations about certain aspects of the reform than the Members of Parliament had expressed when the HARBOUR report was adopted. On the other hand, the Presidents of the other institutions had given comprehensive support for the idea of modernising the Staff Regulations and for the objectives and principles of the reform.

The ERSBÖLL group had delivered its report to the Commission on 28 June, and the fundamental objectives of the reform had been accepted by all the parties, although on certain crucial points - the career structure in particular - no agreement had been reached on practical arrangements for achieving these objectives.

Mr KINNOCK outlined the work schedule agreed for the next stage: technical studies and negotiations in the ERSBÖLL group in September and October 2001 and referral to the Commission of a new package of measures, in the light of the negotiations, towards the end of October, which should enable proposals for amendment of the Staff Regulations to be put before the Staff Regulations Committee in December 2001 in the areas where this proved necessary.

Following this presentation and after the hearing by the Commission of the representatives of the trade unions and staff associations, Mr KINNOCK proposed to amend SEC(2001)1202/4 as follows.

On page 2, after the second bullet point, and before the paragraph before guideline No 1, the following text was added:

"Subject to the orientations recommended below, the Commission nevertheless agrees that the observations made by the OSPs in the meeting with the Commission on 18 July should be given close consideration in finalising proposals in the following areas:

- *Procedures and criteria for establishing professional incompetence*
- *The modalities of payment contribution for pensions of officials who have been invalidated as proposed by the Commission*
- *Detailed procedures for direct A6→A5 Head of Unit promotions*
- *Rights of defence of officials under disciplinary procedures, including the specification of the presumption of innocence*
- *Middle management procedures".*

The Commission adopted this amendment (in SEC(2001)1202/6) and held an exchange of views on the budgetary consequences of the reform and the foreseeable situation of the use of appropriations from heading 5 of the financial perspective by all the institutions.

Following this exchange of views, and subject to inclusion of the amendment proposed by Mr KINNOCK, the Commission adopted the guidelines set out in SEC(2001)1202/4, /5 and /6.

***14.2. CONSULTATION DOCUMENT ON RELATIONS BETWEEN THE
ADMINISTRATION AND THE STAFF: AN ENHANCED CENTRAL
MEDIATION SERVICE
CONSULTATION DOCUMENT ON FLEXIBLE RETIREMENT AND
UNEMPLOYMENT FUND***

The Commission:

- took note of the consultation documents SEC(2001)1207 and SEC(2001)1201;
- authorised Mr KINNOCK to open the conciliation with the trade unions and staff associations on these documents;
- noted that, following the conciliation, updated documents would be put before the Commission on flexible retirement and unemployment fund and on an enhanced central mediation service.

**15. COMMISSION DECISION ON PROCEEDINGS UNDER ARTICLE 81 OF
THE TREATY EEC AND ARTICLE 53 OF THE EEA AGREEMENT
(C(2001)1986 to /5)**

Mr MONTI presented a case concerning a secret worldwide cartel between eight graphite electrode producers who, from May 1992 to February 1998, had taken part in a continuous arrangement under which they had implemented agreements and concerted practices (price-fixing and market-sharing) contrary to Article 81(1) of the EC Treaty and (since 1 January 1994) to Article 53(1) of the EEA agreement.

He proposed that the Commission penalise this infringement - the worst kind under European competition law - by imposing fines on the companies that would take account, according to the particular situation of each company, of any aggravating or

mitigating circumstances. The total amount of fines imposed on the various companies came to €218.8 million.

The Commission held an exchange of views on the method of calculating the fines, the need to take into account in this calculation the fines already imposed by other competition authorities, as well as the companies' ability to pay, and the need for close cooperation between the Community competition authorities and those of the non-member countries concerned.

Following this discussion, the Commission:

- took note of the final report of the Hearing Officer in C(2001)1986/2 and /4;
- took note of the opinion of the Advisory Committee on Restrictive Practices and Monopolies of 2 and 16 July in C(2001)1986 and /3;
- adopted, in the authentic languages (German and English), the decision in C(2001)1986/4 and /5, concluding that the companies in question had infringed Article 81 of the EC Treaty and Article 53 of the EEA Agreement, and imposing on them the following fines: SGL CARBON AG: €80.2 million; UCAR International Inc.: €50.4 million; VAW Aluminium AG: €11.6 million; Showa Denko K.K.: €17.4 million; Tokai Carbon Co. Ltd.: €24.5 million; Nippon Carbon Co. Ltd.: €12.2 million; SEC Corporation: €12.2 million; The Carbide Graphite Group: €10.3 million.

The decision would be published in the Official Journal (with all business secrets deleted) in all the official Community languages.

**16. PROPOSAL FOR A COUNCIL DIRECTIVE TO ENSURE EFFECTIVE
TAXATION OF SAVINGS INCOME IN THE FORM OF INTEREST
PAYMENTS WITHIN THE COMMUNITY
(COM(2001)400 and /2; SEC(2001)1214)**

The President referred to the new proposal for a Directive on the taxation of savings income, which replaced the previous proposal presented in 1998 and based on the "coexistence" model, which offered the tax authorities a choice between deduction at source and an exchange of information.

He reminded the meeting that the Feira European Council (19-20 June 2000) had decided that the ultimate objective should be the exchange of information, with the possibility of transitional deduction at source for certain Member States, and had specified that the Directive was to be adopted by the Council unanimously.

He referred to the question of the legal basis to be used for this new proposal and concluded that it would be best to keep to the same legal basis (Article 94 TEU) as the previous proposal, since it was an integral part of the tax package, and despite the changes made compared with the initial 1998 proposal.

The Commission decided to follow closely the legislative work on this new proposal as well as the negotiations with non-member countries on the procedure for exchanges of information, and to review the situation in December 2001 at the latest.

Subject to these clarifications, the Commission:

- approved the communication in COM(2001)400 for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions;
- decided to withdraw its proposal for a directive to ensure a minimum of effective taxation of savings income in the form of interest payments within the

Community (COM(1998)295 final) and so to inform the Council, Parliament and the Economic and Social Committee;

- decided to withdraw its proposal for a directive amending Directive 77/799/EEC concerning mutual assistance by the competent authorities of the Member States in the field of direct and indirect taxation (COM(1989)60 final) and so to inform the Council, Parliament and the Economic and Social Committee.

17. PROPOSAL FOR A COUNCIL REGULATION AIMING TO PROMOTE THE CONVERSION OF VESSELS AND OF FISHERMEN THAT WERE, UP TO 1999, DEPENDENT ON THE FISHERIES AGREEMENT WITH MOROCCO (COM(2001)384 to /4; SEC(2001)1220)

Mr FISCHLER introduced a proposal for a Council Regulation to promote the conversion of ships and fishermen who up to 1999 had been dependent on the fisheries agreement with Morocco, which had not been renewed since that date.

The Commission held an exchange of views on the allocation of financial resources between the various aid measures, and in particular between the measures to break up ships and the premium for the definitive transfer of a ship to a non-member country.

Following this discussion, and in order to take account of the concerns expressed during the meeting and of the existing legal bases, the Commission decided to delete any reference in the explanatory memorandum to the number of ships likely to be broken up (for which there was no legal basis) and to replace it by the reference to percentages of the financial amounts likely to be granted as set out in the text of the Regulation, viz. 40% for dismantling measures and 28% for modernisation aid and the definitive transfer of vessels to a non-member country.

Subject to this amendment to the explanatory memorandum, the Commission adopted the communication including a proposal for a Regulation and set out in COM(2001)384/4, for transmission to Parliament, the Council and the Economic and Social Committee.

**18. PROPOSAL FOR A REGULATION LAYING DOWN COMMUNITY PROCEDURES FOR THE AUTHORISATION AND SUPERVISION OF MEDICINAL PRODUCTS FOR HUMAN AND VETERINARY USE AND ESTABLISHING A EUROPEAN AGENCY FOR THE EVALUATION OF MEDICINAL PRODUCTS - TWO PROPOSALS FOR DIRECTIVES ON THE COMMUNITY CODE RELATING TO HUMAN AND VETERINARY MEDICINAL PRODUCTS, RESPECTIVELY
(COM(2001)404 to /6; SEC(2001)1199)**

18.1. PROPOSAL FOR A REGULATION LAYING DOWN COMMUNITY PROCEDURES FOR THE AUTHORISATION AND SUPERVISION OF MEDICINAL PRODUCTS FOR HUMAN AND VETERINARY USE AND ESTABLISHING A EUROPEAN AGENCY FOR THE EVALUATION OF MEDICINAL PRODUCTS

Mr LIIKANEN reminded the meeting that the Community system for the evaluation of medicines had been set up in 1995 and that, in the light of experience and of the conclusions of a recent assessment report, it should be simplified and modernised, so as to enhance the level of health protection, complete the internal market and meet the challenge of enlargement.

The Commission:

- approved the substance of the proposal for a Regulation in COM(2001)404/4 and /5;

- empowered Mr LIIKANEN, in agreement with the PRESIDENT and Mr BYRNE, to finalise the text of the proposal; this finalisation would consist of repealing Regulation (EEC) No 2393/93 entirely and presenting a new proposal for a Regulation based on Article 95, which must be in line with Regulation (EEC) No 2309/93, which the present proposal left unchanged;
- authorised the transmission of the finalised proposal to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions.

***18.2. TWO PROPOSALS FOR DIRECTIVES ON THE COMMUNITY CODE
RELATING TO HUMAN AND VETERINARY MEDICINAL PRODUCTS,
RESPECTIVELY***

Mr LIIKANEN referred to the proposal for a Directive laying down a Community code for medicines for human use and to the provisions concerning information for patients and the extension of the period of data protection relating to medicines.

Agreement had been reached on a new wording for Article 88 on information for patients, setting out the strict conditions in which this information would be supplied (COM(2001)404/6).

The Commission held an exchange of views on the extension of the period of data protection and confirmed:

- the need to harmonise the length of this period, which currently varied among Member States between 6 and 10 years, on the basis of a duration of 10 years;
- the advisability of providing an additional year of protection (11 years in total) in order to promote research on new therapeutic indications with a significant clinical benefit, on the understanding that this additional year

would be granted only in cases where the new indication was authorised within the first eight years of the said period of 10 years, in order not to hinder the emergence of a market for generics.

The Commission therefore:

- approved the proposals for directives in COM(2001)404/4, /5 and /6;
- empowered Mr LIIKANEN, in agreement with the PRESIDENT and Mr BYRNE, to finalise the text of these proposals after the adoption of the codification and after revision by the lawyer-linguists;
- authorised the transmission of the finalised proposals to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions.

19. COUNCIL MEETINGS

(SI(2001)859)

GENERAL AFFAIRS

(BRUSSELS, 16 AND 17 JULY)

(SI(2001)874)

Shipbuilding: aspects relating to the WTO and the defensive temporary support mechanism

Mr LAMY reminded the meeting that, following its discussions on the situation of world shipbuilding and on the attitude to take towards Korea's anti-competitive trade practices (PV(2000) 1500 of 15 November 2000, PV(2000) 1502 of 29 November 2000 and PV(2001)1522 of 8 May 2001), the Commission had decided to adopt a two-stage strategy:

- in a first stage, to start negotiations with Korea for that country to put an end to these trade practices;
- in a second stage, if such negotiations proved impossible before 30 June 2001, to bring proceedings before the WTO to have these practices penalised and to introduce simultaneously a temporary defensive mechanism intended to counter these unfair practices.

He noted that there was no majority in the Council for adopting a temporary defensive mechanism and he therefore proposed suspending the negotiations with Korea.

The Commission approved this approach and confirmed that the two elements of the strategy adopted previously - viz. the proceedings in the WTO and the introduction of a temporary defensive mechanism - must remain indissolubly linked.

20. RELATIONS WITH NON-MEMBER COUNTRIES

COMMON FOREIGN AND SECURITY POLICY

COMMUNITY ENGAGEMENT IN THE PROPOSED GLOBAL FUND FOR AIDS AND HEALTH

(SEC(2001)1190 to /3)

The President pointed out that following the call launched on 26 April by the UN Secretary-General, Mr Kofi ANNAN, the idea of establishing a global fund to combat AIDS and other contagious diseases had been set out in a statement by the UN General Assembly on 25-27 June.

Since this subject would be discussed at the G8 meeting in Genoa from 20 to 22 July, and since certain G8 members had already offered political and financial

support for this initiative, he proposed to announce on behalf of the Community that a contribution would be made to this fund.

The Commission held an exchange of views on:

- the rate of the Community contribution;
- the source of its funding;
- the need to ensure the additional nature of the funds to be disbursed compared with pre-existing aid;
- the need for the fund to plan its activity in the light of the real requirements of the recipient countries, to encourage research and development into treatments and vaccines adapted to the specific requirements of developing countries, and to ensure the supply of medicines after international calls for tender at transparent and differentiated prices.

Following this exchange of views, the Commission authorised the President to announce a Community contribution for an overall amount estimated at €120 million, while emphasising the necessarily additional nature of the interventions of the fund and the importance that the Community attached to the planning of the use of these funds.

The Commission decided to clarify later the arrangements for financing this contribution and at this stage to delete Annex 2 to SEC(2001)1190/2 and /3.

In order to incorporate the amendments resulting from the observations made during the meeting, a revised version of the document (SEC(2001)1190/4) would be distributed after the meeting.

21. OTHER BUSINESS

21.1. PREPARATIONS FOR THE FOLLOW-UP TO THE CONFERENCE OF CONTRACTING PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE - MEETING IN BONN (SEC(2001)1247)

The Commission took note of the information communicated under the authority of Ms WALLSTRÖM in SEC(2001)1247.

21.2. STRUCTURAL INDICATORS (SEC(2001)1271 and /2)

The Commission took note of the information communicated under the authority of Mr SOLBES in SEC(2001)1271/2.

21.3. GUARANTEES TO THE GERMAN "LANDESBANKEN"

Mr MONTI reported that on 17 July Germany had formally accepted the appropriate measures provided for in the Commission decision of 8 May concerning all the public-law credit organisations in Germany. He explained the thrust of the essential principles governing the changes in the *Anstaltslast* and *Gewährträgerhaftung* system and the transitional arrangements on which it had also reached agreement with the German authorities on 17 July. At the appropriate time he would table proposals for appropriate action in this matter.

The President, on behalf of the Commission, welcomed the outcome of the negotiations on this particularly sensitive issue, which had been the subject of protracted discussions, and pointed to its wider political implications.

22. POLICY GUIDELINES FOR THE EUROPEAN TRANSPORT POLICY IN 2010

(SEC(2001)1133 to /5)

Ms de PALACIO tabled policy guidelines for the finalisation of the White Paper on transport policy which she intended to put before the Commission in September 2001.

The common transport policy, though anticipated in the Treaty of Rome, had come into being only slowly; the last White Paper published by the Commission on the subject went back to 1992 and concerned essentially the opening-up of the market.

She outlined the major problems facing this policy:

- imbalance between transport modes, to the benefit of road transport;
- congestion on certain major road and rail routes, and in towns and at airports;
- nuisances for the environment and the health and safety of the public.

The reorientation of the transport policy should be part of a global strategy; it required that coherent measures be taken in the framework of other policies, and should take account of the twin imperatives of enlargement and sustainable development.

Ms de PALACIO presented the main points of the proposed strategy consisting of following a proactive approach to rebalance the various modes of transport by 2010 by:

- revitalising the railways;
- improving the quality of road transport;
- promoting sea and inland waterway transport;
- greater use of intermodal transport;

to tackle the problems of congestion and pollution and to improve protection for users.

The Commission held an exchange of views on various aspects of this strategy and in particular:

- the need to establish a transport system that was economically efficient;
- the importance of urban transport, though this was largely a matter for Member States;
- the need to redress the balance between rail and road through charging measures;
- the need for coherence between the guidelines of the White Paper and Structural Funds interventions;
- special attention to be paid to the problem of costs for regions affected by transit traffic.

The Commission approved the proposed guidelines and took note of Ms de PALACIO's intention to table the draft White Paper in September 2001.

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

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The meeting closed at 1410 hours.