EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2002)1557 final

Brussels, 1 March 2002

<u>MINUTES</u>

of the 1557th meeting of the Commission

held in Brussels

(Breydel)

on Wednesday 27 February 2002

(morning)

These minutes have been adopted by the Commission at its 1558th meeting held in Brussels on 6th March 2002.

They comprise 22 pages.

CONTENTS

Single sitting: Wednesday 27 February (morning)

The sitting opened at 0930 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 NIELSON	
Mr VERHEUGEN	
Mr PATTEN	
Mr BARNIER	
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	
Ms DIAMANTOPOULOU	

Absent:

Mr LAMY

Mr BYRNE

The following sat in to represent absent Members of the Commission

Mr BALDWIN	Deputy Chef de cabinet to Mr Lamy
Mr POWER	Chef de cabinet to Mr Byrne

The following also sat in

Mr PETITE	Director-General, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr FAULL	Commission Spokesman	
Ms HOUTMAN	Deputy Chef de cabinet to the President	Items 9 to 11
Mr ABOU	A member of the President's staff	Item 1
Mr SMULDERS	A member of the President's staff	Item 8
Mr GOZI	A member of the President's staff	
Mr KOOPMAN	Deputy Chef de cabinet to Mr Kinnock	Item 11
Ms DE RICHEMONT	A member of Mr Bolkestein's staff	Item 9
Mr PLANAS	Chef de cabinet to Mr Solbes	Item 9
Ms LLOMBART CUSSAC	A member of Mr Patten's staff	
Ms VIGNAL	A member of Mr Lamy's staff	
Ms ROGER	Chef de cabinet to Mr Barnier	Item 8
Mr FONSECA	Deputy Chef de cabinet to Mr Vitorino	Item 8
Mr MINGASSON	Director-General, Budget	
Mr PONZANO	Director, SG.task force-AU	Item 8
Mr LEVI	Director, GOPA	Item 8
Mr SERVOZ	Unit Head, SG.C.1	
Ms CORUGEDO STENEBERG	Unit Head, DG PRESS.A.3	
Ms CONTINO	SG.C.1	Item 11
Mr THOMAS	Spokesman	Item 9
Mr MAMER	Spokesman	Item 11
Mr KEMPPINEN	Spokesman	
Mr DE RYNCK	Spokesman	Item 8

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

1. AGENDAS
(OJ(2002)1557/3; SEC (2002)210/2; SEC(2002)245)

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

After consulting Commission Members and in view of the expected allocation of dossiers between agendas for the coming weeks, the PRESIDENT announced that the Commission would not be meeting on Wednesday 27 March.

2. WEEKLY MEETING OF CHEFS DE CABINET
(SEC(2002)1557)

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

3. APPROVAL OF MINUTES OF 1556th MEETING (21 February)
(PV(2002)1556 and /2)

The Commission approved the minutes of its 1556th meeting.

4. PARLIAMENT

PARLIAMENTARY AFFAIRS GROUP

(SP(2002)585)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on Thursday 21 February.

It paid particular attention to the following:

a) **Interinstitutional relations**
(point 1 of the record)

Codecision procedure - Article 251 EC

- Undesirable substances in feedingstuffs, 99/0259 (COD)

  The Commission adopted the line set out in SP(2002)579 with a view to a forthcoming meeting of the conciliation committee.

- Community incentive measures in the field of employment, 00/0195 (COD)

  The Commission adopted the line set out in SP(2002)577 for the conciliation committee meeting to be held on 26 February.

- Short-chain chlorinated paraffins, 00/0104 (COD)

  The Commission adopted the line set out in SP(2002)584 with a view to a forthcoming meeting of the conciliation committee.

b) **Preparations for February II and March part-sessions**
(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:

February II part-session

- FLESCH report, Internet (top-level domain "eu"), COM(2000)827 - 00/0328 (COD)

  The Commission adopted the line set out in SP(2002)542/2, involving acceptance of the compromise proposed by the Presidency.

Empowerment

The Commission, acting under Article 13 of its Rules of Procedure, empowered Mr LIIKANEN, in agreement with the PRESIDENT, the Member responsible for relations with Parliament and any other Members associated, to adopt its opinion on the amendments, together with any amended proposals, on the basis of the line set out in SP(2002)542/2, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 251(2)(c) of the Treaty, for the following:

- FLESCH report, Internet (top-level domain "eu")

March part-session

2nd reading

- SANDERS-ten-HOLTE report, Air carrier liability in the event of accidents,
  COM(2000)340 - 2000/0145 (COD)

  The Commission adopted the line set out in SP(2002)578 and noted that at this stage no amendments had been tabled to the common position.

- THORNING-SCHMIDT report, Exposure of workers to risks arising from physical agents (noise),
  COM(1992)560 - 92/0449 (COD)

  The Commission adopted the line set out in SP(2002)580, involving the rejection of certain amendments.

Empowerment

The Commission, acting under Article 13 of its Rules of Procedure, empowered Ms de PALACIO and Ms DIAMANTOPOULOU, in agreement with the PRESIDENT, the Member responsible for relations with Parliament and any other Members associated, to adopt its opinion on the amendments, together with any amended proposals, on the basis of the line set out in SP(2002)578 and SEC(2002)580, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 251(2)(c) of the Treaty, for the following:

- SANDERS-ten-HOLTE report, Air carrier liability in the event of accidents,
  COM(2000)340 - 2000/0145 (COD)

- THORNING-SCHMIDT report, Exposure of workers to risks arising from physical agents (noise),
  COM(1992)560 - 92/0449 (COD)

5. MONITORING THE APPLICATION OF COMMUNITY LAW: STATE AID AND INFRINGEMENTS (SEC(2002)161 to /6; SEC(2002)228)

5.1. STATE AID (SEC(2002)161/6)

The Commission adopted the decisions in SEC(2002)161/6.

5.2. INFRINGEMENTS - DOSSIERS HELD OVER FOR UNAVAILABILITY OF TEXT - REGULARISATION (SEC(2002)228)

The Commission adopted the decision in SEC(2002)228.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED (SEC(2002)211 to /5)

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

6.2. *SENSITIVE WRITTEN PROCEDURES (SEC(2002)212)*

The Commission took note of written procedures initiated between 18 and 22 February for the adoption of decisions with political implications.

6.3. *EMPOWERMENT (SEC(2002)213 to /5)*

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

6.4. *DELEGATIONS AND SUBDELEGATIONS OF POWERS*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 18 and 22 February, as archived on the "Greffe 2000" (Registry) website.

6.5. *EMPOWERMENT CONCERNING THE COMMISSION AND COUNCIL JOINT REPORT ON INCREASING LABOUR FORCE PARTICIPATION AND PROMOTING ACTIVE AGEING (SEC(2002)246)*

Following consultation of the Employment Committee, the Economic Policy Committee and the Social Protection Committee on the draft Joint Commission and Council report on increasing labour force participation and promoting active ageing (adopted by the Commission by written procedure COM(2002)9 on 24 January), and in order to take account of the opinions delivered by these committees, the Commission authorised Ms DIAMANTOPOULOU, in agreement with the PRESIDENT, to accept any amendments proposed by the Council to the text of the report, provided they did not have the effect of emptying the report's general guidelines and conclusions of their substance.

7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2002)214)

ADMINISTRATIVE MATTERS

Mr KINNOCK reported on progress on the document submitted by Mr Paul VAN BUITENEN on 31 August 2001 to the Anti-Fraud Office and the Personnel and Administration DG, and containing certain allegations.

The Commission took note of this information.

8. WORK OF THE CONVENTION

Mr BARNIER reported on the practical organisation and working timetable of the European Convention (weekly meeting of the Presidium; meeting of the Convention two to three days per month), which confirmed the need to enter "Work of the Convention" on the agenda for each Commission meeting as a matter of course.

The first meeting of the Presidium had been held on 22 February (the next would be on 27 February) and the inaugural meeting of the Convention would be on 28 February.

The many questions contained in the Laeken declaration had been organised into six main subjects: the Union's values and the basis of the European project, the Union's policies, allocation of powers, democratic legitimacy, common foreign and security policy, institutional models.

Mr VITORINO referred to the initial exchange of views held at the Commission's seminar on 21 February and emphasised the need to analyse the institution's core activities in depth, and the need for each Member to take part actively in the debate not only in Brussels and the Member States but also in the applicant countries.

Following a brief exchange of views intended to complete the discussions of the seminar of 21 February, the PRESIDENT drew the following conclusions:

On the procedure and the timetable:

- entry of "Work of the Convention" on the agenda for each Commission meeting (in practice, a substantial debate could take place on average every two weeks);
- by 30 April, adoption of a Commission communication to the Convention on the future of the European project;
- by 15 May, adoption of a Commission communication to the Convention on the allocation of powers;
- by 15 March, distribution to the Commission of two internal notes from the Convention task force: one on the value of the Community method, the other on the exercise of the Commission's right of initiative and compliance with the subsidiarity principle.

He outlined the key elements of the two communications mentioned above, and the subjects of later communications, which would be set out in the conclusions of the 21 February seminar.

He asked Members to submit in writing any contributions which they felt would be helpful.

Before April Mr BARNIER and Mr VITORINO, as the Members representing the Commission within the Convention, would prepare some notes to help other

Members in their discussion of ideas in various national fora (Member States and applicant countries).

9. REPORT TO THE COUNCIL - A NEW EURO-MEDITERRANEAN BANK (SEC(2002)218 to /6)

The PRESIDENT and Mr SOLBES, in agreement with Mr PATTEN, tabled a draft report on the creation of a new Euro-Mediterranean bank, drawn up at the request of the Laeken European Council (15 December).

To give new impetus to the Mediterranean region's economic development, private sector companies - especially small businesses - must be strengthened in a way that would ensure ownership of the process by the beneficiary countries and a genuine partnership with these countries, as well as the mobilisation of a substantial volume of capital. After detailed study of the various possible options, they concluded that the most appropriate Community instrument would be the creation of a subsidiary of the European Investment Bank in which the EIB would be the majority shareholder.

The Commission held an exchange of views on:

- the advantages and disadvantages of the various possible options, and in particular the simple creation of a new facility managed by the EIB;
- the need to take into account the objective of promoting sustainable economic development;
- the conditions for participation by non-member non-Mediterranean countries in the capital of the new bank.

Following this exchange of views, the Commission:

- decided to opt for an EIB majority-owned subsidiary, for various reasons, notably the objective of ownership of the project by the beneficiary countries and of active partnership with these countries (participation by beneficiary countries in the Management Board of the new entity);

- adopted two amendments to the text of the report in SEC(2002)218/6:

  . on page 6, Section 2.2 *The economic and financial partnership: assessment and prospects*, the following text was added to the second paragraph:
  "The fundamental issue for our Barcelona partners is how *to reach a high level of economic growth* that does not jeopardise internal and external balance, and that at the same time creates sufficient jobs **and respects the environment.** Job creation ……………., a modernised social safety net, eliminating red tape, institutional reform, and legislative and regulatory reform. **It also requires that due consideration is given to pursuing equilibrium between increased economic activity arising from trade liberalisation and the need to protect the environment in a area which is widely recognised as highly fragile from an environmental point of view.** It is in these areas that the Commission, with partner countries, is developing major initiatives in the context of MEDA II, so as to assist countries in preparing the implementation of the Association Agreements."

  . under Section 5.3 *Features of an EIB subsidiary*, the following text was added to the fourth sentence of the third paragraph:

  "At a later stage, the EMB could, if deemed appropriate by its founding members, envisage to be open to outside shareholders, **provided that they share the Union's political goals in the region."**

Subject to these two amendments, the Commission approved the report on a new Euro-Mediterranean bank as set out in SEC(2002)218/6, for transmission to the Council and Parliament, with a view to consideration later by the European Council.

10. PRELIMINARY DRAFT SUPPLEMENTARY AND AMENDING BUDGET No 2 (APPLICATION OF NEW OWN RESOURCES DECISION + ADVANCED BUDGETING OF THE BALANCE FROM 2001) (SEC(2002)222)

Ms SCHREYER presented a preliminary draft supplementary and amending budget (PDSAB) No 2 for 2002, which had two aims:

- firstly, to take full account of the entry into force on 1 March 2002, following ratification by all Member States, of the new Council decision on the own resources system (amendments to the bases for calculating the GNP resource, the percentage of traditional own resources retained by Member States as collection costs, the maximum VAT call-up rate, and the method for calculating and financing the correction for the United Kingdom);
- to budget the major part (€10 billion) of the budget surplus likely to be carried over from 2001.

She drew the Commission's attention to the effects that the underspending in 2001 of the appropriations allocated to certain policies (particularly structural operations) would have on the mobilisation of large volumes of payment appropriations in subsequent financial years.

The Commission took note of this information and its implications for the future, while bearing in mind the efforts made to reabsorb the "remainder to be cleared" in the implementation of the various funds.

The Commission adopted preliminary draft supplementary and amending budget No 2/2002 as set out in SEC(2002)222, for transmission to the Council and Parliament.

11. ANNUAL POLICY STRATEGY FOR 2003 (SEC(2002)217 to /8)

The PRESIDENT and Ms SCHREYER, in agreement with Mr KINNOCK, tabled a communication on the Commission's annual policy strategy for 2003.

The PRESIDENT noted that this communication was part of continuing improvements in the Commission's working methods and more specifically in the strategic planning cycle, now being applied for the second consecutive year. This cycle began with the decision on the annual policy strategy, and finished in the autumn with the presentation of the legislative programme and the work programme.

In 2002, Parliament and the Council would for the first time be fully involved in this exercise in the context of an open dialogue in which each Commission Member would be expected to take part. The APS decision to be adopted that day would be presented to Parliament in the afternoon.

He reminded the meeting of the essential objective of the strategy, which was to strike the right balance between the implementation of priorities and the execution of the resulting tasks, on the one hand, and the allocation of the resources necessary for the implementation of these tasks, on the other.

He also reminded the meeting of the priorities agreed for 2003, as identified at the Knokke seminar (1 December) and confirmed at the general discussion on 5 December: making a success of enlargement, ensuring peace and security in terms of the continent-wide responsibilities of the future enlarged Union, and promoting a model of sustainable development.

As regards human resources, he drew attention to the impact, from 2003, of the preparations for enlargement on the requirements of departments, which had been assessed in a manner that was both rigorous and reasonable.

Ms SCHREYER pointed out that the decision to be adopted by the Commission covered only the annual policy strategy, and that its consequences for the allocation of resources for 2003 still required further work in the context of the budgetary hearings for the preliminary draft budget for 2003.

In this connection, she recommended limiting the estimates for the requirements in human resources for enlargement to 2003 alone (500 full-time equivalents in the form of external resources: auxiliaries and detached national experts).

The Commission held an exchange of views on:

- the scale of the additional human resources requirements from 2003 for launching all the preparatory work for enlargement, so as to be able to implement the programmes negotiated beforehand from the moment of accession, or to launch certain reforms (fisheries policy for instance):

- the advisability of setting out, at this stage, the overall needs for enlargement, going beyond 2003;

- the need to clarify the methodology chosen and to set objective criteria for the allocation of resources to Directorates-General and departments;

- the advisability, for certain Directorates-General, of making a distinction between different structures (Energy and Transport DG and Euratom safeguards) or different categories of staff according to the source of their financing (Research

DG, Information society DG: staff paid out of the research budget, staff paid out of the operating budget);

- the financial resources to be devoted to certain actions in the field of external relations (global health fund, in particular).

Following this exchange of views, the PRESIDENT drew the following conclusions:

- the methodology for the allocation of resources could be specified and improved; more detailed examination of the objective criteria to be chosen, including those mentioned during the meeting (adoption rates of initiatives included in the work programme, size and importance of the existing body of Community law and practice to be managed, intensity of Community action) would be carried out by the Secretariat-General / Budget DG and the Personnel and Administration DG with a view to the budgetary hearings for the preliminary draft budget for 2003;

- no decision was taken at this stage concerning human resources. In this connection, the Commission took note of the requests presented concerning the distinction to be made within certain Directorates-General between different categories of staff (research/operation) and different activities (Energy and Transport DG / Euratom safeguards);

- the setting-out of additional requirements in human resources for enlargement would be confined to the 2003 financial year (500 full-time equivalents);

- as regards the Community contribution to the global health fund, the Commission should put the latter in a position to adhere to the commitments made. A solution should be found, despite the narrowness of the margin available within heading 4 of the financial perspective. The EDF contribution should be guaranteed, if necessary by the mobilisation of funds not yet disbursed under previous EDFs.

Subject to these clarifications and conclusions, some of which necessitated amendments to SEC(2002)217/8, the Commission:

- adopted the annual policy strategy for 2003 and took note of the technical annex in SEC(2002)217/8;

- authorised the PRESIDENT to transmit the annual policy strategy (apart from the technical annex) to Parliament and the Council and to inform them of its content for 2003, in accordance with the agreement concluded with Parliament;

- authorised the Commission Member responsible for the budget to draw up the preliminary draft budget for 2003 on the basis of guidelines defined in the annual policy strategy for 2003 and taking due account of the budgetary guidelines laid down by the two arms of the budgetary authority;

- asked the Secretariat-General and the Administration and Budget DGs to implement the guidelines concerning human resources;

- asked the Secretariat-General and the Budget DG, in cooperation with the other DGs and departments concerned, to carry out the strategic assessments mentioned in the annual policy strategy for 2003;

- asked the President to propose to the Commission, in agreement with the Vice-President responsible for reform and the Commission Member responsible for the budget, decisions on the basis of the assessments to be carried out by the Secretariat-General and the Administration and Budget DGs mentioned in the technical annex (see Sections 3, 4 and 5);

- asked the RELEX Commission Members, in agreement with the PRESIDENT and Mr KINNOCK, to identify synergies between the structures of the RELEX family and to consider how the resources and structures of the External Relations and Development DGs and the EuropeAid Cooperation Office could be better organised in the long term so as to support the RELEX Commission Members in the conduct of their portfolios, which remained unchanged;

- authorised the Commission Member responsible for the budget to propose, in agreement with the PRESIDENT and on the basis of these decisions, the allocation of posts mentioned at item 4.2.3.

12. RELATIONS WITH NON-MEMBER COUNTRIES

COMMON FOREIGN AND SECURITY POLICY

The Commission noted that an analytical note on the political situation in the Middle East would be placed before it shortly.

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

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The meeting closed at 1300 hours.