



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 12 March 2002

MINUTES

**of the one thousand five hundred and fifty-eighth meeting of the Commission
held in Brussels**

(Breydel)

on Wednesday 6 March 2002

(morning)

These minutes were approved by the Commission at its 1559th meeting, held in Strasbourg on 12 March 2002.

They contain 22 pages.

Romano PRODI

President

David O'SULLIVAN

Secretary-General

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Single sitting: Wednesday 6 March (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 NIELSON	
Mr VERHEUGEN	
Mr LAMY	
Mr BYRNE	
Mr BARNIER	
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	
Ms DIAMANTOPOULOU	

Absent:

Mr PATTEN

The following sat in to represent absent Members of the Commission

Mr CARY Chef de cabinet to Mr Patten

The following also sat in

Mr PETITE	Director-General, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr FAULL	Commission Spokesman	
Mr ABOU	A member of the President's staff	Item 11
Mr VARRICCHIO	A member of the President's staff	Item 15
Ms GROEBNER	A member of the President's staff	Item 15
Mr SMULDERS	A member of the President's staff	Item 11
Ms WEYAND	A member of Mr Lamy's staff	
Ms ROGER	Chef de cabinet to Mr Barnier	Item 11
Mr CARVOUNIS	Press and Communication DG	
Mr GOOCH	Spokesman	Item 11
Mr MAMER	Spokesman	Item 13
Mr DE RYNCK	Spokesman	Item 11
Mr KEMPPINEN	Spokesman	
Mr LEVI	GOPA	Item 11
Mr PONZANO	Secretariat-General	Item 11

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

1. AGENDAS AND QUARTERLY ROLLING PROGRAMME
(OJ(2002)1558/3; SEC(2002)237/2; SEC(2002)260)

The Commission took note of its agenda, tentative agendas for future meetings, and the rolling programme of items to be entered on the Commission's agenda.

2. WEEKLY MEETING OF CHEFS DE CABINET
(SEC(2002)1558)

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

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1557th MEETING
(27 February)
(PV(2002)1557 and /2; PV(2002)1557, Part II to /3)

The Commission approved the minutes of its 1557th meeting.

4. PARLIAMENT

4.1. FEBRUARY II PART-SESSION
(SP(2002)668)

The Commission took note of the information supplied relating to Parliament's part-session of 27 and 28 February.

4.2. ACTION TO BE TAKEN ON PARLIAMENT'S OPINIONS
(SP(2002)696)

The Commission approved the proposed empowerment decisions relating to action to be taken on the amendments presented by Parliament under the codecision procedure.

4.3. PARLIAMENTARY AFFAIRS GROUP
(SP(2002)695)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on Thursday 28 February.

It paid particular attention to the following:

a) **Preparations for March 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

- FERBER report, Postal services,
COM(2000)319 - 00/0139 (COD)

The Commission adopted the line set out in SP(2002)686.

- MÜLLER report, Food supplements,
COM(2000)222 - 00/0080 (COD)

The Commission adopted the line set out in SP(2002)663, involving the rejection of one amendment.

- PAULSEN reports, Animal by-products,
COM(2000)573 - 00/0230 (COD)
Animal by-products not intended for human consumption,
COM(2000)574 - 00/0259 (COD)

The Commission adopted the line set out in SP(2002)685, involving the rejection of some amendments.

Empowerment

The Commission, acting under Article 13 of its Rules of Procedure, empowered Mr BOLKESTEIN and Mr BYRNE, 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)686, SP(2002)663 and SEC(2002)665, 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:

- FERBER report, Postal services,
COM(2000)319 - 00/0139 (COD)
- MÜLLER report, Food supplements,
COM(2000)222 - 00/0080 (COD)

- PAULSEN report, Animal by-products not intended for human consumption,
COM(2000)574 - 00/0259 (COD)
Animal by-products, COM(2000)573 - 00/0230 (COD)

1st reading and simple consultation

- RAPKAY/TURMES report, Internal market in electricity and natural gas,
COM(2001)125 - 01/0077 (COD)

The Commission adopted the line set out in SP(2002)641/2.

- MOMBAUR report, Cross-border exchanges in electricity,
COM(2001)125 - 01/0078 (COD)

The Commission adopted the line set out in SP(2002)642/2.

- JARZEMBOWSKI report, Noise at airports,
COM(2001)695 - 01/0282 (COD)

The Commission adopted the line set out in SP(2002)664.

- LIPIETZ report, Financial conglomerates,
COM(2001)213 - 01/0095 (COD)

The Commission adopted the line set out in SP(2002)694/2.

- GOEBBELS report, Insider trading and market manipulation,
COM(2001)281 - 01/0118 (COD)

The Commission adopted the line set out in SP(2002)690 and /2.

- HUHNE report, Advertising of transferable securities,
COM(2001)280 - 01/117 (COD)

The Commission adopted the line set out in SP(2002)693/2.

- CUNHA report, Leaf tobacco,
COM(2001)684 - 01/0276 (COD)

The Commission adopted the line set out in SP(2002)684.

The Commission, acting under Article 13 of its Rules of Procedure, empowered Mr FISCHLER, in agreement with the PRESIDENT, Ms de PALACIO 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)684, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 250(2)(c) of the Treaty.

b) **Action taken on Parliament's opinions and resolutions**
(point 5 of the record)

The Commission adopted the replies to own-initiative resolutions adopted by Parliament for which the Commission had undertaken to give a reply (SP(2002)622 and /2), subject to the amendments distributed in the PAG meeting concerning the McKENNA report (p. 45) and the HUHNE report (p. 35), for transmission to Parliament.

c) **Ombudsman**

(point 6 of the record)

Draft Commission opinion on amendments to the regulations and
general conditions governing the performance of the Ombudsman's
duties

(COM(2002)133 and /2)

The Commission adopted the opinion in COM(2002)133 for transmission
to Parliament and the Council.

5. PERMANENT REPRESENTATIVES COMMITTEE

COUNCIL AFFAIRS GROUP (CAG)

(SI(2002)226)

The Commission took note of the record of the meeting of the Council Affairs
Group held on Friday 1 March.

It paid particular attention to the following:

a) **Expiry of the ECSC Treaty: financial aspects**

The Commission took note of the decision taken on 27 February by Coreper II,
meeting as a Conference of the Representatives of the Governments of the
Member States.

b) **European Aviation Safety Agency**

The Commission took note of COREPER I's discussions on this matter at its
meeting on Friday 1 March (SI(2002)202/2). It noted that the great majority,
perhaps all, of the Member States were prepared to show flexibility in order to
avoid going to conciliation on this matter and therefore to accept Parliament's

amendments 1 and 5, pre-empting the Commission's right of initiative. In the specific context of this matter, the Commission decided to confirm its willingness to present a number of proposals already planned in its work programme, while formally giving notice of its intention to preserve its right of initiative.

c) **Directive relating to the assessment of environmental noise: state of play**

The Commission decided to have the statement relating to *daughter directives* published in the 'C' series of the Official Journal of the European Communities.

For the two dossiers mentioned under (b) and (c) above, the Commission took note of the Council's intention to study the discussion on the codecision procedure in greater detail, including the aspect concerning the exercise of the right of initiative, over lunch at COREPER. This discussion would have to be carefully prepared.

6. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID

(C(2002)585 to /8; C(2002)595 to /4)

The Commission adopted the following decisions:

NN 133/2000 GREECE

Aid granted to Olympic Airways

(C(2002)585 to /8)

**Decision: to reopen proceedings, for misuse (see
Article 88(2), first sentence, of the EC Treaty) of**

certain aid measures on which the Commission had already taken a decision, and to open proceedings under Article 88(2) EC as regards a new aid measure, in accordance with the letter in C(2002)585/8.

NN 45/2002

FINLAND

Temporary state guarantee relating to third-party liability insurance for airlines connected with risks of war and terrorism

(C(2002)595 to /4)

Decision: **to raise no objection**, holding that the instrument was compatible with the EC Treaty, in accordance with the decision in C(2002)595/3 and /4.

7. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

7.1. WRITTEN PROCEDURES APPROVED

(SEC(2002)238 to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted by written procedure between 25 February and 1 March.

7.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2002)239)

The Commission took note of the following written procedures initiated between 25 February and 1 March for the adoption of decisions with political implications:

Time limit: 4.3.2002

E/2002/158 - C(2002)601 DG ADMIN

Commission decision relating to the reinforced mediation service.

Time limit: 5.3.2002

E/2002/356 - C(2002)845 DG ADMIN

Commission decision on raising concerns about serious wrongdoings.

7.3. *EMPOWERMENT*

(SEC(2002)240 to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the empowerment procedure between 25 February and 1 March.

7.4. *DELEGATIONS AND SUBDELEGATIONS OF POWERS*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 25 February and 1 March, as archived on the "Greffé 2000" (Registry) website.

**8. DRAFT COMMISSION DECISION AMENDING ANNEX II TO
PARLIAMENT AND COUNCIL DIRECTIVE 2000/53/EC OF
18 SEPTEMBER 2000 ON END-OF-LIFE VEHICLES
(SEC(2002)244 to /6)**

The Commission agreed with the approach proposed in SEC(2002)244/6, laying down 31 December 2005 as the date from which the use of cadmium in batteries intended for electric vehicles would be banned, and providing for a revision clause.

It noted that a draft decision to this effect would be put to the committee provided for by Article 11 of Directive 2000/53/EC for consultation, and that the final decision would then be tabled by written procedure.

9. MEASURES TAKEN BY THE UNITED STATES ON IMPORTS OF STEEL PRODUCTS

Mr LAMY reported on the measures taken by the United States to restrict imports of steel products from the rest of the world (customs duties of up to 30% and fixing of quotas).

He reminded the meeting of the various solutions which had been explored during EU/US contacts on this matter, and noted that the unilateral decision taken by the United States meant that the negotiations had failed.

He emphasised the impact of this decision on the European steel industry and on the outlets for its products, as well as its possible consequences on the level of imports into Europe which could, if necessary, require the implementation of safeguard clauses.

He proposed that this matter be dealt with in accordance with WTO rules and that a complaint be lodged with the WTO disputes settlement panel.

Mr LIIKANEN pointed out that the European steel industry owed its present competitiveness to a major restructuring effort during the 1970s and that the defence of the industry's interests now was a question of credibility for the institution and for Community industrial policy. He distributed a statistical table showing that most of the Member States were affected by the US restrictive measures.

The Commission discussed the strategy to be adopted in response to the US initiative, and decided to give priority to a multilateral approach after consulting the Member States and, as far as possible, in coordination with any non-member countries particularly affected, such as Korea and Japan.

**10. COMMUNICATION TO THE EUROPEAN COUNCIL - REVIEW OF THE
INTRODUCTION OF EURO NOTES AND COINS
(COM(2002)124 to /3; SEC(2002)249 to /4)**

Mr SOLBES tabled a communication to the European Council on the review of the introduction of euro notes and coins.

He identified the strong points of the process which had guaranteed its success: the enthusiasm of Europeans for the changeover; good pre-distribution of notes and coins to economic operators before 1 January; adaptation of cash dispensers from 1 January; cooperation of traders who gave change in euros from the first days; changeover by small businesses to the euro from 1 January.

There had also been two weak points in the operation: the supply of notes and coins to traders had not run smoothly during the first week; recovery of the old national currencies was slow (at the end of February, 80% of notes and only 30% of coins had been collected).

In conclusion, he noted that the only remaining public debate concerning this operation related to the impact of the changeover on the general level of prices and to the use of certain coins (1 and 2 cents).

The Commission approved the communication in COM(2002)124/2 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the European Central Bank.

11. WORK OF THE CONVENTION

SUMMARY REPORT OF INAUGURAL MEETING (28 FEBRUARY) (SEC(2002)261)

The PRESIDENT, Mr BARNIER and Mr VITORINO reported on the inaugural meeting of the Convention (Brussels, 28 February).

The PRESIDENT pointed in particular to the radical change in culture represented by this new formula for the renegotiation of the Treaties, and his willingness, as he had stated in his speech, to adopt an open position of principle while inviting other interested parties to do likewise.

Mr BARNIER announced that the first two sessions of the Convention (March and April) would be devoted to an open debate on the future of the Union, which meant that the Commission's internal work to prepare for the communication on the plan for a political Europe, previously planned for the end of April 2002, must now be speeded up.

Mr VITORINO described the internal dynamic taking shape within the Convention, and in particular within the various groups of representatives (governments, national parliaments, European Parliament, applicant countries), and referred to the requests by the applicant countries to be represented in the Presidium.

The Commission discussed:

- certain aspects of the speeches made at the inaugural meeting, and press reporting of these;
- the problem of participation - as inclusive as possible - by the applicant countries in the work of the Convention;

- the method of organising the work, and the allocation of tasks, in order to facilitate exchanges between Commission Members and the members of the various groups of representatives within the Convention;
- the need for an in-depth discussion, on the basis of written contributions from each Member, on the allocation of powers, the identification of core tasks and the role of the Commission.

Following this discussion, the PRESIDENT confirmed that the internal debate would be structured in the light of the timetable of the work of the Convention and that, on the questions of the allocation of powers and the identification of core tasks in particular, it should be based on written contributions from Members.

In this connection the Commission decided to withdraw the record of its seminar, thitherto distributed as internal document SEC(2002)234.

12. RELATIONS WITH NON-MEMBER COUNTRIES

12.1. VISIT BY Mr LAMY TO BRAZIL, ARGENTINA AND CHILE (27 FEBRUARY - 4 MARCH)

Mr LAMY reported on the conclusions to be drawn from his recent visit to three Latin American countries (Brazil, Argentina and Chile).

He would be circulating an information note concerning Brazil and Chile. He commented on the worrying situation in Argentina.

It was important for European countries to coordinate their positions vis-à-vis Argentina with an eye to defending common positions within international bodies such as the International Monetary Fund, particularly as regards the financing of trade operations.

The situation in Argentina would inevitably be mentioned at the UN Conference on financing for development (Monterrey, Mexico, 18-22 March) and at the EU / Latin America summit (Madrid, 17-18 May).

The Commission took note of this information.

12.2. HUMANITARIAN AID FOR AFGHANISTAN

Mr NIELSON drew the Commission's attention to the situation created by the participation of armed military staff in the implementation of humanitarian aid financed by USAID in Afghanistan, which was not in line with the principles for implementing this type of aid.

The Commission noted that contacts would be made by Mr NIELSON with the representatives of USAID and with the UN coordinator in order to clarify the situation.

COMMISSION PARTICIPATION IN THE ACP/EU JOINT PARLIAMENTARY ASSEMBLY (CAPE TOWN, 18-21 MARCH)

Mr NIELSON pointed out that he would not be able to represent the Commission at the ACP/EU Joint Parliamentary Assembly (18-21 March), since he would be attending the UN Conference in Monterrey on the same dates (18-22 March).

The Commission noted that it would be desirable to find a replacement for Mr NIELSON.

13. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2002)241/2)

OTHER MATTERS

Mr KINNOCK reported on the state of play following the lodging of a report by Mr VAN BUITENEN containing certain allegations against certain officials, and clarified the questions of fact which had led to the distribution of a press release on 28 February (MEMO/02/38).

The Commission held an exchange of views on the failure to keep confidential all documents drawn up and held by the Anti-Fraud Office, and on information for and protection of the officials mentioned in the allegations by one of their colleagues.

The Commission noted that Mr KINNOCK intended to keep the Commission and Parliament regularly informed of the action taken in this matter.

14. COUNCIL MEETINGS

(SI(2002)219)

14.1. ECONOMIC AND FINANCIAL AFFAIRS

(BRUSSELS, 5 MARCH)

Mr SOLBES reported on the Finance Ministers' discussions of 5 March at their various meetings:

- Eurogroup: consideration of the general economic situation.
- Informal meeting: consideration of a Commission staff working paper, and of a note from the Presidency on the reform of the labour market.

- Council meeting (Economic and Financial Affairs): broad economic policy guidelines: agreement on the guidelines of the "key issues paper" prepared by the Presidency for the Barcelona European Council; no agreement on a specific option for the Euro-Mediterranean bank for development; adoption of a statement on the Monterrey Conference.

14.2. ENVIRONMENT

(BRUSSELS, 5 MARCH)

Ms WALLSTRÖM reported on the Council meeting, and in particular:

- the Council decision to ratify, on behalf of the EU, the Kyoto protocol on the reduction of greenhouse gas emissions, paving the way for ratification of the text by the 15 Member States, with an eye to its entry into force in September 2002;
- the in-depth debates on the proposal for a Directive on environmental liability (prevention and repair of environmental damage).

The Commission took note of this information.

15. OTHER BUSINESS

AGREEMENT REACHED WITH THE GERMAN AUTHORITIES CONCERNING THE "LANDESBANKEN" AND THE "KREDITANSTALT FÜR WIEDERAUFBAU"

Mr MONTI reported on the content and scope of a draft agreement whose terms had been agreed on 1 March with the competent German authorities (Federal Finance Ministry, Kreditanstalt für Wiederaufbau, and the federal association of public credit organisations) on the conditions for granting state guarantees (named in this

particular case *Anstaltslast* and *Gewährträgerhaftung*) to German public credit organisations.

These guarantees constituted state aid within the meaning of the Treaty and could be declared compatible with the Treaty only if they were granted to certain special credit institutions and provided they concerned the public activities of these institutions, carried out at the request of the State.

He reminded the meeting of the various stages in these negotiations with the German authorities: Commission recommendation of 8 May 2001 for appropriate measures; agreement of 17 July 2001 on the Landesbanken and the savings banks to maintain the two State guarantees for a transitional period limited to four years (18 July 2001 - 18 July 2005); undertaking by the German authorities to have the necessary legislation adopted before the end of 2002.

The agreement reached on 28 February would enable the regularisation process to continue, bringing an end to discussions on competition problems between public credit organisations and facilitating the process of restructuring this sector in Germany.

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The meeting closed at 1230 hours.