



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2002)1564 final

Brussels, 30 April 2002

MINUTES
of the 1564th meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 24 April 2002
(morning)

These minutes were approved by the Commission at its 1565th meeting, held in Brussels on 30th April 2002.

They contain 28 pages.

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Single sitting: Wednesday 24 April (morning)

The sitting opened at 0900 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

Except items 1 to 13

Mr SOLBES

Mr VERHEUGEN

Mr PATTEN

Mr LAMY

Mr BYRNE

Mr BARNIER

Ms REDING

Ms SCHREYER

Mr VITORINO

Ms DIAMANTOPOULOU

Absent:

Mr NIELSON

M_S WALLSTRÖM

The following sat in to represent absent Members of the Commission

Mr JACOB	Chef de cabinet to Mr Busquin	Items 1 to 13
Mr MØRCH	A member of Mr Nielson's staff	
Mr CARPARELLI	Deputy Chef de cabinet to Ms Wallström	

The following also sat in

Mr MARENCO	Deputy Director-General, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr FAULL	Commission Spokesman	
Mr CARVOUNIS	Director in the Press and Communication DG	
Mr MAMER	Spokesman	Items 14 and 15
Mr TSCHERNY	Spokesman	
Ms HOUTMAN	Deputy Chef de cabinet to the President	Items 13 and 14
Mr DE LECEA	A member of the President's staff	Items 11 and 13
Mr KOOPMAN	Deputy Chef de cabinet to Mr Kinnock	Items 14 and 15
Mr CANGA FANO	A member of Ms de Palacio's staff	
Mr VAN HOOFF	Chef de cabinet to Mr Monti	Items 10, 11, 12 and 13
Mr SOUKUP	A member of Mr Monti's staff	Items 11, 12 and 13
Ms MANFREDI	A member of Mr Bolkestein's staff	Item 7
Mr PLANAS	Chef de cabinet to Mr Solbes	Items 10, 11 and 12
Ms FLORES	A member of Mr Solbes's staff	Items 10, 11 and 12
Mr SØRENSEN	Chef de cabinet to Mr Nielson	Items 14 and 15

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

1. AGENDAS

(OJ(2002)1564/3; SEC(2002)425/2)

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(2002)1564)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 22 April.

3. APPROVAL OF MINUTES OF 1563rd MEETING (17 April)

(PV(2002)1563 and /2)

The Commission approved the minutes of its 1563rd meeting.

4. PARLIAMENT

4.1. PARLIAMENTARY AFFAIRS GROUP

(SP(2002)1340)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on 18 April (SP(2002)1340).

It paid particular attention to the following:

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

Codecision procedure - Article 251 EC

TRAKATELLIS report, Public health programme 2002-07,

00/0119 (COD)

(responsible: Mr BYRNE)

The Commission adopted the line set out in SP(2002)1295 and 1295/2
(see also item 5 of these minutes).

- b) **Preparations for April II 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.

- c) **Action taken on Parliament's opinions and resolutions**

(point 5 of the record)

Own-initiative resolutions

The Commission adopted the replies to own-initiative resolutions adopted by Parliament to which the Commission had undertaken to reply (SP(2002)1211), for transmission to Parliament.

5. PERMANENT REPRESENTATIVES COMMITTEE
(SI(2002)386; SI(2002)404)

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. *PROPOSAL FOR A PARLIAMENT AND COUNCIL DECISION*
ADOPTING A PROGRAMME OF COMMUNITY ACTION IN THE
FIELD OF PUBLIC HEALTH (2001-06)
(SI(2002)386)

The Commission took note of the text, annexed to SI(2002)386, of the statement made by Mr BYRNE on behalf of the Commission at the conciliation meeting on Tuesday 23 April on this matter (see also item 4 of these minutes).

5.2. *INSTITUTIONAL AGREEMENT CONCERNING ACCESS BY*
PARLIAMENT TO SENSITIVE COUNCIL INFORMATION IN THE
FIELD OF THE SECURITY AND DEFENCE POLICY
(SI(2002)404)

The Commission asked the departments concerned to consider, internally at this stage, the possibility of bringing the application of Annex III of the framework agreement with Parliament into line with the practices agreed between Parliament and the Council for the transmission of sensitive information in the field of the security and defence policy.

6. WORK OF THE CONVENTION

(SEC(2002)443 and /2)

The Commission took note of the detailed record of the third plenary session of the Convention (15 and 16 April).

7. MONITORING THE APPLICATION OF COMMUNITY LAW

**(SEC(2002)418; SEC(2002)459; SEC(2002)466 to /2; SEC(2002)475;
(C(2002)1481 to /3)**

7.1. STATE AID

(SEC(2002)418)

Subject to the following clarifications, the Commission adopted the decisions in SEC(2002)418:

C36/2001

BELGIUM

Aid for the Beaulieu group (Ter Lembeek International)

(C(2002)1341 to /3)

Decision:

Negative final decision as set out in C(2002)1341/2 and /3, in which the amount of aid expressed in BEF in recital 108 should also be expressed in EUR. In Article 1 the amount of aid expressed in BEF must be replaced by the amount expressed in EUR, viz. €2 818 846.

**7.2. APPLICATION OF THE RULES ON COMPATIBILITY OF STATE AID
WITH THE COMMON MARKET (CONSECUTIO LEGIS)
(C(2002)458/6)**

On a proposal from Mr MONTI, the Commission decided to hold this item over for a later meeting.

**7.3. EXTENSION OF THE VALIDITY OF THE COMMUNITY
FRAMEWORK FOR STATE AID FOR RESEARCH AND
DEVELOPMENT
(C(2002)1481 to /3)**

The Commission approved the communication in C(2002)1481/3 on the extension of the validity of the Community framework for state aid for research and development.

**7.4. INFRINGEMENTS - SPECIAL MEETING OF CHEFS DE CABINET
(18 APRIL)
(SEC(2002)459; SEC(2002)475)**

After a brief exchange of views and after hearing the opinion of the Legal Service, the Commission adopted the decisions in SEC(2002)475.

**7.5. INFRINGEMENTS - REPORT B1/2002 - CASES DEFERRED
BECAUSE OF NON-AVAILABILITY OF DOCUMENTS -
REGULARISATION
(SEC(2002)466/2)**

The Commission adopted the decisions in SEC(2002)466/2.

8. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

8.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2002)426 to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted by written procedure between 15 and 19 April.

8.2. *SENSITIVE WRITTEN PROCEDURES*

(SEC(2002)427)

The Commission took note of the following written procedures initiated between 15 and 19 April for the adoption of decisions with political implications:

Time limit: 29.04.2002

E/2002/725 - SEC(2002)462

DG COMP

31st Commission report on competition policy (2001)

8.3. *EMPOWERMENT*

(SEC(2002)428 to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the empowerment procedure between 15 and 19 April.

8.4. *DELEGATION AND SUBDELEGATION OF POWERS*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 15 and 19 April, as archived on the "Grefte 2000" (Registry) website.

9. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2002)429/3)

ADMINISTRATIVE MATTERS
(PERS(2002)59/3)

9.1. APPOINTMENTS

DG RTD.L - A2 post of Director

The Commission had before it an application under Article 29(1)(a) of the Staff Regulations for the A2 post of Director of Directorate L (Resources) in the Research DG (PERS(2002)28 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 13 March and 11 April (PERS(2002)28/3 and /4).

The Commission then considered the applicant's qualifications for the post. It also examined the reports on her ability, efficiency and conduct in the service. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BUSQUIN, it then decided to appoint Ms Maria Manuela SOARES to the post.

This decision would take effect from 1 May.

**9.2. FINANCIAL CONTROL DG - SPECIAL MEASURES DURING THE
TRANSITIONAL PERIOD**

Pending entry into force of the new Financial Regulation and the legal basis authorising the decentralisation of financial controls to authorising departments (1 January 2003), the Commission, on a proposal from Ms SCHREYER, in agreement with the PRESIDENT, decided to suspend all transfers of staff from the Financial Control DG to other departments until 31

December 2002. Any exception to this principle could be taken only on a case-by-case basis by joint decision of the Director-General for Financial Control and the Director-General for Personnel and Administration.

**10. COMMISSION RECOMMENDATION FOR THE BROAD GUIDELINES
OF THE ECONOMIC POLICIES OF THE MEMBER STATES AND THE
COMMUNITY (2002)
(COM(2002)191 to /4; SEC(2002)461)**

Mr SOLBES introduced a Commission recommendation on the broad economic policy guidelines, which each year, in accordance with Article 99(2), provided a framework for defining the Member States' general policy objectives and was to be adopted by the Council (Economic and Financial Affairs) after consideration by the European Council.

The main guidelines, in line with the strategy adopted in 2001 for achieving the objectives set by the Lisbon and Stockholm European Councils, and in the light of the conclusions of the Barcelona European Council (15-16 March), consisted of:

- safeguarding and strengthening the macroeconomic framework (a sound budgetary policy to achieve a position of balance or surplus in 2004 at the latest; structural improvements in the public finances to improve their quality and avoid any risk of imbalance, particularly as a result of the ageing of the population);
- promoting more and better jobs, raising labour force participation, and tackling persistent unemployment (particularly by adapting the taxation of employment and benefit systems, strengthening active employment policies, and/or reducing obstacles to mobility and to work by women);

- improving the conditions for high productivity growth (particularly by encouraging an environment favourable to investment and innovation, a suitable regulatory environment, efficient markets and public services, a satisfactory network infrastructure, and increased investment in research, education and training);
- promoting sustainable development in the interest of current and future generations (particularly by an overall economic policy in which prices reflect the external effects of economic activities on the environment, appropriate legislation for sectors involving risk to the environment, and the implementation of systems for the trading of emission rights under the Kyoto Protocol).

The Commission adopted the recommendation for the broad economic policy guidelines for 2002 as set out in COM(2002)191/4, for transmission to the Council and, for information, to Parliament, the Economic and Social Committee, the Committee of the Regions and the European Central Bank.

**11. ECONOMIC FORECASTS FOR THE INDIVIDUAL MEMBER STATES,
THE EURO AREA AND THE EUROPEAN UNION - SPRING 2002
(SEC(2002)481)**

Mr SOLBES outlined the economic prospects for 2001-03 as contained in the spring 2002 economic forecasts, viz.:

- after the contraction of the last quarter of 2001, the start of a gradual recovery in growth, which, depending on the level of private consumption, could speed up in the second quarter of 2002 and lead to an estimated growth rate of 2.9% in 2003;

- despite a temporary rise in unemployment in 2002, job creation in the euro area should continue in the two years ahead, to the point where, according to the forecasts, the unemployment rate in 2003 should fall below its 2001 level;
- the inflation rate should fall in the second quarter of 2002 and keep to an average of 2.2% in 2002 and 2.0% in 2003;
- the general government deficit in the euro area should continue to deteriorate slightly for cyclical reasons in 2002, reaching 1.5% of GDP in 2002 and 1.2% of GDP in 2003. Certain Member States needed to increase their efforts to fulfil the undertakings they had made to reach a position close to balance or a surplus by 2004 at the latest.

Overall, the level of risk seemed low for the euro area, where the recovery should be vigorous provided trends in private consumption, wage moderation and the consolidation of tax policies continued to support growth.

The Commission took note of this information.

12. ECONOMIC FORECASTS FOR THE CANDIDATE COUNTRIES - SPRING 2002 (SEC(2002)479)

Mr SOLBES presented an analysis of the economic forecasts for spring 2002 for the applicant countries:

- The slowdown of the growth rate at the end of 2001 would weigh heavily on the average growth rate for 2002; nevertheless, because of the strength of domestic demand, a return to an average growth rate of 3% in 2002 and 4% in 2003 was expected.

- The reduction in average inflation was continuing, under the impetus both of the fall in international commodity prices and the implementation of anti-inflationary policies in certain countries with high inflation.
- Net job losses caused by continued company restructuring and productivity gains should be gradually be offset in 2002-03 by an acceleration in job creation, leading to a slight overall improvement in the labour market in 2003.
- General government deficits remained relatively high as a result of the downturn in growth and high transition-related expenditure over the whole forecasting period.

The Commission took note of this information.

13. PERMANENT REPRESENTATIVES COMMITTEE

(SI(2002)413; SEC(2002)485)

***MEASURES TO SUPPORT ROAD FREIGHT TRANSPORT IN FRANCE,
ITALY AND THE NETHERLANDS - REFERRAL TO THE COUNCIL UNDER
ARTICLE 88(2) OF THE EC TREATY***

(SI(2002)413; SEC(2002)485)

Ms de PALACIO reminded the meeting that, following the rise in oil prices in summer/autumn 2000, several Member States, after authorisation by the Council on a Commission proposal, had adopted new measures or strengthened existing ones to reduce excise duty on fuels for road haulage companies, and that on 11 April 2001 the Commission had adopted three decisions initiating formal proceedings against measures taken by three Member States (Italy, France and the Netherlands), considering that they could constitute state aid.

She also reminded the meeting that further action on these proceedings (adoption by the Commission, planned for January 2002, of decisions declaring that these measures constituted illegal state aid and were incompatible with the Treaty) had been blocked on the initiative of the three Member States, which, on the basis of the third subparagraph of Article 88(2), had referred the matter to the Council for a unanimous decision, on grounds of exceptional circumstances, that the aid was compatible with the Treaty.

Since then, one Member State (the Netherlands) had announced its intention of ending the aid scheme ahead of time (1 October instead of 31 December 2002).

She proposed that, if the Council were to adopt unanimously the decisions sought by the three Member States, the Commission should enter its usual reservations in a statement in the Council minutes and reserve in particular all its legal rights under the Treaty.

The Commission held an exchange of views on the background to this matter, and the precedent that the unanimous adoption of such a decision by the Council would constitute.

Following this discussion, the Commission agreed to adopt the line proposed by Ms de PALACIO, if the Council adopted a unanimous decision (Commission statement in the minutes and reservation of all its rights), while in the meantime exploring the possibility of securing from the other two Member States (France and Italy) the same undertaking as that made by the Netherlands to bring the aid scheme to an end ahead of time, i.e. before the normal expiry date of 31 December 2002.

14. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2002)429/3)

ADMINISTRATIVE MATTERS

(SEC(2002)59/3)

FOLLOW-UP TO COMMISSION DECISION OF 23 JANUARY: MOBILITY OF A1 OFFICIALS

(SEC(2002)84/2)

Further to the Commission's decision of 23 January concerning the mobility of A1 officials holding Director-General and Deputy Director-General posts, the Commission adopted the following decisions:

DIRECTORS-GENERAL

INTERNAL MARKET DG

- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BOLKESTEIN, it was decided to fill the post of Director-General by transferring Mr Alexander SCHAUB, currently Director-General for Competition, with his post and in the interest of the service. This decision would take effect from 1 September.
- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BOLKESTEIN, it was decided to create a post of Adviser *hors classe* and to fill it by transferring Mr John MOGG, currently Director-General for the Internal Market, with his post and in the interest of the service. A mission statement for this post would be drawn up by 1 July. This decision would take effect from 1 September.

COMPETITION DG

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr MONTI, it was decided, in accordance with the rules in force, but by way of exception from the Commission decision of 23 January so as to permit a series of interdependent appointments, to fill the post of Director-General on 1 September by transferring Mr Philip LOWE, former Director-General for Development and currently attached to the Secretariat-General, with his post and in the interest of the service.

INFORMATION SOCIETY DG

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr LIIKANEN, it was decided in accordance with the rules in force, but by way of exception from the Commission decision of 23 January, to fill the post of Director-General on 1 July by transferring Mr Fabio COLASANTI, currently Director-General for Enterprise, with his post and in the interest of the service.

ENTERPRISE DG

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr LIIKANEN, it was decided to fill the post of Director-General on 1 July by transferring Mr Jean-Paul MINGASSON, currently Director-General for the Budget, with his post and in the interest of the service.

TAXATION AND CUSTOMS UNION DG

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BOLKESTEIN, it was decided to fill the post of Director-General on 1 July by transferring Mr Robert VERRUE, currently Director-General for the Information Society, with his post and in the interest of the service.

TRANSLATION SERVICE

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it was decided to fill the post of Director-General on 1 July by transferring Mr Michel VANDEN ABEELE, currently Director-General for Taxation and Customs Union, with his post and in the interest of the service.

BUDGET DG

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Ms SCHREYER, it was decided to publish the post of Director-General for the Budget within the Commission on 3 May (Article 29(1)(a) of the Staff Regulations).

FISHERIES DG

- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr FISCHLER, it was decided to create a post of Adviser *hors classe*, and to fill it by transferring Mr Steffen SMIDT, currently Director-General for Fisheries, with his post and in the interest of the service, from the date of his successor taking up duties.
- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr FISCHLER, it was decided to publish the post of Director-General within the Commission on 3 May (Article 29(1)(a) of the Staff Regulations).

EUROSTAT

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr SOLBES, it was decided to publish the post of Director-General of Eurostat before the end of 2002 simultaneously within the Commission and outside (Articles 29(1)(a) and 29(2) of the Staff Regulations). Mr FRANCHET would

continue to hold the post of Director-General of Eurostat until his successor took up duties.

DEPUTY DIRECTORS-GENERAL AND EQUIVALENTS

SECRETARIAT-GENERAL

- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it was decided to create a post of Adviser *hors classe* directly attached to the Secretary-General, and to fill it on 1 May by transferring Mr Bernhard ZEPTER, currently Deputy Secretary-General, with his post and in the interest of the service. A mission statement for this post would be drawn up by 1 May.
- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it was decided to publish the post of Deputy Secretary-General within the Commission on 3 May (Article 29(1)(a) of the Staff Regulations).
- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it was decided to confirm the appointment of Mr Philip LOWE as Adviser *hors classe* until he took up his duties in the Competition DG. Mr LOWE would perform the functions of Deputy Secretary-General until the post was definitively filled.

COMPETITION DG

- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr MONTI, it was decided to fill the post of Deputy Director-General responsible for anti-trust questions and reforms in the anti-trust field on 1 May by transferring Mr Gianfranco ROCCA, with his post and in the interest of the service.
- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr MONTI, it was decided to create a post of Adviser *hors classe*, and to fill it

on 1 May by transferring Mr Jean-François PONS, currently Deputy Director-General in the Competition DG, with his post and in the interest of the service. A mission statement for this post would be drawn up by 1 May.

- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr MONTI, it was decided to publish within the Commission on 3 May (Article 29(1)(a) of the Staff Regulations) a post of Deputy Director-General with particular responsibility for the Merger Control Directorate, and a post of Deputy Director-General with particular responsibility for the State aid Directorates. In accordance with the Commission decision of 23 January, these decisions involved the creation of a third Deputy Director-General post in the Competition DG and a new definition of the subject areas covered by the Deputy Directors-General.

DEVELOPMENT DG

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr NIELSON, it was decided to create a post of Adviser *hors classe*, and to fill it on 1 July by transferring Mr Athanassios THEODORAKIS, currently Deputy Director-General in the Development DG, with his post and in the interest of the service. A mission statement for this post would be drawn up by 1 May. The Commission confirmed its decision to abolish the post of Deputy Director-General in the Development DG from 1 July.

AGRICULTURE DG

- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr FISCHLER, it was decided to create a post of Adviser *hors classe* and to fill it by transferring Mr David ROBERTS, currently Deputy Director-General in the Agriculture DG, with his post and in the interest of the service, from a date to be decided. A mission statement for this post would be drawn up by 1 May.

- On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr FISCHLER, it was decided to publish on 3 May within the Commission (Article 29(1)(a) of the Staff Regulations) the post of Deputy Director-General in the Agriculture DG responsible for Directorates E, F and G, as set out in the new organisation chart in the process of approval.

RESEARCH DG

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BUSQUIN, it was decided to publish the post of Deputy Director-General created by the Commission decision of 23 January, simultaneously within the Commission and outside (Articles 29(1)(a) and 29(2) of the Staff Regulations).

*

The Commission noted that as this exercise proceeded it was important to comply with the objectives it had laid down as regards geographical balance, and to take into account the gender dimension and the representation of women in senior management posts.

The Commission expressed its thanks and recognition to the A1 officials covered by this mobility exercise, who had all without exception, whatever their new assignment, given service of the greatest quality to the Commission through their personal talent and commitment in their current posts.

The PRESIDENT, on behalf of the whole Commission, thanked Mr KINNOCK for carrying out this difficult exercise to implement the Commission's decisions in principle relating to the mobility of holders of senior management posts.

**15. PROPOSAL FOR A COUNCIL REGULATION AMENDING THE STAFF
REGULATIONS OF OFFICIALS AND THE CONDITIONS OF
EMPLOYMENT OF OTHER SERVANTS OF THE EUROPEAN
COMMUNITIES
(COM(2002)213 to /3; SEC(2002)458 to /3)**

Mr KINNOCK tabled a proposal for a Council Regulation amending the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities.

He reminded the meeting that this regulatory proposal translated into legal instruments the comprehensive Staff Regulations reform package approved by the trade unions and staff associations representing a majority of Commission staff, then by the Commission itself on 20 December 2001 and 9 January 2002, and that the Staff Regulations Committee had delivered a favourable opinion on 9 April together with proposals for amendments.

The guidelines thus laid down had also been put to conciliation with the trade unions and staff associations of the Commission and the other institutions on two occasions: on 8 and 9 April, agreement had been secured on the part of the trade unions and staff associations of the Commission representing a majority of the staff; then on 16 April the same bodies had confirmed their agreement to certain drafting amendments.

The Council (General Affairs) had adopted a series of conclusions on the reform at its meeting on 15 April, which endorsed the fundamental principles underlying the reform and invited the Council to finalise the negotiations before June 2003, when the method for the adaptation of remuneration and pensions was due to expire.

The Commission adopted the proposal for a Council Regulation in COM(2002)213/2 and /3, for transmission to the Council and, for consultation, to

Parliament, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the Ombudsman and, for information, to the Community agencies.

16. STATE OF THE TRANSATLANTIC RELATIONSHIP

(SEC(2002)444 to /5)

Mr PATTEN, in agreement with Mr LAMY, presented an information note on the state of the transatlantic relationship, prepared with a view to the EU/US summit planned for 2 May, and which reviewed in succession:

- subject areas where cooperation was fruitful but should be more visible;
- those where cooperation should be strengthened, in the mutual interest of both parties;
- ways of improving methods for settling disputes.

The Commission held an exchange of views on the effects on the transatlantic relationship both of the election of President BUSH and of the events of 11 September, which had led the United States to consider itself to be in a state of war, as well as of the perception in the United States of EU attitudes to the conflict in the Middle East.

The Commission approved the main points of the diagnosis presented by Mr PATTEN and Mr LAMY, and agreed to intensify the dialogue with its American interlocutors, through its delegation in Washington, increased contacts with the United States ambassadors in the fifteen Member States, or any other channel of communication. The Commission also agreed to return later to the subject of relations with the United States.

17. RELATIONS WITH NON-MEMBER COUNTRIES

(SEC(2002)448 to /3)

COMMON FOREIGN AND SECURITY POLICY

17.1. FIFTH EURO-MEDITERRANEAN CONFERENCE OF FOREIGN MINISTERS

(VALENCIA, 22-23 APRIL)

Mr PATTEN reported on the fifth Conference of Foreign Ministers under the Euro-Mediterranean partnership.

The conference had gone ahead smoothly, despite the grave crisis in the Middle East, and despite the absence of two partner countries (Lebanon and Syria). Going beyond the need to revive and deepen the Barcelona process, the Conference had adopted a detailed action plan including a whole series of concrete initiatives and commitments in all subject areas (political dialogue and defence; democratic dimension; investment support; energy; sustainable development; intercultural dialogue).

In this connection, the Commission held a brief exchange of views on the situation in the Middle East.

17.2. KOREAN SUBSIDIES TO SHIPBUILDING

(SEC(2002)448 to /3)

On a proposal from Mr LAMY, in agreement with Mr MONTI, the Commission decided to hold this item over for its next meeting.

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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 1215 hours.