



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 26 June 2002

MINUTES

of the 1572nd meeting of the Commission

held in Luxembourg

(Centre européen, Kirchberg)

on Wednesday 19 June 2002

(morning)

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These minutes were approved by the Commission at its 1573rd meeting, held in Brussels on 26th June 2002.

They contain 23 pages.

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Single sitting: Wednesday 19 June (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 PATTEN	
Mr BYRNE	
Mr BARNIER	
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	
Ms DIAMANTOPOULOU	

Absent:

Mr LAMY

The following sat in to represent absent Members of the Commission

Mr DEFRAIGNE	Chef de cabinet to Mr Lamy
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The following also sat in

Mr PETITE	Director-General, Legal Service
Mr MANSERVISI	Chef de cabinet to the President
Mr FAULL	Commission Spokesman
Mr PEREZ MONTES	A member of Ms de Palacio's staff
Mr SCHMIDT	A member of Mr Nielson's staff
Mr BROCHART	Secretariat-General
Mr KERSTING	Secretariat-General

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

1. AGENDAS

(OJ(2002)1572/3; SEC(2002)676/2)

The Commission took note of the tentative agendas for future meetings.

It adopted the agenda for that day's meeting, except for item 14 (Final report on the Green Paper *Towards a European strategy for security of energy supply*), which it decided to hold over for its next meeting.

2. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2002)1572)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 17 June.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1571st MEETING

(11 June)

(PV(2002)1571 and /2; PV(2002)1571, Part II and /2)

The Commission approved the minutes of its 1571st meeting.

The Commission noted that the Secretariat-General proposed to agree to the request from a journalist to have access to the special minutes of the 1568th meeting (22 May), the relevant extract being declassified.

4. PARLIAMENT

4.1. JUNE PART-SESSION

(SP(2002)1936 and /2)

The Commission took note of the record of Parliament's part-session held in Strasbourg from 10 to 13 June.

4.2. ACTION TO BE TAKEN ON PARLIAMENT'S OPINIONS

(SP(2002)1937 and /2)

The Commission approved the proposed empowerment decisions relating to action to be taken on the amendments presented by Parliament under the codecision and consultation procedures (SP(2002)1937/2).

5. PERMANENT REPRESENTATIVES COMMITTEE

(SI(2002)728)

COUNCIL AFFAIRS GROUP (CAG)

(SI(2002)728)

The Commission took note of the record of the meeting of the Council Affairs Group held on Friday 14 June (SI(2002)728).

It paid particular attention to the following:

a) Temporary defence mechanism for the shipbuilding industry

The Commission referred to its discussions of 11 June (PV(2002)1571, item 13). Given the important institutional aspects of this matter and in order not to jeopardise its right of initiative, the Commission decided that the basis

for the proposed compromise would be distributed in the form of an outline legal instrument for a future Coreper meeting and as a staff working paper.

b) European Agency for the Evaluation of Medicinal Products: membership of the Management Board

The Commission noted that, at the Council meeting (Health) on Wednesday 26 June, Mr LIIKANEN would indicate that the Commission stood by the principles that had governed the drafting of its proposal as regards the number of Member State representatives on the Management Board, while making clear that it was prepared to re-examine the Board's precise membership, particularly in the light of any amendments that Parliament might approve at first reading.

6. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID

(SEC(2002)703)

Subject to the following clarifications, the Commission adopted the decisions in SEC(2002)703:

N 99/2002 DENMARK

Shipbuilding - extension of delivery limits for two ships built at Odense Shipyard

(C(2002)2139 to /3)

Decision: To extend the deadline of three years laid down by the aid scheme for shipbuilding (Regulation (EC) No 1540/98), by adopting the decision set out in C(2002)2139/3.

7. WRITTEN PROCEDURES AND EMPOWERMENT

7.1. WRITTEN PROCEDURES APPROVED

(SEC(2002)677 to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted by written procedure between 10 and 14 June.

7.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2002)678)

The Commission took note of the following written procedures initiated between 10 and 14 June for the adoption of decisions with political implications:

Time limit: 18.06.2002

E/2002/1086 - COM(2002)326 DG JAI

Amended proposal for a Council Directive on minimum standards on procedures in Member States for granting and withdrawing refugee status.

E/2002/1103 - COM(2002)331 DG ECFIN

Commission communication *A methodological note for the horizontal evaluation of services of general economic interest.*

Time limit: 20.06.2002

E/2002/1084 - COM(2002)322 and /2 AIDCO

Annual Commission Report on humanitarian aid 2001.

E/2002/1102 - COM(2002)330 DG TRADE

Proposal for a Council Decision on the consequences of the expiry of the European Coal and Steel Community (ECSC) Treaty on the international agreements concluded by the ECSC.

Time limit: 21.06.2002

E/2002/1092 - C(2002)2223 and /2 DG TREN

Commission communication on certain aspects of the treatment of competition cases resulting from the expiry of the ECSC Treaty.

7.3. EMPOWERMENT

(SEC(2002)679) to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the empowerment procedure between 10 and 14 June.

7.4. GENERAL EMPOWERMENT IN THE FIELD OF COMPETITION

**(SEC(2002)663; SEC(2002)664; SEC(2002)667; SEC(2002)668;
SEC(2002)669)**

The Commission decided to grant the empowerments in question, as set out in SEC(2002)663, SEC(2002)664, SEC(2002)667, SEC(2002)668 and SEC(2002)669.

7.5. EMPOWERMENT CONCERNING THE ADOPTION OF FINANCING DECISIONS UNDER PROGRAMMES AND OTHER ACTIONS IN THE FIELD OF HEALTH
(SEC(2002)693 and /2)

The Commission granted the empowerment set out in SEC(2002)693 and /2.

7.6. ADOPTION OF A FINANCING DECISION AND AD HOC EMPOWERMENT OF Mr PATTEN - COMMUNITY OBSERVATION MISSION FOR THE GENERAL ELECTION IN PAKISTAN, OCTOBER 2002
(SEC(2002)695)

The Commission decided:

- to adopt the financing decision annexed to SEC(2002)695 for the sum of €1 880 000 to be financed from item B7-701 of the 2002 budget;
- to authorise the signing of a service contract with the selected agency to implement project B7-701/2002/3019, EU observation mission to the parliamentary elections in Pakistan, October 2002;
- to empower Mr PATTEN to make changes to this draft to enable the financing of other election observation groups matching the definition in paragraph 12(a) and (b) of the communication to the Commission in SEC(2002)695, if the deployment of an EU observation mission proved impossible or if security conditions deteriorated.

7.7. DELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 10 and 14 June, as archived on the "Grefte 2000" (Registry) website.

8. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2002)680/3)

ADMINISTRATIVE MATTERS

(PERS(2002)103)

8.1. INITIAL COMMUNICATIONS UNDER ARTICLE 50 OF THE STAFF REGULATIONS

The Commission's discussions on this item are recorded in the special minutes.

8.2. DG ECFIN - CREATION OF AN A2 POST OF CHIEF ADVISER IN THE WASHINGTON DELEGATION AND REDEPLOYMENT OF AN A2 OFFICIAL

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, Mr PATTEN and Mr SOLBES, the Commission decided to create an A2 post of Chief Adviser at the Commission delegation in Washington and to redeploy to it, in the interest of the service and with his post, Mr Hervé CARRE, A2 official, currently Director of Directorate C (Economy of the euro zone and the Union) in the Economic and Financial Affairs DG.

This decision would take effect from a date to be fixed later.

8.3. EXTERNAL RELATIONS DG - TRANSFER OF AN A1 OFFICIAL TO THE POST OF HEAD OF DELEGATION IN JAPAN

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr PATTEN, the Commission approved the transfer, in the interest of the service, of Mr Bernhard ZEPTER, currently Adviser *hors classe* in the

Secretariat-General, to the post of Head of the Commission's Delegation in Japan.

This decision would take effect from 1 September.

8.4. APPOINTMENTS

DG SANCO - A1 post of Deputy Director-General

The Commission had before it applications under Articles 29(1)(a), 29(1)(c) and 29(2) of the Staff Regulations for the A1 post of Deputy Director-General in the Health and Consumer Protection DG (PERS(2002)1 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 15 and 16 May (PERS(2002)1/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. In this connection, Mr BYRNE drew the Commission's attention to the special qualifications of Ms HUSU-KALLIO and to the precise mission statement for the future Deputy Director-General:

- The Deputy Director-General post in DG SANCO necessitates a person who is able to master at the highest level the political and technical complexities of food safety. Ms Husu-Kallio has demonstrated through her experience at national and international level a strong track record in dealing with such issues. As Chief Veterinary Officer of Finland, she has displayed the proven management experience necessary for an A1 post in the Commission. Coupled with her excellent scientific background she has shown clear and coherent vision of the challenges in the job. She is therefore considered the best qualified of the candidates for this post.
- Under the responsibility of the Director-General Ms Husu-Kallio would be required to assist him in the execution of his responsibilities. In particular,

she would be requested to take on day-to-day responsibilities for Food Safety, Plant Health, Animal Health and Welfare. In this connection, she would be required to pay particular attention to the international aspects of her responsibilities and to ensure the Commission's responsibilities in these domains are fully defined and implemented.

In the light of this opinion, the Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BYRNE, decided to appoint Ms HUSU-KALLIO to the post.

This decision would take effect from a date to be fixed later.

DG SANCO.F - A2 post of Director

The Commission had before it applications under Articles 29(1)(a), 29(1)(c) and 29(2) of the Staff Regulations for the A2 post of Director of Directorate F (Food and Veterinary Office) in the Health and Consumer Protection DG (PERS(2001)228 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 27 November 2001 and 24 January 2002 (PERS(2001)228/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BYRNE, it then decided to appoint Mr GAYNOR to the post.

This decision would take effect from a date to be fixed later.

9. STRUCTURAL INDICATORS

(SEC(2002)671 to /4)

The Commission took note of the information in SEC(2002)671/4.

**10. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 14 OF
COUNCIL REGULATION (EEC) No 4064/89 (BP/ERDÖLCHEMIE CASE)
(C(2002)2208 and /2)**

The Commission decided:

- to take note of the final report of the Hearing Officer in C(2002)2208/2;
- to take note of the opinion of the Advisory Committee on Concentrations of 27 May as set out in C(2002)2208/2;
- adopted, in the authentic language (English), the decision in C(2002)2208/2.

**11. PROPOSAL FOR A PARLIAMENT AND COUNCIL DIRECTIVE SETTING
QUALITY AND SAFETY STANDARDS FOR HUMAN CELLS AND
TISSUES**

(COM(2002)319 to /4; SEC(2002)694)

The Commission approved the proposal for a Directive setting quality and safety standards for human cells and tissues, as set out in COM(2002)319/3 and /4, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

12. WORK OF THE CONVENTION

Mr BARNIER and Mr VITORINO reported on the activities of certain working groups set up under the aegis of the European Convention.

Mr BARNIER indicated that, in view of the number of such groups and the specific nature of the subjects dealt with (economic governance, CFSP, etc.), certain Members more particularly concerned would be invited to take part directly in the work of these groups.

Mr VITORINO drew the Commission's attention to the contributions addressed to the Convention from civil society. He suggested these be analysed by each Member, in the light of his or her area of responsibility, and that, in appropriate cases, a reply be prepared by the relevant departments in coordination with the Task Force on the future of the union and institutional matters.

13. MONITORING THE APPLICATION OF COMMUNITY LAW

(continued from item 6)

STATE AID

(SEC(2002)703)

C 61/1999

GERMANY

(ex NN 153/1996)

Deutsche Post AG

(C(2002)2144 to /5)

Mr MONTI outlined the background to this case, which had begun with a complaint lodged in 1994, relating to the level of financial compensation granted by Germany to Deutsche Post AG. In principle this compensation was intended to cover the costs

of the general economic interest service obligations imposed on the company, but it could also have been used to subsidise the commercial activity of door-to-door parcel services.

Eight years of investigation into this complex matter had not produced a reliable assessment of the costs of the general economic interest service obligations, and therefore a specific approach had had to be adopted, consisting of analysing Deutsche Post AG's price strategy on the market (open to competition and outside the public service) in the door-to-door delivery of parcels.

This analysis had shown that prices charged had been systematically lower than costs, for a total amount over several years of €572 million, and he therefore proposed to conclude that these losses had been covered by part of the financial compensation paid by Germany. This amount therefore constituted aid that was not compatible with the common market and must be recovered.

The Commission held an exchange of views on the use of a specific methodology in this particular case and on the practical arrangements for the recovery of the aid unlawfully paid.

Mr MONTI provided the necessary justifications concerning compliance with the principle of equal treatment of similar cases, and pointed out that the decision proposed to the Commission at this stage did not deal with arrangements for recovery, which in the first place must be the subject of proposals from the German authorities.

In the light of these clarifications, the Commission adopted the negative final decision, together with a recovery clause, as set out in C(2002)2144/5.

**14. THE EURO AREA IN THE WORLD ECONOMY - DEVELOPMENTS IN
THE FIRST THREE YEARS
(COM(2002)332 to /3)**

Mr SOLBES tabled a communication on the first three years of the euro area in the world economy, aimed at informing the public of the results achieved and the experience gained during the single currency's three years of existence, and describing also the new economic and political environment created by it.

He traced the development of the main indicators for the euro area (GDP growth, inflation rate, level of employment, budgetary consolidation, wage moderation, monetary policy, trend of the euro exchange rate), and pointed out that, while the US dollar remained the dominant international currency, the euro was now the world's second currency, and that the economic importance of the euro area (16% of world GDP), the stability of the euro, and the integration of European financial markets, would help stimulate use of the euro internationally.

Following an exchange of views on various aspects, the Commission approved the communication in COM(2002)332/3 for transmission to Parliament, the Council, the European Central Bank and the Economic and Social Committee.

**15. COUNCIL MEETINGS
(SI(2002)741 and /2)**

**15.1. PREPARATIONS FOR SEVILLE EUROPEAN COUNCIL
(21-22 June)**

The PRESIDENT briefly outlined the main items on the agenda for the Seville European Council, viz.:

- immigration and the right of asylum;
- enlargement;
- world conference on sustainable development (Johannesburg);
- reform of the Council (SOLANA report);
- work of the Convention (presentation by its President, Mr GISCARD D'ESTAING).

The Commission held an exchange of views on these subjects, highlighting certain priority expectations, and in particular:

- the setting of clear guidelines by the European Council as regards immigration and the right of asylum, encouraging in particular the opening of negotiations on cooperation and readmission agreements with certain non-member countries;
- the confirmation of the strategy and timetable agreed for the enlargement process, including the finalisation of the negotiations on the agricultural chapter.

Furthermore, although this item was not on the agenda for the Seville European Council, Mr BYRNE reminded the meeting of the importance of taking a decision quickly on the headquarters of the Food Safety Agency, whose Director was in the process of being appointed.

15.2. TRANSPORT AND TELECOMMUNICATIONS

Ms de PALACIO reported on the transport aspects of the Council meeting (Transport and Telecommunications). She mentioned in particular:

- the political agreement reached on the common position on the proposal for a Parliament and Council Directive concerning market access to port services;
- the political agreement on the proposal for a Council Decision on Community accession to Eurocontrol;
- the adoption of a common position on the proposal for a Parliament and Council Directive concerning occurrence reporting in civil aviation and on the proposal for a Regulation on statistical returns on the carriage of passengers, freight and mail by air;
- the adoption of a Parliament and Council Regulation establishing common rules in the field of civil aviation and creating a European Aviation Safety Agency;
- the political agreement on the proposal for a Parliament and Council Directive relating to the compulsory wearing of seat belts.

Regarding the proposal for a Parliament and Council Regulation laying down the framework for the creation of the single European sky, guidelines had been agreed for more detailed consideration of various questions.

The Council had supported the creation of a mutual insurance system to cover risks for airlines, and therefore the state guarantees must be further extended.

16. RELATIONS WITH NON-MEMBER COUNTRIES

G7/G8 SUMMIT

26/27 JUNE - KANANASKIS, ALBERTA, CANADA

(SEC(2002)701; SEC(2002)727)

The PRESIDENT presented an information note on the G7/G8 summit meeting to be held in Kananaskis (Canada) on 26 and 27 June, to which several African Heads of State or Government (Algeria, Egypt, Nigeria, Senegal and South Africa) had been invited.

The following subjects would be tackled:

- as G7: world economic situation; prospects for negotiation of the Doha development agenda; nuclear safety and security in Russia and Ukraine;
- as G8: strengthening of global economic growth; combating terrorism; creation of a new partnership for development in Africa.

Mr PATTEN, Mr SOLBES, Ms WALLSTRÖM and Ms de PALACIO set out briefly the main points of the preparatory meetings they had attended, viz.:

- 12 and 13 June: G8 Foreign Ministers in Whistler, British Columbia
- 14 and 15 June: G8 Economic and Financial Affairs Ministers in Halifax, Nova Scotia (see SEC(2002)727)
- 12-14 April: G8 Environment Ministers in Banff, Alberta
- 2 and 3 May: G8 Energy Ministers in Detroit, USA

The Commission noted that it was important for members of the G7/G8 to confirm the commitments made at Doha and Monterrey with a view to their active

participation at the Johannesburg conference, and to make firm commitments on the ratification of the Kyoto Protocol (particularly Canada and Russia).

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The meeting closed at 1245 hours.