



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2002)1580 final

Brussels, 18 September 2002

MINUTES
of the 1580th meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 11 September 2002
(morning)

These minutes were approved by the Commission at its 1581st meeting, held in Brussels on 18th September 2002.

They contain 20 pages.

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Single sitting: Wednesday 11 September (morning)

The sitting opened at 0845 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 KORTE Deputy 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 CARVOUNIS	Director in the Press and Communication DG	
Mr MAMER	Spokesman	Item 8
Mr TODD	Spokesman	Item 11
Ms HOUTMAN	Deputy Chef de cabinet to the President	Item 11
Mr DE LECEA	Adviser in the President's Office	Items 12 and 15
Ms GROEBNER	Adviser in the President's Office	
Mr GUSETTI	A member of the President's staff	
Mr SMULDERS	A member of the President's staff	Item 13
Mr KOOPMAN	Chef de cabinet to Mr Kinnock	Item 8
Mr LUCHNER	Deputy Chef de cabinet to Mr Kinnock	Item 8
Mr CALLEJA	Chef de cabinet to Ms de Palacio	Item 13
Ms MASCARDI	A member of Ms de Palacio's staff	Item 13
Mr PEREZ MONTES	A member of Ms de Palacio's staff	Item 13
Ms OLIVI	A member of Mr Monti's staff	Item 13
Mr NØRLUND	Chef de cabinet to Mr Bolkestein	Item 11
Mr VAN BALLEKOM	Deputy Chef de cabinet to Mr Bolkestein	Item 11
Mr AUJEAN	Taxation and Customs Union DG	Item 11
Mr CLEUTINX	Energy and Transport DG	Item 13

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

1. AGENDAS

(OJ(2002)1580/3; SEC(2002)918/2)

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)1580)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 9 September.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1579th MEETING

(3 September)

(PV(2002)1579; PV(2002)1579, Part II)

The Commission approved the minutes of its 1579th meeting.

4. PARLIAMENT

4.1. SEPTEMBER I PART-SESSION

(SP(2002)2787)

The Commission took note of the record of Parliament's part-session held in Strasbourg from 2 to 5 September.

4.2. ACTION TO BE TAKEN ON PARLIAMENT'S OPINIONS
(SP(2002)2820)

The Commission approved the proposed empowerment decisions relating to action to be taken on the amendments presented by Parliament under the codecision procedure (see list produced by the Secretariat-General in SP(2002)2820).

5. PERMANENT REPRESENTATIVES COMMITTEE
(SI(2002)951)

The Commission took note of the information provided on the discussions in Coreper, particularly as regards the following:

**AMENDED PROPOSALS FOR DECISIONS CONCERNING THE SPECIFIC
PROGRAMMES IMPLEMENTING THE SIXTH RTD FRAMEWORK
PROGRAMMES (2002-06)**
(SI(2002)951)

The Commission took note of the discussions on 6 September in Coreper and the changes in position compared with the compromise reached at the end of July. It agreed to encourage the search for a solution which might secure the agreement of Parliament.

**6. MONITORING THE APPLICATION OF COMMUNITY LAW
(SEC(2002)941)**

***INFRINGEMENTS - REPORT A1/2002 - CASE POSTPONED BECAUSE OF
NON-AVAILABILITY OF DOCUMENTS
(SEC(2002)941)***

The Commission adopted the decision in SEC(2002)941.

7. WRITTEN PROCEDURES AND EMPOWERMENT

***7.1. WRITTEN PROCEDURES APPROVED
(SEC(2002)919 to /5)***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted by written procedure between 2 and 6 September.

***7.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2002)920)***

The Commission took note of the following written procedure initiated between 2 and 6 September for decisions with political implications:

Time limit: 11.09.2002

E/2002/1723 - COM(2002)490 DG AIDCO

Commission annual report 2001 on EC development policy and the implementation of external assistance.

7.3. EMPOWERMENT

(SEC(2002)921 to /5)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the empowerment procedure between 2 and 6 September.

**7.4. EMPOWERMENT FOR THE ADOPTION OF FINANCING DECISIONS
UNDER PROGRAMMES AND OTHER ACTIVITIES IN THE FIELD OF
CONSUMER PROTECTION**

(SEC(2002)937)

The Commission approved the empowerment decision set out in section IV of SEC(2002)937.

7.5. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 2 and 6 September, as archived on the "Greffé 2000" (Registry) website.

8. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2002)923/2)

ADMINISTRATIVE MATTERS
(PERS(2002)121)

**8.1. DG MARKT - PUBLICATION OF A1 POST OF DEPUTY DIRECTOR-
GENERAL**

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BOLKESTEIN, the Commission approved the vacancy notice in PERS(2002)122 and asked DG ADMIN to publish it.

**8.2. APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS
(SECOND STAGE)**

The Commission continued its discussions on this matter, begun on 19 June (PV(2002)1572).

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr MONTI, adopted the decision in PERS(2002)123 to apply the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Jean-François PONS, an A1 official, currently Adviser *hors classe* in the Competition DG.

This decision would take effect on 1 October.

**8.3. EXTERNAL RELATIONS DG - A2 POST OF DIRECTOR OF THE
EUROPEAN AGENCY FOR RECONSTRUCTION**

On a proposal from Mr PATTEN, in agreement with the PRESIDENT, the Commission:

- approved the proposal relating to the post of Director of the European Agency for Reconstruction, as set out in PERS(2002)121;
- authorised Mr PATTEN to communicate this proposal to the Governing Board of the Agency.

This decision would take effect immediately.

8.4. *DG EMPL.B - TEMPORARY OCCUPATION OF AN A2-LEVEL POST*

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Ms DIAMANTOPOULOU, decided under Article 7(2) of the Staff Regulations to appoint Mr Philippe HATT, an A3 official and currently Head of Unit EMPL.B.3 (Denmark, Sweden, Finland, Estonia, Latvia and Lithuania), temporarily to the post of Director for the period from 16 February 2002 until the new Director was appointed, subject to a maximum of twelve months.

This decision would take effect immediately.

OTHER MATTERS

8.5. *BERLAYMONT - PROGRESS REPORT*

The Commission authorised Mr KINNOCK to continue his discussions with the Belgian authorities with a view to reaching agreement.

**9. MORE RESEARCH FOR EUROPE - TOWARDS 3% OF GDP
(COM(2002)499 to /3; SEC(2002)943)**

The Commission approved the communication *More research for Europe - Towards 3% of GDP*, as set out in COM(2002)499/3, for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions.

**10. PROPOSAL FOR A PARLIAMENT AND COUNCIL DIRECTIVE ON THE
HARMONISATION OF THE LAWS, REGULATIONS AND
ADMINISTRATIVE PROVISIONS OF THE MEMBER STATES
CONCERNING CREDIT FOR CONSUMERS
(COM(2002)443/7 and /8; SEC(2002)940)**

The Commission approved the proposal for a Directive on the harmonisation of the laws, regulations and administrative provisions of the Member States concerning credit for consumers, as set out in COM(2002)443/8, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**11. GENERAL DEBATE ON THE TAXATION OF ALCOHOL AND
ALCOHOLIC DRINKS
(SEC(2002)935 to /3)**

Mr BOLKESTEIN presented an information note on the Community arrangements for excise duties on alcohol and alcoholic drinks.

The current system had been introduced in 1993 with an eye to the removal of borders and the establishment of the internal market, and, contrary to the

Commission's initial proposal for full harmonisation of excise duties, the system as adopted by the Council involved only specific minimum rates at a relatively low level.

Problems in the internal market and market distortions resulting from the application of widely diverging rates by the Member States had been identified by the Commission in a first report in 1995, and the situation had worsened since then, as the new draft report indicated. In these circumstances, in line with Article 93 of the Treaty, the Commission should propose measures to harmonise legislation where this was necessary to ensure the smooth operation of the internal market.

In the light of this analysis, Mr BOLKESTEIN presented the Commission with several alternative options for action to be taken on the report drawn up by his departments with a view to stimulating an in-depth discussion in Parliament and the Council, including the option of a legislative proposal (Directive).

The Commission held an in-depth exchange of views on:

- the nature and scale of the distortions of competition between products and between Member States resulting from the application of different rates of excise duty to alcohol;
- the impact of the planned measures on the market for certain products (particularly wine);
- whether the planned measures would suffice to resolve the problems noted in the operation of the internal market;
- the need, if a legislative proposal for harmonisation were to be presented, to produce a coherent and balanced set of obligations for all Member States (raising of rates for some, lowering of rates for others);

- the advisability of also seeking non-fiscal solutions to the present market malfunctioning (particularly the liberalisation of the distance sales scheme);
- the non-economic aspects in connection with the consumption of alcohol and alcoholic drinks in society;
- the impact on public opinion of any initiative to increase taxation on alcohol.

Following this discussion, the Commission noted that the analysis of problems affecting the operation of the internal market and the proposals for rectifying them would be further developed under the authority of Mr BOLKESTEIN, in the light of the suggestions made during the meeting, with a view to further consideration by the Commission.

**12. DRAFT INSTITUTIONAL AGREEMENT BETWEEN PARLIAMENT, THE COUNCIL AND THE COMMISSION ON THE FINANCING OF THE EUROPEAN UNION SOLIDARITY FUND AND THE CONDITIONS GOVERNING THE RESORT TO IT
(COM(2002)507 and /2; document number amended to SEC(2002)960)**

Ms SCHREYER presented a draft interinstitutional agreement between Parliament, the Council and the Commission concerning the conditions for the use of the European Union solidarity fund (purpose; initial allocation of funds; sums available each year; a simplified procedure for the mobilisation of appropriations by the adoption of an amending budget and subject to a triologue procedure).

The Commission discussed the annual amount that could be mobilised for this fund and decided to propose that it be fixed in the interinstitutional agreement, for each year, at €1 billion.

It noted that €500 million could be mobilised for the current year.

It also agreed:

- that amounts would be mobilised within the annual ceiling only if actually needed;
- that sums not mobilised during one financial year would not be available in following years.

It confirmed on the other hand that on 1 October each year, one quarter of the annual amount should remain available to cover any possible requirement that might arise up to the end of the budget year.

Subject to these amendments, the Commission adopted the draft interinstitutional agreement in SEC(2002)960, for transmission to Parliament and the Council.

13. THE INTERNAL MARKET IN ENERGY: COORDINATED MEASURES ON THE SECURITY OF ENERGY SUPPLY (COM(2002)488 to /5; SEC(2002)939)

The PRESIDENT introduced the debate by emphasising the policy content of the legislative package tabled by Ms de PALACIO. He reminded the meeting that the European Union was particularly vulnerable as regards the security of energy supply and that this vulnerability was likely to worsen if the liberalisation of the energy market was not accompanied by specific measures to strengthen security of supply.

These measures must be part of a Community framework, to be based on the principle of solidarity between Member States, to ensure equal treatment for all players on the market, and to preserve the interests of consumers.

Ms de PALACIO pointed out that the means of action were inadequate in the oil sector - both in the Community framework and in the International Energy Agency - and non-existent in the gas sector, and that the present context - instability of oil and gas prices and growing risks in connection with international events - was particularly suitable for the launch of such an initiative. She set out the main lines of the proposed new Community framework (two proposals for directives):

- for the oil sector: harmonisation of national storage systems; coordinated use of security stocks and harmonisation of the criteria for intervention in the event of a physical breakdown in supply or the danger thereof;
- for the gas sector: definition of a supply policy; harmonisation of minimum standards of security of supply; coordinated use of crisis measures (gas stocks); conclusion of long-term contracts for supply from non-member countries; dialogue between producer countries and consumer countries.

The Commission discussed the various aspects of this proposal and then:

- confirmed the choice of Article 95 of the Treaty as legal basis for the two directives, whose "centre of gravity" clearly lay in the provisions on the operation of the internal market;
- adopted two amendments, proposed by Mr MONTI, to recitals 9 and 13 of the proposal for a Directive relating to the gas market;
- noted that Ms de PALACIO would transmit in writing further information requested during the meeting.

Subject to these clarifications, the Commission adopted the proposal in COM(2002)488/5 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**14. RESULTS OF THE WORLD SUMMIT ON SUSTAINABLE
DEVELOPMENT
(SEC(2002)944)**

Ms WALLSTRÖM and Mr NIELSON presented their assessment of the results of the World Summit on Sustainable Development.

This presentation and the ensuing debate highlighted the following points:

- the success of the world summit: the fact that any result was secured at all, despite the absence of active contributions by several participants or groups of participants; the guidelines on the trade aspects agreed at Doha were not called into question, nor those agreed at Monterrey on the level of development aid, and concrete conclusions were adopted in the field of the environment, health and energy;
- the key role played by the EU delegation, which had succeeded in keeping up the momentum of the negotiations throughout the process despite the problems faced. The EU delegation had benefited from the excellent preparation by Commission departments and close coordination with the Member States;
- the need to ensure close monitoring of the implementation of the guidelines adopted.

15. COUNCIL MEETINGS

(SI(2002)967)

15.1. *INFORMAL MEETING OF MINISTERS FOR ECONOMIC AND FINANCIAL AFFAIRS (COPENHAGEN, 6-7 SEPTEMBER)*

Mr SOLBES reported on the discussions of the Eurogroup (economic situation; streamlining of economic policy coordination; work of the Convention, in the presence of Mr HÄNSCH, chairman of Working Party VI on economic governance). The Council (Economic and Financial Affairs) would hold a debate on the budgetary aspects of enlargement at its next meeting (7 October).

Mr BOLKESTEIN reported on the exchange of views on the taxation of savings income and in particular on progress in the negotiations with Switzerland. This would be considered further at the Council meeting (Economic and Financial Affairs) on 7 October, and before then he would be tabling a request for empowerment to present certain proposals.

15.2. *INFORMAL MEETING OF AGRICULTURE MINISTERS (NYBORG, 7-10 SEPTEMBER 2002)*

Mr FISCHLER and Mr BYRNE reported briefly on the Agriculture Ministers' discussions on innovation and the legislation relating to genetically modified organisms (GMOs).

15.3. INFORMAL MEETING OF JUSTICE AND HOME AFFAIRS

MINISTERS

(COPENHAGEN, 13 AND 14 SEPTEMBER)

Mr VITORINO reported that the Ministers would be taking stock of international cooperation in combating terrorism, in the presence of their US counterpart, the Attorney-General, Mr ASHCROFT.

16. OTHER BUSINESS

POLITICAL SITUATION IN AUSTRIA

On the initiative of Mr FISCHLER, the Commission took note of probable new election dates in Austria, following the resignation of certain members of the Government.

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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 1245 hours.