



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2003)1597 final**

Brussels, 30 January 2003

**MINUTES**  
**of the 1597th meeting of the Commission**  
**held in Brussels**  
**(Breydel)**  
**on Tuesday 21 January 2003**  
**(afternoon)**

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These minutes were approved by the Commission at its 1598<sup>th</sup> meeting, held in Brussels on 30<sup>th</sup> January 2003.

They contain 23 pages.

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**Single sitting: Tuesday 21 January (1350 - 1530; 1730 - 2100)**

The sitting opened at 1350 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       |                | Except items 1 to 16 |
| Mr LIIKANEN       |                | Except item 18       |
| Mr BUSQUIN        |                |                      |
| Mr SOLBES         |                | Except items 1 to 16 |
| Mr NIELSON        |                |                      |
| Mr VERHEUGEN      |                |                      |
| Mr PATTEN         |                |                      |
| Mr LAMY           |                |                      |
| Mr BYRNE          |                |                      |
| Mr BARNIER        |                |                      |
| Ms REDING         |                |                      |
| Ms SCHREYER       |                |                      |
| Ms WALLSTRÖM      |                |                      |
| Mr VITORINO       |                |                      |
| Ms DIAMANTOPOULOU |                |                      |

**Absent:**

Mr BOLKESTEIN

**The following sat in to represent absent Members of the Commission**

|                  |                                     |                |
|------------------|-------------------------------------|----------------|
| Mr PIRZIO-BIROLI | Chef de cabinet to Mr Fischler      | Except item 14 |
| Mr RICHTER       | A member of Mr Bolkestein's staff   | Except item 14 |
| Mr BEKX          | Deputy Chef de Cabinet to Mr Solbes | Except item 14 |

**The following also sat in**

|                     |                                       |                            |
|---------------------|---------------------------------------|----------------------------|
| Mr PETITE           | Director-General, Legal Service       |                            |
| Mr MANSERVISI       | Chef de cabinet to the President      |                            |
| Mr FAULL            | Commission Spokesman                  |                            |
| Mr KREUZHUBER       | Spokesman                             | Item 17                    |
| Mr DIXON            | Press and Communication DG            |                            |
| Mr STROHMEIER       | Adviser in the President's Office     | Item 17                    |
| Mr KOOPMAN          | Chef de cabinet to Mr Kinnock         |                            |
| Mr PEREZ MONTES     | A member of Ms de Palacio's staff     | Item 17                    |
| Mr HANIOTIS         | A member of Mr Fischler's staff       | Item 17                    |
| Mr TERRITT          | A member of Mr Byrne's staff          | Item 17                    |
| Mr HALL             | Deputy Chef de cabinet to Mr Barnier  | Item 17                    |
| Mr CAVACO           | Chef de cabinet to Mr Vitorino        | Items 1 to 13 and 15 to 17 |
| Mr FONSECA          | Deputy Chef de cabinet to Mr Vitorino | Item 18                    |
| Mr NUNES de ALMEIDA | A member of Mr Vitorino's staff       | Item 18                    |

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

**1. AGENDAS AND BRIEF ASSESSMENT OF THE IMPLEMENTATION OF  
THE 2002 WORK PROGRAMME**

**(OJ(2003)1597/3; SEC(2003)45/2; SEC(2003)88 to /4)**

The Commission took note of the agenda for that day's meeting, the tentative agendas for future meetings and the brief assessment of the implementation of the 2002 work programme.

It noted that implementation of the work programme would be monitored quarterly, and this could include quantitative factors if necessary.

**2. WEEKLY MEETING OF CHEFS DE CABINET**

**(SEC(2003)1597)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 20 January.

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1596th MEETING**

**(14 January)**

**(PV(2003)1596; PV(2003)1596, Part II and /2)**

The Commission approved the minutes of its 1596th meeting.

#### **4. PARLIAMENT**

##### **4.1. JANUARY I PART-SESSION**

**(SP(2003)99)**

The Commission took note of the record of Parliament's part-session held in Strasbourg from 13 to 16 January.

##### **4.2. ACTION TO BE TAKEN ON PARLIAMENT'S OPINIONS**

**(SP(2003)97)**

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

#### **5. PERMANENT REPRESENTATIVES COMMITTEE**

**(SI(2003)8)**

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:

##### ***PREPARATIONS FOR COUNCIL MEETING (AGRICULTURE/FISHERIES)***

***(27 and 28 January)***

**(SI(2003)8)**

Following the appearance of Newcastle disease in California, the Commission had proposed regionalising the application of the safeguard clause on poultry imports, by confining the ban on imports into the Community to products from that state. In

the light of Coreper's discussions on this proposal, the Commission empowered Mr BYRNE, in agreement with the PRESIDENT:

- to amend the Commission proposal in the light of the spread of the disease or to withdraw it altogether if, on account of the spread of the disease to the whole of the United States, the regionalisation was no longer appropriate and would make the proposal pointless;
- to endorse on behalf of the Commission the statement planned by the Council drawing attention to the obligations on the United States arising out of the veterinary agreement with the Community, and emphasising the need for the United States to speed up implementation of these obligations.

## **6. MONITORING THE APPLICATION OF COMMUNITY LAW: STATE AID AND INFRINGEMENTS**

**(SEC(2003)38; SEC(2003)61; SEC(2003)75)**

### **6.1. STATE AID**

**(SEC(2003)38)**

The Commission adopted the decisions in SEC(2003)38.

### **6.2. INFRINGEMENTS - URGENT OR DEFERRED CASES**

**(SEC(2003)61)**

The Commission adopted the decisions in SEC(2003)61.

**6.3. *INFRINGEMENTS - CASES POSTPONED BECAUSE OF  
UNAVAILABILITY OF DOCUMENTS - REGULARISATION  
(SEC(2003)75)***

The Commission adopted the decisions in SEC(2003)75.

**7. WRITTEN PROCEDURES AND EMPOWERMENT**

**7.1. *WRITTEN PROCEDURES APPROVED  
(SEC(2003)46 to /5)***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted by written procedure between 13 and 17 January.

**7.2. *SENSITIVE WRITTEN PROCEDURES  
(SEC(2003)47)***

The Commission took note of the following written procedures initiated between 13 and 17 January for the adoption of decisions with political implications:

**Time limit: 21.01.2003**

**E/2003/48 - COM(2003)21**

**Enterprise DG**

Commission report to the Council and Parliament on the implementation of the European Charter for Small Enterprises

**Time limit: 24.01.2003**

**E/2003/20 - COM(2003)16                      Employment and Social Affairs DG**

Commission communication *Towards a United Nations legally binding instrument to promote and protect the rights and dignity of persons with disabilities*

**7.3. EMPOWERMENT**

**(SEC(2003)48 to /5)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the empowerment procedure between 13 and 17 January.

**7.4. DELEGATION AND SUBDELEGATION OF POWERS**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 13 and 17 January, as archived on the "Grefte 2000" (Registry) website.

**8. ADMINISTRATIVE AND BUDGETARY MATTERS**

**(SEC(2003)49)**

**ADMINISTRATIVE MATTERS**

**(PERS(2003)5)**

**8.1. DG ADMIN.B - A2 POST OF DIRECTOR**

The Commission had before it applications under Article 29(1)(a) of the Staff Regulations for the A2 post of Director of Directorate B (Staff Regulations:

policy, management and advice) in the Personnel and Administration DG (PERS(2002)157).

The Commission took note of the opinions of the Consultative Committee on Appointments of 10 December and 9 January (PERS(2002)157/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also examined the reports on their ability, efficiency and conduct in the service. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it then decided to appoint Mr Daniel JACOB to the post.

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

## **8.2. *LEGAL SERVICE - A2 POST OF PRINCIPAL LEGAL ADVISER***

The Commission had before it applications under Article 29(1)(a) of the Staff Regulations for the A2 post of Principal Legal Adviser in the Legal Service (PERS(2002)90 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 8 and 17 October (PERS(2002)90/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. It also examined the reports on their ability, efficiency and conduct in the service. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it then decided to appoint Mr Juergen GRÜNWALD to the post.

This decision would take effect on 1 February.

The Commission thanked Mr DIAZ-LLANOS for performing the functions of leader of the "Budget, staff and administration, research, structural instruments and taxation" team since 1 December 1999.

### **8.3. *LEGAL SERVICE - A2 POST OF PRINCIPAL LEGAL ADVISER***

The Commission had before it applications under Article 29(1)(a) of the Staff Regulations for the A2 post of Principal Legal Adviser in the Legal Service (PERS(2002)2, /2 and /3).

The Commission took note of the opinions of the Consultative Committee on Appointments of 8 and 17 October (PERS(2002)2/4 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. It also examined the reports on their ability, efficiency and conduct in the service. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it then decided to appoint Mr Hans Peter HARTVIG to the post.

This decision would take effect on 1 February.

### **8.4. *DG BUDG.A - REASSIGNMENT OF AN A2 OFFICIAL TO A POST OF DIRECTOR***

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Ms SCHREYER, the Commission decided to transfer, with his post and in the interest of the service, Mr Fritz BRUCHERT, an A2 official, currently Director of Directorate ADMIN.B (Staff Regulations: policy, management and advice), to the post of Director of Directorate A (Expenditure) in the Budget DG.

This decision would take effect on 1 February.

**8.5. DG ECFIN.B - PROCEDURE FOR PUBLICATION OF A2 POST OF  
DIRECTOR**

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr SOLBES, the Commission decided under Article 29(2) of the Staff Regulations to authorise the external publication in the Official Journal of the vacancy notice for the post of Director of Directorate ECFIN.B (Economies of the Member States) in PERS(2003)9, and asked DG ADMIN to publish it.

This decision would take effect immediately.

**8.6. DG ADMIN - TECHNICAL AMENDMENT TO THE APPRAISAL FORM  
/ CAREER DEVELOPMENT REPORT  
(C(2003)349)**

The Commission approved the draft Commission decision amending Annex II to the general implementing provisions of Article 43 of the Staff Regulations, as set out in C(2003)349.

**9. 2002 REVIEW OF THE IMPLEMENTATION OF ACTIVITY-BASED  
MANAGEMENT IN THE COMMISSION, INCLUDING CLARIFICATION  
OF THE METHODOLOGY FOR THE ESTABLISHMENT OF ANNUAL  
ACTIVITY REPORTS  
(COM(2003)28 to /3)**

The Commission adopted the communication in COM(2003)28/3 for transmission to Parliament, the Council and the Court of Auditors.

**10. CLARIFICATION OF THE RESPONSIBILITIES OF THE KEY ACTORS  
IN THE DOMAIN OF INTERNAL AUDIT AND INTERNAL CONTROL IN  
THE COMMISSION**

**(SEC(2003)59 to /3; SEC(2003)76)**

The Commission approved the communication in SEC(2003)59/3 and decided to implement the other measures mentioned in the conclusion (item 4, indents 2-9, page 9 of the English version).

**11. GREEN PAPER ON EUROPEAN SPACE POLICY**

**(COM(2003)17 to /5; SEC(2003)80)**

The Commission approved the Green Paper on European space policy as set out in COM(2003)17/5, for transmission to the Council, Parliament, the Economic and Social Committee and Committee of the Regions, and for publication in the Official Journal.

**12. RELATIONS WITH NON-MEMBER COUNTRIES**

***WTO - NEGATIVE RULING ON "BYRD" AMENDMENT***

**(SEC(2003)91)**

The Commission took note of the Legal Service's analysis of the scope of the WTO appeal body's decision confirming that the US legislation known as the "Byrd amendment" (Continued Dumping and Subsidization Act 2000 - legislation permitting the proceeds of anti-dumping duties imposed on foreign competitors to be paid back to US producers) was incompatible with the WTO anti-dumping and anti-subsidy agreements.

### **13. OTHER BUSINESS**

#### ***EXTERNAL QUALITY REVIEW OF THE INTERNAL AUDIT SERVICE (SEC(2003)90)***

The Commission took note of the information supplied by Ms SCHREYER on the initiative taken by the Audit Progress Committee to employ an external consultant to monitor quality in the Commission's Internal Audit Service before the end of 2003.

### **14. ADMINISTRATIVE AND BUDGETARY MATTERS (continued from item 8) (SEC(2003)49)**

#### **OTHER MATTERS**

#### ***ACTION TO BE TAKEN IN CERTAIN DISCIPLINARY INQUIRIES***

The Commission had before it a dossier setting out the results of the investigations carried out by UCLAF, and then by the Anti-Fraud Office, and by Commission departments as part of disciplinary investigations concerning present or former Commission staff.

It held an exchange of views on the action to be taken on this item.

It decided to communicate these results to a former Commission Member, under whose authority these persons had been placed, and to invite that Member to make observations.

**15. GREEN PAPER ON ENTREPRENEURSHIP IN EUROPE**

**(COM(2003)27 to /4)**

**16. THINKING SMALL IN AN ENLARGING EUROPE**

**(COM(2003)26 to /4; COM (2003)21; SEC(2003)57; SEC(2003)58;  
SEC(2003)60)**

Mr LIIKANEN presented briefly both a Green Paper on entrepreneurial spirit in Europe and a communication *Thinking small in an enlarging Europe*, which served as a general introduction to four reports, published in parallel, assessing measures to support European small businesses.

At the Barcelona European Council (15-16 March 2002) the Commission had undertaken to present a Green Paper on entrepreneurial spirit, as a contribution to meeting the Lisbon strategy's ambitious targets.

The objective of the Green Paper was to launch a debate among political decision-makers, companies, representative organisations and experts, on the future shape of enterprise policy; the deadline for the receipt of contributions from all interested parties was the end of June 2003.

The Commission adopted the Green Paper in COM(2003)27/3 and /4 and the communication in COM(2003)26 and /4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

The Green Paper would be published in the Official Journal of the European Communities.

**17. REFORM OF THE COMMON AGRICULTURAL POLICY: A  
LONG-TERM POLICY PERSPECTIVE FOR SUSTAINABLE  
AGRICULTURE (PACKAGE OF LEGISLATIVE PROPOSALS FOR  
COUNCIL REGULATIONS)  
(COM(2003)23 to /7; SEC(2003)79)**

Mr FISCHLER presented a comprehensive package - a communication plus legislative proposals - forming the Commission's proposal for the mid-term review of the common agricultural policy, called for by the Berlin European Council (24-25 March 1999).

The general framework for this exercise had been laid down not only by the Berlin European Council, but also by the Gothenburg European Council (15-16 June 2001), with the introduction of the "sustainable development" perspective, and then more recently by the Brussels European Council (24-25 October 2002), with the definition of a financial framework up to 2013.

The general guidelines for the mid-term review had already been put to the Commission in a communication adopted on 10 July 2002 (PV(2002)1575, item 10) and, since then, the results of studies carried out had confirmed initial assumptions as to the expected effects of the "decoupling" (breaking the link between production and direct aid) and of increasing rural development aid by means of a modulation of direct payments.

Mr FISCHLER focused his remarks on the two major changes in the present proposal to the July 2002 guidelines:

- in the milk sector: advancement by one year of the reform (2004 instead of 2005); maintenance of the quota system up to 2014/15 but accompanied by a lowering of prices by 25% over 5 years (instead of 15% over three years as planned in one of the options of the July 2002 communication);

- capping of market expenditure and direct aid (heading 1.a of the financial perspective) in a Union of 25 Member States, in line with the conclusions of the Brussels European Council, which meant making a choice for the allocation of financial margins available for the costly reforms of certain market organisations (milk sector and sugar in particular) and the strengthening of the "second pillar" (rural development - heading 1.b of the financial perspective).

He mentioned other amendments made to the guidelines in July, such as the use of consultancy services (a term preferred to "audit") becoming compulsory for all farms receiving more than €15 000 in direct aid (instead of €5 000 planned in July) or with a turnover higher than €100 000.

The Commission held an exchange of views on certain aspects of these proposals and in particular:

- the timetable for implementing the reform (until 2013) and its consequences for the drawing-up of the next financial perspective (beyond 2006);
- the existence of adequate budgetary margins of manoeuvre for carrying out the most costly reforms (milk and sugar in particular) and giving priority, decisively and at an earlier stage, to rural development;
- the advisability of breaking completely the link between production and direct aid;
- the emphasis to be placed on sustainable development and biodiversity, as well as on aid for energy crops (biofuels);
- the timetable for implementing the "modulation" (degressivity) of direct aid;
- how to deal with traditional small producers;

- the rate of subsidy for expenditure connected with the use of consultancy services by farms receiving more than €15 000 in direct aid.

Following this exchange of views, Mr FISCHLER agreed to introduce three amendments to COM(2003)23/7:

- Explanatory memorandum:
  - The following text was added to the last paragraph of Section 4.3, page 12:  
**"Degression and modulation would not apply in the new Member States until the phasing-in of direct payments reaches the normal EU level".**
  - An additional paragraph was added to Section 4.4, page 13:  
**"In 2004, the Commission shall review the extent to which rural development is contributing to these objectives of sustainable development in particular in relation to bio-diversity and the implementation of Directive 92/43/EC (i.e. the Habitats Directive). Moreover, the same review will consider the possibility of extending the support provided to farmers to meet newly enacted Community food quality standards also to small, traditional food producers. If necessary, the Commission will make proposals to enhance the contribution of the Common Agriculture Policy to these objectives".**
- Covering the cost of the initial use of consultancy services: the **rate of 95%**, mentioned in the explanatory memorandum (page 13) and Article 21(d) of the proposal for a Regulation relating to support for rural development, **was lowered to 80%**.

Subject to these amendments, the Commission adopted the communication and the proposals for Regulations in COM(2003)23/7, for transmission to the Council,

Parliament, the Economic and Social Committee and the Committee of the Regions, and, for information, to the representations of the accession countries.

## **18. WORK OF THE CONVENTION**

### ***PLENARY SESSION (20-21 JANUARY)***

***(SEC(2003)87; SEC(2003)95)***

Mr BARNIER and Mr VITORINO reported on the Convention session held in Brussels on 20 and 21 January, at which a discussion on institutional matters had been dominated largely by comments on and assessments of the proposal presented jointly by France and Germany.

They invited Members to refer to SEC(2003)95 on the assessment of the Franco-German contribution to the Convention on the Union's institutional architecture.

## **19. COUNCIL MEETINGS**

***(SI(2003)30)***

***- ECONOMIC AND FINANCIAL AFFAIRS***

***(BRUSSELS, 21 JANUARY)***

***- EUROGROUP (20 JANUARY)***

***(SI(2003)42)***

Mr SOLBES reported on the main points of that part of the Council's discussions covering economic and financial questions in his area of responsibility. These had

been dominated by the implementation of the stability and growth pact and consideration of three specific dossiers:

- consideration and adoption of Council opinions on the updated stability and convergence programmes of six Member States (Finland, Sweden, Greece, Italy, Germany, France);
- application of the excessive deficits procedure to Germany, and adoption of the Council Decision (existence of an excessive deficit) and the Council recommendation (to bring this situation to an end);
- implementation of the early warning procedure to prevent the appearance of an excessive deficit in France, and adoption of a Council recommendation.

He referred to the circumstances in which these decisions had been taken, and the prospects for the development of the budgetary position in France.

On the fringe of the Council meeting, the Eurogroup on 20 January had held an exchange of views with IMF representatives, at which it had become clear that there was a convergence of view on both sides as to the prospects for the international economic situation.

The Commission took note of this information.

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The Commission's other discussions on certain agenda items are recorded in the special minutes, Part II, and the special minutes, Part III.

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The meeting closed at 2100 hours.