



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2003)1610 final

Brussels, 7 May 2003

MINUTES
of the 1610th meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 30 April 2003
(morning)

These minutes were approved by the Commission at its 1611th meeting, held in Brussels on 7th May 2003.

They contain 21 pages.

CONTENTS

Attendance list	5-7
------------------------	------------

1. AGENDAS (OJ(2003)1610/3; SEC(2003)482/2).....	8
2. WEEKLY MEETING OF CHEFS DE CABINET (SEC(2003)1610)	8
3. MINUTES AND SPECIAL MINUTES OF 1609TH MEETING (23 APRIL) (PV(2003)1609; PV(2003)1609, PART II)	8
4. MONITORING THE APPLICATION OF COMMUNITY LAW: STATE AID AND INFRINGEMENTS (SEC(2003)479; C(2003)1214 TO /5; COM(2003)225 TO /3; C(2003)1330 AND /2; SEC(2003)488 AND /3; SEC(2003)464).....	9
4.1. STATE AID - SPECIFIC CASES (SEC(2003)479; C(2003)1214 to /5).....	9
4.2. STATE AID SCOREBOARD (COM(2003)225 to /3).....	9
4.3. COMMUNICATION ON THE INTEREST RATES TO BE APPLIED WHEN AID GRANTED UNLAWFULLY IS BEING RECOVERED (C(2003)1330 and /2).....	9
4.4. INFRINGEMENTS - URGENT OR POSTPONED CASES (SEC(2003)488/2).....	10
4.5. INFRINGEMENTS - CASES POSTPONED BECAUSE OF UNAVAILABILITY OF DOCUMENTS - REGULARISATION (SEC(2003)464)	10
5. WRITTEN PROCEDURES AND EMPOWERMENT	10
5.1. WRITTEN PROCEDURES APPROVED (SEC(2003)483 et seq.)	10
5.2. SENSITIVE WRITTEN PROCEDURES (SEC(2003)484)	10
5.3. EMPOWERMENT (SEC(2003)485 et seq.).....	10
5.4. DELEGATION OF POWERS.....	11
6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2003)486 AND /2).....	11

ADMINISTRATIVE MATTERS (PERS(2003)73/2)	11
6.1. SG - REASSIGNMENT OF AN A2 OFFICIAL TO A POST OF DIRECTOR	11
6.2. DG COMP - AMENDMENT OF ORGANISATION CHART (PERS(2003)74; PERS(2003)75)	11
7. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, PURSUANT TO ARTICLE 5(3) OF COUNCIL REGULATION (EC) NO 1466/97 OF 7 JULY 1997, ON THE UPDATED STABILITY PROGRAMME OF AUSTRIA (SEC(2003)499 TO /5)	12
8. APPLICATION OF COUNCIL REGULATION (EC) NO 4064/89 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS (CASE COMP/M.2861 - SIEMENS/DRÄGERWERK) (C(2003)1385 TO /5; SEC(2003)504)	13
9. APPLICATION OF COUNCIL REGULATION (EC) NO 4064/89 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS (CASE COMP/M.2903 - DAIMLER CHRYSLER/DEUTSCHE TELEKOM) (C(2003)1409 TO /4; SEC(2003)504)	13
10. ABOLITION OF PREFERENTIAL ARRANGEMENTS FOR SUGAR IMPORTED FROM SERBIA AND MONTENEGRO (C(2003)1445 AND /2)	14
11. STATEMENT OF ESTIMATES FOR 2004 - PREPARATION OF THE PRELIMINARY DRAFT BUDGET FOR 2004 (SEC(2003)492 TO /25)	15
12. INVESTING IN RESEARCH: AN ACTION PLAN FOR EUROPE (COM(2003)226 TO /4; SEC(2003)489/2; SEC(2003)502)	18
13. RELATIONS WITH NON-MEMBER COUNTRIES	18
13.1. POLITICAL SITUATION IN CUBA	18

13.2. VISIT BY Ms SCHREYER TO TURKEY (SEC(2003)527).....	19
13.3. RELATIONS WITH AUSTRALIA AND NEW ZEALAND	19
13.4. VISIT BY Mr LAMY TO WEST AFRICA (SEC(2003)526)	19
14. OTHER BUSINESS.....	20
14.1. MEETING OF THE INTERNATIONAL ENERGY AGENCY (28 AND 29 APRIL).....	20
14.2. SEVERE ACUTE RESPIRATORY SYNDROME EPIDEMIC (SARS)	20
15. WORK OF THE CONVENTION (SEC(2003)500 AND /2; SEC(2003)524).....	20

Single sitting: Wednesday 30 April (morning)

The sitting opened at 0930 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

Items 13 to 15

Mr VERHEUGEN

Mr PATTEN

Mr BYRNE

Mr BARNIER

Ms REDING

Ms SCHREYER

M_S WALLSTRÖM

Mr VITORINO

Ms DIAMANTOPOULOU

Absent:

Mr LAMY

The following sat in to represent absent Members of the Commission

Mr BECHET	Deputy Chef de cabinet to Mr Nielson
Ms GARZON	A member of Mr Lamy's staff

The following also sat in

Mr PETITE	Director-General, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr KEMPPINEN	Commission Spokesman	
Mr DE RYNCK	Spokesman	Item 15
Ms UDWIN	Spokesman	
Mr PETRUCCI	Spokesman	Item 15
Ms CORUGEDO STENEBOERG	Press and Communication DG	
Ms WERNER	Press and Communication DG	Item 11
Mr de LECEA	A member of the President's staff	Item 11
Mr GOZI	A member of the President's staff	Item 15
Mr GUSSETTI	A member of the President's staff	Item 15
Mr ROMANOFF	A member of Ms de Palacio's staff	Item 15
Ms OLIVI	A member of Mr Monti's staff	Item 15
Mr VAN MIDDELAAR	A member of Mr Bolkestein's staff	Item 15
Mr PLANAS	Chef de cabinet to Mr Solbes	Item 15
Mr MØRCH	A member of Mr Nielson's staff	
Ms PROUT	A member of Mr Verheugen's staff	Item 11
Ms ROGER	Chef de cabinet to Mr Barnier	
Mr LEHNER	Chef de cabinet to Ms Schreyer	Item 11
Mr FONSECA	Deputy Chef de cabinet to Mr Vitorino	
Mr ALEIXO	A member of Mr Vitorino's staff	Item 15
Mr LEVI	Director, GOPA	Item 15
Mr ROMERO	Budget DG	Item 11
Mr PONZANO	Secretariat-General	Item 15

Mr VAN NUFFEL

Secretariat-General

Item 15

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

1. AGENDAS

(OJ(2003)1610/3; SEC(2003)482/2)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2003)1610)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 28 April.

3. MINUTES AND SPECIAL MINUTES OF 1609th MEETING (23 April)

(PV(2003)1609; PV(2003)1609, Part II)

The Commission approved the minutes of its 1609th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW: STATE AID AND INFRINGEMENTS

(SEC(2003)479; C(2003)1214 to /5; COM(2003)225 to /3; C(2003)1330 and /2; SEC(2003)488 and /3; SEC(2003)464)

4.1. STATE AID - SPECIFIC CASES

(SEC(2003)479; C(2003)1214 to /5)

The Commission adopted the decisions in SEC(2003)479 and C(2003)1214/5, subject to the following amendment:

C 40/2000

SPAIN

Shipbuilding - Further restructuring of Spanish shipbuilding

(C(2003)1325 to /2)

Decision: Held over for one week

4.2. STATE AID SCOREBOARD

(COM(2003)225 to /3)

The Commission adopted the state aid scoreboard in COM(2003)225/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

4.3. COMMUNICATION ON THE INTEREST RATES TO BE APPLIED WHEN AID GRANTED UNLAWFULLY IS BEING RECOVERED *(C(2003)1330 and /2)*

The Commission approved the communication in C(2003)1330/2 for transmission to the Member States and for publication in the Official Journal.

4.4. INFRINGEMENTS - URGENT OR POSTPONED CASES
(SEC(2003)488/2)

The Commission adopted the decisions in SEC(2003)488/2.

4.5. INFRINGEMENTS - CASES POSTPONED BECAUSE OF
UNAVAILABILITY OF DOCUMENTS - REGULARISATION
(SEC(2003)464)

The Commission adopted the decision in SEC(2003)464.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED
(SEC(2003)483 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 25 April.

5.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2003)484)

The Commission took note of written procedures initiated between 22 and 25 April for the adoption of decisions with political implications.

5.3. EMPOWERMENT
(SEC(2003)485 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 22 and 25 April.

5.4. DELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 22 and 25 April, as archived on the "Greffé 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2003)486 and /2)

ADMINISTRATIVE MATTERS

(PERS(2003)73/2)

6.1. SG - REASSIGNMENT OF AN A2 OFFICIAL TO A POST OF DIRECTOR

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, the Commission decided to transfer, with his post and in the interest of the service, Mr Gustaaf BORCHARDT, an A2 official, currently Director of Directorate A (Free movement of persons, citizenship and fundamental rights) in the Justice and Home Affairs DG, to the post of Director of Directorate D (Relations with the Council) in the Secretariat-General.

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

6.2. DG COMP - AMENDMENT OF ORGANISATION CHART (PERS(2003)74; PERS(2003)75)

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr MONTI, the Commission approved:

- the amendment of the organisation chart of the Competition DG as set out in PERS(2003)74;
- the publication of the vacancy notice for the vacant post of Director of Directorate A (Policy development and coordination) of the Competition DG as set out in PERS(2003)75.

This decision would take effect from 15 May.

The Commission also took note that, following this amendment of the organisation chart, the departments of the Competition DG, under the authority of Mr MONTI, would continue and complete by May 2004 the process of integrating their antitrust and merger activities in the sectoral Directorates.

**7. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION,
PURSUANT TO ARTICLE 5(3) OF COUNCIL REGULATION (EC)
No 1466/97 OF 7 JULY 1997, ON THE UPDATED STABILITY
PROGRAMME OF AUSTRIA
(SEC(2003)499 to /5)**

The Commission adopted the recommendation in SEC(2003)499/5 for transmission to the Council.

**8. APPLICATION OF COUNCIL REGULATION (EC) No 4064/89 ON THE
CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS (CASE
COMP/M.2861 - SIEMENS/DRÄGERWERK)
(C(2003)1385 to /5; SEC(2003)504)**

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 14 April in C(2003)1385;
- took note of the final report of the Hearing Officer in C(2003)1385;
- adopted, in the authentic language (German), the decision in C(2003)1385/3 declaring the concentration in question compatible with the common market and the EEA Agreement subject to compliance with certain undertakings given by the parties;
- decided that the versions with certain business secrets removed, set out in C(2003)1385/4 and /5, would be notified to Siemens and Drägerwerk respectively.

The decision would be published in the Official Journal (with business secrets removed) in all the official Community languages.

**9. APPLICATION OF COUNCIL REGULATION (EC) No 4064/89 ON THE
CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS (CASE
COMP/M.2903 - DAIMLER CHRYSLER/DEUTSCHE TELEKOM)
(C(2003)1409 to /4; SEC(2003)504)**

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 16 April in C(2003)1409;
- took note of the final report of the Hearing Officer in C(2003)1409/2;
- adopted, in the authentic language (German), the decision in C(2003)1409/4 declaring the concentration in question compatible with the common market and the EEA Agreement subject to compliance with certain undertakings given by the parties.

The decision would be published in the Official Journal (with business secrets removed) in all the official Community languages.

10. ABOLITION OF PREFERENTIAL ARRANGEMENTS FOR SUGAR IMPORTED FROM SERBIA AND MONTENEGRO (C(2003)1445 and /2)

The Commission adopted the Regulation in C(2003)1445 for publication in the Official Journal.

It also noted that a working party, set up by the departments most concerned, had been asked to consider what further action should be taken, including on goods other than sugar and in other Balkan countries.

**11. STATEMENT OF ESTIMATES FOR 2004 - PREPARATION OF THE
PRELIMINARY DRAFT BUDGET FOR 2004
(SEC(2003)492 to /25)**

Ms SCHREYER introduced the preliminary draft budget for 2004, a doubly historic one as it was the first for a Union of 25 Member States and the first to be drawn up entirely in the activity-based budgeting presentation. It totalled some €100 billion in commitment appropriations for the current Member States and just over €112 billion for the Europe of 25. As enlargement would reach its climax in 2004, this was given special priority. A number of changes to be made to the budget at the beginning of 2004 would enable the enlarged Union to be fully operational from 1 May 2004. Ms SCHREYER also drew attention to the most significant points under the various headings.

Following remarks by Mr BUSQUIN on the need to continue to give high priority to research aimed at strengthening the Union's competitiveness, the Commission noted that the reduction in the proportion of heading 3 given over to research appropriations, resulting from the financial programming of heading 3 for 2004, 2005 and 2006 (SEC(2003)492/17), should be seen in the special political context of the recent revision of the ceiling of heading 3 of the financial perspective. This reduction did not pre-empt the work to be carried out on the new financial perspective. The Commission reaffirmed its determination to increase public and private investment in knowledge in the EU with a view to meeting the Lisbon and Barcelona objectives.

As regards the aid proposed for dismantling the Kozloduy nuclear power station, the Commission agreed to enter €60 million under this heading, i.e. the amount corresponding to the commitments of the first international pledge that had not yet been budgeted. Additionally, €40 million, which could be part of a second pledge, would be entered in the reserve.

On the EU's capacity to react to major oil spills, particularly by the possible acquisition of anti-pollution vessels and without prejudice to the inclusion of €20 million in the financial programming for each of the years 2004, 2005 and 2006, as proposed by Ms SCHREYER, the Commission was prepared to re-examine these amounts in the light of the results of certain studies with respect to the 2005 and 2006 budgets.

The Commission also noted that the relevant provisions of Annex VI to the interinstitutional agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure would be applied in full if new international fisheries agreements were concluded in 2004 or if the conclusion of such agreements seemed likely.

The Commission agreed that towards the end of the current year the Budget DG and the Publications Office would review the forecasts for the Publications Office's resources for 2004, in the light of actual implementation of its 2003 budget.

As regards the delegations, the Commission noted that the preliminary draft budget for 2004 was presented by policy area using to an allocation key giving a general estimate of costs by policy area for 2004. This breakdown of budgetary estimates did not call into question the unified management of the delegations as decided by the Commission. For future financial years, the departments concerned would re-examine the application of the ABB principles to the specific situation of the unified External Service, in order to make sure that administrative resources were allocated fairly and transparently.

Finally, as to auxiliary technical staff in the field of nuclear inspections and without prejudice to the allocation planned in the preliminary draft budget 2004, the Commission noted that Ms de PALACIO and Ms SCHREYER would consider in good time the possibility of keeping this type of staff for a longer period than one year, given the time taken for recruitment and training.

Subject to the above observations, the Commission:

- approved the expenditure estimates in SEC(2003)493/18 to /23 as a basis for the preliminary draft budget (PDB) of the European Communities for financial year 2004;
- approved, for the internal policies (heading 3), the proposal for additional allocations by policy area following the adjustments for enlargement and the revision of the ceilings of the financial perspective for the period 2004-06, as well as the proposal for amounts to be added to the allocations adopted under the codecision procedure for that heading (see SEC(2003)492/18, item 2.3);
- empowered Ms SCHREYER, in agreement with the Commission Members concerned, to make any necessary adjustments to the preliminary draft budget following consultation with the EEA countries on their participation in certain Community policies;
- approved the multiannual financial programming for the internal (heading 3) and external (heading 4) policies, as set out in SEC(2003)492/25;
- took note of the indicative financial programming for the other headings, and in particular heading 5 (administrative expenditure), as set out in SEC(2003)492/24;
- empowered Ms SCHREYER, in agreement with the PRESIDENT, to finalise the various documents making up the preliminary draft budget, including the statement of revenue and the multiannual financial programming for the internal (heading 3) and external (heading 4) policies, for transmission to Parliament and the Council.

12. INVESTING IN RESEARCH: AN ACTION PLAN FOR EUROPE

(COM(2003)226 to /4; SEC(2003)489/2; SEC(2003)502)

Mr BUSQUIN tabled a communication and an action plan setting forth the initiatives needed to give Europe a more solid basis for public research and to boost its attraction for private investment in research and innovation. The importance of research could not be overstated, and expenditure in this area must be regarded as an investment. He pointed to the great efforts made by other countries and their companies in favour of research and development.

The Commission adopted the communication presented by Mr BUSQUIN, in agreement with Mr LIIKANEN, in COM(2003)226/4 for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions. The Commission also took note of the staff working paper in SEC(2003)489/2.

13. RELATIONS WITH NON-MEMBER COUNTRIES

13.1. POLITICAL SITUATION IN CUBA

The Commission held a further discussion on the political situation in Cuba, which it had already discussed at its two previous meetings. Pressure on dissidents had been stepped up, involving long prison terms and, with the end of the moratorium on the death penalty, the execution of three persons. NGOs active in the human rights field had made clear their very great concern. At EU level, Parliament, the Council and the Commission had condemned the situation.

Following this discussion, the Commission restated its strong condemnation of the situation and felt that consideration of Cuba's application for membership of the Cotonou agreement should be postponed. Noting Cuba's re-election to the UN Human Rights Commission, it felt that the conditions for belonging to that body should be seriously questioned.

13.2. VISIT BY Ms SCHREYER TO TURKEY
(SEC(2003)527)

Ms SCHREYER reported on her visit to Turkey, where among other things she had discussed with the Turkish political authorities the subjects covered by her portfolio. The question of Cyprus, too, had been brought up. The visit had also provided an opportunity to meet representatives of civil society.

Ms SCHREYER had come back with a positive impression, and encouraged her colleagues likewise to visit Turkey.

13.3. RELATIONS WITH AUSTRALIA AND NEW ZEALAND

Mr PATTEN reported on relations with Australia and New Zealand, two important partners of the EU. It would be useful to strengthen contacts with the New Zealand authorities.

13.4. VISIT BY Mr LAMY TO WEST AFRICA
(SEC(2003)526)

The Commission's attention was drawn to the information note distributed by Mr LAMY.

14. OTHER BUSINESS

14.1. MEETING OF THE INTERNATIONAL ENERGY AGENCY

(28 AND 29 APRIL)

Ms de PALACIO reported on the ministerial meeting of the International Energy Agency, held in Paris on 28 and 29 April. Two points of interest were oil prices and their forecast trends, and the ratification of the Kyoto protocol.

The Commission agreed to discuss in greater detail at a future meeting the question of the Kyoto protocol in connection with the European industrial strategy.

14.2. SEVERE ACUTE RESPIRATORY SYNDROME EPIDEMIC (SARS)

Mr BYRNE gave the latest assessment of the situation. Despite some overall improvement (except in China), it was important to remain vigilant.

15. WORK OF THE CONVENTION

(SEC(2003)500 and /2; SEC(2003)524)

The PRESIDENT, Mr BARNIER and Mr VITORINO reported on discussions in the Convention since the presentation the previous week by Mr Giscard d'Estaing of his proposals on the institutional architecture. Despite the changes made by the Presidium, these still raised difficulties for the Commission on a number of major points.

The Commission held an in-depth discussion on these points and mandated its representatives within the Convention to table amendments according to the line proposed in SEC(2003)524 as amended in the light of the comments made during the meeting.

*

* *

The Commission's other deliberations on certain items are recorded in the special minutes.

*

* *

The meeting closed at 1400 hours.