EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2003)1611 final

(including corrigendum 1611/2)

Brussels, 8 May 2003

MINUTES

of the 1611th meeting of the Commission

held in Brussels

(Breydel)

on Wednesday 7 May 2003

(morning)

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These minutes were approved by the Commission at its 1612th meeting, held in Strasbourg on 13th May 2003.

They contain 22 pages.

CONTENTS

Attendance list **5-6**

1. AGENDAS AND QUARTERLY ROLLING PROGRAMME (OJ(2003)1611/3; SEC(2003)507/2; SEC(2003)528).....8

2. WEEKLY MEETING OF CHEFS DE CABINET (SEC(2003)1611).....8

3. MINUTES AND SPECIAL MINUTES OF 1610TH MEETING (30 APRIL) (PV(2003)1610; PV(2003)1610, PART II).....8

4. PERMANENT REPRESENTATIVES COMMITTEE (SEC(2003)546).....9

PROPOSAL FOR A COUNCIL REGULATION TO AVOID TRADE DIVERSION INTO THE EU OF CERTAIN KEY MEDICINES (SEC(2003)546).....9

5. MONITORING THE APPLICATION OF COMMUNITY LAW: STATE AID AND INFRINGEMENTS 9

5.1. STATE AID - CASES POSTPONED (C(2003)1295 and /2; C(2003)1325 AND /2) 9

5.2. STATE AID - DRAFT PROPOSALS FOR REGULATIONS AMENDING REGULATION (EC) No 68/2001 ON TRAINING AID AND REGULATION (EC) No 70/2001 AS REGARDS THE EXTENSION OF ITS SCOPE TO INCLUDE AID FOR RESEARCH AND DEVELOPMENT (C(2003)1331 to /4).....10

6. WRITTEN PROCEDURES AND EMPOWERMENT.....11

6.1. WRITTEN PROCEDURES APPROVED (SEC(2003)508 et seq.).....11

6.2. SENSITIVE WRITTEN PROCEDURES (SEC(2003)509) 11

6.3. EMPOWERMENT (SEC(2003)510 et seq.) 11

6.4. DELEGATION AND SUBDELEGATION OF POWERS.....11

7. ENHANCING THE IMPLEMENTATION OF THE NEW APPROACH DIRECTIVES (COM(2003)240 TO /3) 12

8. RELATIONS WITH NON-MEMBER COUNTRIES 12

VISIT BY Mr NIELSON TO NEW YORK (27 TO 29 APRIL) (SEC(2003)545) 12

9. PARLIAMENT 12

10. WORK OF THE CONVENTION 16

11. COUNCIL MEETINGS (SI(2003)479 AND /2) 16

11.1. EDUCATION, YOUTH AND CULTURE (BRUSSELS, 5 AND 6 MAY) 16

11.2. SPECIAL MEETING OF HEALTH MINISTERS (BRUSSELS, 6 MAY) 17

12. FRAMEWORK LEGISLATION ON CHEMICALS (SEC(2003)513 TO /7) 17

13. INTERNAL MARKET STRATEGY - PRIORITIES 2003-06 (COM(2003)238 TO /4; SEC(2003)530) 19

14. TRENDS IN THE MEMBER STATES (SEC(2003)548) 20

15. - COMMISSION OPINION UNDER ARTICLE 104(5) OF THE EC TREATY - COMMISSION RECOMMENDATION FOR A COUNCIL DECISION ON THE EXISTENCE OF AN EXCESSIVE DEFICIT (ARTICLE 104(6) OF THE TREATY) - COMMISSION RECOMMENDATION FOR A COUNCIL RECOMMENDATION WITH A VIEW TO BRINGING AN END TO AN EXCESSIVE DEFICIT (ARTICLE 104(7) OF THE TREATY) (SEC(2003)514 TO /4; SEC(2003)515 AND /2; SEC(2003)516 TO /3) 21

16. COUNCIL MEETINGS (CONTINUED FROM ITEM 11) (SI(2003)479 AND /2) 21

GYMNICH (RHODES/KASTELLORIZO, 2 TO 4 MAY) *21*

17. OTHER BUSINESS 22

PROPOSAL FOR A COMMISSION REGULATION ADOPTING CERTAIN INTERNATIONAL ACCOUNTING STANDARDS AND INTERPRETATIONS FOR THEIR USE IN THE EUROPEAN UNION FROM 2005 ONWARDS (SEC(2003)547) *22*

Single sitting: Wednesday 7 May (morning)

The sitting opened at 0925 hours with Mr Prodi, President, in the chair.

Present:

Mr PRODI	President	
Mr KINNOCK	Vice-President	
Ms de PALACIO	Vice-President	Items 1 to 12
Mr MONTI		
Mr FISCHLER		Items 1 to 13
Mr LIIKANEN		Items 1 to 12
Mr BOLKESTEIN		
Mr BUSQUIN		Except item 17
Mr SOLBES		
Mr VERHEUGEN		
Mr PATTEN		Except item 17
Mr LAMY		
Mr BYRNE		Items 1 to 11
Mr BARNIER		
Ms READING		Items 1 to 11
Ms SCHREYER		
Ms WALLSTRÖM		Items 1 to 12
Mr VITORINO		
Ms DIAMANTOPOULOU		

Absent:

Mr NIELSON

The following sat in to represent absent Members of the Commission

Mr MØRCH	A member of Mr Nielson'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 10
Mr HAUGAARD	Spokesman	Item 12
Mr TODD	Spokesman	Item 13
Mr DE OLIVEIRA E SOUSA	Director-General, Press and Communication	
Mr CARVOUNIS	Director in the Press and Communication DG	
Ms HOUTMAN	Deputy Chef de cabinet to the President	Item 13
Mr COZIGOU	Deputy Chef de cabinet to Mr Liikanen	Item 12
Ms BURY	A member of Mr Bolkestein's staff	Item 17
Mr EPPINK	A member of Mr Bolkestein's staff	Item 13
Mr RICHTER	A member of Mr Bolkestein's staff	Item 12
Mr PLANAS	Chef de cabinet to Mr Solbes	Item 15
Ms BARDENHEWER	A member of Mr Byrne's staff	Items 12 to 17
Ms ROGER	Chef de cabinet to Mr Barnier	Items 1 to 10
Ms HOFFMAN	Deputy Chef de cabinet to Ms Reding	Item 12 to end
Mr ALEIXO	A member of Mr Vitorino's staff	Item 10
Mr MINGASSON	Director-General, Enterprise	Item 12
Mr SCHAUB	Director-General, Internal Market	Item 13
Ms DAY	Director-General, Environment	Item 12
Mr MOAVERO MILANESI	Deputy Secretary-General	Items 1 to 9
Mr PONZANO	Secretariat-General	Item 10

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

1. AGENDAS AND QUARTERLY ROLLING PROGRAMME
(OJ(2003)1611/3; SEC(2003)507/2; SEC(2003)528)

The Commission took note of that day's agenda, the tentative agendas for future meetings, and the rolling programme of items to be entered on the agenda from 13 May to 27 August.

Taking note of the items on the agenda for its 1613th meeting (21 May), and of the planned meeting on the same occasion with Mr DURAO BARROSO, Prime Minister of Portugal, the Commission decided to hold its 1613th meeting on Wednesday 21 May from 0730 hours. The item on the work of the Convention would be taken first, to enable Mr BARNIER and Mr VITORINO to get to the meeting of the Presidium on time.

2. WEEKLY MEETING OF CHEFS DE CABINET
(SEC(2003)1611)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 5 May.

3. MINUTES AND SPECIAL MINUTES OF 1610th MEETING (30 April)
(PV(2003)1610; PV(2003)1610, Part II)

The Commission approved the minutes of its 1610th meeting.

4. PERMANENT REPRESENTATIVES COMMITTEE (SEC(2003)546)

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:

PROPOSAL FOR A COUNCIL REGULATION TO AVOID TRADE DIVERSION INTO THE EU OF CERTAIN KEY MEDICINES (SEC(2003)546)

In the negotiations on the proposal for a Regulation to avoid trade diversion into the EU of certain key medicines, to be continued at the Coreper meeting on Wednesday 7 May, the Commission authorised Mr LAMY to make use of a margin of flexibility along the lines set out in SEC(2003)546.

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

5.1. STATE AID - CASES POSTPONED (C(2003)1295 and /2; C(2003)1325 AND /2)

The Commission adopted the decision in C(2003)1295/2:

N 746/2002 and ***GERMANY***
N 747/2002
State aid to the coal industry for 2003 and the restructuring plan
Decision: To raise no objection.

The Commission decided to hold over the following item for its 1614th meeting (27 May):

C 40/2000 ***SPAIN***

Shipbuilding - further restructuring of Spanish shipbuilding

(C(2002)1325 and /2)

5.2. STATE AID - DRAFT PROPOSALS FOR REGULATIONS AMENDING REGULATION (EC) No 68/2001 ON TRAINING AID AND REGULATION (EC) No 70/2001 AS REGARDS THE EXTENSION OF ITS SCOPE TO INCLUDE AID FOR RESEARCH AND DEVELOPMENT

(C(2003)1331 to /4)

The Commission adopted the draft proposals for Regulations in C(2003)1331/3 and /4 and authorised Mr MONTI:

- to transmit the draft Regulations to the Member States and to consult them in the advisory committee;

- to publish the drafts in accordance with Article 6 of Regulation (EC) No 994/98, taking account of the amendments proposed by the committee;

- to consult the advisory committee again, in accordance with Article 8(1)(b) of Regulation No 994/98, taking account of the amendments proposed during the public consultation.

Subject to the outcome of these stages, it noted that Mr MONTI would be tabling his final proposals in good time before entry into force of the new definition of small and medium-sized enterprises.

6. WRITTEN PROCEDURES AND EMPOWERMENT

6.1. WRITTEN PROCEDURES APPROVED
(SEC(2003)508 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 28 April and 2 May.

6.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2003)509)

The Commission took note of written procedures initiated between 28 April and 2 May for the adoption of decisions with political implications.

6.3. EMPOWERMENT
(SEC(2003)510 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 28 April and 2 May.

6.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 28 April and 2 May, as archived on the "Greffe 2000" (Registry) website.

7. ENHANCING THE IMPLEMENTATION OF THE NEW APPROACH DIRECTIVES
(COM(2003)240 to /3)

The Commission approved the communication in COM(2003)240 and /3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

8. RELATIONS WITH NON-MEMBER COUNTRIES

VISIT BY Mr NIELSON TO NEW YORK (27 TO 29 APRIL)
(SEC(2003)545)

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

9. PARLIAMENT

PARLIAMENTARY AFFAIRS GROUP OF 30 APRIL
(SP(2003)1604)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on 30 April.

It paid particular attention to the following:

Preparations for May 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.

It paid particular attention to the following:

2nd reading:

– TURMES report, Internal market in electricity,
COM(2001)125, 01/0077(COD)

– RAPKAY report, Internal market in natural gas,
COM(2001)125, 01/0077(COD)

The Commission adopted the line set out in SP(2003)1552 and /2 and authorised Ms de PALACIO to continue contacts with the co-legislators with a view to an agreement at second reading.

1st reading and simple consultation:

– MANDERS report, Environmental liability,
COM(2002)17, 02/0021(COD)

The Commission adopted the line set out in SP(2003)1546/3.

Empowerment

Under Article 13 of its Rules of Procedure, the Commission empowered Ms de PALACIO and Mr SOLBES, in agreement with the PRESIDENT, the Member responsible for relations with Parliament and any other Members

associated, to adopt its opinion on the amendments, together with any amended proposals, on the basis of the line set out in the documents indicated, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 251(2)(c) of the Treaty, for the following:

– McNALLY report, - Intelligent energy for Europe
(SP(2003)1554)

– TURMES report, Internal market in electricity
(SP(2003)1552 and /2)

– RAPKAY report, Internal market in natural gas
(SP(2003)1552)

– MOMBAUR report, Cross-border exchanges in electricity
(SP(2003)1551)

– CLEGG report, Series of guidelines for trans-European energy networks
(SP(2003)1579)

– BOUWMAN report, Community statistics on income and living conditions
(SP(2003)1547)

– LULLING report, Transmission of main aggregates of national accounts and of employment data in hours worked
(SP(2003)1548)

Action taken on Parliament's opinions and resolutions
(point 5 of the record)

The Commission adopted the replies to own-initiative and non-legislative resolutions adopted by Parliament to which the Commission had undertaken to reply (SP(2003)1465), for transmission to Parliament.

Interinstitutional relations

(point 1 of the record)

Annual Policy Strategy, implementation and preparation of the Commission's legislative and work programmes

Ms de PALACIO reported on the implementation rate of the Commission's legislative and work programmes for 2003. Statistics for the year to date showed a poor implementation rate, both in absolute terms and in comparison with the previous year. The Commission should therefore consider what measures to take with a view to the presentation to Parliament of the mid-term review ("APS+") planned for June/July. Ms de PALACIO also described the constraints imposed by the end of the present legislature in April 2004, both for the presentation of new proposals and for other stages of the legislative process. She hoped the institutions could reach agreement on a common timetable.

The Commission asked the PAG to monitor the situation regularly and to consider with all departments the realistic possibilities of presenting in good time the dossiers planned in the legislative and work programme for 2003 or, failing that, to identify what adjustments might be needed. For certain dossiers the preparatory work must be speeded up as far as possible. It asked the PAG to take the necessary steps so that the timetable for the final months of the present legislature could be drawn up in cooperation with the other institutions.

The Commission noted that it would be kept informed of the results of this exercise with a view to taking all appropriate measures and making any necessary adaptations to the legislative and work programme in good time.

10. WORK OF THE CONVENTION

Mr BARNIER and Mr VITORINO presented an initial analysis of the amendments tabled by Convention members to the draft institutional provisions emanating from the Presidium. They drew attention to the points to be discussed at the Presidium meeting on Wednesday 7 and Thursday 8 May, in particular the question of the working method to be followed in the final stage of the Convention with a view to reaching a consensus. Finally, they raised the question whether the Convention would be able to update Part II of the Constitution on policies within the timescale laid down.

The Commission took note of this information and agreed to monitor developments closely at this crucial stage in the negotiations.

11. COUNCIL MEETINGS
(SI(2003)479 and /2)

11.1. EDUCATION, YOUTH AND CULTURE
(BRUSSELS, 5 AND 6 MAY)

The Commission took note of the information provided by Ms REDING on the agreement reached in the Council on the financial allocations for the e-learning (€33 million) and Erasmus World (€180 million) programmes. It authorised Ms REDING to confirm the political agreement *ad referendum* she had given in this matter.

11.2. SPECIAL MEETING OF HEALTH MINISTERS (BRUSSELS, 6 MAY)

Mr BYRNE reported on the special Council meeting of health ministers on the Severe Acute Respiratory Syndrome (SARS) epidemic. The Council had held an exchange of views with Ms Gro Harlem Brundtland, Director-General of the World Health Organisation.

Ministers had expressed support for the creation of a European prevention centre. The Commission had been asked to monitor the development of the epidemic closely and to continue its coordination effort at European level. Mr BYRNE would report on the results to the Council in June.

12. FRAMEWORK LEGISLATION ON CHEMICALS (SEC(2003)513 to /7)

Mr LIIKANEN and Ms WALLSTRÖM explained the backdrop to their proposal in SEC(2003)513/7 and the underlying reasons for it. They pointed to the political importance of this issue and the balanced nature of the proposed approach, which took account both of the Union's values and priorities in the environmental and health field and of the need for companies to be competitive. Chemicals production had increased substantially, but fewer than 3% of products were tested, and so it was vital to put in place a system for controlling the toxicity to health of these products, without jeopardising the competitiveness of the European industry. The legislation to be proposed later on the basis of the consultations to be launched would be aimed at implementing the policy set forth in the February 2001 White Paper *Strategy for a future chemicals policy* (COM(2001)88 final).

Mr LIIKANEN indicated that one particular part of the internet consultation would cover polymers and intermediate substances, so that interested parties could give their views on the inclusion in the system of these substances, which had not been specifically mentioned in the White Paper. The Commission agreed to this approach.

Without prejudice to this clarification, Ms WALLSTRÖM confirmed that in any case, with the aid of the Joint Research Centre, intermediate substances and polymers that were not toxic to health had been excluded from the system. She also pointed out that, under the proposed system, the burden of proof as to the toxicity of substances would rest on producers, and no longer on the public authorities.

After an exchange of views on the practical feasibility of the proposed system, and after emphasising the need for equal treatment between products from within the Union and those imported from outside, the Commission:

– welcomed the intensive work carried out on this matter since the adoption of the White Paper, and noted that new questions had arisen;

– approved the launch of an eight-week internet consultation to assess interested parties' reactions to the practical feasibility of the proposed legislative approach, as drawn up by the Commission departments, including the technical requirements and the administrative burden;

– agreed that the TBT committee be informed of the internet consultation in the form of pre-information under Article 2.9.1 of the agreement, thereby offering WTO members the chance to familiarise themselves with the proposed system and to take part in the consultation;

– took note of the idea of setting up an agency to manage the system and welcomed the fact that an analysis would be carried out later on the costs and benefits of this idea;

– asked that further work be carried out on the impact analysis in parallel with the internet consultation;

– decided to revisit this question in the light of the results of the consultation and of the work to be done later, with the aim of adopting legislative proposals as soon as possible.

13. INTERNAL MARKET STRATEGY - PRIORITIES 2003-06 (COM(2003)238 to /4; SEC(2003)530)

Mr BOLKESTEIN outlined the main points of the communication on the internal market strategy. This should enable the Union to gain the maximum benefit from the internal market in terms of competitiveness, growth and employment in relation to the objectives laid down in the Lisbon strategy, and to meet the challenges of enlargement and demographic change. Focused on ten priority actions, in such subject areas as the markets in goods and services, taxation and networks, the communication aimed to sweep away a number of technical and legal obstacles and to streamline administrative procedures. One of the main aims of the strategy was to find ways of strengthening substantially the proper application of Community law in the internal market field, where the number of infringements continued to increase.

Following an exchange of views on possible ways of improving the application of internal market legislation and on the perceived impossibility for the Commission of sharing the powers conferred on it as regards monitoring the application of Community law in the Member States, the Commission agreed that the paragraph on Action 6 of item 9b (page 35 of the French version of COM(2003)238/4) would be replaced by the following:

"The Commission will undertake a study examining the different options for improving the enforcement of internal market law. This would look, *inter alia*, at the desirability and feasibility of designating enforcement mechanisms in the Member States."

Subject to this amendment, the Commission approved the internal market strategy in COM(2003)238/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

14. TRENDS IN THE MEMBER STATES
(SEC(2003)548)

Mr VITORINO summarised the main topics given particular attention by the media in the Member States in April; he drew attention to the results of opinion polls on the adoption of the euro in Sweden, Denmark and the United Kingdom, and to developments in public opinion towards the situation in Iraq.

The Commission took note of this information and of the note distributed by the PRESIDENT and Mr VITORINO. Commission Members confirmed that they would be interested to receive the reports produced by Commission Offices in the Member States.

15. - COMMISSION OPINION UNDER ARTICLE 104(5) OF THE EC TREATY
- COMMISSION RECOMMENDATION FOR A COUNCIL DECISION ON THE EXISTENCE OF AN EXCESSIVE DEFICIT (ARTICLE 104(6) OF THE TREATY)
- COMMISSION RECOMMENDATION FOR A COUNCIL RECOMMENDATION WITH A VIEW TO BRINGING AN END TO AN EXCESSIVE DEFICIT (ARTICLE 104(7) OF THE TREATY)
(SEC(2003)514 to /4; SEC(2003)515 and /2; SEC(2003)516 to /3)

Mr SOLBES tabled an opinion on the existence of an excessive deficit in France, a recommendation for a Council decision on the existence of an excessive public deficit in France, and a recommendation for a Council recommendation to the French authorities with a view to bringing the excessive deficit to an end.

He reminded the meeting of the procedural instrument underpinning the presentation of these three documents, and pointed out that the Commission would shortly have the opportunity to continue its discussions on the coordination of budgetary policy, when the 2003 report on public finances was presented.

The Commission adopted the opinion and recommendations in SEC(2003)514/4, SEC(2003)515/2 and SEC(2003)516/2, for transmission to the Council.

16. COUNCIL MEETINGS (continued from item 11)
(SI(2003)479 and /2)

GYMNICH (RHODES/KASTELLORIZO, 2 TO 4 MAY)

The Commission took note of the information supplied by the PRESIDENT and Mr PATTEN on the informal meeting of Foreign Ministers. This had been the first Gymnich in the presence of the ten future Member States, and the discussions had

taken place in a positive spirit and had focused on the postwar situation in Iraq and the implementation of the "road map" for the Middle East peace process.

17. OTHER BUSINESS

PROPOSAL FOR A COMMISSION REGULATION ADOPTING CERTAIN INTERNATIONAL ACCOUNTING STANDARDS AND INTERPRETATIONS FOR THEIR USE IN THE EUROPEAN UNION FROM 2005 ONWARDS (SEC(2003)547)

The Commission agreed to the approach in two stages, proposed by Mr BOLKESTEIN in SEC(2003)547, for the implementation of Parliament and Council Regulation (EC) No 1606/2002 on the application of international accounting standards.

Mr BOLKESTEIN confirmed that his proposal covered accounting principles as well as the impact on prudential principles.

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

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The meeting closed at 1250 hours.