



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2003)1635 final

Brussels, 26 November 2003

MINUTES
of the 1635th meeting of the Commission
held in Strasbourg
(Winston Churchill Building)
on Tuesday 18 November 2003
(afternoon)

These minutes were approved by the Commission at its 1636th meeting, held in Brussels on 26 November 2003

They contain 26 pages.

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Single sitting: Tuesday 18 November (afternoon)

The sitting opened at 1330 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	Items 12 to 19
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	Items 12 to 19
Ms DIAMANTOPOULOU	

Absent:

Mr PATTEN

The following sat in to represent absent Members of the Commission

Mr BANNER	A member of Mr Patten's staff
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The following also sat in

Mr MARENCO	Deputy Director-General, Legal Service
Mr MANSERVISI	Chef de cabinet to the President
Mr KEMPPINEN	Commission Spokesman
Mr THOMAS	Spokesman
Mr SCHINAS	Deputy Chef de cabinet to Ms de Palacio
Mr DREWES	A member of Mr Fischler's staff
Mr RICHTER	A member of Mr Bolkestein's staff
Mr PLANAS	Chef de cabinet to Mr Solbes
Mr MARTINEZ-MONGAY	A member of Mr Solbes's staff
Mr HALL	Deputy Chef de cabinet to Mr Barnier
Ms GAGO-FILORI	A member of Mr Vitorino's staff
Mr GALEROS	A member of Ms Diamantopoulou's staff

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

1. AGENDAS

(OJ(2003)1635/3; SEC(2003)1270/2)

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)1635)

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

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1634th MEETING

(11 November)

(PV(2003)1634; PV(2003)1634, Part II and /2)

The Commission approved the minutes of its 1634th meeting.

4. PERMANENT REPRESENTATIVES COMMITTEE

COUNCIL AFFAIRS GROUP (CAG)

(SI(2003)1214)

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:

i) **Proposal for a Parliament and Council Regulation establishing the European Network and Information Security Agency**

The Commission authorised Mr LIIKANEN not to oppose the compromise reached between Parliament and the Council but to indicate to these institutions, in the appropriate form, that as regards the composition of the Agency's Management Board the Commission stood by the thrust of its communication of 11 December 2002 on the framework for European regulatory agencies.

ii) **Proposal for a Parliament and Council Decision establishing a Community action programme to promote bodies active at European level in the field of youth**

Proposal for a Parliament and Council Decision establishing a Community action programme to promote bodies active at European level and support specific activities in the field of education and training

Proposal for a Parliament and Council Decision establishing a Community action programme to promote bodies active at European level in the field of culture

The Commission authorised Ms SCHREYER and Ms REDING to take a position in the Council meeting (Education, youth, culture) on 24 and 25 November along the lines set out in the note at Annex 4 to the record, and to instruct their departments to continue discussions within the Council bodies concerning the problem of earmarking, in accordance with that Annex.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2003)1271 et seq.)

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

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2003)1272/2)

The Commission took note of the written procedures initiated between 10 and 14 November for the adoption of decisions with political implications.

5.3. EMPOWERMENT

(SEC(2003)1273 et seq.)

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

5.4. DELEGATION AND SUBDELEGATION OF POWERS

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

6. REVISED PROPOSAL FOR AMENDMENT OF THE STAFF REGULATIONS

(COM(2003)721 to /3)

The Commission adopted the amended proposal for amendment of the Staff Regulations in COM(2003)721, COM(2003)721/2 and COM(2003)721/3, for

transmission to the Council; also to Parliament, the Court of Justice and the Court of Auditors for consultation; and to the Economic and Social Committee, the Committee of the Regions, the Ombudsman and the Community agencies for information.

**7. PRELIMINARY DRAFT AMENDING BUDGET No 8/2003
(SEC(2003)1297 and /2)**

The Commission approved preliminary draft amending budget No 8/2003 as set out in SEC(2003)1297, for transmission to Parliament and the Council.

**8. PROPOSAL FOR A PARLIAMENT AND COUNCIL DIRECTIVE ON
CROSS-BORDER MERGERS OF COMPANIES WITH SHARE CAPITAL
(COM(2003)703 to /3; SEC(2003)1292)**

The Commission adopted the proposal for a Directive in COM(2003)703/3 for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions.

**9. COMMISSION REPORT TO THE COUNCIL ON THE PREPAREDNESS
OF BOSNIA AND HERZEGOVINA TO NEGOTIATE A STABILISATION
AND ASSOCIATION AGREEMENT WITH THE EUROPEAN UNION
(COM(2003)692 to /6; SEC(2003)1294)**

The Commission took note of the communication from Mr PATTEN in COM(2003)692/6. It approved the feasibility study detailed in COM(2003)692, /4

and /5, including its conclusions and recommendations, for transmission to Parliament and the Council.

10. PARLIAMENT

PARLIAMENTARY AFFAIRS GROUP

(SP(2003)3819)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on 14 November (SP(2003)3819).

It paid particular attention to the following:

i) Preparations for November II and December I part-sessions

(point 2.1 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:

1st reading and simple consultation

- KRATSA report, Equality between men and women,
COM(2003)279, 03/0109 (COD)

The Commission adopted the line set out in SP(2003)3765.

- RÜHLE report, Promoting active European citizenship,
COM(2003)276, 03/0116 (CNS)

The Commission adopted the line set out in SP(2003)3701/2 and authorised Ms REDING and Ms SCHREYER to continue contacts with the co-legislators with a view to an agreement as soon as possible.

- ADAM report, Identification and registration of ovine and caprine animals,
COM(2002)729 final, 03/0297(COD)

The Commission adopted the line set out in SP(2003)3700/2.

- SWOBODA report, Support for the United Nations Interim Mission in Kosovo and the Office of the High Representative in Bosnia and Herzegovina,
COM(2003)389, 03/0143 (CNS)

The Commission adopted the line set out in SP(2003)3779 and authorised Mr PATTEN to continue contacts with the co-legislators with a view to reaching agreement as soon as possible.

ii) **Empowerment**

- RÜHLE report, Promoting active European citizenship,
COM(2003)276, 03/0116 (CNS)

Given the urgency of this matter and with a view to the budget conciliation meeting on 24 November, the Commission, under Article 13 of its Rules of Procedure, empowered Ms REDING and Ms SCHREYER, in agreement with the PRESIDENT, Ms de PALACIO and any other Members associated, to adopt an amended proposal on the basis of the line set out in SP(2003)3701/2, once Parliament had given its opinion, and transmit it to the Council in accordance with Article 250(2) of the Treaty.

- SWOBODA report, Support for the United Nations Interim Mission in Kosovo and the Office of the High Representative in Bosnia and Herzegovina,
COM(2003)389, 03/0143 (CNS)

Given the urgency of this matter and with a view to the Coreper meeting on 26 November, the Commission, under Article 13 of its Rules of Procedure, empowered Mr PATTEN, in agreement with the PRESIDENT, Ms de PALACIO and any other Members associated, to adopt an amended proposal on the basis of the line set out in SP(2003)3779, once Parliament had given its opinion, and transmit it to the Council in accordance with Article 250(2) of the Treaty.

iii) Action taken on Parliament's opinions and resolutions

(point 5 of the record)

Follow-up to Parliament's resolution on the petition declared admissible on the Lloyd's petitions

The Commission decided to adopt and transmit to Parliament its reply in SP(2003)3797 to the resolution in question, on which it had undertaken to take action (cf. SP(2003)3219). In this particular case, the Commission authorised Mr BOLKESTEIN to address the letter to Mr COX, President of Parliament.

iv) **Interinstitutional relations**

(point 1 of the record)

Discussion with the Committee on Budgetary Control on 18 November and presentation in plenary of the Commission's legislative and work programmes for 2004

The PRESIDENT reported on his appearances that morning before the special meeting of the Committee on Budgetary Control and at Parliament's plenary session. The first of these meetings had given a broadly favourable reception to his presentation of the Commission's action plan to remedy the shortcomings revealed by the Eurostat case. Certain Committee members were nevertheless concerned at the possible complexity of the planned system, and contacts would continue so as to make the necessary clarifications and to reply to the concerns expressed by members of Parliament. Ms SCHREYER provided additional information on certain points.

The PRESIDENT's presentation in plenary of the legislative and work programme for 2004 had also generally been welcomed, and the representatives of the two institutions were in agreement on the need to limit the number of legislative proposals in 2004, given the short period remaining of their respective terms of office.

Presentation by the Court of Auditors of its annual report on the 2002 financial year

Ms SCHREYER outlined the main points of the Court of Auditors annual report for 2002, which the President of the Court of Auditors had presented to the Committee on Budgetary Control the previous evening. The Court had reaffirmed its support for the administrative and financial reforms undertaken by

the Commission since 2000 and the incentives provided to the Commission for it to continue its efforts to this effect.

11. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2003)1274/2)

ADMINISTRATIVE MATTERS

(PERS(2003)142)

11.1. IAS - NEW ORGANISATION CHART

(C(2003)4348 and /2)

The Commission approved the communication from Mr KINNOCK, in agreement with the PRESIDENT, in C(2003)4348/2.

This decision would take effect immediately.

11.2. IAS - RESIGNATION OF AN A1 OFFICIAL, DIRECTOR-GENERAL OF THE INTERNAL AUDIT SERVICE

The Commission decided to accept the request to resign received from Mr Jules W. MUIS, an A1 official, currently Director-General, Internal Audit Service. In accordance with Article 48 of the Staff Regulations, this decision would take effect from 1 April 2004.

11.3. IAS - PUBLICATION OF VACANCY NOTICE FOR A1 POST OF DIRECTOR-GENERAL

(PERS(2003)146)

The Commission authorised the internal and external publication, under Article 29(1)(a) and (1)(c) and Article 29(2) of the Staff Regulations, of the

vacancy notice for the post of Director-General, IAS, as set out in PERS(2003)146, subject to the following amendment:

- in section 3, "Description and nature of post", the first sentence of the second paragraph was replaced by the following:

"The Internal Audit Service was set up to verify the proper operation of budgetary implementation systems and procedures. The Internal Auditor advises on dealing with risks, by issuing independent opinions on the quality of Commission departments' internal control and management systems and operations as well as their performance in general."

This decision would take effect immediately.

**11.4. IAS/B - PROCEDURE FOR PUBLICATION OF A2 POST OF
DIRECTOR
(PERS(2003)147)**

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT, decided to authorise the internal and external publication, under Article 29(1)(a) and (1)(c) and Article 29(2) of the Staff Regulations, of the vacancy notice for the post of Director, Directorate IAS/B (Audit process), as set out in PERS(2003)147.

This decision would take effect immediately.

**11.5. DGT - A1 POST OF DIRECTOR-GENERAL
(PERS(2003)113 to /6)**

The Commission had before it applications under Article 29(1)(a) of the Staff Regulations for the A1 post of Director-General, Translation (PERS(2003)113/3).

The Commission took note of the opinions of the Consultative Committee on Appointments of 25 September and 2 October (PERS(2003)114/4 to /6).

The Commission proceeded to compare the applicants' qualifications for the post. Mr KINNOCK pointed out that, of the two candidates on the list drawn up by the Consultative Committee on Appointments,

Mr Karl-Johan LÖNNROTH stood out for the variety and quality of his professional experience. As well as holding a translator's diploma, Mr LÖNNROTH had solid management experience both within the Commission and, previously, at the International Labour Organisation. The mandate for the new Director-General involved managing the major challenges arising from the linguistic and administrative consequences of enlargement.

In the light of this opinion, the Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT, decided to appoint Mr Johan LÖNNROTH to the post.

This decision would take effect on 1 January 2004.

The Commission also noted the special qualifications of Mr THURMES.

11.6. DGT - INTERIM A1 APPOINTMENT

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT, decided under Article 7(2) of the Staff Regulations that Mr Fernand THURMES, an A2 official, currently Director in the Translation DG, should be deemed temporarily to have been occupying the post of Director-General, Translation, since 9 July and until the new Director-General took up his duties, subject to a maximum of twelve months.

This decision would take effect immediately.

11.7. OTHER MATTERS

***TRANSMISSION OF THE ANNUAL REPORT OF THE AUDIT
PROGRESS COMMITTEE FOR THE PERIOD MAY 2002 TO
APRIL 2003 AND THE INTERNAL AUDITOR'S 2002 ANNUAL
REPORT (ARTICLE 86(3) OF THE FINANCIAL REGULATION) TO
PARLIAMENT'S GENERAL RAPPORTEUR FOR THE 2002
DISCHARGE
(SEC(2003)1328/2)***

The Commission took note of the information note from Ms SCHREYER and Mr KINNOCK, in agreement with Ms REDING and Mr VITORINO, concerning the transmission of these reports to Parliament.

11.8. BUDGET MATTERS

RESULTS OF THE BUDGET TRIALOGUE OF 13 NOVEMBER

The Commission took note of the information supplied by Ms SCHREYER on the outcome of the budget trialogue on 13 November, particularly the encouraging progress on the proposals for the subsidies package.

Ms SCHREYER also commented on the situation relating to the Commission's requests for posts in connection with enlargement in the 2004 budget.

As for the discussions on the legal bases for subsidies, Ms REDING pointed out that in the event of failure, given the consequences for the bodies concerned, it would have to be made clear where the responsibility lay.

12. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) NO 1782/2003 ESTABLISHING COMMON RULES FOR DIRECT SUPPORT SCHEMES UNDER THE COMMON AGRICULTURAL POLICY AND ESTABLISHING CERTAIN SUPPORT SCHEMES FOR FARMERS

PROPOSAL FOR A COUNCIL REGULATION ON THE COMMON ORGANISATION OF THE MARKET IN OLIVE OIL AND TABLE OLIVES AND AMENDING REGULATION (EEC) NO 827/68 (COM(2003)698 to /4; SEC(2003)1298)

Mr FISCHLER presented two legislative proposals based on the objectives and approach of the June 2003 reform of the common agricultural policy and following the decisions adopted by the Council on 29 September. For the tobacco, olive oil, cotton and hops sectors, he proposed that a significant part of expenditure be transferred to the decoupled single payment scheme. Under this proposal, aid for raw tobacco would be gradually transferred to full decoupling, while a specific coupled payment would be maintained for cotton and olive oil.

On the basis of this information, the Commission held an in-depth discussion, with particular reference to the following points:

- for tobacco, the question of the right duration for the proposed transitional period; the implications of the proposed scheme for small producers and for the regions affected; its effects on the drive to combat tobacco use; whether or not the planned approach really amounted to a simplification;
- for olive oil, the production references to be taken into account as well as the advisability of introducing additional flexibility by means of the cumulation of the figures in Article 143(i)(3) and Annex 8 of the Regulation;

- for cotton, how to send African producer countries a message indicating the Community's wish to continue the move towards full decoupling.

Following this exchange of views, the Commission decided to include a clause in the text of the proposal for a Regulation on the common rules for direct support schemes, making it clear that a report on the operation of the reforms for these four sectors would be presented mid-term, together with any appropriate proposal.

Subject to this amendment, the Commission adopted the legislative proposals in COM(2003)698/3 and /4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

The Commission noted that, in the negotiations in the Council, Mr FISCHLER would be able to adopt a certain degree of flexibility on the transitional period planned for the tobacco sector reform, and would see to it that the interests of small producers were kept in mind. If it were decided to extend the transitional period, the proposed period for transfers to the Community tobacco fund should likewise be extended.

**13. COMMISSION RECOMMENDATION FOR A COUNCIL DECISION
UNDER ARTICLE 104(8) OF THE TREATY
(SEC(2003)1316 to /4; SEC(2003)1321)**

**14. COMMISSION RECOMMENDATION FOR A COUNCIL DECISION
UNDER ARTICLE 104(9) OF THE TREATY
(SEC(2003)1317 to /3; SEC(2003)1321)**

Mr SOLBES tabled two Commission recommendations to the Council, respectively under Article 104(8) and 104(9) of the EC Treaty, asking the Council to note the

inadequacy of the action taken by Germany to remedy its excessive deficit, and asking Germany to take new measures to reduce the deficit below the 3% threshold. He outlined the procedural arrangements and the main points underlying the approach and the timetable proposed, both recommendations being presented with a view to the Council meeting (Economic and Financial Affairs) on 25 November.

The Commission held an in-depth discussion on the thrust and scope of the recommendations. It considered in particular the comparative situations of France and Germany; the efforts already made by Germany and whether the potential impact of the reform projects under way in Germany were being sufficiently taken into account; the pace of the consolidation effort that Germany should make for 2004 and 2005; the Commission's obligation to ensure compliance with the Treaty and with the commitments made as well as to ensure equal treatment of all Member States in the euro area; possible developments in the discussions in the Council (Economic and Financial Affairs) and the position that the Commission would have to take.

Following this discussion, the Commission adopted the recommendations in SEC(2003)1316/4 and SEC(2003)1317/3 for transmission to the Council.

15. INTERGOVERNMENTAL CONFERENCE (SEC(2003)1346)

Mr BARNIER and Mr VITORINO reported on the fourth ministerial meeting of the Intergovernmental Conference, held in Brussels that morning. Three points had been discussed in a *tour de table*: the provisions on the Foreign Minister, the provisions on the revision of the Treaty and the "bridging" clauses, and the protocol on Denmark's position in justice and home affairs matters.

As regards the Foreign Minister, the debate had revealed wide support for the drafts put forward by the Italian Presidency, whose aim was to depart as little as possible from the text that had emerged from the Convention. In the same spirit, the Italian Presidency had insisted on the need for a more streamlined revision procedure for certain provisions of the Constitution, despite wide opposition from Member States.

On procedure, the Presidency had also confirmed its intention of submitting a comprehensive text in good time before the Naples conclave on 28 and 29 November, bearing in mind that bilateral contacts on the most sensitive institutional matters would continue up to the December European Council.

The Commission took note of this information and held a brief exchange of views on the question of the Foreign Minister, noting the unacceptable nature of certain ideas being put forward that would have the effect of calling into question the "two hats" concept and the position of the Minister within the Commission.

16. COUNCIL MEETINGS

PEACE FACILITY FOR AFRICA - JOINT COUNCIL / COMMISSION STATEMENT

(SI(2003)1214; SEC(2003)1350)

Mr NIELSON distributed the text of the joint Council and Commission statement, agreed on 17 November at the Council meeting (General affairs and external relations) (cf. SEC(2003)1350). The Commission took note of this information and confirmed the agreement given *ad referendum* by Mr NIELSON.

**17. SOME KEY ISSUES IN EUROPE'S COMPETITIVENESS - TOWARDS AN
INTEGRATED APPROACH
(COM(2003)704 to /5; SEC(2003)1296)**

Mr LIIKANEN outlined the main points of a communication presented in response to requests by the European Council, the objective of which was to set forth an integrated vision of European competitiveness in order to speed up the changes needed. On the basis of an analysis of the present state of competitiveness and initial discussions on the performance and future of European industry, the communication identified, for the benefit of Community players, the actions deemed necessary to improve the regulatory framework and stimulate activities of particular assistance in boosting competitiveness, such as research, innovation and entrepreneurship, and education and training.

The Commission took note of this information and approved in principle the communication in COM(2003)704/4 and /5. It empowered Mr LIIKANEN, in agreement with the PRESIDENT, to revise and adopt the document for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions. It noted that the finalised version would take account of the amendments requested by Ms REDING, to be agreed between her Office and that of Mr LIIKANEN.

18. RELATIONS WITH NON-MEMBER COUNTRIES

18.1. EU-CHINA ENVIRONMENTAL COOPERATION

(VISIT BY Ms WALLSTRÖM, 10-13 NOVEMBER)

(SEC(2003)1326)

The Commission took note of the information note distributed by Ms WALLSTRÖM.

18.2. EU-MERCOSUR MINISTERIAL MEETING

(12 NOVEMBER)

The Commission decided to return to this item at its next meeting.

19. OTHER BUSINESS

SALZBURG CONFERENCE ON RURAL DEVELOPMENT

(12-14 NOVEMBER)

(SEC(2003)1335)

Further to his information note, Mr FISCHLER drew attention to the outcome of this very successful conference, whose conclusions had been agreed virtually unanimously.

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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 1730 hours.