



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2004)1666 final

Strasbourg, 20 July 2004

MINUTES
of the 1666th meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 14 July 2004
(morning)

These minutes were approved by the Commission at its 1667th meeting, held in Strasbourg on 20 July 2004.

They contain 32 pages.

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Single sitting: Wednesday 14 July (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
Mr MONTI	
Mr FISCHLER	
Mr BOLKESTEIN	
Mr BUSQUIN	
Mr NIELSON	
Mr VERHEUGEN	
Mr PATTEN	
Mr LAMY	
Mr BYRNE	
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	
Mr DIMAS	
Mr BARROT	
Mr ALMUNIA	
Mr BALÁZS	
Ms HÜBNER	
Mr BORG	
Ms KALNIETE	
Ms GRYBAUSKAITĖ	
Mr POTOČNIK	

Mr FIGEL

Mr KYPRIANOU

Mr TELIČKA

Mr REHN

Absent:

Mr KALLAS

The following sat in to represent absent Members of the Commission

Mr HOLOLEI Chef de cabinet to Mr Kallas

The following also sat in

Mr PETITE	Director-General, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr DE OLIVEIRA E SOUSA	Director-General, Press and Communication	
Mr KEMPPINEN	Commission Spokesman	
Mr KREUZHUBER	Spokesman	Item 10
Mr MAMER	Spokesman	Items 13 to 32
Mr PETRUCCI	Spokesman	
Mr DE LECEA	Adviser in the President's Office	Items 13 to 32
Ms MAUPERON	A member of Mr Fischler's staff	
Ms KIRCHNER	A member of Mr Fischler's staff	Item 20
Ms MANFREDI	A member of Mr Bolkestein's staff	Item 15
Mr CAPOUET	Chef de cabinet to Mr Busquin	Items 1 to 9
Mr HAMBURGER	Chef de cabinet to Mr Nielson	
Mr LEHNER	Chef de cabinet to Ms Schreyer	Items 13 to 32
Mr CAL	A member of Mr Vitorino's staff	Items 13 to 32
Mr HALL	Deputy Chef de cabinet to Mr Barrot	Item 15

Mr TABONE	Chef de cabinet to Mr Borg	
Mr GRUNWALD	Legal Service	
Mr CARVOUNIS	Press and Communication DG	
Mr LEYGUES	Regional Policy DG	Items 13 to 32
Mr DE MICHELIS	Regional Policy DG	Items 13 to 32
Mr ROMERO	Director-General, Budget	Items 13 to 32
Mr LEVI	GOPA	Item 12
Mr SAPIR	GOPA	Item 12
Mr SERVOZ	Secretariat-General	Items 13 to 32

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

1. ENTRY INTO SERVICE OF Mr REHN

The PRESIDENT welcomed Mr REHN, who had been appointed to replace Mr LIIKANEN and would be taking over the same portfolio.

Mr REHN thanked the PRESIDENT. He was pleased to have become a Member of the Commission and to take part in its work.

The Commission noted that, pending his swearing the oath of office before the Court of Justice, Mr REHN declared that he accepted the obligations arising from his appointment.

2. AGENDAS

(OJ(2004)1666/3; SEC(2004)925/2)

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

3. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2004)1666)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 12 July.

**4. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1665th MEETING
(7 July)
(PV(2004)1665 and /2; PV(2004)1665, Part II)**

The Commission approved the minutes of its 1665th meeting.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

**5.1. STATE AID
(SEC(2004)915/2)**

The Commission adopted the decisions in SEC(2004)915/2.

**5.2. INFRINGEMENTS
(SEC(2004)920)**

The Commission adopted the decisions in SEC(2004)920.

6. WRITTEN PROCEDURES AND EMPOWERMENT

**6.1. WRITTEN PROCEDURES APPROVED
(SEC(2004)926 et seq.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 5 and 9 July.

6.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2004)927)

The Commission took note of written procedures initiated between 5 and 9 July for the adoption of decisions with political implications.

6.3. EMPOWERMENT

(SEC(2004)928 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 5 and 9 July.

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 5 and 9 July, as archived on the "Greffé 2000" (Registry) website.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2004)929/3)

ADMINISTRATIVE MATTERS

(PERS(2004)126/2)

7.1. DG ECFIN - APPLICATION OF THE ARTICLE 50 PROCEDURE

(SECOND STAGE) WITH RESPECT TO AN A*15 OFFICIAL

(PERS(2004)128)

The Commission continued its discussions on this matter, begun on 9 June (PV(2004)1661).

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr ALMUNIA, the Commission adopted the decision in PERS(2004)128 applying the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Philippe PETIT-LAURENT, an A*15 official, currently Director in the Economic and Financial Affairs DG responsible for relations with the European Bank for Reconstruction and Development (EBRD) in London.

This decision would take effect on 1 October.

7.2. *DG TRADE/H - TEMPORARY APPOINTMENT OF DIRECTOR*

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr LAMY, decided under Article 7(2) of the Staff Regulations that Mr Paul VANDOREN, an A*14 official, currently Head of Unit H2 (New technologies, intellectual property, public procurement) in the Trade DG, should temporarily occupy the post of Director of the new Directorate H (Textiles, new technologies, intellectual property, public procurement, trade analysis) with effect from 16 June, subject to a maximum of twelve months.

7.3. *DG MARKT - CREATION OF A POST OF CHIEF ADVISER*

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr BOLKESTEIN, the Commission decided to create an A*/AD 14-15 post of Chief Adviser in the Internal Market DG.

The Chief Adviser's task would be to galvanise the internal market project so as to increase the chances of the European Union achieving its objective of becoming the most competitive economy in the world by 2010.

This decision would take effect immediately.

**8. PROPOSALS FOR PARLIAMENT AND COUNCIL DIRECTIVES
RECASTING PARLIAMENT AND COUNCIL DIRECTIVE 2000/12/EC OF
20 MARCH 2000 RELATING TO THE TAKING-UP AND PURSUIT OF
THE BUSINESS OF CREDIT INSTITUTIONS, AND COUNCIL
DIRECTIVE 93/6/EC OF 15 MARCH 1993 ON THE CAPITAL ADEQUACY
OF INVESTMENT FIRMS AND CREDIT INSTITUTIONS
(COM(2004)486 to /5; SEC(2004)921; SEC(2004)945)**

The Commission approved the proposals for Directives in COM(2004)486/4 and /5 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. It took note of the in-depth impact assessment in SEC(2004)921, to be transmitted to the same institutions as a staff paper.

9. RELATIONS WITH NON-MEMBER COUNTRIES

**9.1. *EUROPEAN UNION VISITORS PROGRAMME (EUVP) 1974-2004:
30 YEARS*
(SEC(2004)944)**

The Commission took note of the information note distributed by
Mr PATTEN.

**9.2. *VISIT TO SOUTHERN AFRICA*
(SEC(2004)981)**

The Commission took note of the information note distributed by
Mr NIELSON and Ms HÜBNER.

9.3. *EUROPEAN NEIGHBOURHOOD POLICY AND THE SOUTHERN CAUCASUS*
(SEC(2004)978)

The Commission took note of the information note distributed by
Mr POTOČNIK.

**10. COMMISSION COMMUNICATION TO THE COUNCIL AND
PARLIAMENT ACCOMPLISHING A SUSTAINABLE AGRICULTURAL
MODEL FOR EUROPE THROUGH THE REFORMED CAP - SUGAR
SECTOR REFORM**
(COM(2004)499 to /4; SEC(2004)947)

Mr FISCHLER introduced the communication he was tabling. There was very wide recognition of the need to reform the common organisation of the sugar market according to the principles informing the overall reform of the common agricultural policy. This task was urgent, in view of the cumulative effect of the distortions created by the present system as well as international pressure on the Community to act. The proposed approach was gradually to bring market economy mechanisms into the sugar sector so as to stimulate competition and encourage competitiveness inside and outside the Union.

Having noted the complexity of this subject and the delicate balance to be struck between the different interests at stake, the Commission considered the proposal in depth. It paid particular attention to the economic and social impact of the proposed reform from the point of view of sharing the advantages and costs incurred between the various regions and Member States, taking into account the importance of safeguarding and promoting the economy of rural areas and the multifunctional

character of their agriculture, on the one hand, and the arguments in favour of competitiveness, on the other.

The Commission analysed a number of aspects, including:

- the most appropriate timetable for the adoption of the proposal, particularly taking into account: (1) the negotiations on sugar under way in the WTO panel; (2) the usefulness of studying the impact of the proposal in greater detail first;
- the timetable for entry into force of the reform, and particularly the duration of any transitional stage;
- the suitability of the idea of merging the A and B quotas, having regard to the alternative options consisting of: (1) abolishing the B quota; (2) announcing straight away the Commission's intention to propose, in the assessment scheduled for 2008, the total abolition of the quota system in due course;
- the pros and cons of making quotas transferable between Member States;
- the real scope of the advantages to be gained by the proposed reform from the consumer's point of view;
- the need to have available, by the time the legislative proposal was adopted, a detailed estimate of the budgetary scope of the proposed amendment;
- whether it would be a good idea to introduce quotas for the countries of the western Balkans, assessed in the light of: (1) the commitments made by the Union to those countries, particularly under the stabilisation and association process; (2) the foreseeable development of relations between the Union and those countries;

- the implications of the proposal for the ACP countries, in particular as regards the scale and source of the funds to be allocated to conversion programmes in those countries.

Following this discussion, the Commission approved the communication in COM(2004)499/4 for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions.

11. COUNCIL MEETINGS

(SI(2004)640)

GENERAL AFFAIRS AND EXTERNAL RELATIONS

(BRUSSELS, 12-13 JULY)

(SI(2004)644)

Mr LAMY reported on the situation concerning the trade negotiations in the WTO (Doha development agenda) in the light of the meeting of the “five interested parties” (EU, USA, Brazil, India and Australia), the informal meeting of EU Trade Ministers, the Council meeting (External relations) and the meeting of the G90. As regards the aim of reaching a framework agreement at the WTO general council meeting in Geneva at the end of July, he explained the differences and similarities of view between the various participants on the main points still under discussion, viz.: the opening-up of agricultural trade, industrial tariffs, the Singapore topics, and development issues. The Council had expressed wide support for the Commission’s strategy and tactics, and the Commission would seek to defend the Union’s interests in the negotiations.

12. OTHER BUSINESS

***COURT OF JUSTICE JUDGMENT IN CASE C-27/04
(COMMISSION ACTION AGAINST THE CONCLUSIONS OF THE COUNCIL
MEETING (ECONOMIC AND FINANCIAL AFFAIRS) OF
25 NOVEMBER 2003)***

Mr ALMUNIA commented on the Court of Justice judgment, which to a very large degree supported the Commission's position and confirmed its role and its right of initiative in the excessive deficit procedure. Mr ALMUNIA referred to possible options for Commission action in response to the Court judgment, and the need for the Commission to define its position before the informal Council meeting (Economic and Financial Affairs) in September. He also urged the need for enhanced cooperation in future between the Commission and the Council in order that the rules governing the stability and growth pact might be implemented more effectively.

The Commission took note of this information and held an exchange of views on the impact of the judgment and its political and institutional consequences as well as on the planned timetable for the measures to be taken and the need for careful preparation of the debate to be held in the Council. It congratulated the departments concerned, particularly the Legal Service for the quality of its analysis and its work in support of the case brought by the Commission.

13. FINANCIAL PERSPECTIVE 2007-13
(COM(2004)487 to /3; SEC(2004)940)

Subject to the observations and conclusions set out under each of the specific points, all the communications making up the financial perspective package were taken together (items 13 to 32 of these minutes).

The PRESIDENT introduced the debate by reminding the meeting of the work done since the adoption on 10 February of the communication *Building our common future – Policy challenges and budgetary means of the enlarged Union 2007-13* (COM(2004)101 final). Some of the ideas put forward in that communication had since been refined in sectoral communications, and discussions had started in the Council. At its general debate on 7 May, the Commission had agreed to continue preparations for the sectoral legislative proposals so as to make sure they were consistent in policy terms with the objectives set forth in the communication of 10 February and to demonstrate the value added by Union action, especially where Community expenditure was concerned. The present sectoral legislative proposals, which would be followed by further proposals, gave practical effect to these principles. They also sought to bring about a degree of simplification, and were in compliance with the principles of good governance. The PRESIDENT concluded by emphasising the importance of this package, in which the Commission was presenting its view of the Union's main priorities for the coming years.

Following this introduction, the Commission held a wide-ranging debate, covering in particular: the approach to be adopted to ensure adequate evolution of the payment appropriations required for the period beyond 2013; the agreement reached on financing for the decommissioning of certain nuclear installations (an area in which the Commission had given a strong political commitment during the accession negotiations with the new Member States); the advisability of and conditions for the European Social Fund covering the cost of integrating third-

country nationals, which would require prior coordination over programming between the Commission Members and departments concerned; the maintenance in the research framework programme of the industry-led “technological platforms”, which would have to be conceived and prepared in agreement with the Commission Member and the Directorate-General responsible for industry since they formed a link with the programmes to encourage industrial competitiveness.

During the debate, the Commission agreed the following amendments to COM(2004)487/3:

- in the last paragraph of the item 1 *Moving towards a decision*, the text of the last two sentences to read:

“The Commission will assess (“évaluer” in the French version) regularly, and in any case by 2010, the required payment appropriations for the period beyond 2013 in order to ensure an adequate evolution of payment with respect to commitment appropriations. This assessment (“évaluation” in the French version) will take account of ...”;

- in item 3.1, in the section headed “Promoting sustainable transport, energy and EU networks”, the last paragraph of the fourth bullet point to read:

“In the context of the accession treaties, legal obligations ... the European Union is committed to provide adequate additional financial assistance to support decommissioning efforts beyond 2006”;

Ms de PALACIO clarified that, as regards the first sentence of the fourth bullet point mentioned above, the share of the financing for the decommissioning of nuclear facilities from the sums available under heading 1 A, other than those earmarked for education, research, social policy and trans-European networks, would be covered up to €80 million per year.

- in the last paragraph of the same section, the first sentence to read:

“A specific decision on the EU contribution to decommissioning ...”;

- in item 3.4.1, fourth paragraph of the section on the Development Cooperation and Economic Cooperation Instrument: the phrase “appropriate measures to deal with the reform of the sugar protocol” would have added to it a footnote referring to the communication *Accomplishing a sustainable agricultural model for Europe through the reformed CAP - sugar sector reform*, approved that day by the Commission (COM(2004)499 final and item 10 of these minutes).

Subject to these amendments and any drafting amendments, the Commission approved the communication on the financial perspective in COM (2004)487/3 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors.

The Commission also noted that all the texts of the legislative proposals were subject to checking by the lawyer-linguists, which was already under way.

14. PROPOSAL FOR A COUNCIL REGULATION LAYING DOWN GENERAL PROVISIONS ON THE STRUCTURAL FUNDS AND THE COHESION FUND AND REPLACING REGULATION (EC) No 1260/1999 (COM(2004)492 to /4; SEC(2004)924; SEC(2004)940)

The Commission held a brief debate on this proposal, particularly on the rules on the intervention rates applicable in certain cases (Articles 51 and 52), certain aspects of the financial management of the funds in question (particularly the link between infringement proceedings and the execution of payments by the funds (Article 85) and the rule on automatic decommitment (in particular Article 93)).

On the link between infringement proceedings and the implementation of Community funds, the Commission noted that no payment could be made for an operation concerned by infringement proceedings in which the Commission adopts a reasoned opinion in accordance with Article 226 of the EC Treaty.

At the prompting of Mr BARROT, Mr BOLKESTEIN and Ms WALLSTRÖM, the Commission stressed the importance of continuing close and harmonious cooperation between the departments in charge of infringements and those responsible for managing the Structural Funds. The latter would be taking fullest account of the information transmitted to them in the implementation of procedures for the interruption or suspension of payments when infringement cases communicated to them revealed a serious irregularity affecting the declared expenditure. If the authorising officer suspected or was informed of any such serious irregularities, in accordance with the principle of sound management, he or she would be able to implement the procedure for the interruption of payments laid down in Article 60 of the draft Council Regulation laying down general provisions on the Structural and Cohesion Funds, at any time including, if necessary, at the letter of formal notice stage. The interruption procedure seemed particularly appropriate in the case of serious irregularities likely to cause irreversible damage, particularly in the event of violation of the rules on public procurement or of irreparable harm to the environment.

At the suggestion of Mr BOLKESTEIN and Ms WALLSTRÖM, and given the financial interests at stake, the Commission emphasised the importance of fast-track handling of any infringement proceedings that involved projects receiving Community cofinancing.

Following this discussion, the Commission agreed the following amendments:

- recital 33 was deleted;

- Article 22 would be amended to define more clearly the part of rural development concerned by the cap on resources;
- Article 3(3) would be adjusted to make it clear that the expression “certain islands” included Cyprus and Malta;
- in order to take account of the specific circumstances of Malta and Cyprus in terms of regional development, Article 52(1)(b)(i) to read “island Member States eligible under the Cohesion Fund, and other islands except those”;
- Article 45 would be amended to take the strategic environmental impact assessment into account.

Subject to these amendments and any technical drafting amendments, the Commission adopted the proposal for a Regulation in COM(2004)492/4 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors. The Commission took note of the extended impact assessment in SEC(2004)924, to be transmitted to the same institutions as a staff paper.

**15. PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING THE
COHESION FUND AND REPLACING COUNCIL REGULATION (EC)
No 1264/1999 AMENDING REGULATION (EC) No 1164/1994
ESTABLISHING A COHESION FUND
(COM(2004)494 to /3; COM(2004)492/2; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)494/3 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors.

**16. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION ON
THE EUROPEAN REGIONAL DEVELOPMENT FUND AND REPLACING
REGULATION (EC) No 1783/1999
(COM (2004)495; COM(2004)492/2; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)495 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors.

**17. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION ON
THE EUROPEAN SOCIAL FUND AND REPLACING REGULATION (EC)
No 1784/1999
(COM(2004)493 and /2; SEC(2004)492/2; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)493/2 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors.

**18. PARLIAMENT AND COUNCIL REGULATION ESTABLISHING A
EUROPEAN GROUPING OF CROSS-BORDER COOPERATION (EGCC)
(COM(2004)496 to /5; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)496/5 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors.

19. PROPOSAL FOR A COUNCIL REGULATION FOR A EUROPEAN FISHERIES FUND

(COM(2004)497 to /4; SEC(2004)965; SEC(2004)940)

Noting that Mr FISCHLER was prepared to improve the aid intensity in favour of small ships, the Commission adopted the proposal in COM(2004)497/4 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors.

The Commission took note of the extended impact assessment in SEC(2004)965, to be transmitted to the same institutions as a staff paper.

20. PROPOSAL FOR A COUNCIL REGULATION ON SUPPORT TO RURAL DEVELOPMENT BY THE EUROPEAN AGRICULTURAL FUND FOR RURAL DEVELOPMENT

(COM(2004)490 and /2; SEC(2004)931; SEC(2004)940)

The Commission adopted the proposal for a Regulation in COM(2004)490/2 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors. It took note of the extended impact assessment (SEC(2004)931), to be transmitted to the same institutions as a staff paper.

**21. PROPOSAL FOR A COUNCIL REGULATION ON THE FINANCING OF
THE COMMON AGRICULTURAL POLICY
(COM(2004)489 to /3; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)489/3 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Auditors.

**22. PROPOSAL FOR A PARLIAMENT AND COUNCIL DECISION
ESTABLISHING THE CULTURE PROGRAMME 2007 (2007-13)
(COM(2004)469 to /3; SEC(2004)954; SEC(2004)940)**

The Commission adopted the proposal in COM(2004)469/3 for transmission to Parliament, the Council and the Committee of the Regions. It also took note of the in-depth impact assessment in SEC(2004)954, to be transmitted to the same institutions as a staff paper.

**23. PROPOSAL FOR A PARLIAMENT AND COUNCIL DECISION
IMPLEMENTING A PROGRAMME TO SUPPORT THE EUROPEAN
AUDIOVISUAL SECTOR (MEDIA 2007)
(COM(2004)470 to /3; SEC(2004)955; SEC(2004)940)**

The Commission adopted the proposal in COM(2004)470/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. It also took note of the in-depth impact assessment in SEC(2004)955, to be transmitted to the same institutions as a staff paper.

**24. PROPOSAL FOR A PARLIAMENT AND COUNCIL DECISION
CREATING THE *YOUTH IN ACTION* PROGRAMME FOR THE PERIOD
2007-13**

(COM(2004)471 to /3; SEC(2004)960; SEC(2004)940)

The Commission adopted the proposal in COM(2004)471/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. It also took note of the in-depth impact assessment in SEC(2004)960, to be transmitted to the same institutions as a staff paper.

**25. PARLIAMENT AND COUNCIL DECISION ESTABLISHING AN
INTEGRATED ACTION PROGRAMME IN THE FIELD OF LIFELONG
LEARNING**

(COM(2004)474 to /4; SEC(2004)971; SEC(2004)940)

The Commission adopted the proposal in COM(2004)474/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. It also took note of the in-depth impact assessment in SEC(2004)971, to be transmitted to the same institutions as a staff paper.

**26. PROPOSAL FOR A PARLIAMENT AND COUNCIL DECISION
ESTABLISHING A COMMUNITY PROGRAMME FOR EMPLOYMENT
AND SOCIAL SOLIDARITY - PROGRESS**

(COM(2004)488 to /4; SEC(2004)936; SEC(2004)940)

The Commission adopted the proposal in COM(2004)488/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of

the Regions. It also took note of the ex-ante assessment in SEC(2004)936, to be transmitted to the same institutions as a staff paper.

**27. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION
LAYING DOWN GENERAL RULES FOR THE GRANTING OF
COMMUNITY FINANCIAL AID IN THE FIELD OF TRANS-EUROPEAN
TRANSPORT AND ENERGY NETWORKS AND AMENDING COUNCIL
REGULATION (EC) No 2236/95
(COM(2004)475 to /3; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)475/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**28. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION ON
THE IMPLEMENTATION OF THE DEPLOYMENT AND COMMERCIAL
OPERATING PHASES OF THE EUROPEAN PROGRAMME OF
SATELLITE RADIONAVIGATION
(COM(2004)477 and /2; COM(2004)475/2; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)477/2 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**29. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION
ESTABLISHING A SECOND MARCO POLO PROGRAMME FOR THE
GRANTING OF COMMUNITY FINANCIAL ASSISTANCE TO IMPROVE
THE ENVIRONMENTAL PERFORMANCE OF THE FREIGHT
TRANSPORT SYSTEM (MARCO POLO II)
(COM(2004)478 and /2; COM (2004)475/2; SEC(2004)940)**

The Commission adopted the proposal for a Regulation in COM(2004)478/2 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**30. PROPOSAL FOR RENEWAL OF THE INTERINSTITUTIONAL
AGREEMENT ON BUDGETARY DISCIPLINE AND IMPROVEMENT OF
THE BUDGETARY PROCEDURE
(COM(2004)498 to /4; SEC(2004)940)**

The Commission adopted the draft renewed interinstitutional agreement, as set out in COM(2004)498/4, for transmission to Parliament and the Council.

**31. COUNCIL DECISION ON THE SYSTEM OF THE EUROPEAN
COMMUNITIES' OWN RESOURCES - COUNCIL REGULATION ON THE
IMPLEMENTING MEASURES FOR THE CORRECTION OF
BUDGETARY IMBALANCES IN ACCORDANCE WITH ARTICLES 4 AND
5 OF THE COUNCIL DECISION ON THE SYSTEM OF THE EUROPEAN
COMMUNITIES' OWN RESOURCES
(COM(2004)501 and /2; SEC(2004)976; SEC(2004)940)**

**32. FINANCING THE EUROPEAN UNION - COMMISSION REPORT ON THE
OPERATION OF THE OWN RESOURCES SYSTEM
(COM(2004)505 and /2; SEC(2004)940)**

Ms SCHREYER presented the proposal, under the guidelines agreed by the Commission on 10 February, for the introduction of a generalised mechanism to correct net budgetary contributions exceeding a predetermined threshold of financial solidarity. The proposed system had the twin aim of correcting excessive budgetary burdens in comparison with the relative prosperity of the Member States concerned and of preventing the total volume of corrections from becoming too large. According to the reasoning underlying the proposal, all Member States would have to take part in the financing of the correction. So as to cushion the effects of introducing the new system, Ms SCHREYER proposed that it be accompanied by transitional provisions.

The Commission held an in-depth discussion, covering the following questions in particular:

- the political advisability of putting a proposal on this subject before the Council at this stage;
- the likely reactions in the various Member States;
- the relationship between this question and the other components of the financial perspective package;
- the advisability of proposing transitional provisions and introducing a ceiling above which no correction would be possible;
- the pros and cons of the possible models, as considered by the departments and/or discussed during the meeting;
- the idea of proposing several different options;

- the possibility of taking account of the relative prosperity of the Member States;
- the need to propose a simple, transparent and comprehensible system which could clearly be seen to be fair to all Member States;
- the importance of proposing a system under which differences between the various net balances would be as small as possible;
- the need for the costs of enlargement to be paid by all the Member States.

After its discussions and subject to any technical adaptations arising from the various comments made during the meeting, the Commission:

- adopted the proposal for a Council Decision on the system of the European Communities' own resources, as set out in COM(2004)501 and /2;
- adopted the proposal for a Council Regulation on the implementing measures for the correction of budgetary imbalances in accordance with Articles 4 and 5 of the Council Decision on the system of the European Communities' own resources, as set out in COM(2004)501;
- approved the report in COM(2004)505 and /2;
- decided to include in the report explanations concerning the various options considered and the reasons for choosing the option set out in Ms SCHREYER's proposal.

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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 1430 hours.