



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 6 October 2004

MINUTES
of the 1672nd meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 29 September 2004
(morning)

These minutes were approved by the Commission at its 1673rd meeting, held in Brussels on 6 October 2004.

They contain 23 pages.

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Single sitting: Wednesday 29 September (morning)

The sitting opened at 0955 hours with Mr Prodi, President, in the chair.

Present:

Mr PRODI	President	
Mr KINNOCK	Vice-President	
Ms de PALACIO	Vice-President	Items 11 to 19
Mr MONTI		
Mr FISCHLER		
Mr NIELSON		
Mr VERHEUGEN		
Mr PATTEN		
Mr LAMY		
Mr BYRNE		
Ms SCHREYER		
Ms WALLSTRÖM		
Mr VITORINO		
Mr ALMUNIA		
Mr BALÁZS		
Ms HÜBNER		
Mr KALLAS		
Mr BORG		
Ms KALNIETE		
Mme GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL		
Mr KYPRIANOU		
Mr TELIČKA		
Mr REHN		

Mr MICHEL

Absent:

Mr BOLKESTEIN

Ms REDING

Mr DIMAS

Mr BARROT

The following sat in to represent absent Members of the Commission

Ms LOCATELLI	A member of Mr Bolkestein's staff
Ms HOFFMAN	Deputy Chef de cabinet to Ms Reding
Mr KOSTOPOULOS	A member of Mr Dimas's staff
Mr LE BRET	Chef de cabinet to Mr Barrot

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	
Mr DE LECEA	Adviser in the President's Office	Items 11 to 18
Mr LEHNER	Chef de cabinet to Ms Schreyer	Items 11 to 18
Mr CAL	A member of Mr Vitorino's staff	Items 11 to 18
Ms CORUGEDO STENEGER	Press and Communication DG	
Mr VANDERMOSTEN	Budget DG	
Mr SERVOZ	Secretariat-General	Items 11 to 18

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

1. AGENDAS

(OJ(2004)1672/3; SEC(2004)1164/2)

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(2004)1672)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 27 September.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1671st MEETING

(22 September)

(PV(2004)1671 to /3; PV(2004)1671, Part II to /4)

The Commission approved the minutes of its 1671st meeting.

4. PARLIAMENT

i) Parliamentary Affairs Group

(SP(2004)2207)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on 23 September (SP(2004)2207).

ii) Participation of Members of Parliament at the annual session of the United Nations General Assembly

The Commission considered the letters sent by the President of Parliament asking that Members of Parliament be involved in the Union delegation to the 59th UN General Assembly. It noted that a reply would be sent to Mr Borrell stating that there would be no official Union delegation to this meeting.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2004)1165 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 20 and 24 September.

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2004)1166)

The Commission took note of written procedures initiated between 20 and 24 September for the adoption of decisions with political implications.

5.3. EMPOWERMENT

(SEC(2004)1167 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 20 and 24 September.

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 20 and 24 September, as archived on the "Greffé 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2004)1168/2)

ADMINISTRATIVE MATTERS

(PERS(2004)174)

6.1. IAS - APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS

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

(PERS(2004)182)

The Commission continued its discussions on this matter, begun on 8 September (PV(2004)1669).

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT, adopted the decision in PERS(2004)182 to apply the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Antony WRIGHT, an A*15 official, currently Director of Directorate A (Horizontal Affairs) in the Internal Audit Service.

This decision would take effect on 1 January 2005.

**6.2. DGT - APPLICATION OF ARTICLE 50 OF THE STAFF
REGULATIONS (SECOND STAGE) WITH RESPECT TO AN A*15
OFFICIAL
(PERS(2004)183)**

The Commission continued its discussions on this matter, begun on 3 September (PV(2004)1668).

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT, adopted the decision in PERS(2004)183 to apply the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Fernand THURMES, an A*15 official, currently Director of Directorate C (Resources) in the Translation DG.

This decision would take effect on 1 December.

**6.3. DG ENTR - AMENDMENT OF ORGANISATION CHART - CREATION
OF A FUNCTION OF CHIEF ADVISER AND TRANSFER IN THE
INTEREST OF THE SERVICE OF AN A*15 OFFICIAL**

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr REHN, the Commission decided with immediate effect:

- to create a function of Chief Adviser, reporting to the Director-General, Enterprise;
- to fill the function by transferring to it, with her post and in the interest of the service, Ms Georgette LALIS, an A*15 official, currently Chief Adviser in the Personnel and Administration DG;
- to abolish the function of Chief Adviser in the Personnel and Administration DG thereby left vacant.

**6.4. DG ADMIN - COMMISSION DECISION CONCERNING THE
FUNCTION OF ADVISER
(C(2004)3623/3)**

The Commission adopted the decision in C(2004)3623/3.

OTHER MATTERS

**6.5. AUDIT PROGRESS COMMITTEE MEETING, 20 SEPTEMBER
(SEC(2004)1185)**

The Commission took note of the information in SEC(2004)1185.

**7. FOREIGN INVESTMENT PROTECTION AGREEMENTS WITH CANADA
(SEC(2004)1178 and /2)**

The Commission:

- approved the comprehensive solution reached in discussions with Canada, as set out in SEC(2004)1178/2;
- authorised Mr LAMY or the Director-General, Trade, once the Member States concerned had been informed in full, particularly on the Community aspects of the agreement, to recommend to the new Member States and candidate countries that they amend their bilateral agreements accordingly;
- on this basis, authorised Mr LAMY or the Director-General, Trade, to sign, on behalf of the Commission, a protocol of agreement with Canada and the new Member States and candidate countries concerned, setting out the various aspects of the solution agreed;
- noted that this approval and signature were without prejudice to possible adoption later by the Commission of any measures deemed necessary.

**8. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY
AND ARTICLE 53 OF THE EEA AGREEMENT
(CASE COMP/E - 1/36.756 – SODIUM GLUCONATE)
(C(2004)3598 to /8; SEC(2004)1198)**

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 20 and 27 September, as set out in C(2004)3598/3 and /7;
- took note of the final report of the Hearing Officer in C(2004)3598/4;
- adopted, in the authentic language (German), the decision in C(2004)3598/8, noting that Jungbunzlauer AG, Jungbunzlauer Ladenburg GmbH, Jungbunzlauer Holding AG and Jungbunzlauer Austria AG had infringed Article 81(1) of the EC Treaty and, with effect from 1 January 1994, Article 53(1) of the EEA Agreement, and imposing on them a fine totalling €19 040 000;
- decided that the most important parts of the decision would be published in all the official languages in the L series of the Official Journal (with business secrets removed). The decision would also be made available on the internet.

**9. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY
(CASE COMP/C.37.750/B2 - KRONENBOURG / HEINEKEN)
(C(2004)3597 to /7; SEC(2004)1198)**

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 20 and 27 September in C(2004)3597/2 and /5;
- took note of the final report of the Hearing Officer in C(2004)3597/6;
- adopted, in the authentic languages (French and Dutch), the decision in C(2004)3597/7, noting that Groupe Danone, Brasseries Kronenbourg S.A., Heineken N.V. and Heineken France had infringed Article 81 of the EC Treaty, and imposing on them fines totalling €1 500 000 for Groupe Danone / Brasseries Kronenbourg S.A. and €1 000 000 for Heineken N.V. and Heineken France S.A.;
- decided that the most important parts of the decision would be published in all the official languages in the L series of the Official Journal (with business secrets removed). The decision would be also made available on the internet.

10. PROPOSAL FOR A REGULATION ON MEDICINAL PRODUCTS FOR PAEDIATRIC USE AND AMENDING REGULATION (EEC) No 1786/92, DIRECTIVE 2001/83/EC AND REGULATION (EC) No 726/2004 (COM(2004)599 to /5; SEC(2004)1144; SEC(2004)1174)

The Commission:

- approved the proposal for a Regulation in COM(2004)599/5;
- decided to transmit it, together with the staff paper in SEC(2004)1144, to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**11. COMMISSION COMMUNICATION TO PARLIAMENT AND THE
COUNCIL ON THE INSTRUMENTS FOR EXTERNAL ASSISTANCE
UNDER THE FUTURE FINANCIAL PERSPECTIVE 2007-13
(COM(2004)626 to /6; SEC(2004)1184; SEC(2004)1197; SEC(2004)1203/2)**

Subject to the observations and conclusions set out under each of the specific points, all the communications making up the second financial perspective package were taken together (items 11 to 17 of these minutes).

The PRESIDENT reminded the meeting that with this second package, and the guidelines that Mr VITORINO intended to present at the informal meeting of Justice and Home Affairs Ministers on 30 September and 1 October (item 18 of these minutes), the Commission had completed the basic architecture for the policy framework for the future financial perspective and the instruments for its implementation. It was thus passing on to the next Commission a coherent and balanced basis for meeting the objective of putting a new package in place in good time for 2007. The PRESIDENT felt the Commission had reason to be satisfied with its work, which had been carried out at political level and in a transparent manner. Although it was worrying that political discussions had still not properly started in the Council and that the Member States were still sticking to their initial negotiating positions, he remained confident as to the possibility of having available in the end a financial framework for the European Union that would not differ fundamentally from the proposals made by the Commission.

Mr PATTEN referred to the four instruments now before the Commission covering the external relations / enlargement / development aspect (items 12 to 15 of these minutes). The proposals presented reflected the principles laid down in the July communication (COM(2004)487 final) for the field of external assistance, and complied with the need for simplification and greater effectiveness. He highlighted the importance of cross-border cooperation both for the instrument for pre-accession

assistance (IPA) and for the European neighbourhood and partnership instrument (ENPI).

The Commission took note of this information and considered the dossier, particularly the question of the charging and financing of compensation for Romania and Bulgaria in connection with the accession process. During its exchange of views, the Commission reviewed the following factors:

- the capacity for financing from heading 4, taking into account the overall increase in the allocation for this heading and the compensatory amounts in question;
- the impact of an alternative solution consisting of financing these compensatory amounts by means of a proportional reduction in all the headings (except heading 5);
- the message that would be sent to the countries in the process of accession if financing from heading 4 were retained; conversely, the likely reaction in particular of the new Member States to any reduction in the other headings if the alternative solution were chosen;
- the need to remain coherent with the approach adopted in July and to avoid any confusion in the negotiations with the Council, which were likely to be long and difficult.

Concluding its debate on this point, the Commission decided to confirm the line adopted in July and to arrange for the financing of compensation payments for Bulgaria and Romania from heading 4 according to the scheme set out in table B prepared by DG Budget, without prejudging future decisions on the budgetary charging of compensation payments in connection with other accessions during the period in question. Efforts would be made to provide the Council with further explanations on this point.

As regards the external aspect of the internal policies, the Commission took note of SEC(2004)1203/2, putting into effect the arrangements agreed for collaboration between the DGs responsible for internal policies and those of the RELEX family as well as the planned interaction between the instrument for pre-accession assistance (IPA) and the European neighbourhood and partnership instrument (ENPI) as regards cross-border cooperation in particular.

Subject to these clarifications, the Commission approved the communication in COM(2004)626/6 for transmission to Parliament and the Council.

The Commission also noted that the adoption of all the proposals in this package was subject to revision by the legal revisers and to the finalisation of the financial statements in line with the budgetary decisions taken.

**12. PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING AN
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)
(COM(2004)627 to /3; COM(2004)626/2 and /3; SEC(2004)1184)**

The Commission adopted the proposal for a Regulation in COM(2004)627/3 for transmission to Parliament and the Council.

**13. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION
LAYING DOWN GENERAL PROVISIONS ESTABLISHING A EUROPEAN
NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT (ENPI)
(COM(2004)628 to /4; COM(2004)626/2 and /3; SEC(2004)1184)**

The Commission adopted the proposal for a Regulation in COM(2004)628/3 and /4 for transmission to Parliament and the Council.

**14. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION
ESTABLISHING A DEVELOPMENT COOPERATION AND ECONOMIC
COOPERATION INSTRUMENT (DCECI)
(COM(2004)629 to /4; COM(2004)626/2 and /3; SEC(2004)1184)**

The Commission noted that Ms SCHREYER and Mr NIELSON had agreed that support for ACP banana producers would be financed separately from the DCECI instrument.

Subject to the amendment of Article 24 and the financial statement to reflect this agreement, the Commission adopted the proposal for a Regulation in COM(2004)629/3 and /4 for transmission to Parliament and the Council.

**15. PROPOSAL FOR A COUNCIL REGULATION ESTABLISHING AN
INSTRUMENT FOR STABILITY
(COM(2004)630 to /4; COM(2004)626/2 and /3; SEC(2004)1184)**

The Commission adopted the proposal for a Regulation in COM(2004)630/3 and /4 for transmission to Parliament and the Council.

**16. PROPOSALS FOR COUNCIL REGULATIONS ON THE
IMPLEMENTATION OF PROTOCOL No 4 ON THE IGNALIA NUCLEAR
POWER PLANT IN LITHUANIA AND PROTOCOL No 9 ON THE
BOHUNICE V1 NUCLEAR POWER PLANT IN SLOVAKIA, AS ANNEXED
TO THE ACT CONCERNING THE CONDITIONS OF ACCESSION TO
THE EUROPEAN UNION OF THE CZECH REPUBLIC, ESTONIA,
CYPRUS, LATVIA, LITHUANIA, HUNGARY, MALTA, POLAND,
SLOVENIA AND SLOVAKIA
(COM(2004)624 to /6; SEC(2004)1184)**

The Commission adopted the proposals for Regulations in COM(2004)624/5 and /6 for transmission to Parliament and the Council.

**17. PROPOSAL FOR A PARLIAMENT AND COUNCIL REGULATION
CONCERNING THE FINANCIAL INSTRUMENT FOR THE
ENVIRONMENT (LIFE+)
(COM(2004)621 to /4; SEC(2004)1176; SEC(2004)1184)**

The Commission adopted the proposal for a Regulation in COM(2004)621/4 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* impact assessment in SEC(2004)1176, to be transmitted to the same institutions as a staff paper.

18. COUNCIL MEETINGS

(SI(2004)761)

INFORMAL MEETING OF JUSTICE AND HOME AFFAIRS MINISTERS, 30 SEPTEMBER - 1 OCTOBER, THE HAGUE (SEC(2004)1195)

Mr VITORINO set forth the guidelines he intended to present to the informal meeting of justice and home affairs ministers. Against the backdrop of the strong political consensus reached in favour of completing the area of freedom, security and justice, and in line with the Commission's decision to give priority to this objective, the aim was to set out an initial outline of the initiatives to be presented to give practical shape to this approach and to support the work in progress on the definition of the future financial perspective.

Subject to the comments made during the meeting concerning the importance of the planned approach with regard to the budget allocation planned for heading 3 of the next financial perspective, the Commission took note of the guidelines in SEC(2004)1195 and authorised Mr VITORINO to present them to the informal meeting of ministers on 30 September.

19. RELATIONS WITH NON-MEMBER COUNTRIES

19.1. EUROPEAN UNION-MERCOSUR RELATIONS

Mr LAMY and Mr FISCHLER commented on the new offer presented by the Mercosur countries in the negotiations for the conclusion of an association agreement between the Union and Mercosur. They explained the disappointing nature of this offer and the possible reasons for it, and

discussed what offer the Union should make in its turn and the follow-up action that might be taken.

19.2. AIRBUS-BOEING DISPUTE

Mr LAMY referred to the request by the United States to renegotiate the 1992 bilateral agreement on aid to aircraft manufacturers. Noting that the US authorities kept coming back to this issue at regular intervals, he explained the ramifications of the situation, the implications for Airbus and Boeing, and the answer given by the Union as well as the steps that could be taken if the United States persisted in its intentions.

19.3. Ms DE PALACIO'S VISIT TO JORDAN AND EGYPT AND HER MEETING WITH THE IRAQI OIL MINISTER

Ms de PALACIO reported on her visit to Egypt and Jordan, during which she had met her counterparts and also the Egyptian and Jordanian Prime Ministers as well as the Iraqi Energy Minister. The Egyptian Prime Minister had asked that more precise objectives be stipulated under the association agreement, with the aim of achieving a closer partnership, similar to that between the Union and certain new Member States in the period before their accession. Jordan and Egypt were both interested in developing partnerships in the field of technical cooperation. Ms de PALACIO had attended the launch of a gas network, aimed at establishing a regional market in the Mashrek area that would take account of the Iraqi potential and that could later be connected to the EU internal market, as well as the inauguration of a cooperation office in Cairo for the Galileo system. The Egyptian authorities were also asking for financial support to compensate them for the costs incurred by their efforts in the field of renewable energy.

19.4. Mr PATTEN'S VISIT TO THE UNITED STATES AND THE UN

Based on talks he had had with various contacts in the G8, the UN General Assembly and the US authorities, Mr PATTEN gave his assessment of the situation in Iraq, Iran, Afghanistan, the Middle East in general, and Russia.

19.5. Ms SCHREYER'S VISIT TO KALININGRAD

Ms SCHREYER reported on her visit to Kaliningrad on 16 and 17 September, during which she had held talks with representatives of the Russian authorities (local and central) and civil society. One of the subjects discussed had been the transit of persons and goods. The transit of goods was perceived to be working less well than the transit of persons, and was also costing more because of the controls. Discussions had also covered the visa systems between Kaliningrad and Poland and between Kaliningrad and Lithuania.

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

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The meeting closed at 1220 hours.