



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 22 March 2005

MINUTES
of the 1694th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 16 March 2005
(morning)

These minutes were approved by the Commission at its 1695th meeting, held in Brussels on 22 March 2005.

They contain 23 pages.

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ARRANGEMENTS – GUIDELINES FOR THE FUTURE

(COM(2005)100 TO /4; SEC(2005)365)22

Single sitting: Wednesday 16 March (morning)

The sitting opened at 0835 hours with Mr Barroso, President, in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	Items 1 to 10
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	Items 10 to 13
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	
Mr DIMAS		
Mr ALMUNIA		Items 10 to 13
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr KYPRIANOU		
Mr REHN		Items 1 to 11
Mr MICHEL		
Mr KOVÁCS		Except item 11
Ms KROES		
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		
Mr ŠPIDLA		
Mr MANDELSON		
Mr PIEBALGS		

Absent:

Ms REDING

Ms HÜBNER

Mr POTOČNIK

Mr FIGEL'

Mr McCREEVY

The following sat in to represent absent Members of the Commission

Mr STROHMEIER	Chef de cabinet to Ms Reding
Mr KORTE	Chef de cabinet to Ms Hübner
Mr DRÖLL	Chef de cabinet to Mr Potočník
Mr ADAMIŠ	Chef de cabinet to Mr Figel'
Mr POWER	Chef de cabinet to Mr McCreevy

The following also sat in

Mr PETITE	Director-General, Legal Service	
Mr VALE DE ALMEIDA	Chef de cabinet to the President	
Mr DE OLIVEIRA E SOUSA	Director-General, Press and Communication	
Ms LE BAIL	Commission Spokeswoman	
Mr KREUZHUBER	Spokesman	Item 10
Ms TORRES	Spokeswoman	Item 13
Mr LAITENBERGER	A member of the President's staff	Item 10
Mr ELLIS	A member of the President's staff	Item 13
Mr ANNERBERG	Chef de cabinet to Ms Wallström	Items 11 to 13
Mr DANIELSSON	Deputy Chef de cabinet to Mr Verheugen	Item 10
Mr LE BRET	Chef de cabinet to Mr Barrot	Item 10
Mr SCHMIDT	Deputy Chef de cabinet to Mr Kallas	Item 13
Ms KONTOU	Chef de cabinet to Mr Dimas	Item 10
Ms LAMELA	Chef de cabinet to Mr Almunia	Items 1 to 9
Mr PESONEN	Chef de cabinet to Mr Rehn	Item 13
Mr GAMBS	A member of Ms Ferrero-Waldner's staff	Item 13
Ms SCHREIBER	Chef de cabinet to Mr Špidla	Item 12
Mr DIXON	DG Press and Communication	
Mr MOAVERO MILANESI	Deputy Secretary-General	Items 1 to 10
Mr PONZANO	Secretariat-General	Item 10

Mr MITEK

Secretariat-General

Item 10

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

1. AGENDAS

(OJ(2005)1694/3; SEC(2005)346/2)

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(2005)1694)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 14 March.

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF
1693rd MEETING (8 March)**

(PV(2005)1693; PV(2005)1693, Part II)

The Commission approved the minutes of its 1693rd meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

4.1. STATE AID - SPECIFIC CASES

(SEC(2005)344/2)

The Commission adopted the decisions in SEC(2005)344/2.

**4.2. INFRINGEMENTS - REPORT B1/2005 ON SUSPECTED
INFRINGEMENTS**

(SEC(2005)133; SEC(2005)135)

The Commission adopted the decisions in SEC(2005)135, subject to the following clarifications:

- **Case 2005/2088** *Portugal*
Air climate change: reports under decision 280/2004

Decision: Held over.

- **Case 2004/5083** *Greece*
Infringement of Article 14(9) of the Greek Constitution and of implementing law 3021/02 with respect to the EC Treaty and the public procurement directives

Decision: Held over for one week.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED **(SEC(2005)347 et seq.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 March.

5.2. SENSITIVE WRITTEN PROCEDURES **(SEC(2005)348)**

The Commission took note of written procedures initiated between 7 and 11 March for the adoption of decisions with political implications.

5.3. EMPOWERMENT **(SEC(2005)349 et seq.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 7 and 11 March.

5.4. DELEGATION AND SUBDELEGATION OF POWERS

(16 March 2005)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 7 and 11 March, as archived on the "Greffé 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2005)350/2)

ADMINISTRATIVE MATTERS

(PERS(2005)35)

6.1. *DG/JLS – APPOINTMENT OF THE DIRECTOR OF THE EUROPEAN MONITORING CENTRE FOR DRUGS AND DRUG ADDICTION (EMCDDA)*

(PERS(2005)30)

Having noted the procedure followed as set out in PERS(2005)35, the Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FRATTINI:

- approved the shortlist of four candidates set out in PERS(2005)35;
- decided to consider this list as a Commission proposal in accordance with Article 9(1) of Council Regulation (EC) No 302/93 of 8 February 1993 as amended by Council Regulation (EC) No 3294/1994 of 22 December 1993;
- instructed Mr FRATTINI to communicate this decision to the Management Board of the European Monitoring Centre for Drugs and Drug Addiction.

This decision would take effect immediately.

**6.2. DG EAC - DEROGATION FROM THE RULES FOR IMPLEMENTING
ARTICLE 43 OF THE STAFF REGULATIONS**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FIGEL', the Commission decided:

- to derogate from the rules for implementing Article 43 of Staff Regulations;
- that the 2004 career development reports for all DG EAC staff would be countersigned by the countersigning officer as of 31 December 2004.

This decision would take effect immediately.

**6.3. DG JRC - CREATION OF A POST OF CHIEF ADVISER AND
TRANSFER TO THAT POSITION OF AN A*15 OFFICIAL**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, the Commission decided:

- to create a post of Chief Adviser in the Joint Research Centre;
- to transfer to it, in the interest of the service and with his post, Mr Cornelis VAN LEEUWEN, a grade A*15 official and currently Director of the Institute for Health and Consumer Protection at the Joint Research Centre.

This decision would take effect immediately.

OTHER MATTERS

**6.4. REPORT ON THE IMPLEMENTATION OF COMMUNICATION
SEC(2004)638/6 "MATCHING SUPPLY AND DEMAND FOR
TRANSLATION" - DECEMBER 2004
(SEC(2005)390)**

The Commission took note of the information note distributed by Mr FIGEL'.

**7. REPORT ON PROGRESS AT 31 JANUARY 2005 OF THE
MODERNISATION OF THE ACCOUNTING SYSTEM OF THE
EUROPEAN COMMISSION
(COM(2005)90 to /3; SEC(2005)357)**

The Commission:

- took note of the successful transition to an accrual-based accounting system;
- instructed its services to complete and validate the opening balances for which they were responsible by 30 June 2005, and to complete the linking of all commitments exceeding €50 000 opened since 1999 to a legal entity;
- approved the report in COM(2005)90/3 for transmission to Parliament, the Council and the Court of Auditors.

The Commission thanked Mr Brian GRAY, Commission Accounting Officer, and all the departments concerned, for the excellent work carried out in setting up the new system.

8. RELATIONS WITH NON-MEMBER COUNTRIES

VISIT BY MME FERRERO-WALDNER TO SRI-LANKA AND INDONESIA

(SEC(2005)393)

The Commission took note of the information note distributed by Ms FERRERO-WALDNER.

9. OTHER BUSINESS

**9.1. "JOINT ISSUES PAPER" ON THE EUROPEAN EXTERNAL SERVICE
(SEC(2005)376 and /2)**

The Commission took note of the information note from the PRESIDENT, in agreement with Ms FERRERO-WALDNER.

**9.2. BIRD FLU AND PREPAREDNESS FOR A HUMAN PANDEMIC
(SEC(2005)389)**

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

**9.3. ESTABLISHMENT OF THE EUROPEAN FISHERIES CONTROL
AGENCY
(SEC(2005)391; S(2005)229)**

The Commission took note of the information note from Mr BORG (SEC(2005)391).

**10. COMMISSION COMMUNICATION TO PARLIAMENT AND THE
COUNCIL: BETTER REGULATION FOR GROWTH AND JOBS IN THE
EUROPEAN UNION
(COM(2005)97 to /4; SEC(2005)175/2; SEC(2005)363)**

The PRESIDENT introduced the communication he was tabling with Mr VERHEUGEN to follow up the mid-term review of the Lisbon Strategy, adopted on 2 February 2005 (COM(2005)24 final). The review highlighted the fact that improvements in the quality and readability of Community legislation could significantly boost growth and employment. Better regulation was therefore one of the Commission's ten main action areas in the relaunching of the Lisbon Strategy and would be one of its key initiatives during its term of office.

While noting the ambitious nature of the communication, which aimed to demonstrate how better regulation could contribute to achieving the goals of the renewed Lisbon strategy, the PRESIDENT pointed out that the aim was not to cover the whole of this area, but to lay down general policy guidelines and send a clear political signal of a significant development in the field of better regulation. From now on the Commission should listen more attentively to the concerns voiced by interested parties, political spheres and civil society.

Mr VERHEUGEN agreed with the PRESIDENT. He emphasised the highly political nature of the communication as well as the need for the Commission to develop a more proactive attitude and reoccupy the political ground in the field of better regulation by demonstrating its capacity to deliver. Having noted that the communication submitted for approval was a continuation of various policy measures previously undertaken by both the Community institutions and the Member States, he outlined the new matters addressed in the communication, such as the need to improve impact assessments, which would be carried out in a more systematic and structured way; the examination, according to specific criteria, of certain proposals currently in the pipeline; and, in connection with the list of priorities adopted by the Council, simplification of current Community legislation based, among other things, on the real and cumulative effects of its implementation, sector by sector. Mr VERHEUGEN concluded by emphasising the increasing attention paid outside to the need for better regulation and the need for a strong partnership between the European institutions, the national administrations and civil society in order to improve legislation.

Having taken note of these observations, the Commission held an in-depth discussion during which it examined in more detail the following matters:

- the importance of presenting this matter effectively so as to make it clear that the objective was not less regulation, but better regulation;
- improving the quality of Community legislation would help to ensure better-informed policy decisions and more effective implementation of the legislation, while ensuring political appropriation in the Member States;

- shared responsibility by the Commission and the Member States in the effort to reduce over-regulation and ease the bureaucratic burden;
- the need for the Commission to be aware of public opinion in an area that was sensitive both for civil society and for the business world;
- as regards the advisory groups proposed in order to improve impact assessments, it should be emphasised that their role would be confined to validating the methodology chosen by the Commission departments and contributing added value through their expertise, and would therefore not lead to any delegation or relinquishment of the Commission's policy prerogatives;
- the timetable for obtaining the results of the pilot phase to be launched by the Commission, aimed at validating the method of evaluating administrative costs;
- when analysing the instruments that could be used as an alternative to legislation, such as co-regulation and self-regulation, the advisability of including an assessment of the costs/benefits of inaction;
- while emphasising the initial responsibility of the Commission members deriving from their powers in their areas of responsibility and the need for them to be associated with the work of the groups of Commissioners concerned, the importance of collective responsibility and of the political involvement of the whole Commission in the implementation of this major initiative.

After discussion, the Commission agreed to make the following amendments to COM(2005)97/4:

- on page 1 of the communication to the Commission, the second point to read:
“In relation to the internal peer review of pending proposals (Section 2(b)), this will be carried out by the Lisbon Strategy Group of Commissioners on the basis of preparatory work undertaken by the Competitiveness Council Commissioners Group in co-ordination with the Commissioners concerned. It will involve screening proposals that are pending before the Council/Parliament in line with the criteria set out in the Communication on Better Regulation for Growth and Jobs. The College will be regularly informed about the work in the Council on

this subject in particular through the Cabinet Group for Inter-institutional Issues (GRI).”;

- on page 6 of the communication to the Council and Parliament (English version), under “A. *Impact Assessment*”, the third sentence of the second point to read: “*Initial results will be available in the autumn of 2005.*”;
- The title of chapter 4 to read: “*4. Advice from regulatory experts and stakeholders*”;
- At the end of chapter 4, the following paragraph was added: “*Each Commissioner will create a public better regulation window in the websites of the departments under his or her responsibility. This will give businesses, NGOs and citizens the opportunity to identify administrative or bureaucratic burdens resulting from legislation under their respective areas of responsibility so that these views can be taken into account. These windows will be advertised through links on the Commission's central website.*”;
- in chapter 5, to add a new point “*Create better regulation websites to allow input from stakeholders.*”

After discussion, the Commission:

- approved the communication from the PRESIDENT and Mr VERHEUGEN in COM(2005)97/4 as amended above;
- decided to submit this revised text to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, accompanied by the staff paper distributed as SEC(2005)175/2;
- took note of the PRESIDENT’s decision to ask the “Lisbon Strategy” and “Competitiveness Council” groups of Commissioners to give their support to the task of improving regulation.

The PRESIDENT concluded by praising the work carried out by the cabinets and departments concerned and emphasising the importance for the Commission of striking the right balance between the expected costs and benefits of the legislative

initiatives, while remaining attentive at all times to the message sent to the European institutions by the economic community and civil society .

11. INTERINSTITUTIONAL RELATIONS

11.1. RELATIONS WITH PARLIAMENT

- i) Part-session from 7 to 10 March
(SP(2005)947)

The Commission took note of the information supplied on Parliament's part-session of 7 to 10 March (SP(2005)947).

- ii) Action to be taken on Parliament's opinions
(SP(2005)905)

The Commission approved the empowerment decisions relating to the action to be taken on the amendments presented by Parliament under the co-decision and consultation procedures (SP(2005)905).

- iii) **Revision of the Framework Agreement**
(SP(2005)959)

The PRESIDENT reported briefly on the outcome of the meeting of the Conference of Presidents of the political groups, on 8 March, which he had attended with Ms WALLSTRÖM. He emphasised the positive atmosphere at this meeting and drew attention to the worrying developments that had taken place since then and the position taken by the Commission.

11.2. RELATIONS WITH THE COUNCIL**(SI(2005)216)**

- iv) Preparation for the European Council: Brussels 22 and 23 March
(SI(2005)209 /2)

M. ALMUNIA reported on the discussions held by the Eurogroup (on 7 March) and the Economic and Financial Affairs Council (on 8 March) on the reform of the Stability and Growth Pact, in preparation for the European Council on 22 and 23 March. He pointed out that the consideration of this dossier would continue on 20 March with a view to reaching agreement on the points in question. As to the substance, the main question to be settled concerned the “relevant factors” to be taken into account when assessing the excessive deficit position. Another difficult question, which required a technical solution, was how the impact of the pension system reform whereby social security contributions were transferred to private pension systems should be taken into account in the assessment of budgetary situations. After reviewing the main positions held by the Member States on the relevant factors to be taken into account, Mr ALMUNIA concluded by recalling that the line taken by the Commission in this debate was that the Treaty and the basic tenets of the pact, as well as the Commission's powers could not be called into question.

Following a brief exchange of views, in particular on whether or not certain factors should be taken into account, the PRESIDENT confirmed the Commission's support for the analysis and the position taken by Mr ALMUNIA. The Commission could not accept a violation of the Treaty, while wanting to arrive at a constructive solution in support of the efforts of the Council Presidency. He noted that this item would

undoubtedly dominate the discussions of the European Council, which were originally to focus on the relaunching the Lisbon Strategy. In this connection, the PRESIDENT drew the Commission's attention to Parliament's positive response to the Commission's approach and the content of the draft conclusions of the European Council, which broadly followed the Commission's proposals.

12. GREEN PAPER “CONFRONTING DEMOGRAPHIC CHANGE: A NEW SOLIDARITY BETWEEN THE GENERATIONS”
(COM(2005)94 to /4; SEC(2005)358)

Mr ŠPIDLA presented the draft Green Paper which he was tabling. He stated that at the time of the relaunching of the Lisbon Strategy, the objective of this Green Paper had been to initiate a wide-ranging debate on the challenges that Europe would have to face in connection with the three major demographic changes confronting it: the continuing low fertility rate, longer life expectancy and the ageing of the baby-boom generations. After reporting on the present and forecast demographic decline in Europe, Mr ŠPIDLA pointed to the importance of the effects of the ageing population, which had an impact on the whole of society, family structures, consumption and pension systems. Against this background, and bearing in mind the division of powers between the Union and the Member-States and the subsidiarity principle, the Green Paper aimed to launch a public discussion between all the bodies concerned on the measures to be proposed. To facilitate this discussion, which would conclude on 1 September 2005, a conference would be held on 11 and 12 July, to which representatives of civil society, business, local authorities and universities would be invited. The conclusions of the debate would be included in the communication to be submitted by Mr ŠPIDLA to the Commission at the end of the year in progress.

Having noted the importance of this item, the Commission held an exchange of views during which it highlighted the following aspects:

- the need to emphasise the urgency of tackling the challenges posed by the ageing of the European population in the light of the projections available, particularly those comparing the development of the situation in Europe with that of other regions;
- the need to study in greater detail the economic implications of the ageing of the European population, particularly on pension systems;
- the close link between the demographic problem and the relaunching of the Lisbon Strategy;
- the need to ensure that the discussion launched by the Green Paper not only led to more in-depth consideration of the problems but also enabled the Commission to draw up and present specific lines of action;
- the limitations of solutions based on encouraging migratory flows;
- the importance of certain specific aspects that would have to be taken into account at the appropriate time, such as introducing tax breaks for home services (e.g. care of children and the elderly); stepping up investment in healthcare; the need for more balanced sharing of parental responsibilities in bringing up children; the international dimension of the problem of demographic ageing (which was starting to affect other regions of the world, some of which lacked sound social security systems).

After discussion and subject to certain drafting amendments to take into account some of the points raised, the Commission adopted Mr ŠPIDLA's communication in COM(2005)94/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**13. THE RULES OF ORIGIN IN PREFERENTIAL TRADE ARRANGEMENTS
– GUIDELINES FOR THE FUTURE
(COM(2005)100 TO /4; SEC(2005)365)**

Mr KOVÁCS introduced the communication he was tabling, which, following up the Green Paper adopted in December 2003 on the future of rules of origin in preferential trade arrangements, laid down the general guidelines to be followed by the Commission as regards the rules of origin of products under preferential trade agreements. In this case, the proposed review of these rules of origin focused on three main points: a review of the conditions enabling a product to be regarded as originating in a particular country; amendment of the customs procedures for implementing and monitoring the use of preferences by economic operators; the development of instruments guaranteeing that the beneficiary countries comply with their obligations. Mr KOVÁCS told the meeting that the aim of the communication was to simplify this area and that it responded to the needs of developing countries and was a key element in the new system of generalised preferences. Lastly, referring to the difficulties confronting the Asian countries affected by the tsunami and in order to provide them with more immediate aid, Mr KOVÁCS announced that he intended to propose that a derogation be granted in the short term from the GSP rules of origin for the period needed to implement the guidelines set out in his communication in the GSP context.

Having taken note of this presentation, the Commission held an exchange of views. Without calling into question the need to help the countries affected by the tsunami, it examined more particularly the advisability of making an immediate announcement of a possible derogation from the rules of origin, in view of the potential impact of such an announcement in the light of the problems faced by certain European companies in the textile industry relating to the abolition of quotas and the increase in exports, particularly from China, and the need to target carefully the countries and regions to be considered, given the requests for international aid in the wake of the tsunami.

After discussion, the Commission:

(16 March 2005)

- approved the communication from Mr KOVÁCS, as set out in COM(2005)100/4, for transmission to the Council, Parliament and the Economic and Social Committee European;
- took note of the intention to propose the granting, in the short term, of a derogation from the GSP rules of origin, in order to aid the countries affected by the tsunami, for the period needed to implement the guidelines set out in this communication in the GSP context.

The Commission pointed out the importance of careful presentation to the outside world of the announcement concerning the derogation from the rules of origin. The specific arrangements and the beneficiaries would have to be considered by the Commission in the light of the relevant factors, after further study by the departments concerned. The Commission also agreed to return to the different question of the impact on the European textile industry of the abolition of quotas and the growth of exports from China following the expiry of the multifibres agreement.

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The meeting closed at 1140 hours.