



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2005)1698 final

Brussels, 27 April 2005

MINUTES
of the 1698th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 20 April 2005
(morning)

These minutes were approved by the Commission at its 1699th meeting, held in Brussels on 27 April 2005.

They contain 25 pages.

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Single sitting: Wednesday 20 April (morning)

The sitting opened at 0910 hours with Ms Wallström, Vice-President, in the chair.

Present:

Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	Items 1 to 16
Mr FRATTINI	Vice-President	
Ms REDING		
Mr ALMUNIA		Items 14 to 17
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL		
Mr REHN		
Mr KOVÁCS		
Ms KROES		Items 11 to 17
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		
Mr ŠPIDLA		
Mr MANDELSON		Items 11 to 17
Mr PIEBALGS		

Absent:

Mr BARROSO	President
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Mr DIMAS

Mr KYPRIANOU

Mr MICHEL

Mr McCREEVY

The following sat in to represent absent Members of the Commission

Mr VALE DE ALMEIDA	Chef de cabinet to the President
Ms KONTOU	Chef de cabinet to Mr Dimas
Mr SCHINAS	Chef de cabinet to Mr Kyprianou
Ms WEYAND	Chef de cabinet to Mr Michel
Ms BURY	Deputy Chef de cabinet to Mr McCreevy

The following also sat in

Mr PETITE	Director-General, Legal Service	
Mr ITALIANER	Deputy Chef de cabinet to the President	
Ms LE BAIL	Commission Spokeswoman	
Ms MARTINHO	Chief Adviser in the President's Office	
Ms TORRES	Spokeswoman	
Mr LE BRET	Chef de cabinet to Mr Barrot	
Ms LAMELA	Chef de cabinet to Mr Almunia	
Ms GRABBE	A member of Mr Rehn's staff	Item 12
Mr FRASER	Chef de cabinet to Mr Mandelson	Items 1 to 14
Ms CORUGEDO STENEBOG	Press and Communication DG	

Secretary: Mr O'SULLIVAN, Secretary-General, assisted by Mr KERSTING, Unit Head in the Secretariat-General.

1. AGENDAS

(OJ(2005)1698/3; SEC(2005)500/2)

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)1698)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 18 April.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1697th MEETING

(12 April)

(PV(2005)1697 and /2; PV(2005)1697, Part II)

The Commission approved the minutes of its 1697th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

4.1. STATE AID

(SEC(2005)530; SEC(2005)546)

The Commission adopted the decisions in SEC(2005)546.

4.2. STATE AID SCOREBOARD: SPRING 2005 UPDATE

(COM(2005)147 to /8)

The Commission approved the report on the spring 2005 update of the State Aid Scoreboard as set out in COM(2005)147/8, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2005)501 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 15 April.

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2005)502)

The Commission took note of written procedures initiated between 11 and 15 April for the adoption of decisions with political implications.

5.3. EMPOWERMENT

(SEC(2005)503 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 15 April.

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 11 and 15 April, as archived on the "Greffé 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2005)504/2)

ADMINISTRATIVE MATTERS

(PERS(2005)53)

6.1. *DG BUDG - AMENDMENT OF ORGANISATION CHART*

(SEC(2005)531/2)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms GRYBAUSKAITĖ, the Commission:

- approved the creation of a new Directorate BUDG.R Resources;
- approved the creation of a new unit BUDG.R.1 Information and communication;
- approved the amendment of the organisation chart of the Budget DG as set out in SEC(2005)531/2.

This decision would take effect immediately.

**6.2. *ESTAT - AMENDMENT OF ORGANISATION CHART*
*(SEC(2005)532)***

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

- approved the abolition of three functions of Chief Adviser ;
- approved the amendment of the organisation chart of the Eurostat DG as set out in SEC(2005)532.

This decision would take effect immediately.

**6.3. *JRC – EXTERNAL PUBLICATION OF A POST OF DIRECTOR FOR
THE INSTITUTE FOR TRANSURANIUM ELEMENTS, KARLSRUHE*
*(GRADE A*14) (EU-25)*
*(PERS(2005)45; PERS(2005)55)***

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, the Commission, having noted the procedure followed, as set out in PERS(2005)53, authorised the publication, under Article 29(2) of the Staff Regulations, of the vacancy notice in PERS(2005)55.

This decision would take effect immediately.

**6.4. *DG/ADMIN/DS - EXTERNAL PUBLICATION OF A POST OF
DIRECTOR (GRADE A*14) (EU-25)*
*(PERS(2004)118 to /3; PERS(2005)54)***

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission, having noted the procedure followed, as set out in PERS(2005)53, authorised the publication, under Article 29(2) of the Staff Regulations, of the vacancy notice in PERS(2005)54.

This decision would take effect immediately.

**6.5. DG AGRI/E.II – A*14 POST OF DIRECTOR
(PERS(2004)133 to /5)**

The Commission had before it applications under Article 29(2) of the Staff Regulations for the post of Director, Directorate E.II (Rural Development Programmes II) in the Agriculture and Rural Development DG reserved for a national of one of the new Member States (PERS(2004)133).

The Commission took note of the opinions of the Consultative Committee on Appointments of 23 December 2004 and 3 February 2005 (PERS(2004)133/3 and /4).

The Commission proceeded to compare the candidates' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FISCHER BOEL, it then decided to appoint Mr CONSTANTINOU to the post.

This decision would take effect on a date to be fixed later.

**6.6. JRC - TERMINATION OF THE SELECTION PROCEDURE FOR A
POST OF DIRECTOR-GENERAL (EU-10)
(PERS(2004)234 to /4)**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, the Commission, having noted the procedure followed, as set out in PERS(2005)53, decided to terminate the selection procedure COM/R/7022/04 without making an appointment.

6.7. *ESTAT – TERMINATION OF THE SELECTION PROCEDURE FOR A POST OF CHIEF ADVISER*
(PERS(2004)167 to /3)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr ALMUNIA, the Commission, having noted the procedure followed, as set out in PERS(2005)53, decided to terminate the selection procedure COM/185/04 without making an appointment.

OTHER MATTERS

6.8. *APPOINTMENT OF Ms KALNIETE AND Mr LAMY AS SPECIAL ADVISERS*
(SEC(2005)520)

The Commission approved SEC(2005)520.

6.9. *ACTIVITIES OF Ms KALNIETE AFTER LEAVING THE COMMISSION*
(SEC(2005)521)

The Commission decided that the activities of Ms KALNIETE as a Member of the Management Board of the Robert Schuman Foundation were not connected with her previous responsibilities as a member of the Commission and were compatible with the last subparagraph of Article 213(2) of the Treaty, as stated in SEC(2005)521.

**7. IMPROVING THE COMMUNITY CIVIL PROTECTION MECHANISM:
FOLLOW-UP TO THE EU ACTION PLAN OF 31 JANUARY 2005
(COM(2005)137 to /4; SEC(2005)523)**

The Commission approved the communication in COM(2005)137/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

It noted that the results of the in-depth examination of the internal procedures conducted by it to enable it to react as effectively and consistently as possible in an emergency (see point 3.3, last paragraph on page 10 of the document) should be available before the summer vacation.

**8. REINFORCING EU DISASTER AND CRISIS RESPONSE IN
NON-MEMBER COUNTRIES
(COM(2005)153 to /5; SEC(2005)523)**

The Commission approved the communication in COM(2005)153/4 and /5 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

**9. DETERMINATION OF SURPLUS QUANTITIES OF SUGAR IN THE NEW
MEMBER STATES
(SEC(2005)506 to /4; SEC(2005)515)**

The Commission approved the communication in SEC(2005)506/4. More particularly, the Commission decided:

- as regards the deadline for the elimination of surplus stocks and payment of the amount due:
 - (i) before the end of April, to inform the Management Committee for Sugar of the draft Commission regulation contained in Annex A of SEC(2005)506/4 (English version) ;
 - (ii) to empower the Member of the Commission responsible for agriculture and rural development, Ms FISCHER BOEL, in agreement with the PRESIDENT and Ms GRYBAUSKAITĖ, to adopt this draft regulation at the appropriate time if the committee does not give a negative opinion;
- as regards determination of surplus stocks:
 - (iii) to ask Ms FISCHER BOEL, in close cooperation with the relevant Commission Members, to continue to maintain close contacts with the Member States concerned with a view to carrying out a final check of surplus sugar stocks in the Member States, taking into account among other matters the following aspects: (a) the most recent figures available (to be finalised in cooperation with the Member States); (b) the extent to which household stocks should be included;
 - (iv) during the second fortnight of May, to send to the Management Committee for Sugar a draft Commission regulation setting the surplus quantities of sugar stocked in the Member States;
 - (v) to empower the Member of the Commission responsible for agriculture and rural development, Ms FISCHER BOEL, to adopt this draft regulation, at the appropriate time and in agreement with the PRESIDENT and Ms GRYBAUSKAITĖ, if the committee does not give a negative opinion;

- (vi) or, if the development of the situation so justifies, to itself adopt this draft regulation by oral procedure.

10. MOBILISING THE BRAINPOWER OF EUROPE: ENABLING UNIVERSITIES TO MAKE THEIR FULL CONTRIBUTION TO THE LISBON STRATEGY

(COM(2005)152 to /3; SEC(2005)518; SEC(2005)544)

The Commission approved the communication in COM(2005)152/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, together with the staff paper distributed as SEC(2005)518, the contents of which were noted.

11. INTERINSTITUTIONAL RELATIONS

11.1. RELATIONS WITH PARLIAMENT

i) Part-session from 11 to 14 April

(SP(2005)1563)

The Commission took note of the information supplied relating to Parliament's part-session of 11 to 14 April (SP(2005)1563).

ii) ***Action to be taken on Parliament's opinions***

(SP(2005)1439/2)

The Commission approved the proposed empowerment decisions relating to the action to be taken on the amendments presented by Parliament under the codecision and consultation procedures (SP(2005)1439/2).

11.2. RELATIONS WITH THE COUNCIL

(SI(2005)321)

iii) ***Informal meeting of Foreign Ministers (Luxembourg, 15-16 April)***

Ms FERRERO-WALDNER reported on the results of the informal meeting of Foreign Ministers on 15 and 16 April, in particular on the debate on cooperation with the Mediterranean countries and the situation in Belarus. On the first point, matters debated included the “Mediterranean year”, possible mechanisms for observing the situation as regards human rights and elections, the Anna Lindh Foundation, the political visibility of Community action, support for the elections in Lebanon, the possible creation of an early warning mechanism for the Mediterranean and the importance of forums such as the Gulf Cooperation Council. As regards Belarus, Ms FERRERO-WALDNER noted the evident hardening of the regime in power and the possibility of transferring the Humanitarian University from Minsk (where it had already been closed down) to Vilnius.

iv) ***Transport, Telecommunications, Energy (Luxembourg, 21 April)***

Ahead of the Council meeting (Transport, Telecommunications, Energy) on 21 April, Mr BARROT reported on the favourable prospects for reaching political agreement on the amendment of the “Eurovignette” Directive. The compromise reached represented an undeniable advance

which reconciled the interests of the outlying Member States with those of the “transit” Member States, the principal goal being to put in place a common charging framework to finance, among other things, alternative infrastructure, in particular the major railway corridors for the carriage of freight in the future. The resulting strengthening of mobility, combined with an overall reduction of congestion and pollution, would be an essential factor in promoting competitiveness at Community level.

v) ***Justice and Home Affairs (Luxembourg, 14 April)***

Mr FRATTINI reported on the meeting. After reviewing the conclusions with respect to the European Agency for the Management of Operational Cooperation at the External Borders, the exchange of information extracted from criminal records, the future mutual information system as regards immigration policy and asylum and the preparation of the Hague programme action plan, he reported on the progress made in cooperation with Libya, particularly as regards illegal immigration, and in the political dialogue with Russia concerning the common area of freedom, security and justice, with a view to the important EU-Russia summit in May.

vi) ***Competitiveness (Brussels, 18 April)***

Mr VERHEUGEN reported on certain matters addressed at the competitiveness Council meeting. As regards the Commission proposal on the integrated guidelines, he emphasised the willingness expressed by the Council to be actively involved in implementing these guidelines, in particular as regards job creation.

Mr POTOČNIK went on to refer briefly to the Council’s highly favourable reception of the proposal for a 7th research framework programme (see also item 17 of these minutes).

The Commission took note of all the information supplied on the discussions of the Council.

12. A EUROPEAN FUTURE FOR KOSOVO

(COM(2005)156 to /3; SEC(2005)527)

Mr REHN introduced the communication he was tabling. The aim of this communication, which dealt with economic development, institutional progress, Community assistance and regional integration, was to confirm the Commission's commitment in respect of Kosovo by reviewing the efforts currently being made and those planned for the future in areas of Community competence. Kosovo's European perspective had to be established, whatever solution was reached regarding its status. The question of its status was by no means prejudged in the communication. This communication was the Commission's first contribution for a joint document by the Commission and the Secretary-General/High Representative of the Council, currently being drafted, the aim of which was to clarify the contribution that the European Union would be able to make to the international efforts in respect of Kosovo, as requested by the Council (General Affairs and External Relations) in February. The Commission's commitment to Kosovo presupposed confirmation of its political leaders' continued adherence to democratic principles, the rule of law, human rights, the rights of minorities and economic reforms. Mr REHN also emphasised the importance of closer links and cooperation between the authorities in Belgrade and Pristina, and reported encouraging developments in this field.

Mr POTOČNIK took the opportunity to mention the recent publication of the report *The Balkans in Europe's future*, in the drafting of which he had been involved as a member of the International Commission on the Balkans chaired by Mr AMATO.

The Commission held a brief exchange of views, during which it was agreed that importance should be given to the following questions:

- consolidating the progress already made in integrating the Serbian minority and safeguarding its heritage;
- highlighting, from the point of view of communication in the present political context of the Union, its contribution to bringing about a peaceful solution in the Balkans and to changing attitudes in the region;
- ensuring, when providing assistance to Kosovo, that there was close coordination between matters falling within the Community's area of competence and those outside it;
- closely monitoring the development of the situation in the region to ensure that that due account was taken of any change in circumstances;
- ensuring intense political and cultural dialogue throughout the process of rapprochement of Kosovo with the European Union in order to dispel all possible prejudices.

Having taken note of these observations, the Commission adopted the communication in COM(2005)156/3 for transmission to Parliament and the Council.

13. TRENDS IN THE MEMBER STATES (SEC(2005)507)

Ms WALLSTRÖM commented on the information note on trends in public opinion in Member States from 24 February to 5 April, distributed as SEC(2005)507. She drew particular attention to the annex to the note, which analysed the profiles of the people who had answered the standard Eurobarometer questions in autumn 2004.

This analysis, which grouped the profiles into five categories, would be of valuable assistance for the communication drive, for example in planning communication campaigns. She went on to refer to the conclusions to be drawn from the flash Eurobarometer survey carried out following the Spanish referendum on the Constitution, in particular the link between the degree of information and the vote expressed, and the pressing need to arouse the interest of young voters. A degree of caution was required in any attempt to apply these conclusions to the whole of the Union, since citizens' attitudes to the Constitution also depends on the cultural, political, economic and social features of each Member State.

The Commission took note of these comments.

14. RELATIONS WITH NON-MEMBER COUNTRIES

REVISED EU OFFER IN THE WTO NEGOTIATIONS ON GATS (SEC(2005)499 and /2; SEC(2005)528)

Mr MANDELSON presented his information note summarising the revised EU offer on services, which would shortly be presented to the Member States and to Parliament's Committee on International Trade. Having reviewed the revised offer, which updated the original offer made in 2003 (the overall balance of the Union's offer, consolidation of the commitments to the 25, new commitments in certain areas, continuity in the treatment of sensitive sectors such as the audiovisual media, education and health), he highlighted the importance for the Union of continuing to play a key role in the negotiations, as well as the business opportunities offered by services in the Doha Development Agenda.

Mr MANDELSON then referred to the latest developments and the next stages of the negotiations based on the Doha programme. He hoped that a comprehensive

balanced agreement could be reached at the ministerial meeting of the WTO planned in Hong Kong at the end of the year.

Ms FISCHER BOEL referred to the recent agricultural negotiations, which focused on the important technical question of the method of calculating customs duties. In her opinion, it should be possible to reach an agreement once certain technical misunderstandings had been resolved. She pointed to the importance of reaching a balanced agreement in the area of agriculture.

The Commission agreed that it was important to proceed with caution in an area that was both highly political and highly technical, and took note of the information note distributed as SEC(2005)499/2, as well as the information supplied during the meeting.

15. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) No 1466/97 OF 7 JULY 1997 ON THE STRENGTHENING OF THE SURVEILLANCE OF BUDGETARY POSITIONS AND THE SURVEILLANCE AND COORDINATION OF ECONOMIC POLICIES (COM(2005)154 to /4; SEC(2005)522)

16. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) No 1467/97 OF 7 JULY 1997 ON SPEEDING UP AND CLARIFYING THE IMPLEMENTATION OF THE EXCESSIVE DEFICIT PROCEDURE (COM(2005)155 to /5; SEC(2005)522)

Mr ALMUNIA presented together the two proposals he was tabling. Following the consensus reached in the Council (Economic and Financial Affairs) on reform of the stability and growth pact, the European Council of 22 and 23 March had endorsed a report updating and expanding the pact, and had invited the Commission to present

as soon as possible proposals amending the regulatory arrangements in accordance with the audit report, emphasising its wish to minimise the legal changes to be made to the regulations. It was in this spirit that Mr ALMUNIA was tabling the proposals for regulations. Apart from the legal amendments strictly necessary in order to reflect the above-mentioned report, it was proposed that certain technical changes be made to the regulations to bring them into line with the report. However, other technical aspects ratified by the European Council but that did not require formal legislative transposition, such as the figures for certain thresholds, would be included in the draft code of conduct for implementation shortly to be submitted to the Economic and Financial Committee.

Mr ALMUNIA then called attention to the balanced nature of the legislative proposals and outlined the solution advocated for the amendments requested by the Council concerning the role of the major structural reforms in budgetary surveillance, the treatment of “severe economic downturn” and “other relevant factors”, the extension of the deadlines for correcting excessive deficits and the possible repetition of the stages of the procedure. From now on, the European Council’s report would be an integral part of the stability and growth pact.

The Commission took note of this information and held an in-depth exchange of views. It paid particular attention to the following:

- the need to aim for the final adoption of the dossier before the end of June;
- the importance of sending the draft code of conduct, to be drawn up by the departments supervised by Mr ALMUNIA, to the Commission members for information and possible comments before it was sent to the Economic and Financial Committee.

After discussion, the Commission adopted the proposals for regulations set out in COM(2005)154/4 and COM(2005)155/5 for transmission to Parliament, the Council and the European Central Bank.

17. OTHER BUSINESS

17.1. POSSIBILITY OF MITIGATING THE SITUATION FOLLOWING THE CLOSURE OF THE MG-ROVER PLANT (SEC(2005)550)

Ms HÜBNER and Mr ŠPIDLA reported on the measures taken by the Commission to mitigate the effects of the significant job losses in the West Midlands region in the UK following the collapse of the car producer MG Rover. These measures, coming on top of the financial assistance announced by the British Government, included in particular the immediate dispatching of a team of Commission experts to ascertain the most appropriate way of aiding the region, the significant amounts from the European Structural Funds already invested and the reallocation of the structural funds available.

The Commission took note of this information and held a brief exchange of views on:

- the political importance of the message sent by the Commission, given the speed of its reaction and the positive impact on the perception of the European Union in the United Kingdom ;
- the need to strengthen the synergy between EU policies and the management of change and restructuring;

- the difficult situation in European car manufacturing and the current overcapacities in the sector;
- the rapid structural changes in the sector, which made it necessary to have budgetary resources available for anticipating restructurings as well as adapting to new leading-edge technologies.

The Commission also took note of the information note distributed by Ms HÜBNER in agreement with Mr VERHEUGEN and M. ŠPIDLA.

17.2. ITER - DISCUSSION IN COUNCIL MEETING (COMPETITIVENESS) ON 18 APRIL

Mr POTOČNIK summarised the encouraging results of the talks he had recently had in Japan on the ITER international thermonuclear fusion reactor. He reported on the next stages planned in the negotiations, both at bilateral level between the EU and Japan and at international level. He expressed confidence as regard Japan's evident willingness to make considerable progress in the near future, possibly enabling an international agreement to be reached during the Luxembourg Presidency. Mr POTOČNIK appreciated the support he had received for his approach to the Council (Competitiveness) and thanked Commission Members for their support in this sensitive matter.

The Commission took note of this information and held a brief exchange of views concerning the need to exercise the utmost caution during the negotiation phase in order to secure a satisfactory final result for all the parties concerned. He thanked Mr POTOČNIK for the excellent results already achieved.

17.3. JOINT RESEARCH CENTRE ACTIVITIES

Mr POTOČNIK presented Commission Members with a brochure describing the main activities of the Joint Research Centre. He emphasised the wide range of research activities carried out in practically all the areas affected by Community policies.

Ms WALLSTRÖM concluded by asking the Commission Members to visit the various institutes of the Joint Research Centre in order to see for themselves its enormous potential, which was at the disposal of all of them.

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The meeting closed at 1115 hours.