



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2005)1713 final

Brussels, 14 September 2005

MINUTES
of the 1713th meeting of the Commission
held in Strasbourg
(Winston Churchill Building)
on Tuesday 6 September 2005
(afternoon)

These minutes were approved by the Commission at its 1714th meeting, held in Brussels on 14 September 2005.

They contain 20 pages.

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Single sitting: Tuesday 6 September (afternoon)

The sitting opened at 1305 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

Mr FRATTINI Vice-President

Mr DIMAS

Mr ALMUNIA

Mr BORG

Ms GRYBAUSKAITĖ Except item 10.2

Mr POTOČNIK

Mr KYPRIANOU

Mr REHN

Mr KOVÁCS

Ms KROES

Ms FISCHER BOEL

Mr McCREEVY

Mr PIEBALGS

Absent:

Mr BARROSO President

Ms REDING

Ms HÜBNER

Mr FIGEL'

Mr MICHEL

Ms FERRERO-WALDNER

Mr ŠPIDLA

Mr MANDELSON

The following sat in to represent absent Members of the Commission

Mr ITALIANER	Deputy Chef de cabinet to the President
Mr CHANTERIE	A member of Ms Reding's staff
Ms SZYCHOWSKA	A member of Ms Hübner's staff
Ms WENIGOVÁ	A member of Mr Figel's staff
Mr SCHWAIGER	Deputy Chef de cabinet to Ms Ferrero-Waldner
Ms BANKIER	Deputy Chef de cabinet to Mr Špidla
Mr LIDDLE	A member of Mr Mandelson's staff

The following also sat in

Mr PETITE	Director-General, Legal Service	
Ms LE BAIL	Commission Spokeswoman	
Mr ANNERBERG	Chef de cabinet to Ms Wallström	
Ms SOEWARTA	A member of Mr Piebalgs's staff	Item 10

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

1. AGENDAS

(OJ(2005)1713/3; SEC(2005)1078/2)

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)1713)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 5 September.

3. MINUTES OF 1712th MEETING (1 September)

(PV(2005)1712 and /2)

The Commission approved the minutes of its 1712th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID - SPECIFIC CASES

(SEC(2005)1092; SEC(2005)1096)

The Commission adopted the decisions in SEC(2005)1096.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2005)1079 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 August and 2 September.

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2005)1080)

The Commission took note of written procedures initiated between 29 August and 2 September for the adoption of decisions with political implications.

5.3. EMPOWERMENT

(SEC(2005)1081 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 August and 2 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 29 August and 2 September, as archived on the "Grefte 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2005)1082)

ADMINISTRATIVE MATTERS
(PERS(2005)113)

6.1. DG COMP/B - A*14-A*15 POST OF DIRECTOR
(PERS(2005)1 to/ 3)

The Commission had before it applications under Article 29(1)(a) (i) and (iii) of the Staff Regulations for the function of Director, Directorate B (Energy, water, foodstuffs and pharmaceuticals) in the Competition DG (PERS(2005)1).

The Commission took note of the opinions of the Consultative Committee on Appointments of 29 April and 12 May (PERS(2005)1/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also examined the reports on their ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms KROES, it then decided to appoint Mr Herbert UNGERER to the post.

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

6.2. DG RELEX – INTERIM APPOINTMENT OF HEAD OF COMMISSION
DELEGATION IN NICARAGUA

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, decided under Article 7(2) of the Staff Regulations to deem Mr José MARTINEZ PRADA, an A*11 official in the Commission Delegation in Nicaragua, to have been appointed

to the function of Head of that Delegation from 1 September 2004 to 31 August 2005.

This decision would take effect immediately.

6.3. *DG TREN/J – INTERIM APPOINTMENT OF DIRECTOR*

The Commission, on a proposal from Mr KALLAS in agreement with the PRESIDENT, Mr BARROT and Mr PIEBALGS, decided under Article 7(2) of the Staff Regulations to deem Mr Jean TRESTOUR, then an A3 official, to have been appointed to the function of Director, Directorate J (Safety - Protection of persons, assets and facilities) in the Energy and Transport DG from 20 April 2004 to 19 April 2005.

This decision would take effect immediately.

6.4. *DG RELEX/DG AIDCO – AMENDMENT OF ORGANISATION CHARTS*

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, the Commission approved the transfer of unit AIDCO/G7 (Individual experts) in the EuropeAid DG to the new unit RELEX/K8 (Individual experts) in the External Relations DG.

This decision would take effect on 16 September.

6.5. *DG RELEX - AMENDMENT OF ORGANISATION CHART*

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, the Commission decided:

- to abolish a vacant Chief Adviser function in the External Relations DG;

- to add a function to the structural allocation of advisers in the External Relations DG. This additional function would be created at grade A*13/A*14 in Directorate RELEX/L (Strategy, coordination and analysis).

These decisions would take effect immediately.

6.6. *DG INFO - TERMINATION OF SELECTION PROCEDURE FOR A FUNCTION OF DIRECTOR*
(PERS(2004)154 to /4)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms REDING, the Commission, having taken note of the procedure followed, as described in PERS(2005)113, decided to terminate selection procedure COM/083/04.

This decision would take effect immediately.

6.7. *DG INFO - AMENDMENT OF ORGANISATION CHART*

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms REDING, the Commission approved the creation of a Deputy Director-General function in the Information Society and Media DG, for external publication later in the year with a view to the recruitment of a national of one of the new Member States.

This decision would take effect immediately.

6.8. *DG ADMIN - APPLICATION OF THE ARTICLE 50 PROCEDURE (SECOND STAGE) WITH RESPECT TO AN A*15 OFFICIAL*
(PERS(2005)114)

The Commission continued its discussions on this matter, begun on 13 July (PV(2005)1710).

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr ALMUNIA, the Commission adopted the decision in PERS(2005)114 applying the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Bart MEGANCK, an A*15 official, currently Director, Directorate C (Economic and monetary statistics) in the Eurostat DG.

This decision would take effect on 1 October.

7. INTERINSTITUTIONAL RELATIONS

(SEC(2005)1066)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 2 September (SEC(2005)1066).

It paid particular attention to the following points:

7.1. RELATIONS WITH PARLIAMENT

- i) *Preparations for September I part-session - legislation*
(point 1.2.1 of the record)

Codecision procedure - 1st reading

- GROSSETETE report – Medicinal products for paediatric use

The Commission adopted the line set out in SP(2005)3458.

ii) Preparations for September I part-session - non-legislative dossiers

(point 3.1 of the record)

- WEBER report – “Television without frontiers” Directive

The Commission adopted the line set out in SP(2005)3520/2, as amended on the basis of supplementary bilateral contacts with Ms WALLSTRÖM (cf. SP(2005)3520/3).

iii) Approval of action taken on non-legislative resolutions adopted by Parliament at the June I and II part-sessions

(point 3.5.1 of the record)

The Commission adopted for transmission to Parliament the replies to non-legislative resolutions adopted by Parliament at its June I and II part-sessions on which it had undertaken to act (SP(2005)3507).

7.2. RELATIONS WITH THE COUNCIL

(SI(2005)739)

iv) Information on developments in the Council since 15 July

(item 2.1 of the record)

Proposal for a Council decision concerning proposals for amendments to the Annexes to POP (Persistent organic pollutants) Conventions

The Commission adopted the line set out in SI(2005)733.

v) Informal meeting of Foreign Ministers, 1 and 2 September (Newport)

(SEC(2005)1119)

Further to information note, Mr REHN reported on the Foreign Ministers' wide-ranging discussions on the question of Union enlargement: general Union strategy and the specific cases of Bulgaria and Romania, Croatia

and Turkey. Regarding Turkey's statement on the non-recognition of Cyprus, issued when the Protocol to adapt the Ankara Agreement was signed, work on finalising a Union counter-statement would continue that Wednesday; as regards development prospects, he remained fairly optimistic, since none of the Ministers had called into question the European Council decision of 16 and 17 December 2004 (confirmed on 16 and 17 June last) to open accession negotiations on 3 October once Turkey had fulfilled the conditions laid down.

In the absence of Ms FERRERO-WALDNER, Mr REHN also briefly reviewed the other main topical issues addressed by the Foreign Ministers, particularly Iran's continuation of its nuclear programme and the situation in the Middle East, in particular in the Palestinian Territories following Israel's withdrawal from the Gaza Strip.

The Commission took note of the information in SEC(2005)1119.

**8. COMMUNITY GUIDELINES ON FINANCING OF AIRPORTS AND
START-UP AID TO AIRLINES DEPARTING FROM REGIONAL
AIRPORTS
(C(2005)3342 to /6; SEC(2005)1092)**

Mr BARROT briefly introduced the communication he was tabling. After outlining the background, he emphasised that the proposed guidelines were well balanced as all the bodies concerned had been extensively consulted. The purpose of the new rules was to respond to the major expansion of air transport in recent years by establishing a sound and transparent legal framework for agreements between airports and airlines. To this end, they set out conditions in which start-up aid for new routes launched by the airlines departing from regional airports could be authorised; they also gave the airports and the Member States guidance on the

public financing of airports. The objective was to encourage the development of regional airports and the mobility of citizens in Europe, while ensuring equal treatment between all airport operators and airlines and the proper use of public resources.

The Commission took note of this information and held a brief exchange of views, highlighting the following aspects:

- the importance of the proposal, which promoted competition and relieved the burdens on national airports; the value of this for all passengers and for the development of areas surrounding the relevant airports; the undoubted contribution by low-cost companies to regional development and to overall economic development;
- the need for appropriate communication highlighting the positive purpose of the proposal for the benefit of all concerned;
- completely equal treatment as between public and private airports;
- the situation of non-Community airlines offering intra-Community services and development prospects in the Commission's negotiations for open skies agreements with certain international partners;
- linking this approach with policy on air transport more generally and the forthcoming new proposal on the allocation of slots.

After this exchange of views and supplementary information supplied by Mr BARROT in response to the comments made in the meeting, the Commission:

- adopted in principle the draft communication in C(2005)3342/6;
- empowered Mr BARROT to adopt the text formally in the official Community languages;

- decided to transmit the text to the Member States;
- decided to publish the communication in the Official Journal and to inform the EFTA Surveillance Authority.

9. RELATIONS WITH NON-MEMBER COUNTRIES

9.1. *EU AID FOR VICTIMS OF HURRICANE KATRINA IN THE UNITED STATES* ***(SEC(2005)1121)***

Citing the still very critical situation in the three States most affected (Alabama, Louisiana and Mississippi), but adding that the situation was constantly changing, Mr DIMAS gave an updated survey of the EU's aid measures to assist with the disastrous consequences of Hurricane Katrina which struck the United States on 29 August. He reminded the meeting that the Community civil protection mechanism could be triggered only by an official request from the state concerned and highlighted the pro-active approach taken by the Commission, which had called on the US authorities to make such a request. The Commission had immediately activated the mechanism in response to the request presented by the American Government on 4 September and, in close cooperation with the British Presidency, was coordinating the aid measures offered by the countries belonging to the mechanism. Mr DIMAS welcomed the smooth operation of the mechanism, whose effectiveness had been shown repeatedly in the past weeks (fires in Portugal, floods in southern Germany and Austria). The British Presidency had officially thanked the Commission for its action here.

The Commission also took note of the information note distributed by Mr DIMAS.

9.2. TEXTILE IMPORTS FROM CHINA

Ms WALLSTRÖM drew attention to the explanatory note distributed to Members by Mr MANDELSON concerning the agreement concluded with his Chinese counterparts with a view to unblocking the Chinese textile products being held by customs in European ports.

10. OTHER BUSINESS

10.1. COMMISSION RESPONSE TO THE INCREASE AND VOLATILITY IN THE PRICE OF OIL (SEC(2005)1118; SEC(2005)1120)

In support of his information note, Mr PIEBALGS reported on the background to the current trends and outlook regarding oil prices and demand on the world energy market. He considered the general economic backdrop to the situation, commenting among other things on the impact of oil price rises on natural gas and electricity prices, the growing demand for oil, particularly in emerging countries such as China and India, and the disruptive effects of Hurricane Katrina on the supply and demand chain. In this difficult context he reviewed the five areas for action and the possible solutions set out in the briefing note: (1) energy demand reduction, (2) development of alternative energy sources, (3) increased transparency and predictability of oil markets, (4) increased supply of oil and gas (although priority should be given to encouraging other types of energy), and (5) the capacity to offer a rapid response to oil stock emergency situations.

Sharing Mr PIEBALGS's analysis as to the prospects for the development of the oil market, Mr ALMUNIA gave a quick run-down on developments in the economic situation in the Union since the Commission's 2005 spring forecasts and the potential impact of oil price rises. He pointed out that the subject would be on the agenda of the informal meeting of the Ministers for Economic and Financial Affairs, to be held in Manchester on 9 and 10 September.

The Commission took note of this information and held an in-depth discussion, highlighting the following factors:

- the need to devote all proper attention to the crucial question of oil price rises as affecting all European citizens in different ways;
- the difficulty of forecasting how oil prices would develop, given the number of factors influencing them; the need, none the less, to assume a structurally-high-price scenario;
- the effects of oil price rises on economic stability in Europe, financial markets and the level of inflation; possible impact on the attainment of the goals of the revised Lisbon strategy;
- the need for a comprehensive in-depth analysis of developments in oil prices and energy-related policies and their impact on the Union's competitiveness;
- the need for a coordinated approach by the Member States to come up with the best possible response to the situation, since, while the Union could not act alone, it could play a major role as a catalyst on the international scene;

- without underestimating the pressures on the Member States or the difficulties facing certain industries, the feeling shared by Commission Members that one-off tax measures should be avoided;
- the importance of the measures proposed by the Commission to increase energy efficiency and the need to press ahead in this matter;
- the need to continue research and development efforts on new energy sources to make them more competitive, and to liberalise the electricity and gas markets;
- the need to consider all energy sources, including nuclear energy, in the context of promoting alternative energy sources;
- the impact of the development of the Chinese economy: the value of studying all aspects of this question in greater depth (continuation of current growth rates, effect on energy demand, implications for working conditions and the environment in China, etc.);
- the risks caused by political instability in several parts of the world, the effects of dollar exchange rates on price formation in the oil-producing countries, and the adverse effects of speculation;
- the importance of looking beyond the difficulties generated by oil price rises for communication purposes and highlighting the potential benefits and the Union's ability to respond.

Ms WALLSTRÖM concluded by emphasising the need to look further into the matter, since in due course specific proposals would be put before the Commission under the usual procedures. In the light of the Commission's policy debate and the results of the informal meeting of the Ministers for Economic and Financial Affairs on 9 and 10 September, a meeting of Chefs

de cabinet would be organised during the coming week to study in greater depth the various individual components of the dossier and the strategy to be followed.

The Commission also took note of the information notes distributed by Mr ALMUNIA (SEC(2005)1120) and Mr PIEBALGS (SEC(2005)1118).

10.2. ECONOMIC DIFFICULTIES IN THE FISHING INDUSTRY

Mr BORG reported on the problems facing the fishing industry in the Union. While oil price rises were helping to aggravate the situation, they were not the source of the industry's specific problems. He referred to the request expressed by the Council meeting (Fisheries) on 20 and 21 June, and by the relevant trade unions and trade associations, that the Commission propose measures to assist the industry. He would be putting a communication before the next Commission meeting, identifying specific proposals that could help with restructuring in the industry.

The Commission took note of this information. Having emphasised the need for a cautious approach, and without prejudging the position to be taken, Mr BORG was asked to prepare his communication in close cooperation with all relevant Commission Members and departments, following the usual rules of collective responsibility.

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The meeting closed at 1515 hours.