



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2005)1714 final

Brussels, 21 September 2005

MINUTES
of the 1714th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 14 September 2005
(morning)

These minutes were approved by the Commission at its 1715th meeting, held in Brussels on 21 September 2005.

They contain 19 pages.

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Single sitting: Wednesday 14 September (morning)

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

Present:

Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	Items 7 to 10
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	
Ms REDING		
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		Items 8 to 10
Mr KYPRIANOU		Items 9 and 10
Mr REHN		
Mr KOVÁCS		
Ms KROES		
Mr McCREEVY		
Mr ŠPIDLA		
Mr PIEBALGS		

Absent:

Mr BARROSO	President
Mr FIGEL'	
Mr MICHEL	
Ms FISCHER BOEL	

Ms FERRERO-WALDNER

Mr MANDELSON

The following sat in to represent absent Members of the Commission

Mr VALE DE ALMEIDA	Chef de cabinet to the President
Mr ADAMIŠ	Chef de cabinet to Mr Figel'
Ms WEYAND	Chef de cabinet to Mr Michel
Mr SØRENSEN	Chef de cabinet to Ms Fischer Boel
Mr CHILD	Chef de cabinet to Ms Ferrero-Waldner
Mr FRASER	Chef de cabinet to Mr Mandelson

The following also sat in

Mr PETITE	Director-General, Legal Service	
Ms LE BAIL	Commission Spokeswoman	
Mr CARVOUNIS	Acting Director-General, Press and Communication	
Mr ANNERBERG	Chef de cabinet to Ms Wallström	
Ms LAMELA	Chef de cabinet to Mr Almunia	Item 8
Mr TABONE	Chef de cabinet to Mr Borg	Item 9
Mr SCHINAS	Chef de cabinet to Mr Kyprianou	Items 1 to 8
Mr SZÜCS	Chef de cabinet to Mr Kovács	Item 8

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

1. AGENDAS

(OJ(2005)1714/3; SEC(2005)1097/2)

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)1714)

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

3. MINUTES OF 1713th MEETING (6 September)

(PV(2005)1713)

The Commission approved the minutes of its 1713th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID - SPECIFIC CASE

(SEC(2005)1124/2)

The Commission adopted the decision in SEC(2005)1124/2.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2005)1098 et seq.)

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

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2005)1099)

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

5.3. EMPOWERMENT

(SEC(2005)1116 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 5 and 9 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 5 and 9 September, as archived on the "Grefte 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2005)1117)

ADMINISTRATIVE MATTERS
(PERS(2005)115)

6.1. SG/A - A*14-A*15 FUNCTION OF DIRECTOR
(PERS(2005)65 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 A (Registry and Commission decision-making process) in the Secretariat-General (PERS(2005)65).

The Commission took note of the opinions of the Consultative Committee on Appointments of 10 and 12 May (PERS(2005)65/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission then decided to appoint Mr Jordi AYET PUIGARNAU to the post.

This decision would take effect on 16 October.

6.2. SG/D - A*14-A*15 FUNCTION OF DIRECTOR
(PERS(2005)64 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 D (Coordination of policies) in the Secretariat-General (PERS(2005)64).

The Commission took note of the opinions of the Consultative Committee on Appointments of 10 and 26 May (PERS(2005)64/2 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, it then decided to appoint Mr Michel SERVOZ to the post.

This decision would take effect on 16 October.

6.3. SG - A*14 FUNCTION OF CHIEF ADVISER (EU-10)
(PERS(2004)237 to /4)

The Commission had before it applications under Article 29(2) of the Staff Regulations for the function of Director in the Secretariat-General, reserved for a national of one of the new Member States (PERS(2004)237 and /3).

The Commission took note of the opinions of the Consultative Committee on Appointments of 4 May and 13 June (PERS(2004)237/2, /3 and /4) and proceeded to compare the applicants' qualifications for the post.

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

- to create a function of Chief Adviser in the Secretariat-General for a transitional period pending the transfer of the Chief Adviser to a Director function in the near future;
- to appoint Mr Hubert SZLASZEWSKI to this Chief Adviser function.

These decisions would take effect on a date to be fixed later.

6.4. DG TRADE - A*15 FUNCTION OF DEPUTY DIRECTOR-GENERAL
(EU-10)
(PERS(2005)11 to /5)

The Commission had before it applications under Article 29(2) of the Staff Regulations for the function of Chief Adviser in the Trade DG, reserved for a national of one of the new Member States (PERS(2005)11/4).

The Commission took note of the opinions of the Consultative Committee on Appointments of 10 May and 23 June (PERS(2005)11/2, /3 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr MANDELSON, it then decided to appoint Mr Péter BALÁS to the post.

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

OTHER MATTERS

6.5. ACTIVITIES OF Mr BUSQUIN AFTER LEAVING THE COMMISSION
(SEC(2005)1128)

The Commission took note of the communication in SEC(2005)1128.

**7. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY
AND ARTICLE 53 OF THE EEA AGREEMENT**

(CASE 38.337 – PO/THREAD)

(C(2005)3452 to /14; SEC(2005)1146)

Ms KROES introduced the dossier, indicating that the decision concerned agreements and concerted practices on the markets for industrial threads in Benelux, Scandinavia and the United Kingdom, and on the markets for threads for use in motor vehicles in the European Economic Area. She discussed the fines to be imposed, taking account of the seriousness and duration of the infringements, the existence of aggravating or mitigating circumstances, and the weight of each of the companies concerned on the various markets.

Having reached agreement on the amount of the fines, the Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 5 and 12 September in C(2005)3452/3 and /6;
- took note of the final report of the Hearing Officer of 12 September in C(2005)3452/5;
- adopted, in the authentic languages (German, English, French and Dutch), the decision in C(2005)3452/7, noting that the companies *Ackermann Nähgarne GmbH & Co*, *Amann und Söhne GmbH & Co KG*, *Barbour Threads Ltd*, *Belgian Sewing Thread N.V.*, *Bieze Stork B.V.*, *Bisto Holding B.V.*, *Coats Ltd*, *Coats UK Ltd*, *Cousin Filterie SA*, *Dollfus Mieg and Cie SA*, *Donisthorpe & Company Ltd*, *Gütermann AG*, *Hicking Pentecost plc*, *Oxley Threads Ltd*, *Perivale Gütermann Ltd* and *Zwicky & Co AG* had infringed Article 81 of the EC Treaty as well as, in some cases, Article 53 of the EEA Agreement, and imposing fines on eleven of these companies totalling €43.497 million;

- decided that the versions of the decision in C(2005)3452/8 to /14 would be notified to the companies concerned, together with the final report of the Hearing Officer;
- decided that the most important parts of the decision, together with the opinions of the Advisory Committee and the final report of the Hearing Officer, would be published in the official languages in the Official Journal (with business secrets removed);
- decided to publish the decision (with business secrets removed) on the internet.

8. INTERINSTITUTIONAL RELATIONS

8.1. RELATIONS WITH PARLIAMENT

i) *September I part-session*

(SP(2005)3556)

The Commission took note of the information supplied relating to Parliament's part-session from 5 to 8 September.

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

(SP(2005)3156)

The Commission approved the empowerment decisions relating to action to be taken on the amendments presented by Parliament under the codecision and consultation procedures requiring a single reading (SP(2005)3156).

8.2. RELATIONS WITH THE COUNCIL

(SI(2005)766)

iii) *Informal meeting of Ministers for Economic and Financial Affairs*

(Manchester, 9 and 10 September)

(SEC(2005)1142; SEC(2005)1148)

Mr ALMUNIA reported on the informal meeting of Ministers and on the monthly Eurogroup meeting preceding it. Among the main subjects tackled had been: responding to the challenges of globalisation and the European social model; financing for development with a view to the UN summit; agreement in principle to the Commission proposals on the excessive deficit procedure in respect of Portugal (to be formalised at the Council meeting (Agriculture and Fisheries) on 19 September); EU assistance for the economic revitalisation of the West Bank and the Gaza Strip; combating terrorism (financial aspect). As regards the present economic situation and the impact of oil price rises, Mr ALMUNIA commented on the various suggestions made for further reflection. A consensus had been reached on the need for Member States to avoid any fiscal or political intervention likely to produce market distortions or to prevent the necessary structural adjustments, and there was a wish to continue dialogue with the oil-producing countries and the refining industry.

As regards the one-off measures already taken or announced by certain Member States for reductions in duty on oil products, Mr PIEBALGS felt the Commission must continue to stress that it was important to avoid such reductions, and instead to use the revenue generated to reduce the Union's dependence on oil and to promote alternative energy sources.

Having taken note of this information, the Commission held a brief exchange of views on the advisability of a targeted response to the one-off measures taken by certain Member States to deal with the oil price rises, and on the possibility and the financial implications of strengthened Union action on renewable energy.

In conclusion, Ms WALLSTRÖM confirmed the Commission's line, as agreed at its previous meeting (PV(2005)1713, item 10.1.), on the basis of a five-point plan defined by Mr PIEBALGS for seeking solutions in the medium and long term, while closely watching the situation in the short term. There was a need to supply appropriate information to enable the Commission to issue a well-argued communication. Mr PIEBALGS intended to table a note, to be updated weekly, on developments on the oil markets.

On globalisation and the European social model, the Commission would be discussing this, among other things, at its seminar on 20 September in preparation for the informal meeting of Heads of State and Government on 27 October.

The Commission took note of the information note distributed by Mr ALMUNIA (SEC(2005)1148).

iv) ***Informal meeting of Ministers for Agriculture and the Environment
(London, 9-11 September)
(SI(2005)752)***

Mr DIMAS gave a brief report on the meeting, at which he had represented the Commission together with Ms FISCHER BOEL. It had been a significant meeting, bringing together jointly for the first time the ministers for agriculture and the environment, and there had been a fruitful

exchange of views between the various interested parties on the relationship between climate change and agriculture. From an analysis by experts of the different effects of global warming on northern Europe and southern Europe, and bearing in mind that it was the developing countries that would suffer most, it emerged that, while agriculture was implicated in the greenhouse effect, it also offered important opportunities for combating climate change. Ms FISCHER BOEL had emphasised the importance of implementing the reform of the common agricultural policy in order to combat climate change effectively, and announced that, by the end of the year, the Commission would prepare a European action plan on biomass, proposing new specific measures for biofuels. Mr DIMAS would shortly be presenting a new phase in the European climate change programme.

The Commission took note of this information.

v) ***Informal meeting of Justice and Home Affairs Ministers
(Newcastle, 8 and 9 September)***

Mr FRATTINI reported on the main topics broached at the meeting. In order to resolve the present disputes in this matter between Parliament and the Council, he proposed to conclude an interinstitutional political agreement, to be approved by Parliament and the Council before the end of the year, on a package of measures for combating terrorism. This could be made up of the following: the adoption of a Commission proposal on data protection in the field of police cooperation; the implementation of SIS II and VIS; the adoption under the codecision procedure of a proposal for a Commission directive on the retention of telecommunications data (which would replace the framework decision planned by the Council on the basis of the third pillar). If this agreement could be concluded and the

commitments honoured, Mr FRATTINI pointed to the importance of the Commission initiative that would lay down a framework for constructive cooperation in the fight against terrorism. Ministers had agreed to continue and strengthen cooperation between national intelligence and security services.

The Commission took note of this information.

9. ECONOMIC DIFFICULTIES IN THE FISHING INDUSTRY (SEC(2005)1127 to /3; SEC(2005)1129)

Mr BORG presented the main points of his information note. The situation in the fisheries sector was very worrying, as it had for several years been facing serious economic difficulties, resulting in particular from the depletion of resources and the conservation measures taken in response thereto. It was impossible for operators to increase profitability either by increasing production or by passing on their cost increases in the form of higher prices for consumers. Mr BORG reviewed the measures that had been taken or could be taken to make the activities of the fishing industry truly sustainable. He intended shortly to table proposals for long-term measures to restructure the industry to enable it to adapt to the current situation. These would seek among other things to reduce energy dependence and to support the demolition of vessels. It would also be necessary to consider the *de minimis* threshold for public aid to the fishing industry, which did not match the costs it incurred. Although all these problems had been aggravated by recent increases in oil prices, the industry faced its own distinct difficulties. There was a need to explain clearly to the outside world that the planned measures did not constitute a sectoral approach in response to the oil crisis, and he would be emphasising this at the Council meeting (Fisheries) on 19 and 20 September.

Having taken note of these observations, the Commission discussed these issues, covering the following questions in particular:

- developments on the market in recent years, particularly as regards demand; the specific details of the price mechanism in this sector;
- the regional diversity of the industry and the need to take an overall economic view;
- the need for the debate on future proposals for the restructuring of the sector to be as separate as possible from discussions about the oil crisis, so that any proposals for long-term measures (which would have been necessary even without the oil crisis) would not be seen as forming a part of a sectoral reaction to the oil crisis;
- the importance of backing up any proposal to increase the *de minimis* threshold with a solid economic assessment, particularly since the Regulation establishing the present threshold had been in force only since the beginning of 2005.

Following this exchange of views, the Commission took note of information note SEC(2005)1127/3. Without prejudging its position as to the substance, it noted that Mr BORG would be tabling specific proposals, to be prepared under the normal procedures (particularly as regards interdepartmental consultation and impact assessment).

10. OTHER BUSINESS

VISIT BY Mr KOVÁCS TO BULGARIA

(12 and 13 September)

Mr KOVÁCS reported on his visit to Bulgaria, during which he had met representatives of the new government. Union accession (supported by 80% of the population) was an absolute priority for the country, and the government enjoyed a comfortable majority in Parliament, which should facilitate adoption of the necessary legislation in good time before accession. Although substantial progress had been made since his departments' last monitoring visit, Mr KOVÁCS had emphasised to his interlocutors that the Commission would be carrying out an objective assessment of the situation in Bulgaria and that it was up to the Bulgarian authorities to take all the measures needed to enable accession to go ahead on 1 January 2007.

The Commission also took note of brief remarks by Mr REHN and Mr KYPRIANOU, indicating the existence of certain delays in their respective subject areas.

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The meeting closed at 1035 hours.