



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2005)1717 final

Brussels, 11 October 2005

MINUTES

of the 1717th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 5 October 2005

(morning)

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PV(2005) 1717 final

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Single sitting: Wednesday 5 October 2005 (morning)

The sitting opened at 1020 hours with Mr Barroso, President, in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	Except items 13 to 14
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	Items 1 to 10
Ms REDING		
Mr DIMAS		
Mr ALMUNIA		Items 1 to 12
Ms HÜBNER		
Mr BORG		
Mr POTOČNIK		
Mr FIGEL'		Except item 15
Mr REHN		Except item 15
Mr KOVÁCS		Items 10 to 15
Ms KROES		
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		Items 10 to 14
Mr ŠPIDLA		
Mr MANDELSON		
Mr PIEBALGS		

Absent:

Ms GRYBAUSKAITĖ

Mr KYPRIANOU

Mr MICHEL

Mr McCREEVY

The following sat in to represent absent Members of the Commission

Mr QUEST	Chef de cabinet to Ms Grybauskaitė
Mr SCHINAS	Chef de cabinet to Mr Kyprianou
Ms GARDES	A member of Mr Michel's staff
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	
Ms LE BAIL	Commission Spokeswoman	
Mr CARVOUNIS	Acting Director-General, Press and Communication	
Mr KREUZHUBER	Spokesman	Item 12
Ms UDWIN	Spokeswoman	
Mr ITALIANER	Deputy Chef de cabinet to the President	
Mr CABRAL	Adviser <i>hors classe</i> in the President's Office	Item 12
Ms MARTINHO	Chief Adviser in the President's Office	Item 12
Mr ELLIS	A member of the President's staff	Item 15
Mr TEMPEL	Chef de cabinet to Mr Verheugen	
Mr OEL	A member of Mr Verheugen's staff	Item 12
Ms SCHMITT	Deputy Chef de cabinet to Mr Frattini	Items 11 to 15
Mr DUCATEL	A member of Ms Reding's staff	Item 15
Mr SZÜCS	Chef de cabinet to Mr Kovács	Item 15
Mr CHILD	Chef de cabinet to Ms Ferrero-Waldner	
Mr FRASER	Chef de cabinet to Mr Mandelson	Item 15

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

1. AGENDAS

(OJ(2005)1717/3; SEC(2005)1206/2; SEC(2005)1229)

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)1717)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 3 October.

3. MINUTES OF 1716th MEETING (27 September)

(PV(2005)1716)

The Commission approved the minutes of its 1716th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID - SPECIFIC CASES

(SEC(2005)1232)

The Commission adopted the decisions in SEC(2005)1232.

5. WRITTEN PROCEDURES AND EMPOWERMENT

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2005)1207 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 September.

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2005)1208)

The Commission took note of written procedures initiated between 26 and 30 September for the adoption of decisions with political implications.

5.3. EMPOWERMENT

(SEC(2005)1209 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 September.

5.4. EMPOWERMENT TO ADOPT AND TRANSMIT COMMUNICATIONS TO THE EUROPEAN OMBUDSMAN AND AUTHORISE OFFICIALS TO APPEAR BEFORE THE EUROPEAN OMBUDSMAN

(SEC(2005)1277 to /4; SEC(2005)1228)

The Commission approved the communication from the PRESIDENT, in agreement with Ms WALLSTRÖM, in SEC(2005)1227/4.

5.5. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 26 and 30 September, as archived on the "Grefte 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2005)1210)

OTHER BUSINESS

ACTIVITIES OF Mr BOLKESTEIN AFTER LEAVING THE COMMISSION

(SEC(2005)1239)

The Commission approved the communication in SEC(2005)1239.

7. PRELIMINARY DRAFT AMENDING BUDGET No 8 TO THE 2005

**GENERAL BUDGET – INCREASE IN REVENUE FORECAST AND IN
PAYMENT APPROPRIATIONS FOR THE STRUCTURAL FUNDS**

(SEC(2005)1226 to /4)

The Commission approved preliminary draft amending budget No 8/2005 as set out in SEC(2005)1226, for transmission to Parliament and the Council.

8. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY

***(CASES F-2/36.623 / 36.820 / 37.275 – SEP AND OTHERS / AUTOMOBILES
PEUGEOT SA)***

(C(2005)3683 to /6; SEC(2005)1225; SEC(2005)1251)

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 12 September and 3 October in C(2005)3683/2 and C(2005)3683/5;
- took note of the final report of the Hearing Officer of 21 September in C(2005)3683/4;
- adopted, in the authentic language (French), the decision in C(2005)3683/6, noting that Automobiles Peugeot SA and its subsidiary Peugeot Nederland NV had infringed Article 81(1) of the EC Treaty and fining those companies a total of €49.5 million;
- decided that the decision in C(2005)3683/6 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.

**9. COMMISSION COMMUNICATION TO THE COUNCIL AND
PARLIAMENT *EU-PALESTINIAN COOPERATION BEYOND
DISENGAGEMENT: TOWARDS A TWO-STATE SOLUTION*
(COM(2005)458 to /4; SEC(2005)1212)**

The Commission approved the communication in COM(2005)458/4 for transmission to Parliament and the Council.

10. OTHER BUSINESS

10.1. DEVELOPMENTS ON THE OIL MARKETS AND ACTION TAKEN IN RESPONSE TO HIGH OIL PRICES (SEC(2005)1243)

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

10.2. EIB ACTIVITIES RELATING TO THE FINANCING OF RESEARCH, DEVELOPMENT AND INNOVATION AND TRANS-EUROPEAN NETWORKS (SEC(2005)1237/2)

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

10.3. EXCESSIVE DEFICIT PROCEDURE

Mr ALMUNIA announced that he would shortly be tabling new
recommendations that the Council could address to a Member State in the
course of an ongoing excessive deficit procedure. With a view to the
discussions of the Council meeting (Economic and Financial Affairs)
scheduled for 11 October, he drew attention to the question of possible
application of the conditionality clause provided for in relation to Cohesion
Fund commitment appropriations.

In a brief preliminary exchange of views, the Commission reviewed various
questions concerning factors at the origin of the deficit concerned, the effects
for the Member State concerned of suspending Cohesion Fund commitment
appropriations, the efforts made by that Member State to redress the situation
and the prospects for success, and equal treatment in such cases.

The Commission took note of the information supplied by Mr ALMUNIA and pointed to the need for caution at this stage pending in-depth consideration of the proposals that would be tabled formally at its meeting on Thursday 20 October. The PRESIDENT asked Commission Members to do all they could to attend that meeting, the agenda for which was already particularly heavy, both quantitatively and qualitatively.

11. INTERINSTITUTIONAL RELATIONS

11.1. RELATIONS WITH PARLIAMENT

i) September II part-session (26-29 September) ***(SP(2005)3877)***

The Commission took note of the information supplied relating to Parliament's part-session of 26 to 29 September (SP(2005)3877).

ii) Action to be taken on Parliament's opinions ***(SP(2005)3790; SP(2005)3919)***

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)3790).

The Commission also adopted the line set out in SP(2005)3919 concerning Exposure of workers to optical radiation, and empowered Mr ŠPIDLA to adopt the opinion on Parliament's amendments at second reading and to pursue contacts with Parliament and the Council with a view to reaching a solution, by the conciliation procedure if necessary.

11.2. RELATIONS WITH THE COUNCIL

(SI(2005)845)

iii) *General Affairs and External Relations (Luxembourg, 2-3 October)*

Mr REHN reported on the Council's discussions on a number of enlargement-related issues, in particular the question of opening accession negotiations with Turkey and Croatia. Regarding the Union negotiating mandate with Turkey, Mr REHN referred to the main points of the long and intense discussions which had made it possible for agreement to be reached between the two sides. Among the solutions adopted to unblock the situation, he drew attention, with respect to the Union's own concerns, to the special emphasis that would henceforth be placed on the Union's absorption capacity (already among the political criteria approved at the Copenhagen European Council in 1993), and pointed to the implications for the Commission, which would have to monitor this aspect closely throughout the negotiations. On the Turkish side, reluctance to accept a provision planned in the negotiating framework (concerning alignment of policies on non-member countries) had been solved by an interpretative statement by the Council Presidency. Various contacts at the highest level had also contributed to the positive outcome, which had enabled the EU-Turkey accession conference to begin on the scheduled date (3 October). Taking note also of the positive assessment of Croatia's cooperation with the International Criminal Court at The Hague, the Council had endorsed the opening of negotiations with Croatia, thus enabling the intergovernmental accession conference to begin immediately after the Council meeting. Lastly, having observed the substantial progress achieved by the authorities in Belgrade as regards cooperation with the ICTY, the Council had decided to open negotiations between the Union and Serbia and Montenegro for the conclusion of a stabilisation and

association agreement on 10 October. Mr REHN pointed to the positive signal sent by the two decisions to the countries concerned and to the general process of strengthening the stability of the western Balkans.

Having taken note of this information, the Commission held a brief exchange of views during which it noted:

- the importance of the criterion of the Union's absorption capacity, notably from the point of view of the financial challenges posed by the prospect of Turkish accession, this being a matter which the Commission must consider without delay;
- the need for close and strict monitoring of the actual situation as regards compliance with human rights and fundamental freedoms;
- the question whether the Commission should consider the entire question of enlargement at a future meeting.

At the end of the debate, the PRESIDENT, congratulating Mr REHN on behalf of the Commission for his contribution to the crucial results secured, noted that it could consider the full range of enlargement-related questions in depth on 9 November, when it could have a full set of items before it.

**12. IMPLEMENTATION OF THE LISBON COMMUNITY PROGRAMME:
STRENGTHENING THE POLICY FRAMEWORK FOR EU
MANUFACTURING – A MORE INTEGRATED APPROACH FOR
INDUSTRIAL POLICY
(COM(2005)474 to /4; SEC(2005)1215/3; SEC(2005)1216/2 and /4;
SEC(2005)1217/3; SEC(2005)1222)**

Mr VERHEUGEN introduced the communication he was tabling. He highlighted the key role played by manufacturing industry in the Union (more than 34 million jobs; three quarters of Community expenditure; more than 80% of private sector R&D expenditure), and emphasised the decisive contribution made by this sector to achieving the growth and employment targets set by the renewed Lisbon strategy. On this basis, given that healthy manufacturing industries were vital to Europe's growth, the communication aimed to create more propitious conditions for manufacturing industries in the years ahead and to amplify the Member States' efforts to support a solid and dynamic industrial base. Proceeding from an assessment of 27 manufacturing and construction industries (cf. SEC(2005)1216/4), which revealed the scale and diversity of the challenges to be met, the proposed new industrial policy involved seven new trans-sectoral initiatives and seven new industry-specific initiatives or actions. Based on an endeavour to attain greater consistency and integration between policies, the new approach also aimed to achieve a broader consensus, involving interested parties, Member States and civil society more closely in dialogue with the Commission from the outset of process of drawing up policies. The aim would be to identify problem sectors early enough; to anticipate inevitable industrial evolution on a pro-active basis; to improve lawmaking; and to deliver better policies. Regarding the high-level group on competitiveness, energy and the environment, the objective would be to secure closer coordination between industrial, environment, energy and competition policies, which were closely bound up with each other; this method had already

proved its worth in the past. The group would represent the Directorates-General with responsibilities for these matters, and there would be a joint secretariat; the agenda for its meetings would be set by common agreement with the relevant Commission Members, who would co-chair meetings. The group's mission statement would be adopted in full compliance with the principle of collective responsibility and in accordance with the Commission's Rules of Procedure, the implementation of the proposed trans-sectoral initiatives being subject to separate Commission decisions .

The PRESIDENT welcomed this important initiative, given the priority that the Commission was attaching to promoting growth and employment in the context of the revised Lisbon agenda. He welcomed the balance struck in the communication between the trans-sectoral and industry-specific initiatives and the new approach advocated for industrial policy in Europe, consisting of seeking to achieve closer integration between the various sectoral policies so as to enhance the impact on competitiveness. Finally, he emphasised the need to highlight the Commission's determination to preserve a solid industrial base for Europe and promote modern and efficient industry.

In the light of these observations, the Commission considered the dossier and highlighted the following points:

- the preliminary nature of the Commission's analysis of certain industrial sectors (SEC(2005)1216/4), given that statistics were not available for a number of sectors in the new Member States (the missing data were currently being gathered and analysed by the Commission and would be incorporated in ongoing initiatives);
- the purely advisory nature of the planned high-level group on competitiveness, energy and the environment, and its flexible, open and dynamic composition in

the light of the issues to be addressed, bearing in mind the need to preserve collective responsibility;

- the need to avoid a proliferation of such groups, and Parliament's sensitivity regarding its involvement in the decision-making process;
- the need to concentrate efforts on truly competitive sectors in the face of protectionist and interventionist pressures; the question of access to external markets in the context of globalisation and tougher international competition;
- the need to continue liberalisation efforts in the energy sector so as to keep energy prices down, among other things;
- the importance of information and telecommunications technologies in terms of their horizontal impact on growth in all industrial sectors;
- other major centres of economic interest, such as the contribution of agriculture to renewable energy sources;
- the interest of the poles of competitiveness existing in certain Member States and the lessons that could be drawn for other sectors enjoying good future growth prospects;
- the importance of proper communication about the various aspects of the dossier.

Following this exchange of views, the Commission:

- approved the communication in COM(2005)474/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions;
- took note of the documents distributed as SEC(2005)1215/3, SEC(2005)1216/4 and SEC(2005)1217/3, for transmission to those institutions as staff papers.

**13. PROPOSAL FOR A PARLIAMENT AND COUNCIL DECISION
CONCERNING THE EUROPEAN YEAR OF INTERCULTURAL
DIALOGUE (2008)
(COM(2005)467 to /4; SEC(2005)1202/2; SEC(2005)1224)**

Mr FIGEL introduced a proposal to declare 2008 the European Year of Intercultural Dialogue, an idea he had originally put forward at his hearing in Parliament in September 2004, where it had received a warm welcome. The proposal was intimately linked to the fundamental ambition underlying the construction of Europe, namely to bring together the peoples of Europe; the objective was to promote intercultural dialogue as an instrument for dealing with a more open but also more complex environment, and to make European citizens and all those living in the Union aware of the importance of developing an active European citizenship, open to the world, which respected cultural diversity and was based on common values. There would be a budget of €10 million, and the project would primarily involve the Member States, though the candidate countries might be associated closely with it. The European Year would focus on three lines of action: a European information and awareness-raising campaign; co-financing of flagship initiatives at European level; and co-financing of national initiatives with a European dimension. In conclusion, Mr FIGEL drew attention to the symbolic significance of 2008, the fiftieth anniversary of the entry into force of the Treaty of Rome.

The Commission took note of this information. It agreed on the importance of concentrating available budgetary resources on effective flagship projects, given their multiplier effect, and on the need for the active involvement of all Members.

Following this exchange of views, the PRESIDENT noted that the proposal was politically expedient in view of the major changes facing European society. The Commission needed to take the initiative in a field to which Union citizens attached vital importance – the preservation of the common principles and values of freedom, democracy, compliance with human rights and fundamental freedoms on which the Union was based. Education must play a key role in promoting intercultural dialogue. One initiative already taken by the Commission in this sphere concerned interfaith dialogue, in respect of which he had organised a meeting of representatives of all religious communities.

After the PRESIDENT had noted the Commission's general support for this text, the Commission:

- adopted the proposal for a decision in COM(2005)467/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions;
- took note of the impact assessment in SEC(2005)1202/2, for transmission to those institutions as a staff paper.

14. TRENDS IN THE MEMBER STATES (SEC(2005)1257)

Ms WALLSTRÖM commented on the information note distributed as SEC(2005)1257, reporting on the main developments in public opinion in Europe between 29 August and 29 September. In the face of growing fears about job losses, rising crime and terrorism, and the resultant expectation that the Union would step in to protect its citizens, it was important to explain what Europe was for, a task that required sound planning and an approach tailored to each Member State.

Communication efforts should focus on the presentation of one dossier at a time, with an increased presence in the broadcast media, especially regional and local media. On the latter point, it would be most helpful if Commission Members visiting Member States would use Commission representations and inform them of their presence and their schedules. Ms WALLSTRÖM finally asked Commission Members to reply to a questionnaire concerning the utility of the monthly note on the analysis of trends in the Member States.

Following Ms WALLSTRÖM's introduction , the Commission briefly discussed a number of questions relating to communication, particularly concerning the use of audiovisual media; the role and effectiveness of the representations; the utility of adding a section to the note concerning trends in and information on the candidate countries; the vital importance of ensuring that Commission Members received useful information on political developments and evaluations in the Member States regarding selected key issues, using the representations among other resources, to help the Commission react speedily to false or incomplete information about its activities.

Replying to these observations, Ms WALLSTRÖM pointed out that the departments reporting to her were currently establishing a rapid response system and that certain aspects of working methods in the representations were already being changed. She asked colleagues to inform her if they encountered any problems in the field of communication.

The Commission took note of the information note SEC(2005)1257.

15. RELATIONS WITH NON-MEMBER COUNTRIES

15.1. VISIT BY Mr FRATTINI TO ROMANIA

(SEC(2005)1258)

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

15.2. DOHA DEVELOPMENT AGENDA – HONG KONG MINISTERIAL MEETING

(SEC(2005)1250; SEC(2005)1213)

Mr MANDELSON and Ms FISCHER BOEL jointly presented their information note and answered introductory questions by the PRESIDENT on the scope of the results expected from the Hong Kong meeting, the means of achieving them and the prospects of achieving them. After explaining the next steps in preparing the dossier, Mr MANDELSON pointed to the various different aspects of what was at stake politically for the EU and the Commission in the WTO discussions, particularly as regards establishing a climate of confidence for the world economy, demonstrating the viability of the multilateral approach (which was strategically important for the Union), and the importance for the Commission of taking part in a successful project in an area where the question of institutional responsibility was crucial. He also reminded the meeting of the various economic objectives pursued by the EU in these negotiations. The conclusion of negotiations was planned for late 2006 or early 2007, so the Hong Kong meeting should be seen as a vital intermediate stage on the way to achieving a balanced overall result, as ambitious as possible, as compared with the avowed objectives.

Mr MANDELSON also mentioned the conditions needed to allow genuine progress to be made, particularly the establishment of a political momentum in the negotiations begun by the EU with the United States, Brazil and India,

the role played by the United States being of capital importance. For the cycle to be genuinely a development cycle, it was equally important to meet the specific needs of the least developed countries. Lastly, Mr MANDELSON referred to the risks inherent in the negotiation process and its complexity, given the large number of players involved.

Ms FISCHER BOEL pointed to the important and sensitive role played by agriculture in the negotiations, having regard to the expectations of international partners and the need to stay within the mandate given by the Member States. Citing the link with the future financial perspective and the coincidental timetables, she pointed to the need to maintain synergy between the discussions at the December European Council and the Hong Kong meeting. Ms FISCHER BOEL reviewed the three main pillars of the agricultural negotiations (market access, internal aid for farmers and export refunds) and explained the situation of the common agricultural policy in relation to each of these challenges. She pointed to the importance of maintaining a balance between the pillars and deploying every necessary effort and all flexibility to achieve a positive outcome in compliance with the mandate given by the Member States. Ms FISCHER BOEL concluded by drawing the Commission's attention to the importance of the *Everything but arms* initiative, in particular for the least developed countries.

The Commission took note of this information and held an in-depth discussion on the various aspects of the approached proposed by Mr MANDELSON and Ms FISCHER BOEL, the general context of the negotiations and the players involved. It expressed confidence in the two Commission Members' ability to defend and achieve a balanced result at the negotiations.

The PRESIDENT concluded by noting that this discussion was of particular interest, and the Commission would be continuing it at its meeting on 15 November in the run-up to the Council meeting (General affairs and external) scheduled for 21 November. The outcome of the negotiations would be very important in demonstrating that multilateralism worked and in increasing confidence in the world economy. Apart from being beneficial for the modernisation of the economy and competitiveness, open markets should also benefit the poorest countries. As the main negotiator, the Commission would be judged on its success. Work would have to be guided by the principles of transparency, both within the Commission and vis-à-vis the Council, confidence in the room for manoeuvre given to the two Commission Members in charge of the negotiations, and collective responsibility. As regards the substance, the Doha negotiations could not be taken as a pretext for further reform of the common agricultural policy. It was important to stay within the mandate given while pursuing an objective of reciprocity, and the Union's offensive interests in services and access to the markets of the emerging economies must always be borne in mind. The Commission would follow the principle that "nothing is agreed until everything is agreed", while recommending an offensive and ambitious approach based on close cooperation between Mr MANDELSON and Ms FISCHER BOEL.

The Commission took note of the information note distributed by Mr MANDELSON and Ms FISCHER BOEL.

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The meeting closed at 1350 hours.