



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2005)1722 final

Brussels, 23 November 2005

MINUTES
of the 1722nd meeting of the Commission
held in Strasbourg
(Winston Churchill Building)
on Tuesday 15 November 2005
(afternoon)

PV(2005)1722 final

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Single sitting: Tuesday 15 November 2005 (afternoon)

The sitting opened at 1311 hours with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	Items 1 to 12
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	
Mr DIMAS		Items 1 to 12
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr REHN		
Mr MICHEL		
Ms KROES		
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		
Mr McCREEVY		
Mr ŠPIDLA		
Mr MANDELSON		
Mr PIEBALGS		

Absent:

Mr BARROT	Vice-President
Ms REDING	

Mr FIGEL'

Mr KYPRIANOU

Mr KOVÁCS

The following sat in to represent absent Members of the Commission

Mr SAGREDO	A member of Mr Barrot's staff
Mr STROHMEIER	Chef de cabinet to Ms Reding
Mr ADAMIŠ	Chef de cabinet to Mr Figel'
Mr SCHINAS	Chef de cabinet to Mr Kyprianou
Ms SCOPPIO	A member of Mr Kovács's staff

The following also sat in

Mr PETITE	Director-General, Legal Service	
Mr VALE DE ALMEIDA	Chef de cabinet to the President	
Ms MARTINHO	Chief Adviser in the President's Office	Item 14
Mr CYMBRON	A member of the President's staff	Item 12
Mr ELLIS	A member of the President's staff	
Mr OEL	A member of Mr Verheugen's staff	Item 12
Ms CANEVARI	A member of Mr Dimas's staff	Item 12
Mr GUERSENT	Deputy Chef de cabinet to Ms Kroes	Items 13 to 15
Mr ELLERMANN-KINGOMBE	A member of Ms Fischer Boel's staff	Items 12 and 14
Ms NIKOLAY	A member of Mr Mandelson's staff	Item 14
Mr DOWGIELEWICZ	Spokesman	
Ms HELFFERICH	Spokeswoman	Item 12
Mr MEADOWS	Environment DG	Item 12
Mr HENNESSY	Enterprise and Industry DG	Item 12
Mr MOAVERO MILANESI	Deputy Secretary-General	
Ms BUGNOT	Secretariat-General	Item 6

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

1. AGENDAS

(OJ(2005)1722/3; SEC(2005)1452/2)

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)1722)

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

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1721st MEETING
(9 November)**

(PV(2005)1721; PV(2005)1721, Part II)

The Commission approved the minutes of its 1721st meeting.

**4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF
POWERS**

4.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2005)1453 et seq.)

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

4.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2005)1454)

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

4.3. EMPOWERMENT
(SEC(2005)1455 et seq.)

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

4.4. DELEGATION AND SUBDELEGATION OF POWERS

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

4.5. DELEGATION WITH A VIEW TO ADOPTION OF ENFORCEABLE DECISIONS
(SEC(2005)1473 and /2)

The Commission decided to delegate to the Directors-General and Heads of Service the adoption, on behalf of the Commission and under its responsibility, of enforceable recovery decisions as provided for in SEC(2005)1473 and /2.

4.6. DELEGATION OF POWERS CONCERNING THE COMMISSION OPINION ON THE OPERATIONS OF THE EUROPEAN ECONOMIC AREA (EEA) FINANCIAL MECHANISM 2004-09 AND THE NORWEGIAN FINANCIAL MECHANISM 2004-09
(SEC(2005)1474)

The Commission decided to delegate to the Director-General, Regional Policy, the power to issue, on behalf of the Commission and under its responsibility, an opinion on requests for grants under the European Economic Area Financial Mechanism 2004-09 and the Norwegian financial mechanism 2004-09, as provided for in SEC(2005)1474.

5. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2005)1456/3)

ADMINISTRATIVE MATTERS
(PERS(2005)137)

**5.1. LEGAL SERVICE – APPOINTMENT OF AN A*15/16 DEPUTY
DIRECTOR-GENERAL**
(PERS(2005)58 to /4)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Deputy Director-General, Legal Service (PERS(2005)58 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 29 June and 19 July (PERS(2002)58/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered the applicants' ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT, it then decided to appoint Ms Claire-Françoise DURAND to the vacant post.

This decision would take effect on a date to be determined.

5.2. RELEX.B – APPOINTMENT OF AN A*14/15 DIRECTOR
(PERS(2001)248 to /6)

The Commission had before it the list of applications under Article 29(1)(a) of the Staff Regulations for the post of Director, Directorate B (Multilateral Relations and Human Rights) in DG RELEX (PERS(2001)248, /2, /3 and /6).

The Commission took note of the procedure followed as set out in PERS(2005)137, and of the opinions of the Consultative Committee on Appointments of 5 and 25 October 2001 (PERS(2001)248/4 and /5).

The Commission proceeded to consider the applicant's qualifications for the post. It also considered the applicant's ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, it then decided to appoint Ms Danièle SMADJA to the vacant post.

This decision would take effect immediately.

**5.3. 2005 PROMOTIONS ROUND FOR OFFICIALS ASSIGNED TO OPOCE
(C(2005)4465; C(2005)4466)**

The Commission adopted the decision on the award of appeal priority points, priority points in recognition of work undertaken in the interests of the institution and transitional priority points in the 2005 promotions round, to officials assigned to the Office for Official Publications of the European Communities, as set out in C(2005)4465.

The Commission also adopted the list of Publications Office officials promoted in 2005, in C(2005)4466.

OTHER MATTERS

**5.4. RULES GOVERNING THE COMPOSITION OF THE MEMBERS'
CABINETS AND THEIR SPOKESPERSONS AND COMMISSION
DECISION AMENDING COMMISSION DECISION OF 28 APRIL 2004,
C(2004)1597-5, ON A NEW POLICY FOR THE ENGAGEMENT AND
USE OF TEMPORARY AGENTS (TEMPORARY STAFF PURSUANT TO
ARTICLE 2C CEOS)
(SEC(2004)1485/5 and /6; C(2005)4467 and /2)**

The Commission took note of the amendments made to the rules governing the composition of the Members' cabinets and their spokesman as set out in SEC(2004) 1485/6.

These appointments would take effect immediately.

The Commission also decided to amend its decision of 28 April 2004 (C(2004) 1597/5) on a new policy for the engagement and use of temporary

agents, under Article 2(c) of Conditions of Employment of Other Servants of the European Communities, as set out in C(2005)4467/2.

This decision would take effect immediately.

**5.5. FINAL ALLOCATION OF HUMAN RESOURCES FOR 2006
(SEC(2005)1479)**

The Commission took note of the information note from Ms GRYBAUSKAITĖ (SEC(2005)1479). The Commission noted that, on this basis, the draft decision on the final allocation of human resources for 2006 would be tabled in December.

**6. REVISION OF THE COMMISSION'S RULES OF PROCEDURE AND THE
RULES TO GIVE EFFECT TO THE RULES OF PROCEDURE
(C(2005)4416 to /3; SEC(2005)1471)**

The Commission adopted the decision in the communication from the PRESIDENT in C(2005)4416/3 amending its Rules of Procedure. It also adopted the rules giving effect to them set out in Annex 2 of the communication.

This Decision would enter into force on 1 January 2006.

- 7. COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS ON THE EXTENSION OF THE TASKS OF THE EUROPEAN AVIATION SAFETY AGENCY– AN AGENDA FOR 2010
(COM(2005)578 to /3; SEC(2005)1476)**

- 8. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EC) No 1592/2002 OF 15 JULY 2002 ON COMMON RULES IN THE FIELD OF CIVIL AVIATION AND ESTABLISHING A EUROPEAN AVIATION SAFETY AGENCY
(COM(2005)579; SEC(2005)1476)**

The Commission:

- approved the communication extending the tasks of the European Aviation Safety Agency (COM(2005)578/3);
- adopted the proposal for a Parliament and Council Regulation concerning common rules in the field of civil aviation and establishing a European Aviation Safety Agency (COM(2005)579);
- decided to transmit these documents to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions:

- 9. COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND PARLIAMENT ON THE IMPACT OF THE ACCESSION OF BULGARIA AND ROMANIA ON THE HUMAN RESOURCES OF THE COMMISSION
(COM(2005)573 to /3; SEC(2005)1461)**

The Commission approved the communication in COM(2005)573/3 for transmission to Parliament and the Council.

10. PRELIMINARY DRAFT COMMISSION REGULATION ON THE APPLICATION OF ARTICLE 81(3) OF THE TREATY TO CERTAIN CATEGORIES OF AGREEMENTS AND CONCERTED PRACTICES CONCERNING CONSULTATIONS ON PASSENGER TARIFFS ON SCHEDULED AIR SERVICES AND SLOT ALLOCATION AT AIRPORTS (SEC(2005)1445 to /4; SEC(2005)1467)

The Commission:

- took note of the communication in SEC(2005)1445/4;
- approved the preliminary draft Commission regulation annexed to it;
- authorised Ms KROES to submit this preliminary draft regulation to the Advisory Committee on Restrictive Practices and Dominant Positions and to carry out all the other procedures indicated in Articles 5 and 6 of the enabling Council Regulation (EEC) No 3976/87.

11. COMMISSION DECISION ON THE COMMUNITY DIMENSION OF A MERGER CONTROL CASE (C(2005)4468 to /3; (SEC(2005)1494)

The Commission adopted the decision in C(2005)4468/2 and /3.

12. INTERINSTITUTIONAL RELATIONS (SEC(2005)1451)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 11 November (SEC(2005)1451).

It paid particular attention to the following points:

12.1. LEGISLATIVE MATTERS

(i) Preparations for November I part-session

(point 1.1 of the record)

In accordance with the rules in force, the Commission authorised the Commission Members responsible, in agreement with the PRESIDENT, Ms WALLSTRÖM and any other Members associated, to take a position on Parliament's amendments to its proposals. It paid particular attention to the following:

Codecision procedure - First reading

Joint discussion – “REACH” package

- SACCONI Reports – European Chemicals Agency, Persistent Organic Pollutants (POPs) and amendment to Directive 67/548/EEC on dangerous substances – COM(2003)644 – 2003/0256(COD) and 2003/0257(COD); SP(2005)4375 to /3; SEC(2005)91482; SEC(2005)1486

Mr VERHEUGEN and Mr DIMAS reported on the progress made in the dossier, with a view to the debate on this subject in Parliament on that day and the vote in plenary session on 17 November, on the basis of the compromise supported by three major political groups. Numerous amendments had been presented in Parliament committees, around 60 of which were particularly important. These related in particular to the arrangements for registration of chemicals and the definition of the “OSOR” (one substance, one registration) principle, and reflected the main advantages of the compromise presented, i.e. its balanced nature, the improvement in the operational aspects of the initial proposals and the high level of protection of health and the environment, while contributing to strengthening the competitiveness of European industry and reducing costs, in particular for small businesses.

Mr VERHEUGEN and Mr DIMAS also emphasised that it was essential at this time for the Commission to give an unequivocal political signal if agreement was to be reached between the institutions, since the Council Presidency had confirmed its objective of reaching political agreement on the

dossier before the end of 2005 (an extraordinary Council meeting (Competitiveness) might be held in December for this purpose). They therefore proposed that the Commission support Parliament's compromise proposal in accordance with the line set out in SP(2005)4375 and /2, and taking account of /3.

The Commission held an exchange of views on the dossier, during which it considered in particular:

- the importance for the Commission of performing its function of facilitator in a dossier of high political visibility, and the tactical considerations that should be taken into account in order to achieve this;
- the compatibility of the compromise proposal concerning Article 6 with the obligations arising from the legal instruments of the World Trade Organisation;
- the initiative taken by the Commission in the area of the registration, assessment and authorisation of chemicals, which would enable it from now on to launch the debate worldwide;
- the need to take account of the developing countries in the compromise proposal, particularly as regards the food, minerals and waste sectors.

Following the debate, in view of the importance of acting swiftly, the Commission decided to support Parliament's compromise proposal and adopted the line set out in SP(2005)4375/2.

The Commission thanked the Members' Offices and the departments concerned for the work done in the interinstitutional follow-up of the dossier, and Ms WALLSTRÖM for her initial proposals under the previous Commission.

- SCHEELE Report – Humane trapping standards for certain animal species – COM(2004)532, 04/0183 (COD); SP(2005)4244 to /3

The Commission took note of SP(2005)4244/3 setting out the line to be followed in this matter.

(ii) Proposal for a Council Regulation amending Parliament and Council Regulation (EC) No 2037/2000 as regards the base year for the allocation of quotas of hydrochlorofluorocarbons with respect to the Member States that acceded on 1 May 2004

(point 1.3 of the record)

The Commission authorised Mr DIMAS to accept the change in the legal basis and to continue the negotiations with Parliament and the Council under the codecision procedure with a view to reaching agreement at first reading, in accordance with the line set out in SI(2005)998.

(iii) Preparations for Council meeting (Agriculture and fisheries) on 22, 23 and 24 November

(point 1.4 of the record)

Proposal for a Council regulation establishing measures for the recovery of the sole stocks in the Western Channel and the Bay of Biscay

The Commission authorised Mr BORG to accept a compromise involving a splitting of the proposal, in accordance with the line presented in SI(2005)1003.

TACs and quotas for 2006

The Commission took note of the approach that Mr BORG intended to take at the Council meeting (Agriculture and Fisheries) on 22 November in connection with the Presidency questionnaire concerning certain measures relating to recovery of cod stocks, in accordance with the line set out in SI(2005)1004.

Proposal for a Council regulation on the common organisation of the markets in the sugar sector

- *Proposal for a Council Regulation amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers*

- *Proposal for a Council Regulation establishing a temporary scheme for the restructuring of the sugar industry in the European Community and amending Regulation (EC) No 1258/1999 on the financing of the common agricultural policy.*

The Commission authorised Ms FISCHER BOEL to accept, in agreement with the PRESIDENT, a possible majority agreement at the Council according to the line set out in SI(2004)1039/2.

Proposal for a Council Regulation concerning the tariff rates applicable to bananas (SI(2005)1040 and SI(2005)1062)

Ms FISCHER BOEL reported on the progress made in the discussions of this dossier within the Council and particularly on the need, following the second negative arbitration decision by the competent body of the World Trade Organisation on 27 October, to make a limited adjustment to the tariff rates applicable to imports of bananas from the most-favoured nations with a view to reaching agreement on the dossier at the Council meeting (General Affairs and External Relations) on 21 and 22 November or, if necessary, the Council meeting (Agriculture and Fisheries) on 22, 23 and 24 November. She mentioned the tariff rates that she intended to propose on the basis of a tariff only regime, the budgetary impact of which was not expected to be significant, and went on to review her reasons for considering, despite certain legal and political risks of this regime, that the proposed approach was the most appropriate. These reasons were:

- the approach was in line with the commitments entered into at Doha and the Council's mandate of July 2004;
- it was compatible with the second WTO arbitration decision;
- it would provide legal certainty to operators;
- it would send a positive signal to the partners in the negotiations;
- it would have a limited impact on the Union's relations with its ACP partners and the Hong Kong ministerial meeting.

The Commission held an exchange of views on this question, during which it considered in particular:

- the proposal consisting, among other things, of a “tariff only” regime from 1 January 2006, and the maintenance of zero-rate duty and a quota of 775 000 tonnes for ACP producers;
- the need to strike the right balance between the various interests at stake (exporters in the least-favoured countries, ACP countries and Community producers);
- the importance of reaching a negotiated agreement with the Latin American partners, with a view to the next reform of the banana industry;
- the need to take into account the effects of enlargement when setting the applicable customs tariffs.

Following this discussion, the Commission:

- adopted the line set out in SI(2005)1040;
- authorised Ms FISCHER BOEL and Mr MANDELSON to propose amendments to the tariff rates applicable to banana imports and to adopt the necessary transitional measures;
- authorised Ms FISCHER BOEL to adopt the necessary implementation and transitional measures before 1 January 2006;
- noted that Ms FISCHER BOEL would inform the Commission of the progress made in the dossier.

Proposal for a Council regulation for the conservation of fishery resources through technical measures in the Baltic Sea, the Belts and the Sound and amending Regulation (EC) No 1434/98
(SI(2005)1021)

The Commission authorised Mr BORG to continue, in agreement with the PRESIDENT, the discussions in preparation for the Council meeting in

order to reach a satisfactory compromise by qualified majority, including the question of drift nets.

Draft convention for the strengthening of the Inter-American Tropical Tuna Commission established by the 1949 convention between the United States of America and the Republic of Costa Rica

(point 1.5 of the record)

The Commission authorised Mr BORG to accept a change in the legal basis of the proposal in accordance with the line set out in SI(2005)1005.

12.2. RELATIONS WITH THE COUNCIL
(SI(2005)1038)

(iv) List of sensitive dossiers

(point 2.2 of the record)

Strategic partnership for Africa

Mr MICHEL informed the Commission Members of the progress made in the dossier, in preparation for the Council meeting (General Affairs and External Relations) on 21 and 22 November. Referring to the positive reception at the informal meeting of the ministers for development, held in Leeds on 24 and 25 October, of the Commission communication *EU Strategy for Africa: towards a Euro-African pact to accelerate Africa's development* (COM(2005)489 final), he expressed concern at the recent developments within the Council, referring to the fact that the Council Presidency intended to remove the most ambitious and pro-active aspects of the Commission proposal from the policy statement to be presented to the December European Council.

Following an exchange of views on the dossier, during which the importance for the Commission of playing a decisive role in giving momentum to the new European strategy for Africa was underlined, the PRESIDENT undertook to endeavour to convince the Council Presidency of the Commission's commitment to this ambitious strategy.

12.3. RELATIONS WITH PARLIAMENT

(v) Approval of the action taken on the non-legislative resolutions adopted at the September II part-session

(point 3.5 of the record)

The Commission approved and decided to transmit to Parliament the action taken on the non-legislative resolutions adopted by Parliament during the September II part-session (SP(2005)4374 and /2).

12.4. RELATIONS WITH THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE OMBUDSMAN AND NATIONAL PARLIAMENTS

(vi) Follow-up to the Opinions of the Economic and Social Committee – 2nd quarter 2005 (April, May and June plenary sessions)

(point 4.1 of the record)

The Commission approved and decided to transmit to the Economic and Social Committee the document concerning the follow-up to the opinions adopted during the April, May and June 2005 plenary sessions (SC(2005)47).

13. COMMUNICATION FROM THE COMMISSION TO COUNCIL AND THE PARLIAMENT - REPORT ON PROGRESS IN DEVELOPING THE INTERNAL MARKET IN GAS AND ELECTRICITY (COM(2005)568 to /4; SEC(2005)1448; SEC(2005)1468; SEC(2005)1518)

Mr PIEBALGS presented the dossier he was tabling. It formed part of the work programme for 2005 and came in response to the requests of Parliament. He emphasised the importance of the European energy market as the biggest regional market in the world and drew the Commission's attention to the fact that the report departed from traditional "benchmarking" reports in that it contained a genuine political assessment of the market, highlighting the impact of liberalisation on citizens and consumers. He gave a brief historical rundown of the liberalisation of the market, describing the factors and specific characteristics involved. Difficulties

had been reported by consumer associations, particularly the insufficient integration of energy markets, the degree of concentration in many national markets, which reduced competition and transparency, the difficulties of access for new operators and the insufficient number of independent regulators. There had been scant implementation of the directives by several Member States, and Mr PIEBALGS proposed that the Commission focus on the sector inquiry currently being conducted, the final report on which was scheduled for the end of 2006. Tasks still pending included strengthening the powers of the regulators, stepping up investments in interconnectivity, ensuring long-term stability in the market and regulating monopolies.

While assuring Mr PIEBALGS of her cooperation in remedying the shortcomings observed, Ms KROES pointed to the importance of fully implementing the opening up of the energy markets in order to benefit the industry and consumers in all the Member States. Significant distortions of competition still existed in this industry, and there was a need to remedy this situation through effective legislation regulating company mergers.

In support of her information note on the review of the “two-thirds” rule for establishing jurisdiction under the Merger Regulation (SEC(2005)1518), Ms KROES referred more particularly to the application of this rule in the case discussed that day (cf. item 11 of these minutes). There had been radical changes in the energy sector since the introduction of the two-thirds rule in 1989, particularly following liberalisation of the markets in the 1990s, and it was advisable to review this rule, since it no longer seemed appropriate. Consequently, she intended to initiate a debate on the relevance of this rule with all the players concerned. To this end, the parties concerned and the Member States would be consulted and the Commission duly informed of the results of this procedure.

The Commission took note of this information and held a brief exchange of views on the importance of this question, above all with respect to the opening up of the energy markets, which is part of the Lisbon agenda, and the need for a consistent policy in this industry with respect to non-member countries, particularly as regards the security of the EU’s energy supply given the situation as regards competition in the market and the high percentage of gas and oil imports from politically unstable areas.

Following this exchange of views, the PRESIDENT welcomed the contributions by Mr PIEBALGS and Ms KROES as a clear sign of the EU's ambitions, which had been confirmed at Hampton Court, and of the need for the Commission to take on a leadership role in this area. He reminded the meeting of the need to include the objectives set at Hampton Court in the Lisbon agenda. The PRESIDENT expressed his regret at the lack of competition in the energy market and expressed his support for Ms KROES's approach.

The Commission:

- approved the report in COM(2003)685/4;
- took note of the technical annex contained in staff paper SEC(2005)1448;
- decided to transmit these documents to Parliament and the Council.

14. RELATIONS WITH NON-MEMBER COUNTRIES

14.1. NEGOTIATIONS WITHIN THE WORLD TRADE ORGANISATION (SEC(2005)1480)

Mr MANDELSON and Ms FISCHER BOEL reported on the state of play of the negotiations with a view to the ministerial meeting in Hong Kong.

Mr MANDELSON emphasised that the proposals submitted by the European Community on 28 October had led the parties to open negotiations to the non-agricultural sectors and regretted the fact that, despite this breakthrough, the objectives of the main players were still too divergent. He proposed re-assessing the goals for the Hong Kong meeting while ensuring that as much progress as possible was made in order to reach agreement on the arrangements in spring 2006. To this end, he proposed an approach based on three principles:

- maintaining the momentum of the negotiations while avoiding an imbalance between the agricultural sector and the other sectors being negotiated;

- maintaining ambitious objectives for the whole Doha round;
- preserving, at Hong Kong, the “development” dimension of the cycle and the objective of obtaining market access for the most important sectors (agriculture, industry and services) while giving priority to south/south trade.

It was also important to ensure that the “development” aspect contributed added value for the least-developed countries through well-targeted measures, particularly market access with exemption from tariffs and quotas, in line with the “Everything but arms” initiative, the emerging countries’ political commitment at Hong Kong to market access, the preparation of a serious “Aid for trade” package, and other specific measures for the African countries, for example in the cotton sector.

Mr MANDELSON concluded by assuring the meeting that no subsequent proposal in the agricultural sector would be submitted by the European Community before the ministerial meeting in Hong Kong. The unconditional support of the EU Member States was required if the negotiations in the Doha round were to succeed.

Ms FISCHER BOEL supported the principles underlying the negotiations presented by Mr MANDELSON. She drew the Commission's attention to the need for careful drafting of any texts submitted by the European Community during the negotiations, above all as regards the other main players (the United States, G10, etc.). She reminded the meeting of the significant impact of the proposals made by the Community as regards the reduction of subsidies and tariffs, and highlighted the need for the United States to present proposals that would reflect the Community aims at this crucial stage of the negotiations.

The Commission took note of this information and held an in-depth discussion on the various aspects of the approach proposed by Mr MANDELSON and Ms FISCHER BOEL, the historical background, the general context of the negotiations and the players involved.

The PRESIDENT concluded by noting the support of the Commission as a whole of the approach proposed by Mr MANDELSON and Ms FISCHER BOEL, i.e. lowering the European Community's sights for Hong Kong while retaining the goals for the final outcome of the Doha round. It was important to make progress in the discussions on the agricultural sector without losing sight of the Union's offensive interests. In addition to preserving the balance at Hong Kong, a genuine joint effort was required from all the players involved. To ensure that the negotiations were given good coverage by the international press, the EU must be positive about its objectives and stand firm vis-à-vis the positions of the other participants. On the day before the ministerial meeting in Hong Kong it would be important to emphasise the "development" aspect, to present a package of proposals on "Aid for trade" and to explain the scope of the concept of "differentiated treatment". Specific questions such as cotton would have to be addressed, and the PRESIDENT agreed to urge the other players to pursue the initiatives taken by the European Community as regards market access.

14.2. *RECENT VISIT BY MS FERRERO-WALDNER TO THE MIDDLE EAST*

Ms FERRERO-WALDNER reported on her visit to Israel and Palestine and her participation in the Forum on the Future held in Bahrain during the G8 talks. Speaking of her visit to Israel and Palestine, she reported on the positive result secured that morning in the long and difficult negotiations on the Rafah border area between the Gaza Strip and Egypt, which had taken place with the active support of the Quartet Special Envoy, M. James Wolfensohn. The EU had supported this initiative by contributing to the strengthening of border control capacities. As regards the Forum, she mentioned more particularly the efforts to increase cooperation with the United States and the Gulf states vis-à-vis Iran and Iraq, and her participation in the launch of the Foundation for the Future, to which the Commission had contributed €1 million.

15. OTHER BUSINESS

15.1. REVIEW OF THE TWO-THIRDS RULE FOR ESTABLISHING JURISDICTION UNDER THE MERGER REGULATION (SEC(2005)1518)

The Commission took note of Ms KROES's information note (see also item 13 of these minutes).

15.2. PRESENTATION TO PARLIAMENT OF THE COMMISSION's LEGISLATIVE AND WORK PROGRAMME FOR 2006

The PRESIDENT announced that he intended to send a letter to the President of the Parliament expressing his surprise, from the institutional standpoint, at the way in which the part-session had been conducted that morning when the Commission had presented to Parliament its Legislative and Work Programme for 2006 strictly in accordance with the provisions of the framework agreement binding the two institutions.

The Commission supported this step.

15.3. DEPARTURE OF THE SECRETARY-GENERAL

The PRESIDENT, on behalf of all the Commission Members, expressed his heartfelt thanks to Mr O'SULLIVAN for his outstanding work for the institution as a whole and more particularly for Commission Members throughout his time as Secretary-General, in particular in the first year of the present Commission's term of office. He emphasised that the Secretary-General's relationship with the Commission had been characterised by trust, and he wished him every success in his important new responsibilities.

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The meeting closed at 1524 hours.