



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2006)1731 final

Brussels, 8 February 2006

MINUTES

of the 1731st meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 1 February 2006

(morning)

—

PV(2006)1731 final

CONTENTS

Attendance list	6-9
1. AGENDAS (OJ(2006)1731/3; SEC(2006)101/2).....	10
2. WEEKLY MEETING OF CHEFS DE CABINET (SEC(2006)1731)	10
3. MINUTES AND SPECIAL MINUTES OF 1730TH MEETING (25 JANUARY) (PV(2006)1730; PV(2006)1730, PART II).....	10
4. MONITORING THE APPLICATION OF COMMUNITY LAW	10
<i>INFRINGEMENTS – URGENT OR POSTPONED CASES – RECAPITULATIVE LIST (SEC(2006)124; SEC(2006)123)</i>	<i>10</i>
5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	11
5.1. WRITTEN PROCEDURES APPROVED (SEC(2006)102 et seq.).....	11
5.2. SENSITIVE WRITTEN PROCEDURES (SEC(2006)103).....	11
5.3. EMPOWERMENT (SEC(2006)104 et seq.)	11
5.4. DELEGATION AND SUBDELEGATION OF POWERS.....	11
6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2006)105).....	12
6.1. SJ – EXTERNAL PUBLICATION OF A VACANCY NOTICE FOR AN A*14 PRINCIPAL LEGAL ADVISER (EU-10) (PERS(2006)12).....	12
6.2. DG RTD – INTERNAL PUBLICATION OF A VACANCY NOTICE FOR AN A*15/16 DEPUTY DIRECTOR-GENERAL (PERS(2006)13).....	12
6.3. DG PRESS – CHANGE OF NAME AND ACRONYM AND AMENDMENT OF THE ORGANISATION CHART (SEC(2006)133).....	13
6.4. DG DIGIT – AMENDMENT OF THE ORGANISATION CHART (SEC(2006)134)	13

6.5. <i>DG ADMIN – FRAMEWORK AGREEMENT ON RELATIONS BETWEEN THE COMMISSION AND THE TRADE UNIONS AND STAFF ASSOCIATIONS</i> (SEC(2006)135)	14
7. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF COUNCIL REGULATION (EC) NO 1466/97, ON THE UPDATED STABILITY PROGRAMME OF AUSTRIA (2005-08) (SEC(2006)107 AND /2; SEC(2006)119; SEC(2006)127)	14
8. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF COUNCIL REGULATION (EC) NO 1466/97, ON THE UPDATED STABILITY PROGRAMME OF BELGIUM (2005-09) (SEC(2006)108 AND /2; SEC(2006)119; SEC(2006)127)	14
9. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF COUNCIL REGULATION (EC) NO 1466/97, ON THE UPDATED CONVERGENCE PROGRAMME OF ESTONIA (2005-09) (SEC(2006)109 TO /3; SEC(2006)119; SEC(2006)127)	14
10. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF COUNCIL REGULATION (EC) NO 1466/97, ON THE UPDATED CONVERGENCE PROGRAMME OF LATVIA (2005-08) (SEC(2006)110 TO /3; SEC(2006)119; SEC(2006)127).....	14
11. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF COUNCIL REGULATION (EC) NO 1466/97, ON THE UPDATED STABILITY PROGRAMME OF LUXEMBOURG (2005-08) (SEC(2006)111 TO /3; SEC(2006)119; SEC(2006)127)	15

12. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF COUNCIL REGULATION (EC) NO 1466/97, ON THE UPDATED CONVERGENCE PROGRAMME OF SLOVENIA (2005-08) (SEC(2006)112 AND /2; SEC(2006)119; SEC(2006)127)	15
13. MEMORANDUM OF UNDERSTANDING BETWEEN THE EUROPEAN INVESTMENT BANK (EIB) AND THE EUROPEAN COMMISSION ON THE ESTABLISHMENT OF AN INFRASTRUCTURE TRUST FUND FOR AFRICA (C(2006)237; SEC(2006)137)	15
14. RELATIONS WITH NON-MEMBER COUNTRIES	16
14.1. VISIT TO TURKEY (25-27 JANUARY) (SEC(2006)154)	16
AVIAN INFLUENZA – SITUATION IN CYPRUS AND IRAQ (SEC(2006)155).....	16
14.2. VISIT TO BULGARIA (22-24 JANUARY) (SEC(2006)128)	16
14.3. PROGRESS IN ENQUIRIES INTO ALLEGATIONS CONCERNING CIA ACTIVITIES IN EUROPE (SEC(2006)151).....	16
14.4. AFTERMATH OF THE GENERAL ELECTIONS IN THE PALESTINIAN TERRITORIES (SEC(2006)157)	16
14.5. INTERNATIONAL CONFERENCE ON AFGHANISTAN (LONDON, 31 JANUARY AND 1 FEBRUARY) (SEC(2006)156)	17
15. WHITE PAPER ON A EUROPEAN COMMUNICATION POLICY (COM(2006)35 TO /4; SEC(2006) 126 AND /2; SEC(2006)56; SEC(2006)129)	17
16. COMMISSION STAFF PAPER – REVISED PROPOSAL FOR RENEWAL OF THE INTERINSTITUTIONAL AGREEMENT ON BUDGETARY DISCIPLINE AND IMPROVEMENT OF THE BUDGETARY PROCEDURE (COM(2006) 36 TO /3)	20
17. INTERINSTITUTIONAL RELATIONS (SEC(2006) 93).....	21

<i>17.1. LEGISLATIVE MATTERS.....</i>	<i>22</i>
<i>17.2. RELATIONS WITH THE COUNCIL (SI(2006) 55)</i>	<i>25</i>
<i>17.3. RELATIONS WITH PARLIAMENT</i>	<i>26</i>
<i>17.4. RELATIONS WITH THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE OMBUDSMAN AND THE NATIONAL PARLIAMENTS.....</i>	<i>26</i>
<i>18. OTHER BUSINESS.....</i>	<i>27</i>

Single sitting: Wednesday 1 February (morning)

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

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	Items 1 to 15 and 17 (in part)
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr FRATTINI	Vice-President	Items 1 to 16 (in part) and 17 (in part)
Mr DIMAS		Items 15 (in part) to 18
Mr ALMUNIA		Items 1 to 17 (in part) and 18
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL'		
Mr KYPRIANOU		
Mr REHN		
Mr MICHEL		Items 1 to 17 (in part)
Mr KOVÁCS		Items 1 to 15 (in part) and 17 (in part)
Ms KROES		
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		Items 15 (in part) and 16 (in part)
Mr McCREEVY		
Mr ŠPIDLA		
Mr PIEBALGS		Items 1 to 17

Absent:

Mr KALLAS

Vice-President

Ms REDING

Mr MANDELSON

The following sat in to represent absent Members of the Commission

Mr SCHMIDT	Deputy Chef de cabinet to Mr Kallas	
Mr STROHMEIER	Chef de cabinet to Ms Reding	
Mr FRASER	Chef de cabinet to Mr Mandelson	Items 1 to 16 (in part) and 17 (in part)
Ms NIKOLAY	A member of Mr Mandelson's staff	Items 16 (in part), 17 (in part) and 18

The following also sat in

Mr VALE DE ALMEIDA	Chef de cabinet to the President	
Mr PETITE	Director-General, Legal Service	
Mr SØRENSEN	Director-General, Press and Communication	Items 1 to 17 (in part)
Mr LAITENBERGER	Commission Spokesman	Items 1 to 15 and 17 (in part)
Mr MOAVERO-MILANESI	Director-General, Bureau of European Policy Advisers (BEPA)	Items 1 to 16 (in part) and 17 (in part)
Mr ITALIANER	Deputy Chef de cabinet to the President	
Mr THEBAULT	Chief Adviser in the President's Office	Items 16 and 17 (in part)
Mr ELLIS	A member of the President's staff	Item 18
Ms MARTINEZ ALBEROLA	A member of the President's staff	Item 17 (in part)
Ms CARPARELLI	Deputy Chef de cabinet to Ms Wallström	Items 1 to 15 and 17 (in part)
Ms BERGENFELT	A member of Ms Wallström's staff	Items 16, 17 (in part) and 18
Ms SCHMITT	Deputy Chef de cabinet to Mr Frattini	Items 16 (in part), 17 (in part) and 18
Ms KONTOU	Chef de cabinet to Mr Dimas	Items 1 to 15 (in part)
Mr QUEST	Chef de cabinet to Ms Grybauskaitė	Item 16
Mr SZÜCS	Chef de cabinet to Mr Kovács	Items 1 to 17 (in part)
Mr CHILD	Chef de cabinet to Ms Ferrero-Waldner	Items 1 to 15 in part and 17 (in part)
Mr SCHWAIGER	Deputy Chef de cabinet to Ms Ferrero-Waldner	Items 16 (in part), 17 (in part) and 18
Mr POWER	Chef de cabinet to Mr McCreevy	Item 17 (in part)

Mr KESTERIS	Chef de cabinet to Mr Piebalgs	Item 18
Mr ROUDIE	DG Press and Communication	Items 17 (in part) and 18
Mr SOLTYK	Spokesman	Item 16
Ms ASSIMAKOPOULOU	Spokeswoman	Item 17 (in part)
Mr ROMERO REQUENA	Director-General, Budget	Item 16 (in part)

Secretary: Ms DAY, Secretary-General, assisted by Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS

(OJ(2006)1731/3; SEC(2006)101/2)

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(2006)1731)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 30 January.

3. MINUTES AND SPECIAL MINUTES OF 1730th MEETING (25 January)

(PV(2006)1730; PV(2006)1730, Part II)

The Commission approved the minutes of its 1730th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

INFRINGEMENTS – URGENT OR POSTPONED CASES – RECAPITULATIVE LIST

(SEC(2006)124; SEC(2006)123)

The Commission adopted the decisions in the recapitulative list (SEC(2006)124).

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2006)102 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 23 and 27 January.

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2006)103)

The Commission took note of written procedures initiated between 23 and 27 January for the adoption of decisions with political implications.

5.3. EMPOWERMENT

(SEC(2006)104 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 23 and 27 January.

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 23 and 27 January, as archived on the "Greffé 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2006)105)

ADMINISTRATIVE MATTERS
(PERS(2006)14)

6.1. SJ – EXTERNAL PUBLICATION OF A VACANCY NOTICE FOR AN A*14
PRINCIPAL LEGAL ADVISER (EU-10)
(PERS(2006)12)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission authorised the publication, under Article 29(2) of the Staff Regulations, of the vacancy notice in PERS(2006)12 for the post of Principal Legal Adviser (grade A*14) to lead the team in the Legal Service responsible for "Internal market, goods and energy, including Euratom; industrial cases; steel; customs union; environment". This post was reserved for a national of one of the new Member States, in accordance with the communication approved by the Commission at its meeting of 15 June 2005 (PV(2005)1706).

This decision would take effect immediately.

6.2. DG RTD – INTERNAL PUBLICATION OF A VACANCY NOTICE FOR AN
A*15/16 DEPUTY DIRECTOR-GENERAL
(PERS(2006)13)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, the Commission authorised the publication, under Article 29(1)(a)(i) and (iii) of the Staff Regulations, of the vacancy notice in PERS(2006) 13 for the post of Deputy Director-General (grade A*15/16) in the Directorate-General for Research.

This decision would take effect immediately.

**6.3. DG PRESS – CHANGE OF NAME AND ACRONYM AND AMENDMENT
OF THE ORGANISATION CHART
(SEC(2006)133)**

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

- to change the name “Directorate-General for Press and Communication” to “Directorate-General for Communication”;
- to change the acronym DG PRESS to DG COMM;
- to set up a new Directorate COMM.A "Strategy";
- to abolish the existing unit PRESS.02 "Inspection";
- to set up a new unit COMM.A.2 "Communication: planning and priorities";
- to set up a new unit COMM.A.3 "Communication: research and assessment";
- to approve the organisation chart as set out in SEC(2006)133.

These decisions would take effect on 16 February.

**6.4. DG DIGIT – AMENDMENT OF THE ORGANISATION CHART
(SEC(2006)134)**

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

- to set up a new Directorate DIGIT.C "Infrastructure services provision";
- to set up a new unit DIGIT.A.2 "Solutions for corporate infrastructure";
- to set up a new unit DIGIT.C.3 "Corporate users proximity services";
- to approve the organisation chart as set out in SEC(2006) 134.

These decisions would take effect on 16 February.

**6.5. DG ADMIN – FRAMEWORK AGREEMENT ON RELATIONS BETWEEN
THE COMMISSION AND THE TRADE UNIONS AND STAFF
ASSOCIATIONS
(SEC(2006)135)**

The Commission took note of the information note from Mr KALLAS, distributed as SEC(2006) 135, on the framework agreement on relations between the Commission and the trade unions and staff associations, signed on 24 January.

- 7. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN
ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF
COUNCIL REGULATION (EC) No 1466/97, ON THE UPDATED STABILITY
PROGRAMME OF AUSTRIA (2005-08)
(SEC(2006)107 AND /2; SEC(2006)119; SEC(2006)127)**
- 8. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN
ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF
COUNCIL REGULATION (EC) No 1466/97, ON THE UPDATED STABILITY
PROGRAMME OF BELGIUM (2005-09)
(SEC(2006)108 AND /2; SEC(2006)119; SEC(2006)127)**
- 9. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN
ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF
COUNCIL REGULATION (EC) No 1466/97, ON THE UPDATED
CONVERGENCE PROGRAMME OF ESTONIA (2005-09)
(SEC(2006)109 TO /3; SEC(2006)119; SEC(2006)127)**
- 10. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN
ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF**

**COUNCIL REGULATION (EC) No 1466/97, ON THE UPDATED
CONVERGENCE PROGRAMME OF LATVIA (2005-08)
(SEC(2006)110 TO /3; SEC(2006)119; SEC(2006)127)**

- 11. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN
ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 5 OF
COUNCIL REGULATION (EC) No 1466/97, ON THE UPDATED STABILITY
PROGRAMME OF LUXEMBOURG (2005-08)
(SEC(2006)111 TO /3; SEC(2006)119; SEC(2006)127)**

- 12. COMMISSION RECOMMENDATION FOR A COUNCIL OPINION, IN
ACCORDANCE WITH THE THIRD PARAGRAPH OF ARTICLE 9 OF
COUNCIL REGULATION (EC) No 1466/97, ON THE UPDATED
CONVERGENCE PROGRAMME OF SLOVENIA (2005-08)
(SEC(2006)112 AND /2; SEC(2006)119; SEC(2006)127)**

The Commission approved the communications set out in SEC(2006)107/2, SEC(2006)108/2, SEC(2006)109/3, SEC(2006)110/3, SEC(2006) 111/3 and SEC(2006)112/2, for transmission to the Council.

- 13. MEMORANDUM OF UNDERSTANDING BETWEEN THE EUROPEAN
INVESTMENT BANK (EIB) AND THE EUROPEAN COMMISSION ON THE
ESTABLISHMENT OF AN INFRASTRUCTURE TRUST FUND FOR AFRICA
(C(2006)237; SEC(2006)137)**

The Commission approved the memorandum of understanding in C(2006)237 and authorised the Member of the Commission responsible for development and humanitarian aid, or any other person designated by him for this purpose, to sign the memorandum of understanding on behalf of the European Commission.

The Commission agreed to come back to this matter when there was a legally binding text following on from the memorandum of understanding.

14. RELATIONS WITH NON-MEMBER COUNTRIES

14.1. VISIT TO TURKEY (25-27 JANUARY)

(SEC(2006)154)

AVIAN INFLUENZA – SITUATION IN CYPRUS AND IRAQ

(SEC(2006)155)

The Commission took note of the information notes from Mr KYPRIANOU in SEC(2006)154 and SEC(2006)155.

14.2. VISIT TO BULGARIA (22-24 JANUARY)

(SEC(2006)128)

The Commission took note of the information note from Mr FRATTINI in SEC(2006)128.

14.3. PROGRESS IN ENQUIRIES INTO ALLEGATIONS CONCERNING CIA ACTIVITIES IN EUROPE (SEC(2006)151)

The Commission took note of the information note from Mr FRATTINI in SEC(2006)151

14.4. AFTERMATH OF THE GENERAL ELECTIONS IN THE PALESTINIAN TERRITORIES

(SEC(2006)157)

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2006)157.

**14.5. INTERNATIONAL CONFERENCE ON AFGHANISTAN (LONDON,
31 JANUARY AND 1 FEBRUARY)
(SEC(2006)156)**

The Commission took note of the information note from
Ms FERRERO-WALDNER in SEC(2006)156.

**15. WHITE PAPER ON A EUROPEAN COMMUNICATION POLICY
(COM(2006)35 TO /4; SEC(2006) 126 AND /2; SEC(2006)56; SEC(2006)129)**

Ms WALLSTRÖM introduced the draft White Paper she was laying before the Commission. She recalled that, at the seminar on communication policy in April 2005, it had been agreed to proceed in two stages, the first of which was to culminate in the adoption of an action plan focusing on internal Commission activities; this had been accomplished in July (SEC(2005)985) The second stage consisted of drawing up a White Paper with the aim of tackling the problem of communication in a wider context and explore new working methods with the other institutions, the Member States and the players most directly concerned.

The draft White Paper she was laying before the Commission represented the culmination of this second stage, following a long period of internal consultations and discussions. Ms WALLSTRÖM pointed out, among other things, that the common principles that should guide information and communication activities could be enshrined in a framework document, i.e. a European charter, a code of conduct or any other appropriate instrument. The aim of such a document would be to spell out the values and common principles that should guide information activities and to mobilise and engage all the players involved. She concluded her presentation by describing the predicament of the Commission, which was supposed to resolve the problems concerning communication on European issues, but without the tools and resources it needed to perform that task.

She pointed out that, in the text box on page 10 of document COM(2006) 35/4 describing the measures that could be taken to involve the media more effectively in communicating on Europe, the first indent of the second bullet point should read as follows:

" – to upgrade *Europe By Satellite*, with a focus on producing high quality audiovisual content which is user-friendly for the media and relevant to the citizens, and to explore the desirability of having an inter-institutional service operating on the basis of professional standards. "

Following Ms WALLSTRÖM's introduction, the Members of the Commission held an in-depth discussion, focusing among other things on the following subjects:

- the fact that responsibility for communication on European issues rested not only with the Commission but also with all European political leaders;
- the vital importance of active participation by the Member States and the players most directly concerned and the merits of identifying practical issues that were suitable for dialogue with the public;
- the lack of suitable and sufficient resources to carry out both general and sectoral communication activities;
- the importance of involving all the Members of the Commission in order to improve the quality of communication, particularly in the subject areas for which they were responsible;
- the importance of paying special attention to communication activities aimed at young people;
- the desirability and usefulness for the Commission and other interested parties of enshrining the common principles that should guide information activities on European issues in a framework document, along the lines of existing charters on other subjects; the need to demonstrate the added value of any such framework document; and, in any event, the need for careful presentation of this approach to

the outside world in order to make it clear that the guidelines of any framework document affected only the institutions and other stakeholders and not the media, which clearly followed other rules;

- a proposal to consider the case for having an interinstitutional communication service operating on the basis of professional standards, which would certainly not be designed to compete with existing press agencies, and, in this connection, the need to attach sufficient importance to the audiovisual media.

Winding up, the PRESIDENT noted that there was very broad support among the Commission for the White Paper and the approach recommended by Ms WALLSTRÖM. He stressed that the White Paper was not concerned with the Commission's internal tools and resources, but that its main aim was to engage other players, in particular the Member States, in a political debate on communication on European issues in order to uphold the public's right of access to information. He asked Ms WALLSTRÖM to report to the Commission, if possible before the summer break, on the implementation of the Commission's action plan, attaching new proposals if necessary. On the question of the financial and human resources that could be allocated to the Commission's communication efforts, the PRESIDENT pointed to the changes in the organisation chart of the Directorate-General for Press and Communication and the Spokesman's Service and the possible need for internal redeployment. Finally, he stressed that it was important for the Commission to speak with one voice on this issue.

Subject to the amendment set out above, the Commission approved the White Paper in COM(2006)35/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

16. COMMISSION STAFF PAPER – REVISED PROPOSAL FOR RENEWAL OF THE INTERINSTITUTIONAL AGREEMENT ON BUDGETARY DISCIPLINE AND IMPROVEMENT OF THE BUDGETARY PROCEDURE (COM(2006) 36 TO /3)

The Commission reviewed progress with the financial perspective 2007-13. It considered the working paper presented by Ms GRYBAUSKAITĖ on a revised proposal for renewal of the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure.

The PRESIDENT introduced the debate by emphasising the ambition of the revised proposal. The proposal sought to contribute to the success of the negotiations in progress, without, however, binding the Commission to the whole of the compromise reached at the European Council in December 2005. The PRESIDENT said he intended to attach a personal letter to the working paper; a draft of the letter was circulated at the meeting. The letter would be addressed to the President of the European Council and the President of Parliament, and would advise them in particular of his doubts regarding the reduction of appropriations in heading 3B intended to finance measures with a direct impact on citizens in areas such as culture, youth, public health and communication. The expenditure devoted to these areas was to decrease in 2007 in comparison with 2006. The revised proposal did not include precise figures at this stage; this had been done by choice, in order to avoid closing off any possibility of upward adjustment of some of the amounts agreed at the December European Council.

Taking up the introduction of the proposal, Ms GRYBAUSKAITĖ outlined the main changes from the interinstitutional agreement initially proposed in July 2004: flexibility both inside the financial framework (emergency aid reserve, globalisation adjustment fund, possibility of departure by up to 10% from the reference amounts concerning programmes adopted under the co-decision procedure) and outside it (flexibility instrument up to €700 million per year, solidarity fund) and the review clause.

In the ensuing discussion the following points in particular were raised:

- the possibility of envisaging innovative solutions to increase the appropriations devoted to development aid, for example by using the proceeds of the fines imposed on companies under the Community competition policy;
- the contours of the flexibility instrument that was to be available in the field of external relations;
- the need to find an appropriate formula to ensure that the European Investment Bank could participate in a general and balanced fashion in the financial efforts for growth and employment undertaken in line with the Lisbon strategy;
- the terms of the review clause.

Following discussion, the Commission:

- approved the working document distributed as COM(2006) 36/3 for transmission to the Council and Parliament;
- took note of draft letter that the PRESIDENT proposed addressing to the President of the European Council and the President of Parliament to accompany the working document, and of the amendments that were to be made to it in line with the outcome of the discussion, with special reference to the link with the strategy for growth and employment, the review clause and the financing instruments operated by the European Investment Bank;
- emphasised the importance of ensuring an unwaveringly collective approach in the conduct of negotiations in progress, by avoiding any individual initiative of a sectoral nature.

17. INTERINSTITUTIONAL RELATIONS

(SEC(2006) 93)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 27 January (SEC(2006) 93).

It paid particular attention to the following points:

17.1. LEGISLATIVE MATTERS

i) Preparations for the February I part-session

(point 1.2 of the record of the meeting of the Group)

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 gave special attention to the following:

First reading

- TOUBON report – Rules on nominal quantities for pre-packed products – COM(2004) 708 – 2004/0248(COD)

The Commission adopted the approach set out in SP(2006) 199 and /2 and empowered Mr VERHEUGEN to present an amended proposal, at the appropriate time, in line with the general policy on better lawmaking and simplification.

ii) Follow-up to the July 2005 part-session

(point 1.3 of the record)

- WALLIS report – Rome II – COM(2003) 427 – 2003/0168(COD)

The Commission adopted the approach set out in SP(2006) 332 and authorised Mr FRATTINI to delete Article 6 in the amended proposal and to continue negotiations with a view to the conclusion of an agreement.

iii) Preparations for the February II part-session

(point 1.4 of the record)

- GEBHARDT – Services in the internal market – COM(2004) 2 – 2004/0001(COD) – SEC(2006) 136

The PRESIDENT introduced the item by reminding the meeting of the symbolic nature and political sensitivity of the dossier. He emphasised that the vote to be held in Parliament at the mid-February part-session, under the codecision procedure in progress, would be crucial for the future of the draft Directive. The PRESIDENT approved the cautious and open approach followed by Mr McCREEVY, under which Parliament's institutional prerogatives were to be respected in full and the outcome of the vote was not to be prejudged. The Commission needed to take up the issue as a body in line with the approach proposed by Mr McCREEVY regarding the substance of the amendments and the internal procedure for preparations in the run-up to the vote in Parliament.

Mr McCREEVY reported on the state of play in Parliament following the amendments adopted by the Committee on the Internal Market and Consumer Protection (IMCO). He spoke of the climate of uncertainty regarding the position that Parliament might finally adopt, the power balances in the political groups, the growing convergence of views on certain key points and the decisive nature of the vote on 16 February. He reviewed the amendments of substance that had been presented so far, with special reference to exclusions from the scope of the Directive. He said there were definite prospects that Parliament might reach a broad consensus on a balanced text which would be viable in the internal market, would satisfy the criteria set, and would confer real added value. Such a compromise could then facilitate matters in the Council, making it possible finally to adopt the Directive.

The Commission took note of this information and held an in-depth exchange of views on the state of the interinstitutional proceedings with respect to the proposal for a Directive. It discussed the following issues in particular:

- the vital importance of achieving a broad consensus on the draft Directive in Parliament, and of avoiding any interference with the search for such a compromise;

- the links between the proposal for a Directive on services in the single market, the Directive on the posting of workers, the principle of free movement and the removal of administrative obstacles to freedom of establishment;
- the economic importance of cross-border services in growth and job creation and the completion of the single market;
- the consequences, particularly economic and legal, of the possible exclusion of certain sectors of activity from the scope of the Directive which was currently being advocated in Parliament;
- the impact that some of the amendments being suggested by Parliament might have on competitiveness, in the context of the vital importance of the adoption of the Directive to growth and employment;
- the need to arrive at a balanced Directive that would reconcile the opening up of the market in services and the preservation of social standards;
- the prospects for an acceptable consensus that would be as broadly based as possible between the major political groups in Parliament, between the social partners, and between the European institutions;
- the need for a review of the operation of the Directive a certain time after it entered into force;
- considerations regarding the handling of the issue in the coming weeks, and the possibility that the Commission might want to signal boundaries that could not be crossed, with special reference to the fundamental principles of the single market;
- the information and communication effort to be undertaken by the Commission as a whole, and the institutional steps that might need to be taken after the vote in Parliament.

After discussion, the Commission:

- confirmed its strong support for the approach advocated by Mr McCREEVY and authorised him to proceed along the lines set out in SP(2005) 5068;
- decided to follow developments carefully in the run-up to the vote;
- in the light of developments in Parliament, asked Mr McCREEVY to brief the usual preparation and decision-making structures in good time, ensuring that the Commission was kept fully up to date so that all the Commission Members could play an active political role.

While reminding the meeting of the need not to prejudge the vote in Parliament, the PRESIDENT closed the debate by calling on all Commission Members, and in particular those whose portfolios were most closely linked to the subject matter of the proposal, to take up the matter with their contacts in Parliament, drawing their attention to the vital importance to the European Union of adopting a Directive on services in the internal market rapidly. He would be instructing his Office, acting in liaison with the Secretariat-General, to set up an informal monitoring group with representation from the Offices of the Members most directly concerned.

17.2. *RELATIONS WITH THE COUNCIL*

(SI(2006) 55)

iv) Information on developments in the Council since 13 January

(point 2.1 of the record)

Council meeting on economic and financial affairs, 24 January 2006 – Reduced VAT rates

Mr KOVÁCS reported on the state of the play with regard to reduced rates of value-added tax. He reminded the meeting of the main points of the compromise proposal formulated by the Council Presidency, which had now been accepted by 24 Member States, and confirmed that Poland had been allowed more time

(until 31 January), following the tragic events which had recently taken place there. A working meeting was to be held on Wednesday 1 February in Vienna, at the request of the Polish Government, with a view to considering the two conditions that Government had set for acceptance of the compromise proposal. He emphasised the importance of reaching agreement, but said that if no agreement was reached he would be obliged to propose infringement proceedings.

The Commission noted the political sensitivity of the matter, and agreed on the importance of achieving agreement on the terms being suggested.

17.3. RELATIONS WITH PARLIAMENT

v) Preparations for February I part-session: non-legislative dossiers
(point 3.1 of the record)

– FERBER report – Application of the Postal Directive

The Commission took note of SP(2006) 200 and /4.

vi) Action taken on Parliament's opinions and resolutions
(point 3.5.2 of the record)

The Commission adopted and decided to transmit to Parliament document SP(2006) 311 without the fiche concerning Resolution B6-0630/2005 (pp. 47-48 of the document).

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

vii) Follow-up to the Opinion of the Economic and Social Committee for the third quarter – Plenary sessions of July and September
(point 4.1 of the record)

The Commission approved document SC(2006)7 (without the fiche concerning the Directive on port services) on the follow-up to the Opinion of the Economic and Social Committee for the third quarter (plenary sessions of July and September), and decided to transmit it to the Committee.

18. OTHER BUSINESS

MITTAL STEEL'S TAKEOVER BID FOR ARCELOR

Ms KROES reported briefly on developments in the situation created by Mittal Steel's bid to take over the European steel producer Arcelor. The Commission would be carrying out an in-depth examination of the bid in due course, under the Merger Regulation, and thus exclusively in terms of its impact on competition.

Following a brief exchange of views, the PRESIDENT concluded by referring to the highly sensitive nature of the case, and said that the Commission would take a position only in the light of the outcome of the investigations conducted under the authority of Ms KROES. He intended to ask the Commission to debate the general question of European industrial strategy very shortly.

*

* *

The meeting closed at 14.23.

