



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2006) 1734 final

Brussels, 1st March 2006

MINUTES
of the 1734th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 22 February 2006
(morning)

PV(2006) 1734 final

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Single sitting: Wednesday 22 February 2006 (morning)

The sitting opened at 9h05 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	Items 1 to 23
Mr KALLAS	Vice-President	Items 1 to 23 (in part)
Mr FRATTINI	Vice-President	Items 1 to 23 (in part)
Ms REDING	Member	
Mr DIMAS	Member	
Mr ALMUNIA	Member	
Ms HÜBNER	Member	
Mr BORG	Member	Items 1 to 24 (in part) and 25
Ms GRYBAUSKAITĖ	Member	Items 1 to 23
Mr FIGEL'	Member	
Mr KYPRIANOU	Member	
Mr REHN	Member	
Mr KOVÁCS	Member	
Ms KROES	Member	
Ms FISCHER BOEL	Member	
Ms FERRERO-WALDNER	Member	
Mr McCREEVY	Member	Items 1 to 23 (in part), 24 and 25
Mr ŠPIDLA	Member	

Absent:

Mr POTOČNIK	Member
Mr MICHEL	Member
Mr MANDELSON	Member
Mr PIEBALGS	Member

The following sat in to represent absent Members of the Commission

Mr. DRÖLL	Chef de cabinet to Mr POTOČNIK	
Ms WEYAND	Chef de cabinet to Mr MICHEL	
Mr REDONNET	Deputy Chef de cabinet to Mr MANDELSON	
Mr KESTERIS	Chef de cabinet to Mr PIEBALGS	Items 1 to 24 (in part) and 25

The following also sat in

Mr VALE DE ALMEIDA	Chef de cabinet to the President	
Mr PETITE	Director-General, Legal Service	
Mr CARVOUNIS	DG Communication	Items 1 to 24 (in part) and 25
Mr LAITENBERGER	Commission Spokesman	Items 1 to 24 (in part) and 25
Mr MOAVERO-MILANESI	Director-General, Bureau of European Policy Advisers (BEPA)	
Mr ITALIANER	Deputy Chef de cabinet to the President	Item 23
Ms MARTINHO	Chief Adviser in the President's Office	Item 23 (in part)
Mr ADAMIŠ	Chef de cabinet to Mr FIGEL'	Item 23
Mr VERON	A member of Ms Ferrero-Waldner's staff	Item 24 (in part)
Ms AHRENKILDE	DG Communication	Item 24 (in part)

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

1. AGENDAS(OJ(2006) 1734/3; SEC(2006)197/2); SEC(2006)245; SEC(2006)248)

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)1734)**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 20 February.

**3. MINUTES OF 1733rd MEETING (14 February)
(PV(2006) 1733)**

The Commission approved the minutes of its 1733rd meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

***STATE AID - RECAPITULATIVE LIST*
(SEC(2006)269; SEC(2006)256)**

The Commission adopted the decisions in the recapitulative list (SEC(2006)269).

The Commission, having regard to Cases N 230/2005 and N 417/2005 (C(2006)240 *et seq.* and C(2006)440 *et seq.* respectively), agreed to examine a number of general questions regarding shipbuilding in the context of the forthcoming review of the state aid framework in this sector.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2006)198 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 February.

5.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2006)199)

The Commission took note of written procedures initiated between 13 and 17 February for the adoption of decisions with political implications.

5.3. COMMISSION DECISION CONCERNING THE PROPOSED AMENDMENT TO THE NATIONAL ALLOCATION PLAN FOR THE ALLOCATION OF GREENHOUSE GAS EMISSION ALLOWANCES NOTIFIED BY THE UNITED KINGDOM IN ACCORDANCE WITH PARLIAMENT AND COUNCIL DIRECTIVE 2003/87/EC (FORMER WRITTEN PROCEDURE E/234/2006)

(C(2006)426 to /5; SEC(2006)253)

The Commission adopted the decision in C(2006)426/4 and /5 in the authentic language (English) for notification to the United Kingdom.

5.4. EMPOWERMENT

(SEC(2006)216 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 13 and 17 February.

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 13 and 17 February, as archived on the "Greffé 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2006)217/2)

ADMINISTRATIVE MATTERS

(PERS(2006)22/2)

6.1. *INITIAL COMMUNICATION UNDER ARTICLE 50 OF THE STAFF REGULATIONS*

The Commission decided to initiate the procedure laid down in Article 50 of the Staff Regulations with respect to an A*15 official.

6.2. *DG RTD - APPLICATION OF THE ARTICLE 50 PROCEDURE (SECOND STAGE) WITH RESPECT TO AN A*16 OFFICIAL (PERS(2006)21)*

The Commission continued its discussions on this matter, begun on 17 January 2006 (PV(2006)1729).

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, adopted the decision in PERS(2006)21 to apply the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Achilleas MITSOS, an A*16 official, currently Adviser hors classe in the Research DG.

This decision would take effect on 1 April 2006.

**6.3. 2005 ACTIVITY REPORT FROM THE CONSULTATIVE COMMITTEE
ON APPOINTMENTS (SEC(2006)249)**

The Commission took note of the 2005 activity report of the consultative committee on appointments, presented by Mr KALLAS in agreement with the PRESIDENT and set out in document SEC(2006)249.

**7. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL,
THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE
OF THE REGIONS ON AN EU STRATEGY FOR ROAD SAFETY –
MID-TERM REVIEW (COM(2006)74 to /3; SEC(2006)221)**

The Commission approved the communication in COM(2006)74/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, together with the staff paper distributed as SEC(2006)221, the contents of which were noted.

**8. 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 CYPRUS (2005-09)
(SEC(2006)227 and /2; SEC(2006)241; SEC(2006)246)**

**9. 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
CONVERGENCE PROGRAMME OF SPAIN (2005-09)
(SEC(2006)228 and /2; SEC(2006)241; SEC(2006)246)**

10. 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 CONVERGENCE PROGRAMME OF GREECE (2005-09)
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15. **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 CONVERGENCE PROGRAMME OF FRANCE (2005-09)**
(SEC(2006)234 and /2; SEC(2006)242; SEC(2006)246)
16. **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 CONVERGENCE PROGRAMME OF ITALY (2005-09)**
(SEC(2006)235 to /3; SEC(2006)242; SEC(2006)246)
17. **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 MALTA (2005-09)**
(SEC(2006)236 and /2; SEC(2006)242; SEC(2006)246)
18. **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 CONVERGENCE PROGRAMME OF THE NETHERLANDS (2005-09)**

(SEC(2006)237 AND /2; SEC(2006)242; SEC(2006)246)

The Commission approved the recommendations for a Council opinion on the updated stability programmes of Spain, Greece, Ireland, Portugal, France, Italy and the Netherlands as set out in SEC(2006)228/2, SEC(2006)229/2, SEC(2006)230/2, SEC(2006)232/2, SEC(2006)234/2, SEC(2006)235/3 and SEC(2006)237/2.

It also approved the recommendations for a Council opinion on the updated stability programmes for Cyprus, Lithuania, the United Kingdom and Malta as set out in SEC(2006)227/2, SEC(2006)231/2, SEC(2006)233/2 and SEC(2006)236/2.

It decided to transmit all these documents to the Council.

19. COMMISSION COMMUNICATION ON THE ASSESSMENT OF THE ACTION TAKEN BY ITALY IN RESPONSE TO THE COUNCIL RECOMMENDATION OF 28 JULY 2005 WITH A VIEW TO BRINGING AN END TO THE SITUATION OF AN EXCESSIVE GOVERNMENT DEFICIT – APPLICATION OF ARTICLE 104(7) OF THE TREATY (SEC(2006)238 to /4; SEC(2006)246)

The Commission adopted the communication in SEC(2006)238/4 for transmission to the Council.

20. COMMISSION DECISION UNDER ARTICLE 82 OF THE EC TREATY AND ARTICLE 54 OF THE EEA AGREEMENT (CASE *COMP/B-2/38.381 – DE BEERS*) (C(2006)521 to /5)

The Commission:

- took note of the opinion of the Advisory Committee on Restrictive Practices and Dominant Positions of 10 February in C(2006)521/3;
- took note of the final report of the Hearing Officer of 10 February in C(2006)521/4;

- adopted, in the authentic language (English), the decision in C(2006)521/5, making the commitments annexed to the decision obligatory for the company in question;
- decided that the decision in C(2006)521/5 would be notified to the company concerned, together with the final report of the Hearing Officer;
- empowered the Member of the Commission with responsibility for Competition to decide on the appointment and term of office of the proposed representative(s);
- decided that the most important parts of the decision, together with the opinion of the Advisory Committee and the final report of the Hearing Officer, would be published in the official languages in the Official Journal (with all business secrets removed);
- decided to publish the decision (with business secrets removed) on the Internet.

**21. COMMISSION RECOMMENDATION TO THE COUNCIL CONCERNING
APPROVAL OF AN AGREEMENT BETWEEN THE EUROPEAN ATOMIC
ENERGY COMMUNITY (EURATOM) AND THE KOREAN PENINSULA
ENERGY DEVELOPMENT ORGANISATION (KEDO)
(SEC(2006)185 to /2)**

The Commission:

- approved the recommendation in SEC(2006)185, including the draft decision annexed thereto, for transmission to the Council and the European Parliament
- empowered the Member of the Commission with responsibility for external relations and European neighbourhood policy, in agreement with the PRESIDENT, to adopt the decision on behalf of EURATOM once the conclusion of the agreement in question has been approved by the Council.

22. INTERINSTITUTIONAL RELATIONS

(SI(2006)120)

22.1. LEGISLATIVE MATTERS

(i) Progress made on 2007-13 financial perspectives files

Ms WALLSTRÖM and Ms GRYBAUSKAITĖ reported on the trialogue between Parliament, the Council and the Commission held on 21 February. The meeting had taken place in a positive atmosphere. However, they pointed out that a great effort would still be needed, with the constructive participation of the Commission, in order to secure an agreement in the weeks ahead.

The PRESIDENT closed this item by welcoming the progress made at the trialogue, which had helped to form a better idea of the final agreement's outline. He took note of what remained to be done and pointed out that the Commission should follow the process closely. On 23 February, at his meeting with COREPER, the PRESIDENT would encourage Member States to become more closely involved. Lastly, he expressed his full support for the line followed by Ms WALLSTRÖM and Ms GRYBAUSKAITĖ, and asked all Members of the Commission to do the same when making any public communication.

The Commission took note of this information.

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

(SP(2006)607 and /2)

The Commission approved the proposed empowerment decisions relating to action to be taken on the amendments presented by Parliament under the codecision procedure in SP(2006)607/2.

22.2. RELATIONS WITH PARLIAMENT**(SP(2006)659)**

The Commission took note of the information supplied on Parliament's part-session held in Strasbourg from 13 to 16 February (SP(2006)659). It paid particular attention to the following dossier.

**(iii) Follow-up to the vote in Parliament on the GEBHARDT report –
Services in the internal market**

Mr McCREEVY described the situation with regard to the proposal for a directive on services in the internal market, particularly after Parliament's vote at first reading. In particular, he welcomed the transparency of the vote: over 60% of the votes cast were in favour of Parliament's amended proposal. This vote represented great progress which would no doubt be enhanced by the determination of the Austrian and Finnish Council Presidencies to wind this dossier up rapidly.

As regards the timetable for the next stages, Mr McCREEVY aimed to present the amended proposal for a directive to the Commission at the beginning of April. He believed that the Council common position could be adopted towards the end of May or possibly in June, before the end of the Austrian Council Presidency. He stressed in this context the usefulness of the note addressed by Mr ŠPIDLA to the Member States on application of the directive on the posting of workers, in particular in the light of the positions taken by some new Member States after the vote.

The PRESIDENT ended by congratulating Mr McCREEVY, his Office and the Internal Market and Services DG, and the Secretariat-General for the excellent result obtained in Parliament after the first reading. He pointed out that the vote in Parliament had mobilised most of the main political groupings.

He then said that the Austrian Presidency intended to incorporate the dossier in the conclusions of the March European Council in order to give a clear signal in line with the result of the vote in Parliament. He referred also to the efforts made to ensure increasingly strong support for the proposal for a directive from the social partners.

He added that the Commission must remain very active in the next stages of the process, particularly with regard to certain Member States which could still have differing views on this sensitive dossier. It was now important to treat the amended proposal as a priority and prepare it in the best possible conditions. The PRESIDENT accordingly announced that an in-depth discussion would be held at the Commission meeting on 1 March on the basis of a note which would be distributed in good time. This discussion would aim to organise and direct business for the coming months, including related matters such as the operation of the directive on the posting of workers and work on health services and services of general economic interest.

The Commission took note of this information.

**23. COMMISSION COMMUNICATION TO THE COUNCIL ON
IMPLEMENTING THE RENEWED PARTNERSHIP FOR GROWTH AND
JOBS - DEVELOPING A KNOWLEDGE FLAGSHIP: THE EUROPEAN
INSTITUTE FOR TECHNOLOGY
(COM(2006)77 to /4; SEC(2006)247)**

The PRESIDENT introduced the communication on the creation of the European Institute for Technology he was tabling jointly with Mr FIGEL', in agreement with Mr VERHEUGEN and Mr POTOČNIK. He stressed the importance of the Institute's contribution to integration of the three points of the knowledge triangle, namely education, research and innovation. He also highlighted the link between this initiative and achieving the objectives of the Lisbon strategy. The PRESIDENT

underlined the motivational potential of the Institute as regards the attainment of excellence and the strength of a project which could reinforce the European identity. He stressed the need to provide the European Union with an institution which promoted the knowledge triangle on a continental scale, going beyond the often excessively national dimension of Europe's universities.

M. FIGEL' rounded off the PRESIDENT's introduction by reminding the Commission of its duty to act on the invitation of the Heads of State or Government, to whom this communication was primarily addressed. The communication was the result of a long consultation process, both external and internal, and similar deliberations on education, research and innovation were taking place in some Member States. He added that the document was currently confined to proposing a concept which would have to be refined in the legislative proposal that the Commission would draw up following the European Council.

After the PRESIDENT and Mr FIGEL had spoken, the Commission held an in-depth discussion, highlighting in particular:

- the need to act quickly to control the knowledge gap between the European Union and some of its main partners;
- the importance of getting strong backing from the Council for the project, which would be a marker of the Member States' support for the establishment of the Institute and its long-term financial viability;
- the balance to be struck between a realistic and durable financial model and a bold definition of the Institute's role, which would provide original and viable solutions to the perceived shortcomings;
- the significance of networking, with a lightweight hard core, notably with regard to the aim of endowing the Institute with a strong identity;
- the need to go beyond the rigid and sometimes over-bureaucratic functioning of many European universities, which often hindered the formation of ideas or the performance of projects;

- the importance for the whole European Union of overcoming the fragmentation of the European university area and to endow the Union with a body which promoted the knowledge triangle at continental level and could attract the best European academics and inspire them to stay;
- the Institute's contribution will make to the development and furtherance of values which were the basis of the European project.

Likewise, the Commission noted a number of particularly important points which should especially be borne in mind when drawing up the legislative proposal:

- the fundamental need to highlight the value added by the Institute;
- the need, from the outset, to give the Institute a reasonable and viable structure, particularly in financial terms, which would ensure its longevity;
- a choice of structure and operating methods liable to produce spillover effects;
- the sensitive question of the location of the Institute, which should not be decisive but which could none the less influence the degree of commitment of Member States;
- possible incentives to encourage strong financial commitment from the private sector;
- taking into account experience gained in joint ventures between university institutions and enterprises;
- links between the Institute and other actors involved at European level, in particular the universities.

After examining the dossier, the Commission approved the communication in COM(2006)77/4 for transmission to the Council and, for information, to Parliament, the Economic and Social Committee and the Committee of the Regions.

The Commission took note of the PRESIDENT's intention to write to other Members of the European Council, the President of the European Council and the social partners to draw their attention to the contents and particular importance of this initiative.

24. RELATIONS WITH THIRD COUNTRIES

24.1. SITUATION IN THE MIDDLE EAST - DEVELOPMENTS IN THE PALESTINIAN TERRITORIES – COMMISSION RESPONSE (SEC(2006)271)

Ms FERRERO-WALDNER informed the Commission of the difficult situation in the Palestinian territories following the general election, and pending the formation of a new government and the Israeli elections, notably as regards the financing of urgent supplies for the population and the functioning of the Palestinian Authority.

She outlined the economic, financial and humanitarian aid which could be given to the Palestinian Authority and the Palestinian people by means of several different initiatives, both by the European Union and by international financial bodies:

- aid for Palestinian refugees from UNWRA, a United Nations agency;
- emergency aid (sanitation, water, electricity) for the Palestinian population, given direct to service suppliers;
- World Bank trust fund, in which the Commission is a contributor, for the financing of the Palestinian Authority.

Regarding the release of resources for the trust fund Ms FERRERO-WALDNER advised a cautious, step-by-step approach, in close collaboration with the Council and Parliament and adapted to political

developments, in particular the timetable for the installation of the new Palestinian executive. She pointed out that all aid to the new government must be conditional on strict compliance with the principles established by the Quartet, namely the relinquishment of violence, the recognition of Israel's right to exist and adherence to existing conventions and commitments (the Oslo agreements and the road map).

There was a brief exchange of views during which the Commission looked in particular at the following aspects:

- the role of the European Commission as the main donor of funds for the Palestinian Authority and the political context in which this support would come, particularly when the new Palestinian government began to function;
- the situation created in Arab countries following the publication of certain cartoons in the European press and possible ways in which the Commission could communicate with the Islamic communities in these countries;
- the need for considered action by the European Union to encourage peaceful solutions to current conflicts.

While supporting the principle of releasing the World Bank trust fund in tranches, the PRESIDENT ended by inviting Ms FERRERO-WALDNER to undertake a study on the situation of aid granted in the past by the European Union to the Palestinian Authority, along with an assessment of its impact, particularly in political terms.

The Commission took note of these observations and of Ms FERRERO-WALDNER's briefing note in SEC(2006)271.

24.2. VISIT TO THE SOUTH CAUCASUS (16 AND 17 FEBRUARY)
(SEC(2006)272)

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2006)272.

**24.3. VISIT TO THE WESTERN BALKANS (15 TO 18 FEBRUARY)
(SEC(2006)276)**

Mr REHN outlined the visit he had made with the PRESIDENT to six countries in the Western Balkans (Croatia, Serbia and Montenegro, Kosovo, FYROM, Albania, Bosnia and Herzegovina). He welcomed the very positive response to this initiative in the respective capitals and underlined its political importance, which firmly bore out the European Union's commitment to this region. He went over the most important points covered in bilateral meetings with the authorities in these countries.

The PRESIDENT drew attention to the responsibility of the European Union and the importance of the role it played in the region, a source of hope for peoples aspiring to freedom and prosperity. He mentioned in particular the project of a regional free trade area, which rouses the interests of all the countries concerned.

The Commission took note of these observations and of Mr REHN's briefing note in SEC(2006)276.

25. OTHER MATTERS

AVIAN INFLUENZA - PRESENT SITUATION AND OUTLOOK

Mr KYPRIANOU informed the Commission that cases of avian influenza had now been found in seven countries of the European Union, namely Greece, Italy, Slovenia, Austria, Germany, Hungary and France. He also mentioned suspected cases in Slovakia. Mr KYPRIANOU said that cases of avian influenza had also been reported in Bosnia and Herzegovina, Egypt, India and Nigeria. All the cases found in Europe involved wild birds (swans and geese). No cases had yet been

found in poultry, but reinforced prevention, surveillance and early-warning measures had been taken by Member States, in line with Community provisions.

At the special Council meeting (Agriculture and Fisheries) on Monday, 20 February, the Member States had unanimously congratulated the Commission for its rigorous and cooperative approach. In this context, Mr KYPRIANOU recalled the very sensitive issue of the extensive vaccination of poultry in the plans devised by the Netherlands and France which had just been approved by the Standing Committee on the Food Chain and Animal Health .

He drew the Commission's attention to the threat of an avian influenza epizootic in Africa, the virus having been detected in Nigeria and Egypt. He would soon be visiting Nigeria to evaluate with the Nigerian authorities the usefulness of European Union aid to fight the disease.

As regards public health issues, Mr KYPRIANOU reported a general improvement in provisions. At political level, all the Member States had agreed on the need to devise effective prevention plans to be put into operation immediately. A special ministerial meeting had been called by the acting Council Presidency to be held in Vienna on 24 February. Its aim was to review the latest developments and to discuss questions of coordination and the exchange of information as regards public health.

Mme FISCHER BOEL added to what Mr KYPRIANOU's had said, pointing out the situation on the poultry market, which was undergoing a dramatic fall in consumption. She intended to support the use of state aid to minimise the economic impact on the worst-hit farmers within the limits set by the current rules.

The Commission took note of this information.

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 12.09.