



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2006) 1751 final

Strasbourg, 4 July 2006

MINUTES
of the 1751st meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 28 June 2006
(morning)

PV(2006) 1751 final

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Single sitting: Wednesday 28 June 2006 (morning)

The sitting opened at 09.06 hours with President BARROSO in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr FRATTINI	Vice-President	
Ms REDING		
Mr DIMAS		
Mr ALMUNIA		Items 12 to 18
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL'		
Mr KYPRIANOU		Items 12/13/14 (in part) to 18
Mr REHN		
Mr MICHEL		
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		
Mr McCREEVY		
Mr ŠPIDLA		Items 16 (in part) to 18
Mr MANDELSON		
Mr PIEBALGS		Items 12 to 18

Absent:

Mr KALLAS

Vice-President

Ms FERRERO-WALDNER

The following sat in to represent absent Members of the Commission

Mr HOLOLEI	Chef de cabinet to Mr KALLAS
Mr CHILD	Chef de cabinet to Ms FERRERO-WALDNER

The following also sat in

Mr VALE DE ALMEIDA	Chef de cabinet to the President	
Mr PETITE	Director-General of the Legal Service	
Mr SØRENSEN	Director-General DG Communication	
Ms AHRENKILDE	DG Communication	
Ms CARVALHO	Acting Director-General, Bureau of European Policy Advisers (BEPA)	
Ms MARTINEZ ALBEROLA	Member of the President's staff	Items 12 to 14
Mr ELLIS	Member of the President's staff	Items 17 and 18
Mr SIGNORE	Member of Mr Frattini's staff	Items 12 to 14
Mr SCHINAS	Chef de cabinet to Mr KYPRIANOU	Items 1 to 12/13/14 (in part)
Ms BOIX ALONSO	Member of Ms Kroes' staff	Items 12/13/14 (in part) and 15
Ms SCHREIBER	Chef de cabinet to Mr Špidla	Items 1 to 16 (in part)

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

1. AGENDAS

(OJ(2006)1751/3; SEC(2006)821/2)

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)1751)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 26 June 2006.

3. MINUTES AND SPECIAL MINUTES OF 1750TH MEETING

(PV(2006)1750; PV(2006)1750, PART II)

The Commission approved the minutes of its 1750th meeting.

4. INTERINSTITUTIONAL RELATIONS

(SEC(2006)836)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group(SEC(2006)562), held on 23 June 2006.

It paid particular attention to the following specific points.

4.1. *LEGISLATIVE MATTERS*

i) Preparations for July part-session

(point 1.2 of the record)

In accordance with the rules in force, the Commission authorised the Commission Members responsible, in agreement with the PRESIDENT and Ms WALLSTRÖM and any other Members concerned, to take a position on Parliament's amendments to its proposals.

It paid particular attention to the following dossiers:

Codecision , 2nd reading

- SILVA PENEDA Report – European Social Fund – COM(2004) 493; COM(2005) 523 and COM(2006) 301 – 2004/0165 (COD)

The Commission took note of document SP(2006) 2854 and of the fact that Parliament was proposing no amendments to the common position at this stage.

- FAVA Report – European Regional Development Fund – COM(2004) 495 and COM(2006) 309 – 2004/0167 (COD)

The Commission took note of document SP(2006) 2855 and of the fact that Parliament was proposing no amendments to the common position at this stage.

- OLBRYCHT Report – European grouping of cross-border co-operation – COM(2004) 496; COM(2006) 94 and COM(2006) 308 – 2004/0168 (COD)

The Commission took note of document SP(2006) 2856 and of the fact that Parliament was proposing no amendments to the common position at this stage.

- SOMMER Report – Technical requirements for inland waterway vessels – COM(1997) 644 and COM(2000) 419 – 1997/0335 (COD)

The Commission approved the line set out in SP(2006) 2857, in order to secure agreement at second reading.

- STOCKMAN Report – Harmonisation of technical requirements and administrative procedures in the field of civil aviation – COM(2000) 121; COM(2002) 30 and COM(2004) 73 – 2000/0069 (COD)

The Commission approved the line set out in SP(2006) 2858 and authorised Mr BARROT to continue contacts with Parliament and the Council with a view to securing agreement at second reading..

Empowerment

- SOMMER Report – Technical requirements for inland waterway vessels – COM(1997) 644 and COM(2000) 419– 1997/0335 (COD)
- STOCKMAN Report – Harmonisation of technical requirements and administrative procedures in the field of civil aviation – COM(2000) 121; COM(2002) 30 and COM(2004) 73 – 2000/0069 (COD)

The Commission empowered Mr BARROT, under Article 13 of its Rules of Procedure, in agreement with the PRESIDENT and Ms WALLSTRÖM and any other Members associated, to adopt and transmit to the Council its opinion on the amendments, in accordance with Article 251(2)(c) of the Treaty, once Parliament had delivered its opinion, possibly together with an amended proposal, on the basis of the line set out in SP(2006) 2857 and SP(2006) 2858.

Assent

- HATZIDAKIS Report – General provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund – COM(2004) 492 – 2004/0163 (AVC)

The Commission took note of document SP(2006) 2859 and of the fact that Parliament would be giving its assent.

- ANDRIA report - Cohesion Fund, COM(2004) 494, 04/0166 (AVC)

The Commission took note of document SP(2006) 2860 and of the fact that Parliament would be giving its assent.

Consultation

- Report LAMASSOURE – System of the European Communities' own resources – COM(2006) 99 – 2006/0039 (CNS)

The Commission approved the line set out in SP(2006) 2279 and /2.

**ii) Preparations for Council meeting (Economic and Financial Affairs)
on 11 July**

(point 1.3 of the record)

- Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund – COM(2004) 492 – 2004/0163 (AVC)

The Commission authorised its departments to notify the Council's General Secretariat of the three statements in SI(2006)599/3 with a view to adoption of the proposal for a Regulation by the Council as an A item on 11 July 2006,.

iii) Follow-up to Council meeting (Fisheries), 22 May 2006

(point 1.4 of the record)

- Fisheries Partnership Agreement between the European Community and the Kingdom of Morocco

The Commission authorised Mr BORG to support the European Community / Kingdom of Morocco joint statement which would be formalised when the partnership agreement in the fisheries sector between the European Community and the Kingdom of Morocco was signed, following the line set out in SI(2006) 600.

iv) REACH – new financial statement following the common position adopted by the Council on 27 June 2006

(point 1.5 of the record)

The Commission took note of the revised financial statement attached to SI(2006) 601, and authorised its transmission to the budgetary authority in accordance with the appropriate procedures.

4.2. RELATIONS WITH THE COUNCIL

(SI(2006) 609)

v) Preparations for Environment Council (2 June):

(point 2.1 of the record)

Genetically modified organisms

The Commission took note of SI(2006) 604 on genetically modified organisms, which had been prepared on the occasion of the Environment Council on 27 June 2006.

vi) Draft Convention of the United Nations Commission on International Trade Law (UNCITRAL) on the use of electronic communications in international contracts

(point 2.3 of the record)

The Commission noted that the conditions required in the negotiating directives of 1 July 2005, whereby the European Community could sign and ratify a draft convention prepared at the United Nations Commission on International Trade Law on the use of electronic communications in international contracts, were not met. It also noted that there was currently no call to adopt a proposal for a Council decision for this purpose, in accordance with the line set out in SI(2006) 602.

4.3. RELATIONS WITH PARLIAMENT

vii) Action taken on Parliament's opinions and resolutions

(point 3.4 of the record)

- written statement by Parliament on diabetes

The Commission approved SP(2006) 2904/2 on the action taken on the written statement on diabetes for transmission to Parliament.

- Action taken on Parliament's opinions and resolutions

The Commission approved SP(2006) 2902 on the action taken on the opinions and resolutions adopted by Parliament at its May I and II part-sessions, for transmission to Parliament.

- Action taken on non-legislative resolutions of Parliament

The Commission approved SP(2006) 2906 on the action taken on the non-legislative resolutions adopted by Parliament at its April II part-session, for transmission to Parliament.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

INFRINGEMENTS - REPORT B1/2006 – RECAPITULATIVE LIST

(SEC(2006) 705 ; SEC(2006) 709 ; SEC(2006) 712 ; SEC(2006) 708)

The Commission adopted the decisions in SEC(2006) 712, subject to the following clarifications:

<i>2005/2096</i>	<i>Portugal</i>
VAT – Reduced rate on babies' nappies	
<i>2005/2097</i>	<i>Poland</i>
VAT – Reduced rate on babies' nappies	
<i>2005/2104</i>	<i>Malta</i>
VAT – Reduced rate on babies' nappies	
<i>2005/2105</i>	<i>Czech Republic</i>
VAT – Reduced rate on babies' nappies	
<i>2005/2106</i>	<i>Hungary</i>
VAT – Reduced rate on babies' nappies	
<u>Decisions:</u>	Deferred

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2006) 822 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 June 2006.

6.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2006) 823 and /2)

The Commission took note of the sensitive written procedures for which the time limit expires between 26 and 30 June 2006 and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 26 June 2006.

6.3. EMPOWERMENT

(SEC(2006) 824 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 and 23 June 2006.

6.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 19 and 23 June 2006, as archived on the "Greffé 2000" (Registry) website.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

SEC(2006) 825/2

ADMINISTRATIVE MATTERS

(PERS(2006)91 and /2)

**7.1. DG AGRI - AD15 FUNCTION OF DEPUTY DIRECTOR-GENERAL
(EU-10)**

(PERS(2006)54 to /3)

The Commission had before it applications under Article 29(2) of the Staff Regulations for the post of Deputy Director-General in the Agriculture and Rural Development DG, reserved for a national of one of the new Member States (PERS(2006) 54).

The Commission took note of the opinions of the Consultative Committee on Appointments of 18 April and 8 June 2006 (PERS(2006) 54/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FISCHER BOEL, it then decided to appoint Mr Jerzy PLEWA to the vacant post in question.

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

**7.2. AIDCO – APPOINTMENT OF AN AD14 DIRECTOR (EU-10)
(PERS(2005) 69 to /5)**

The Commission had before it applications under Article 29(2) of the Staff Regulations for the post of Director, Operations Quality Support Directorate, in the Europe Aid Cooperation Office, reserved for a national of one of the new Member States (PERS(2005) 69, /2 and /3).

The Commission took note of the opinions of the Consultative Committee on Appointments of 28 October and 10 November 2006 (PERS(2005)69/4 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, it then decided to appoint Ms Androulla KAMINARA to the vacant post in question.

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

7.3. DG AGRI – TERMINATION OF EXTERNAL SELECTION PROCEDURE TO FILL A GRADE AD14 FUNCTION OF DIRECTOR (EU-10) AND INTERNAL PUBLICATION OF VACANCY NOTICE FOR GRADE AD14/15 DIRECTOR (PERS(2005) 124 to /5) (PERS(2006) 90)

Having noted the procedure followed, as set out in point 7 of PERS(2006)91, the Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FISCHER BOEL, decided:

- to terminate selection procedure COM/2005/10008 without proceeding to an appointment;
- to authorise the publication, under Article 29(1)(a)(i) and (iii) of the Staff Regulations, of the vacancy notice in PERS(2006) 90, for the function of Director, Agricultural Legislation Directorate, in the Agriculture and Rural Development Directorate-General.

These decisions would take effect immediately.

7.4. INTERIM APPOINTMENTS TO FONCTIONS OF DIRECTOR-GENERAL, DIRECTOR AND PRINCIPAL LEGAL ADVISER

Having taken note of the information set out in item 4 of document PERS(2006) 91, the Commission decided to make following interim appointments:

7.4.1. DG COMM – INTERIM OF A DIRECTOR GENERAL FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms WALLSTRÖM, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director-General of the Communication DG to Mr Panayotis CARVOUNIS, at that time a grade AD15 official and Director of Directorate COMM.B, for the period from 1 April 2005 to 15 January 2006.

This decision would take effect immediately.

7.4.2. DG ADMIN – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate ADMIN.DS, in the Personnel and Administration DG, to Mr Stephen HUTCHINS, at that time a grade AD14 official and head of unit ADMIN.DS.3, for the period from 3 September 2004 to 2 September 2005, being the maximum period of one year provided for by the Staff Regulations.

This decision would take effect immediately.

7.4.3. DG DIGIT – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate DIGIT.A, in the Information Technology DG, to Mr Marcel JORTAY, a grade AD14 official and head of unit DIGIT.A.2, for the period from 1 April 2005 to 15 January 2006.

This decision would take effect immediately.

7.4.4. DG EAC – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FIGEL', decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate EAC.C, in the Education and Culture DG, to Ms Christine BOON-FALLEUR, a grade AD14 official and head of unit EAC.D.4, for the period from 1 June 2005 to 31 May 2006, being the maximum period of one year provided for by the Staff Regulations.

This decision would take effect immediately.

7.4.5. DG REGIO – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS in agreement with the PRESIDENT and Ms HÜBNER, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate REGIO.A, in the Regional Policy DG, to Mr Jean-Marie SEYLER, at that time a grade AD14 official and head of unit REGIO.A.3, for the period from 1 August 2004 to 31 December 2004.

This decision would take effect immediately.

7.4.6. DG REGIO – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms HÜBNER, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate REGIO.F, in the Regional Policy DG, to Mr Rory MC KENNA, a grade AD14 official and head of unit REGIO.F.1, for the period from 1 August 2004 to 28 February 2005.

This decision would take effect immediately.

7.4.7. DG REGIO – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms HÜBNER, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate REGIO.I, in the Regional Policy DG, to Mr Nicholas MARTYN, at that time a grade AD14 official and head of unit REGIO.I.2, for the period from 1 July 2004 to 30 June 2005, being the maximum period of one year provided for by the Staff Regulations.

This decision would take effect immediately.

7.4.8. DG SANCO – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr KYPRIANOU, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate SANCO.A, in the Health and Consumer Protection DG, à Mr Daniel JANSSENS, a grade AD14 official and head of unit SANCO.A.3, for the period from 1 September 2004 to 31 August 2005, being the maximum period of one year provided for by the Staff Regulations.

This decision would take effect immediately.

7.4.9. SG – INTERIM OF A DIRECTOR FONCTION

(28 juin 2006)

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate SG.C in the Secretariat-General, to Mr Michel SERVOZ, at that time a grade AD14 official and head of unit SG.C.1, for the period from 1 February 2005 to 15 October 2005.

This decision would take effect immediately.

7.4.10. DG TRADE – INTERIM OF A DIRECTOR FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr MANDELSON, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director, Directorate TRADE.E, in the Trade DG, to Mr Matthew BALDWIN, a grade AD12 official and head of unit TRADE.E.3, for the period from 1 March 2005 au 31 December 2005.

This decision would take effect immediately.

7.4.11. SJ – INTERIM OF A PRINCIPAL LEGAL ADVISER FONCTION

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Principal Legal Adviser in the Legal Service to Mr Hans Peter HARTVIG, at that time a grade A3 official and Legal Adviser, for the period from 1 May 2002 to 31 January 2003.

This decision would take effect immediately.

OTHER MATTERS

7.5. ANNUAL ACTIVITY REPORT OF THE MEDIATION SERVICE FOR 2005

(SEC(2006) 872)

The Commission took note of the annual activity report of the mediation service, distributed as SEC(2006) 872.

8. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL – ADAPTATION OF THE PROVISIONS OF TITLE IV OF THE TREATY ESTABLISHING THE EUROPEAN COMMUNITY RELATING TO THE JURISDICTION OF THE COURT OF JUSTICE WITH A VIEW TO ENSURING MORE EFFECTIVE JUDICIAL PROTECTION

(COM(2006) 346 TO /3; SEC(2006) 846)

The Commission approved the communication set out in COM(2006) 346/3, for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the Court of Justice of the European Communities.

9. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – FREIGHT LOGISTICS IN EUROPE - KEY TO SUSTAINABLE MOBILITY

(COM(2006) 336 TO /3; (SEC(2006) 818 TO /3; (SEC(2006) 820 TO /3; SEC(2006) 845)

The Commission approved the communication in COM(2005) 336/3 for transmission to Parliament, the Council, the European Economic and Social

Committee and the Committee of the Regions, together with the impact assessment in the staff paper SEC(2006) 818, the contents of which were noted.

10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN CENTRAL BANK – SECONDARY LEGISLATION RELATING TO THE EURO AND SLOVENIA

PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) 974/98 ON THE INTRODUCTION OF THE EURO

PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EC) 2866/98 ON THE CONVERSION RATES BETWEEN THE EURO AND THE CURRENCIES OF THE MEMBER STATES ADOPTING THE EURO (COM(2006) 320 AND 2; SEC(2006) 796)

The Commission approved the communication in SEC(2001) 320 for transmission to the Council, Parliament and the European Central Bank.

11. OTHER MATTERS

COMMISSION REPRESENTATION AT A HEARING BEFORE THE GERMAN CONSTITUTIONAL COURT
(SEC(2006) 859)

The Commission took note of the information note from the PRESIDENT in SEC(2006) 859.

- 12. COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN COURT OF AUDITORS - IMPLEMENTING THE HAGUE PROGRAMME: THE WAY FORWARD**
(COM(2006) 331 TO /4; SEC(2006) 846)
- 13. COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN COURT OF AUDITORS - EVALUATION OF EU POLICIES ON FREEDOM, SECURITY AND JUSTICE**
(COM(2006) 332 TO /3; SEC(2006) 815; SEC(2006)846)
- 14. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN COURT OF AUDITORS – STRENGTHENING FREEDOM, SECURITY AND JUSTICE IN THE EUROPEAN UNION – REPORT ON THE IMPLEMENTATION OF THE HAGUE PROGRAMME FOR 2005**
(COM(2006) 333 TO /3; SEC(2006) 814 AND /2; SEC(2006) 813; SEC(2006) 846)

Mr FRATTINI presented the communications he was tabling for approval. He highlighted the importance of this set of documents, which took stock of the implementation of the Hague Programme and action plan and compared the results obtained so far with the objectives set. He mentioned the innovatory nature of its methodology, and in particular the monitoring and assessment mechanism. He outlined the benefits of the “Scoreboard Plus”, which for the first time addressed national measures to apply Community legislation, the aim being to encourage Member States to improve their performance in this respect. Published every year on the basis of ongoing relations with the Member States, such a tool should

provide a means of helping Member States facing practical implementation difficulties.

Mr FRATTINI also presented the new instrument proposed for the assessment of aggregate performance as regards freedom, security and justice. He emphasised that the proper implementation of the legislation was not sufficient in itself for the fight against organised crime or child abuse, for instance. Practical results and progress had to be achieved here and problems, particularly in training or coordinating judicial bodies, which could impede the effectiveness of this implementation, had to be overcome. Mr FRATTINI mentioned in particular the case of the European Arrest Warrant, which operated very well in some Member States but less so in others.

Mr FRATTINI went on to consider the most ambitious aspect of these proposals, which he stated was also the most important for the discussion on institutional matters, namely the use of the passerelle clauses in Article 42 of the EU Treaty and the second indent of Article 67(2) of the EC Treaty. He stated that the period of reflection on the future of Europe should not prompt the Commission to lower its ambitions regarding freedom, security and justice, an area in which public expectations of the EU were high where the fight against terrorism, organised crime, child abuse or failure to comply with fundamental rights were concerned. The changeover from unanimity to qualified majority voting and co-decision that the transfer would entail would also help to solve deadlocks in the Council, which were damaging both for the credibility of the European institutions and for the protection of the interests of the citizen.

Mr FRATTINI concluded by mentioning that the Finnish Presidency was planning to open the discussion among Member States at the informal Council meeting in Tampere planned for September, and expressed confidence in the efforts that would be deployed by the Finnish Presidency.

The Commission held an exchange of views in which the following factors were highlighted:

- the excellent quality of the documents and the support for the proposals and the approach taken in them;
- the sound timing of these proposals following the communication of 10 May 2006, “A citizens’ agenda. Delivering results for Europe”, and the Conclusions of the European Council of 15 and 16 June 2006, and the European added value in the field of freedom, security and justice;
- the problems posed by the current need for unanimity, which ultimately ran counter to the interests of the citizen, and the consequent value of the proposals presented, which aimed not only to improve effectiveness but also to promote democracy;
- the sensitivity of the question of passerelle clauses and the need for further discussion between Member States and for consideration by the Commission of ways and means of achieving its objective;
- the open approach of the communications presented, with no final recommendations, which was felt to be particularly appropriate;
- the importance for the Commission, in making these proposals, to reaffirm its support for the Draft Constitution as a whole and not to give the impression of cherry-picking;
- the advisability of emphasising, in communication activity on this matter, the increased role of Parliament if passerelle clauses were used and, more generally, of restating the Commission's commitment to certain principles;
- the perfect match between the proposals presented by Mr FRATTINI and the concerns of public opinion on questions of crime and immigration;
- as regards the use passerelle clauses, satisfaction that the Commission was playing its initiative role in order to progress in freedom, security and justice;

- the difficulties and opposition to be expected and the importance of an alliance between the Commission and Parliament for this purpose, both to explain to the public that the proposed initiatives were in their interest and to overcome the rigid attitudes that might persist in certain national administrations.

The PRESIDENT thanked Mr FRATTINI, his staff and the Legal Service for the work done. He emphasised the political importance of the documents presented and the Commission's willingness to press ahead. He reminded the meeting that, while the communication of 10 May 2006 had launched this debate, which had continued with the Council conclusions of June 2006, a new phase leading to concrete proposals in the coming months was now opening up.

He returned to the need for careful presentation to the outside world, highlighting the practical factors militating in favour of these proposals and the added value of the European dimension in this specific area. The PRESIDENT stated in particular that it would be desirable to explain that the Commission was not attempting to anticipate the Constitutional Treaty by selecting individual aspects of it but utilising the possibilities offered by the existing Treaties, not wanting to wait any longer before proposing certain changes, for pragmatic reasons of effectiveness in combating terrorism and crime.

As regards the areas that should be communitised via the passerelle clauses, the PRESIDENT supported a flexible approach, launching the discussion and awaiting the views of the Council and Parliament on this item before making specific proposals.

He also mentioned the importance of regular information for the Commission on progress in this area.

Mr FRATTINI specified that the proposal to use the passerelle clauses followed straight on from the formal request made three times by Parliament to the Commission. Lastly, he returned to the interest of highlighting practical deadlock situations that were hampering attempts to protect the interests of citizens, in order to secure the largest possible majority for the proposals for change.

The PRESIDENT concluded by indicating that, whatever hesitations were to be expected, the Commission should be in the front line and show the citizens of Europe that it was determined to press ahead and exercise its initiative.

Following these discussions, the Commission:

- approved the communication in COM(2006) 331/4, for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the European Court of Auditors;
- approved the communication in COM(2005) 332/3 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, together with the impact assessment in the staff paper SEC(2006) 815, the contents of which were noted;
- approved the communication in COM(2006) 333/3 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions and the European Court of Auditors, together with the staff papers distributed as SEC(2006) 813 and SEC(2006) 814/2, the contents of which were noted.

15. DRAFT GUIDELINES ON THE METHOD OF SETTING FINES IMPOSED ON UNDERTAKINGS WHICH VIOLATE SUBSTANTIVE ANTITRUST RULES

(SEC(2006) 849 to /3; SEC(2006) 850)

Ms KROES briefly presented the guidelines for the methodology for setting fines on companies infringing the competition rules that she was presenting for approval. She pointed out that the new guidelines, to replace those in force since 1998, struck a reasonable balance between legal certainty for companies and the Commission's margin of discretion, and effective deterrence and fair treatment, particularly of small businesses. It noted that the new method of calculating fines reflected the

need for an adequate deterrent effect vis-a-vis groups of companies, and responded adequately to the extent of the damage caused by an infringement and its duration.

Regarding the main novel aspects of these guidelines, Ms KROES mentioned the imposition of fines on companies for simply belonging to a cartel, the multiplication of the amount of the initial fine by the number of years of involvement to take account of the duration of the infringement, and the increased level of fines for companies offending for the second or subsequent times. She also reminded the meeting that the guidelines reflected the most recent case-law of the European Court of Justice.

The Commission took note of this information and approved the guidelines in SEC(2006) 849/3, and decided to publish them in the Official Journal of the European Union, C series.

16. RELATIONS WITH THIRD COUNTRIES

16.1. VISIT TO BULGARIA (SOFIA, 20 AND 21 JUNE 2006) ***(SEC(2006) 878)***

Ms HÜBNER reported on the results of her high-level contacts during her recent visit to Bulgaria with the authorities responsible for regional policy and the Structural Funds. She noted particularly the very firm political commitment she had observed in the authorities of that country to comply with all the requirements and prerequisites for accession.

Ms HÜBNER considered that Bulgaria needed to make a substantial effort in certain key areas, such as the consolidation of financial control or the improvement of the extended decentralised implementation system (EDIS), so as to achieve the objective of accession to the EU on 1 January 2007. She was also glad to note the progress made by Bulgaria, since publication of the last follow-up report, in consolidating the legal and institutional framework for

the implementation of the cohesion policy. She welcomed the commitment of the Bulgarian authorities to strengthen their audit capacities and the role of the Finance Ministry.

The Commission also took note of brief remarks by Mr REHN and the PRESIDENT, who stated that this assessment coincided perfectly with their assessment of the situation in that country, following their visit to Bulgaria and Romania after the publication of the follow-up report of May 2006. With a view to the follow-up report monitoring progress in preparation that the Commission would present late in September 2006, the PRESIDENT asked all Commission Members, in liaison with Mr REHN, to visit these two countries in the coming weeks to check on progress made towards accession in their areas of responsibility and to encourage the authorities of these countries to take all the measures needed as regards reform and preparation for accession.

The Commission took note of these observations and of Ms HÜBNER's briefing note SEC(2006) 878. It also agreed to exchange views on the situations in Bulgaria and Romania at a forthcoming meeting before the summer break.

**16.2. MEETINGS WITH MINISTERS IN CHARGE OF INFORMATION
SOCIETY OF THE ASEAN REGION AND OPENING OF THE
EU/SOUTH EAST ASIA ICT FORUM (SINGAPORE, 19-21 JUNE 2006)
(SEC(2006)875)**

Ms REDING gave a brief account of the results of her various meetings in Singapore with Asian decision-makers in Telecommunications and information and communication technologies (ICT). The main objective, with the support of European industry present in the region and the European Chamber of Commerce, was to promote both the establishment of a high-level dialogue between the EU and South-east Asia and the establishment in the region of a transparent, stable and foreseeable regulatory framework to facilitate investment flows by European companies.

Regarding the EU/South East Asia Forum on ICT, Ms REDING mentioned the European pavilion which she had inaugurated and pointed to the success of research cooperation, showcased by projects such as TEIN 2 (*Trans Eurasia Information Network 2*), which facilitates interconnections of high-speed research and education networks known as GEANT 2 between Europe and Asia, including China.

Ms REDING also mentioned the thrust of her talks with the Thailand Deputy Prime Minister and the telecommunication regulator NTC, to whom she had conveyed European Industry's concerns on a draft notification from NTC which could seriously endanger foreign investments.

The Commission took note of these observations and of Ms REDING's briefing note SEC(2006)875.

17. COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT – TOWARDS AN EU-SOUTH AFRICA STRATEGIC PARTNERSHIP

(COM(2006) 347 TO /4; SEC(2006) 848)

18. COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND TO THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES MEETING WITHIN THE COUNCIL TO GIVE ORIENTATION TO THE COMMISSION FOR THE REVISION OF THE AGREEMENT ON TRADE, DEVELOPMENT AND COOPERATION BETWEEN THE EUROPEAN COMMUNITY AND ITS MEMBER STATES, OF THE ONE PART, AND THE REPUBLIC OF SOUTH AFRICA, OF THE OTHER PART

(COM(2006)348 TO /3; SEC(2006) 848)

Mr MICHEL presented his communications to the Commission, the second being presented in agreement with Mr MANDELSON. He referred to the specific and innovatory nature of the strategic partnerships and the very short list of candidate countries for them, South Africa currently being the only country on the African continent that was eligible for them on account of its regional, continental and world role.

Mr MICHEL pointed out that the two communications followed on from the Strategy for Africa adopted in October 2005 and were based on the conclusions of the EU/South Africa joint cooperation Council of 7 November 2005 and the latest meetings between representatives of the Commission and South Africa in February 2006. He emphasised that the main objective was to move from political dialogue to strategic political cooperation and shared objectives on regional, African and global issues, and to propose a comprehensive, coherent and coordinated long-term framework covering the whole range of relations between the EU and South Africa.

As regards the trade aspects of relations with South Africa and the other countries of Southern Africa, he reminded the meeting that there were three different trade

regimes, viz. the “*Everything But Arms*” initiative for the least developed countries, the Cotonou Agreement, and the Trade, Development and Cooperation Agreement for South Africa. He considered that the whole Southern Africa Development Community (SADC) should be offered more favourable treatment than the current system, while acknowledging that there was a logical difference between South Africa and the other countries of the region.

Mr MICHEL concluded by asking the Commission Members to consider the details of the differentiation, but also insisted that this differentiation should preserve the acquis and the momentum of regional integration in Southern Africa, in the interests of the stable and sustainable development of the African continent.

The Commission held a brief exchange of views, addressing the following questions:

- the advisability of a discussion on the general criteria concerning future strategic partnerships between the EU and non-member countries;
- the importance of an improved trade regime with the countries of Southern Africa other than South Africa, in full respect for the trade regime under the Cotonou Agreement;
- the need to consider the various options for a trade regime with the countries of Southern Africa, including the implications of access to the European market for agricultural products from Southern Africa.

Following this exchange of views, the Commission:

- agreed on the need for in-depth reflection on strategic partnerships in the Commissioners Group on External Relations, in order to define a general approach and guidelines for the establishment of future partnerships;
- also agreed to invite the Commission Members most concerned to continue as soon as possible the work concerning the content of the economic partnership agreement economic with SADC, particularly as regards questions concerning

the possible differentiation between the countries of Southern Africa in view of their different levels of development and taking account of the need to offer improved market access in comparison with the Cotonou regime, and the value of preserving what the Community had already achieved in terms of regional integration in Southern Africa. The outcome of this work would be put to the Commission at a later date with a view to a decision on the line to be followed in the negotiations;

- approved the communication in COM(2006) 347/4 for transmission to Parliament and the Council;
- approved the communication set out in COM(2006) 348/3, for transmission to the Council.

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The meeting closed at 1032 hours.