



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2006)1757 final**

Brussels, 20 September 2006

**MINUTES**

**for the 1757th meeting of the Commission**

**held in Brussels**

**(Berlaymont)**

**on Wednesday 13 September 2006**

**(morning)**

—

**PV(2006) 1757 final**

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**Single sitting: Wednesday 13 September 2006 (morning)**

The sitting opened at 09.16 with Mr BARROSO, President, in the chair. Item 13 is chaired by Ms WALLSTRÖM.

Present:

|                    |                |                                               |
|--------------------|----------------|-----------------------------------------------|
| Mr BARROSO         | President      | Items 1 to 12                                 |
| Ms WALLSTRÖM       | Vice-President |                                               |
| Mr VERHEUGEN       | Vice-President | Items 1 to 11                                 |
| Mr BARROT          | Vice-President | Items 1 to 11 (in part)                       |
| Mr KALLAS          | Vice-President |                                               |
| Mr FRATTINI        | Vice-President | Items 1 to 12 (in part)                       |
| Ms REDING          | Member         | Items 1 to 13 (in part)                       |
| Mr DIMAS           | Member         |                                               |
| Mr ALMUNIA         | Member         |                                               |
| Ms HÜBNER          | Member         | Items 1 to 12                                 |
| Ms GRYBAUSKAITĖ    | Member         |                                               |
| Mr POTOČNIK        | Member         |                                               |
| Mr FIGEL'          | Member         |                                               |
| Mr KYPRIANOU       | Member         | Items 1 to 9                                  |
| Mr REHN            | Member         | Items 9 (in part), 10 (in part), and 11 to 13 |
| Mr MICHEL          | Member         | Items 1 to 12                                 |
| Mr KOVÁCS          | Member         |                                               |
| Ms KROES           | Member         | Items 9 to 13                                 |
| Ms FISCHER BOEL    | Member         |                                               |
| Ms FERRERO-WALDNER | Member         | Items 9 to 13                                 |
| Mr McCREEVY        | Member         |                                               |
| Mr ŠPIDLA          | Member         | Items 9 (in part) to 13                       |
| Mr MANDELSON       | Member         |                                               |
| Mr PIEBALGS        | Member         |                                               |

Absent:

Mr BORG

**The following sat in to represent absent Members of the Commission**

M. TABONE                                      Chef de cabinet to Mr Borg

**The following also sat in**

|                      |                                                                    |                                    |
|----------------------|--------------------------------------------------------------------|------------------------------------|
| Mr VALE DE ALMEIDA   | Chef de cabinet to the President                                   | Items 1 to 12                      |
| Mr PETITE            | Director-General, Legal Service                                    |                                    |
| Mr SØRENSEN          | Director-General, DG Communication                                 |                                    |
| Mr LAITENBERGER      | Commission Spokesman                                               | Items 1 to 11                      |
| Ms CARVALHO          | Acting Director-General, Bureau of European Policy Advisers (BEPA) |                                    |
| Mr THEBAULT          | Deputy Chef de cabinet to the President                            | Items 1 to 9                       |
| Ms MARTINHO          | Chief Adviser in the President's Office                            | Items 1 to 11 (in part)            |
| Ms MARTINEZ ALBEROLA | A member of the President's staff                                  | Items 1 to 9                       |
| Mr MORDUE            | Deputy Chef de cabinet to Mr Verheugen                             | Items 9 (in part) to 11            |
| Mr LE BRET           | Chef de cabinet to Mr Barrot                                       | Items 11 (in part) to 13           |
| Mr SCHINAS           | Chef de cabinet to Mr Kyprianou                                    | Items 1 to 13 (in part)            |
| Mr PESONEN           | Chef de cabinet to Mr Rehn                                         | Items 9 (in part) and 10 (in part) |
| Mr OUAKI             | Deputy Chef de cabinet to Mr Špidla                                | Items 1 to 9 (in part)             |
| Mr SERVOZ            | Secretariat-General                                                | Point 11                           |
| Ms TESTORI COGGI     | DG Health and consumer protection                                  | Items 1 to 9                       |

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

**1. AGENDAS**

**(OJ(2006) 1757/3 ; SEC(2006) 1112/2.**

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) 1757**

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 11 September.

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1756<sup>TH</sup> MEETING  
(5 SEPTEMBER)**

**(PV(2006) 1756 ; PV(2006) 1756, PART II)**

The Commission approved the minutes of its 1756th meeting.

**4. MONITORING THE APPLICATION OF COMMUNITY LAW**

***STATE AID - RECAPITULATIVE LIST***

***SEC(2006) 1134 and /2.***

The Commission adopted the decisions in the recapitulative list (SEC(2006) 1134/2).

## **5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS**

### **5.1. WRITTEN PROCEDURES APPROVED**

***SEC(2006) 1113 et seq.***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 4 and 8 September.

### **5.2. SENSITIVE WRITTEN PROCEDURES**

***SEC(2006) 1114***

The Commission took note of the sensitive written procedures for which the time limit expired between 11 and 15 September.

### **5.3. EMPOWERMENT**

***SEC(2006) 1115 et seq.***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 4 and 8 September.

### **5.4. EMPOWERMENT CONCERNING THE REPLACEMENT AND REAPPOINTMENT OF MEMBERS OF THE EUROPEAN CORPORATE GOVERNANCE FORUM (COMMISSION DECISION 2004/706/EC)**

***SEC(2006) 1133***

The Commission granted the empowerment as set out in SEC(2006) 1133 to the Commission Member responsible for the internal market.

### **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 4 and 8 September, as archived on the "Greffé 2000" (Registry) website.

**6. ADMINISTRATIVE AND BUDGETARY MATTERS**  
**SEC(2006) 1116**

**ADMINISTRATIVE MATTERS**  
**(PERS(2006) 121)**

***DG BUDG – APPOINTMENT OF AD14/15 DIRECTOR***  
***(PERS(2006) 106 TO/4)***

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, « Own resources, evaluation and financial programming », in the « Budget » DG (PERS(2006) 106).

The Commission took note of the opinions of the Consultative Committee on Appointments of 10 and 20 July (PERS(2006) 106/2 to /4).

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

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

**7. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – ANNUAL REPORT BY THE SIX EUROPEAN COORDINATORS ON THE PROGRESS OF CERTAIN TRANS-EUROPEAN TRANSPORT NETWORK PROJECTS**

**(COM(2006) 490 TO /3) ; SEC(2006) 1137 ; SEC(2006) 1138 AND /2 ; SEC(2006) 1139 ; SEC(2006) 1140 ; SEC(2006) 1141 ; SEC(2006) 1142 ; SEC(2006) 1127**

The Commission approved the communication in COM(2006) 490/3 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the annual activity reports by the European coordinators distributed as SEC(2006) ; 1137, SEC(2006)1138/2, SEC(2006)1139, SEC(2006)1140, SEC(2006)1141 and SEC(2006)1142, the contents of which were noted.

**8. COMMISSION DECISION ON A PROCEEDING PURSUANT TO ARTICLE 81 OF THE EC TREATY (CASE COMP/F/38.456 – BITUMEN, NETHERLANDS)**

**(C(2006) 4090 TO /7) SEC(2006) 1144**

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 4 and 11 September in C(2005) 4090/3 and /6 ;
- took note of the final report of the Hearing Officer of 4 September in C(2006) 4090/4 ;
- adopted, in the authentic languages (German, English, French and Dutch), the decision set out in C(2006) 4090/7, noting that the companies to whom the

decision was addressed had infringed Article 81 of the EC Treaty and imposing on some of these companies fines totalling €266 717 000 ;

- decided that the decision in C(2006) 4090/7 would be notified to the companies concerned, together with the final report of the Hearing Officer ;
- decided that the most important parts of the decision, together with the opinions of the Advisory Committee and the final report of the Hearing Officer, would be published in the official languages in the Official Journal (with business secrets removed) ;
- decided to publish the decision (with business secrets removed) on the Internet.

## **9. INTERINSTITUTIONAL RELATIONS**

### **9.1. *LEGISLATIVE MATTERS***

#### **i) Action to be taken on Parliament's opinions**

(SP(2006)4017)

The Commission decided to empower the Members responsible for the areas concerned, in agreement with the PRESIDENT and Ms WALLSTRÖM and any other Commission Members concerned, to adopt the amended proposals for transmission to Parliament and the Council (SP(2006) 4017)

#### **9.2. *Relations with the Council***

**(SI(2006) 751)**

The Commission took note of the information supplied in SI(2006) 751 relating to Council meetings held from 7 to 10 September.

### **9.3. RELATIONS WITH PARLIAMENT**

#### **ii) September I part-session (4 to 7 September)**

(SP(2006)4102)

The Commission took note of the information supplied in SP(2006) 4102 relating to Parliament's part-session held in Strasbourg from 4 to 7 September.

### **9.4. PROPOSAL FOR COUNCIL DIRECTIVES AMENDING COUNCIL DIRECTIVE 91/414/EEC ON THE PLACING ON THE MARKET OF PLANT PROTECTION PRODUCTS WITH A VIEW TO INCLUDING IN ANNEX I THERETO THE FOLLOWING SUBSTANCES AS ACTIVE SUBSTANCES: AZINPHOS-METHYL, CARBENDAZIM, DINOCAP, FENARIMOL, FLUSILAZOLE, METHAMIDOPHOS, PROCYMIDONE, VINCLOZOLINE SEC(2006) 1103/2 AND /3 SEC(2006) 1104**

Mr. KYPRIANOU presented the proposals, drawn up for the Council meeting « Agriculture » scheduled for 18 September. He reminded the meeting of the discussion in Strasbourg on 13 June and of the Commission's obligation, by the end of the year, to review all the active substances used in the pesticides concerned by the first stage of the review programme, these being substances already on the market when Directive 91/414/EEC entered into force. He emphasised that the substances covered by the proposals were among the most harmful of those considered in this context and that their placing on the market would no longer be authorised under the proposal for new pesticides legislation recently adopted by the Commission.

Mr KYPRIANOU presented the three aspects of the Commission action he was now proposing, viz.: let the Council reject the proposals on vinclozoline and azinphos-methyl, against which there was already a qualified majority, propose that the four substances fenarimol, flusilazole, methamidophos and

procymidone should not be entered in Annex I to Directive 91/414/EEC, and propose a shorter authorisation for carbendazime and dinocap than originally planned, accompanied by stricter measures of alleviation of the risks.

Mr KYPRIANOU concluded his review by indicating that he was open to suggestions that could enable a consensus to emerge on this difficult matter, and that in any event he would follow the line agreed by the Commission.

The Commission then held an in-depth exchange of views in which the following aspects were raised in particular:

- the importance of protecting public health in Europe, of avoiding setting any precedents in terms of the operation of committee procedures and of preserving the credibility of the Commission's risk assessment system ;
- the particularly hazardous nature for human health and the environment of the relevant substances, which would be no longer be permitted under this proposal for a regulation, a ban on all the eight products also being conceivable ;
- the potential public health impact of using these substances in the manufacture of pesticides and the Commission's moral and legal responsibility in this respect ;
- the legal difficulty of justifying a radical change in the Commission's position ;
- the need to have fresh scientific facts to support the amendment of the June proposals ;
- concerns with the fact that several Member States had already stated that they would not be able to guarantee the implementation of the risk attenuation measures ordered by the Commission for the use of these pesticides, and the need to take account of this new element of risk management ;

- the need to maintain consistency with the statement on the predominant position, renewed recently, and the importance of taking account of the concerns expressed by many Member States with respect to these products ;
- the positive signal that would be sent by a ban on these substances for stimulating research and innovation, as new substitute products would have to be developed ;
- the exceptional nature of this matter which could warrant a specific approach to the committee procedure without, however, bringing the operation fundamentally into question.

Following this exchange of views and oral consultation of the Director-General of the Legal Service, the PRESIDENT pointed to the need for amended proposals reflecting all the above-mentioned aspects. As there was broad agreement on the treatment of two groups of two substances (vinclozoline and azinphos-methyl, and carbendazime and dinocap), he proposed that the line adopted in June be maintained for the other four (fenarimol, flusilazole, methamidophos and procymidone) with a substantial cut in the duration of the authorisation so as to reflect the Commission's concern, which he fully shared, about the potential human health and environmental impact of the relevant products. This would enable account to be taken of new information from the Member States on the difficulties of applying the risk attenuation measures while preserving the smooth operation of the committee procedure and creating a more foreseeable framework for the operators and public authorities.

The ensuing second tour de table revealed:

- broad support for the PRESIDENT's compromise proposal, which while satisfying legal concerns also met public health concerns, did not jeopardise the committee procedure and offered a degree of foreseeability ;

- the interest of such a proposal for stimulating research and innovation during the authorisation period granted and the advisability of presenting the decision in these terms for communication purposes ;
- the need to consider the outcome of the procedure in view of the public health and environment expressed within the Commission ;
- the wish of certain speakers to treat the limited duration of the authorisation as a period for gradually abandoning the use of these pesticides in the run-up to the final ban ;
- the importance of ensuring that the Decisions to authorise six of these active substances for a period limited in no way preclude the possibility for the Member States to refuse to authorise products containing them.

Following this discussion, the Commission agreed:

- for vinclozoline and azinphos-methyl, to await for the outcome of the vote in the Council on the two proposals for autorisation
- for carbendazime and dinocap, to empower Mr KYPRIANOU to adopt and transmit immediately to the Council an amended proposal including a period during which the substances would be entered in Annex I to Directive 91/414/EEC reduced from 7 to 3 years ;
- for fenarimol, flusilazole, methamidophos and procymidone, to empower Mr KYPRIANOU to adopt and transmit immediately to the Council an amended proposal including a period during which the substances would be entered in Annex I to Directive 91/414/EEC reduced from 7 years to 18 months.

## 10. OTHER MATTERS

### *AVIATION SECURITY*

Mr. BARROT briefly informed the Commission of the technical work and consultations on aviation security currently in progress with the Member States, the United States and the industry. He emphasised the importance of a proper European response to the new threats. This response should be comprehensive, rapid and practicable so as to establish efficient luggage monitoring and liquid explosive detection systems in the interests of passengers, airports and airlines. He stated that he would be putting a proposal to the Commission as soon as possible.

As regards the main points of such a proposal, Mr BARROT mentioned the restrictions on the quantity of liquids allowed in hand luggage and the improvement of inspection measures, with separate controls for electronic equipment, confirmed size limits for cabin luggage and compulsory screening of certain types of clothing. He pointed out that implementing all these measures required sound cooperation between the Member States but also with non-member countries, particularly the United States. He also pointed to the importance of passengers' interests and retail trading in airports and duty-free shops.

Mr FRATTINI supported the approach advocated by Mr BARROT, which struck a reasonable balance between security in air transport and the respect for passengers' interests. He reminded the meeting of the measures taken to block access to certain websites which incited to terrorism and gave information on the manufacture of explosives. He also mentioned the ongoing studies to develop liquid explosive detection techniques and personal profiling techniques.

In the course of a brief exchange of views, several Members expressed the wish that the measures to be proposed to strengthen security in air transport would sufficiently respect the dignity of passengers.

The Commission took note of this information.

**11. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – PUTTING KNOWLEDGE INTO PRACTICE: A BROAD-BASED INNOVATION STRATEGY FOR THE EU (COM(2006)502 TO /4) ; SEC(2006)1130)**

The PRESIDENT and Mr VERHEUGEN outlined the communication they were presenting to the Commission.

The PRESIDENT pointed to the importance of the initiative and pointed out that innovation would be the core topic of the Informal Meeting of Heads of State or Government in Lahti in October.

Mr VERHEUGEN drew attention to the high priority attached to innovation in the renewed Lisbon Strategy, which acknowledged the vital role played by innovation in competitiveness. After outlining the background to the initiative, which was made in response to a request from the spring 2006 European Council, he pointed out that the weakness of innovation in Europe was not due legal problems but to a cultural situation in which all too often it was difficult to translate research results into products on the market. The solution to the problem therefore depended on a change of mentality and behaviour.

Mr VERHEUGEN then mentioned the three main components of the policy framework defined in the communication before the Commission for approval, viz.: training, which was the condition *sine qua non* for setting up a more innovative society, establishing a more innovation-friendly environment (intellectual property rights, access to finance, *clusters*, etc.) and the establishment of new markets for innovation in Europe (*Lead Markets* initiative). Mr VERHEUGEN stated that the communication, which was extensively inspired by Mr Aho's report "*Creating an Innovative Europe*", did not conclude that there was a need for new structures or new institutions in Europe to deal with innovation questions but highlighted the need to ensure the requisite political will and a political direction.

Lastly, having thanked the other Commission Members concerned by these questions and their staff for their excellent cooperation, Mr VERHEUGEN reported that the communication would first be discussed at the Council meeting « Competitiveness » on 25 September and then at the Informal Meeting of Heads of State or Government on 20 October.

The Commission offered its full support for the proposed text and held an in-depth exchange of views, in which the following questions were mentioned:

- programmes and structures already in place in the European Union to promote innovation (for instance, the Structural and Cohesion Funds), but whose synergies could be exploited more effectively so as to amplify their multiplier effect ;
- the importance of securing tangible results by the end of the year, for instance as regards European technology platforms, the usefulness of which was acknowledged in the communication, and as regards the medium-term commitments of public authorities in Europe, particularly as regards financing ;
- the essential role of competition in the success of innovation efforts ;
- the importance of taking account of demand for innovation, particularly from consumers, at the same time as supply ;
- the areas where the need for innovation was particularly acute, for instance energy supply ;
- the future European Technology Institut (ETI), for which the formal proposal should be before the Commission in October, which would give practical expression to a new form of transfer of knowledge ;
- the urgency of initiatives to avoid a brain-drain from the European Union.

In his conclusions, the PRESIDENT pointed out that innovation was a field where there was manifest demand for action at European level, including from the citizens'

side. He singled out the need to look closely at what it was possible to do at European level to facilitate innovative companies' access to risk capital. He mentioned the enthusiasm that certain representatives of European industry had shown for innovation and the measures provided for in the communication, at a recent meeting attended also by several Commission Members. He raised the question of the relatively limited mobility of students and teachers between European universities and hoped their mobility could be developed, particularly for the benefit of innovation. Lastly, he emphasised that the follow-up to this communication would concern a good number of Commission Members.

Mr VERHEUGEN acknowledged that the difficulties met by certain companies in gaining access to risk capital were a brake on innovation in Europe. He reminded the meeting of the existence of European funds which could help to solve the problem if those concerned were more aware of them. Following certain remarks made in the course of the exchange of views, he confirmed that the *Lead Markets* initiative would be implemented in full compliance with the competition rules.

The Commission approved the communication in COM(2006)502/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

**12. COMMISSION RECOMMENDATION TO THE COUNCIL AUTHORISING THE COMMISSION TO OPEN NEGOTIATIONS WITH UKRAINE WITH A VIEW TO A NEW, ENHANCED AGREEMENT  
(SEC(2006) 1105 TO /3) ; SEC(2006) 1110 AND /2 ; SEC(2006) 1156 ; SEC(2006)1126)**

Ms FERRERO-WALDNER and Mr MANDELSON introduced the communication they were presenting to the Commission.

Ms FERRERO-WALDNER began by pointing out that this recommendation was a key element for the development of future relations between the European Union

and Ukraine. She reminded the meeting of the vital role played by Ukraine in the Union's external energy policy and the country's importance in the European neighbourhood policy and, by the same token, the importance for Ukraine of rapprochement with the European Union.

Ms FERRERO-WALDNER then mentioned the Orange Revolution and the reform process announced in the country and the undertaking made in the Council conclusions of February 2005 to launch consultations for an enhanced agreement to replace the current partnership and cooperation agreement. She highlighted the ambitious comprehensive approach taken in document, which included an enhanced free-trade area but left the prospect of accession in abeyance, in accordance with the approach supported by the Member States. She mentioned the timetable for the recommendation, given that the Finnish Presidency wished the negotiating directives to be adopted before the end of 2006 and talks to begin at the beginning of 2007.

Lastly, she announced that on Thursday 14 September she would be meeting Prime Minister Yanukovich. She asked Commission Members who on the same day were to meet their Ukrainian counterparts to remind them that certain preconditions for implementation of the enhanced agreement had not yet been met and that it was important among other things to abide by the objective of Ukraine's accession to the World Trade Organisation in the course of this year. She concluded by hoping that progress could now be made and asked for the whole Commission's support.

Mr MANDELSON outlined the trade aspect of the recommendation, viz. establishment of an enhanced free-trade area between the European Union and Ukraine, the introduction depended on Ukraine's accession to the World Trade Organisation. He outlined the specific nature of this free-trade agreement, which involved gradual approximation on Community law and practice in a number of important trade-related areas such as standards and conformity assessment, health and plant health rules, intellectual property rights, trade facilitation, public procurement and competition, and mandatory provisions relating to energy aspects in connection with trade. He concluded by mentioning the advisability of further

study of trade and economic relations with this partner, with which the Union currently had no preferential trade agreement.

The ensuing exchange of views highlighted the following points:

- the Commission's general support for the communication from Ms FERRERO-WALDNER and Mr MANDELSON, and the importance of Ukraine for the European Union ;
- the attitude to be taken regarding the new Ukrainian Government and its legitimacy and the specific situation of Ukraine in relation to Russia ;
- the domestic situation, public opinion in the country and the lowered expectations of the European Union since the elections ;
- the new Ukrainian Government's highly pragmatic policy as regards energy and cooperation with the European Union in this area ;
- the importance student mobility issues ;
- the advisability of highlighting the complementarity between European neighbourhood policy and enlargement policy in future ;
- the need to recognise that perceptions of the debate on enlargement among European public opinion had been negative, there being a wish to improve the way the existing Union operates before tackling new enlargements.

Following this exchange of views, the Commission approved the communication in SEC(2006)1105/3 for transmission to the Council, accompanied by the impact study and its summary in staff papers distributed as SEC(2006)1110/2 and SEC(2006)1156 respectively, the contents of which were noted.

### 13. RELATIONS WITH THIRD COUNTRIES

#### ***13.1. NINTH EU-CHINA SUMMIT (HELSINKI, 9 SEPTEMBER 2006), THIRD EU-REPUBLIC OF KOREA SUMMIT (HELSINKI, 9 SEPTEMBER 2006) AND SIXTH ASIA-EUROPE SUMMIT (ASEM) (HELSINKI, 10 AND 11 SEPTEMBER 2006) (SEC(2006) 1157)***

Ms FERRERO-WALDNER said that the ninth summit between the European Union and China, held at Helsinki on 9 September 2006, had gone well. She pointed out that the chief result had been the announcement that negotiations were to begin for a new comprehensive framework agreement for partnership and cooperation. She added that the Chinese Prime Minister had spoken very constructively throughout the summit. But she regretted that objections on the Chinese side had made it impossible to come to conclusions on major issues such as the joint statement on energy security, the project to establish an EU-China law school and the rolling work programme on climate change.

Ms FERRERO-WALDNER considered that results from the summit with the Republic of Korea were also positive. She mentioned the signing of the cooperation agreement on the European Satellite Navigation System (GALILEO). She drew attention to the dialogue on North Korea and the situation in Lebanon. As regards trade relations, she noted that there were points in dispute between the European Union and the Republic of Korea, but they should not exclude further work in the Commission on the feasibility of a bilateral free-trade agreement. She also mentioned the very positive assessment by the President of the Republic of Korea on the European model of integration, which could serve as a benchmark for the regional integration process in northeast Asia.

Mr MANDELSON, who endorsed Ms FERRERO-WALDNER's analysis, considered that relations between the European Union and the Republic of Korea were developing very well. He nevertheless reminded the meeting of

the importance for bilateral trade relations of settling the main points in dispute before negotiations for a free-trade agreement began.

As regards trade relations with China, on the other hand, Mr MANDELSON wished to see a more coherent European strategy. He felt that there still a large number of obstacles in relations with China and that progress here would demand intensive tough negotiations. Ms FERRERO-WALDNER concurred.

The Commission took note of this information and of the note from the PRESIDENT and Ms FERRERO-WALDNER, distributed as SEC(2006)1157.

**13.2. G20 MINISTERIAL MEETING– DOHA DEVELOPMENT AGENDA  
(RIO DE JANEIRO, 9 AND 10 SEPTEMBER 2006)**

Mr MANDELSON briefly reported on the Ministerial session in Rio de Janeiro on 9 and 10 September, particularly between the G20 countries, the European Union, the United States and Japan, which was the first such meeting after negotiations were suspended in July. At the meeting, it had been clear that the views of the Union and the G20 countries had come closer into line, particularly as regards the requests from the countries of the former *Cairns* group, the pressure being kept up on the United States regarding domestic farm subsidies and the technical work on drafting rules for certain areas.

Mr MANDELSON considered that the negotiations should resume in November, following the American congressional elections, on the basis of the positions already agreed in July and the Hong Kong ministerial declaration. But he was very worried by the attitude of the United States, where there was little sign of willingness to join the basic consensus supported by a very great majority. It was highly probable that the discussion on this question would continue at the forthcoming meeting of International Monetary Fund and the World Bank in Singapore.

Even so, Mr MANDELSON was optimistic about the possibility of reaching agreement in the first few months de 2007, provided all the parties were as flexible as the EU had been in July.

There followed a brief exchange of views in which the following points were mentioned in particular:

- the very constructive role played in recent weeks by the Commission, which had worked to secure the resumption of dialogue ;
- the future development of the European Community position and the room for manoeuvre available to it, and the implications of the mid-term review of the financial perspective 2007-2013 ;
- the importance of avoiding any tendency to relapse into protectionism at this time ;
- the importance of a common approach to the resumption of the Doha Programme negotiations at the forthcoming meetings of the International Monetary Fund and the World Bank in Singapore and the G7 preparatory meeting, and the question of the external representation of the euro area.

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 12.41.