EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2007)1781 final

Brussels, 28 March 2007

MINUTES

of the 1781st meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 21 March 2007

(morning)

CONTENTS

<u>Single sitting</u>: Wednesday 21 March 2007 (morning)

The sitting opened at 09.10 hours with Mr BARROSO, President, in the chair. Items 11 (in part) and 12 were chaired by Ms WALLSTRÖM

<u>Present</u>:

Mr BARROSO	President	Items 1 to 11 (in part)
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	Items 1 to 11 (in part)
Mr KALLAS	Vice-President	Items 1 to 10 (in part)
Mr FRATTINI	Vice-President	
Ms REDING		Items 1 to 11 (in part)
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Mr POTOČNIK		
Mr FIGEL’		
M KYPRIANOU		Items 1 to 10 (in part)
Mr REHN		
Mr KOVÁCS		
Ms KROES		Items 1 to 10 (in part)
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		Items 1 to 10
Mr McCREEVY		Items 1 to 10 (in part)
Mr ŠPIDLA		
Mr PIEBALGS		Items 1 to 11 (in part)
Ms KUNEVA		
Mr ORBAN		

Absent:

Ms GRYBAUSKAITĖ
Mr MICHEL
Mr MANDELSON

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

Mr QUEST	Chef de cabinet to Ms GRYBAUSKAITÉ	Items 1 to 10
Mr BAUDRU	A member of Ms GRYBAUSKAITÉ'S staff	Items 11 and 12
Mr ROSA	A member of Mr MICHEL's staff	
Mr HOUBEN	A member of Mr MANDELSON's staff	Items 9 and 10 (in part)
Ms WENDT	A member of Mr MANDELSON's staff	Items 10 (in part) to 12

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	Items 1 to 11 (in part)
Ms DURAND	Deputy Director-General, Legal Service	
Mr SØRENSEN	Director-General, Communication DG	
Mr LAITENBERGER	Commission Spokesman	Items 1 to 10 (in part)
Ms AHRENKILDE	Communication DG – Spokesman's Service	Items 10 (in part) to 12
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers (BEPA)	Items 1 to 10 (in part)
Ms CARVALHO	Bureau of European Policy Advisers (BEPA)	Items 10 (in part) to 12
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	Item 9 (in part)
Mr CABRAL	Adviser hors classe in the President's Office	Items 10 and 11 (in part)
Ms MARTINHO	Chief Adviser in the President's Office	Item 10 (in part)
Mr SCHMIDT	Deputy Chef de cabinet to Mr KALLAS	Items 1 to 9
Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	Items 11 (in part) and 12
Mr THOMAS	Chef de cabinet to M ALMUNIA	Item 10
Mr GIUDICE	A member of Mr ALMUNIA's staff	Item 10
Mr SCHINAS	Chef de cabinet to Mr KYPRIANOU	Items 10 (in part) to 12
Ms SUTTON	A member of Ms KROES's staff	Items 10 (in part) to 12
Mr MURRAY	A member of Mr McCREEVY's staff	Item 10 (in part)
Ms SCHREIBER	Chef de cabinet to Mr ŠPIDLA	Item 10
Mr NYMAND CHRISTENSEN	Secretariat-General	Item 9

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

1. AGENDAS
(OJ(2007)1781/3; SEC(2007)342/2)

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(2007)1781)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 19 March.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1780TH MEETING (13 MARCH 2007)
(PV(2007)1780; PV(2007)1780, PART II)

The Commission approved the minutes of its 1780th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

4.1. STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST
(SEC(2007)396; SEC(2007)366)

The Commission adopted the decisions in the recapitulative list (SEC(2007)396).

4.2. INFRINGEMENTS – REPORT B1/2007 – RECAPITULATIVE LIST (SEC(2007)233; SEC(2007)230; SEC(2007)225; SEC(2007)229; SEC(2007)232)

The Commission adopted the decisions in SEC(2007)233, subject to the following clarifications:

1992/4200	***France***
Water – DIR 75/440 – Quality required of surface water intended drinking water (Brittany)	
Decision:	2nd referral - completion period: 3 months + authorisation of contacts + penalty payment: €117 882.00/day + lump sum: €13 098.00/day

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2007)343 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 March.

5.2. SENSITIVE WRITTEN PROCEDURES (SEC(2007)344)

The Commission took note of the sensitive written procedures for which the time limit expired between 19 and 23 March.

5.3. *EMPOWERMENT (SEC(2007)345 ET SEQ.)*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 March.

5.4. *DELEGATION AND SUBDELEGATION OF POWERS*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 12 and 16 March, as archived on the "Greffe 2000" (Registry) website.

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2007)346/2)

ADMINISTRATIVE MATTERS
(PERS(2007)36/2)

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 in respect of an AD14 official.

6.2. *SG – APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS (SECOND STAGE) IN RESPECT OF AN AD15 OFFICIAL (PERS(2007)37)*

The Commission continued its discussions on this matter, begun on 21 February 2007 (PV(2007)1777).

On a proposals from Mr KALLAS, in agreement with the PRESIDENT, the Commission adopted the decision in PERS(2007)37 applying the second stage of the procedure provided for in Article 50 of the Staff Regulations in respect of Ms Marleen HARFORD, an AD15 official currently Director for Resources and General Matters in the Secretariat-General.

This decision would take effect on 1 August 2007.

6.3. CCN – 2006 ACTIVITY REPORT OF THE CONSULTATIVE COMMITTEE ON APPOINTMENTS (SEC(2007)376 AND /2)

The Commission took note of the 2006 activity report of the Consultative Committee on Appointments in the document distributed as SEC(2007)376/2.

7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – TRANSEUROPEAN NETWORKS: TOWARDS AN INTEGRATED APPROACH (COM(2007)135 TO /3; SEC(2007)374 AND /2)

The Commission approved the communication COM(2007)135/3 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, accompanied by its two annexes in the staff paper distributed as SEC(2007)374/2, the contents of which were noted.

8. ANY OTHER BUSINESS

MEASURES RELATING TO THE ACTIVITY OF A MEMBER OF THE COMMISSION

The PRESIDENT told the Commission that Mr MICHEL had informed him of his intention to take an active part in the general election campaign in Belgium and of his wish to be granted unpaid leave for the official duration of the campaign, i.e. from 12 May to 10 June 2007.

The PRESIDENT noted that, in accordance with the code of conduct of Commissioners of 24 November 2004, Mr MICHEL's planned participation in the campaign did not allow him at the same time to perform his duties as Member of the Commission. The PRESIDENT also decided that, for the period in question, Mr REHN would replace Mr MICHEL in the areas of activity for which Mr MICHEL was responsible.

Mr MICHEL would therefore not take part in the work of the Commission from 12 May to 10 June 2007. For this period, Mr MICHEL would not receive his salary or any other form of remuneration from the European Community.

The Commission took note of this information.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – FOLLOW-UP TO THE GREEN PAPER "EUROPEAN TRANSPARENCY INITIATIVE"

(COM(2007)127 TO /5; SEC(2007)360; SEC(2007)361)

Mr KALLAS briefly presented the communication he was tabling for approval. He began by thanking the Members of the Commission who had been playing an active part in the preparation of this dossier since May 2005.

Mr KALLAS pointed out that the principal objective of the initiative was to improve governance, reliability and the transparency of work within the Commission, in particular for the purposes of the budgetary discharge procedure. With regard to the aspect covering the publication of data on recipients of Community funds, he referred to the unanimous support of the Council, expressed in December 2006 when agreement was reached on the Financial Regulation. He thanked Ms GRYBAUSKAITĖ and the staff of the Directorate-General for the Budget and the Council Presidency, who had made a decisive contribution to the success of the exercise.

With regard to the aspect relating to interest groups, the communication confirmed the Commission's determination to introduce an optional register of interest groups, based on self-regulation of the profession and on compliance with a code of ethics. In this connection Mr KALLAS mentioned the new formula for the financial information requested, which was designed to identify the relative size of the various customers in the lobbyists' total turnover.

Lastly, he pointed out that an evaluation of the initiative was planned in 2009.

Following the presentation by Mr KALLAS, the Commission held a short discussion during which the following questions in particular were addressed:

– the appropriateness of the pragmatic and non-bureaucratic approach which had been taken on this matter from the beginning;

– the optional nature of the register, which would in particular allow for self-regulation of the profession;

– the degree of detail of the financial information requested, and the relevance of the formula finally selected;

– the planned treatment of professional lobbies, the same as would apply to non-governmental organisations (NGOs), making it possible in particular to measure their representativeness, and the place earmarked in their set-up for regional representations;

- the importance of taking into account the various institutional targets of lobbying activities, in particular the European Parliament, and of finding concerted solutions with the other Community institutions and bodies;
- the need to avoid any conflict of interest in connection with the recruitment of seconded national experts and in the activities of senior Commission officials during leave on personal grounds or after termination of service.

The PRESIDENT thanked Mr KALLAS, on behalf of the whole Commission, for what he considered a politically important initiative and which gave substance to the desire for Community administration to be open and transparent. He recommended that appropriate publicity be given to this initiative, which could also serve as an example for certain Member States. Lastly, he noted the need to work in liaison with the European Parliament, but without encroaching on its autonomy, in the organisation of relations with external partners.

At the end of this discussion, the Commission approved the communication in COM(2007)127/4 and /5 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the results of the public consultation contained in the staff paper distributed as SEC(2007)360, the contents of which were noted.

10. DEBATE ON THE EUROPEAN ECONOMY

Mr ALMUNIA introduced the debate by giving a full overview of the European economic situation, that he first placed in the context of the world economic outlook. He referred to the relatively moderate rate of world growth expected for 2007, but added that the external economic environment should remain broadly favourable for the European Union. He mentioned the influence of the level of oil prices, which should remain high in 2007, and of world imbalances which, though reduced, continued to constitute a factor of risk.

Mr ALMUNIA then reviewed the fundamentals of the European economy, noting in particular:

– the buoyancy of economic growth in the European Union with a real rate in 2006 of 2.6% in the euro area and 2.9% throughout the Union, i.e. the best performance since 2000; this growth should remain sound in 2007, with forecasts of 2.4% for the euro area and 2.7% for the Union;

– the considerable improvement on the labour market in 2006, with a rise in employment of 1.6% in the Union, i.e. almost 3 million jobs created, and 1.4% or almost 2 million jobs created in the euro area, and the drop in unemployment, with a rate of 7.8% in 2006 in the euro area and 7.9% in the European Union, the lowest rates for 15 years;

– the recovery in labour productivity in the private sector, something which Mr ALMUNIA saw in particular as being of extreme importance, and which had risen by 1.8% in 2006 as against an average of 0.8% the previous five years, although it still had to be confirmed that this recovery was structural in nature and not merely cyclical;

– the drop in inflation brought about by the reduction in oil prices and the prospects for a continuation in 2007, with forecasts of 1.8% for the euro area and 2% for the Union, although there were some risks of increases;

– moderate inflationary pressures from the labour market in spite of the decline in unemployment and wage trends;

– continuing low interest rates preserving favourable financing conditions, with long-term and short-term rates practically aligned;

– the great volatility, over the last ten years, of the euro exchange rates against the dollar and the yen, contrasting with the stability in relation to sterling;

- the benefit that public finances derive from the improvement in cyclical conditions but the efforts that still had to be made in the years ahead by the Member States which had not fully corrected their deficits;
- the differentiated evaluation in terms of long-term viability of public finances, five Member States currently being considered a high risk, ten average risk and eight low risk, including only two in the euro area.

Mr ALMUNIA went on to consider two possible scenarios. On the one hand, the more positive one combining a drop in oil prices and strong world growth and, internally, improvements on the labour market, with increased confidence stimulating consumption, and a limited impact of the VAT increase in Germany. Contrasted with this was the less favourable one associating high oil prices, disorderly correction of the world imbalances leading to disturbances in the world economy, sudden exchange rate fluctuations and disruption of the financial markets and, internally, strong inflationary pressures caused by accelerating wage rises and a marked impact of the VAT increase in Germany.

He then reviewed the implementation of the Lisbon Strategy, noting in this connection the satisfactory progress achieved in the reform of pension schemes and health systems, in policies designed to stimulate research, development and innovation, in the improvement of the business environment through better regulation, and in active employment policies, including the growing consensus in favour of flexicurity to reform the labour market.

He also recognised the inadequacy of the reforms undertaken as regards removing the obstacles to the establishment of the single market, reforming the subsidy systems, ensuring adaptability of the labour market and promoting education and skills of human resources.

He underscored the importance of structural reforms for growth and stressed the need to pay more attention to this in future.

Mr ALMUNIA then took stock of the situation as regards enlargement of the euro area. He began by stating that the evaluation carried out at the end of 2006 of the progress made by individual countries in relation to the convergence criteria had concluded that none of these countries would satisfy all the conditions for adoption of the euro by the intended deadlines, but that progress had been made since then by Cyprus and Malta. For the others, he pointed out that several years' work would probably be necessary for full compliance with the criteria. Regarding the precise enlargement timetable, he listed the adoption of the euro by Slovenia on 1 January 2007, the application by Cyprus and Malta to join the euro area in 2008, which would be examined by the June European Council, and Slovakia's wish to join in 2009, the Czech Republic, Estonia, Hungary, Latvia, Lithuania and Poland having recently reappraised their target dates for the introduction of the euro.

Lastly Mr ALMUNIA summarised the achievements and the shortcomings of Economic and Monetary Union (EMU). He first drew attention to the fact that EMU and the euro had provided most of the expected benefits: price stability, a drop in the cost of borrowing, role of catalyst for trade and investment in the euro area, a world-scale currency which acted as a cushion against shocks from the outside, a solid foundation for the convergence process. As regards the shortcomings: EMU did not by itself generate growth and employment; the results, after joining EMU, varied greatly from one country to the next; there were no strong incentives to undertake the necessary economic reforms; adjustment to trends and to shocks was too slow; impacts and interactions were not sufficiently understood and taken into account; coordination and common vision were lacking.

In conclusion he pointed out on the positive side that the macroeconomic framework created by EMU brought stability, an essential condition for more growth and employment, but he also recognised that it was not by itself sufficient to produce all the expected benefits or to ensure the proper functioning of EMU itself. He announced plans to present proposals for improving the operation of EMU in May 2008 to mark its 10th anniversary. It would be necessary in particular to broaden the approach and to focus on interaction between macroeconomic and microeconomic policies.

Mr ŠPIDLA took over from Mr ALMUNIA to provide additional information about employment trends.

He noted that 2006 had seen the strongest growth of employment in Europe since the launching of the Lisbon Strategy in 2000, and stressed that the tendency for the growth in the rate employment to accelerate observed in recent years gave hope that the progression would continue in 2007 and 2008. He considered that, half way to the 2010 deadline, there was a very good chance that the European Union would reach the 70% target set in the framework of the Lisbon Strategy, even though, in detail, the picture was shaded, with employment progressing spectacularly in some Member States while rates were stable, or even falling, in others.

He was also pleased with the distinct fall in unemployment, virtually across the Union, and noted that all countries were now benefiting from the momentum generated by enlargement, even though the most spectacular advances were in the twelve that had joined most recently. He noted, however, the absence of any improvement regarding long-term unemployment and youth unemployment, and drew attention to the additional efforts that had to be made on these two fronts.

Mr ŠPIDLA also saw as a positive factor the recent development of productivity and noted with satisfaction that the improvement in the employment situation no longer seemed to be, as in the past, at the expense of productivity and therefore of competitiveness.

In conclusion, he considered that the improvement of the relationship between economic growth and job creation testified to the positive results of the reforms on the labour market in Europe, and stressed the need to profit from the favourable economic climate to consolidate these reforms. He noted that for the Lisbon strategy to be a success and the European Union to adapt to globalisation the reform and the flexibility of the labour markets would need to be backed by the introduction of modern contractual provisions and modernisation of social protection systems. He stressed that this flexicurity approach would have to be a core aspect of the employment section of the new Lisbon Strategy cycle 2008-

2010. He finished with the wish that the favourable economic situation could also used to speed up the removal of the obstacles to labour mobility between Member States.

The Commission then held a wide-ranging debate during which the following aspects in particular were addressed:

- the concerns caused by the modest contribution of communication and information technology to the growth of labour productivity in Europe compared with what had been seen in the United States for example;

- the priority that needed to be given to investments in these technologies, across sectors and not just in specific sectors and the case for making this one of the top policy priorities;

- the possibility of the Commission shortly being given a presentation of the microeconomic aspects for all sectors so that it would have a complete picture;

- the stability provided by the macroeconomic framework, the limited influence of external risk factors, an indication of the success of EMU and of the strengthened coordination of economic policies in Europe;

- the interest of maintaining this strict discipline and not trying new experiments in this area;

- the case for analysing all the causes and the sustainability of the atypical relationship between the increase in productivity and in employment;

- the good financial health of major European companies, which was, however, accompanied by restructuring operations involving redundancies, and the importance, for social stability, of working for a more equitable distribution of income;

- the value of considering also using macroeconomic tools for the purposes of structural change, and of setting both qualitative and quantitative objectives for budgetary policy;
- the need, in order to benefit from globalisation, to provide tools that would make it possible to respond to the opportunities offered, and to find means of reducing costs for companies;
- the importance, in view of the costs that would come with climate change, of including in the analysis a broader concept taking into account the environmental impact and the sustainability of growth;
- the gap seen in opinion polls between the objective success of EMU and the negative perception by the public of the consequences of the changeover to the euro, and the need for mass information campaigns to correct this misperception;
- the need to work in cooperation with the Member States, and in particular the national parliaments, to make the public more aware of the benefits of EMU;
- the importance, for future policies of the Union, of analysing in detail the sources of the economic recovery and the respective share of each factor - world growth, stability of the euro, structural reforms - in this success;
- the progress made on certain convergence criteria by some of the countries seeking membership of EMU and the difficulty, in terms of communication, of explaining to the people of these countries why entry was delayed when only one condition was not satisfied;
- the market potential that the emerging countries represented for the European economy and what this meant in terms of improving European competitiveness and the opening of markets;
- the exemplary character of the model chosen by certain Member States which, having succeeded in combining high social protection and social dialogue,

strict budgetary discipline, reform of the state and investment in research and training, were today among the most efficient as regards the objectives of the Lisbon strategy and the best equipped to deal with globalisation;

- the problem raised for exporting companies by the volatility of the euro rate against the dollar, the yen or the yuan, and the importance of finding a solution to these variations;

- the importance, for developing the potential of the internal market, of removing tax and linguistic obstacles;

- the importance of the tax tool in the economy and its capacity for encouraging the development of technologies promoting energy efficiency and the fight against pollution, and the possibility of working gradually towards taking the tax burden off labour and placing it on pollution;

- the contribution of the enlargement of the Union in the good economic results;

- the importance of using the favourable context to continue the difficult structural reforms that are required in pensions, health or the labour market;

- the competitiveness problem raised by the gap between average working time in Europe and practices in the major competitor countries and the need for efforts in this direction.

The PRESIDENT wondered what to expect concerning long-term interest rates, in view of the recent rise in short-term rates. He also wondered whether the fall in the unemployment rate was structural or cyclical in nature, and whether the risks mentioned in the scenarios presented by Mr ALMUNIA might compromise European economic stability.

He also referred to the need to find means of informing Europeans about the reality of the economic situation and in particular the essential contribution of enlargement to the recovery. He underlined the need to have the 2006 figures for investment in research and innovation quickly, and maintained that the European

Union could achieve by 2010 the objective of 3% of GDP that it had set itself in this respect. He also noted the call for the microeconomic aspect to be presented to the Commission in the near future.

Lastly, he noted the usefulness, from the communication angle, of establishing the link between the good results achieved and the Lisbon strategy, and wanted a balanced message to be put out, combining a positive assessment and recognition of the need to make the most of this favourable context to pursue the efforts.

Mr ALMUNIA answered the questions raised during the debate. He agreed in particular on the need, while preserving competitiveness, to improve the currently inequitable distribution of the benefits of growth, using means other than direct taxes. He considered that the unfairly negative image that the public in some countries had of the euro was a result of the more general feeling that this European economy did not provide a solution to many problems affecting citizens in their everyday lives. He thought that a discussion of these questions would be useful because they were what gave Europe its negative image.

Mr ŠPIDLA underlined the importance of social policy in the context of the current wide-ranging restructuring of the European economy and warned about the possibility of massive conflicts if there was no choice of a social policy. He also noted the need for a coherent approach covering the euro area and the other Member States. He highlighted the major contribution that enlargement had made to growth, and supported the idea of shifting the burden of taxation from wages and salaries and placing it on polluting activities. He thought that the improvements observed on the labour market were the fruit of a mix of structural and cyclical factors. While recognising the importance of a knowledge and innovation economy, he wished to underline the need to promote the quality of human capital through education and training.

The PRESIDENT expressed his satisfaction with the quality of the discussion and said that he would have to return to the subjects raised. He also hoped that it would be possible to hold a discussion on financial stability and hedge funds before the next G8 summit.

The Commission took note of the results of the debate.

11. INTERINSTITUTIONAL RELATIONS

11.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's opinions
(SP(2007)1278)

The Commission decided to empower the Members of the Commission responsible for the sectors concerned, in agreement with the PRESIDENT and Mrs WALLSTRÖM and, if necessary, with the other Members concerned, to adopt the amended proposals and transmit them to Parliament and the Council, in accordance with document SP(2007)1278, produced following the March I part-session of Parliament, of which it took note.

11.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council meetings
(SI(2007)215)

The Commission took note of the information in SI(2007)72 on the Council meetings scheduled between 15 and 28 March.

iii) Agriculture and Fisheries (Brussels, 19 March 2007)
(SI(2007)226)

- Voluntary modulation of direct payments under the common agricultural policy (Council Regulation)

The Commission noted that Ms FISCHER BOEL had accepted the compromise reached at the Council meeting (Agriculture and Fisheries) on 19 March on the Regulation on the modulation of direct payments under the common agricultural policy, in accordance with the policy recommended by the Chefs de cabinet at their weekly meetings on 12 and 19 March.

iv) Informal meeting of ministers responsible for telecommunications (Hanover, 15 March)
(SI(2007)202)

Mrs REDING gave a brief account of the informal meeting of ministers responsible for telecommunications in Hanover on 15 March.

She highlighted the latest developments on the proposal for a Regulation on roaming on public mobile networks. She welcomed the political consensus that had emerged on a regulatory approach for wholesale and retail prices, as proposed by the Commission. She recalled that opinions still diverged on the so-called opt-in and opt-out options applicable to retail prices. But she felt that a compromise could be reached by the summer, and emphasised that Parliament supported the Commission proposals by a very large majority.

Ms REDING then mentioned radio frequency identification devices (RFID), where she was pleased with the initial reactions of the institutions and stakeholders to the ideas set out in the recent Commission communication. She again highlighted the enormous possibilities that this rapidly-emerging technology offered to firms and individuals in Europe.

Lastly, Ms REDING referred to the importance of mobile television, for which there was a rapidly expanding market. She reminded the meeting that the Commission was supporting the development of a European standard, and considered that the European telecommunication industry would have to adopt this common standard if it did not want to lose ground to non-member countries in technological development and access to this important market. She pointed to the considerable impact of certain major sporting events in 2008, in particular the Olympic Games and the European Football Championship, on the introduction and marketing of this new technology.

The Commission took note of this information.

v) Preparations for the Transport, Telecommunications and Energy Council (Brussels, 22 and 23 March 2007)
(SI(2007)205; SI(2007)229; SI(2007)224)

– GALILEO – Concession Contract

Mr BARROT briefly mentioned the current situation regarding GALILEO. He reminded the Commission of the position it had taken on the possible solutions and noted that at the Council meeting (Transport, Telecommunications and Energy) on 22 and 23 March the Presidency was planning to publish conclusions to provide a political impetus to the resumption of negotiations in the consortium by June in order to break out of the current impasse. In the event of renewed failure, alternative options would have to be examined. If necessary he would raise the matter again at a subsequent Commission meeting.

The Commission took note of this information.

– Proposal for a Council Decision on the signature and provisional application of the Agreement between the European Community and the United States of America on air services

– Proposal for a Council Decision on the conclusion of the Agreement between the European Community and the United States of America on air services

Mr BARROT outlined the latest developments concerning the agreement on air services with the United States, which was on the agenda for the Council meeting (Transport, Telecommunications and Energy) on 22 and 23 March. He confirmed the request for empowerment to adapt the rules for the implementation of the agreement.

The Commission took note of these observations and of the briefing note SEC(2007)224.

The Commission empowered Mr BARROT to amend the proposal of 21 April 2006 so as to adapt the rules implementing the agreement at the meeting of the Council "Transport, Telecommunications and Energy" of 22 and 23 March. It noted that the Legal Service's agreement would be required when the powers delegated were exercised, as specified in SI(2007)224.

11.3. RELATIONS WITH PARLIAMENT

vi) Results of the March I part-session
(SP(2007)1247)

The Commission took note of the information on the part-session of Parliament held in Strasbourg from 12 to 15 March in SP(2007)1247.

vii) Annual Policy Strategy for 2008
(SP(2007)1243)

Ms WALLSTRÖM reported on the debate in Parliament on 13 March on the annual policy strategy (APS) for 2008. This debate in plenary would now be followed by work in Parliamentary Committees on political priorities for 2008 and the implementation of the Commission legislative and work programme for 2007. She asked all Members to take an active part in the Parliamentary Committee discussions.

Mrs WALLSTRÖM also mentioned that agreement had still not been reached on the future President of the Conference of Chairmen of Parliamentary Committees.

The Commission took note of this information.

viii) Internal reform of the European Parliament

Mrs WALLSTRÖM gave an account of her contacts with Ms Dagmar ROTH-BEHRENDT, Chairman of the Parliament working party that was drawing up proposals for reform of Parliament. She stressed the importance of this working party and the proposals that it would be submitting when it reported in June, and of their impact on relations between the Commission and Parliament, and more particularly on the framework agreement governing relations between the two institutions. She felt that the Commission, although not taking part, should monitor progress closely, and asked Members to identify and transmit issues that they saw as relevant.

The Commission took note of this information.

12. RELATIONS WITH THIRD COUNTRIES

12.1. MINISTERIAL MEETING BETWEEN THE EUROPEAN UNION AND THE ASSOCIATION OF SOUTH-EAST ASIAN NATIONS (NUREMBERG, 14 AND 15 MARS 2007) (SEC(2007)398)

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2007)398.

12.2. VISIT TO THE UNITED STATES (WASHINGTON DC AND NEW YORK 5-8 MARCH 2007) (SEC(2007)392)

The Commission took note of the information from Mr McCREEVY in SEC(2007)392.

12.3. VISIT TO ALBANIA, MONTENEGRO AND BOSNIA-HERZEGOVINA (TIRANA, PODGORICA AND SARAJEVO, ON 15 AND 16 MARCH 2007) (SEC(2007)397)

Mr REHN reported on his recent visit to the Western Balkans, where he had met various personalities from the executives, the parliamentary oppositions and political circles in general, in Tirana, Podgorica and Sarajevo.

His conclusion from his visit to Albania was that the country needed to continue its reform process to mitigate certain shortcoming in its mentalities and democratic practices.

With regard to its visit to Montenegro, Mr REHN welcomed the initialling of the Stability and Association Agreement which manifested the authorities' commitment to reform and alignment on the European Union. He thanked all Members and departments of the Commission for their contribution to this positive result. The Council Presidency had announced that it planned to sign the agreement in the first half of 2007.

Regarding Bosnia-Herzegovina, Mr REHN expressed concern regarding the deterioration of the political climate, following the judgment given by the International Court of Justice on 26 February confirming that genocide had taken place in Srebrenica but at the same time exonerating Serbia of any kind of collective responsibility, which had caused sharp reactions from the Bosnian authorities. Mr REHN had urged these authorities to give the necessary full cooperation to the International Criminal Tribunal for the Former Yugoslavia as a preliminary essential to the signing of the Stability and Association Agreement with the European Union and to any prospects in Europe. But he reported that the Bosnian Prime Minister had shown a constructive attitude and recalled the principle of conditionality, whereby the continuation of the reforms, including the reform of the Bosnian police force now on hold, was a condition for the signing of the Stability and Association Agreement. Mr REHN closed by remarking that this process called for coordination with the United States, which also exerted considerable influence on the Bosnian authorities.

The Commission took note of these observations and of Mr REHN's briefing note in SEC(2007)397.

*

*   *

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

*

*   *

The meeting closed at 13.07 hours.