



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2007) 1783 final

Brussels, 18 April 2007

MINUTES
of the 1783rd meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 4 April 2007
(morning)

PV(2007) 1783 final

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Single sitting: Wednesday 4 April 2007 (morning)

The sitting opened at 09.06 hours with Mr BARROSO, President, in the chair. Items 15 and 16 were chaired by Mr BARROT.

Present:

Mr BARROSO	President	Items 1 to 14
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr DIMAS		
Ms HÜBNER		
Mr POTOČNIK		
Mr FIGEL'		
Mr KYPRIANOU		
Mr MICHEL		
Mr KOVÁCS		
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		
Mr McCREEVY		Items 1 to 15
Mr ŠPIDLA		
Mr MANDELSON		
Mr PIEBALGS		
Ms KUNEVA		
Mr ORBAN		

Absent:

Ms WALLSTRÖM Vice-President

Mr VERHEUGEN Vice-President

Mr FRATTINI Vice-President

Ms REDING

Mr ALMUNIA

Mr BORG

Ms GRYBAUSKAITĖ

Mr REHN

Ms KROES

The following sat in to represent absent Members of the Commission

Mr LEFFLER	Chef de cabinet to Ms WALLSTRÖM	
Ms ERLER	Chef de cabinet to Mr VERHEUGEN	
Ms SCHMITT	Deputy Chef de cabinet to Mr FRATTINI	Items 8 (in part) to 16
Mr PRONK	A member of Ms REDING's staff	
Mr THOMAS	Chef de cabinet to Mr ALMUNIA	
Mr KÖHLER	Deputy Chef de cabinet to Mr BORG	
Mr QUEST	Chef de cabinet to Ms GRYBAUSKAITĖ	
Ms ÅSENIUS	Deputy Chef de cabinet to Mr REHN	
Ms SUTTON	A member of Ms KROES's staff	

The following also sat in

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	
Ms DURAND	Deputy Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	Items 8 (in part) to 16
Mr LAITENBERGER	Commission Spokesman	Items 8 (in part) to 16
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers (BEPA)	Items 1 to 13
Ms CARVALHO	Bureau of European Policy Advisers (BEPA)	Items 14 to 16
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	Items 8 (in part) to 16
Ms MARTINHO	Chief Adviser in the PRESIDENT's Office	Items 1 to 8
Mr ELLIS	Adviser in the PRESIDENT's Office	Items 9 to 12
Ms MARTÍNEZ ALBEROLA	A member of the PRESIDENT's staff	Items 12 and 13
Ms PINHO	A member of Mr KYPRIANOU's staff	Item 13
Mr DRIESMANS	A member of Mr MICHEL's staff	Items 9 to 11
Mr FRASER	Chef de cabinet to Mr MANDELSON	Items 9 to 12

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

1. AGENDAS

(OJ(2007) 1783/3; SEC(2007)417/2)

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)1783)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 2 April.

3. APPROVAL OF MINUTES OF 1782nd MEETING (28 March)

(PV(2007)1782)

The Commission approved the minutes of its 1782nd meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

4.1. STATE AID – HORIZONTAL DOSSIER

(SEC(2007)410 AND /2; SEC(2007)444)

Draft Commission Regulation concerning the application of Articles 87 and 88 of the EC Treaty to *de minimis* aid in the agricultural products sector

The Commission:

- approved the draft Commission Regulation concerning the application of Articles 87 and 88 of the EC Treaty to *de minimis* aid in the agricultural products sector, contained in SEC(2007)410/2, for submission to the Advisory Committee on State Aid, in accordance with Article 8(1)(a) of Council Regulation (EC) 994/98;
- empowered Ms FISCHER BOEL, Commission Member responsible for Agriculture and Rural Development, to continue the procedure, and in particular to send the draft Commission Regulation to the Member States and to consult them in the Advisory Committee on State Aid.

**4.2. STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST
(SEC(2007)480; SEC(2007)444)**

The Commission adopted the decisions in SEC(2007)480.

**4.3. INFRINGEMENTS – CASES POSTPONED BECAUSE OF NON-
AVAILABILITY OF DOCUMENTS – REGULARISATION
(SEC(2007)445)**

The Commission adopted the decisions in SEC(2007)445.

**5. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT
AND THE COUNCIL ON IMPLEMENTATION OF REGULATION (EC)
261/2004 ESTABLISHING COMMON RULES ON COMPENSATION AND
ASSISTANCE TO PASSENGERS IN THE EVENT OF DENIED BOARDING
AND OF CANCELLATION OR LONG DELAY OF FLIGHTS
(COM(2007)168 TO /3; SEC(2007)426; SEC(2007)430)**

The Commission approved the report in COM(2007)168/3 for transmission to Parliament and the Council, and to the national parliaments, accompanied by the staff paper distributed as SEC(2007)426, the contents of which were noted.

6. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 8(1) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.4403 – THALES/FINMECCANICA/ALCATEL ALENIA SPACE/TELESPAZIO) (C(2007)1507 TO /6)

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 23 March in C(2007)1507/3;
- took note of the final report of the Hearing Officer of 26 March in C(2007)1507/4;
- adopted, in the authentic language (English), the decision in C(2007)1507/5, declaring the operation notified compatible with the common market and the operation of the European Economic Area Agreement;
- decided to notify the companies concerned of the decision in C(2007)1507/6, together with the final report of the Hearing Officer and the opinion of the Advisory Committee;
- decided that the most important parts of the decision and the opinion of the Advisory Committee and the report of the Hearing Officer would be published in the official languages in the Official Journal of the European Union (in a version with business secrets removed);
- decided to publish the decision (with business secrets removed) on the Internet.

**7. DRAFT COMMISSION DECISION REGARDING THE DETERMINATION OF SURPLUS QUANTITIES OF OTHER AGRICULTURAL PRODUCTS THAN SUGAR, AND THE FINANCIAL CONSEQUENCES OF THEIR ELIMINATION IN RELATION TO THE ACCESSION OF THE CZECH REPUBLIC, ESTONIA, CYPRUS, LATVIA, LITHUANIA, HUNGARY, MALTA, POLAND, SLOVENIA AND SLOVAKIA
(SEC(2007)435 TO /3; SEC(2007)438)**

The Commission:

- approved the communication in SEC(2007)435/3, including the draft Commission decision;
- decided to present as soon as possible the draft Commission decision in SEC(2007)435/3 to the Management Committee for Trade Mechanisms;
- decided that the draft decision would be adopted, after the favourable opinion of the above committee, by written procedure.

**8. GREEN PAPER ON THE EUROPEAN RESEARCH AREA: NEW PERSPECTIVES
(COM(2007)161 TO /4; SEC(2007)412 AND /2; SEC(2007)429)**

Mr POTOČNIK presented to the Commission the Green Paper on the European Research Area. He emphasised the key role of the European Research Area in the Lisbon Strategy, alongside education and innovation. This Area, launched in 2000, constituted the reference framework for research policies, both at European level and at national and regional levels. There was an urgent need to bring about better coordination and coherence between the action carried out at these various levels in order to effectively contend with the challenges posed by globalisation.

Referring to the EU's emblematic objective of achieving an overall investment in research of at least 3% of gross domestic product (GDP), Mr POTOČNIK

highlighted the slippage in 2005 particularly on the part of the private sector, and noted the fragmentation of the public research effort in Europe.

The principal objective of this Green Paper was to revisit the European Research Area so as to improve the regulatory framework and the market conditions to promote private investment on the one hand, and to propose more operational guidelines for the public sector on the other, so as to overcome the fragmentation, in particular through the introduction of more coordination, specialisation and focusing of efforts. It also sought to ensure greater mobility of researchers and to introduce a more effective system for disseminating and sharing research results. The Green Paper was also intended to improve the sense of ownership and participation in the European Research Area of all the national and regional political bodies, and of all the players in the scientific and industrial communities.

Mr POTOČNIK referred to the public debate that the Green Paper was launching, and the initial discussions within the European institutions, which would begin with the informal meeting of the ministers responsible for research and competitiveness on 27 and 28 April in Würzburg and would continue at a conference planned in autumn 2007 under the Portuguese Presidency.

Mr POTOČNIK concluded by emphasising the contribution that all policies would have to make to this exercise and he warmly thanked the staff of all the Members' Offices and departments for their constructive cooperation, and in particular the PRESIDENT's Office and the Secretariat-General.

The PRESIDENT in turn thanked Mr POTOČNIK for the presentation of this initiative. He insisted on the high priority that had to be given to research for the coming period and suggested that 2009 be made the European year for innovation and creativeness. In this connection, he felt that the research effort, closely linked to innovation and education in the Lisbon Strategy, warranted greater visibility with the public. He urged in particular Mr FIGEL' and Mr VERHEUGEN, and also Mr ALMUNIA, Ms REDING and Mr BARROT to work in concert with Mr POTOČNIK to make an effective contribution to achieving the Lisbon Strategy objective of investing 3% in research. The PRESIDENT also reminded the meeting

of the need to harness the full potential of the European universities, which, he knew, were receptive to the European objectives for research. Finally he recommended strengthening cooperation between businesses and research institutions.

During an exchange of views, the Commission expressed its full support for the approach proposed by Mr POTOČNIK and considered in particular the following aspects:

- the importance of having a frontier-free area for research in order to preserve European competitiveness;
- the need to provide support at all levels for coordination between the research efforts of the public and private sectors, particularly by creating conditions that encourage private investment in European universities and by using the leverage of funding from the European budget;
- the Commission's key role in identifying and disseminating good practices, particularly as regards patents, training and management of researchers' careers;
- the need to tackle the technological challenges as regards energy by ensuring perfect consistency with the Strategic Energy Technology Plan (SET-Plan) already in force;
- the close link between the European Research Area and the European Area of Higher Education, which is attracting to the EU a growing number of students and enhancing university cooperation, in particular through the Bologna process;
- the regional dimension of research, and in particular the need to close gaps in terms of research capacity;
- the attention that should be paid to the linguistic dimension, from the point of view of promoting the mobility of researchers by language learning, and the dissemination and accessibility of research results;

(4 April 2007)

- the value of exploiting the major achievements of European technological research, such as the high-speed train, to produce greater visibility and rally the public around the European project.

Mr POTOČNIK thanked the Commission Members for their broad support and confirmed the importance of working together on the essential dimensions of the European Research Area, in particular as regards the links between researchers and industry, the technological and linguistic challenges and the regional aspects, particularly in terms of building research infrastructures. He emphasised, however, the specific nature of the European area, in comparison with the strongly defence-oriented capacities of the United States, on account of its plurality which requires an effort at increased coherence, particularly through joint actions such as the European Research Council, the European Institute of Technology, joint technological initiatives, ITER and the European technology platforms.

After the exchange of views, the Commission approved the Green Paper in COM(2007)161/4, 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 the staff paper distributed as SEC(2007)412/2, the contents of which were noted.

**9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – FROM MONTERREY TO THE EUROPEAN CONSENSUS ON DEVELOPMENT: HONOURING OUR COMMITMENTS
(COM(2007)158 TO /3; SEC(2007)431)**

10. COMMISSION ANNUAL REPORT TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – KEEPING EUROPE'S PROMISES ON

FINANCING FOR DEVELOPMENT

(COM(2007)164 TO /4; SEC(2007)415 AND /2; SEC(2007)431)

11. COMMISSION COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – TOWARDS AN EU AID FOR TRADE STRATEGY – THE COMMISSION'S CONTRIBUTION

(COM(2007)163 TO /3; SEC(2007)414 AND /2; SEC(2007)461 AND /2; SEC(2007)431)

Mr MICHEL presented the three documents he was tabling for approval, the communication on aid for trade being tabled jointly with Ms FERRERO-WALDNER and Mr MANDELSON.

Mr MICHEL first highlighted the two main messages emerging from this set of documents. The first was that the EU had kept its promises. It had exceeded in 2006 the objective it had set itself of devoting 0.39% of its gross national income (GNI) to official development aid (ODA), bringing it to a record volume of some 48 billion euros of European aid, or 0.42% ODA/GNI. Mr MICHEL pointed out in this connection that the ten countries that joined the Union in 2004 had in overall terms doubled their aid since that date.

The second was, however, a message of caution for the coming years. Mr MICHEL outlined the reasons that argued for this caution:

- the future behaviour of the Member States which had failed to honour their individual commitments;
- the importance of the proportion of additional aid, which in 2006 took the form of debt relief (a one-off measure), which might suggest that there was no strategy of a lasting increase in the volume of aid in certain Member States;
- the difficulties that were still a long way from being resolved for the specific objective of devoting 1 billion euros to aid for trade to be achieved by 2010.

Mr MICHEL emphasised that this message of caution should not, however, hide the main conclusion that Europe had moved from words to action and had been capable of honouring its commitments, while development aid had fallen in the United States and Japan, just a year after the G8 summit in Gleneagles.

Mr MANDELSON followed up Mr MICHEL's statement by presenting the information note prepared by several Commission Members on the economic partnership agreements with the Africa, Caribbean and Pacific States (ACP).

Mr MANDELSON first outlined the main factors currently determining the trade policy of the ACP States and their relations with the EU. He pointed out that these countries were players in the globalisation phenomenon which now affected all continents. More precisely, he assessed present trade relations between the Union and the ACP States in the light of the respective interests, and the rules and commitments made within the World Trade Organisation.

Mr MANDELSON then described the purpose and the scope of the six regional economic partnership agreements involved, which were designed to give ACP products better access to the European market, to set up regional markets based on transparent rules that contribute to good governance, and to supply assistance to accompany these reforms. Mr MANDELSON also reminded the meeting of the difficulties which were in the process of being overcome on this subject, deriving essentially from an unfounded sense of fear and suspicion about agreements of this type. He emphasised the very good conditions being offered for access to the European market, while recognising that substantial efforts were still required in the simplification of rules of origin which ultimately determine the effective use of possibilities of access.

Lastly, Mr MANDELSON referred to the prospects for the conclusion of the agreements and the vital contribution they would make to the modernisation of the partnership between the EU and the ACP States. He accepted the possibility that the results achieved might differ between regions.

The Commission held an exchange of views, covering the following points:

- the very high level of the financial effort being made by the EU, and the importance and significance of the areas which had priority for this financing, namely health, drinking water, transport infrastructure, institutional reforms, good governance, etc.;
- the pride that the Union could legitimately take in the achievement of the goals and the need for international recognition of this effort;
- the importance of enhancing the visibility of Community development aid and promoting public awareness of the benefits it brings;
- the need to take account of the beneficiary countries' capacity to absorb aid;
- the uncertainties surrounding direct budgetary aid and the need to ensure that it serves the intended objectives;
- the necessary complementarity between the economic partnership agreements and the boosting of the accompanying financial assistance;
- the coherence between policy towards the ACP States and the reform of the common agricultural policy;
- the importance of certain specific areas such as plant health and the link this has with health and survival of local populations, the quality of drinking water, combating climate change, etc.

The PRESIDENT concluded the exchange of views, noting with satisfaction that the objective for 2006 had been exceeded, that European aid had increased with enlargement, and that the EU was on track for achieving the overall objective set at political level for 2010. But he warned against any triumphalism and said that instead Member States must be encouraged to continue their efforts. He added that concrete examples needed to be given of the added value of European aid. He also stressed the importance of concluding, before the end of the year, at least some of the planned economic partnership agreements. He referred to the various political events scheduled throughout the year when these questions would be on the agenda.

Lastly, the PRESIDENT also welcomed the commitment shown in this matter by the Council Presidency.

Following this exchange of views, the Commission:

- approved the communication in COM(2007)158/3, for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments;
- approved the annual report in COM(2007)164/4, for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, accompanied by the staff paper distributed as SEC(2007)415/2, the contents of which were noted;
- approved the communication in COM(2007)163/3, for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the staff paper distributed as SEC(2007)414/2, the contents of which were noted ;
- took note of the information note on the economic partnership agreements, distributed as SEC(2007)461/2.

12. RELATIONS WITH THIRD COUNTRIES

DOHA DEVELOPMENT AGENDA

Mr MANDELSON informed the Commission Members of the forthcoming Ministerial meetings to be held in mid April in Delhi between the main parties to the negotiations on the liberalisation of world trade: the EU, the United States, Brazil and India, with Australia and Japan also attending.

He drew their attention to the importance of this meeting which would provide an opportunity to test the political climate among these key players, as well as the

prospects up to the summer break, given the impending expiry of the negotiating mandate of the American Administration. Mr MANDELSON stressed that, despite the political impetus given to the negotiations by a number of Heads of State or Government at the beginning of the year, including the PRESIDENT and the President of the United States, there had been very little convergence of views on the substantive issues since the talks were suspended in July 2006, progress being essentially on technical issues.

For Mr MANDELSON it was crucial that, at the Delhi meeting, the United States make a visible gesture in order to provide a favourable setting for the final stages of the negotiations in all the areas concerned but particularly that of agricultural subsidies. He also called for greater commitment from India in the discussions, and a strong signal from Brazil on industrial tariffs. Only then would it be possible to generate credible and positive momentum that could help bring about a political agreement before the summer break with a view to relaunching the Doha Agenda subsequently in Geneva.

Mr MANDELSON ended by emphasising that the EU negotiators intended to keep up the pressure on the United States to make a serious commitment with a strong gesture, as there could be no question of a unilateral move by the Union.

Ms FISCHER BOEL supported Mr MANDELSON's line and restated her hope that clear signals would be given at Delhi for a decisive breakthrough before the summer break, even though the meetings scheduled would have to focus essentially on the timetable of the process and not on matters of substance. She underscored the role of India in agriculture and insisted on the need for a real commitment from the United States with the presentation of a credible offer on market access and agricultural subsidies.

The PRESIDENT concluded the item by confirming that he was prepared to take up the matters at the appropriate time with the President of the United States.

The Commission took note of this information.

13. INTERINSTITUTIONAL RELATIONS

13.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's opinions

(SP(2007)1591)

The Commission decided to empower the Commission Members responsible for the sectors in question, in agreement with the PRESIDENT and Ms WALLSTRÖM and, if necessary, with the other Members concerned, to adopt the amended proposals for transmission to Parliament and the Council, as set out in SP(2007)1591, drawn up following the March II 2007 part-session of Parliament, the contents of which were noted.

13.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council activities

(SI(2007)278)

The Commission took note of the information supplied in SI(2007)278 relating to Council meetings from 29 March to 11 April.

iii) Results of the informal meeting of Foreign Ministers (Gymnich) (Bremen, 30 and 31 March 2007)

(SEC(2007)482)

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2007)482.

iv) Results of the meeting of the Council working party on the Africa, Caribbean and Pacific States (27 March 2007)

(SI(2007)287/2)

– Tenth European Development Fund (EDF) – Implementing arrangements

The Commission approved the line set out in SI(2007)287/2.

v) Preparation for the meeting of the Permanent Representatives

Committee (1st part) (4 April 2007)

(SPI(2007)30; SI(2007)268 and /2)

Application of the new committee procedure decision

- Nutrition and health claims made on foods (Regulation) – POLI BORTONE report – 2006/0195 (COD)
- Addition of vitamins and minerals and of certain other substances to foods (Regulation) – SCHEELE report – 2006/0193 (COD)

Mr KYPRIANOU reminded the meeting briefly of the background to this dossier, and set out the main features of the compromise proposed following the institutional trialogue, emphasising the political importance it would have for relations between the Commission and the other institutions. Mr KYPRIANOU admitted that the proposed solution was not in line with the objective of the "better lawmaking" initiative, but he saw it as the best possible compromise for the Commission at the present time.

Mr KYPRIANOU also took note of the request to amend the text of the declaration in the section "*e) Informal trialogues and compromise amendments*" of SPI(2007)30, by replacing "*full account*" by "*due account*", as proposed by the Chef de cabinet to Ms WALLSTRÖM at the weekly meeting of Chefs de cabinet on Monday 2 April. Mr KYPRIANOU was prepared to consider the possibilities of acceding to this request.

The PRESIDENT thanked Mr KYPRIANOU for this information. He explained the reasons why he had had this matter entered specifically on the Commission agenda, namely doubts about the quality, the simplicity and the effectiveness of the compromise solution proposed, particularly in the light of the principles of the "better lawmaking" initiative that the Commission was now applying to all Community legislation. He also mentioned the difficulties

that would inevitably arise when it came to applying the decision-making process deriving from the compromise, and the impact for the general public and industry.

For these reasons, the PRESIDENT would have liked to see the Commission take a more critical position on the present compromise, by encouraging the continuation of discussions with the other institutions up to the second reading.

The PRESIDENT was, however, sensitive to the argument, put forward by Mr KYPRIANOU, that the compromise supported by Parliament and the Council was, at the present time, the best compromise possible. He also expressed understanding for the reasons why Mr KYPRIANOU considered that the advantages in adopting the compromise outweighed the disadvantages. He nevertheless asked Mr KYPRIANOU to remain on his guard and be critical in the next stages on the dossier.

The Commission took note of this information.

It also authorised Mr KYPRIANOU to support a compromise in order to reach agreement at first reading on the two proposals for regulations concerned, following the line set out in SPI(2007)30.

13.3. RELATIONS WITH PARLIAMENT

vi) Results of the March II 2007 Parliament part-session

(SP(2007)1618)

The Commission took note of the information on the part-session of Parliament held in Brussels on 28 and 29 March 2007, as set out in SP(2007)1618.

14. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

14.1. WRITTEN PROCEDURES APPROVED

(SEC(2007)418 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 March.

14.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2007)419 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 2 and 13 April and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 2 April.

14.3. EMPOWERMENT

(SEC(2007)420 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 26 and 30 March.

14.4. DECISION TO SUSPEND PAYMENTS UNDER THE EUROPEAN REGIONAL DEVELOPMENT FUND

Ms HÜBNER briefly informed the Commission of a decision she needed to take that day under empowerment she had been granted and which concerned the suspension of payments under the European Regional Development Fund (ERDF) for five English regions of the United Kingdom. She explained that this move was the result of a process which began with a series of audits conducted between September 2004 and May 2005 on the systems of management and implementation of the funds by the British authorities, audits which had revealed shortcomings and, consequently, a high risk of expenditure not complying with Community law.

Ms HÜBNER pointed out that, despite the intensive work by the Directorate-General responsible for regional policy with the British authorities in 2005 and 2006 with a view to remedying the shortcomings detected, the measures taken by the British authorities had so far proved inadequate, hence this decision to suspend payments.

She reminded the meeting of the stages of the procedure which had led to that day's decision. She added that the British authorities must make further efforts to ensure that their systems respect the criteria laid down for the management of Community funds, something which could be done quickly for some of the regions concerned, in particular London and the North East. Ms HÜBNER considered in conclusion that this suspension decision should stimulate the work of the authorities responsible and was certain that the staff of the Directorate-General responsible for regional policy would be perfectly willing to provide any assistance required.

The Commission then held a brief exchange of views which raised in particular the question of how such a decision would be received in the country concerned and the reactions that could be expected, especially in the press, in the present context where the British media were extremely sensitive to budgetary issues.

Ms HÜBNER underlined the importance of good cooperation and more fluid transmission of the information requested by the auditors from the British authorities, elements which could in particular make it possible to resolve the cases of London and the North East before the summer.

In conclusion the PRESIDENT noted the need to handle this matter with great care.

The Commission took note of this information.

14.5. EMPOWERMENT TO ADOPT DECISIONS ON CONDITIONAL IMMUNITY FROM FINES OR REDUCTION OF FINES IN CARTEL CASES AND TO INFORM COMPANIES OF THESE DECISIONS (SEC(2007)439)

The Commission granted the empowerment as set out in SEC(2007)439 to the Commission Member responsible for competition.

14.6. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 26 and 30 March, as archived on the "Grefte 2000" (Registry) website.

15. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2007)421/2)

ADMINISTRATIVE MATTERS (PERS(2007)47)

OTHER MATTERS

IMPROVING THE ENVIRONMENTAL PERFORMANCE OF THE EUROPEAN COMMISSION (SEC(2007)451 AND /2)

Mr KALLAS set out briefly the information note on the Commission's environmental performance which he was presenting in agreement with the PRESIDENT. He began by stating that certain Commission departments were participating in a pilot project concerned with implementing the Community environmental management and audit system (EMAS). He mentioned the major areas where the Commission was endeavouring in particular to improve its environmental performance. He pointed to the positive results already achieved on

buildings and the efforts made in order to reduce CO₂ emissions from Commission vehicles.

The Commission took note of this information and of the note from Mr KALLAS (SEC(2007)451/2).

16. OTHER BUSINESS

ONGOING INVESTIGATION INTO A PRESUMED CASE OF CORRUPTION

M. KALLAS outlined the most recent developments in the case that the PRESIDENT had mentioned at the Commission's previous meeting (see PV(2007)1782, item 11, pages 19 and 20). He referred in particular to the framework that governs all Commission action in such cases, namely compliance with the confidentiality of the investigation and the rights of the individuals and companies concerned. Without underestimating the seriousness of the presumed offences, he emphasised that there was every indication that this was an isolated case and that no systemic problem existed. The Commission must now wait for the outcome of the ongoing investigations before taking any corrective, disciplinary or other measures that might be necessary.

The Commission had a brief exchange of views, during which it discussed in particular the following issues:

- the preventive measures already introduced or shortly to be introduced in the Commission departments directly concerned;
- the considerable harm that the case was causing to the reputation of the Commission and of the entire EU;
- the possibilities the Commission had of reacting sooner to this type of problem, given the limited volume and nature of the information available at the early stages of the investigation procedure;

- the political and operational consequences arising from the administrative status of the European Anti-Fraud Office (OLAF).

The Commission took note of this information.

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The meeting closed at 11.23 hours