



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2007)1794 final

Brussels, 4 July 2007

MINUTES

of the 1794th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 27 June 2007

(morning)

—

PV(2007)1794 final

CONTENTS

Attendance list	6-9
1. AGENDAS (OJ(2007)1794/3 ; SEC(2007)843/2).....	10
2. WEEKLY MEETING OF CHEFS DE CABINET (SEC(2007)1794)	10
3. APPROVAL OF MINUTES OF 1793RD MEETING (19 JUNE) (PV(2007)1793 AND /2).....	10
4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	10
4.1. WRITTEN PROCEDURES APPROVED (SEC(2007)844 ET SEQ.).....	10
4.2. SENSITIVE WRITTEN PROCEDURES (SEC(2007)845 AND /2).....	11
4.3. EMPOWERMENT (SEC(2007)846 ET SEQ.).....	11
4.4. DELEGATION AND SUBDELEGATION OF POWERS	11
5. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2007)847/2)	11
5.1. DG JLS – EXTERNAL PUBLICATION OF VACANCY NOTICE FOR AD14 DIRECTOR (EU-12) (PERS(2007)70)	11
5.2. DG AGRI – APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2007)9 TO /4)	12
5.3. JRC – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2006)160 TO /6).....	12
5.4. DG ECFIN – MOBILITY OF AN AD15 OFFICIAL.....	13
5.5. SJ - APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS (SECOND STAGE) WITH RESPECT TO AN AD15 OFFICIAL (PERS(2007)71).....	13
5.6. ESTAT – AMENDMENT OF THE ORGANISATION CHART AND TRANSFER OF AD15 OFFICIAL	14
5.7. DG ADMIN –EXTENSION OF TEMPORARY STAFF CONTRACTS	14

5.8. DG COMP – RECRUITMENT OF TEMPORARY STAFF FOR THE TEAM OF THE CHIEF ECONOMIST FOR COMPETITION.....	15
6. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL AMENDING REGULATION (EC) 2004/2003 ON THE REGULATIONS GOVERNING POLITICAL PARTIES AT EUROPEAN LEVEL AND THE RULES REGARDING THEIR FUNDING (COM(2007)364 TO /4; SEC(2007)877)	15
7. PROPOSAL FOR A COUNCIL REGULATION AMENDING COUNCIL REGULATION (EC) 2866/98 OF 31 DECEMBER 1998 ON THE CONVERSION RATES BETWEEN THE EURO AND THE CURRENCIES OF THE MEMBER STATES ADOPTING THE EURO (SEC(2007)836 AND /2; SEC(2007)837 TO /3; SEC(2007)838; SEC(2007)909).....	15
8. COMMISSION COMMUNICATION TO PARLIAMENT AND THE COUNCIL – FROM CAIRO TO LISBON: THE EU-AFRICA STRATEGIC PARTNERSHIP (COM(2007)357 TO /4; SEC(2007)856 TO /3; SEC(2007) 855; SEC(2007) 868; SEC(2007)873).....	16
9. PROPOSAL FOR A COUNCIL DECISION AUTHORISING FRANCE TO APPLY A REDUCED RATE OF EXCISE DUTY ON "TRADITIONAL" RUM PRODUCED IN ITS OVERSEAS DEPARTMENTS AND REPEALING COUNCIL DECISION 2002/166/EC (COM(2007)318 TO /3).....	16
10. COMMISSION DECISION CONCERNING A PROCEDURE UNDER ARTICLE 8 (3) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.4439 – RYANAIR/AER LINGUS) (C(2007)3104 TO /15; SEC(2007)876).....	17

11. INTERINSTITUTIONAL RELATIONS.....	18
11.1. <i>LEGISLATIVE MATTERS</i>	18
11.2. <i>RELATIONS WITH THE COUNCIL</i>	18
11.3. <i>RELATIONS WITH PARLIAMENT</i>	23
12. REPORT ON BULGARIA'S PROGRESS ON ACCOMPANYING MEASURES FOLLOWING ACCESSION REPORT ON ROMANIA'S PROGRESS ON ACCOMPANYING MEASURES FOLLOWING ACCESSION (COM(2007)377 TO /3; COM(2007)378 AND /2)	24
13. MONITORING THE APPLICATION OF COMMUNITY LAW	27
13.1. <i>STATE AID – HORIZONTAL DOSSIER (SEC(2007)835 AND /2; SEC(2007)888)</i>	27
13.2. <i>STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST (SEC(2007)913; SEC(2007)888)</i>	27
13.3. <i>INFRINGEMENTS - REPORT A1/2007 – RECAPITULATIVE LIST (SEC(2007)671; SEC(2007)664; SEC(2007)668 AND /2; SEC(2007)667 TO /3; SEC(2007)670)</i>	27
14. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – TOWARDS COMMON PRINCIPLES OF FLEXICURITY: MORE AND BETTER JOBS THROUGH FLEXIBILITY AND SECURITY (COM(2007)359 TO /4; SEC(2007)861; SEC(2007)862; SEC(2007)864; SEC(2007)875).....	29
15. POLICY DEBATE ON A MARITIME POLICY FOR THE EUROPEAN UNION: STATE OF PLAY (SEC(2007)887 AND /2).....	31
16. RELATIONS WITH THIRD COUNTRIES.....	38

16.1. RESULTS OF THE G4 MINISTERIAL MEETING WITHIN THE FRAMEWORK OF THE NEGOTIATIONS ON THE DOHA DEVELOPMENT AGENDA (POTSDAM, 19-21 JUNE) (SI(2007)680)	38
16.2. CONCLUSION OF THE PARTNERSHIP AND COOPERATION AGREEMENT WITH INDONESIA (SEC(2007)920).....	39
16.3. FOURTH MINISTERIAL MEETING BETWEEN THE EU AND OPEC (VIENNA, 21 JUNE) (SEC(2007)918).....	39
16.4. MINISTERIAL MEETING OF THE ENERGY COMMUNITY OF SOUTH EAST EUROPE (PODGORICA, 29 JUNE) (SEC(2007)919)	40
17. OTHER BUSINESS.....	40
17.1. STATE OF PLAY WITH THE CREATION OF THE EUROPEAN INSTITUTE OF TECHNOLOGY (SI(2007)679).....	40
17.2. BUDGET IMPLEMENTATION (SEC(2007)879 TO /3; SEC(2007)883)	41

Single sitting: Wednesday 27 June 2007 (morning)

The sitting opened at 09.05 hours with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	Items 1 to 11
M. VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	Items 1 to 15 (in part)
Mr KALLAS	Vice-President	Items 1 to 11
Mr FRATTINI	Vice-President	Items 1 to 16
Ms REDING		Items 1 to 11
Mr DIMAS		
Mr ALMUNIA		Items 1 to 15 (in part)
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		Items 1 to 11
Mr FIGEL'		
Mr KYPRIANOU		Items 1 to 15 (in part)
Mr REHN		
Mr MICHEL		Items 1 to 12 (in part)
Mr KOVÁCS		
Ms KROES		Items 1 to 11
Ms FISCHER BOEL		
Mr McCREEVY		Items 1 to 15 (in part)
Mr ŠPIDLA		
Mr MANDELSON		
Mr PIEBALGS		
Ms KUNEVA		
Mr ORBAN		Items 1 to 17 (in part)

Absent:

Ms HÜBNER

Ms FERRERO-WALDNER

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

Mr KORTE	Chef de cabinet to Ms HÜBNER	Items 1 to 14
Mr VON BRESKA	A member of Ms HÜBNER's staff	Items 15 to 17
Mr GUEREND	Deputy Chef de Cabinet to Ms FERRERO-WALDNER	

The following also sat in:

Mr VALE de ALMEIDA	Chef de cabinet to the President	
Mr PETITE	Director-General, Legal Service	Items 1 to 11
Ms DURAND	Deputy Director-General, Legal Service	
Mr CARVOUNIS	Deputy Director-General, Communication DG	Items 1 to 15
Ms AHRENKILDE	Communication DG –Commission Spokesman's Service	Items 1 to 13 and 15 (in part) to 17
Mr ENGLISH	Communication DG –Commission Spokesman's Service	Items 14 and 15 (in part)
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	Items 1 to 15
Mr THEBAULT	Deputy Chef de cabinet to the President	Items 1 to 16
Ms MARTINHO	Chief adviser in the PRESIDENT's office	Items 1 to 16
Mr ELLIS	Adviser in the PRESIDENT's office	Items 1 to 11, 16 and 17
Mr MARQUES DE ALMEIDA	A member of the PRESIDENT's staff	Items 1 to 11
Ms MARTÍNEZ ALBEROLA	A member of the PRESIDENT's staff	Items 12 and 13
Mr HOLOLEI	Chef de cabinet to Mr KALLAS	Items 12 to 17
Mr PRESENTI	Chef de cabinet to Mr FRATTINI	Item 12
Ms KOTTOVA	A member of Mr FRATTINI's staff	Item 12
Mr PRONK	Adviser in Ms REDING's office	Items 16 (in part) and 17
Mr DUCATEL	A member of Ms REDING's staff	Items 12 to 16 (in part)
Mr GIOTAKOS	A member of Mr DIMAS's staff	Item 13

(27 June 2007)

Mr PITTA E CUNHA	A member of Mr BORG's staff	Item 15
Ms ADAKAUSKIENĖ	Deputy Chef de cabinet to Ms GRYBAUSKAITĖ	Item 17
Mr DRÖLL	Chef de cabinet to Mr POTOČNIK	Items 12 to 17
Mr SCHINAS	Chef de cabinet to Mr KYPRIANOU	Items 15(in part) to 17
Mr FRASER	Chef de cabinet to Mr MANDELSON	Item 16
Mr BELL	Chef de cabinet to Ms KUNEVA	Item 12
Ms BUGNOT	Chef de cabinet to Mr ORBAN	Item 17 (in part)
Mr SERVOZ	Secretariat-General	Item 12
Mr RICHARDSON	Fisheries and Maritime Affairs DG	Item 15

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

1. AGENDAS

(OJ(2007)1794/3 ; SEC(2007)843/2)

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)1794)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 25 June.

3. APPROVAL OF MINUTES OF 1793rd MEETING (19 JUNE)

(PV(2007)1793 AND /2)

The Commission approved the minutes of its 1793rd meeting.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED

(SEC(2007)844 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 22 June.

4.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2007)845 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 25 and 29 June and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 25 June.

4.3. EMPOWERMENT

(SEC(2007)846 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 22 June.

4.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 18 and 22 June, as archived in Greffe 2000.

5. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2007)847/2)

ADMINISTRATIVE MATTERS

(PERS(2007)72 AND /2)

**5.1. DG JLS – EXTERNAL PUBLICATION OF VACANCY NOTICE FOR
AD14 DIRECTOR (EU-12)**

(PERS(2007)70)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FRATTINI, the Commission decided to authorise the publication, under Article 29(2) of the Staff Regulations, of the vacancy notice in PERS(2007)70

(27 June 2007)

for the function of Director, Internal Security and Criminal Justice in the Justice, Freedom and Security Directorate-General.

This decision would take effect immediately.

5.2. DG AGRI – APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL
(PERS(2007)9 TO /4)

The Commission had before it the list of applications for the function of Deputy Director-General in the Agriculture and Rural Development Directorate-General, published under Article 29(1)(a)(i) and (iii) of the Staff Regulations (PERS(2007)9 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 27 April and 3 May (PERS(2007)9/3 and /4).

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

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

5.3. JRC – APPOINTMENT OF AD14/15 DIRECTOR
(PERS(2006)160 TO /6)

The Commission had before it the list of applications for the function of Director of the Energy Institute (Petten) of the Joint Research Centre, published under Articles 29(1)(a)(i) and (iii), and 29(2) of the Staff Regulations (PERS(2006)160 to /4).

The Commission took note of the opinions of the Consultative Committee on Appointments of 27 April and 10 May (PERS(2006)160/5 and /6).

(27 June 2007)

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, It then decided to appoint Mr Giovanni DE SANTI to the post, and to apply to him Article 5(5) of Annex XIII to the Staff Regulations.

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

5.4. *DG ECFIN – MOBILITY OF AN AD15 OFFICIAL*

The Commission took note of the information in point 4 of PERS(2007)72 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr ALMUNIA, decided, in the interest of the service, to maintain Mr Jan Høst SCHMIDT in the post of Director, Structural Reforms and Lisbon strategy. Economic Evaluation in the Economic and Financial Affairs Directorate-General.

This decision would take effect immediately.

5.5. *SJ - APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS (SECOND STAGE) WITH RESPECT TO AN AD15 OFFICIAL (PERS(2007)71)*

The Commission continued its discussions on this matter, begun on 13 June 2007 (PV(2007)1792).

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission adopted the decision in PERS(2007)71 applying the second stage of the procedure laid down in Article 50 of the Staff Regulations to Mr Pieter KUIJPER, an AD15 official, currently Chief Adviser in the Legal Service.

This decision would take effect on 1 September 2007.

5.6. *ESTAT – AMENDMENT OF THE ORGANISATION CHART AND TRANSFER OF AD15 OFFICIAL*

The Commission took note of the information in point 6 of PERS(2007)72 and /2 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr ALMUNIA, decided:

- to set up the Task Force on revision of the structure relating to methodological work, reporting to the Director-General of the Statistical Office of the European Communities;
- to create a function of AD14/15 Head of the task force for a period of ten months beginning on 1 July;
- to transfer to this function, in the interest of the service, under Article 7 of the Staff Regulations, Mr Giuseppe CALÓ, currently Chief Adviser in the Statistical Office of the European Communities.

These decisions would take effect on 1 July 2007.

5.7. *DG ADMIN –EXTENSION OF TEMPORARY STAFF CONTRACTS*

The Commission took note of the information in point 7 of PERS(2007)72 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided to authorise the extension until 31 July 2008 of the contracts of AST temporary staff assigned to secretarial posts, with due respect for Article 8 of the Conditions of Employment of Other Servants of the European Communities and Article 3(1) of the Commission decision 1597/6 on the maximum duration of the use of non-permanent staff in Commission departments.

This decision would take effect immediately.

5.8. DG COMP – RECRUITMENT OF TEMPORARY STAFF FOR THE TEAM OF THE CHIEF ECONOMIST FOR COMPETITION

The Commission took note of the information in point 8 of PERS(2007)72 and, on a proposal from Mr KALLAS, in agreement with The PRESIDENT and Ms KROES, decided to authorise the recruitment of eleven AD8 temporary staff for a maximum period of two years, without a selection procedure.

This decision would take effect immediately.

6. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL AMENDING REGULATION (EC) 2004/2003 ON THE REGULATIONS GOVERNING POLITICAL PARTIES AT EUROPEAN LEVEL AND THE RULES REGARDING THEIR FUNDING (COM(2007)364 TO /4; SEC(2007)877)

The Commission adopted the proposal for a Regulation in COM(2007)364/4, for transmission to Parliament and the Council, and to the national parliaments.

7. PROPOSAL FOR A COUNCIL REGULATION AMENDING COUNCIL REGULATION (EC) 2866/98 OF 31 DECEMBER 1998 ON THE CONVERSION RATES BETWEEN THE EURO AND THE CURRENCIES OF THE MEMBER STATES ADOPTING THE EURO (SEC(2007)836 AND /2; SEC(2007)837 TO /3; SEC(2007)838; SEC(2007)909)

The Commission adopted the proposals for Regulations in SEC(2007)836/2 and SEC(2007)837/2 and /3, for transmission to the Council and to the European Central Bank.

8. COMMISSION COMMUNICATION TO PARLIAMENT AND THE COUNCIL – FROM CAIRO TO LISBON: THE EU-AFRICA STRATEGIC PARTNERSHIP

(COM(2007)357 TO /4; SEC(2007)856 TO /3; SEC(2007) 855; SEC(2007) 868; SEC(2007)873)

The Commission

- approved the communication in COM(2007)357/4, for transmission to Parliament and the Council, and to the national parliaments, accompanied by the impact assessment and the Commission and Council Secretariat joint document distributed as SEC(2007)855 and SEC(2007)856/3 respectively, the contents of which were noted;
- took note of the opinion of the Impact Assessment Board on this dossier, as set out in SEC(2007)868;
- authorized the Commission Member responsible for Development and Humanitarian Aid to continue with the African partners the negotiations on the strategic partnership, with a view to the Lisbon summit.

9. PROPOSAL FOR A COUNCIL DECISION AUTHORISING FRANCE TO APPLY A REDUCED RATE OF EXCISE DUTY ON "TRADITIONAL" RUM PRODUCED IN ITS OVERSEAS DEPARTMENTS AND REPEALING COUNCIL DECISION 2002/166/EC

(COM(2007)318 TO /3)

The Commission adopted the proposal for a Council Decision in COM(2007)318/3, for transmission to Parliament and the Council, and to the national parliaments.

10. COMMISSION DECISION CONCERNING A PROCEDURE UNDER ARTICLE 8 (3) OF COUNCIL REGULATION (EC) 139/2004 ON THE CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS AND ARTICLE 57 OF THE EEA AGREEMENT (CASE COMP/M.4439 – RYANAIR/AER LINGUS)
(C(2007)3104 TO /15; SEC(2007)876)

The Commission

- took note of the opinion of the Advisory Committee on Concentrations of 11 June 2007 in C(2007)3104/7;
- took note of the final report of the Hearing Officer of 20 June 2007 in C(2007)3104/9;
- adopted, in the authentic language (English), the decision in C(2007)3104/10, /12, /13, /14 and /15, declaring the notified operation incompatible with the common market and the operation of the Agreement on the European Economic Area;
- decided to notify the decision in C(2007)3104/11 to /15 to the firm concerned, 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 of the Union in the Official Journal of the European Union (with business secrets removed) ;
- decided to publish the decision (with business secrets removed) on the Internet.

11. INTERINSTITUTIONAL RELATIONS

11.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's opinions

(SP(2007)3295)

The Commission decided to empower the Commission Members responsible for the sectors concerned, in agreement with the PRESIDENT and Ms WALLSTRÖM and, if necessary, with other Members concerned, to adopt amended proposals for transmission to Parliament and the Council, as set out in SP(2007)3295, prepared after the June II 2007 part-session of Parliament, the contents of which were noted.

11.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council business

(SI(2007)675/2)

The Commission took note of the information in SI(2007)675/2 on Council meetings between 21 June and 4 July.

iii) Results of the European Council (Brussels, 21-23 June)

(SI(2007)500)

Before presenting the results of the European Council, The PRESIDENT referred to the upcoming publication of a book on the Commission's early history (1958-1972), copies of which he had given to the Heads of State and Government the previous week.

He reminded the meeting that this initiative to harvest the institution's living memory had been taken by the Commission's former Secretary-General, Mr David O'SULLIVAN, and that the book had been put together by a group of European historians on the basis of the accounts of some 120 people who had been involved at the time. The result was a publication which was extremely instructive, particularly as regards the major issues that had arisen

from the outset at the Commission and the human dimension of what remained an extraordinary adventure.

The PRESIDENT also gave copies of the publication to the Commission Members. Additional copies would be made available, and an event to mark the launch of the book would be organised as soon as possible with the authors and former Commission Members and staff. Lastly, he welcomed the continuity evinced by the book, in particular as regards the Commission's commitment to European integration.

The PRESIDENT was pleased with the results of the European Council meeting held the previous week, as they meant that the Commission could look forward to the ratification of the future Treaty by all Member States. He felt that all the strategic objectives that the Commission had set itself could now be achieved: entry into force of the new Treaty before the next elections to Parliament in June 2009, practical application of the principles adopted in the Berlin Declaration in March, an end to the doubts raised by the results of the French and Dutch referendums on the draft constitutional Treaty, the emergence of a solution enabling all the Member States to ratify the new Treaty, and a content similar to that of the draft Constitution and which did not call into question the achievements of the existing Treaty. He added that the Commission's red lines had also not been crossed: preservation of the Commission's powers and right of initiative, the institutional balance, the Community method and *acquis*, non-reversibility of the internal market, etc.

The PRESIDENT felt that the results should by no means be underestimated, even though the negotiations in the European Council had been tough and intense and had sometimes involved a degree of dramatisation. The negotiations on the future Treaty were a real test of the EU's credibility in the eyes of Europe's citizens and its international partners. The PRESIDENT highlighted a result which had not received much media attention but which deserved to be emphasised, namely the extension of the scope of qualified majority voting.

He reviewed a number of specific issues which had been resolved by the close of the European Council meeting. With respect to the Charter of Fundamental Rights, he felt that granting an opt-out to the United Kingdom was an acceptable compromise, and was in any case preferable to the Charter's having non-binding status.

As regards the post of EU Minister of Foreign Affairs, provided for by the draft constitutional Treaty, he reminded the meeting that the European Council had decided to keep the substance and change only the name, and accordingly to create an EU High Representative for Foreign Affairs and Security Policy, who would also be Vice-President of the Commission.

He also explained why the European Council had decided to adopt a protocol on the internal market and competition. In the light of a Legal Service opinion distributed during the meeting, he confirmed that the new wording involved no change and no threat to European competition policy, but was rather a clarification of the legal situation in this area.

The PRESIDENT then described the solution adopted in response to the Dutch request to allow national parliaments to give the Commission a "red card" if they felt that any of its proposals did not comply with the subsidiarity principle. Given that national parliaments would only have the right to be consulted (which was already the case in practice) and that the final decision regarding compliance with the subsidiarity principle rested with the Community institutions, he felt that the solution chosen was completely acceptable, while also preserving the prerogatives of the European Parliament.

The PRESIDENT concluded by stating that the new Treaty represented a real improvement on the current situation. However, it did not "overturn" the institutional arrangements, but once again involved the familiar method of taking European integration forward by small steps. The mandate of the Intergovernmental Conference had now been established and the Portuguese Presidency of the Council intended to convene it before the end of July. It was

therefore vital that the Commission adopt its opinion on the Conference at its meeting on 10 July. The Portuguese Presidency planned to conclude the Conference before the informal European Council meeting in the autumn, scheduled to be held in Lisbon in October. If the process were brought to a successful conclusion and the new Treaty entered into force in 2009, the EU would have secured a major victory by comparison with the situation in 2005.

Ms WALLSTRÖM, who had also taken part in the decisive negotiations at the European Council meeting, clarified the future provisions on national parliaments. She pointed out that the practice of allowing national parliaments to give an opinion was now well established. The Commission had received the 100th opinion of this kind and was preparing to give a detailed reply. Ms WALLSTRÖM accordingly took the view that the new elements would concern only the specific arrangements regarding compliance with the subsidiarity principle.

She also reported on the pragmatic way in which the results of the European Council had been received by the Parliamentary bodies, which took an approach not dissimilar to the Commission's position. Parliament planned to adopt its opinion on the Intergovernmental Conference on 12 July.

To conclude, Ms WALLSTRÖM stressed the need to plan a specific communication strategy for the coming period (Intergovernmental Conference and ratification process by the Member States). In this connection, she welcomed the fact that the European Council conclusions made explicit mention of communication in relation to the reform of the Treaties. She suggested that the Commission discuss the communication strategy, which should be a natural extension of the current "plan D", with the other institutions.

After congratulating The PRESIDENT and Ms WALLSTRÖM on the results obtained and their contribution to the success of the long negotiations in the European Council, the Commission had an in-depth exchange of views, focusing in particular on the following aspects:

- the importance of preserving the European spirit, it being impossible to see the balance of power within the EU merely in terms of numbers of votes, despite the very lively debates on the voting system at the European Council;
- the major advantage in extending qualified majority voting to numerous fields of Community action;
- the need for the Commission to be proactive in presenting arguments in favour of the traditional Community powers, in a political environment subject to significant changes; in this connection the added value of the future protocol on the internal market and competition was stressed;
- possible room for manoeuvre contained in the mandate given by the European Council to the Intergovernmental Conference and the circumstances in which such room could be used;
- the need to ensure that the Intergovernmental Conference did not go back on the positive results of the European Council;
- the status of the common foreign and security policy, compared with other Community policies, and the method of operation and timetable for the creation of the future external action service;
- as regards foreign and security policy, the importance of the Commission adopting a position on the new balance of powers which would result from the creation of the future High Representative and Vice-President of the Commission;
- the importance of the choice of the individuals to be appointed to the posts of President of the European Council, President of the Commission, High Representative / Vice-President of the Commission;
- the driving role played by the German Presidency of the Council before and during the European Council;

- the need for the Commission to strike the right balance in its political activities between now and the entry into force of the new Treaty in 2009, a period which would coincide with the second half of the present Commission's term of office and with many extremely important policy initiatives such as the budget and internal market reviews and the social report.

The PRESIDENT concluded the exchange of views by expressing the Commission's support for Ms WALLSTRÖM's suggestion regarding communication, while emphasising the importance of adopting a balanced approach, particularly during the ratification stage of the new treaty.

As regards the external action service, he urged the Commission, with its wealth of experience in this field and the instruments at its disposal, not to remain on the defensive in this debate, which should ideally take place after the conclusion of the Intergovernmental Conference.

As to any possible room for manoeuvre in the mandate of the Intergovernmental Conference, he felt that the mandate was in fact very specific, but that there was a need for extreme vigilance over the coming months.

Finally, the PRESIDENT welcomed the fact that Europe was starting off on a new footing, which enhanced the Community method and hence the role of the Commission.

The Commission took note of this information.

11.3. RELATIONS WITH PARLIAMENT

iv) June II part-session

(SP(2007)3282)

The Commission took note of the information on the proceedings of the part-session of Parliament held in Strasbourg from 18 to 21 June, recorded in SP(2007)3282.

12. REPORT ON BULGARIA'S PROGRESS ON ACCOMPANYING MEASURES FOLLOWING ACCESSION

REPORT ON ROMANIA'S PROGRESS ON ACCOMPANYING MEASURES FOLLOWING ACCESSION

(COM(2007)377 TO /3; COM(2007)378 AND /2)

The PRESIDENT presented the two reports he was tabling jointly with Mr FRATTINI concerning Bulgaria and Romania, respectively. He referred first to the circumstances which had led to the adoption of a number of accompanying measures in the final stage of the process of accession of Bulgaria and Romania to the European Union.

He reminded the meeting of the determination rightly shown by the Commission to ensure that the accession of the two countries went ahead by 1 January 2007, and stressed that this deadline had been met by setting certain conditions concerning the areas in which their preparedness was not wholly satisfactory. The PRESIDENT referred in particular to the cooperation and verification mechanism established in December 2006 to monitor closely the weaknesses noted in the last report drawn up before accession with regard to justice, freedom and security.

He said that the reports that were being presented had been drawn up in the framework of that mechanism and covered all the problem areas identified, with particular emphasis on justice, freedom and security.

The PRESIDENT summarised the conclusions of the two reports, highlighting the progress made but also the difficult reforms that still needed to be implemented. In conclusion, he said that the Commission did not consider it necessary to implement

the safeguard measures provided for, although these could be resorted to if they proved to be necessary.

Mr FRATTINI followed up the presentation made by the PRESIDENT by emphasising that the main objective of the two reports was to help the two Member States in question to implement their reforms.

He pointed out that maximum care had been taken in drafting the reports and ensuring that they provided a balanced account. He also spoke of the will shown by the two Member States. The areas in need of reform were characterised by endemic behaviour deeply rooted in the societies of the two countries and therefore slow to change. Lastly, he drew attention to certain factual corrections to be made to the two reports.

The Commission held an exchange of views during which the following matters were discussed:

- the Commission's commitment to assisting the two Member States in implementing certain reforms currently in progress;
- the considerable care taken in drawing up the assessments made in the reports, which were the result of detailed on-the-spot monitoring of the actual evolution of the situations concerned;
- the balance achieved between the two messages that the Commission has to convey – on the one hand a message of support and encouragement to the Member States in question and on the other a firm message that the basic principles governing the European Union must be respected;
- the imperative need for credibility on the part of the Commission, both in general terms and in the context of enlargement;
- the need to ensure that the reforms decided on in theory are translated into concrete results;

- the spirit of cooperation and the political courage displayed by the authorities of the two Member States in redressing the problem situations highlighted in the last regular report approved by the Commission in 2006;
- the appropriateness of the choice made as regards the consideration given in the reports to all the areas deemed to be problematic in December 2006;
- the need to ensure compliance with the principle of collective responsibility, particularly in order to prevent information leaks of the kind that had occurred in the preparation of the reports.

At the end of this exchange of views, the Commission approved the reports concerning Bulgaria and Romania, in COM(2007)377/3 and COM(2007)378/2 respectively, and decided to transmit them to Parliament and the Council and to the national parliaments after introduction of the following amendments:

Concerning document COM(2007)377/3 (Bulgaria):

- the first line of the last paragraph of section 3.2.2, second bullet point, on page 8 reads as follows: *"These criticisms and concerns raise questions as to whether the partially adopted JSA would fully..."*;
- the following sentence is added to the penultimate paragraph of section 3.2.6, fourth bullet point, on page 19: *"The recent resignation of a minister in connection to an on-going investigation on alleged corruption should be considered as a positive sign"*.

Concerning document COM(2007)378/2 (Romania):

- footnote 18 on page 14 is deleted;
- the word "three" is replaced by "two" in the first line of the paragraph following the second indent on page 14.

13. MONITORING THE APPLICATION OF COMMUNITY LAW

13.1. STATE AID – HORIZONTAL DOSSIER

(SEC(2007)835 AND /2; SEC(2007)888)

Draft Commission Regulation amending Regulation (EC) 794/2004 concerning the implementation of Council Regulation (EC) 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty

The Commission

- decided to launch the legislative procedure approving, in German, English and French, the draft regulation in SEC(2007)835/2, with a view to consultation of the State Aid advisory committee, in accordance with Article 29 of Council Regulation 659/1999;
- decided to empower the Commission Member responsible for competition to formally adopt the draft Regulation in all the official Community languages, and to authorise her to transmit this draft regulation to the Member States and to consult them within the advisory committee.

13.2. STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST

(SEC(2007)913; SEC(2007)888)

The Commission adopted the decisions in the recapitulative list (SEC(2007)913.

13.3. INFRINGEMENTS - REPORT A1/2007 – RECAPITULATIVE LIST

(SEC(2007)671; SEC(2007)664; SEC(2007)668 AND /2; SEC(2007)667 TO /3; SEC(2007)670)

The Commission adopted the decisions in SEC(2007)671, subject to the following clarifications and amendments:

2007/2115	<i>United Kingdom</i>
Air - Alcan exclusion from Directive 2001/80/EC	
<u>Decision:</u>	

Mr MANDELSON expressed doubts concerning the continuation of the infringement proceeding in this case, and recommended postponing the decision pending the results of the new assessments being carried out. He considered that non-exclusion of the site from the scope of Directive 2001/80/EC would probably lead to its closure and to the loss of 4 000 jobs in a region already hit by unemployment. He also warned the Commission that relocation of production of the plant to a non-EU Member State with less stringent environmental regulations would damage the objectives of the EU's new energy and climate change policies.

While understanding Mr MANDELSON's concerns, Mr DIMAS pointed out the technical and legal clarity of the infringement. He felt that the different interpretations put forward by the Commission and the UK could only be clarified in the framework of a formal procedure, and, consequently, that neither party would be helped by postponement of the decision to issue a letter of formal notice.

Mr VERHEUGEN pointed out that there was a conflict between two policies of equal importance and that the only solution was therefore to continue with the infringement proceeding in accordance with the provisions in force.

The PRESIDENT confirmed the importance of the debate in the light of the energy and climate change objectives. Since the Commission was obliged to fulfil its role as guardian of the Treaty, the Member States in question would have the opportunity to put forward their arguments in the reply to the proposed letter of formal notice.

(27 June 2007)

The PRESIDENT noted the Commission's agreement on Mr DIMAS's proposal.

2006/2254	<i>Lithuania</i>
Non-conformity of national legislation with Directive 2000/43/EC	
<u>Decision:</u>	Deferral

14. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – TOWARDS COMMON PRINCIPLES OF FLEXICURITY: MORE AND BETTER JOBS THROUGH FLEXIBILITY AND SECURITY (COM(2007)359 TO /4; SEC(2007)861; SEC(2007)862; SEC(2007)864; SEC(2007)875)

Mr ŠPIDLA introduced the communication he was tabling for approval by thanking the Commission Members and the Commission's departments for the excellent spirit of cooperation that had prevailed during the preparatory work. He referred to the key aspects of flexicurity, an approach based on combining flexibility and security for both workers and enterprises by enabling enterprises to be more competitive and providing employees with the skills they needed to remain employable throughout their lives. The aim was therefore to promote security *in* employment rather than security *of* employment. Mr ŠPIDLA went on to outline the main elements of flexicurity, namely flexible and reliable contractual arrangements, comprehensive lifelong-learning strategies, effective active labour market policies and modern social security systems.

He explained that the Commission was proposing that the Member States reach agreement by December 2007 on the common principles that were to underpin

flexicurity, particularly as regards seeking a balance between rights and responsibilities, narrowing the gap between "insiders" and "outsiders" on the labour market, encouraging flexicurity both within and between enterprises and promoting trust and dialogue between public authorities and social partners.

Mr ŠPIDLA referred briefly to the five case studies mentioned in the communication, which described how flexicurity policies had been implemented in Austria, Denmark, the Netherlands, Spain and Ireland. These examples proved that the flexicurity approach could be applied to a wide range of different situations.

He went on to review the proposed pathways: namely tackling the problem of contractual segmentation, developing flexicurity within enterprises and offering transition security, tackling skills and opportunity gaps among the workforce and improving opportunities for benefit recipients and informally employed workers. He pointed out that these four pathways, which responded to challenges in the European Union as a whole rather than reflecting the specific situation in a particular country, had been proposed by the Commission to help the Member States to design their own specific strategies and implement them as part of their national reform programmes. The Commission attached considerable importance to in-depth dialogue with the social partners and to monitoring the national strategies through annual reports.

Mr ŠPIDLA concluded by highlighting the contribution made by this communication to the sensitive and important issue of modernising labour markets in the Member States. He believed that the proposed approach could succeed in reconciling sometimes divergent points of view and in strengthening the Lisbon strategy.

The PRESIDENT thanked Mr ŠPIDLA for his presentation, and noted with satisfaction the exemplary cooperation between the Commission's departments in preparing this dossier. It was his belief that this communication marked an important new phase in the implementation of the strategy for growth and employment. He spoke of his wish to benefit from the favourable economic

situation in the European Union in order to implement the difficult reforms that remained to be carried out.

The PRESIDENT felt that this approach offered enterprises and workers a genuine opportunity to combine greater flexibility with greater security. The balanced approach proposed by the Commission would make European enterprises more competitive while better equipping European citizens to face the challenges of globalisation and technological change.

Following this presentation, the Commission:

- approved the communication in COM(2007)359/4, 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 impact assessment and summary in the staff papers distributed as SEC(2007)861 and SEC(2007)862, the contents of which were noted;
- took note of the opinion of the Impact Assessment Board on this dossier, as set out in SEC(2007)864.

15. POLICY DEBATE ON A MARITIME POLICY FOR THE EUROPEAN UNION: STATE OF PLAY (SEC(2007)887 AND /2)

The PRESIDENT introduced the policy debate. He began by saying that he had attended a conference on maritime policy held the month before in Bremen in cooperation with the German Presidency, which had been very well attended. He had referred to the drafting of the new European maritime policy as a good example of the European project in action and of the added value it could offer the people of Europe.

Putting the debate in an economic context and considering it against the background of the challenge for Europe of globalisation and the pressure it brought in terms of

competitiveness, he stressed the strong growth of international trade, which gave renewed importance to maritime transport and port structures, through which 90% of external trade passed. He accordingly emphasised the urgent need to meet this challenge, which called for the development of maritime transport and port capacity.

The PRESIDENT stressed the importance of the seas and maritime transport for the new European energy strategy.

He also mentioned the importance of the sea for tourism, which was one of the key areas of the European services sector and had been the main catalyst for the economic development of coastal areas in many regions of Europe in recent decades. In this connection he noted the importance of cohesion policy in promoting quality of life and economic potential in coastal areas, which attracted almost 50% of the European population but where gross domestic product was only 75% of the European average.

He therefore highlighted the need for maritime policy to be firmly rooted in the Lisbon Strategy: developing the maritime sectors would strengthen their contribution to economic growth and employment in Europe.

The PRESIDENT felt that, in this connection, the greatest problem would be to find a way of promoting economic development based on the seas without at the same time inflicting further damage on the marine environment. He emphasised that combating environmental degradation of the seas and oceans was a matter of priority to be dealt with urgently, given their importance in regulating the climate.

He went on to talk about the action to be taken in a large number of areas to meet all these challenges. He mentioned first of all the investments to be made in scientific and technological research, followed by the need to go beyond a compartmentalised sectoral approach and fragmented decision-making. He emphasised the importance of making a success of this new integrated maritime policy, and referred to the potential benefits for the public at large. This success would be marked by the adoption on 10 October of a number of ambitious measures which would then need to win the support of the December European Council. The PRESIDENT also felt

that the practical effects of this new policy should be apparent by the end of the present Commission's term of office.

He hoped that this project would demonstrate the Commission's ability to achieve results through innovative political methods, to present to the general public projects for which it had taken the initiative, and to adopt a cross-sectoral spanning different policy areas. In conclusion, he considered that this question was also a clear demonstration of the Commission's role and operation in a modern Europe, and therefore called on all members to work towards the success of this project.

Mr BORG gave a *Powerpoint* demonstration of the major elements in the drafting of the European maritime policy.

He reminded the meeting first of all of the consultation process launched by the adoption of the Green Paper in June 2006; this consultation had not only raised the awareness of the interested parties but more importantly had attracted a large number of contributions (more than 300 at 26 June 2007). He also emphasised the excellent geographical distribution of the more than 200 events organised, and the diversity of the audience. He noted that the dialogue with and between interested parties had increased and had been organised in a more coordinated and integrated manner, in accordance with the approach adopted for improving understanding of the European maritime policy.

He reminded the meeting of the major landmarks of these twelve months of consultation, and particularly the Bremen conference on maritime policy and the positive conclusions of the June European Council, which had welcomed the initiative for a debate on this subject and had asked the Commission to present an action plan in October. He also mentioned the report by the European Parliament, scheduled for adoption on 10 July and also broadly positive in tone, the reports by the Committee of the Regions and the Economic and Social Committee, the Finnish Presidency's report presented in December 2006, as well as a number of contributions from Member States.

Mr BORG went on to outline the package of maritime policy measures planned for October: it would include a “blue book” setting out the vision, principles, objectives and central themes of maritime policy, as well as the instruments for achieving them, an action plan listing the initiatives to be adopted during the present Commission’s term of office, a consultation report and an impact assessment.

He gave details of the main political objectives which would be developed in the “blue book”; namely to allow economic development without jeopardising the marine environment, to make maximum use of expertise and innovation in the maritime field, to provide a high quality of life in coastal areas, to increase the visibility of maritime affairs, and to establish European leadership in maritime affairs throughout the world.

He went on to give a number of examples of horizontal measures which would be introduced as part of maritime policy, including projects on maritime surveillance and oceanographic data, the promotion of maritime spatial planning, the creation of best practice networks and the establishment of a regular dialogue with stakeholders.

Finally, he mentioned the many initiatives which would be presented by the Commission Members in the steering group on maritime policy. He particularly thanked these members for their cooperation and efforts in making a substantial contribution to the achievement of the goals of maritime policy. He observed that the list of proposed measures showed how broad the scope of maritime policy was. He also referred to the debates yet to come on these various initiatives and expressed the hope that the recommended integrated approach would make it possible to resolve the most sensitive questions. He concluded by emphasising that this substantial package of measures would meet the expectations created.

The Commission then engaged in a wide-ranging discussion during which the following points were mentioned:

- the particular importance of the maritime policy for island Member States;

- the difficulty of creating a coherent maritime policy given the various interests at stake;
- the advisability of using horizontal instruments like the research and development programmes;
- the link between the sustainable use of marine resources, the development of tourism and leisure activities, and the quality of the marine environment;
- future prospects for aquaculture and the possibility of developing new sustainable technologies leading to the creation of employment in coastal areas; overall potential for the creation of employment, and especially skilled employment, in the sector;
- the balance to be struck between the need to set up a framework which would stimulate maritime activity and the need to respect the diversity of regional approaches via the Community, and hence the subsidiarity principle;
- the benefits of an ambitious programme combining an integrated approach and specific proposals; the importance of a holistic approach which would avoid duplication of effort; the importance of Member States also adopting the recommended holistic approach;
- the importance of Europe's driving role in this field and the visibility that a successful European maritime policy could be expected to bring; the effective response already provided by European legislation to a number of crises in this sector;
- the efforts needed to maintain certain maritime activities in the Member States; the threat to European competitiveness posed by the growth in shipbuilding capacity in certain non-member countries;
- the need for the sector to be adaptable and the importance in this respect of a dialogue highlighting the advantages of the Community's policy in protecting its interests;

- the importance of effective collaboration with the specialist international organisations;
- the favourable reception given to the work by the players involved during the consultation;
- the programming of the various specific initiatives planned, particularly in the field of maritime transport, environmental protection or social policy;
- the support the Portuguese Presidency was expected to provide, particularly with a view to making progress on such matters as maritime safety;
- the importance of an effective maritime policy for European competitiveness;
- the importance of the social dimension of maritime policy, and the possibility of abolishing certain exemptions in this regard applied within the sector, to be considered in a communication planned for October;
- the importance of the initiatives relating to the Baltic and the advisability of holding a discussion on the synergies between the Northern Baltic dimension and maritime policy;
- discussion also on ways of integrating the candidate countries into this policy and including the Black Sea; developing relations with the Black Sea Economic Cooperation Council;
- the effects of climate change and the need to combine activities in different areas;
- the importance of the question of sea transport of energy and its impact on the coastal and marine environment;
- the possibilities offered by the sea as regards the storage of greenhouse gases.

Mr BORG replied to a number of suggestions made by the Commission Members. He confirmed that the subsidiarity principle, which had moreover been included in

the conclusions of the June European Council, had been taken into account. He mentioned the importance of making jobs in the sector more attractive and stressed the need for measures to encourage training and for a review of certain exceptions in relation to social policy. As regards communication and the visibility for the Commission provided by this initiative, he reminded the meeting of the large number of contributions received as part of the consultation. He thanked the Commission Members for their support and reported that the next objective was to work as quickly as possible with the Portuguese Presidency so that the package of measures could be adopted at the December European Council.

The PRESIDENT confirmed that the Portuguese Presidency had announced its intention of making this matter one of its top priorities. He therefore felt that the conditions were right for maritime policy to become one of the EU's major policies.

Referring briefly to his recent trip to Greenland from 24 to 26 June, during which he had had the opportunity to hold discussions with scientists, he emphasised the largely unexplored potential of the sea bed. He also mentioned the effects of climate change on the ice cap, and the problems of subsistence faced by local populations whose traditional diet of seals, whales and halibut was now in jeopardy. In this connection he pointed out the problems caused for these populations by the ban on whaling.

The PRESIDENT considered in conclusion that the EU still had a long way to go in the field of maritime policy and he welcomed the support of the whole Commission on this matter.

The Commission took note of the results of the policy debate and of the information note from Mr BORG in SEC(2007)887/2.

16. RELATIONS WITH THIRD COUNTRIES

16.1. RESULTS OF THE G4 MINISTERIAL MEETING WITHIN THE FRAMEWORK OF THE NEGOTIATIONS ON THE DOHA DEVELOPMENT AGENDA (POTSDAM, 19-21 JUNE) (SI(2007)680)

Mr MANDELSON reported briefly on the results of the G4 ministerial meeting in Potsdam from 19 to 21 June that continued the negotiations on the Doha Development Agenda. He stated straightaway that the Potsdam meeting had not produced any progress on the key issue of the balance between the agricultural and industrial aspects, the parties present being unable to find any common ground for the negotiation.

He reminded the meeting that, during the preparatory phase, progress had been made on the agricultural dispute with the United States. However, he noted that Brazil had not been able to join up to this breakthrough towards an agreement; it maintained that the agricultural offer was inadequate and therefore it had not offered the expected *quid pro quo* as regards industrial tariffs.

Emphasising the positive attitude of the European Union, Mr MANDELSON listed the areas where some progress had been made and hoped that the negotiations would continue in a more constructive spirit in the formal setting of the World Trade Organisation, which had resumed work on Friday 22 June in Geneva, under the direction of its Director-General, Mr Pascal Lamy.

Ms FISCHER BOEL expressed her disappointment that the Potsdam meeting had failed to reach a positive conclusion, and she sought to clarify the negotiating positions of the different parties. She highlighted the progress in the negotiations with the United States on agricultural issues, particularly as regards domestic support, market access and export subsidies, but which had not been reciprocated from the Brazilian side in terms of market access for non-agricultural products. For the next stages, she pointed to the importance

(27 June 2007)

of preserving the multilateral dimension of the negotiations and of maintaining a cautious and coherent attitude in the ongoing bilateral negotiations.

The PRESIDENT concluded by thanking Ms FISCHER BOEL and Mr MANDELSON, and the departments responsible for agriculture and trade, for the efforts made during the negotiations, and pointed to the importance of maintaining unity within the Commission. He endorsed the analysis of the situation presented by the two Members responsible and welcomed the fact that the EU had made repeated overtures during these negotiations. He also confirmed the need to maintain a coherent line in the bilateral and multilateral contexts. Lastly, he hoped that the first EU-Brazil summit, scheduled for 4 July next in Lisbon, would provide an opportunity for constructive exchanges.

The Commission took note of this information.

**16.2. CONCLUSION OF THE PARTNERSHIP AND COOPERATION
AGREEMENT WITH INDONESIA
(SEC(2007)920)**

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2007)920.

**16.3. FOURTH MINISTERIAL MEETING BETWEEN THE EU AND OPEC
(VIENNA, 21 JUNE)
(SEC(2007)918)**

The Commission took note of the information note from Mr PIEBALGS in SEC(2007)918.

**16.4. MINISTERIAL MEETING OF THE ENERGY COMMUNITY OF
SOUTH EAST EUROPE (PODGORICA, 29 JUNE)
(SEC(2007)919)**

The Commission took note of the information note from Mr PIEBALGS in SEC(2007)919.

17. OTHER BUSINESS

**17.1. STATE OF PLAY WITH THE CREATION OF THE EUROPEAN
INSTITUTE OF TECHNOLOGY
(SI(2007)679)**

Mr FIGEL' reported on the results of the Council meeting (Competitiveness) in Luxembourg on 25 June on the European Institute of Technology (EIT). He felt that the agreement the Council had reached was a major success, and welcomed in particular the acceptance of the overall allocation for financing the EIT. He regretted, however, that it had not been possible to agree on where the funds would come from, a question that would have to be put to further negotiations with the budgetary authority. He added that the matter would be on the agenda for the July part-session of Parliament.

As regards the knowledge and innovation communities (KICs) that would be launched in the first phase of implementation of the EIT, Mr FIGEL' noted with satisfaction that the Council had decided on two or three KICs, in line with the Commission's proposals.

On the question of language arrangements, he explained that the Council had decided to include a provision in the compromise text stipulating that the official documents and publications of the EIT would be translated in accordance with Regulation 1/1958.

The Commission took note of this information.

17.2. BUDGET IMPLEMENTATION**(SEC(2007)879 TO /3; SEC(2007)883)**

Ms GRYBAUSKAITĖ briefly presented the information note she was tabling. She strongly underscored the importance of the budget monitoring exercise that had been launched this year with the publication of the first implementation report on 28 February. She pointed in particular to the problems encountered with the implementation of certain new programmes, and referred to the risks connected with the restricted margin of manoeuvre available at the end of the year if further delays were to arise. She therefore asked the departments concerned to speed up utilisation of the appropriations and thanked them for the efforts they had already made on this front. She also stressed the importance of raising awareness of the objective of sound budgetary implementation, particularly as regards the adoption of legal bases in the case of the other European institutions and the implementation of the national programmes under the Structural Funds and the submission of payment requests in the case of the Member States.

During a very short exchange of views, the Commission noted the importance of closely monitoring the implementation of budget spending programmes up to the end of the year, so as to ensure the balance between the objective of sound budgetary implementation and that of quality of spending.

The PRESIDENT thanked Ms GRYBAUSKAITĖ for this particularly appropriate budgetary monitoring exercise, which constituted a politically important and useful early warning system. He reminded the Commission in particular that the budgetary authority had awarded all the appropriations requested for 2007 and that the discharge procedure for this budget year would take place during the present Commission's term of office. He expressed his concern at the levels of implementation achieved, which were below what had been planned and could lead to budgetary under-implementation at the end of 2007. But he insisted on the importance of striking a balance between the rate of budgetary implementation and the

(27 June 2007)

quality of expenditure decisions. The PRESIDENT concluded by asking all Commission Members to take a personal interest in monitoring budgetary implementation and, if necessary, to give appropriate political directions to the departments for which they were responsible.

The Commission took note of this information and of Ms GRYBAUSKAITĖ's briefing note in SEC(2007)879/3.

*

* *

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

*

* *

The meeting closed at 13.42 hours.